

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

A STUDY ON FACTORS AFFECTING THE PERFORMANCE OF WOMEN
ENTREPRENEURS IN MICRO AND SMALL SCALE ENTERPRISES:-THE CASE
OF BASKETO SPECIAL WOREDA,SNNPR, ETHIOPIA

A THESIS

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Declaration

I, Nasir Kanso, Enrolment umber, ID1319236, do here by declare that this thesis is my original work and that it has not been submitted partially, or in full, by any other person for an award of a degree in any other university/institution.

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Certification

This is to certify that the thesis, entitled, “A study on Factors affecting the performance of Women Entrepreneurs in micro and small scale Enterprises – The case of Basketo Special Woreda, SNNPR, Ethiopia” has been duly compiled by Mr. Nasir Kanso under my supervision to fulfill the requirement for the degree of Master of Arts in Rural Development.

Name of supervisor_____

Signature _____

Date_____

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ACRONYMS

SNNPRS: South Nations Nationalities and Peoples Regional State

ECSA: Ethiopian Central Statistics Authority

FDREPC: Federal Democratic Republic of Ethiopia Population Census

Commission Government Organization

GDP: Gross Domestic Production

GNP: Gross National Production

GTZ: German Technical Cooperation

ILO: International Labor Organization

TSIO : Trade and small scale industries office

MSE: Micro and Small scale Enterprises

NGO: Non Government Organization

OECD: Organization of Economic Corporation and Development

SME: Small and Medium Enterprise

UNECE: United Nations Economic Commission for Europe

UNESCO: United Nations Education, Scientific and Cultural Organization

UNIDO: United Nations Industrial Development Organization

ABSTRACT

This study was aimed to assess the factors that affect the performance of women entrepreneurs in MSEs at Basketo Special woreda. It also addressed the characteristics of women entrepreneurs in MSEs and their enterprises and the supports they acquire from TSIO /institutes. A sample of 66 women entrepreneurs engaged in 3 sectors was taken for the study using stratified sampling. In the process of answering the basic questions, a questionnaire that include demographic profiles, characteristics of women entrepreneurs and their enterprises, factors that affect the performance of women entrepreneurs in MSEs and supports that entrepreneurs obtain from TSIO were assessed in a closed ended questionnaires . Moreover, interviews were held with top officials of TSIO, Micro finances, Women, Children and Youth Affairs. After the data has been collected, it was analyzed using simple statistical techniques like tables and descriptive statistics, number and percentage. The results of the study indicates that the personal characteristics of women entrepreneurs in MSEs and their enterprises and the environments affect their performance. It shows that the key economic factors that affect the performance of women entrepreneurs in MSEs is highly murderous. The study also found that the major social factors that affect these entrepreneurs was the attitudes of society towards buying their products/services. Furthermore, the main legal/ administrative factors are also highly affected women entrepreneurs in MSEs. The study also found that supports provided by TSIO to MSEs is relatively weaker. Based on the major findings, recommendations were forwarded to existing and potential

entrepreneurs, MSEs, Micro finances, Women, Children and Youth Affairs and
TSIO.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

Women are becoming increasingly important in the socio-economic development of both developed and developing economies as they account for significant percent of the operators of Small and Medium Enterprises (SMEs) (Josiane, 2006; Jeldsen and Nielson, 2000).

The role of Women Entrepreneurs needs to be considered in the economic development of the nation for various reasons. They have been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organization and business problems as well as to the exploitation of Women Entrepreneurial opportunities (Barrett, 2008).

Women entrepreneurships have been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in Women Entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do (Miner and Haunschild, 2005). The emergence of women entrepreneurs and their contribution to the national economy is quite

visible in India (Ram, 2009). Likewise, in Ethiopia 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 Ethiopian 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 on Eshetu and Zeleke (2008), 98% of business firms in Ethiopia are micro and small enterprises. On the basis of the 3rd census of Ethiopia out of the total population of the country (73,918,505), 36,621,848 are females (ECSA, 2007).

This accounts to 49.5% of the population. In general, entrepreneurship has not been effectively utilized in poverty reduction and in promoting and enhancing gender equality and women empowerment in the country. Women entrepreneurs have not participated equally with male counterparts; because of a lot of obstacles that women entrepreneurs face in Ethiopia (Amha and Admassie (2008).

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. It is of critical importance to note that the problems and the challenges faced particularly by women entrepreneurs today need to be taken into consideration. Besides, their successes need to be recognized to enable them expand their businesses and to effectively access the opportunities.

According to Trade and Industry bureau, there were 28,943 registered women entrepreneurs, in the region. However their scale of operation had not been large enough to bring about the expected qualitative and quantitative change in the local economy. In order to make headway in promoting entrepreneurship, appropriate measures should be taken to reduce the bottlenecks/challenges that women entrepreneurs in MSEs encounter in the region.

Among the woredas in SNNP region, large number of women Entrepreneurs were operating in Basketo special woreda, where 218 women entrepreneurs were registered (Woreda Trade and Industry office report, 2007). Like the region as a whole, women entrepreneurship problems are tremendous in the special woreda too. In order to take appropriate measures for the problems encountered, identifying the factors associated with the problems is a primary task. Therefore, the aim of this research is to identify the major factors that affect the performance of women entrepreneurs in MSEs in Basketo special woreda in running their own businesses and recommend the appropriate measures to be taken.

1.1. Statement of the problem

As mentioned in the introduction above, almost half of the population in SNNP Region is composed of women. In light of their enormity in size, women's contribution to the economic development was not as expected.

Studies by different researchers with regard to entrepreneurship were holistic and had not disaggregated them on gender basis. Besides, they did not address the factors for the problems on the basis of personal, organizational, economical, socio-cultural and legal/administrative matters. Especially, their studies did not address women entrepreneurs in MSEs. Specifically this study emphasis on factors that affect the performance of women entrepreneurs in MSEs particularly in Basketo special woreda. The trade and small scale industries offices in the region and the office established in Basketo special woreda are targeted to initiate and support entrepreneurs and provide entrepreneurship training to the graduates, existing and potential entrepreneurs who are able to create and run their own businesses. So as to develop entrepreneurial culture to all groups of the society, entrepreneurship training is given in Ethiopia in formal, informal and non-formal way through TVET colleges/institutes. All these contribute a lot in strengthening women entrepreneurs' performance by equipping them with the necessary business skills.

Even though women entrepreneurs in MSEs account a large proportion of total entrepreneurs in the country as a whole, there is an acute shortage

of studies conducted with a specific objective of analyzing 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 indentifying specific factors that are responsible for resilience in SMEs operated by women entrepreneurs, and shade light on women-specific differentials that affect their performance. Thus, in this study it is thought to assess the different factors that affect the performance of women entrepreneurs in MSEs in Basketo special woreda. Furthermore, the supports given by the trade, micro and small scale industries office to MSEs will be assessed.

In light of this, the study attempts to answer the following basic questions;

1. What are the major characteristics of women entrepreneurs in MSEs and their enterprises?
2. What are the key economic, social, legal and administrative factors that affect the performance of women entrepreneurs in MSEs?
3. What supports are given to women entrepreneurs in MSEs by the trade, micro and small scale industries office and other government bodies to solve problems they face?

1.3 . Objective of the study

1.3.1 General Objective;

The study is designed to assess the major factors affecting the performance of women entrepreneurs in MSEs and the challenges they face in starting and running their own business in Basketo special woreda.

1.3.2 Specific Objectives;

1. To identify the major characteristics of women entrepreneurs in MSEs and their enterprises;
2. To identify the key factors that affects the performance of women entrepreneurs in MSEs;
3. To identify the supports given to women entrepreneurs in MSEs by office of trade and small scale industries micro finance institutes and other administrative bodies Basketo special woreda.

1.4 Significance of the study

Women should create their own jobs and become entrepreneurs' since opportunities of getting employment in either government, non-government or a private organization is currently almost declining (Gemechis 2007). This is possible only if the barriers of women entrepreneurs are solved. Generally, the study has the following significances:

1. It can be one input to existing women Entrepreneurs, potential entrepreneurs, MSE offices of the special woreda and the region to alleviate the problems that women entrepreneurs face;
2. It shows in what areas the MSEs office should support the women entrepreneurs.

1.5 SCOPE OF THE STUDY

This study is limited to the key economic, socio-cultural, legal/administrative factors affecting the performance of women entrepreneurs in MSEs in Basketo special woreda. 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 or not. The study also addresses the training, machine , financial, raw material, technology and facility supports the trade and small scale industries office provide to these entrepreneurs to minimize the problems that the women entrepreneurs in MSEs face.

The purpose of this study is to assess factors affecting the performance of women entrepreneurs' in MSEs in case of Basketo special woreda. To this end, the researcher chooses a mixed research methods, in this case quantities and qualitative methods.

1.6 Limitation of the study

The researcher may face a number of problems to complete the research. Some of limitations were shortage of related and sufficient well organized

secondary document from the stated sectors, and lack of experience as researcher. Other problem may be encountered in the study is that some of the respondents may not give full attention to fill the questionnaires properly. Even the process of distributing and collecting data may not be a simple task. However, the researcher will try to overcome such problems.

Definition of Key Terms

Characteristics: key personal and organizational features of women entrepreneurs in MSEs.

Cooperatives: association of at least 10 individuals who are from the same kebele(Basketo special woreda)

Factors: are problems might be personal, organizational, economic, socio-cultural, legal/administrative influences that affect women entrepreneurs overall activities and operations in MSEs.

Micro Enterprise means commercial enterprise whose capital is not exceeding birr 20,000 other than technological and consultancy services (Ethiopia's Ministry of Trade and Industry, 2003).

Micro finance: refers to the provision of financial services to low-income clients, including consumers and the self-employed (Ethiopia's Ministry of Trade and Industry, 2003).

