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Full Length Research Paper

Company's indebtedness trend for the growth and survival

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The purpose of this paper is to verify the impact of a series of company's variables in small and medium-sized companies, which affect their debts degree. We referred to Giacosa (2015) and Broccardo et al. (2016) as a framework, which identified some company's variables which impact on its financial structure. Our sample contains small and medium-sized enterprises, belonging to the Italian manufacturing sector. The choice of the manufacturing context is linked to the fact that this sector is the one with the highest population in the Italian economic context and is therefore, a representative of the Italian economy. We identified a series of variables affecting the company's indebtedness, working in a systemic perspective. Indeed, the company has been considered as a system, in which different factors have specific roles in the business (Ferrero, 1968, 1987) and are linked not through a simple cause-effect relationship; but through a sort of concatenation, and this relationship impacts on the debts recourse. In particular, by observing the survey of the reference sample, a relationship between main variables identified by the literature emerged that permits illustration of the company's debts degree.

Key words: Company's indebtedness, debts degree, small and medium companies, financial structure.

INTRODUCTION

Some countries are characterized by small and medium-sized companies, such as in several European countries and especially Italy. Small and medium-sized enterprises represent 99% of the European ones (European Commission, 2016). Consequently, the researchers' interest in observing their behavior under various observation profiles is very high.

Researchers focused on the financial structure of a company, especially focusing on large-sized companies.

Also small and medium-sized companies have been observed especially because they can rely on lesser alternative financing sources than large-sized ones (Broccardo et al., 2016; Busetta and Priest, 2008; Cellini and Rossini, 1990). It results in the need of careful financial management, both in terms of planning of financial requirements, and the funding policy management (Miglietta, 2004).

A series of studies affirmed that Italian small and

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medium-sized enterprises are characterized by a financial structure markedly dependent on the banking system, less convinced to recourse to the equity (Arcellis, 1994; Belli et al., 2013; Caruso and Palmucci, 2008; Forestieri, 2014; Troisi, 2014). This attitude characterizes not only the Italian economy, but also economies of other countries. Therefore, it is very interesting to identify which variables could impact on the company's indebtedness.

The purpose is to verify the impact of a series of company's variables in small and medium-sized companies, which affect their debts degree. In particular, we identified a series of variables affecting the company's indebtedness, working in a systemic perspective. Indeed, as the company has to be considered as a system, different factors have a specific role into the business (Ferrero, 1968, 1987). They are not linked through a simple cause-effect relationship, but in a sort of concatenation and this relationship impacts on the debts recourse.

We referred to Giacosa (2015) and Broccardo et al. (2016) as a framework, which identified some company's variables which impact on its financial structure. In addition, we contextualized our survey into the systems theory (Brusa, 2013; Culasso, 1999; Ferrero, 1968 and 1987; Giacosa, 2011).

The originality of the work is coherent of the current context of the reference. Indeed, the context is characterized by significant variability because of economic and normative reasons, presenting a different perspective in the light of companies' behaviour of the last years. In addition, conditions in which Italian banking systems currently operate and unavailability/inadequacy of financial sources for the companies obliged them to control their indebtedness, as it affects their financial structure.

The research is linked to the company's need of understanding which company's variables affect the most their indebtedness, also in terms of monitoring the role of financial external parties.

The research has the structure illustrated above. The literature review is contained into the second paragraph and, in particular, we referred to different variables affecting the companies' indebtedness. The research method is analyzed in the course of the paper, findings are presented and discussed. Thereafter, the conclusions, implications and limitations of the research are presented.

LITERATURE

Researchers focused on a series of aspects belonging to the financial structure of small and medium-sized companies. This phenomenon is of particular interest, both because in some countries small and medium sized companies constitute the main type of company (think for example, that in Europe small and medium-sized

companies account for 99% (European Commission, 2016) and because, initially, the main theories of financial structure take into consideration the large enterprises and, more in depth, small and medium-sized ones (Ang, 1991).

Respecting the aim of our research, we focused on a series of aspects which impact on the debts degree of small and medium-sized companies. Below, those factors that have caught more interest are examined (Broccardo et al., 2016):

a) The company's size (Chung, 1993; Confindustria, 2007; Fama and French, 2002; Frank and Goyal, 2003; Sogorb-Mira, 2005): The conclusions are not always coherent. In some opinions, company's size is not influenced by financial structure and debts degree (Kim and Sorensen, 1986). The relationship between the size of the company and its financial structure has been analyzed in detail. Particularly, a positive correlation emerged between the company's size and its level of indebtedness, confirmed by the Static trade-off theory (Michaelas et al., 1999; Romano et al., 2000; Sogorb-Mira, 2005). It is mainly due to different levels of Agency costs (Sogorb-Mira, 2005), information imbalances (Fama and Jensen, 1983) and the diversification of different business (Rajan and Zingales, 1995), making a comparison between small, medium-sized and big companies. Referring to Chung (1993), Chittenden et al. (1996) and Titman and Wessels (1988), small and medium-sized companies have greater debt recourse than the big ones, in respect of Pecking Order Theory. In particular, small companies show a greater recourse to short-term debt comparing to big companies, because of difficulties in obtaining long-term debts.

b) The company's sector: Those belonging to a specific sector could impact on the company's indebtedness; indeed, companies operating in different sectors are characterized by different financial structures (Scott and Martin, 1975; Michaelas et al., 1999; Harris and Raviv, 1991; Riding et al., 1994). For instance, a lower bank debts' degree characterized the industry sector compared to other ones, as typically, companies have a higher level of self-financing (Miglietta, 2004). Other studies affirmed that the observation has to be made according to specific companies, and not only in terms of a specific sector (Balakrishnan and Fox, 1993; Michaelas et al., 1999; Romano et al., 2000). Studies focused on manufacturing sector, trade and services which occasionally obtained discordant results (Bradley et al., 1984; Frank and Goyal, 2009; Titman and Wessels, 1988).

c) The age of the company: Different opinions on the topic emerged. Gaud et al. (2005), Petersen and Rajan (1994) and Van Der Wijst (1989) concluded that the company's age influences on the financial structure, due to its life cycle. In particular, older companies could count

on higher accumulated profits, reducing their needs in terms of external financial sources. On the contrary, Chittenden et al. (1996) confirmed that the company's age does not impact on the financial structure, while Dollinger (1995) stated that rather the company's economic conditions over time impact on the financial structure rather than the age of the company;

d) The company's growth perspectives, as they impact on the company's financial needs (Becchetti and Trovato, 2002; Dallochio, 2011; Fazzari et al., 1988; Carpenter and Petersen, 2002; Frielinghaus et al., 2005; Herrera, and Minetti, 2007; Honjo and Harada, 2006; Gregory et al., 2005; La Rocca et al., 2011; Oliveira and Fortunato, 2006): Small-sized companies could use limited growth opportunities due to different environment's constraints (Penrose, 1984). Additionally, this growth perspectives have been differentiated depending on the phase of the company's life cycle (Banca Intesa, 2000; Berger and Udell, 1988; Dessy and Vender, 1996; Dickinson, 2011; Fluck, 1999; Rijja, 2006). In addition, companies with a higher investment growth rate and a more marked diversification have a higher indebtedness degree level (Hall et al., 2000; Michelas et al., 1999; Venanzi, 2003). Michaelas et al. (1999), Aybar et al. (2001), Sogorb-Mira (2005), Titman and Wessels (1988) stated that small and medium-sized enterprises with high opportunities of growth are more indebted than those with limited or absent opportunities for growing. Some scholars stated that there is a positive relationship between growth opportunities and financial position; however, it was not statistically significant (Chittenden et al., 1996; Jordan et al., 1998).

e) Repay's attitude of financial debts (Culasso, 2009, 2012): The company's attitude in generating constant financial cash-flows through operating activity influenced the recourse to external debts (Giacosa, 2012a, b), as the level of indebtedness decreases when this risk increases. If the cash-flow from operating activities is not sufficient to meet financial needs of management, the most widely used sources of funding is the bank debt (preferred than the stock market) (Dessy, 1995; Galbiati, 1999; Miglietta, 2004; Partner Equity Markets, 2009; Venanzi, 1999).

f) Revenues: Lower sales are generally combined to a higher level of debts (Confindustria, 2007; Partner Equity Markets, 2009), as financial resources derive also from the revenues, in terms of the collection of trade receivables (Miglietta, 2004);

g) Profitability: First, bank debt represents the most used source of financing if operating activity cash flow is not sufficient (Caselli, 2002; Dessy, 1995; Galbiati, 1999; Miglietta, 2004; Onado, 1986; Partner Equity Markets, 2009). The relationship between the profitability and financial structure is negative, as more efficient companies

are characterized by lower level of indebtedness. Indeed, they tend to prefer internal financial resources (Centrale dei Bilanci, 2003; Chittenden et al., 1996; Myers, 1984; Holmes and Kent, 1991; Venanzi, 2003), for maintaining the control over the company.

METHODOLOGY

The sample

Our sample is composed of Italian economic context and considered period is 2012-2014. We considered manufacturing companies, as manufacturing sector is the main representative sector in Italy context. We used Aida Bureau Van Dijk database (containing economic-financial information on over one million Italian companies), referring to Ateco's economic activities adopted by ISTAT.

Manufacturing companies in the sample have the following criteria (Broccardo et al., 2016):

- i) active limited companies;
- ii) non-listed companies;
- iii) available companies' financial statements 2012, 2013 and 2014 not prepared in accordance with International Accounting Standards;
- iv) companies with the average production value between 5-50 million euro. Small companies have revenues between 5 and 10 million euro, while medium-sized ones between 10 and 50 million euro (European Union Recommendation n.361 from 2003). Large-sized companies have been excluded from the sample for maintaining certain homogeneity of the sample;
- v) companies whose financial statements containing all information for calculating indicators.

We excluded companies containing outlier values. Meanwhile, the final sample is composed of 6.198 Italian manufacturing companies.

Research Question: Which variable has the biggest impact on the company's indebtedness?

The research methodology may be illustrated through the following steps:

- i) identification of the dependent variable (that is debts degree) according to the research purpose;
- ii) identification of the variables which influence the debts degree of small and medium-sized companies (independent variables). These variables have been identified on the basis of literature, having as objective the companies' financial structure in terms of debts;
- iii) model's creation.

A) Dependent variable

The dependent variable is represented by the company's debts degree (using Debts/Total Assets), which analyze which part of the company's investment is financed by external debts. Moreover, it allows evaluating, even indirectly, the balance between internal and external financing sources:

$$\frac{Debts}{TA} = \frac{\sum_{n=2012}^{2014} Debts_n}{\sum_{n=2012}^{2014} TA_n}$$

where:

Debt_n = Total debts in the year n
 TA_n = Total assets in the year n
 n = year, which can mean 2012, 2013 and 2014

B) Independent variables

The following variables influence the debts degree (Broccardo et al., 2016):

a) Company's growth: The company's growth could be measured both quantitatively (through sales, production value, added value, number of employees, invested capital, market share, etc.) and qualitatively (with reference to multiplicity of internal factors linked to the development of new skills and for improvement of those already owned). In the current analysis, we referred to quantitative terms. The company's growth in quantitative terms has been observed with a special reference to the following aspects of observation:

i) production value, by using CAGR indicator (Compound Annual Growth Rate) on the production value on the period 2012-2014. The basis of this choice is the fact that CAGR permits to neutralize the effects of growth rates volatility calculated in individual years:

$$CAGR_{PV} = \sqrt[3]{\frac{PV_{2014}}{PV_{2012}}} - 1$$

where:

PV₂₀₁₄ = company's production value in 2014
 PV₂₀₁₂ = company's production value in 2012

ii) Invested capital: The CAGR indicator on invested capital has been calculated over the three-year period. This formula indicates the company's growth:

$$CAGR_{TA} = \sqrt[3]{\frac{TA_{2014}}{TA_{2012}}} - 1$$

where:

TA₂₀₁₄ = company's total assets in 2014
 TA₂₀₁₂ = company's total assets in 2012

iii) Employees: The CAGR indicator growth, which permits to verify the company's growth under organizational profile, is the following:

$$CAGR_E = \sqrt[3]{\frac{E_{2014}}{E_{2012}}} - 1$$

where:

E₂₀₁₄ = employees number in 2014
 E₂₀₁₂ = employees number in 2012

b) Repay's attitude of financial debts thanks to the operating activities: This indicator represents a financial risk indicator of each company. Indeed, the greater this indicator, the greater is the risk for difficult financial situation. EBITDA is a particularly indicative value, as it affects the operating activity's ability to create financial resources. The sales (contemplated in EBITDA) give rise to receivables, collection of which provides financial sources that can be used to pay financial debts:

$$\frac{NFP}{EBITDA} = \frac{\sum_{n=2012}^{2014} NFP_n}{\sum_{n=2012}^{2014} EBITDA_n}$$

where:

NFP = Net Financial Position (that is net financial debts less financial activities)

EBITDA = Earning before Interest, Taxes, Depreciation and Amortization of the company

n = year, which can mean 2012, 2013 and 2014.

c) The company's financial situation in relation to financial structure: It compares medium/long term sources of funding (equity and consolidated liabilities) with fixed assets, considering the company's attitude in covering fixed investments with medium/long term sources of funding:

$$CFA = \frac{\sum_{n=2012}^{2014} Long\ Term\ Liabilities_n + Equity_n}{\sum_{n=2012}^{2014} Fixed\ Assets_n}$$

where:

CFA = covering fixed assets

Long-term liabilities n = company's consolidated liabilities of the year n

Equity n = company's equity of the year n

Fixed assets n = company's investments characterised by transformability in cash greater than of the year n

n = year, which can mean 2012, 2013 and 2014

d) Invested capital's rotation through the sales: It permits to verify the return of the capital invested in liquid form thanks to the turnover:

$$\frac{Sales}{TA} = \frac{\sum_{n=2012}^{2014} Sales_n}{\sum_{n=2012}^{2014} TA_n}$$

where:

Sales_n = company's sales realized over the year n

TA_n = invested capital (total assets) of the year n

n = year, which can mean 2012, 2013 and 2014

e) Company's age: We consider the natural logarithm of the years from the constitution of the company, in order to verify the level of its age:

Age = ln (number of years since the company's foundation)

where:

Age = age of the company

ln = natural logarithm

f) Company's size: The size has been measured in terms of natural logarithm of the sales.

Size = log (average sales in three-year period)

where:

Size = company's size

g) Impact of intangible assets on invested capital: Because of relevance of intangible assets in influencing the company's growth opportunities, it was decided that this parameter be taken into account. In particular, we compared intangible assets to total invested capital for verifying their representativeness in the investment strategy:

$$\frac{Intangible\ Assets}{TA} = \frac{\sum_{n=2012}^{2014} Intangible\ Assets_n}{\sum_{n=2012}^{2014} TA_n}$$

Table 1. Descriptive statistics.

Variables	Average	Median value	Minimum	Maximum	Standard deviation
NFP/EBITDA	1.40	1.15	-6.88	9.49	2.79
CFA	2.06	1.68	0.42	5.98	1.18
Age	3.33	3.37	1.94	4.68	0.50
Debts/TA	0.61	0.64	0.07	0.87	0.18
CAGR PV	0.03	0.02	-0.19	0.25	0.08
CAGR TA	0.03	0.02	-0.17	0.23	0.07
Sales/TA	1.12	1.06	0.09	2.99	0.43
Intangible Assets/TA	0.02	0.01	0.00	0.15	0.03
CAGR Employees	0.02	0.01	-0.87	5.48	0.13
Size	7.12	7.10	6.64	7.69	0.24

Intangible Assets_n = company's intangible assets over the year n
 TA_n = invested capital (total assets) of the year n
 n = year, which can mean 2012, 2013 and 2014

C) The analysis' model

Pearson's correlation has been used for verifying the relationship between the dependent variable and the independent variables. Different situations of Pearson's correlation (p) are the following:

- i) direct if $p > 0$
- ii) nothing if $p = 0$
- iii) indirect if $p < 0$
- iv) weak if $0 < p < 0,3$ or $-0,3 < p < 0$
- v) moderate if $0,3 < p < 0,7$ or $-0,7 < p < -0,3$
- vi) strong if $p > 0,7$ or $p < -0,7$

Multiple linear regression permits us to verify the relationship between the debts degree and the business growth. We used a multiple OLS (Ordinary Least Squares or least squares) with robust errors, which allowed us to identify a function that could explain the phenomenon under consideration.

The econometric software Gretl has been used for estimating the OLS model. This is the used econometric model:

$$y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_n x_n + \varepsilon$$

where:

y = variables in the observation

α = constant of the model

β_i = regression coefficient for the variable x_i

x_i = n^{th} independent variable

ε = end of an error, called alternatively "residue error"

n = number of variables of the model

We then use the R-correct framework for verifying the goodness of the model. Subsequently, we made an analysis of emerging residues deriving from multiple linear regression. It permits to verify the normality of residuals. Lastly, we used the residue normality test and the graph Q-Q plot for evaluating the normality of the residues.

