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FACTORS AFFECTING THE PERFORMANCE OF WOMEN ENTREPRENEURS IN MICRO AND SMALL ENTERPRISES

(In case of shashenene Town micro and small enterprises burkagudina sub city]

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Table of Content

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

1.2 Statement of the problem

1.3 Research questions

1.4 Objective of the study

1.4.1. General objective

1.3.2 Specific objectives

1.5 significance of the study

1.6. Delimitations (Scope) of the study

1.7 Organization of the paper

CHAPTER TWO

2. REVVIEW OF LITERATURE

2.1 Historical perspective of entrepreneurship

2.2 Definition of entrepreneurship and entrepreneur

2.3 Types of Women Entrepreneurs

2.4 The process of entrepreneurship

2.5 The Role of Entrepreneurship

2.6 Women status in public domain

2.7 Women entrepreneurship

2.7.1 Nature of women entrepreneurship

CHAPTER THREE

3 .Research Methodology

3.1 Research Design

3.2 data type and source

3.3 population and sampling technique

3.4 Data collection instruments

3.5Data processing, analyzing and, presentation method

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted a key aspect of economic dynamism. Transforming ideas into economic opportunities is the decisive issue of entrepreneurship. History shows that economic progress has been significantly advanced by practical people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks (Hisrich, 2005).

Entrepreneurship is a method of gaining, pulling simultaneously all resources, and installing them in the quest of apparent chance in the coming future for length gains, or a capacity and willingness to develop, organize and manage a business venture along with any of its risk in order to make a profit (Joseph A. shumpter,1987).

The role of entrepreneurship and an entrepreneurial culture in economic and social development has often been underestimated. Over the years, however, it has become increasingly apparent that entrepreneurship indeed contributes to economic development. Nevertheless, the significant numbers of enterprise were owned by men In other words, it was not common to see women-owned businesses worldwide especially in developing countries like Ethiopia. The idea and practice of women entrepreneurship is a recent phenomenon (ILO, 2006).

Until the 1980's little was known about women entrepreneurship both in practice and research, which made its focus entirely on men. Scientific discourse about women's entrepreneurship and women owned and run organizations is just the development of 1980s(ILO,2006). Even though we observe a number of women entrepreneurs in the business, recent studies show that most of them are found in Micro and Small

Enterprises (MSEs). According to the Ethiopia Central Statistics Authority (2004), almost 50% of all new jobs created in Ethiopia are

attributable to small businesses and enterprises, and roughly 49% of new businesses that were operational between 1991 and 2003 were owned by women. According to Aregash as cited in Eshetu and Zeleke (2008), 98% of business firms in Ethiopia are micro and small enterprises. The third census of Ethiopia shows that of the total population of the country (73,918,505), 36,621,848 are females (ECSA, 2007). This accounts 49.5% of the population. This shows that Ethiopia is among those African countries that are known by human resource potential. Regardless of its potential, it does not utilize this labour force.

This underutilization of the untapped potential is attributed to a lot of reasons. Of these reasons, inability to effectively use entrepreneurship in poverty reduction general and alleviating the problems among women who are susceptible for poverty in particular; bringing meaningful economic and social transaction; promoting and enhancing gender equality and women empowerment; and in ensuring women's social mobility in the country might require worth mentioning. This is because of a lot of obstacles that women entrepreneurs in Ethiopia face, Amha and Admassie (2008). In support of this they (2008) outlined that more than half of all women entrepreneurs in Ethiopia often face gender related challenges related to establishing new businesses as well as operating or expanding existing businesses. Women are disadvantaged due to culture, religion and tradition. For instance, many women face difficulty in raising credit finance from banks as well as borrowing via informal networking.

When we come to shashemene, it is one of the region in which women are found. According to the Federal Democratic Republic of Ethiopia's

Population Census Commission (FDREPCC, 2014) of the 57588 total population of shashemene city, 26010 are men and 31578 are women.

More than half of these females are within the age category of 15-59 years which is considered as a productive age. Though the region is enriched by this greater and productive number of women, it seems that it does not utilize them as expected quality as well as quantity wise. One reason might be similar to that of the country as a whole, which is underutilization of women's potential. In order to make the country, the city and women themselves beneficiaries of this great potential, appropriate measures should be taken to reduce the bottlenecks/challenges that women entrepreneurs in MSEs encounter.