Performance: overall activities and operations performed by women entrepreneurs in MSEs in strengthening their enterprises.

Small Enterprise means a business engaged in commercial activities whose capital is exceeding birr 20,000 and not exceeding 50,000 birr, other than high technological and consultancy service institutions (Ethiopia's Ministry of Trade and Industry, 2003).

Supports: training, machinery, financial, raw material and other facility assistances that Basketo special woreda trade and small scale industries office provide to MSEs.

Women entrepreneurs: women in MSEs running their own business rather than employed in any organization.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. An overview to entrepreneurship

Entrepreneurship is therefore a process that involves a willingness to rejuvenate market offerings, innovate, risks taking, trying out of new and uncertain products, services, markets and being more proactive than competitors towards exploring new business opportunities. It attracts both men and women who are interested in profitable inter-industry relationship. To ensure adequate development and competitiveness in entrepreneurship, considerable research has examined the participation of both male and female in venturing in business activities, particularly those reported to have personal dreams of entrepreneurship. This category has rapidly joined hands together to achieve success in business and enterprise development (Gelin, 2005).

As globalization reshapes the international economic landscape and technological change creates greater uncertainty in the world economy, the dynamism of entrepreneurship is believed to be able to help to meet the new economic, social and environmental challenges. Governments increasingly consider entrepreneurship and innovation to be the cornerstones of a competitive national economy, and in most countries entrepreneurship policies are in fact closely connected to innovation policies, with which they share many characteristics and challenges. The dynamic process of new firm creation introduces and disperses innovative products, processes and

organizational structures throughout the economy. Entrepreneurship objectives and policies nevertheless differ considerable among countries, owing to different policy needs and diverse perspectives on what is meant by entrepreneurship. In support of this stated, in some countries, entrepreneurship is linked to regional development programs and the creation of new firms is stimulated to boost employments and output in depressed regions. In others, entrepreneurship is a key element of strategies designed to facilitate the participation of certain target groups, such as women or minorities, in the economy. Some countries simply seeks to increase firm creation as such, while others set out to support high-growth firms. While many countries are making serious efforts to support entrepreneurship, results appear to vary. Countries want to understand the determinants of and obstacles to entrepreneurship, and they need to analyze the effectiveness of different policy approaches (the lack of internationally comparable empirical evidence has however constrained our understanding of entrepreneurship and many questions remain unanswered. Ultimately, policy making must be guided, as far as possible, by evidence and facts (Schumpeter) (2005) (p13).

2.1.1. Meaning and definitions of entrepreneurship

There is no agreement among authors regarding the definitions of entrepreneurship. Different authors tried to define it in different manners.

This doesn't mean however that there are no common elements among authors. Some of the definitions are given below.

Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms 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 (According to Ronstadt 1998) (p.9).

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks and receiving the resulting rewards of monetary and personal Satisfaction and independence from the definitions given above, it is possible to conclude that in almost all of the definitions of entrepreneurship, there is agreement that we are talking about a kind of behavior that includes: (1) initiative taking, (2) the organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account, (3) the acceptance of risk or failure Hisrich (2005) (p2).

2.1.2 The benefits of entrepreneurship

It is abundantly clear that 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. According to World Bank (2007), Fox (2001) and Hisrich (2005) entrepreneurship has the following benefits.

Entrepreneurs are their own bosses. They make the decisions. They choose whom to do business with and work they will do. They decide what hours to work, as well as what to pay and whether to take vacations.

Entrepreneurship offers a greater possibility of achieving significant financial rewards that 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 offers the prestige of being the person in charge.

It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation.

Entrepreneurship creates an opportunity for a person to make a contribution. Most new-entrepreneurs help the local economy. A few through their innovations contribute to society as a whole. It is a catalyst for

economic change and growth. Entrepreneurship increase per-capita output and income by doing so it involves initiating and constituting change in the structure of business and society. As a result entrepreneurship contribute a lot in increasing countries output and productivity.

2.2. 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 repercussions for the women themselves and their social environment United Nation Industrial Development Organization (UNIDO, 2001).

In many societies women do not enjoy the same opportunities as men. In many transitional economies progress has been achieved in opening doors to education and health protection for women but political and economic opportunities for female entrepreneurs have remained limited. Concerted efforts are needed to enable female entrepreneurs to make better economic choices and to transform their businesses into competitive enterprises, generating income and employment through improved production (OECD, 1997).

2.2.1. Nature of women Entrepreneurs

There is no agreement among researchers with regard to the differences in the Characteristics of male and female entrepreneurs. Some groups of researchers agree that there are no differences. But some others state differences. For example Green & Cohen (1995) (p.106) stated,

"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. These differences provide compelling reasons to study female entrepreneurship looking specifically at women founders, their ventures, and their entrepreneurial behaviors as a unique subset of entrepreneurship. Just as we have found that clinical trials conducted on an all-male population do not necessarily provide accurate information about the diagnosis or treatment of female patients, we see that scholarly research focused only on male entrepreneurial ventures leaves many questions unanswered for their female counterparts. Some argue that it is important to look at female entrepreneurs who, though they share many characteristics with their male colleagues, are unique in many aspects. Observable differences in their enterprises reflect underlying differences in their motivations and goals, preparation, organization, strategic orientation, and access to resources.

Stressed on the differences even in their background and personal characteristics. He found the female entrepreneurs to be the first born; from a middle or upper class family; the daughter of a self employed father; educated to degree level married with children; forty to forty-five at start-up; and with relevant experience Birley (1987).

2.2.3. Differences between women and men entrepreneurs

While gender was shown not to affect new venture performance when preferences, motivation and expectations were controlled for, the differences observed among men and women entrepreneurs were observed by different researchers. Besides, it tried to distinguish male and female entrepreneurs with respect to their success indicators arranged in a sequential order from very important to least important. The following table illustrates this. (Where is the table?)

Entrepreneurship encourages innovation and creativity. It develops new products or service for the market to fulfill 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 more ventures being created, new jobs will be produced, thus reduce the unemployment rate. That will creates and promotes wealth distribution.

As explained above, entrepreneurship 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. 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. Furthermore, starting a business can be rewarding. Entrepreneurs are their own bosses. They can have more control over their working hours and conditions than they would have if they worked for someone else. If they cannot find a job they want, they can go into business to create one. For example, they may have a new idea about a particular product or service. If they believe that others would be interested in it, they can go into business for themselves. They may make a profit, which is the money left over after paying their bills, from being creative and doing what they enjoy Malaya (2006).

2.3. Factors affecting entrepreneurship Performance

Even though entrepreneurship has its own advantages, it is not free of problems. For this there are a number of factors classified the basic factors that affect entrepreneurs in to two broad categories–economic and social. The economic factors include competition in the market; lack of access to the market lack of access to raw material, lack of capital or finance, lack of marketing knowledge; lack of production/storage space; poor infrastructure; inadequate power supply and lack of business training the social factors

include lack of social acceptability; having limited contacts outside prejudice and class bias; society looks down upon; attitude of other employees; and relations with the work force Samiti, 2006), Tan, 2000).

Besides this, added Social and Cultural attitude towards youth entrepreneurship; entrepreneurship education; administrative and regulatory framework; and business assistance and support; barriers to access technology are crucial factors that affect entrepreneurial success (Gemechis, 2007), Hisrich, 2005), ILO, 2009).

Woman entrepreneur is dependent on both demand side (political and institutional framework, family policy and market sources) and supply side factors (the availability of suitable individuals to occupy Women Entrepreneurial roles). Women Entrepreneurs depend on both the situation of women in society and the role of Women entrepreneurship in that same society. Both the factors that affect the gender system and the factors that affect Women Entrepreneurship in society are involved (Baum, 2005).

2.4. Factors Affecting Women Entrepreneurship

Several studies around the world have been carried out which throw light on the financial factors affecting women entrepreneurs. Though the three major stages in the entrepreneurial process of creating, nurturing and nourishing are the same for men and women, there are however, in practice, problems

affecting women who are of different dimensions and magnitudes, owing to social and cultural reasons. The gender discrimination that often prevails at all levels in many societies impact the sphere of women in industry too, and a cumulative effect of psychological, social, economic and educational factors act as impediments to women entrepreneurs entering the mainstream (Stevenson and Jarillo, 2003).

Women entrepreneurs in the western world, proposed that three factors influence entrepreneurship antecedent influences (i.e., background factors such as working capitals and genetic factors that affect motivation, skills and knowledge), the incubator organization (i.e., the nature of the organization where the entrepreneur was employed just prior to starting a business; the skills learned there) and environmental factors (e.g., economic conditions, access to venture capital and support services, role models). Research from the rest of the world indicates that women and men differ on some of the above factors. While several of these financial factors are inherent to many countries, some of them are more severe in Kenya (Barrett and Weinstein, 2006).

2.4.1 Access to Finance

Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints affecting women entrepreneurs. Women often have fewer opportunities than men to gain

access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers. In Kenya, women are almost invisible to formal financial institutions they receive less than 10 per cent of commercial credits (MahbubulHaq human Development Center, 2000).

When women do have access to credit it is often in small amounts, whether this suits their needs or not. Entrepreneurs usually require financial assistance of some kind to launch their ventures be it a formal bank loan or money from a savings account very few women have the tangible property in hand. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business"

The Financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again. Differential access to credit may of course be a reflection of differences in the choice of sector, educational level or the amount of loan requested (Starcher, 2008).

Kenyan women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and home. More over the business success is depends on the support the family members extended to women in the business process and management. The interest of the family members is a determinant factor in the realization of women folk business aspirations. Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business. Here there is more probability for business fallacies like the intermediaries take major part of the surplus or profit. Marketing means mobility and confidence in dealing with the external world, both of which women have been discouraged from developing by social conditioning. Even when they are otherwise in control of an enterprise, they often depend on males of the family in this area (Stevenson and Jarillo, 2003).