FINDINGS

The study findings have been illustrated as both correlation matrix and multivariate analysis.

Correlation matrix

In the Table 1 descriptive statistics of the variables included in our model are presented. For each variable the average, median value, minimum, maximum and standard deviation have been calculated.

Each variable may assume values varying between a minimum of 7% and a maximum of 90%. On average, the companies finance their activity by recourse to third parties funds, equal to 62%. Table 2 contains information about variation and co-variation matrix.

It emerged a moderate correlation between the dependent variables, on one side, and the independent variable, on the other. In particular, the correlation results is weak for the following variables: CFA, Sales/TA, age, size, growth in terms of production value, growth in terms of total assets and employees. Dependent variables and individual dependent variables are linked with a positive relation, while the relation between CFA, growth in terms of total assets, age and size is negative.

Figure 1 represents the graph of dispersion between dependent and independent variables (Figure 1). It emerged that it is possible to present graphically the relation between depended variable (Debts degree) and the individual variables (such as NFP/EBITDA, CFA, Age, Growth in terms of invested capital, Sales/TA and Intangible Assets/TA). On the contrary, the relation between dependent variable (Debts degree) and any other individual independent variable (such as growth in terms of production value, growth in terms of employees and the company's size) cannot be presented on the graph.

Multivariate analysis

The dependent variable was regressed (using the OLS) on independent variables in order to verify the relation between dependent variables and independent ones (Table 3).

All variables (except variables measuring the companies' growth) are significant. The t-ratio [(estimating

Table 2. Correlation matrix.

Variables	Debts/TA	NFP/EBITDA	CFA	Sales/TA	CAGR PV	CAGR TA	CAGR Employees	Age	Size	Intangible Assets/TA
Debts/TA	1	0.5693	-0.2876	0.2659	0.0093	-0.0759	0.0177	-0.1608	-0.0052	0.2165
NFP/EBITDA		1	-0.3594	-0.1215	-0.0362	-0.1458	-0.0237	-0.0211	0.0138	0.1126
CFA			1	0.2219	-0.0108	0.1183	0.0007	-0.0402	-0.0268	-0.0847
Sales/TA				1	0.0558	0.0860	0.0674	-0.1654	0.0855	-0.0004
CAGR PV					1	0.4880	0.1528	-0.0502	0.0729	-0.0128
CAGR TA						1	0.1611	-0.0568	0.0571	-0.0429
CAGR Employees							1	-0.0548	0.0528	-0.0092
Age								1	0.0595	-0.137
Size									1	-0.0178
Intangible Assets/TA										1

NFP/EBITDA: companies' net financial position over EBITDA; CFA (covering fixed assets): degree of covering fixed assets with medium/long term sources of funding; Age: age of the company; Debts/TA: Impact of debts on total assets; CAGR PV: company's growth in terms of production value; CAGR TA: company's growth in terms of total assets; Sales/TA: sales over total assets of the company; Intangible Assets/TA: comparison between intangible assets over total assets; CAGR Employees: employees' growth; Size: the size of the company.

value – value under null hypothesis)/ estimating standard error] (equal to 14.9765 for the constant, 50.6775 for NFP/EBITDA, -15.3387 for CFA, -7.9041 for the company's age, 33.2874 for Sales/TA, -4.5636 for the company's size) is not contained in the interval between -1.96 and 1.96. Additionally, this values are out of the interval between -2.58 and 2.58 (which corresponds to a p-value of 1% two-tailed).

Otherwise, the relations t for the growth of total assets (0.25786), for the growth in terms of production value (-0.24054), and for the growth in terms of number of employees (0.57562) are contained in the interval -1.96/1.96, as the variables are significant, and it doesn't exist a relation between growth and debts degree (Table 4).

The average of dependent variable is 0.607549, as debts degree is on average equal to 60.75%. Standard deviation of dependent variables is 0.182755, referred to variability of the individual observations.

We conducted an analysis on residues from the multiple linear regressions for evaluating the model's effectiveness. We used the Q-Q plot graph, comparing the quintiles emerged from a normal distribution with those from the distribution of residues (Figure 2).

It emerges almost perfect overlap of the quintile of two distributions (one normal and one of the residues), that is the residues seem to be a normal distribution. Moreover, observing the normality tests conducted on the residues, it emerges acceptance of null hypothesis of normality at the level of 5% (or even of 10%), because its p-value is equal to 0.1330. This element is important to assess the model's quality.

Taking into account the correlation matrix, it is possible to affirm that the correlation between the growth in terms of production value and growth in terms of total assets is moderate. Therefore, in the regression model it was also

included a parameter that considers the joint effect which the growth in terms of value of production and in terms of invested capital have on the debts degree.

The regression's results are presented below (Table 5). It shows that all of the variables (except the ones that measure the company's growth) are significant. The interaction term (CAGR PV and CAGR TA) is significant at a significance level of 10%, considering that the corresponding p-value indicates acceptance of the hypothesis of the presence of a growth effect for values greater than 0.05103. Below, the efficiency of the multiply linear regression is exposed (Table 6).

It emerges that the Sum of Squared Residuals slightly decreases in comparison to the first model illustrated, passing from 106.7637 to 106.6890, while the standard error of the regression passes from 0.130563 to 0.130528. Also correct quadrant-R records a slight improvement, from 48.96% to 48.99%. Below, the analysis conducted on the regressions' residues is illustrated (Figure 3).

It emerged that the quintiles of two distributions (the normal one and the one of the residues) overlap almost perfectly, meaning that the residues are considered as a normal distribution. In addition, the normality test conducted on residues leads to acceptance of null hypothesis of normality at level of 5% (or even of 10%), because the relative p-value is equal to 0.1234. This fact constitutes an important element in assessing the quality of the model.

DISCUSSION

Referring to our RQ, different aspects emerge according to the different analyzed variable in our model: the company's age, the growth in terms of production value,

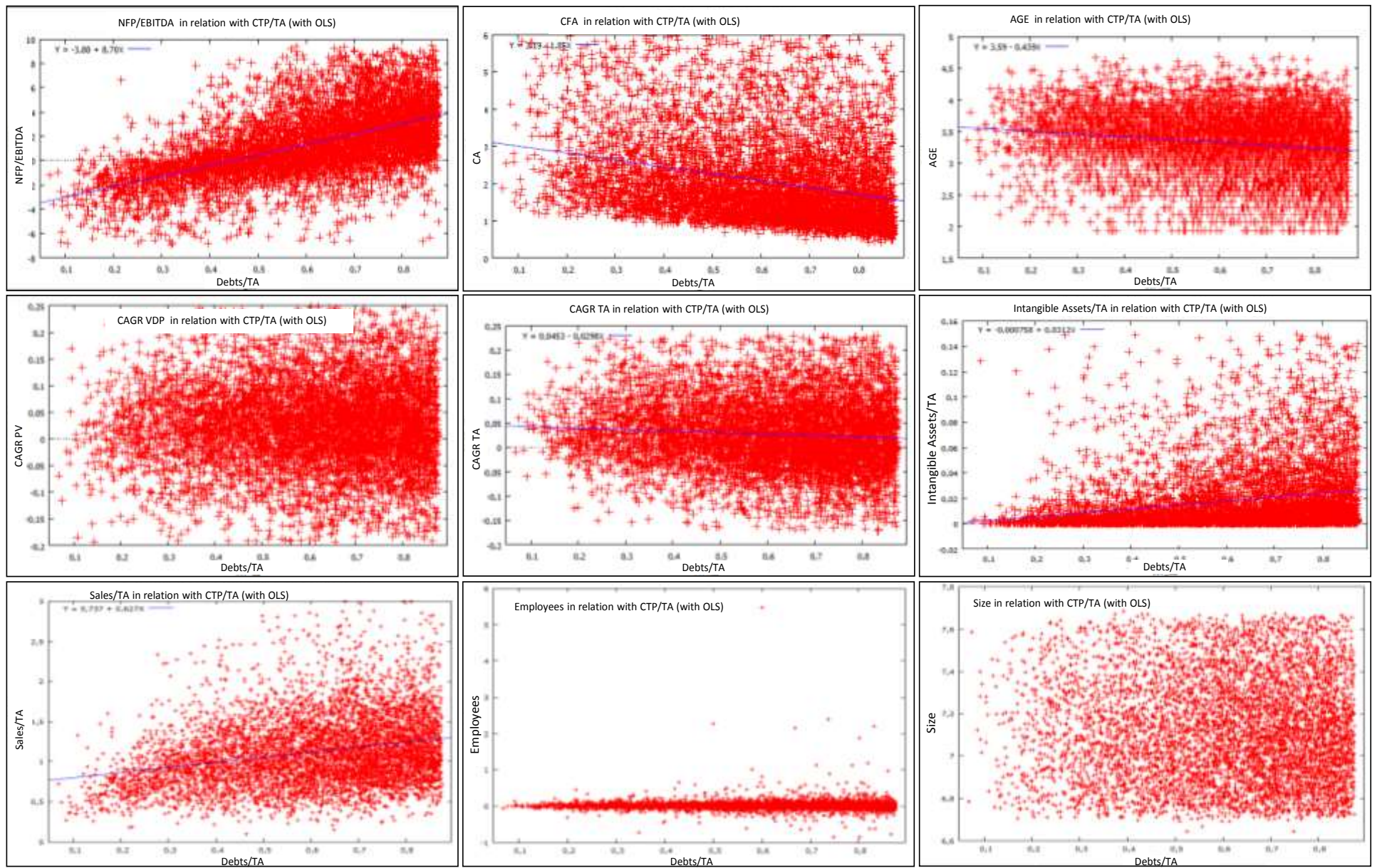


Figure 1. Graph of dispersion between dependent and independent variables.

Table 3. Relation between dependent variable and independent ones.

Variable	Coefficient	Std. Error	t-ratio	p-value	Significance
Constant	0.740685	0.0494566	14.9765	<0.00001	***
Age	-0.0278583	0.00352451	-7.9041	<0.00001	***
CAGR PV	0.0300419	0.025595	1.1737	0.24054	
CAGR TA	-0.0318189	0.0281196	-1.1316	0.25786	
Sales/TA	0.152189	0.00457198	33.2874	<0.00001	***
Size	-0.031328	0.00686483	-4.5636	<0.00001	***
NFP/EBITDA	0.0350915	0.000692447	50.6775	<0.00001	***
CFA	-0.025771	0.00168014	-15.3387	<0.00001	***
Intangible Assets/TA	0.905581	0.0666589	13.5853	<0.00001	***
CAGR Employees	0.0077694	0.0138783	0.5598	0.57562	

Table 4. Assessment of the efficiency of the multiple linear regression.

Mean of dependent variable	0.607549
Sum of Squared Residuals	106.7637
R- Squared	0.490339
F(10, 6262)	599.1402
Std deviation of dependent variables	0.182755
Std Error of regression	0.130563
Adjusted quadrant-R	0.489607
P-value(F)	0.000000

the company's size, company's ability to repay debts, coverage of fixed assets thanks to medium-long term funds, the growth opportunities.

In terms of the company's age, it emerged that the debts degree decreases when the company's age increases. Indeed, higher accumulated profits emerge when the years of the company's activity increase (if other things being equal). Consequently, new debts are not due.

Second, regarding growth in terms of production value, total assets and number of employees, there is not a relationship between the individual variables and the degree debts.

Third, according to the company's size, small companies recourse more frequently to external sources of financing, because the companies can count on higher profits. It is observed that the findings are in line with the trade off theory.

In terms of company's ability to repay debts, this variable is positively correlated with the debts degree: when the indicator's increase, we observed an increase of debts degree. This is in contrast with the literature for the large-sized companies; indeed, when the increase of the company's risk level occurs, the debts degree decreases. On the contrary, it is in accordance with previous studies on small and medium-sized companies. For instance, British companies are characterized by a

positive relationship between operational risk level and level of the company's debt (Michelas et al., 1999).

Regarding the coverage of fixed assets thanks to medium-long term funds, the companies whose long-term investments are financed with a medium-long term funds are characterized by less debts. In addition, when we consider the growth opportunities, a positive relationship with debts emerged. This means that companies with higher growth opportunities have a higher recourse to debt. More in depth, the companies that investment especially in intangible assets, very often tend to use debts.

CONCLUSIONS, IMPLICATIONS AND LIMITATIONS

In this paper, we identified a series of variables which affect the company's indebtedness, if they are contextualized in a systemic perspective. Indeed, the impact of above mentioned variables on the indebtedness has to be understood not as simple cause-effect relationship: if the company is a system consisting of interrelated and connected elements, the relations which unite them, creating a circuit of concatenation between variables, which can impact on the recourse to the debts.

In particular, by observing the survey of the reference

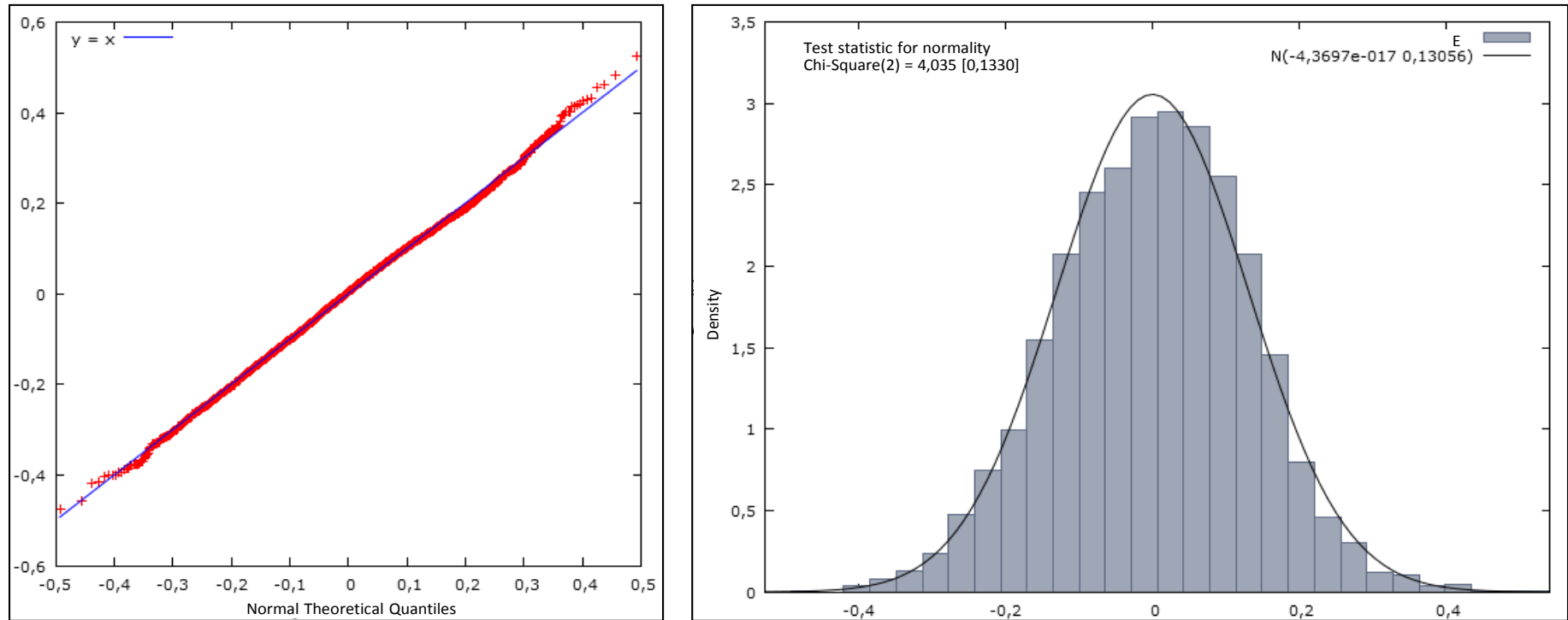


Figure 2. Q-Q plot graph and test of normality of residues in the multiply linear regression.

Table 5. Relation between dependent variable and independent variables.

Variable	Coefficient	Std. Error	t-ratio	p-value	Significance
Constant	0.739901	0.0494546	14.9612	<0.00001	***
Age	-0.0276556	0.00352647	-7.8423	<0.00001	***
CAGR PV	0.0153875	0.0268653	0.5728	0.56683	
CAGR TA	-0.0470832	0.0293952	-1.6017	0.10927	
Sales/TA	0.151952	0.00456699	33.2718	<0.00001	***
Size	-0.0313781	0.00686379	-4.5715	<0.00001	***
NFP/EBITDA	0.0350559	0.000692372	50.6315	<0.00001	***
CFA	-0.0258915	0.00168227	-15.3908	<0.00001	***
Intangible Assets/TA	0.903986	0.066679	13.5573	<0.00001	***
CAGR Employees	0.00680425	0.0136738	0.4976	0.61878	
Interaction	0.536698	0.275006	1.9516	0.05103	*

Table 6. Assessment of efficiency of the multiple linear regression.