Among the kebelles, burkagudina is one in which have number of women Entrepreneurs are found. Information taken from burkagudina MSEs Office shows that 200 women entrepreneurs are found in

Shashemene who are working in MSEs, (2016 ,statically report) . Like the city as a whole, women entrepreneurship problems are tremendous in Shashemene too. To take appropriate measures for these problems, knowing the factors associated with the problems is a precondition for a problem well stated is half solved. Therefore, the aim of this research is to identify the major factors that affect the performance of women entrepreneurs in MSEs in shashemene in running their own businesses and recommend the appropriate measures to be taken.

1.2 Statement of the problem

As mentioned in the introduction above, there are a number of women in shashemene but the city administration does not yet exploit them very well to contribute a lot for economic development. One of the reasons for this might be problems of women entrepreneurs in MSEs.

This is supported by different empirical evidences. For example, Gemechis (2007) and ILO (2009) stressed that entrepreneurs are surrounded by a

number of challenges. This forces entrepreneurs in MSEs not to contribute lot to the poverty reduction of the sub-city, region and the country as a whole. This study is different from those researchers discussed above in that their focus areas were in all entrepreneurs regardless of their sex. Besides, they did not see the factors with respect to the different personal, organizational, economic, socio-cultural and legal/administrative matters. Similarly, their studies did not address women entrepreneurs in MSEs. But this study specifically emphasis on factors that affect the performance of women entrepreneurs in MSEs particularly in burkagudina

Women dominate the MSE sector in Ethiopia and their participation in the private sector is comparable to other African countries. Women entrepreneurs play an important role in the economy. Their products and services contribute to GDP growth. Women entrepreneurs also generate income and employment for many. The extent and form of women's participation in the market is different from that of men entrepreneurs. The reasons are strongly linked to the roles and positions of women in Ethiopian society. Women entrepreneurs in poor countries suffer from gender discrimination in society and laws, underdeveloped enterprise culture, inadequate support system for businesses and underdeveloped markets and infrastructure. Generally, women-owned businesses are concentrated in the low growth segment, face constraints such as poor access to finance, lack of business development services and business networks, limited exposure to business management experience and the challenges of juggling business with household and Family responsibilities, (Desta Solomon, 2010). Even though women entrepreneurs in MSEs account the greatest proportion of total entrepreneurs in the country as a whole and in shashemene in particular, there is an acute shortage of analyzing studies conducted with a specific objective of the problems of enterprises operated by women in terms of personal and organizational-related challenges, economic, social/cultural, and legal/administrative.

This study is deemed to fill the gaps by identifying specific factors that are responsible for resilience in MSEs operated by women entrepreneurs, and shade light on women specific differentials that affect their performance.

Thus, in this study it was thought to assess the different factors that affect the performance of women entrepreneurs in MSEs in SHASHEMENE.

1.3 Research questions

1. What are the major characters of women entrepreneur in MSEs?

2 What are the factor that affect the performance of women entrepreneur in MSEs?

3 What are the barriers to develop and promotion of women entrepreneurs?

4 What are the prospect of women entrepreneurs in the business environment?

5 What are the solution to overcome the problem that women entrepreneurs are facing**?**

1.4 Objective of the study

1.4.1. General objective

The general objective of this study is to assess the factor affecting the performance of women entrepreneurs in MSEs.

1.4.2 Specific objectives

The specific objective of the study was: -

1. To assess the major characteristics of women entrepreneurs in MSEs.

2. To identify the factors that affects the performance of women entrepreneurs n entrepreneurs.
3 to identify the barriers for development and promotion of women entrepreneurs

4. To assess the prospects of women entrepreneurs in the business environment.

5 To identify the solution to overcome the problem that women entrepreneurs are facing.

1.5 significance of the study

Significance of the study was try to contribute some ideas toward the capabilities of women to assume great responsibilities, risk, and creativity of their work and not based on sex. Entrepreneurship is an interesting topic and an area where further study could be under taken especially for developing countries like Ethiopia, which is aiming and struggling for rapid growth in economy.