2.4.2. Access to markets

The ability to tap into new markets requires expertise, knowledge and contacts. Women often lack access to training and experience in on how to participate in the market place and are therefore unable to market goods and services strategically. Thus, women-owned SMSs are often unable to take on both the production and marketing of their goods. In addition, they have often not been exposed to the international market, and therefore lack knowledge about what is internationally acceptable. The high cost of

developing new business contacts and relationships in a new country or market is a big deterrent and obstacle for many SMEs, in particular women owned businesses. Women may also fear or face prejudice or sexual harassment, and may be restricted in their ability to travel to make contact (UNECE, 2004).

2.4.3. Access to training

Women have limited access to vocational and technical training in South Asia. In fact, women on average have less access to education than men, and technical and vocational Skills can only be developed on a strong foundation of basic primary and secondary education. South Asia is characterized by low enrolment among women in education, high dropout rates and poor quality of education. The table below shows female literacy levels as a percentage of male literacy as well as average years of schooling of women and men, respectively. The figures are testifying to the existence of gender discrimination in building capacity of women and providing them with equal opportunities (UNECE, 2004).

2.4.4. Access to networks

Women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information.

Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive. Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women-only or women-majority networks where a woman could enter, gain confidence and move further. Lack of networks also deprives women of awareness and exposure to good role models. Few women are invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or sub sectors and of women as individuals within any given sector (Mahbub, 2000)

2.4.5. Access to policy makers

Most women have little access to policy makers or representation on policymaking bodies. Large companies and men can more easily influence policy and have access to policy makers. Who are seen more as their peers? Women tend not to belong to, and even less reach leadership positions in, mainstream business organizations, limiting their input into policymaking through lobbying; women's lack of access to information also limits their knowledgeable input into policymaking (UNECE, 2004).

The key factors that affect women entrepreneurs' performance especially in developing continents like Africa are: vulnerability of women to adverse effects

of trade reform; restrains with regard to assets (land); lack of information to exploit opportunities; and poor mobilization of women entrepreneurs; lack of management skills; lack of awareness among young women of entrepreneurship as a career option; conflicting gender roles; gender inequality inappropriate technology; and constraints at the legal, institutional and policy levels Robertson(1998), OECD (2002), ILO (2008).

2.5. Women entrepreneurs in Ethiopia

A national survey conducted by the Ethiopian Welfare Monitoring Unit as cited in Eshetu and Zeleke (2008) shows that women entrepreneurs in Ethiopia are not provided with adequate policy related and strategic support from the national government, and that the promotion of vibrant SMEs should be one of the most important priority strategies for empowering women, addressing abject poverty and unemployment in Ethiopia. Businesses and enterprises operated by women contribute for economic dynamism, diversification, productivity, competition, innovation and economic empowerment of the poorest of the poor. Historically, there has been a well established tradition of women being involved in small businesses and enterprises. However, it is only recently that women's entrepreneurship has gained the attention of economic planners and policy makers particular in developing countries in Ethiopia. Although the national government has come to acknowledge that supporting enterprises operated by women promotes gender equality and economic empowerment, the majority of enterprises operated by women face difficulty in terms of access of finance, resources, business skills and institutional support

from the national government (Ethiopian Ministry of Trade and industry of Ethiopia, 2003); National Bank of Ethiopia, 2002); Negash & Kenea, 2003).

The studies stressed that SMEs owned or operated by women in Ethiopia survive against tremendous odds of failure. While it is true that the predominant image of the “Ethiopian woman entrepreneur” is one of poor women trying to survive, there are other profiles. One is of the woman who has, because of higher education and better access to economic and resources, been able to grow her micro enterprise in to the small enterprise category of women believe they are most neglected category of women entrepreneurs because they do not have institutional credit or other support services available to them. These women have outgrown the micro finance system and yet are not able to borrow from banks. The other profile is of the woman who, because of their higher education, previous work experience, and better economic circumstances, has access to the financial and other resources needed to start and grow larger enterprises (Hadiya, 1998; ILO, 2003).

Members of the Ethiopian Women Exporters’ Forum (EWEF) are illustrative of this group, although even members of the EWEF complain about inadequate access to commercial bank loans to meet their working capital needs because of the rigid requirement for collateral guarantees (which they often cannot meet). Research has shown that it possible for women to make the transition from a micro to a small enterprise under the right circumstances. The ILO (2003) study of women in growth enterprises found that 70 per cent of the women entrepreneurs currently engaged in small enterprises had started them

as micro-enterprises and grown them over time (Eshetu and Zeleke, 2008). ILO (2003) also identified that the following are the main challenges that women entrepreneurs in Ethiopia face in a sequential order from very Sevier to least important difficulty in obtaining loan from commercial banks failure of business/bankruptcy. Failure to convert profit back into investment shortage of technical skills poor managerial skills Low level of education Furthermore, ILO (2003) found that lack of suitable location or sales outlet; stiff competition; low purchasing power of the local population; lack of marketing knowhow; seasonal nature of the business; lack of market information; inadequate infrastructure; shortage of time (due to multiple tasks); shortage of raw materials; shortage of working capital are constrains of women entrepreneurs in Ethiopia. A study conducted by ILO (2008) in Ethiopia, the United Republic of Tanzania and Zambia identified that, women entrepreneurs do not have the same access to networks as men; women entrepreneurs have difficulties accessing premises due to among other things, a lack of property and inheritance rights; women's lack of access to titled assets that can be offered as collateral for loans adversely affects the growth of their enterprises; women entrepreneurs lack access to formal finance and rely on loans from family and community; women entrepreneurs tend to be grouped in particular sectors, particularly food processing and textiles; business development service providers do not give adequate time or effort to target women entrepreneurs - they do not offer flexible arrangements in respect of the timing and location of service delivery,

women often experience harassment in registering and operating their enterprises.

2.6. Women entrepreneurs in MSEs

In SMEs women Entrepreneurs in MSEs are important to almost all economic in the world, but especially to those in developing countries and within that broad category, especially to those with major employment and income distribution challenges. On what we may call the “static” front, women entrepreneurs in MSEs contribute to output and to the creation of “decent” jobs; on the dynamic front they are a nursery for the larger firms of the future, are the next (and important) step up for expanding micro enterprises, that contribute directly and often significantly to aggregate savings and investment, and they are involved in the development of appropriate technology. In an increasingly international marketplace, many companies are finding that prosperity is best achieved from specialization, as opposed to diversification while majority of the world’s largest companies continue to provide multiple services to numerous markets, they now purchase many components and goods from smaller companies that serve one particular niche. As the global marketplace continues to develop, women entrepreneurs in MSEs provide an effective tool for economic growth through participation in global supply chains (World Bank, 2005).

2.7 Benefits of women entrepreneurs in MSEs

With various definitions by various countries, sometimes it becomes a difficult task for an individual to understand importance of women entrepreneurs in MSEs. One may not know the important role that women entrepreneurs in SMEs plays in developing any particular sector, economy of any country, alleviating poverty, increasing employment, and, above all providing various items of daily use at an affordable cost. Within the last few years many developed and developing countries have realized the importance of the sector. According to World Bank (2003) report women entrepreneurs in MSEs are the engine of growth; essential for a competitive and efficient Market; Critical for Poverty reduction; and play a particularly.

Important role in developing countries furthermore; according to UNECE; they contribute to employment growth at a higher rate than larger firms. The private sector and in particular women entrepreneurs in MSEs form the backbone of a market economy and for the transition economies in the long-term might provide most of the employment. Support for women entrepreneurs in MSEs will help the restructuring of large enterprises by streamlining manufacturing complexes as units with no direct relation to the primary activity are sold off separately. And through this process the efficiency of the remaining enterprise might be increased as well; they curb the monopoly of the large enterprises and offer them complementary services and absorb the fluctuation of a modern economy; through inter-enterprise cooperation, they raise the level of skills with their flexible and innovative nature. Thus women entrepreneurs in MSEs

can generate important benefits in terms of creating a skilled industrial base and industries, and developing a well-prepared service sector capable of contributing to GDP. UNIDO (2004) added that a characteristic of women entrepreneurs in MSEs is that they produce predominantly for the domestic market, drawing in general on national resources; the structural shift from the former large state-owned enterprises to women entrepreneurs in MSEs will increase the former centrally planned economies; an increased number of women entrepreneurs in MSEs will bring more flexibility to society and the economy and might facilitate technological innovation, as well as provide significant opportunities for the development of new ideas and skills; women entrepreneurs in MSEs use and develop predominantly domestic technologies and skills; New business development is a key factor for the success of regional reconversion where conventional heavy industries will have to be phased out or be reconstructed (especially in the field of metallurgy, coalmining, heavy military equipment, etc.

2.8 Factors affecting the performance of women entrepreneurs in MSEs

In MSEs even though women entrepreneurs in MSEs contribute a lot for the economic development of a country, there are a number of challenges that affect them associated with different factors. For example, according to World Bank (2005), (SMIDEC (2004), women entrepreneurs in MSEs are affected by lack of entrepreneurial, managerial and marketing skills; bureaucracy and red tape; lack accessibility to information and knowledge; difficulties accessing financial resources/Lack of capital; lack of accessibility to investment

(technology equipment and know-how); non-conformity of standardization, lack of quality awareness and lack of mutual recognition schemes; Product and service range and usage differences; language barriers and cultural differences; risks in selling abroad; competition of indigenous MSEs in foreign markets; inadequate behaviors of multinational companies against domestic MSEs/Lack of government supply-supporting programs; complexity of trade documentation including packaging and labeling; lack of government incentives for internationalization of MSEs; inadequate intellectual property protection; unfavorable legal regulatory environments and, in some cases, discriminatory regulatory practices; lack of business premises (at affordable rent); and low access to appropriate technology furthermore, a study made in Malaysia by APEC (1994) shows that the women entrepreneurs in MSEs are facing many challenges, which are attributed to lack of comprehensive framework in terms of policies towards MSEs development; many agencies or channels for MSEs without effective coordination (this leads to lack of transparency to the target groups); inadequate data and information on the development of SMEs; inability to be in the mainstream of industrial development. Many MSEs still occupy lands or sites that are not approved to be used for industrial purposes. There is also an underutilization to technical assistance, advisory services and other incentives made available by the government and its agencies. In addition, there is a lack of skilled and talented workers, which affects the quality of production as well as efficiency and productivity.