Mean of dependent variable	0.607549
Sum of Squared Residuals	106.6890
R- Squared	0.490696
F(10, 6262)	541.8058
Std deviation of dependent variables	0.182755
Std Error of regression	0.130528
Adjusted quadrant-R	0.489882
P-value(F)	0.000000

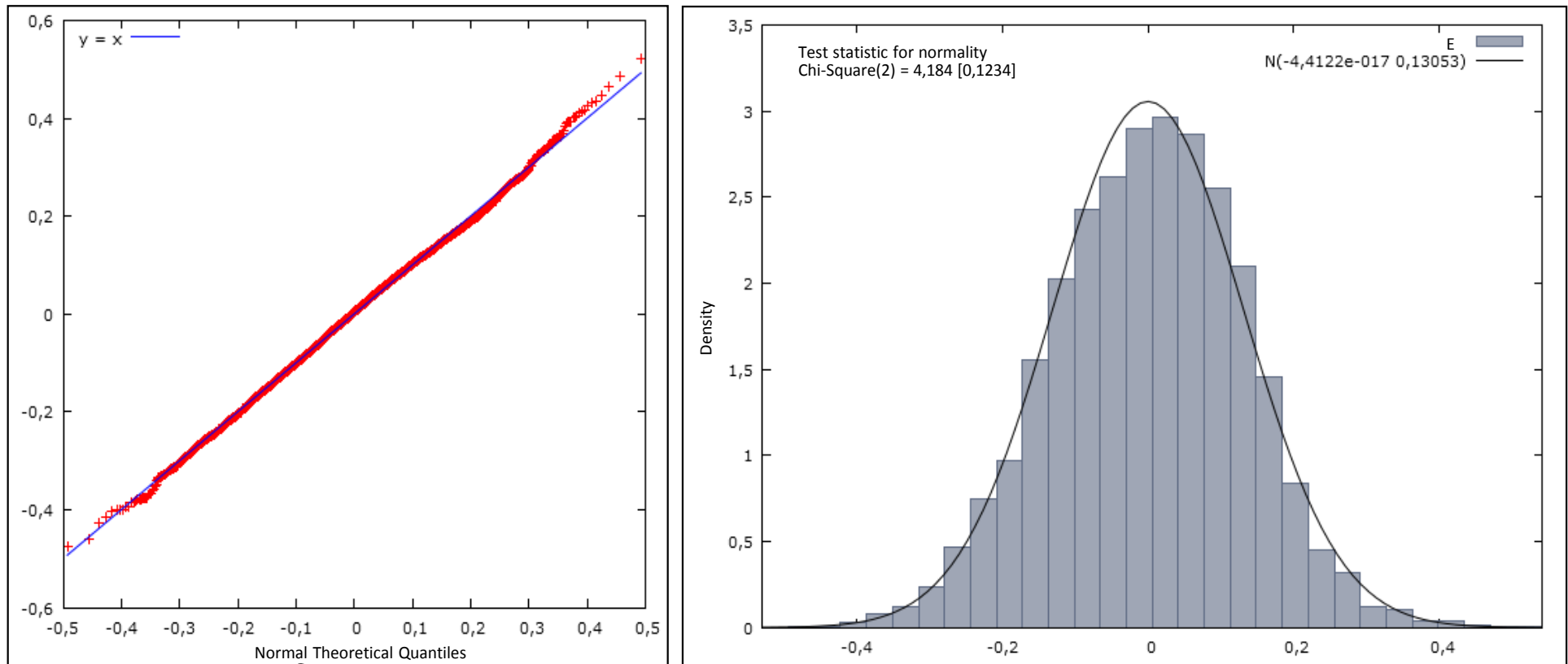


Figure 3. Q-Q plot graph and test of normality of the residues in the multiply linear regression.

sample, it emerged that there exists a relationship between the main variables identified by the literature, that allows illustration of the debts degree. More specifically, our final considerations are as follows.

Firstly, the debts degree decreases when the company's age increases (assuming other conditions being equal). This is due to the fact that the profits accumulated permit the company to count on internal financial resources, reducing its recourse to debts.

Secondly, in terms of growth, there is not a relationship between the individual variables and the debts degree (which means between the growth in terms of production value and the debts degree, the growth in terms of employees and the debts degree, and the growth in terms of invested capital and the debts degree). Nevertheless, a positive relationship emerged between the interaction of two variables (meaning between growth in terms of production value and total assets' growth), on the one hand, and debts degree, on the other. Therefore, small and medium-sized companies growing both in terms of investment and production value, require additional external debts.

Thirdly, a debts degree increase is also linked to an increase of rotation degree of invested capital. Indeed, for strengthening the business structure, capable of increasing the rotation of invested capital, new financial resources are due.

Fourthly, the debts degree is also positively correlated due to the company's ability to reimburse the debts. Indeed, when own resources are able to repay the debts, the company has an attitude to timely respect financial liabilities. Therefore, it increases the use of debts, both because this attitude is enhanced in the phase of request of the new external financial resources from banking institution or other funders, and because the company feels more robust in its ability to meet its financial commitments.

Contextualizing the scope of research in systems theory (Ferrero, 1968, 1987), a need to consider the combination of a number of variables and the weight of debts emerged. Consequently, each component of the company's system should be considered in its interdependence, and the relationships between them are linked by an extensive network of relationships. Therefore, the debts degree phenomenon could not be analyzed by outlining a simple cause-effect relation between two individual variables, but it requires more in-depth consideration.

The research is characterized by theoretical and practical implications:

i) According to theoretical implications: We create a general reference model which permits explanation of the trend of the debts degree phenomenon contextualized to the systems theory, thanks to the recourse of a series of interdependent company's variables. These implications may be interesting both for the management and the ownership, as the proposed model permits evaluation of

the decisions' effects regarding certain corporate variables in terms of the company's indebtedness;

ii) According to practical implications: The proposed model has been analyzed in two different ways. The size of the sample, as our model has been applied to a large number of enterprises operating in many sectors; the sector relevance permits to find specific features of each sector.

Limitations of the research could be stated as follows:

i) About the sample: our sample is composed of a single economic sector (the manufacturing sector), as it is the most representative one in the Italian economy. Therefore, our model does not highlight the impact of the "economic sector" variable on the debts degree, which could influence on its trend;

ii) About the method used: our model does not include qualitative variables, which could explain the debts degree. For instance, we did not consider the customers and employees' satisfaction level, the uniqueness of the product range and the personalization's degree;

iii) About the variable "debts degree": we did not make a distinction in terms of debts deadline (medium/long-term debt, and short-term debt). It could permit to verify the impact on certain attitudes of the companies in terms of the choice of financing.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Full Length Research Paper

Women in business and social media: Implications for female entrepreneurship in emerging countries

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The aim of this study is to carry out a literature review on women in business and social media in order to know the state of the art, and to understand whether and to what extent the studies conducted so far have addressed these issues: how and why are women entrepreneurs and managers using social media? Do they use social media for marketing, networking or personal reasons? The article relies on a literature review about women entrepreneurs/managers and social media. For this purpose, a literature search on Scopus has been carried out, using a set of selected keywords. Selected papers have been analysed and classified in an attempt to identify main topics, and results obtained thanks to research and analysis carried out so far. This study contributes to the expansion of literature on women in business studies, and offers a new perspective applied to a topic of high relevance such as social media. The study literature review puts in evidence that this is a new issue, which gives us the possibility to identify new trends and future directions for research. Surprisingly, none of the extracted papers concerning how and why women in business use social media refer to developed economies. The common feature of these papers is that they concern women entrepreneurs in emerging economies, mainly Kenya, Indonesia, Nigeria, Egypt and South Africa. In these countries, social media can open up new opportunities for female entrepreneurs, and encourage the creation of new businesses run by women, thanks to their flexibility and their attributes. The major implication is to advance knowledge and practice in the area of gender in management and use of social media by focusing on empirical research, theoretical developments, practice and current issues. Benefits are related to a better understanding of the debate on “gender and management” themes by reconsidering networking activities with social media.

Key words: Women entrepreneurs, women manager, big data, ICT, social media.

INTRODUCTION

Web-based technologies and digital culture have become an important part of our daily activities, and this topic is at

the top of the agenda for many researchers and policy makers. Social media offers a set of computer-mediated tools that allow people or companies to create, share, or exchange information, career interests, ideas, and pictures/videos in virtual communities and networks. They introduce substantial and pervasive changes to relations between businesses, organisations, communities, and individuals (Ang, 2011; Agerdal-Hjermind, 2014). In particular, social media can make new ways of networking and doing business possible, based on innovative concepts such as sharing, collaboration and co-creation (Antes and Schuelke, 2011).

This study aims to contribute to this emergent topic through a literature review on women in business and social media in order to understand whether and to what extent the studies conducted so far have addressed these issues: how and why are women entrepreneurs and managers using social media? Do they use social media for marketing relations, networking or personal connections?

However, this is a little-known topic, with implications on management and organisation that are still unknown. For this reason, it is important to understand how social media can really facilitate, promote, and support relationships for women in business, and if the latter are able to take full advantage of them. The study literature review puts in evidence that there is a lack of research on the use of social media by women in business, which gives us the possibility to identify future directions for investigation. On the basis of the study search strategy, only a small percentage (10) of papers has been extracted using “social media” and “woman (or female) entrepreneur” as search terms.

As a matter of fact, none of the paper refer to developed economies. The common feature of these papers is that they concern women entrepreneurs in emerging economies, mainly Kenya, Indonesia, Nigeria, Egypt and South Africa. The same characteristic also distinguishes the authors, coming from the same emerging countries.

This distinctive feature may explain the approach adopted in analysing implications associated with the use of social media by women entrepreneurs, as well as the main themes emerging from these analyses. In fact, women's subordination, marginalisation and lack of inclusion in the analysed countries explain the positive impact of social media's on female entrepreneurs thanks

to their flexibility and connectivity power.

This study contributes to the expansion of literature on entrepreneurship studies, and offers a new perspective applied to a topic of high relevance such as social media. The major practical implication is to advance knowledge in the area of gender in management by reconsidering communication and networking activities using social media.

LITERATURE REVIEW

Companies create value through relationships. In fact, relations with the environment are a way of growing up as well as a chance to create added value in the long term and increase cash flow and stock of resources.

In this perspective, relational capital (Stewart, 1998) represents a key factor to gain competitive advantage in the market, a source for companies and female entrepreneurs and a supporter of the training and the transfer of a collective knowledge. It is formed by the quality and quantity of relations that companies have with stakeholders (Freeman, 1984; Mitchell et al., 1997) such as clients, suppliers, banks, employees. It is the brand, image, reputation, satisfaction and loyalty that companies build in their relationship (Donaldson, Preston 1995).

Despite the recognised importance of relations, there is very little empirical research that has focused attention on them in a gender perspective (Paoloni and Demartini, 2016). Some authors (Carsrud et al., 1986; Rodriguez and Santos 2009) have highlighted the differences that exist between the relations created by female entrepreneurs and the ones built by male entrepreneurs, registering differences in their composition and in their use. The common agreement (Gillian, 1982; Shaper, 1982) is that “female companies” are characterised by frequent use during all of the life cycles of the company, of connections and networks (a cooperative vision) rather than being willing to carry out an atomistic management.

The latter referred to as a kind of management that can be found as a typical characteristic of male companies, predisposed towards a clear separation between the family, social and working sphere. The idea of the network for women is the creation of a necessary connection between work, family and the community (Aldric, 1989, Paoloni, 2011; Paoloni and Demartini,

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Table1. The use of social media by women in business (examples).

Variable	Individual level	Organisation level
How	Use of FB chat to talk with friends, relatives, etc.	Build an external community of followers on social media (that is, FB, Twitter, etc.)
Why (expected benefits)	Maintain social contacts and improve the work-life balance	Obtain feedback from customers or potential customers on new products

2012; Paoloni and Dumay, 2015) that often coincides with the main reason to start up a company. Today's networks are becoming more virtual, and we wonder how the importance of relational capital is transformed and is also used virtually, especially in those countries where it is difficult to create (for various reasons) a real network.

Social media can open up new opportunities for female entrepreneurs, and encourage the creation of new businesses run by women, thanks to their flexibility and attributes. Moreover, social media can support women in business to express their capabilities in networking by building virtual communities. Finally, it can also be seen as a means to take care of personal relationships, which can be relevant for women in business that, in most cases, have to balance their private life responsibilities with work commitments (Perrons, 2003; Drew and Murtagh, 2005; Emslie and Hunt, 2009). On the light of these premises, the study research questions are the following:

1. How and why women in business (that is, female entrepreneurs and women managers) are using social media?
2. Do they use social media for marketing, networking, or personal reasons?

Accordingly, we are interested in analyzing both women in business who use social media in their private life and women in business who use social media as part of their entrepreneurial or managerial roles. As shown in Table 1, in the literature review, we address both the use of social media by business women:

1. In their private life (for example, to maintain social contacts; to improve work-life balance; to share personal opinions; etc.) and
2. In their organization (for example, to widen their social network in the business; to promote a company product or brand; to involve clients or potential customers in product innovation; to promote employee collaboration and networking, etc.).

METHODOLOGY

The research protocol

With the aim to draw a literature review about women entrepreneurs/managers and social media, we decided to search for academic contributions on the Scopus database. Scopus, in fact, is a bibliographic database containing abstracts and citations for academic journal articles. It covers nearly 22,000 titles from over 5,000 publishers, of which 20,000 are peer-reviewed journals in the scientific, technical, medical, and social sciences. The study research protocol concerned:

1. *Definition of the subject area*, as the social media phenomenon interests researchers from different research fields: life sciences, health science, physical sciences and social sciences. The study investigation addresses the topic of women in business and social media, and we decided to limit our search to journals belonging to the social sciences domain;
2. *Definition of the data range time-period of publishing*. We decided to include papers published from 2010 onwards in our analysis, because social media is quite a recent phenomenon, which is continually evolving. As a matter of fact, the most well-known types of social media were created about ten years ago: namely Facebook in 2004, Myspace in 2004, LinkedIn in 2003, YouTube in 2005 and Twitter in 2006;
3. *Selection of key words* to find papers through the Scopus searching engine. To this end, we combined the words "social media" with different search terms: "gender" or "entrepreneur" or "manager" or "woman/female entrepreneur" or "woman/female manager";
4. *Perspective/model/framework* for analysing selected documents. The framework for the analysis of the papers is related to the study research questions, and therefore the content of the papers was examined and discussed, addressing how and why women in business use social media, both at a private and a corporate level.

The dataset

Hereinafter we explain how we created the paper dataset with reference to the number of articles, the type of journals, and the nationality of the authors.

First, we used the search terms "social media" and "gender" in the article title, abstract or keywords of different document types (articles, books or book chapters), published from 2010 to 2017 in the Scopus database (search was made on 30-01-17).

773 papers of very heterogeneous content were extracted

Table 2. The data set of selected documents.

Key words	No. of documents extracted	Nationality of authors	Journals
Social media and entrepreneur/ manager	102	The majority of authors is from North America (40%) and Europe (45%)	Most articles are published in specialist journals
Social media and woman entrepreneur/manager	10	Emerging countries	Mediterranean Journal of Social Sciences; Journal of Small Business and Enterprise Development; International Journal of Entrepreneurship and Small Business; International Journal of Gender and Entrepreneurship; Gender and Education; International Journal of Economics and Financial Issues.

(belonging to research fields such as science, mathematics, engineering, technology, health and medicine, social sciences and arts and humanities). The papers address the use of social media in a variety of contexts, however, none of them explore the use of social media by women in business.

In fact, using “gender” as a search term, we found a lot of empirical studies on the use of social media in which the variable gender (male or female), as well as other demographic and socio-economic variables (for example, age, education, profession, nationality, income, etc.), were used to describe or predict specific investigated phenomena.

As a result, we decided to direct the scope of our research to the use of social media by managers and entrepreneurs. With the aim to carry out a literature review on this topic and to draw a framework to be used later to better focus on the specificities linked to gender, we decided to use the search words: “social media” and “entrepreneur” or “manager”.

In the first case, we got 107 documents, of which 43 were specifically classified in the subject area of business, management and accounting. In the second case, 800 papers were extracted, 360 belonging to the “business management and accounting” area. Hence, choosing a second subject area brought us to a total amount of 403 selected papers, removing those classified in other subject areas (for example, computer science, engineering, economics, medicine, arts and humanities).