Women should create their own jobs and become entrepreneurs since opportunities of getting employment in either government; non-government private organization is currently almost declining (Gemechis, 2007). This is possible only if the barriers of women entrepreneurs are solved. Generally, The researcher will be benefited from the study by acquiring more knowledge about women entrepreneurs and also the researcher will get bachelor degree in the art of management. Furthermore it may be useful for the following stake holders including;-

Academics/Researchers: Findings from this study would assist academicians in broadening of the prospectus with respect to this study hence providing a deeper understanding of the critical factors that affect the performance of women entrepreneurs in MSEs.

Micro and small enterprises: The findings of this study would help MSE in burkagudina and others, within an insight into the benefits of using different factors studied in this research to predict the factors that affect the performance of women entrepreneurs in MSEs.

Governmental policy makers: The government can use the findings of this study to assist in policy formulation and development for a framework in terms of personal and organizational-related challenges, economic,

social/cultural, and legal/administrative and other factors that affect the performance of women entrepreneurs in MSE. Moreover, the findings of this study would help the policy makers and other institutions how to encourage establishing or expanding women entrepreneurs in MSEs.

1.6. Delimitations (Scope) of the study

The scope of this study would limited to women entrepreneurs who engaged in trade, service and urban agriculture activity in kebelle 05 " shashemene. This study was delimited to the key economic, socio-cultural, legal/administrative factors affecting the performance of women entrepreneurs in MSEs. In addition, the study focuses only on assessing the major personal and organizational characteristics of women entrepreneurs in MSEs to check whether these characteristics affect their performance. And also the study was limited to stratify sampling method because the population study was heterogenic group.

1.7 Organization of the study

Chapter one would focus on statement of problem, research questions. Objective of the study and significance of the study, delimitation and. Chapter two would focus the review of relevant literature on the research problem. Chapter three would focus on methodology of the study. Chapter four would focus on data presentation, analysis, and discussion of results. Lastly, chapter five focused on summary, conclusion, and recommendations.

CHAPTER TWO

2. REVVIEW OF LITERATURE

This chapter focuses on two parts theoretical framework and empirical evidences (articles about previous researches) on the title factors affecting performance of women entrepreneurs.

Theoretical Framework

2.1 Historical perspective of entrepreneurship

"Entrepreneur" is a word that comes from the French words "entre"and"preneur".Entre can be translated in different ways: "entre" = in between or"entre="comein please. In between other occupations an entrepreneur will always invite you to come in… "Pruner" from "prendre"=to take something and keep it in your hands .An entrepreneur takes gently and keeps going until completion of the plan (Doctor.ir.ing.jan.sevenhans, 1972).

In the middle ages the term entrepreneur was used to describe a person managing large production project, the person would not take any risks but would merely manage the project using the sources provided. A typical entrepreneur in the middle age was the cleric the person in charge of great architectural works such as castle and fortification, public building, or abbeys and cathedrals (Robert D. Histrich 1979).

The concept of risk in notion of entrepreneurship developed in the 17c, with an entrepreneur being viewed as a person who entered in to a contractual arrangement with the government to perform a service or supply stipulated product. Since the contract price was fixed any resulting profit or losses reflected the effort of the entrepreneur (Robert d. histrich, 1985).

Richard cotillion a noted economist and author in the 1700s developed one of the early theories of entrepreneur and is regarded by some as the founder of the term cotillion viewed the entrepreneurs as a risk-takers seeing the merchant farmers, craft men and the other role proprietors buy a certain price and sell at underline price. Therefore entrepreneurs operate at risk (RICHARD 1806).

In the 18th century the person with capital was differentiated from one needing capital. In the other worlds, the entrepreneurial role was distinguished from the capital providing role. The later role is the basis for the present day venture capitalist one person causing this differentiation was the industrialization occurring throughout the world. A venture

capitalist is a professional manager who invests in risky investment from pool of equity capital to obtain a high rate of return on the investment.

In the middle of the 20th century the notion of an entrepreneur as an innovator was established; entrepreneurship: starting, developing, and managing a new enterprise (Robert D. Histrich and Michael P. Peters 2004).