2.9 Women entrepreneurs in MSEs in Ethiopia

According to Schorling (2006), ILO (2006) in Ethiopia, the idea of Micro & Small Enterprises (MSEs) development emerged as a promising agenda in the 1980s. A variety of reasons have been cited for the surge of interest in MSEs development, like: MSEs are a better way for poverty reduction. MSEs are a platform for sustainable development and productivity. MSEs are important actors within the trade sector and a platform for economically empowering women and men. The MSE sector plays an important role in providing people with livelihood and income generating opportunities, providing income and services to people who cannot get employment in the formal sector. In November 1997 the Ethiopian Ministry of Trade and Industry has published the "Micro and Small Enterprises Development Strategy" , which enlightens a systematic approach to alleviate the problems and promote the growth of MSEs. Elements of the program include measures with regard to creating an enabling legal framework and streamlining regulatory conditions that hinder the coming up of new and expansion of existing MSEs. In addition specific support programs also include measures related to facilitating access to finance, provision of incentives, promotion of partnerships, training, access to appropriate technology, access to market, access to information and advice, infrastructure and institutional strengthening of the private sector associations and chamber of commerce. (ILO,2003) The following definition of MSE is from the Ethiopian Ministry of Trade and Industry (1997) and is used to categorize the sector for the purpose of the strategy.

The Micro and Small Enterprises Sector is described as the national homes of entrepreneurship. It provides the ideal: environment enabling entrepreneurs to exercise their talents to the full and to attain their goals. In comparison with other countries it is known that in all the successful economies, MSEs are seen as a springboard for growth, job creation and social progress at large. Women entrepreneurs development in MSEs: difficulties and problems schorling (2006) study shows that in Ethiopia's situation MSEs are confronted by various problems, which are of structural, institutional and economic in nature. Lack of capital, market and working premises, marketing problems, shortage of supply of raw materials and lack of qualified Human Resources are the most pressing problems facing MSEs. Although the economic policy of Ethiopia paid due emphasis for entrepreneurship values and appreciation of the sector's contribution to the economy, there are still constraints related to infrastructure, credit, working premises, extension service, consultancy, information provision, prototype development, imbalance preferential treatment and many other, which therefore need proper attention and improvement. According to GTZ as sited in <http://www.bds-ethiopia.net/approach-tvet.html>, women entrepreneurs in MSEs in Ethiopia are faced with a number of challenges. The following can be cited as the main ones:

- ◆ Limited and for some complete lack of access to funds;
- ◆ Lack of or poor skills of operators and/or the work force in the economy due to underdeveloped Technical and Vocational Education & Training (TVET) system;

- ◆ Underdeveloped Business Development Service (BDS) market poor infrastructure;
- ◆ Weak private sector promotional institutions;
- ◆ Weak public sector support system main objectives of the women entrepreneurs development strategy in MSEs schorling also identified that the primary objective of the Ethiopian strategy framework is to create an enabling environment for women entrepreneurs in MSEs. In addition to this basic objective the following specific objectives are stated here: Facilitate economic growth and bring about equitable development create long-term jobs strengthen cooperation between women entrepreneurs in MSEs provide the basis the basis for the Medium and Large Scale enterprises. Balance preferential treatment between women entrepreneurs in MSEs and bigger enterprises promote export according to the Ethiopian MSE-policy sited in www.bds-ethiopia.net, the Ethio-German Micro and Small Enterprise Development Strategy focus on four priorities:
 - ◆ Enabling Governmental, Non-Governmental (NGO) Agencies and Commercial sectors;
 - ◆ Business Development Services (BDS) providers to implement efficient BDS to the Ethiopian Business Community;

- ◆ Strengthen the organizational capacity of the partner organizations through organizational development in order to deliver better services to the businesses;
- ◆ Training of trainers in order to implement CEFE trainings (Government, NGO, BDS–Providers, International Donors) related to MSE development in order to coordinate the respective activities.

2.10 Women entrepreneurs in MSEs SNNP Region

As the information gathered from written document from SNNPRS Trade and Industry Bureau there are 28943 women entrepreneurs in MSEs in the region. And the document also explains that the above women entrepreneurs play a crucial role in the economic improvement of the region, because MSEs utilize relatively less capital, it's a home of entrepreneurship, can create substantial job opportunity, utilize cheap and local raw materials, and produce goods and services. Which save hard currency for the country in general and for our region in particular and the very important point is that is the creating opportunities for the population to earn (generate) income, which by itself create the way to reduce the poverty. Comparing with large enterprises women entrepreneurs in MSEs maintain a closer relationship with its customers, employees, it's based on lower overhead and have greater flexibility, because their size allows them to adopt new processes, services, materials and products.

The Bureau also stated in the written document that encouragement and promotional activities of women entrepreneurs in MSE in the region have been weak. Though the regional government has formulated the MSE regional strategy and put in place the bureau to implement the strategy, little is achieved so far. Women entrepreneurs MSEs are still facing severe constraints in their activities and their promotion and development are, therefore, hampered. These Micro and Small Enterprises are unable to address the problems they faced on their own, even in an effectively functioning market economy. The problems /constraints/ relate to each other, to the legal and regulatory environments, access to market, finance, business information, business premises, the acquisition of skills and managerial expertise, access to appropriate technology, access to infrastructure, and in some cases discriminatory regulator practices. They also pointed out that since there have not been any organized policy and support systems that women entrepreneurs in MSEs have been confronted by the various problems which are of policy, structural and institutional in nature, lack of smooth supply of raw materials and working premises were the major bottlenecks for women entrepreneurs in MSEs. On the other hand negative attitude of the public to the importance of the sector due to cultural influence is another constraint to the development of MSEs, due to these reasons, training services to SMEs is fairly young and weak. Only insufficient formal counseling, information and training services are given and they are often given freely and are not demand driven

2.11.Women entrepreneurs in MSEs in Basketo special woreda

As the written document from the special woreda the women entrepreneurs in the special woreda are playing a key role in economic and social activities. As stated above the number of women entrepreneurs are 218 and even though this women are not getting appropriate support from concerned body but they have been benefiting themselves and much more others delivering services.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement and analysis of data. In this section the researcher identified the procedures and techniques which were used in the collection, processing and analysis of data. Specifically the following sub sections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2. Research Design

The design of this research was a descriptive survey research. A descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, behavior or values (Mugenda and Mugenda, 2003) A descriptive study design is deemed the best design to fulfill the objectives of the study. This design is considered appropriate for the type of objective of this study and the implied comparative analysis to determine factors affecting the performance of women entrepreneurs' in micro and small enterprise in Basketo special woreda.

3.3. Populations

According to Ngechu (2004) population is defined as a set of people, services, elements, and events, group of things or households that are being investigated. The study targeted women entrepreneurs particularly engaged on

the trade, service, and manufacture sector of Basketo special woreda, there are 218 total women entrepreneurs registered at Basketo special woreda (Trade and small scale industries office,2007).

The population characteristic is as summarized in table. Mugenda and Mugenda, (2003) explains that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study.

3.3. Sample size and sampling techniques

To ensure that the sample accurately represents the population, Cooper and Schindler (2000) further recommends that the researcher must clearly define the characteristic of the population, determine the required sample size and choose the best method for selection members of the sample from the larger population.

Since the population was heterogeneous they were categorized into different groups by using parameters like business type (manufacturing, trade, and services), initial capital and working environment. Stratified sampling technique was used to categorize women entrepreneurs into three business types, namely, manufacturing, trade and services. Representative sample was drawn from each business type by using proportional sampling technique. In addition, senior managers from trade and small scale industries, micro finance, women and children affairs were selected purposely for interview.

Out of the total of 218 individuals , a sample of 30%, was drawn from each group in proportion to size with equal probability of being selected.

A total of 66 respondents was selected as sample for the study, as shown on the table below (Table1).

Table1. Sample size of individuals from each business category to be used for the study.

Population	Sample size 30%
Trade 194	58.2 which is equal to 58
Manufacture 12	3.6 which is nearly 4
Service 12	3.6 which is nearly 4
Total 218	66
Interview	4
	Grand total sample =70

3.4. Sources of Data

3.4.1 Primary Source

The primary sources of data was gathered through close-ended questionnaires distributed to women entrepreneurs. Other individuals was approached directly to fill the questionnaires.

3.4.2 Secondary Data

To supplement the primary data, secondary source was used through extensive review of published and unpublished documents which were available in the form of books, journal articles, websites, and thesis outputs.

3.5. Instrument of data collection

Questionnaire: Questionnaires have the advantage of covering a large sample, and saves time to collect data. For the purpose of this study, the researcher utilized questionnaires to collect both qualitative and quantitative data.

The questionnaire was close-ended and was prepared in English and then translated in-to Amharic (local) language to make it convenient for respondents to understand.