Then, to focus the study analysis on the most relevant academic contributions, we identified papers that had five or more citations. As a whole, the result was equal to 102 papers. Subsequently, we downloaded all the selected papers and we classified them on an Excel sheet, highlighting the following factors:

1. Journals where they were published
2. Number of citations
3. Authors’ nationality.

Moreover, we analysed each paper to figure out the different uses of social media, the expected benefits and possible obstacles associated with its use.

In short, results show that a large part of those papers is written by Northern American (40%) and European authors (45%) (Table 2, and for further details Figures 1 and 2). Papers are published in a wide range of journals: from specialist journals (for example, *Public Relations Review*, 6%; *Cornell Hospitality Quarterly*, 4%; *Journal of Product and Brand Management*, 4%; *Journal of Interactive Marketing*, 3%) to generalist journals of management (for example, *Business Horizons*, 12%; *Management Research Review*, 3%; *Advanced Series In Management*, 2%).

The most recurring topic is the use of social media and its related implication on marketing/advertising/brand management, followed by social media and networking (with different kinds of stakeholders and communities) and social media and innovation. Finally, we focused on the

literature concerning the use of social media by women managers and entrepreneurs.

Accordingly, we selected the search words “social media” and “woman entrepreneur” or “female entrepreneur” or “woman manager” in the article title, abstract or keywords of different document types (articles, books or book chapters), published from 2010 to the present, in the Scopus database. Only ten papers were found (only three were classified in the business, management and accounting area, while the others belonged to economics, econometrics and finance, arts and humanities and the computer science area).

This result was surprising, and it suddenly highlighted a tremendous lack of research in this specific field. Furthermore, all articles focus on women entrepreneurs in emerging countries (that is, Indonesia, Egypt and Kenya) and are written by women scholars living in the same regions.

Based on the survey results, we can therefore say that even if research on social media in the enterprise has begun to represent a large number of studies, we are still at an early stage of research.

This is demonstrated by the fact that most of the papers are published in specialist journals and only a few have been published in top ranking review. As regards to social media and women in business, research is still in its infancy (Table 2). A thorough review of the selected documents in light of the stud search queries follows in the next paragraph.

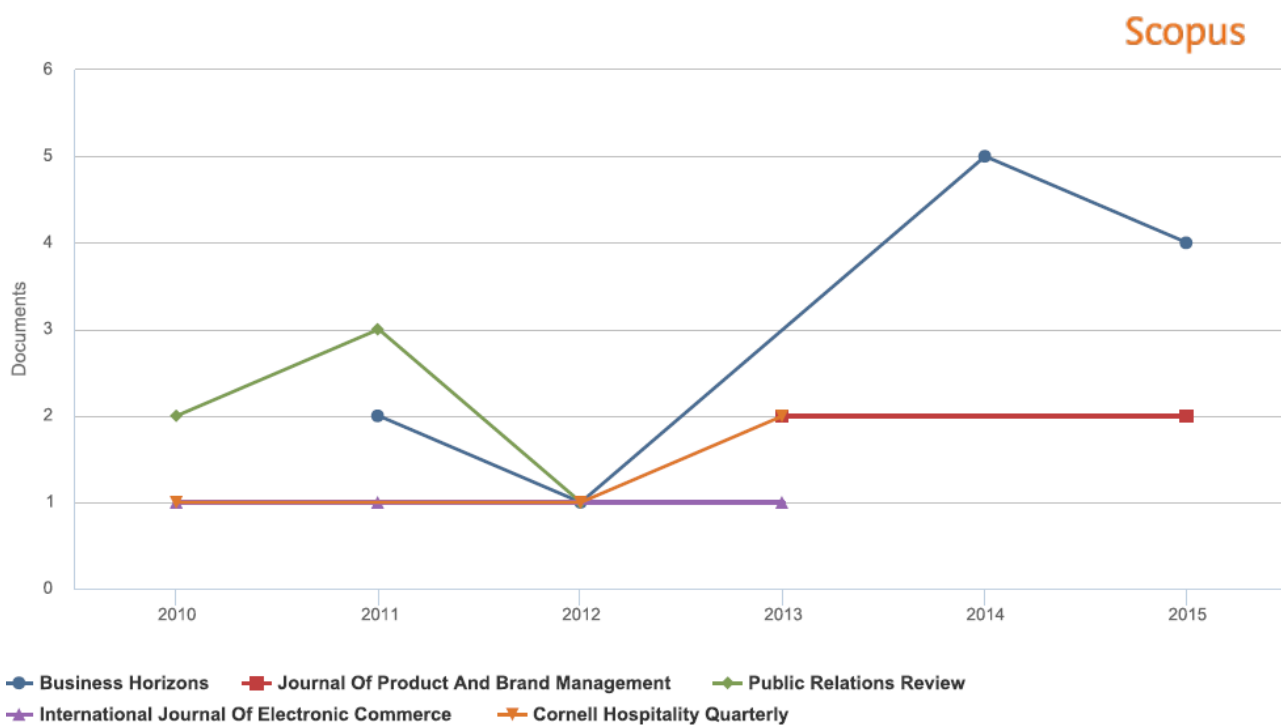


Figure 1. Documents trend per year by main sources.

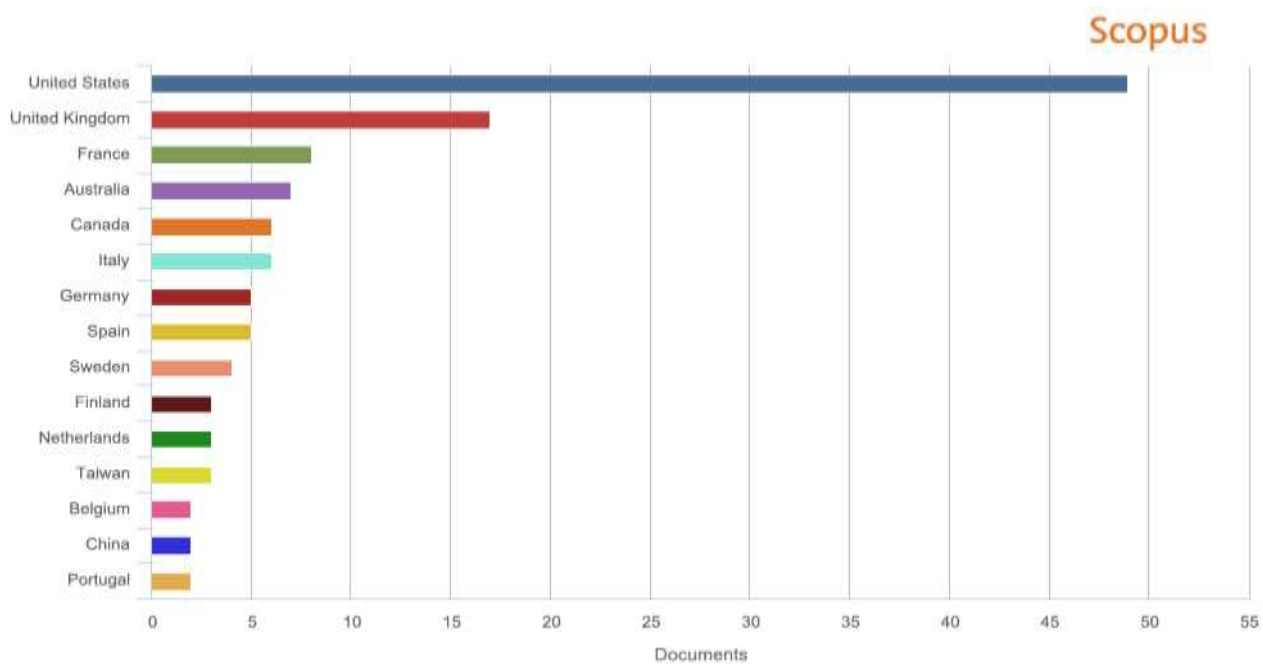


Figure 2. Documents by authors' country (ranking 15 countries).

RESULTS

Social media as a challenge for management

As shown in Table 2, in the first group, 102 papers were extracted. All researchers agree that social media is a broad term to describe software tools that create user-generated content that can be shared, while social media technologies include social network websites, blogs, wikis as well as online photo and video sharing sites (Sinclair and Vogus, 2011; Choi et al., 2014).

The study analyse the use of social media by companies as well as their impact and implications for the business. For the purpose of this research, it is important to note that none of these articles investigate how personal characteristics of the entrepreneur/manager (such as gender) can impact the use of social media by companies. Nor is the individual level of analysis taken into account, which is related to the personal and professional benefits that managers/entrepreneurs can obtain from the use of social media.

All papers focus on the use of social media at the organisational level. They refer to a large range of firms with regard to the model of business adopted, the dimension, industry and country. Accordingly, current research in this area reflects the different stage of adoption in which organisations are working to identify uses and evaluate success factors for online social networks and virtual communities.

It is evident that these technologies have a great impact on consumers, allowing them to share their experiences and information on products, services, companies and brands. This shifts the power to influence customer's behaviour from organisations to consumers. As a consequence, this phenomenon has suddenly caught the attention of scholars interested in its implication on company marketing and advertising. In this field, researchers' main concern is to investigate how companies interact with virtual communities (Shen et al., 2010; Liang and Turban, 2011; Ang, 2011; Kaplan and Haenlein, 2011; De Vries et al., 2012; Gummerus et al., 2012) and for what purposes (Hensel and Deis, 2010; Trainor, 2012; Naylor et al., 2012; Yadav et al., 2013), in order to gain benefits.

Only a few studies address the adoption of social media by organisations from a strategic perspective. The latter underlines how social media can be successfully managed to gain competitive advantages in the short and/or long-term by adopting conscious initiatives and proactive behaviour (Fisher and Reuber, 2011; Sinclair and Vogus, 2011; Berthon et al., 2012; Paniagua and Sapena, 2014).

To this end, interesting insights can be found in the

study of Sinclair and Vogus (2011). It presents a survey on how 72 top global companies are using social media. In detail, the following uses and related expected benefits arose:

1. Promote a company, product or brand (in 100% of the companies analysed) (Hipperson, 2010; Dhaoui, 2014; Dessart et al., 2015).
2. Build external communities of followers (90%). This initiative aims to link to a group of customers who purchase products and services, and are willing to share product and service experiences with others (Denning, 2011; Brengman and Karimov, 2012; Baghdadi, 2013).
3. Build brand loyalty (60%) (De Vries et al., 2012; De Vries and Carlson, 2014; Chauhan and Pillai, 2013; Gamboa and Gonçalves, 2014; Tsimonis and Dimitriadis, 2014; Vernuccio et al., 2015; Zavattaro et al., 2015).
4. Build internal communities of followers (18%). This action aims to network employees or other allied groups (Huang et al., 2013; Agerdal-Hjermind, 2014).
5. Educate customers on specific topics or technologies (7%). These actions aim to facilitate new products and directions for the organisation;
6. Promote a social cause (7%). This action reflects a company's interest in issues that concern our society (Paulin et al., 2014).
7. For product improvement or product development (7%). This use of social media aims to solicit input or feedback from customers or potential customers on new products or products that are under development.
8. To defend the company against attacks (7%) (Liu and Kim, 2011; Alexander, 2014).

As a result, this study shows that there is an increased use of social media by organisations. Use of social media is both passive and active, both tactical and strategic. Moreover, it should be highlighted that in the last few years, there has been an increased awareness of the relevance of social media for the following two reasons:

1. Social networking sites give consumers a voice over design, product/service promotion and support. As a result, companies have the opportunity to change and promote innovation, gathering information from social networking and virtual communities and creating value for customers (Dahl et al., 2011; Mount and Martinez, 2014; Moncrief et al., 2015; Palacios-Marqués, 2015);
2. Bearing in mind that there is a young generation which is digital born and very social-networking-active, managers are aware that the use of social media is vital to communicate with the younger consumers (Bolton et al., 2013; Ruane and Wallace, 2013).

Finally, from the study literature review, it is important to

underline that the adoption, use and implications of social networking tools depend on contingent factors that characterise the firm context (Jiang et al., 2014).

Some of them are related to the business organisation (that is, its size and the sector in which firms operate), (Geho and Dangelo, 2012; Sood, 2012; Nakara et al., 2012; Durkin et al., 2013; Kwok and Yu, 2013; Lagrosen and Grundén, 2014; Leung et al., 2015). Others refer to the environment (that is, the geographical location and the cultural and socio-economic factors featuring the country in which the company operates) (Berthon et al., 2012).

Analysing “the country factor” is noteworthy for the sake of this research. In fact, none of the papers extracted using “social media” and “woman (or female) entrepreneur (or manager)” as search terms refer to developed economies, which contrasts the highlighted general trend (Table 2). Berthon et al. (2012) advocate that social media use “is a function of a country’s technology, culture, and government”.

First, the country’s level of technological development, such as the average bandwidth, the speed available and other characteristics of the infrastructure enabling social media will make some of them more or less popular than others. For example, YouTube is less popular in emerging countries where it consumes considerable bandwidth than it is in North America and Western Europe.

Second, the diffusion of a social medium in a country will also depend on the attitude of that country’s government (that is, the well-known regulation imposed by the Chinese Government on Facebook use). Third, the choice, use and related implications of social media are also determined by cultural norms and shared values. In business, a social medium is a tool for sharing “content” within a community and its potential impacts are enormous in terms of spread of communication, engagement and co-creation (Gorry and Westbrook, 2011). However, how and why entrepreneurs and managers, employers, consumers and other stakeholders interact is markedly related to socio-cultural factors and ethical values.

In light of these considerations, in the following paragraph, literature on the use of social media by women in business will be analysed with regard to emerging countries.

Social media in emerging countries: implications for women entrepreneurship

On the basis of the study search strategy, only ten papers have been extracted using “social media” and “woman (or female) entrepreneur” as search terms. After

reading these articles, we decided to consider only eight papers, as the content of the other two was considered inconsistent with the purposes of our analysis. In fact, they do not discuss the use of social media by women entrepreneurs, but they analyse women entrepreneurs, using data obtained thanks to social media (Revell-Love and Revell-Love, 2016; Swartz et al., 2016).

Surprisingly, none of these eight papers refer to developed economies. The common feature of these papers is that they concern women entrepreneurs in emerging economies, mainly Kenya, Indonesia, Nigeria, Egypt, Malaysia, India and South Africa. The same characteristic also distinguishes most of the authors, coming from the same emerging countries.

This distinctive feature may explain the approach adopted in analysing implications associated with the use of social media by women entrepreneurs, as well as the main themes emerging from these analyses. In fact, women’s subordination, marginalisation and lack of inclusion in the analysed countries explain social media’s impact on women entrepreneurs.

In these papers, attention is not only directed to business aspects, that is the impact of social media on business organisations, competitive strategies, logistics, relationships with customers, suppliers and other stakeholders, marketing and communication strategies, etc.

On the contrary, analyses are extended to women entrepreneurs’ personal dimension, that is, social media’s impact on women entrepreneurs’ private and family life, their social interactions and, more generally, their role in their social context. These papers in fact highlight the deep-rooted impact of internet and social media on women’s lives in these countries, as they have now the opportunity not only to start a business, but also to redefine their role in society. Upkere et al. (2014a, 2014b) emphasised that many women entrepreneurs in Africa have used social media to launch informal businesses, later converted into formal businesses, by reinvesting profits earned in the informal phase.

According to the authors, women entrepreneurs’ ability to take advantage of social media could result from their greater propensity to adopt a community-based approach and to maintain social relationships, and from a greater predisposition to interact with customers and perceive their needs. This is why social media exerts a particularly strong impact on women, since the latter are better able to glimpse potentialities of social media and to take advantage of them.

Authors also emphasise women’s willingness to get rid of the stereotype that considers them technology averse and somewhat unable to use it. Indubitably, this desire is

the basis of some successful projects, such as Women Weavers Online, a network of Moroccan women (Upkere et al., 2014b) who have the possibility to sell their handworks online, even if they live in very remote villages.

Alkhowalter (2016) presented an analysis concerning the ability of women entrepreneurs from Saudi Arabia to exploit Instagram to start and manage online businesses. The author emphasises the great impact that social media like Instagram may have on women in this country, because it can help women to start a business and help increase the involvement of women in the labor force, which is now quite limited.

For Melissa et al. (2013) and Beninger et al. (2016), empowerment is the central theme of analysis. It is defined as a process of change that occurs as women gradually emancipate themselves from a position of marginality and subordination and strengthens their role in the social context. The concept of empowerment is also linked to that of "human agency", defined as women's freedom to make their own choices without fear of consequences. It is also interesting to note that analyses about empowerment refer not only to the social context in general, but also to women's role within their family.