2.2 Definition of entrepreneurship and entrepreneur

The concept of entrepreneur and entrepreneurship has been discussed in chapter one on literature review part. In addition to that, entrepreneurship is a process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial risks, social risks, psychological risks and receiving the resulting rewards of monetary and personal satisfaction (Hisrich, 1985).

Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitments of providing values for some product or service. The product or service may/may not be new or unique but value must be infused by the entrepreneur by securing and allocating the necessary skills and resources (Ponstadt, 1998).

Entrepreneurship is the process of creating and building something of value from practically nothing. That is, it is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled. It involves the definition, creation and distribution of values and benefits to individuals, groups, organizations and society. Entrepreneurship is very rarely a get rich-quick proposition (not short term); rather it is one of building long term value and durable cash flow streams (Timmons 1989).

Based on the above definitions entrepreneurship may be defined as the ability to use the factors of production – land, labor and capital – to produce new goods and services. Entrepreneurship may also be defined as managerial process of organizing, operating and assuming the risk of a new business venture.

An entrepreneur is a person who starts his/her own business or someone who engages in innovation within existing enterprises. Furthermore an

entrepreneur is a person having such kind of behaviour; initiative taking, organizing and reorganizing of (social, economic), mechanisms to turn resources into practical aspect and acceptance of risk (Joseph schumpeter, 1934).

Entrepreneurs, by definition, shift resources from areas of low productivity and yield to areas of higher productivity and yield. Of course, there is a risk they may not succeed. But if they are even moderately successful, the returns should be more than adequate to offset whatever risk there might be. The entrepreneur always searches for change, responds to it, and exploits it as an opportunity (Peter f. Drucker, 1987).

An entrepreneur is a person who takes financial and other risks to start a business entity. Entrepreneurship and entrepreneur topics are very interesting areas which leads to further study and examination especially for developing countries like Ethiopia, which is aiming and struggling for rapid growth in its economy (Destasolomn, 2010).

2.3 Types of Women Entrepreneurs

- **Conventional Entrepreneurs:** There are those who are highly committed to both entrepreneurial ideas and conventional gender role.
- **Innovative Entrepreneurs**Are **:** those who hold strong belief in entrepreneurial ideas but who had a relatively low attachment to conventional gender roles.
- **Domestic Entrepreneurs:** Are those who organize their business life around the family situation and believe very strong in conventional female roles and hold low attachment to entrepreneurial ideas.

2.4 The process of entrepreneurship

Although enterprises are as different and unique as the entrepreneurs who create them, most entrepreneurs appear to work through a process that we can observe and describe. Often entrepreneurs discover this process through trial and error, but you can shorten your learning curve by benefiting from the experience of others. The entrepreneurial process is the

process of (going after) a new venture business, whether it is a new product going into an existing market or existing product going into a new market or the creation of a totally new organization(Peter f. Drucker 1987).

There are four entrepreneurial processes-

- First entrepreneurial process: Creation process- creating something new of value.
- Second entrepreneurial process: Require the commitment of the necessary time and effort, appreciate and understand the importance of time and effort devoted to create something new and make it workable.
- The third entrepreneurial process: Involve the enjoyment of the rewards (freedom, monetary) after the effort followed by personal satisfaction.
- The entrepreneurial process- four distinct process-Identification and evaluation of the opportunity, Development of the business plan, Determination of required resources, Management of resulting enterprise.

Source from Peter Drucker book 8th edition

2.5 The Role of Entrepreneurship

Entrepreneurship is one of the most effective methods of bringing the gap between science and technology and the market place, creating new enterprises and bringing new products and services to the market .These entrepreneurship is significantly important to the economy by building huge advantages such as, providing job opportunities to societies (Peter Drucker, 1987).

Entrepreneurship is important for economic growth, productivity, innovation and employment, and many countries have made entrepreneurship explicit policy priority. Entrepreneurial activities have been recognized as an important element in organizational and economic development,

performance and wealth creation. Entrepreneurship offers a greater possibility of achieving significant financial rewards than working for someone else. It provides the ability to be involved in the total operation of the business, from concept to design and creation, from sales to business operations and customer response. It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation (Hisrich, 2005).