Interview: Advantage that can be derived from the interview is its flexibility in expressing different viewpoints on the subject under study. In order to get the necessary information, 4 office managers were interviewed and the participants were selected purposely. Checklist of questions was drawn to obtain factual and detail information from the heads of Micro finance, Trade and small scale Industries and Women Affairs Offices.

Document analysis:- different available documents such as work plan and annual report from the concerned offices was assessed to obtain the necessary information about the topic under study.

3. 6 Data processing and analysis

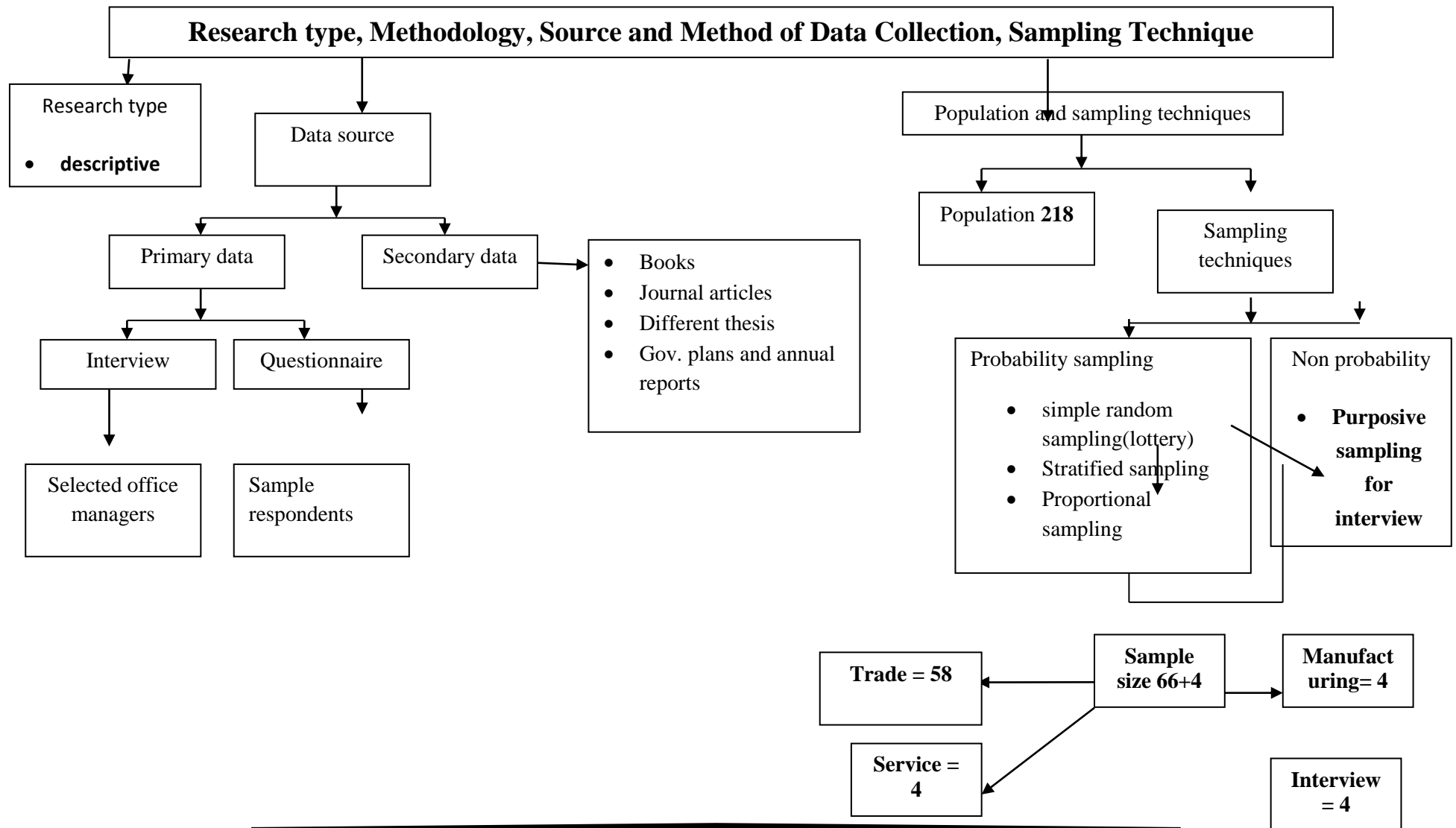
Depending on the type of collected data different statistical techniques were employed in the study. The collected data was organized, summarized, analyzed, and interpreted both qualitatively and quantitatively.

Following the completion of data collection, data processing was conducted through filtering for accuracy, consistency; completeness and eligibility of the raw data for sound statistical analysis.

Quantitative descriptive statistical tools such as percentage (%), frequency, and excels was utilized.

The qualitative data collected from the respondents were transferred, organized and grouped to give meaning, and then editing, categorizing and interpretation was followed. The analyzed and interpreted data were presented in the form of tables, figures, charts and descriptive statements.

Summary of Methodology



Chapter Four

Results and discussion

4. Introduction

This chapter presents analysis and finding of the study as set out in the research methodology. The results were presented on factors affecting women entrepreneurs' performance in micro and small scale enterprises in case of Basketo special woreda.

4.1. Data presentation and analysis

4.1.1. Demographic profile of respondents.

The following table summarized the demographic profile of respondents by age, educational level, work experience and marital status.

Table 4.1 Respondent's demographic profile

1	Age	Number	Percentage
	Below 20	6	9.09%
	21-30	18	27.2727%
	31-40	32	48.4848%
	Above 40	10	15.1515%
	Total	60	100%
2	Educational level		

	Cannot read and write	11	16.666%
	grade 1-4	13	19.6969%
	grade 5-8	28	42.4242%
	grade 10 complete	12	18.1818%
	10+1 and 10+2	2	3.0303%
	Diploma	-----	-----
	Total	66	100
3	Work experience		
	Less than 1 year	18	27.27
	1-5 years	31	46.96
	6-10	5	7.57
	Greater than 10 year	12	18.18
	Total	66	100
4	Marital status	Number	Percentage
	Married	37	56.06
	Single	14	24.24
	Divorced	4	6.06
	Widowed	9	13.63
	Total	66	100

Source: field survey (2016)

As can be seen from the table 4.1 majority of respondents are within the age category 31-40 years (48.48%) and the age category of under 21-30 years are 27.27%. The remaining 15.15% and 9.09% of the respondents are under the age

category of above 40 years and below 20 years, respectively. This finding deduce that most of women entrepreneurs in Basketo Special woreda are at an age category 31–40 which shows that they have been entrepreneurs for a long period of time.

Birley (1987) found that the background and personal characteristics of women entrepreneurs in MSEs is that they are from a middle or upper class family, the daughter of a self employed father, educated to degree level, married with children, four to five at start up and, with relevant experiences.

This implies women entrepreneurs in MSEs in Basketo special wareda are youngsters and within the productive age with a capacity to perform well.

However, the fact is that they are less experienced in their particular areas of work and which may negatively affects their performance.

When we evaluate the educational level of the respondents, it is clearly seen from the table 4.1, most are within the grade level of 5–8 (42.42%). This is followed by grade level of 1–4 (19.69%) that grade 10 completed are only 18.18% and those who cannot read and write were 16.66%. Only few (1.66 %) were those who completed 10+1 and 10+2 level of education, and there is no respondents with a diploma or degree .

This is an indication that most women entrepreneurs turn to business when they fail to continue with education to diploma or degree level. Similarly, the maximum educational level that these entrepreneurs reach is 5th –8th grades.

This shows that the entrepreneurs run their business by common sense than supporting it with scientific principles.

With regard to work experience, the majority of the respondents (46.96%) had 1–5 years of work experience. The remainings, 27.27%, 18.18% and 7.57% of the respondents have less than 1 year, greater than 10 years and 6–10 years of experience in running businesses, respectively (Table 4.1).

It is noted that most women entrepreneurs in Basketo special woreda running their businesses had 1–5 years' experience, which indicates that they are less experienced and may negatively affect their performance.

The marital status of the respondents' shows that the majority (56.06%) are married.

Women entrepreneurs in MSEs are daughters of self employed father and are married, which is also true in Basketo Special Woreda. But the number of self-employed mothers /sisters is insignificant, which shows that they may have conflicting gender roles, such as keeping kids, cooking and so on since, in the country's context, most at these responsibilities are left to women.

Thus, women entrepreneurs were married, have no self-employed mother /sister, had low educational backgrounds and were not experienced in business. All these factors can contribute to entrepreneurs low performance in addition to the economic, social, and legal /administrative factors.

4.1.2. Characteristics of women entrepreneurs

The following table shows the characteristics of the respondents by family size, sector they are working on, the number of employees working in enterprise, legal ownership status of the business, reasons to start own business, who initiates the business idea, source of skill for starting the enterprise and source of starting funds.

Family size.

Table 4.2 Family sizes of respondents

Item	Number	Percentage
Less than 4	31	46.96
4 - 5	21	31.81
Greater than 5	14	21.21
Total	66	100

As can see from table 4.2, the majority (46.96%) of respondents has a family size of less than 4. It also shows that 31% of the respondents have a family size of 4-5 and only the remaining 26.66 % of the respondent have the family size greater than 5.

In relation to family size, even though Shane (1997) and ILO (2003) found that women entrepreneurs have on average larger family size, this study found that the majority of women entrepreneurs in Basketo Special Woreda have a family

size of less than 4 which is even less than the average family size in Ethiopia that is 4.8 (CSA, 1995).

Table 4.3 Business Sectors in which respondents engaged in.

Item	Number	Percentage
Trade	58	87.87
Manufacturing	4	6.06
Service	4	6.06
Total	66	100

It is clearly seen from table 4.3 above that the majority (87.87%) of the respondents were engaged in trade sector.