Social media's ability to generate an empowerment effect on women entrepreneurs is mainly due to social media's ability to support the creation of online communities and social networks. Melissa et al. (2013) analysed social media effects for Indonesian women's empowerment. As a matter of fact, social media:

1. Has encouraged women to undertake an entrepreneurial experience: several activities in fact have been launched to offer manufactured products for sale online that women only used to post on Facebook. Social media has allowed women to perceive a business opportunity and has convinced them of the possibility to gain profit from their homemade products.
2. Has made it possible to start a business with extremely low investments and operating costs. Cases observed by the authors, in fact, are mainly home-based business, selling homemade products or services online.
3. Has allowed women to implement or maintain a network of social contacts even if they were forced to take care of their family at home. This has reduced their isolation and has significantly enriched their social life.
4. Has enabled women to have greater financial resources, and therefore, they enjoy more freedom and financial autonomy. Thanks to their own income, women can now contribute to the family welfare not only as caregivers, opposed to the breadwinner role of their

husbands.

5. Has enabled women to redefine their role within their family, to acquire greater importance and to actively participate in decision-making, thanks to their contribution to family income.

6. Has offered women the opportunity to realise themselves and to redefine their role in society.

Vivakaran and Maraimalai (2016) were also concerned about the entrepreneurship situation in India, where a serious gender gap exists due to the lack of adequate education/appropriate training among women entrepreneurs. This is why he proposes an innovative learning system which uses Facebook to help Indian budding women entrepreneurs to expand their training and the effectiveness of their businesses. With regard to business activities, Upkere et al. (2014b) highlighted advantages that social media can offer women entrepreneurs:

1. Low start-up costs and low running costs: To sell handmade products or services online, women only need a smartphone to post pictures of the products and to manage payments.
2. Low competences: Women's businesses are very simple and a basic technological literacy is sufficient to manage them.
3. Wider social networks: Thanks to social media women entrepreneurs can build a broad network of contacts and increase business visibility;
4. Better work-life balance: women entrepreneurs can better manage their work-life balance and they can also involve family members in their home-based business (Melissa et al., 2013).

Overall, these papers show an integrated vision of female life experience. Issues concerning private, family, social and professional life are not considered separately. Instead, they converge to form a single picture of women's life experience. In fact, social media can have a major impact on various aspects of women's lives:

1. Family life, social media helps to significantly increase women's negotiating power.
2. Social life, it favours the inclusion of women and enables a more active and productive participation in a social life.
3. Professional life, social media helps to start a business using women's expertise, with low costs and investments.
4. Private life, social media promotes women's self-realization, enhances their skills and helps women to satisfy their ambitions, while obtaining a financial reward.

DISCUSSION

The literature review provides some insight into the relationship between women in business and social media and it offers some suggestions to define a research agenda in this area:

1. The role of social media as a relationship management tool is central in the analyses on this topic.
2. Literature on social media and entrepreneurs/managers does not focus on the use of social media in personal networks. In most of the analysed papers, attention is focused on the analysis of business relationships and networks.
3. Literature specifically focused on "social media and woman entrepreneur" emphasizes the deep intertwining of personal and business relationships. This theme, however, is analysed in a specific context, both from a cultural point of view, given the condition of subordination, marginalisation and lack of inclusion of women in emerging countries, and in terms of characteristics of women's enterprises, since they are mainly small and micro enterprises.
4. For all of these reasons, results from such analyses cannot be translated tout court to women in business in other countries, characterised by very different conditions about diffusion of new technologies, socio-cultural context and women's role in society;
5. In our literature search, an article that analyses the use of social media by women managers or entrepreneurs working in large companies hasn't been found. The only papers we found refer to women entrepreneurs running micro-enterprises. Thus, issues emerging from these papers cannot be transferred to larger companies since in the latter the role of entrepreneur/manager is very different than in micro-firms (Cesaroni and Consoli 2015).

In larger companies, organisation and management are more structured and organisational roles are more formally defined. Therefore, personal characteristics of an entrepreneur/manager are less influential on organisation, and a profound intertwining between personal and professional dimensions of his/her life is less likely to occur. For this reason, we believe that research on the impact of social media should keep micro and small firms separate from medium and large firms.

To summarise, we can refer to the classification proposed in Table 1 to underline that, so far, literature on the use of social media by women entrepreneurs in emerging countries has mainly focused on the organisation level (that is, how and why women entrepreneurs use social media in their entrepreneurial

activity). In fact, studies on private uses of social media don't exist. Nevertheless, when consequences connected to the use of social media are observed, we notice that main implications and benefits relate to the individual level (private, family and social life), even if the adoption of social media was motivated by business reasons.

CONCLUSIONS AND IMPLICATIONS FOR FUTURE RESEARCH

The literature review presented earlier shows that so far studies on women entrepreneurs and social media have been mainly concerned with emerging countries and have primarily analysed how social media can help budding women entrepreneurs to start a business.

At the same time, these analyses have clearly shown that the use of social media can help women to enlarge their network and, in so doing, can deeply affect women's conditions, not only in their business life, but mainly in their private, family and social life.

This emphasis on women's networking is in line with studies showing the importance of both formal and informal relationships for female firms' survival and growth (Husu and Koskinen, 2010; Kamberidou and Labovas, 2012). Indeed several studies show that networking is a strategic capability for female firms. Moreover, research shows that female entrepreneurs' ability to network is more developed than male entrepreneurs. The latter, only in recently, has discovered the value of relationships as strategic tools to run a company (Larson and Starr, 1983; Herron and Robinson, 1993; Aldrich and Elam, 1997; Lee and Roh, 2012; Paoloni, 2011; Paoloni and Dumay, 2015). These findings can be of some interest to scholars and politicians.

In fact, the study analysis offers a further example to support the statement made by Berthon et al. (2012) about social media use being "*a function of a country's technology, culture, and government*". In emerging countries, the role of cultural factors (that is, women's subordination, marginalisation and lack of inclusion in the analysed countries) is of great importance to understand how women entrepreneurs use social media to start and manage their business and why social media has such an important impact on their private and family life and their social condition.

In light of this, it is very important to carry out further analyses in order to better understand how to promote and improve the role of social media as an amplifier of formal and informal networks developed by women entrepreneurs in emerging countries. Future research

could also be aimed at identifying factors affecting the success of female social media-based small businesses.

The results of these analyses also suggest new lines of research concerning the use of social media by micro and small-sized women enterprises in developed countries. This analysis could aim to understand whether and how, in developed countries facing new socio-economic challenges, the use of social media can enable women entrepreneurs to increase their business effectiveness and competitiveness as well as improve their quality of life. This stream of research could allow a greater understanding of a relevant subject for those, scholars or politicians, who are involved in promoting women's entrepreneurship.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Full Length Research Paper

The role of logos in brand personality of organizations

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The purpose of the study was to examine the role of logos in brand image of banking institutions, and to examine whether consumers are influenced in anyway by the logos that banks use as part of their corporate branding. A stratified sampling was used to select 50 respondents. Questionnaires were administered to customers from Ghana Commercial Bank, Merchant Bank Ghana Limited, Standard Chartered Bank (Ghana) Limited and Barclays Bank Ghana Limited to solicit data. The major findings from the study revealed that logos play a very important role in brand image of a bank and helps communicate and share their frame of thought. The brand influenced customers' choice, feeling and behaviour because the brand met their preferences. Logos or brands in today's banking industry to some extent necessitate customers' patronage of a particular bank. Thus, companies benefits from a competitive advantage by properly branding and registering their brand which gives customers a feeling of quality and safety as far as the brand is concerned. Symbols or Logos and brands influence customer feelings, behaviors and choices. Recommendations made include: management of banks should allocate more funds to its branding activities. Corporate Affairs Managers of banks need to organized monthly or quarterly mystery shopping to seek customer feedback on the brand image of their banks.

Key words: Brand, personality, logo, personality, organization.

INTRODUCTION

Logos can be termed as symbols, emblems or designs that are used by organizations as unique identifiers. Herskovitz and Crystal (2010) argues that logos serve as the official visual representation of a company and send thousands of information of an organization to outsiders beyond what firms can think of.

The role logos play within organizations cannot be overemphasized despite the seemingly not so loud nature logos carry as compared to other assets organizations have at their disposal. However, some individuals and/or

organizations pick such symbols/logos without considering the effect it will have on the image and ultimately performance of the organization.

In the past, a brand was usually seen as merely a way of marketing, and firms did not really care about the impression they leave in the minds of consumers. In recent times there has been a need to personalize brands in order to create a connection between the brand and its consumer, hence the term "brand Image". Brands have been chosen because they have a logo that exhibit

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appealing image.

A symbol can also be termed as a logo. Although a logo is just one element of branding, it is safe to say that its effect on the image of a company is very strong. Consumers easily remember the logo/symbol of a company than the colour of its office or buildings. Different companies may have similar/same color being used as part of their branding, but no two companies can have the same logo/symbol.

Therefore, logos play a very important role in corporate identity and should be given a serious look when being chosen. It can also be said that the logo of a company can affect the patronage of goods and services. In 1994, over 3000 new companies in the United States spent a whopping 120 million dollars to create and implement logos. Top management in organizations believes that logos can add value to an organization's image and therefore spend huge sums of money on it (Van Riel and van den Ban, 2001).

Various studies have shown that remembering a company's logo can increase the recognition of its name (Silver and Roast, 2016). There are two elements relevant to logo recognition. First, correct recognition and second, recall. Correct recognition concerns how a customer remembers a logo. The focus here is on the design aspects of the logo which can then lead to false recognition. In the case of false recognition, the customer thinks he/she has observed the logo when he/she has apparently not. The second element, recall, is necessary so as to remind the customer of the particular brand or company. Recall and recognition are key objectives in achieving communication effects and reinforcing positioning.

Recent changes in deregulation and technology have made banking one of the most competitive sectors in the global economy. Brand image of banking has gained importance as a way of differentiating banks (Kapferer, 2014). New brand identity along with the new vision will help to serve customers in the best possible manner, living the brand values of being alive, inclusive and respectful (Kapoor, 2011).

Brand is defined as "the name, associated with one or more items in the product line that is used to identify the source of character of the item(s)" (Kotler 2010). The American Marketing Association (AMA) definition of a brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors.

A brand is a collection of experiences and associations attached to a company, organization, product or service. More specifically brand refers to the concrete symbols such as name, logo, slogan, and design scheme. It is a symbolic embodiment of all the information connected to a company, organization, product or service. It often includes explicit logos, fonts, colour schemes, symbols, sound which may be developed to represent implicit

values, ideas, and even personality.

In the past, Ghanaian banks have hardly taken branding seriously. In recent years it has been observed that Banks have started taking care of their brands (Ghana Banking Survey, 2010). They have become conscious about their brands, and its brand image. Although scholars have identified some importance of logos on the perception of employees, there is still lacking empirical evidence on its added value to organizations (Herskovitz and Crystal, 2010).

Keller (2003) writes "technically speaking, then, whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand" (p.3). It is evident that an organization should either aim at creating a corporate brand or use the various elements of branding such as the use logos to create an image for the brand. This helps the consumer to identify himself with the firm as a whole and not just a particular product.

People patronize product or services because of various reasons; such reasons include prestige, brand popularity, price public opinion among others. For example, in time past most consumers would only think of buying a "Nike" branded sneaker if they want to buy a trainer. Of course, in this case apart from the logo of the brand which is highly respected, one is assured of quality. There is another side to this scenario that is equally interesting.

In the midst of a great supply of the Nike sneakers on the market, it is possible to have other fake "Nike" sneakers which have been branded with the logo and is therefore receiving high patronage because it looks like the original and genuine product. It is important to find out the extent to which the logos/symbols influence consumer purchases and that is what this study seeks to achieve. No matter where a logo is printed we will get the message one way or the other.

"A product is something that is made in a factory; a brand is something that is bought by the customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless" -- Stephen King. If branding is what distinguishes one product from the other then organizations should be justified if they spend millions of cedis in creating their brands. The following statement by Harish Bijoor, also gives another perspective of branding.

"Branding can be called both an art and a science. Branding is a science- A science that seeks to peek into the minds of consumers and create offerings that cater to their individual and aggregate needs, wants and desires. However, this extremely 'soft' area of branding is difficult to identify and classified clearly. Consider the following: Brands are about consumers and their minds, their extremely volatile minds. None of us can claim to be a champion of the human mind as yet. There is indeed no computer on earth as yet that can claim to clone the processes of the mind and its volatile nature. The mind is still being understood".

De Chernatony and Mc Donald (1992) stated that a brand is not merely a combination of letters and images, but rather a tool to communicate an image of the owner to others. In other words, when consumers buy brands they are supposedly not only concerned with the functional capabilities of the product but in the brand image. Though branding was considered to be important in times past, much more importance is being attached to it now. Usually the norm is that a brand will choose a logo that facilitates the communication of the chosen brand values. The implication for firms is that, logos should be selected based on the information the firm would like to communicate to the target group (Morgan et al., 2002).

According to Aaker (1997), the success of a brand depends heavily on the corporate identity, while it represents the essence of the brand. When I think of branding, one popular phrase comes to mind. That is, "what you see is what you get". Consumers form their perceptions mainly by what they see. What is seen by the eyes also forms a mental picture in the mind thus affecting the emotions that are developed towards that product or service. Assuming there were two people selling food, one selling by a heap of garbage and the other in an enclosed and neat environment, it is not unusual for a consumer to patronize the food being sold by the second person in the relatively neat environment, because to him the first seller's environment seems to make the food unhygienic.

Chaudhuri (2002) in studying brand equity, found that brand reputation 'performs better than brand attitudes in explaining the effect of brand advertising on brand equity outcomes' (Chaudhuri, 2002). In other words, the reputation of a brand is a better predictor of the effect of brand communication upon equity outcomes than other attitudes toward the brand. This is an interesting finding, given that consumer brand associations (based upon attitudes) account for brand equity outcomes. The results indicate the immense power of the brand; for if reputation is a better predictor of the effects of branding than other attitudes, then such factors as individual difference should play a lesser role.

According to Best (2009), "a strong brand enhances positive evaluation of a product's quality, maintains a high level of product awareness and provides a consistent image or brand personality". Whilst the Pan-European Satisfaction Index (EPSI) rates brand image as an important driver of "perceived value, customer satisfaction and customer loyalty" (Eskildsen et al., 2004; Faullant et al., 2008), there are divergent views to this in the literature.

In his study of the banking industry, Chaudhuri (2002) found an indirect relationship where brand image is mediated by service quality. Again, Kotler (2010) in establishing the relationship came out with a path analysis in the order: Image --> quality --> satisfaction--> post purchase behaviour.

A strong corporate image is the most effective means

for differentiating in banking (Van de Bosch and De Jong, 2005) and powerful brand is a proper alternative to reduce perceived risk taking (O'loughlin and Szmigin, 2005) and obtain a sustainable competitive advantage (Walsh et al., 2010). The word logo basically is the graphic design or symbol that a company uses with or without the brand name to identify itself to its target audience. (Bennet 1995; Henerson and Cote, 1998). Corporate identity for many people is synonymous to a symbol and or a company name (Baker and Balmer, 1997). Baker and Balmer (1997) also describe the corporate identity as; the symbols an organization uses to identify itself to people.

Balmer and Gray (2002) literature review on corporate branding presents different visions that have been developed during the years prior. They conclude that corporate brands are leading to the development of a new branch of marketing which should be known as "corporate- level marketing" (Balmer and Greyser 2002).

If organizations have seen the need to do corporate branding instead of product branding, then they should be interested in letting their employees know the importance of branding and also ensure that these employees understand what the brand means. This study will access four organizations to determine the extent to which their logos and brand image affects the consumption or patronage of their products.

Barclays Bank Ghana limited, Merchant Bank Ghana Limited, Standard Chartered Bank Ghana Limited and Ghana Commercial Bank are the study organization on which the study is based. The main respondents are customers of these banks. The study was directed to look into the current state of the role of logos or symbols in brand personality in the banking sector. A brand's personality has both a head and heart, its heads refers to the logical attribute of the brand features, and whiles the heart refers to its emotional benefits and association (Morgan et al., 2002).

Furthermore, Morgan et al., 2002, argue that the main challenge in branding is to develop a destination brand that has a rich personality and yet is complex and appealing to the target audiences. Such branding is rare, because attributes are mostly arbitrarily and superficially constructed.

Ambroise et al. (2004) talk about a "set of human traits associated with a brand". This definition uses only traits that can be applied to both persons and brands and excludes adjectives that have not equivalence in terms of human characteristics such as "ruggedness" and "sophistication" (Ambroise et al., 2004; Ferrandi et al., 2005).