Entrepreneurism helps the economy by creating wealth for many individuals seeking business opportunities. Although this is not the number one reason individuals pursue entrepreneur activities, it plays a major role in our economy. It is a catalyst for economic change and growth of countries output and productivity. Both a new business and the wealth the owner can obtain will help boost the economy by providing new products as well as the spending power created for the entrepreneur. Without entrepreneurs, our economy would not benefit from the boost they give from added business and ideas (World Bank 2007).

Entrepreneurship encourages innovation and creativity. It develops new products or service for the market to fulfil human needs. It also stimulates investment interest in the new ventures being created. Entrepreneurship through its process of innovation creates new investment of new ventures, new jobs will be produced, thus reduce the unemployment rate (ILO, 2009).

2.6 Women status in public domain

In the evolution of human culture social survival depends on the disproportionate expenditure of energy by males and females in the activities of the production defiance and subsistence science reproductively activity fall to the female constraint in terms of increase in the probability that the other testes drawn more on the energy of males thus placing men in strategic position to gain control of resources. With this consideration in mind female status in generally destined in terms of the degree to which female are accorded differential treatment and are respected in the domestic or public domain. An analysis of variation is estimate for women as

well as the move to reduce the gap in sex in qualities enable to focus on work than sex in equality (Epstein Cynthia, 1998).

2.7 Women entrepreneurship

2.7.1 Nature of women entrepreneurship

Women's productive activities, particularly in industry, empower them economically and enable them to contribute more to overall development. Whether they are involved in small or medium scale production activities, or in the informal or formal sectors, women's entrepreneurial activities are not only a means for economic survival but also have positive social consequences for the women themselves and their social environment United Nations Industrial Development Organization (UNIDO, 2001).

"An entrepreneur is an entrepreneur is an entrepreneur," and it should not matter what size, shape, color, or sex the entrepreneur might be. If so, good research on entrepreneurs should generate theory applicable to all. While research shows similarities in the personal demographics of men and women entrepreneurs, there are differences in business and industry choices, financing strategies, growth patterns, and governance structures of female led ventures[Green 1985, p.106]

CHAPTER THREE

3 .Research Methodology

3.1 Research Design

The study was descriptive type of research. The study was used this type because descriptive research is describing states of affairs as it is exist at present. Also the design was employed in the study to assess the key factors that affect the performance of women entrepreneurs in MSEs in burkagudina. The reason for using that design enables to describe the different factor that affect the performance of women entrepreneurs in MSEs as they exist.

3.2 data type and source

The required information that can be relevant for the study was gathered from the two sources of data these would be primary and secondary sources of data. Primary data was obtained directly from women entrepreneurs through questionnaire, and secondary sources of data was obtained from documents, online information available and magazines published by the corporation to support primary sources of data.

3.3 population and sampling technique

Target population for the study were urban agriculture, trade and service. from these population we were select sample.

In selecting the sample one of the probability sampling technique, a stratified proportionate random sampling was employed. This is a method of sampling that involves the division of a population into smaller groups known as strata. In a stratified random sampling the strata were formed based on members' shared attributes or characteristics. A random sample from each stratum was taken in a number proportional to the stratum's size when compared to the population. This subset of the strata was pooled to form a random sample. The population was stratum by the following table

small scale enterprises	Total entrepreneures	women entrepreneurs
Urban agriculture	275	170
Trade	39	20
Service	12	10
Total	3	2

a l	2 6	0 0

Then According to Yamane research methodology we find the sample size .n. from the population .N. by using the formula $n=N/1+N\ (e)^2$

We take the sampling error 10%

So $n=^2$ =66

Then we can find each stratum by adopting proportional allocation.

For urban agriculture, n1=p1=56

For trade $n_2=p_2=66=7$

For service $n_3=p_3=66=3$ from the above information we can take from each that were from urban agriculture 56, from service 3, and from trade 7.So that the total sample would be 66.

3.4Data collection instruments

3data gathering instrument, questionnaire and interview with selected women entrepreneurs were intended to use. Questionnaire was both open-ended and closed-ended. The questionnaire, which was

Structured, would be distribute to at different areas in their working place.

3.5Data processing, analyzing and presentation method

Data processing method that would be use in this finding was editing, coding and classification of collected data so that they would be amenable to analysis, and method of analysis would be employed was qualitative in nature, and to present the finding the researcher would be apply tabulation and percentage.