Number of employees in the enterprises

Women entrepreneurs in MSEs provide a large number of employment opportunities to the society. The following table clearly shows the number of employees those women entrepreneurs in MSEs employ.

Table 4.4 Number of Employees hired by women entrepreneurs

Number of employees	Number	Percent
Less than 5	35	56.06
6-10	16	27.27

11-15	8	12.12
More than 15	3	4.54
Total	66	100

Source: field survey (2016)

The majority of the respondents (56.06%) hire less than 5 employees in their enterprise while 30% of respondents employee 6-10 employees in their enterprises (Table 4.4). Based on this findings, they were not providing large number of employment opportunities to the society.

UNECE (2004) reported that MSEs have a better employment opportunity than even the larger business companies , but as the finding of this study shows that most women entrepreneurs engaged in MSES at Basketo special woreda were employing less than 5 individuals within their enterprises. Hence the finding contradicts with the UNECE (2004) report.

Ownership Status of the establishment

Enterprises are being created having with different legal ownership status such as sole ownership, joint ownership, family business, cooperative and others (Hisrich, 2005).

The following table shows the legal ownership status of the respondents at Baseko

Table 4.5 Legal ownership status of the enterprises

Legal ownership status	Number	Percent
Sole ownership	38	57.57%
Joint ownership/partnership	8	12.12%
Family business	6	9.09%
Cooperative ownership	14	21.21%
Total	66	100%

The Majority (57.57%) of respondents had claimed their enterprise as sole ownership, followed by cooperatives (21.21%) (Table 4.5). From these findings, it is noted that most of the respondents in Basketo special woreda had established enterprise on their own.

Reasons to start own business

The motivators to establish own a business are many and vary from individual to individual.

Table 4.6 Reasons to start own business

Reason	Number	Percentage
Family tradition	5	7.57%

To be self employed	40	60.60%
Brings high income	16	24.24%
Requires small investment	5	7.57%
Total	66	100%

Source: own survey

Most respondents had claimed that the reason for establishing own operated enterprise was for want to be self-employed. Few have forwarded other reasons, such as, generation of more income for the family, maintaining the family tradition and for investment (Table 4.6).

Initiation of the business

The table below shows the initiators of enterprises owned by women entrepreneurs .

Table 4.7 Initiators and starter of the business

Item	Number	Percentage
May self alone	28	42.42%
My family	26	39.39%
Friends /partners	7	10.60%
Others	5	7.57%
Total	66	100%

The majority (42.42%) of the respondents start enterprises on their own, and considerable number of respondents (39.39%) claimed family initiation (Table 4.7).

Acquisition of Business skill

In running any business, it is logical that the necessary skills are required and can be acquired at different places.

Table 4.8 Family History and Source Skills for starting the enterprise

No	Item	Number	Percent
1	Is there anyone in the family who was entrepreneur or owner of related business activity?		
	Yes	27	40.90
	No	39	59.09
	Total	66	100%
2	If yes what is your family relation with him/her		
	Father	11	40.74
	Mather	9	33.33
	Brother	3	11.11
	Sister	1	3.70
	Grandfather/grand mother	3	11.11
	Total	27	100%

3	Source of skill for running Business		
	Through formal training	33	50.0%
	From past experience	21	31.81
	From family	12	18.18
	other	66	100%
	Total		

Source: field survey (2016)

From table 4.8 59.09% of the entrepreneur respondents have no family members who were an entrepreneur and 40.9) of the respondents had an entrepreneur in family.

Of those women respondents of having an entrepreneur in the family 40.74% claimed that their fathers were entrepreneurs while 33.3% indicated their mothers (Table 4.7).

Regarding to source for acquiring business skill, 50% of the respondents had stated that they acquired the necessary skill from formal training, and 31.8% of respondents acquire their skill from past experiences (Table 4.8).

The main source of startup funds

Starting own business requires startup capital. The following table shows the main source of startup funds.

Table 4.9 Source of startup funds

Items	Number	Percent
Personal saving	20	30.30%
Borrowing from relatives or friends or money lender	5	7.57%
Borrowing from microfinance institution	28	42.42
Equb	6	9.99
Assistance from friends or relatives	7	10.60
Inheritance		
Borrowing from bank		
Assistance from NGOs		
Others		
Total	60	100%

The majority (42.43%) of the respondents use microfinance institutions as the main source of startup funding for financing their enterprisewhile 30.30% of the respondents use personal saving as their main source of startup funds (Table 4.9). The result shows that entrepreneur women in MSEs did not use bank, inheritance and NGOs as a source of finance for their business.

4.1.3. Factors Affecting women Entrepreneurs performance in MSEs.

World Bank (2005) ILO (2003) samiti (2006) Tan (2000) and SMIDEC/2004) addressed that women entrepreneurs in MSEs are affected by a number of economic, social/cultural and legal or administrative factors.

Economic Factors

The major economic factors that affect the performance of women entrepreneurs include finance, market, training, land, information, managerial skills, infrastructure and raw materials (Samit, 2005).

Table 4.10 Economic factors that affect the performance of women entrepreneurs in MSEs.

No	Items	S. Agree		Agree		Undecided		Disagree		S. disagree	
		F	%	F	%	F	%	F	%	F	%
1	Economic factors										
1.1	I am satisfied with the financial support	-	-	11	16.16	5	7.57	32	48.4	18	27.2
1.2	I have access to market for my products	11	16.66	9	13.63	4	6.06	22	33.3	20	30.3
1.3	I have access to different business trainings	6	9.09	5	7.57	10	15.1	27	40.9	18	27.2
1.4	I have my own premises (land)	-	-	7	10.60	6	9.09	33	50	20	30.3

	to run my business										0
1.5	I have access to information to exploit business opportunities	4	6.06	8	12.12	10	15.15	24	36.36	20	30.30
1.6	I have managerial skills	1	1.51	14	21.21	8	12.12	24	36.36	19	28.78
1.7	I have access to necessary technologies	3	4.54	11	16.16	8	12.12	30	45.45	14	21.21
1.8	There is stiff competition in the market place that I am engaged in	5	7.57	9	13.63	5	7.57	26	39	21	31.81
1.9	Adequate infrastructures are available	27	4.090	22	33.33	9	13.63	8	12.12	-	
1.10	I have access to necessary inputs (raw materials)	3	4.45	11	16.16	4	6.06	26	39.39	22	33.33

Source: field survey (2006)

The majority (75.75%) of respondents are dissatisfied with the financial access and only 16.16% of the respondents are satisfied.

Even though microfinance institutions were identified as the main supplier of money for women entrepreneur in MSEs, in cross-checking with heads of the institutions the main factors to access to finance were problems related with the borrowers.

- They were not paying back periodically the loan that they received from microfinance institutions;

- The region do not distribute additional loan unless the previous loan is fully returned.

With regard to market, the majority (63.63%) of the respondents were dissatisfied with market accessibility to their products.

It is clear that availability of market is very important in a business world, especially in a competitive economy. The study shows that 63.63% of women entrepreneurs were not satisfied by the accessibility of the market.

Concerning training, most women entrepreneurs in MSEs acquire skills for their own business from formal training. But accessibility to training for business women are very small, meaning that the majority (68.16%) of the respondents were dissatisfied (Table 4.10). Based on this study, most women entrepreneurs in MSEs were not getting business trainings and this would be an obstacle to their effectiveness so that it would be the main focus for the training facilitators to stimulate entrepreneurs in order to improve their performance.

Land is one of the most important factors to start as well as to run different businesses. The majority (80.3%) of the respondent entrepreneurs in MSEs had no land of their own to run their businesses; whereas, only 10.60% have their own land.

Histrich (2005) had stated in his report that one success factor for an entrepreneur is having own land. However in Baseko Special woreda, it was not the case as only 10.6% of women entrepreneurs benefitted from owning land (Table 4.10).

About accessibility to information, the majority (66.66%) of the respondents had no access to information.

In relation to managerial skill, most respondents (65.14%) had no managerial skill to run their business (Table 4.10). Inadequate application of management practices and lack of good managerial skill could be a factor in failures of many businesses.

With regard to technological access, the majority (66.66%) of respondents were dissatisfied with technological accessibility.

It is known that technology plays a key role in business activities. One of the reasons for inefficiency of women entrepreneurs in MSEs could be inaccessibility of technology to run their business. So, to let them compete with other business enterprises, improving their technological capability is vital, therefore, provision of modern technologies and trainings to operate them could be the key in this changing environment.

With regard to market competition, the majority (71.2%) of the respondents are dissatisfied.

Concerning the availability of necessary infrastructure around their working area, the majority (74.23%) of the respondents were satisfied (Table 4.10).

Lastly, it is about the availability of necessary raw materials/inputs. The majority/72.72%/ of the respondents were dissatisfied with the availability of the necessary raw materials /inputs which are important to their enterprises.

To identify the real problem with the availability of raw materials /inputs interviews were conducted with the head of trade and small scale industry office. According to the head, the main problem for the unavailability of raw material is lack of adequate budget.

In general the performance of women entrepreneurs in Basketo special woreda are highly affected by economic factors, such as lack of own land /premises/, financial problem, stiff competition in the market, inadequate training, lack of technology and the necessary raw materials.

Socio-cultural factors

Because of their specialized nature of practices, some businesses were undermined by the society. Accusations and name calling was common on those who practice them and were considered as low class. Dregatory terms, such as, Buda (evil) to those making poetry, shemane to wavers, ketkach to ironsmiths, kodafaqi to those who prepare different items from skin and hides .

The following table shows the current status of these factors impact on women entrepreneurs in MSTs.