Brand personality is a mean to build a unique identity to the brand and plays a significant role in the comprehension of consumers' attitudes and choices. Aaker (1997) stated that personality can be linked to a brand, through such elements as name, symbol or logo, besides promotional methods, price and distribution. The

name, logo and symbol are impressions that affect the company's image.

Fatt (1997) observes that, among the elements of corporate identity, the name and logo are among the most recognizable; therefore the designs of these visible components are to be treated seriously. The brand name and the logo are extremely important features of many organizations. This explains why some big organizations spend millions of dollars seeking the right brand name and designing logos in order to attract customers and generate the correct corporate image as well (Wei, 2002).

LITERATURE REVIEW

Brands are about consumers, their perceptions and their preferences which usually vary from time to time. It is equally important to note that what appeals to one person may not appeal to the other. Numerous studies have been done on Brand Image, with some focusing brands within symbolic categories, for example; stereo, sneakers, camera, fragrance, beer, wine, cellular phone, and car (Batra et al., 1993).

Some authors argue that brand image should not have any effect among products and brands that are bought and used primarily to solve problems (Aaker 1997). According to Aaker (1997), the brand image approach can enable researchers to understand the symbolic use of brands at the same level as multi-attribute models. However, most banking institutions are still placing emphasis on financial performance rather than brand success indicators (De Chernatony, 2010). Based on these conceptual arguments raised by the authors, the researcher undertakes to uncover the role of logos in brand image of banking institutions in Ghana.

This study seeks to explore the purpose, nature, and power of logos and its effects on consumer choices and general organisational revenue. The problem statement therefore is as follows:

- (1) Why are brands important and why consumers would buy a branded product or service and not others?
- (2) Do they buy or patronize because of the logo or is it the logo, brand name and the quality?

Purpose of the study

The study has a general objective of establishing the role of logos/symbols in brand personality of organizations. Specifically, the study has the following objectives:

- (1) To establish the factors that influences the choice of Logo/symbols in banking institutions
- (2) To find out how logo communicates the corporate identity of the organization to clients
- (3) To determine the influences of brand image of an organization

- (4) To ascertain the extent to which logo(s) of a bank affects the patronage of its products and services.

Research questions

Based on the reasoning aforementioned, this study seeks is to gain a better understanding into how customer patronage of good or services are influenced by the logos of companies. Three research questions have been outlined; answering these questions will give us an understanding necessary to help accomplish the stated objectives.

- (1) What factors influences the choice of Logo/symbols in a banking institution?
- (2) To what extent do logos communicate the corporate identity of the organization to clients?
- (3) Do clients care about the brand image of a banking institution?
- (4) To ascertain the extent to which logo(s) of a banks influence the patronage of its products and services?

METHODOLOGY

Research design

Research design can be thought of as the structure of the research. In the words of Kapferer (2008), a research design provides the glue that holds the research work together. Kapferer (2008) further indicates that a design is used to structure the research, to show how all of the major parts of the entire research work together to try to address the central research questions. This research explores attitudes, behavior and experiences through such methods as interviews or focus groups. In quantitative research, statistics are generated through large scale survey, using methods such as questionnaires and structured interviews. For the purpose of the study, both qualitative and quantitative research approach was used, thus it is a mixed method.

Population, sample and sampling procedure

The population of the study therefore, comprise of all the twenty-seven (27) universal banks in Ghana. Out of the population chosen for the study, random samplings of fifty (50) customers of the selected banks were used for the study. Basically, there are two main types of sampling methods, which are probability sampling and non-probability sampling. For the purpose of the study non-probability sampling was used. Purposive sampling was used to sample the clients needed. For the purpose of obtaining data from the clients of the selected banks, convenience sampling was adopted. This was also used for other customers who were readily available to respond to the questionnaires administered.

Instrument

Questionnaires were used to collect data for the study. Fifty (50) questionnaires were distributed in all. It gave the researcher the opportunity to probe further into what influence the choice of logo in an organization. Close and open ended questions were used. With the close ended questions, the study gave out a set of possible

answers to questions from which the respondents had to select. The open ended questions gave the respondents the opportunity to give answers on their own opinion(s).

Data collection procedure

Data collection approach used in this study was a survey approach. This approach calls for interrogational method that is used for questionnaire. For maximum efficiency and effectiveness of the research, the instrument was administered directly by the researcher. This was done to ensure that detailed discussion and explanation were given to the respondents in question.

Data analysis

Data was analysed quantitatively using descriptive statistics. Charts, Figures, Graphs and Tables were used to represent the data collected for simplicity and clarity.

RESULTS AND DISCUSSION

Descriptive statistics

A total of fifty (50) questionnaires representing 100% were administered to customers of the banks, out of which all questionnaires representing 100% of the total were received.

As shown in Table 1, fifteen (N-15) respondents representing 30% were between the ages of 21 and 30 years, twenty (N-20) respondents representing forty percent were between the ages of 31 and 40 years, ten (N-10) respondents representing twenty percent were between the ages of 41 and 50 years, whilst five (N-5) respondents representing ten percent were between fifty-one and sixty years. It can be deduced from the above table that majority (70%) of the customers staffs of the banks were within the age group 21 to 40 years, which is described as youthful age group. This means that majority respondents of the banks are the youth.

From Table 2, out of the total number of fifty (50) respondents, twenty-two customers, representing forty-four (44%) percent were males and twenty-eight customers which represent fifty-six (56%) percent were females. This means that most of the customer staffs of these Banks according the data gathered was females. That also means there is no gender balance when it comes to banking with these banks.

From the aforementioned statistics (Table 3), it is beyond doubt that respondent who fell in the bachelor category recorded the highest percentage which was forty-four percent (44%) compared to the respondents in the ordinary level which recorded a percentage of eight percent (8%), both professional and masters level recorded twenty-four percent (24%) respectively.

As seen in Table 4, there is a clear indication that eight (N-8) respondents representing 16% said they has been working with these bank between 1 to 3 years, Twenty-

Table 1. Age of respondents.

Age	Number of responses	%
21-30	15	30
31-40	20	40
41-50	10	20
51-60	5	10
Total	50	100

Table 2. Gender of respondents.

Gender	Population	%
Male	22	44
Female	28	56
Total	50	100

Table 3. Educational backgrounds.

Educational background	Frequency	%
Ordinary level	4	8
Professional level	12	24
Bachelor level	22	44
Masters level	12	24
Total	50	100

Source: Survey data, 2012; Figure 1: Educational backgrounds.

Table 4. Number of year's customers have been working with these banks.

Number of year's	Frequency	%
1-3	8	16
4-6	21	42
7-9	12	24
10 years and above	9	18
Total	50	100

Source: Survey data 2012.

one (N-21) respondents representing 42% said they have been working with these banks between 4 to 6 years, twelve (N- 12) respondents representing 24% said they have been working with these banks between 7 to 9 years, and nine (N-9) respondents representing 18% also said they have been working with these banks 10 years and above.

From Figure 1, in trying to find out from the bank customers whether the bank logo look appealing to and

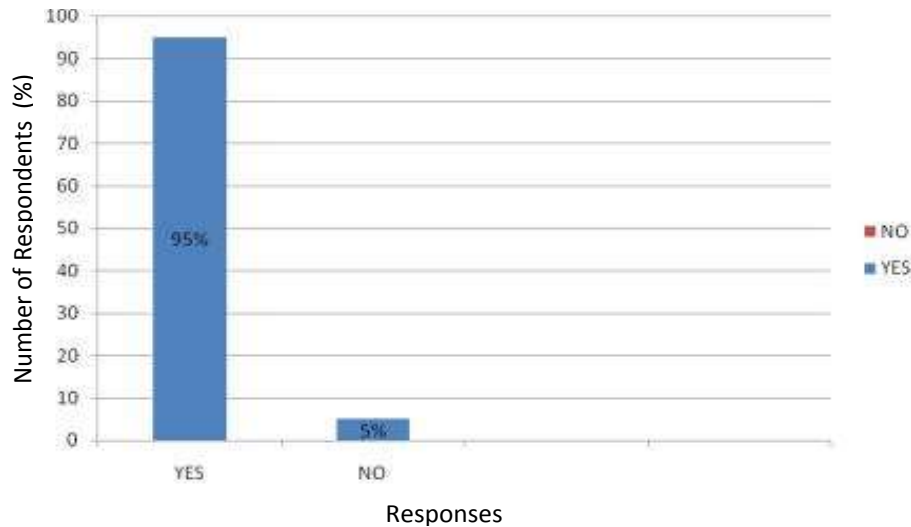


Figure 1. Responses on whether the bank logo looks appealing to and attracting customers (Source: Survey Data 2012).

attract customers 95% of the respondents were of the view by stating Yes while 5% of the respondents stated No. This research result confirm with the literature review of what Morgan et al. (2002) and Van den Bosch et al. (2005) cited that the main challenge in branding is to develop a destination brand that has a rich personality and yet is complex and appealing to the target audiences. The result indicated a fair representation on the bank customer's views on whether customers prefer a logo/brand/symbol that gives a professional look. In expressing their views 80% of the respondents affirmed YES, and 20% of the respondents affirmed NO. This result confirm with that of Kapferer (2004) cited in brand personality of an organization.

Soliciting for responses on whether a customer prefers a logo/brand that can add value to the image of the organization. It was observed that 96% of respondents answered 'Yes' to the question of whether a customer prefer a logo/brand that can add value to the image of the organization as against 4% of the respondents that answered 'no'.

Further, 28 respondents representing 56% answered 'Yes' to the question on whether the issues of logo/brand in today's banking industry necessitate customer's patronage of a particular bank as against 22 respondents representing 44% of the respondents that answered 'no'. This result confirms with that of Table 5 above depicting 96% of the respondent who affirmed that customer prefer a logo/brand that can add value to the image of the organization.

Also, respondents representing 70% answered 'Yes' to the question on whether logos influence customer feeling, behavior and choice as against 15 respondents representing 30% of the respondents that answered 'no'. This result corroborate with the research objective of

Table 5. To what extent logos of an organization affect the patronage of that company's products and services.

Responses	Frequency	%
Self-respect	11	22
Social approval	5	10
Excitement	14	28
Security	20	40
Total	50	100

establishing the factors that influences customers choice of logo or brand in an organization.

Does the logo communicate the corporate identity of the organization to customers?

Figure 2 was targeted to take the opinion of respondents on the most recognizable corporate identity that communicates to the customer of the bank, In expressing their views 15% of the respondents stated Bank Name, 25% of the respondents stated Bank Logo, 20% of the respondents stated Bank's Slogan, 5% of the respondents each stated Name Tag and Dress Code respectively, while 25% of the respondents stated Mission/Vision/Core value. The result from this research affirms the literature review of Van den Bosch et al, (2005) stating that "The logo does not only communicate the existence of a company, it can also represent the image of the company". These also validate the research objective of to what extent logos of an organization affect the patronage of that company's products and services

Most recognizable corporate identity that communicate to the bank customers

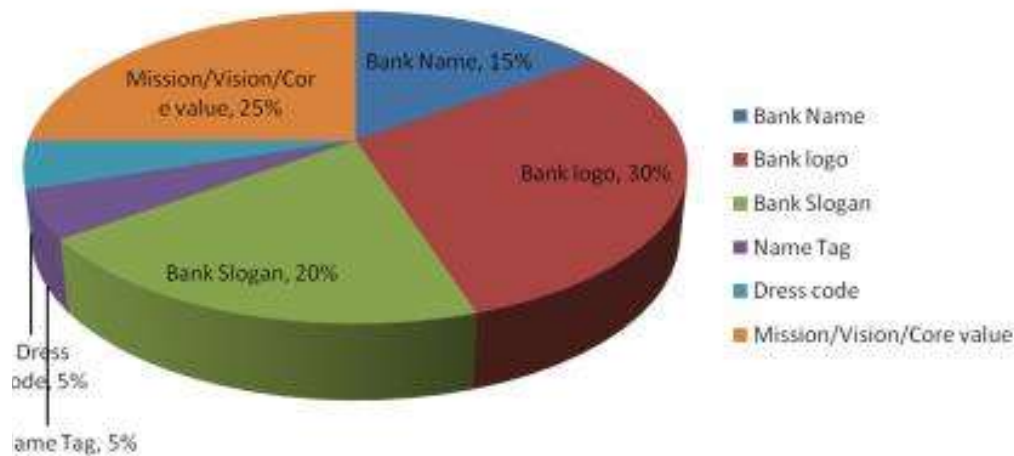


Figure 2. Most recognizable corporate identity that communicate to the customer of the bank (Source data: 2012).

(Table 5).

As stated earlier in trying to determine the brand feeling the bank gives to the customer, it came to light that 11 respondents representing 22% said Self-respect, 5 respondents representing 10% said Social approval, 14 respondents representing 28% said Excitement and 20 respondents representing 40% of the overwhelming majority said Security. The result confirms that branding can make consumers believe that a particular product is of high quality, but that perception is subject to confirmation as Chaudhuri (2002) reported in the literature review.

When asked whether brand logo may play as important (or even more important) a role as that of the company name in merger, in terms of assuring consumers that there will be connection with the brands past and respecting the brand heritage, 55% of respondents answered 'Yes' as against 45% of the respondents that answered 'no'. This survey result refutes Schumann (2006), explanation of how companies became not only interested in using brands to attract consumer's attention, but staff members as well.

Again, in soliciting for customers view on whether the bank logo communicates the corporate identity of the organization to the customers 80% of the respondents affirmed YES, and 20% of the respondents affirmed NO. This result validate a study conducted by Balmer and Greyser (2002) looking at the effects of controlled and uncontrolled communication in retail stores vs. banks, find that the service brand name has a significant effect on both customer satisfaction and customer attitude. The brand name is a crucial element of company's identity (Chaudhuri, 2002); it plays an important role for the

awareness toward the brand (Aaker, 1991).

Responses of the respondents on whether the bank logo helps to communicate and share their frame of thought revealed that 50% of the respondents affirmed YES, and 50% of the respondents affirmed NO. This result confirms the connotations made by Chaudhuri (2002) that the reputation of a brand is a better predictor of the effect of brand communication upon equity outcomes than other attitudes toward the brand.

Brand image of organization

Table 6 portrays brand personality of organization with regards to the extent to which the bank customers agree or disagree with the assertions scaled from 1 to 5.

Firstly, the researcher found out about the respondents view on the extent they agree or disagree whether customer really care about the brand personality of the organization; five (N-5) respondents representing (10%) give a neutral view, twenty (N-20) respondents representing 40%. said they agree, and twenty-five (N-25) respondents representing 50% said they strongly agree.

Secondly, researcher wanted to know the degree of extent to which customers agree or disagree on the assertion that brand personality of a bank should be clear in its focus and what it stands for, as well as reveal the culture of the organization; thirty (N-30) of the respondents representing 60% indicated that they agree whereas twenty (N-20) respondents representing 40% said they strongly agree while none of the respondents either strongly disagree, disagree or give a fair view.

Table 6. With regards to brand image to what extent do you agree or disagree with the following assertions scaled from 1-5 strongly disagree, disagree, neutral, agree, strongly agree.

Questions	Frequency of responses					Percentage of responses				
	1	2	3	4	5	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)
Do you agree customer really care about the brand image of the organization?	-	-	5	20	25	0	0	10	40	50
Brand image of a bank should be clear in its focus and what it stands for, as well as reveal the culture of the organization	-	-	-	30	20	0	0	0	60	40
Brand image influences the perceived service quality in relation to physical facilities and operational systems.	-	-	-	15	35	0	0	0	30	70
Do you agree many customers are saving with a particular bank because the banking hall is conveniently located and not because of the brand?	-	-	15	20	15	0	0	30	40	30
Do you agree brand image has a great influence on choice, where customers treat the image of the brand as a reflection and an extension of their own images?			5	20	25	0	0	10	40	50

Again, the researcher tried to find out about the extent to which customers agree or disagree on how brand personality affects the perceived service quality in relation to physical facilities and operational systems.

Fifteen (N-15) of the respondents representing 30% stated that they agree whereas, thirty-five (N-35) respondents representing 70% stated that they strongly agree. On the issue many customers are saving with a particular bank because the banking hall is conveniently located and not because of the brand; fifteen (15) respondents representing 30% gave a neutral view, twenty (N-20) respondents representing 40% admitted that they agree, whereas fifteen (15) respondents representing 30% also admitted that they strongly agree.

Finally, the researcher in trying to find out about the extent to which brand personality has a great influence on choice, where customers treat the personality of the brand as a reflection and an extension of their own personalities: five (N-5) respondents representing (10%) give a neutral view, twenty (N-20) respondents representing 40%. said they agree, and twenty-five (N-25) respondents representing.

Fifty (50%) said they strongly agree. This result confirms with that of Ambroise (2004); Ferrandi et al., (2005). Brand personality is a mean to build a unique identity to the brand and plays a significant role in the comprehension of consumers' attitudes and choices.