Table 4.11 Socio- cultural factors that affect the performance of women entrepreneurs in MST

No	Items	5. Agree		Agree		Undecid ed		Disagree		S. disagree	
		F	%	F	%	F	%	F	%	F	%
1	Socio-cultural factors	F	%	F	%	F	%	F	%	F	%

1.1	I have better social acceptability	7	10.60	11	16.66	12	18.18	19	28.78	17	25.75
1.2	I have better contacts (networks/ with outsiders	8	12.12	27	40.90	3	4.45	17	25.75	11	16.60
1.3	I have no prejudice or class biases	14	21.21	20	30.30	10	15.15	15	22.72	7	10.60
1.4	The societies attitude towards my products/services area positive	4	6.06	13	19.69	6	9.09	17	25.75	26	39.39
1.5	The attitude of other employees toward my business is positive	20	30.30	27	40.90	6	9.09	9	13.63	4	6.06
1.6	I have a positive relationship with the work force	20	30.30	25	37.87	6	9.09	11	16.66	4	6.06
1.7	I have no conflicting gender roles	19	28.78	20	30.30	10	15.15	13	19.69	4	6.06
1.8	I am not affected by gender	20	30.30	16	27.27	9	13.63	9	13.63	10	15.15
1.9	I have no cultural influences	20	30.30	17	25.75	11	16.66	10	15.15	8	12.12
1.10	I never encounter harassments in registering and operating my business	16	24.24	18	27.27	14	21.21	12	18.18	6	9.09

Source: field survey /2006/

The majority /54.53%/ of the respondents disagree of having better social acceptability in the special woreda (Table 4.11).

About the contact with outsiders, of the respondent women entrepreneurs the majority/53.02%/ are satisfied or they have good contact /network/ with outsiders. Whereas, 42.41% of the respondents are dissatisfied with or they have no contact with outsiders Table 4.11).

Concerning class biases, most of the respondent women /51.51%) claimed that there was no class related biases while 38.37% of respondents felt they are being affected by class biases.

Regarding to the attitude of the society towards the products and services of the respondent women entrepreneurs in MSEs, the majority /65.14%/ were dissatisfied or the society have no positive attitude about their products. Based on the response of the women entrepreneurs further information was gathered by interviewing the head of TSIO.

According to the head, the women themselves think that they deserve to get market opportunities without any quality question and without any competition from others by their being women only. Form the public side, they perceive that the goods and services produced by women entrepreneurs were with less

quality. With regard to the attitude of other employees, 71.20% of the respondents had positive attitudes towards their products and services.

About the relation with their own work force, most (68.17%) had positive relation with their work force.

Concerning gender conflict, the majority (59%) of the respondents claimed they had no conflicting gender roles even though 25.75% of the respondent women entrepreneurs disagree (Table 4.11).

The majority (57.57%) of the respondent women entrepreneurs agree that they were not affected by the problem of gender inequality.

With regard to socio-cultural influence, 56.05% of the respondents agree with the idea, which means that there is no socio-cultural inference while they are operating their business. But considerable number (27.27%) of the respondents disagree.

Relating with the issues of harassment during registration as well as in operating the business, the majority 51.51% of the respondents never encountered any harassment during the registration or in their business operating activities, however, on the other hand 27.27% of the respondents claimed that they had encountered different harassing situations (Table 4.11).

Legal and Administrative factors

The following table illustrates the legal and administrative factors that affect the performance of women entrepreneurs in MSEs

Table 4.12 Legal and administrative factors that affect the performance of women entrepreneurs in SMEs

No	Items	S. Agree		Agree		Undecided		Disagree		S. disagree	
		F	%	F	%	F	%	F	%	F	%
1	Legal and administrative factors										
1.1	Having business assistance and supports from government bodies	23	34.84	20	30.03	11	16.66	10	15.15	2	3.03
1.2	I have a network with d/t government bodies	3	4.54	11	16.66	12	18.18	17	25.75	23	34.84
1.3	I have access to policy makers	4	6.06	4	6.06	15	22.72	21	31.81	22	33.33
1.4	I have no legal, institutional and policy constraints	19	27.78	21	31.81	12	18.18	11	16.66	3	4.54
1.5	I can borrow money even without titled assets as collateral	20	30.30	28	42.42	10	15.15	8	12.15	-	-

1.6	Interest rate charged by micro finance and other lending institutions is reasonable	2	3.03	6	9.09	11	16.6	20	30.3	27	10.9
							6		0		0
1.7	The tax levied on my business is reasonable	3	4.54	2	3.03	17	25.7	24	36.3	20	30.3
							5		6		0
1.8	I have never encountered bureaucracies and red tapes	8	12.1	3	4.54	10	15.1	23	34.0	22	33.3
			2				5		4		3
1.9	I am a beneficiary of government incentives	8	12.1	4	6.06	10	15.1	24	36.3	20	30.3
			2				5		6		0
1.10	I have never faced unfavorable legal and regulatory environments	7	10.6	9	13.63	17	25.7	21	31.8	12	18.1
			0				5		1		8

Source field survey (2016)

Table 4.12 shows that the majority (65.14%) of the respondents have business assistance and supports from government bodies. Based on the above data the support from government bodies at the special woreda is seen to be very well.

concerning network with different government bodies, most of the respondents (60.69%) disagree, meaning they did not have network with different government bodies.

With regarding to policy makers, that majority of respondents /65.14%/ claimed they had no accessibility to policy makers.

This is in agreement with UNECE (2004) which says most women entrepreneurs have a little access to policy maker and also lack of access to information and which limits their knowledge to participate in policy making.

Relating to legal institutions and policy constraints, most of the respondents (59.59%) agree that they had no constraints related to policy and legal institutions.

About borrowing money without titled asset or collateral, most (72.72%) of the respondents stated that they were borrowing money without collateral.

Concerning interest rate charging by micro finance institutions, the majority /71.20%/ of the respondents had claimed that the interest rate charging by the microfinance institutions were not reasonable.

Related to tax levied on business, 66.66% of the respondent women entrepreneurs had expressed that the tax levied on their business was not reasonable (Table 4.11).

About bureaucracies and red tapes that the women entrepreneurs encountering, the majority of respondents (68.17%) disagree, meaning that they have been encountering bureaucracies and red tapes.

Concerning being benefited from government incentives, 66.66% of the respondents were not beneficiaries from government incentives.

With regard to facing unfavorable legal and regulatory conditions, the majority (49.99%) of the respondents stated that they have never faced unfavorable legal and regulatory condition (Table 4.11).

4.1.4 Supports given by Trade and small scale industry office to women entrepreneurs in MSEs.

Trade and small scale industry office in cooperation with other offices are responsible to solve the problems that women entrepreneurs in MSEs faces. For this reason, there are some supports that are taken as a responsibility of the trade and small scale industry office. The following table shows what the office have been providing.

Table 4.13 Supports given by trade and small scale industries office to MSEs

No	Items	5. Agree		Agree		Undecided		Disagree		S. disagree	
		F	%	F	%	F	%	F	%	F	%
1	Support areas of trade and small scale industry office to MST,										
1.1	Training support										
1.1	I have got entrepreneur ship training from TSIO	3	4.54	9	13.63	10	15.15	25	37.87	19	28.78
1.2	I have got marketing training from TSIO	6	9.09	8	12.12	13	19.69	18	27.27	21	31.81
1.3	I have got planning and	2	3.03	6	9.09	18	27.27	25	37.87	15	22.73

	financial training						7		7		2
1.4	I have got a customer service training	19	28.78	17	25.75	12	18.18	16	24.24	2	3.03
1.5	I have got machine maintenance training	22	33.33	25	37.87	13	19.69	4	6.06	2	3.03
1.6	I have got technical skill training from TSIO	17	25.75	26	39.39	15	22.72	5	7.57	3	4.54
2	Other supports										----
2.1	I have got machine maintenance support	1	1.51	2	3.03	11	16.66	27	40.90	25	37.87
2.2	I have got machine support or gift from TSIO			2	3.03	9	13.63	28	42.42	27	40.90
2.3	I have got financial support			4	6.06	13	19.69	29	43.93	20	30.30
2.4	I have got a technology support			4	6.06	13	19.69	22	33.33	27	40.90
2.5	I have got raw material support from TSIO	1	1.51	4	6.06	2	18.18	29	43.93	20	30.30
2.6	I have got facility and furniture supports	26	39.39	12	18.08	13	19.69	12	18.18	3	4.54

Training is the basic and the most important thing in creating and running different business, trade and small scale industry. The woreda is expected to

provide different trainings to equip women entrepreneurs with the necessary skill and bring attitudinal change through formal or non-formal training.

Concerning the training support providing by trade and small scale office, the majority /66.65%/of the women entrepreneurs did not get the support.

Training related to marketing, most respondents/59.08%) had stated that TSIO were not providing market related trainings in a satisfiable manner.

Related to planning and financial training, similarly with the above, the majority /60.59%/ of the respondents justified that the office did not give satisfactory training related to planning and financial activities (Table 4.11).

The majority asserted that custom service training was also not offered.

Trainings related machinery maintenance is very important in MSEs. It seems that the government has paid attention to it, because 71.20% of the respondents received training along this line.

On technological skill training, large percentage /65.39%/of respondents were satisfied.

Concerning supports with cash and in kind, provided by the trade and small scale industry office, many respondents seemed to have not received machine maintenance and availability support.

Little financial support was given as 74.23% did not benefit from such support.

In the case of technology support also the majority of the respondents /74.23%/ had not benefitted.

Concerning support of raw materials from trade and small scale industry office, the majority /73.96%/of the respondents had not received any assistance (Table 4.11).

Finally, with regard to infrastructural facility support which the office has been providing, 57.57% of the respondent women entrepreneurs benefitted agree with the provision of the facilities (Table 4.11).

According to the head of Trade and Small scale Industry, the reason for not providing proper training to the entrepreneurs was lack of qualified trainers and budget shortage to fulfill the training materials.