The aforementioned statistical analysis portrays a clearer picture about the level of understanding on customer service by staff. It can be noticed that all the fifteen (N-15) respondents understand the meaning of quality customer service, but only seven (N-7) respondents have received training on customer service. All the fifteen (N-15) respondents pursue on customer service, however, nine of them encounter difficulties. This therefore suggests that there is little attention given to the provision of designed training programs for all staffs on customer service in Barclays bank.

Extent to which logo(s) of a financial institutions influence the patronage of the organizational product(s)/service?

In an attempt to find from respondents the extent to which logo(s) of an organization/bank affect patronage of the organizational product(s)/service, 60% of the respondents were of the view that logo(s) have a great effect on the choice of patronage of a product/service these were ascribed to:

- (1) When the logo looks appealing and attractive it excites the customers.
- (2) The international banks tends to appeal to customers more than the local banks especially for Visa and Master Cards.
- (3) Logo of organizations or banks affects patronage to a large extent. People are consciously connected to certain mosaic patterns. They are however attracted to a particular bank because of how the logo looks.
- (4) To a large extent, this is because logo(s) form part of organization identity or affect customers' patronage decision.

It was revealed that forty, (40%) of the respondents responded contrarily to this view. They were of the view that;

- (1) When the logo(s) are the same we are not able to differentiate one from other.
- (2) Logo do not necessarily matter when it comes to the patronage of an organization's products or services.

With reference to which of the logos/symbols/brands look appealing and attractive to them as customers of the bank taking the four selected banks into considerations. Respondents were of the following views:

Sixty percent (60%) of the respondents' said Ghana

Commercial Bank logo/symbols/brand look appealing because of the following:

- (1) It depicts the sense of patriotism and a representation of typical Ghanaian Bank
- (2) The eagle and the star make it easier for other people to identify it, when money is being sent to them for collection.

Twenty percent (20%) of the respondents' said Merchant Banks logo looks appealing to them because, the tree symbolizes shade which signify that you can be covered in terms of difficulties and that of the elephant also show how mighty the animal is, so whether rain or shine the customer is protected.

Some attributed it to the elephant depicts strength of the bank. Ten percent (10%) said Barclay's banks logo looks appealing because they have a unique interest in falcons. Five percent (5%) were of the view that Standard Chartered Bank (SCB) logo looks appealing to them because of its colors. Five percent (5%) of the respondents stress that attractive goes beyond the logo, convenience, competitive pricing and speed of service. Some of the view that as a customer of bank, the coat of arms only attract them just because they are proud to be Ghanaians and not because it is associated with a bank.

Roles logos/symbols/brands play in brand personality of a bank

Contact made to customers to find out what roles logos/symbols/brands play in brand personality of a bank, the following were some of the positive views expressed by customers;

- (1) Logo represents the reputation and stature of a company
- (2) It helps for easy for identification of an organization amongst a lot
- (3) It communicates to the customer what the bank stands for.
- (4) They sometimes communicate the business of the organization.

Some of the negative views expressed by customers are:

- (1) Logos play insignificant role in brand personality of a bank, so customers must focus on competence, quality services convenience and more.

Respondents view on how First Rand logo/symbol influence customers' choice of patronage for that bank in comparison with Chelsea football club logo

Majority of the customers representing sixty (60%) percent were of the view that First Rand logo will attract a

lot of customers who are Chelsea fans to the bank while few of the customers which represent thirty-five(35%) percent were of the view that First Rand logo cannot influence customer's choice in any way in comparison with Chelsea logo.

Fifteen (15%) percent of the respondents were also of the view that Football fun of Chelsea may be quick to associate themselves with First Rand Bank but the ultimate decision of becoming a customer may be considered if the bank provides quality services.

Respondents view on whether little attention has been given to banks' logo/symbols/brands in its important roles it plays in brand personality of the bank. 70% forming majority of customers who responded 'Yes' further explained that

- (1) Customer conveniences at the banking hall, customer service quality and others have more influence than logo.
- (2) Symbols or logos do not really matter. It has to do with the commitment of employees, their loyalty and customer satisfaction.
- (3) Some banks for example fidelity bank (Ghana) Limited has not given much attention to logo-appeal.
- (4) Banks logos can attract other persons to have interest in saving their money and to have other business with them.

Thirty (30%) percent of the respondents said 'No', they ascribed it to:

- (1) Banks logos or symbols plays important personality of the bank
- (2) Company logo represents what the bank stands or company stand for
- (3) Logos of the company represent the strength of the organization and all that it stands for.
- (4) Because many do not know the significance of logos/system/image

This result endorsed the literature review of these researchers (Bahadir et al., 2008; Balmer and Dinnie, 1999; Melewar and Harold, 2000). Who said relatively little academic attention has been paid to the different name and logo options available to a new corporate entity, and to the authors' knowledge no empirical research has yet addressed branding strategies from the perspective of individual consumers.

CONCLUSION AND RECOMMENDATION

Logos have been identified to have an enormous effect on the overall perception stakeholders will have about the organizations. As a result, firms spend a lot of resources in building good brand image. Nevertheless, it must also be noted that, despite these merits, logos are also limited in the sense that they might take a long time to create the

picture or perception organizations intend a well as may end up sending a rather wrong message. Despite the tendency for logos to communicate a wrong message with the influence of culture, it must be noted that logos are very powerful in influencing the perception prospective clients have about firms. As a sequel to the conclusion, the following recommendations are proposed:

(1) Although the research adopted a case study approach, it is recommended that a multiple case study approach should be used in order to obtain more information on the subject matter. Also, future research on the subject matter should look at a survey with a greater sample size so as to obtain views which are more representative of the entire population.

(2) It is also recommended that management of Merchant Bank, Ghana Commercial Bank, Barclays Bank and Standard Chartered Bank should allocate more funds to its branding activities and also consider setting up branding department devoured of the marketing department to look into the case of branding on regular bases.

(3) It is also recommended that more effort should be put in promotional campaigns and distribution networks so as to weaken their life time competitor in the banking industry. Corporate Affairs Managers of the selected banks need to organized monthly or quarterly mystery shopping on customer response to the brand image of their banks.

FUTURE RESEARCH RECOMMENDATIONS

A major limitation in this study was time constraint which led to the use of four (4) selected banks instead of the twenty-seven (27) banks in Ghana. In future, different methods of research could be used for the study of the same topic or other related aspect of the topic. Specifically, a future study might research into cross-cultural implications of logos/symbols.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Full Length Research Paper

Influence of microfinance services on entrepreneurial success of women in Sri Lanka

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This research studies the impact of microfinance services on the entrepreneurial success of users of such services who are mostly women of the lowest income categories. Three microfinance financial services namely, microcredit, micro-savings and micro-insurance have been identified through literature among other non-financial services. In this study, researcher has studied only the influence of financial services of microfinance on entrepreneurial success of women entrepreneurs. An empirical investigation is carried out among a sample of 464 women receiving microfinance services, selected using stratified random sampling technique. The data were collected using a structured questionnaire through face to face interviews. The statistical package for social sciences (SPSS) (version 21) is employed to test the relationships between these microfinance services and entrepreneurial success. The sample of this study captures only the women entrepreneurs from Non-Bank Financial Institutions (NBFIs) registered with the Central Bank of Sri Lanka. The results have discovered that microcredit and micro-savings have a positive relationship with entrepreneurial success of women, while micro-insurance has not shown such a relationship. These findings can be helpful to the policy makers in developing the microfinance sector and microfinance institutions to design their service offers. The research identifies some important areas for future research as well.

Key words: Microfinance, microfinance services, microfinance institutions, entrepreneurial success.

INTRODUCTION

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, microfinance is not a recent development but it became a widely known phenomenon with the success it gained in Bangladesh in

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1976 (Aghion and Morduch, 2005).

However, Singh (2009) has recognized microfinance as one of the new development strategies for alleviating poverty by developing social and economic status of the poor, mainly through the empowerment of women. In poor countries, microfinance has been recognized as a means of facilitating sustainable economic development and has become a popular subject among international donor community (Senanayake and Premaratne, 2005).

Further, these authors feel that microfinance has been successfully made use of as a pro-poor developmental strategy in many countries. 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 (Atapattu, 2009; Cooper, 2014; Grameen Bank, 2012; Kabeer, 2005). Microfinance has been a strategy for many poverty alleviation initiatives (Khandker, 2005) and targeted almost one third 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 line¹ of which 70% are women. The studies conducted in a number of countries confirm that the majority under the poverty line is women. Many of these micro-enterprises are operated by women, who are poverty stricken disproportionately. The women worldwide in 2013 have registered a poverty rate of 14.5% (NWLC, 2015). According to the Department of Census and Statistics (DCS) of Sri Lanka, population below poverty line in Sri Lanka in 2012/13 was 6.7% with 5.3% below the poverty line according to this survey.

Though, the word "microfinance" literally means small loans, it encompasses a wider set of activities than provision of small loans to the poor. Burton et al. (2008) state that microfinance tries to facilitate a wide section of people to make use of emerging market opportunities by facilitating them with small scale financial services, especially to low income clients. These clients are naturally barred from access to formal banking services.

Littlefield and Rosenberg (2004) on the same subject, conclude that the microfinance institutions (MFIs) have undertaken to fulfill the market needs of the economically active low income people who generally do not belong to the formal financial sector.

By bridging this gap in the market in a financially sustainable manner, MFIs have become part of the formal financial system of their respective countries. In addressing this gap in Sri Lanka, there are a wide range of organizations from small private operators, non-governmental organizations (NGOs) and Non-Bank Financial Institutes (NBFIs) registered with the Monetary Board of the Central Bank of Sri Lanka and operate as MFIs on a commercially viable basis.

Services of MFIs encompass financial services such as provision of loans, offering products and facilities for savings, insurance policies, money transfers and payments among many others. The practitioners and researchers have different viewpoints on the range of services and target recipients of microfinance. These financial services are offered to lower income clients, generally communities, with the object of supporting economic development through the growth of entrepreneurial activity (Bruton et al., 2011; Khavul et al., 2013).

According to the Census and Statistics Department of Sri Lanka (CSD) in 2013, the women account for 51.8% of the population in Sri Lanka. The majority of these women belong to low income category and 14.5% are below the poverty line. Sixty nine percentage of the 'economically inactive population' are females, and account for only 31.6% of the 'economically active population' (labour force) (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. The microfinance services are offered mainly to women by the microfinance institutions in Sri Lanka like in many other countries. Hence, evaluating the influence of microfinance services in achieving entrepreneurial success of women is vital especially in the context of having diverse views on the outcome.

Hence, it is seen from the aforementioned literature that microfinance attempts to achieve its, development objectives by providing microfinance services predominantly, to women through developing their entrepreneurial activity. Therefore, studying the relationship between microfinance services and entrepreneurial success of women is fully justified as it will throw light on relative importance of each of these microfinance services. Though, there are many research studies conducted on the overall impact of microfinance with respect to poverty and development, there appears to be lack of such studies on specific services of microfinance except micro-credit and their impact on entrepreneurship and entrepreneurial success.

Hence this study attempts to address this gap. The services of microfinance can be clearly categorized into two areas, namely, financial and non-financial and this study is limited only to the impact of financial services on the entrepreneurial success of poor women.

LITERATURE REVIEW

The key feature of micro financing is that lending is to the poor who do not have access to financial resources to setup enterprises, and enforcing the recovery collectively

¹ Who lives on less than US\$ 1.25

on clusters and groups of such borrowers (Kirru, 2007) which is known as "Joint Liability Lending" (JLL) in microfinance sector, targeted to the poor in society who cannot borrow individually, but borrow within a group of other borrowers (Kirru, 2007).

These borrowers of joint liability lending organized into groups act as security for each other. Therefore, the group, not the individual, is responsible for loan settlement to the MFIs. The key characteristics of this model are pressure and monitoring by the peers especially on the settlement of loans obtained by individual members. This study focuses on the JLL model.

These financial services are now being extensively offered by the MFIs to women entrepreneurs of the microfinance sector in Sri Lanka. These MFIs belong to public, private or non-governmental sectors operating in rural as well as urban areas mainly representing low income communities. The main object of microfinance services is to facilitate the poor to improve their financial position, allowing them to make use of business opportunities and facilitate the growth of their enterprises.

Asian Development Bank (2012) report highlights that over 900 million people in about 180 million households live in poverty; in the Asian and Pacific region alone. According to Sharma (2001), more than 670 million of these poor people belong to rural sector and rely on secondary occupations as well, as their growing needs cannot be satisfied through income from agriculture alone. These secondary occupations include paid employment, from micro enterprises over services such as carpentry and weaving to self-employed enterprises in food, tailoring and shoe repairing (Robinson, 2001).

The literature on microfinance confirms that it is conceptually unique everywhere in the world. However, due to variations in the environments and implementation results of microfinance programs could be diverse, hence a programme which is successful in a certain country should not necessarily be equally successful in another country (De Silva et al., 2006). Accordingly, "Grameen" concept introduced by Muhammad Yunus in Bangladesh (1976) may not necessarily be successful in Sri Lanka or in any other country due to socio economic differences in these countries and ground realities.

Setting MFIs to service the financial needs of the poor is somewhat recent. Even the institutions dealing with development finance did not pay attention to serve poor segments of the society since the cessation of the Second World War into the 1970s. This point of view changed as those who concerned experienced that large amounts of foreign trade invested in big projects did not necessarily result in the "trickledown effect" which had been expected (Robinson, 2001). The Bangladesh Rural Action Committee (BRAC), a biggest MFIs in the world, was one of the first organizations which excluded that poor households from the formal banking system for lack of collateral (Feroze, 2002).

However, novel approaches to financing the poor, that

reduced the riskiness and costs of making small, un-collateralized and cheap loans were introduced with the development of micro-finance movement. The criticism on these financing schemes was the high operating cost for donors and in certain cases, for the borrowers as well, due to high transaction costs.

Further, these service providers have failed to reach many potential customers. According to Littlefield et al. (2003), the coverage of services of microfinance, and its' impact has gone beyond just business loans. The poor, use these financial services especially loans, for their health and education needs and meet a wide variety of other cash needs they encounter in addition to business investment in their micro enterprises. The focus of many microfinance programmes is on women as the recipients of microfinance services who are generally poor, this helps in bringing down the gender disparity to a certain extent.

In addition to empowering women, this approach has helped in better repayment performance as women appear more responsible. Further, women are more likely to invest increased income in the household and family well-being (Littlefield et al., 2003). Hence, microfinance not only acts as an economic stimulator for small enterprises but also impacts on their social wellbeing.

In reviewing the literature, it appears that the nature of microfinance is complex and in practice often not understood clearly and problems arise between parties with conflict of interest, involved in the process. The inadequacy of knowledge on the potential clients and the modus operandi of these programmes, have resulted in not considering many factors in launching such programmes in their preparatory assistance phases (PAPs). The mobilization of the credit for the poor who have no access to it has been left out of the whole set up. Therefore it is important to design and implement programmes by understanding and giving due consideration to economic, social and political dimensions of role players and stakeholders.

The beginning of microfinance movement in Sri Lanka dates back to 1906, during the British Colonial administration, with the establishment of 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 our neighboring countries in the region, especially from Bangladesh and India. However, it was in 1990s microfinance really took off the ground in Sri Lanka, with the introduction of microfinance services to low income economically active people by non-governmental, public and private organizations.

Sri Lanka has a wide range of diverse institutions in

microfinance sector and these do not fall under administration of any government or non-government authority. Resulting from this, there is no up-to-date database on these institutions currently available. In this respect, the countrywide survey of MFIs in Sri Lanka commissioned by German Technical Co-operation through a programme titled 'Promotion of Microfinance Sector' (GTZ-ProMiS) during the programme phase September, 2005 to November, 2009, is useful as a source of information on the sector. The survey studied various institutions falling into different categories, from the Village Banks, Cooperative Rural Banks and Thrift and Credit Cooperatives to the Regional Development Banks and other institutions from the 'formal' 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 (GTZ-ProMiS, 2005 to 2009).

The survey reveals that the outreach of microfinance services in Sri Lanka is considerable, especially so with regard to savings and deposit products, despite the access to credit remains below its potential and barriers still exist for the lower income groups. Further, the market seems to be characterized by traditional financial products (savings, loans) with few products and services beyond these (for example; 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.

Microfinance

The 'microfinance' refers to small scale financial as well as non-financial services, primarily credit and savings for low income clients who are to the economically active to facilitate their involvement in micro-enterprises. In addition, to credit and savings, some micro-finance institutions (MFI) provide other financial services such as micro money transfer and micro insurance and also get involved in social intermediation such as development of social capital and external support services (Aheeyar, 2007). The unique features of microfinance are, small size of the loan not based on collateral, group guarantee, compulsory and voluntary savings, informal appraisal of borrowers and investments and access to repeat and bigger loans based on repayment performances.

Microfinance services

According to Robinson (2001), with the growth of micro-finance sector, attention changed from just provision of financial services to other non-financial services.

Steinwand and Bartocha (2008) state that microfinance is a multifaceted service package that facilitates women to rebuild their lives, plan their future and that of their

families, empower them with self-esteem, integrate into social fabric by enjoying access to social networks and making contributions towards welfare of their families and that of the community.

Though the terms, microfinance and microcredit are used interchangeably, it is important to note that microcredit is one component of microfinance. Microcredit is the extension of small loans to entrepreneurs for developing their businesses, who are too poor to qualify for bank loans.

There is no standard definition for micro-enterprise, however, there is some agreement on the attributes of the micro-enterprises especially in the developing countries such as very small scale, low level of technology, low access to credit, lack of managerial capacity, low level of productivity and income, tendency to operate in the informal sector, few linkages with modern economy and non-compliance with government registration procedures are some such features (ILO, 2002).

The Government of Sri Lanka (GOSL) has defined the micro-enterprise as an enterprise which employs up to five people (Lucok et al., 1995). However, it should be noted that even among the government institutions there is no consensus on this definition. Some institutions use two criteria namely; capital employed and size of the work force to decide the category of an organization.

Littlefield and Rosenberg (2004) state that the poor are generally excluded from the formal financial services sector, as a result to fulfill the gap in the market MFI have emerged. These MFIs have become part of the formal financial system of the country and they can access capital markets to fund their lending portfolios (Otero, 1999).

Entrepreneurial success of women

According to Mosedale (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, 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, 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. Women achieve entrepreneurial success through setting up new enterprises, expansion and improved performance of existing enterprises and improvement of well-being of their families.

Hypotheses

Microfinance encompasses multifaceted services that affords women to rebuild their lives, plan for their future and that of their children, empower them with self-esteem, integrate into social fabric by enjoying access to social networks and making contributions towards welfare of their families and that of the community (Steinwand and Bartocha, 2008).

Microfinance provides services of both financial and nonfinancial 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). These studies highlight the relationship between microfinance services and entrepreneurial success of women.

Further, Microfinance offers financial and non-financial services to economically active low income clients. The financial services include such as credit, savings and insurance to poor people living in both urban and rural settings and are unable to obtain such services from the formal financial sector (Schreiner and Colombet, 2001).

However, there seems to be a gap in determining the relationship between individual services and entrepreneurial success of women except some research findings on the impact of microcredit. Hussain and Mahmood (2012) suggest that according to results derived using a quantitative analysis that income, education and health of households have high correlation with access to microcredit.

Further, microfinance loans have a positive impact on poverty reduction (Hussain and Mahmood, 2012). According to an empirical study conducted by Jalilia et al. (2014), the degree of women entrepreneurship development is affected by microfinance in majority of small and medium enterprises. This study has also confirmed the findings of previous studies (Lumpkin and Dess, 1996; Yang, 2008; Jin and Lee, 2009), that multidimensionality of microfinance and independence effect of innovativeness, pro-activeness and risk taking are distinctly correlated. The microfinance services are offered mainly to women by the microfinance institutions in Sri Lanka like in many other countries.

Hence, evaluating the influence of microfinance services in achieving entrepreneurial success of women is vital especially in the context of having diverse views on the outcome. Further, five different services of microfinance has been identified as micro-credit, micro-savings, micro-insurance, business support and skills development programmes have been identified which were supported by literature (Aheeyar, 2007; Bernard et al. (2015). However, this study limits its' scope to study only the relationship between the financial services of microfinance and entrepreneurial success of women entrepreneurs using these services.

In view of the aforementioned findings, the following

conceptual model and research hypotheses have been identified for this study in order to understand the relationship between financial services of microfinance and entrepreneurial success of women (Figure 1).

A study conducted by Roxin (2010) in Sierra Leone confirms that microcredit has a substantial impact on women's economic empowerment. Kabeer (2005) has found out 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, microcredit operations in India, Bangladesh and Mexico have been criticized for high interest rates and use of microcredit for personal consumption (Roodman, 2012). Therefore, following hypothesis H1 can be developed:

H1: There is a relationship between microcredit and entrepreneurial success of women using microfinance services.

According to studies conducted by Crepon et al. (2010) and Banerjee et al. (2010), a positive impact of microfinance services on business income and profits has been established 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. Therefore, two following hypotheses can be developed.

H2: There is a relationship between micro- savings and entrepreneurial success of women using microfinance services.

H3: There is a relationship between micro- insurance and entrepreneurial success of women using microfinance services.

METHODOLOGY

Sample and data

A sample of 464 women entrepreneurs receiving microfinance services from NBFi registered with the Central Bank was selected in three districts each of which has majority of Sinhalese, Tamils, and Moors. This was done as there was a strong belief among industry practitioners that the behavior of these entrepreneurs relates to their ethnicity. The women entrepreneurs for collecting data were selected randomly from the NBFi which has the highest membership of such entrepreneurs in each district. The structured questionnaire developed was administered through face-to-face interviews by trained investigators.

Study design

The study makes use of the previous studies, expert opinion and findings of the survey conducted and involve conceptual and empirical analysis. The constructs were identified as presented in

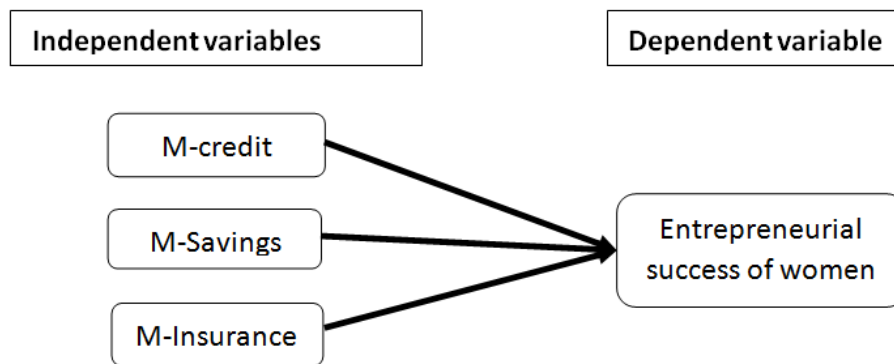


Figure 1. Conceptual model (Source: Own findings).

section 4. The questions developed for each of the constructs were reviewed by academics and practitioners with relevant expertise in order to maintain clarity and comprehensiveness. The questionnaire was translated into Sinhala and Tamil languages to overcome the language barriers and to improve the comprehension by the respondents (unit of analysis that is, female users of microfinance services). The translated questionnaire was tested for translation errors.

The questionnaire was piloted among 40 female recipients who are receiving microfinance services from NBFIs registered with the Central Bank of Sri Lanka. Using these questionnaires, the reliability and validity were tested and accordingly, some changes to these questions were made. A total of 34 items were included in the final questionnaire with a five point likert scale ranging from 1 to 5 representing strongly disagree to strongly agree.

To analyze the outcome of the study, 5 point Likert scale was used in designing the questionnaire to test the perception of women entrepreneurs' for agreement or disagreement level on entrepreneurial success, influenced by three variables (microcredit, micro-savings, micro-insurance). The study comprised of two procedures; firstly the assessments of adequacy of measurement items, and second the test of the structural model.

In order to assess the adequacy of the measurement items, individual item reliability, and discriminant validity are measured using SPSS (version 21). Further, using the same computer package, regression analysis is employed to find out model fit and ANOVA to test the hypotheses.

DISCUSSIONS

Respondent's demographic profile

By design, the respondents of the survey were women who make use of microfinance services, according to the age distribution of the sample of respondents, majority (25.6%) were between 30 to 35 years followed by 21.1% in 35 to 40 year range. Sixty percent (60%) of the sample were educated up to G.C.E. (O/L) while the education levels of up to G.C.E. (A/L) and beyond G.C.E. (A/L) were 33.3 and 6.6%, respectively. They also represented an ethnic distribution of 44.5% Sinhalese, 34.5% Tamils and 20.1% Muslims.

Reliability and validity measures

Prior to conducting the survey project, a pilot study was carried out to ensure the reliability and adequacy of measures. Cronbach's alpha was calculated to measure the reliability and internal consistency of the measurement scales.

Accordingly, overall constructs "entrepreneurial success" with 9 items ES1 to ES9 had a Cronbach's alpha of 0.845, however item E7 was dropped as ES7 did not have the required level of inter-item correlation. Similarly, overall construct "micro savings" which has 5 items MS1 to MS5 had a Cronbach's alpha value of 0.720 however, item MS5 was dropped due to its low inter-item correlation value with other items in the construct. In the other three constructs namely: Micro Credit (5), Micro-savings (5), and Micro Insurances had Cronbach's alpha value over 0.7 and values of inter-correlations with each other items in their respective constructs within the range of 0.3 to 0.7. Hence the reliability and validity of these constructs were sufficient (Nunnally, 1978).

In conducting the main survey, four constructs with a total of 24 items were used. In order to maintain the face/content validity of the scales, experts reviews of literature survey were conducted. Further, the dimensionality of the measurements was assured by performing and exploratory factor analysis following the procedure introduced by Churchill (1979).

Sampling adequacy of the main survey with 464 respondents was confirmed by using the Kaiser-Meyer-Okling (KMO) test which resulted a value of 0.72, since the value is greater than 0.5, the sample fulfilled the requirement of being appropriate for factor analysis.

Then, the individual item reliability was assessed by testing the factor loading of each 24 items selected on their respective construct and Cronbach's alpha to test the reliability of the construct. Table 1 shows the results of reliability of individual item and construct. According to

Table 1. Factor loadings and Cronbach's alpha values.

Construct	Items	Factor loadings	Cronbach's alpha	
Entrepreneurial success	ES1	Profits of my enterprise tend to increase	0.775	
	ES2	Turnover of my enterprise tend to increase	0.825	
	ES3	Number of employees of my enterprise started to increase	0.609	
	ES4	Number of products of my enterprise tend to increase	0.833	0.900
	ES5	Number of buyers of my enterprise tend to increase	0.819	
	ES6	HH/Family income tend to increase	0.754	
	ES8	HH/Family assets tend to increase	0.778	
	ES9	HH/Family savings tend to increase	0.828	
	Microcredit	MC1	The loan interest is reasonable	0.771
MC2		The loan obtaining procedure is simple	0.785	
MC3		The loan amount is sufficient	0.870	0.879
MC4		The loan repayment period is sufficient	0.859	
MC5		The loan repayment procedure is easy	0.826	
Micro-savings	MS1	The savings interest is reasonable	0.812	
	MS2	The savings product option are attractive	0.862	0.844
	MS3	The procedures are simple	0.852	
	MS4	The savings withdrawal is easy	0.783	
Micro-insurance	MI1	Insurance benefits are effective	0.789	
	MI2	Availability of different policies are satisfactory	0.794	
	MI3	Obtaining an insurance policy is compulsory	0.739	0.812
	MI4	Ins. policy premiums are reasonable	0.820	
	MI5	Insurance claims are promptly paid	0.811	

Source: Survey data.

Andrews (1984), factor loadings and Cronbach's alpha values above 0.7 are acceptable. According to Table 1, all factor loading are more than 0.7 and respective constructs have Cronbach's alpha value of more than 0.7. Hence, the item selected and constructs have measurement adequacy.

According to Table 2, model summary, value of adjusted R square is 0.492 which indicates that 49.2% of the variation in rating of entrepreneurial success of women is explained by the regression model and ANOVA^a that the overall regression result is significant at 0.1% level where the value of F test is 150.675 (sig=0.000). Hence, data is fit to regression model.

According to Table 3, correlations between all the variables are positive and significant at the level of 0.01 (sig=0). The aforementioned analysis shows that H1 and H2 are acceptable at the level of 0.01 (sig=0) significance hence the variable Microfinance and Micro-savings have positive relationships with the dependent variable; Entrepreneurial success. H3 is rejected at the significance level of 0.05 hence Micro insurance has no relationship to Entrepreneurial success.

Conclusion

The main purpose of this empirical study is to understand and discover the significant microfinance service factors influencing entrepreneurial success of women entrepreneurs utilizing such services. Microcredit is the main service factor of microfinance without which other service factors cannot exist, this has lead to the extent of using "microfinance" and microcredit interchangeably by the scholars, though microcredit is only one component of microfinance.

According to the findings of the study, microcredit has a positive relationship with entrepreneurial success of women entrepreneurs. This is in line with the findings of past studies. According to Roxin (2010), microcredit has a substantial impact on women's economic empowerment. Further, an empirical study conducted among 750 women entrepreneurs supports this view on the relationship between microcredit and entrepreneurial success of women entrepreneurs (GTZ-ProMis, 2005 to2009).

According to the findings, micro-savings has a positive

Table 2. Result of linear regression.

Model summary					
Model	R	R square	Adjusted R square	Std. error of the estimate	
1	0.704 ^a	0.496	0.492	0.54893	

^aPredictors: (Constant), MeanSD, MeanMI, MeanMC, MeanMS, MeanBS.

ANOVA^a					
Model	Sum of squares	df	Mean square	F	Sig.
Regression	136.204	3	45.401	150.675	000 ^b
Residual	138.607	460	0.301	-	-
Total	274.811	463	-	-	-

^aDependent Variable: MeanES; ^bPredictors: (Constant), MeanSD, MeanMI, MeanMC, MeanMS, MeanBS.

Coefficients^a						
Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
1	(Constant)	0.848	0.164	-	5.173	0.000
	MeanMS	0.436	0.045	0.459	9.753	0.000
	MeanMC	0.345	0.042	0.333	8.300	0.000
	MeanMI	0.004	0.040	0.004	0.104	0.917

^aDependent variable: MeanES.

Table 3. Correlations between the variables.

variable		MeanES	MeanMC	MeanMS	MeanMI
MeanES	Pearson correlation	1	0.591**	0.647**	0.434**
	Sig. (2-tailed)	-	0.000	0.000	0.000
	N	464	464	464	464
MeanMC	Pearson correlation	0.591**	1	0.558**	0.419**
	Sig. (2-tailed)	0.000	-	0.000	0.000
	N	464	464	464	464
MeanMS	Pearson correlation	0.647**	0.558**	1	0.633**
	Sig. (2-tailed)	0.000	0.000	-	0.000
	N	464	464	464	464
MeanMI	Pearson correlation	0.434**	0.419**	0.633**	1
	Sig. (2-tailed)	0.000	0.000	0.000	-
	N	464	464	464	464

**Correlation is significant at the 0.01 level (2-tailed).

relationship to entrepreneurial success of women entrepreneurs. The findings of previous studies are not very specific on the relationship between these two variables. However, most of the authors are of the view that savings would be useful in fulfilling the funding requirements for expansion of existing enterprises and

creation of new enterprises (Newman et al., 2014). Further, a few empirical studies conducted in Sri Lanka support this view (Attapattu, 2009; Ranasinghe, 2008; GTZ-ProMis, 2010).

Though the scholars have identified micro-insurance as one of the factors of microfinance services, the

relationship of this variable to entrepreneurial success has not been evident in this study. Accordingly, no relationship has been identified between micro-insurance and entrepreneurial success of women entrepreneurs. The finding of the field survey reveals that micro-insurance is not being provided by most of the NBFIs in Sri Lanka for women entrepreneurs.

Further, these NBFIs have formulated insurance schemes to recover non-payment of loans by the women entrepreneurs in case of a serious eventuality. Hence in the point of view of women entrepreneurs, micro-insurance appear to have not been perceived as useful for entrepreneurial success.

Practical implications

These findings have practical implications for Sri Lankan microfinance institutions in designing their service offers to clients as the findings throw light on the significance of each of these services.

Therefore, specific services with strong significances can be offered in the service mix of MFIs or further developed if such services are currently being offered. In contrast, if there are services which are not significant may be diluted or withdrawn. The policy makers and microfinance operators may use these findings in evaluating the performances of such institutions under their preview.

As per the results explained in section 5, microcredit and micro-savings service dimensions are the ones which have a significant positive impact on the entrepreneurial success of women in microfinance sector in Sri Lanka. Though the emphasis on microcredit is high in the attention given to facilitate micro-savings by the MFIs which appear to be not very effective in the Sri Lankan market hence this service aspect may be improved.

Further, the products/policies offered in micro-insurance are not adequate and do not assist the women entrepreneurs hence it is worth looking at this specific service with a view to developing the sector.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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A person in a dark suit and tie is writing business terms on a whiteboard. The terms include 'ment', 'ce', 'Marketing', 'access', 'Benefit', 'novation', 'novation', 'Administration and Policy Research', 'Investment', and 'Leadership'.

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