4.1.6 Cooperation among MSEs, Microfinance and women, children and youth Affairs.

Interviews were conducted with heads of above mentioned institutions on how they cooperate to solve the problems that women entrepreneurs in MSEs at Basketo special woreda . According to the heads, they had formed a steering committee, which had regular meeting to discuss on issues faced by the entrepreneurs. They had a task plan which they set together. However, they have been facing different challenges to put the plan into practice , such as urgent meetings in other places, unplanned occasional works, field visits ,

regional calls for unplanned meeting and even sometimes lack of commitment by committee members.

Interview with the heads related to economic factors that the women entrepreneurs face, they all stated that there are many problems which the women entrepreneurs in MSEs encounters. Those are:

- Shortage of raw materials;
- lack of incentives to model women;
- lack of man power to support in skill trainings;
- Lack of suitable market conditions and technological supports. Even though these all are stated in the policy documents, the scarcity of the resources hinder them to support fully.
- They also addressed that the policy states 75% of the loans coming to MSEs has to be given to women but in practice it is different, which means that the reality on the ground at Basketo special woreda shows that the women entrepreneurs are not getting the loan stated in the policy. According to the head of microfinance, one of the reasons for not providing the stated loan to women entrepreneurs is the problem of borrowers including women themselves. The barrowers once receive the loan then never pay back on time, which hinders the institution to provide the new borrowers, specially the women entrepreneurs in MSEs. The heads also stated that the problem encountered with pay back the loan periodically is connected with the selection of borrowers. The selection system of trade and small scale industry was not clear and

properly use different techniques to identify genuine borrowers. There was no awareness creation system related with business, finance and so on.

The head of trade and small scale industry on the other hand stated that to provide proper training there is shortage of budget, machineries, raw materials and so on.

The heads also stated that there is attitudinal problem of the society towards the products and services of the women entrepreneurs.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY

The study has been conducted in Basketo Special Woreda to assess that factors affecting the performance of women entrepreneurs in MSEs. The methodology used to undertake the study were both primary and secondary data collection. Based on this the researcher obtain the following major findings

Characteristics of women entrepreneurs in MSEs and their enterprises.

- Majority of the respondents have a family size of less than 4 and engaged in the trade sector: hire less than 5 employees in their organization. The legal ownership establishment of their enterprise is in the form of sole ownership. Moreover, majority of the respondent start their own business for the reason that to be self-employed. Most of respondents start their own business by their own initiation and acquire the necessary skills through formal training. Beside this, they have entrepreneurial family; most of them have a family relation with father and the main sources of startup funds for majority of respondents are micro finances.

Factors that affects the performance of women entrepreneurs in MSEs.

- The performance of women entrepreneurs in MSEs in Basketo Special Woreda are highly affected by **economic factors** such as, lack of financial access, stiff competition in the market, inadequate access to training and lack of premises (land), lack of access to information to exploit their business, in adequate managerial skill in running their business and lack of access to technology and lack raw materials. Whereas infrastructural matters are not serious economic problems for these entrepreneurs.
- The major **socio-cultural factors** that affects respondent women entrepreneurs in MSEs at Basketo Special Woreda based on their severity order are lack of society attitude towards their products/services and social acceptability are low, lack of the contacts (networks) with outsiders. However attitude of employees to the business and gender inequality, the relationship with the work forces, conflict gender role, cultural influence and harassments are not as such problem of women entrepreneurs.
- The **major legal and administrative factors** that affects respondent women entrepreneurs in MSEs at Basketo special Woreda in their severity order are: Lack of interest rate charges, amount of tax levied, bureaucracies and red tapes, lack access to police makers, lack of networked with administration bodies overall and legal and administrative environment factors that affect respondent women

entrepreneurs. Nevertheless, legal, institutional and police constants, business assistant and support from governmental bodies and request of collateral are not serious problems for these entrepreneurs

- All small scale industries, based on their degree of supports include: lack of financial support, lack raw material support, technological supports, machine support and machines maintenance service, entrepreneurship training, financial and planning report training in the area of marketing training are relatively weaker. Nevertheless; machine maintenance training, technical skill training, facility furniture supports and customer services training are not serious problems.
- The cooperation among MSEs, Micro finance and Women, children and Youth Affairs is weak as the interview results shows.

5. 2. CONCLUSION

MSEs are becoming an important area of emphasis for many developing countries in general and to Ethiopia in particular, primarily for it is huge potential as a source of employment even though there are a number of factors that affect their performance.

5.2.1 Conclusion about economic factors that affecting the performance of women entrepreneurs in MSEs at Basketo Special Woreda.

Women entrepreneurs in MSEs at Basketo Special Woreda are highly affected by economic factors such as, lack of financial access, stiff competition in the market, inadequate access to training and lack of premises of land, lack of access to information, lack of access to technology and lack raw materials. From the result of the analysis, interpretation and discussion part of the study, the researcher can conclude that even though the intended improvement was not achieved in the performance women entrepreneurs because of the above mentioned problems, the sector has been contributing considerable benefits in job creation, income generating and so on.

Associated with the effect of globalization intense competition in the market poor performer entrepreneurs cannot easily cope up with change in the MSEs sector. To let the entrepreneurs cope up with the changing environment, it is advisable to make them vibrant and aspiring for their success by solving their problems. If so, these sectors will be strengthened to become strong and income generating at the special woreda.

5.2.2) Conclusion about socio-cultural factors affecting women entrepreneurs in MSEs in Basketo Special Woreda

Women entrepreneurs are highly affected by lack of society attitude towards their products/services and low social acceptability, lack of the contacts (networks) with outsiders. From the result of the analysis, interpretation and discussion part of the study, the researcher can conclude that the work on changing attitude improvement was not achieved in the performance of women entrepreneurs.

5.2.3) Conclusion about legal and administrative factors

The majority of respondents in MSEs in Basketo Special Woreda are affected by Lack of interest rate charges, amount of tax levied, bureaucracies and red tapes, access to police makers, lack of networked with administrative bodies overall and legal and administrative environment factors. From the result of the analysis, interpretation and discussion part of the study, the researcher can conclude that the above mentioned bottlenecks hindered to achieve the intended improvement in the performance of women entrepreneurs and unless working hard on them it will let the entrepreneurs disappointed and make the sector always sluggish.

5.2.4) Conclusion about supports of women entrepreneurs in MSEs acquires through TSIO

Even though there is controversial debates among the opinions of the respondents regarding training system and producing quality work force, it can be considered as one of the necessary conditions about supports of women entrepreneurs in MSEs to acquire different skills. There were lack of financial support, lack raw material support and technological support. Machine support and machine maintenance service, entrepreneurship training, financial and planning report training in the area of marketing training are relatively weaker. From the result of the analysis, interpretation and discussion part of the study, the researcher can conclude that the expected improvement was not achieved in the performance women entrepreneurs. A country with poor human capital has the least chance to develop even if huge capital outlays are invested in all other manufacturing sector.

5.3 RECOMMENDATIONS

Based on the finding of the study the necessary recommendation are forwarded to existing and potential entrepreneurs in MSEs, Micro finance institution, TSIO and Women, Children and Youth affairs.

To existing and potential women entrepreneurs in MSEs

Even though entrepreneurship is not free of risks, existing and potential entrepreneurs should not see it as lost resort, starting own business create sense of independence, flexibility and freedom, make own boss, give time and financial freedoms. Besides the above, at the time of globalization it would be unthinkable to get jobs easily because of the serious competition throughout the world. To survive in this competitive world and to find solutions about different economic, social, cultural and legal administrative bottlenecks they face, women entrepreneurs should cooperate together by forming entrepreneurs association. Women entrepreneurs in MSEs should search for other alternative supporting agent rather than relaying only on TSIO, Micro finance and Women, children and youths offices to improve their performance and solving problems. For example, they should also approach known individual entrepreneurs, NGOs, banks and others supporting organizations. Lastly, women entrepreneurs in MSEs of the Special Woreda should share experience with other entrepreneurs at the other border woreda and regions so that they can learn a lot from best practices of those entrepreneurs.

TO TSIO Head's

TSIO Head should discuss with municipalities and other administrative bodies to make women entrepreneur's of work permission and availability of land. They should also arrange mechanism through which women entrepreneurs in MSEs can easily take access to finances. The financial institutions should have an easier and faster method of issuing these facilities or making it easier to access without delaying if they have fulfilled all the requirements. Similarly, they should also arrange mechanism through which women entrepreneurs in MSEs can easily access to administrative bodies and policy makers so that they can be beneficiaries of different governmental incentive such as tax expansion, decreasing interest rate on loan, etc. They also have to work hard on awareness creation to both the public and the women themselves to change their attitude.

TO MICRO FINANCE

The head of microfinance institutions stated that policy wise 75% of the loan coming to this institution has to be given to women, but the practice on the ground is not the case. The reality shows that the women entrepreneurs in Baskto Special Woreda were not getting the loan as stated in the policy. So, they should arrange a mechanism through which women entrepreneurs in MSEs can easily get access to finance. The heads also communicate to regional and special woreda administration and microfinance leaders to provide special attention to the sector.

Microfinance should also minimize the interest rates that they charge to women entrepreneurs in MSEs to strengthen entrepreneurial spirit. In addition, credit services need to be reviewed in order to make accessible to small enterprises with limited capacity. This has yet to be achieved despite the proliferation of microfinance institutions along with the MSEs strategy. The procedures for securing loans must be simplified and greater support offered to MSEs. Some micro finance institution also need to be sensitized to the nature of MSEs and the sustainability of their business.

Women, children and youth Affairs office

They should give attention to women entrepreneurs by creating awareness of cooperative formation. to women entrepreneurs. Women, Children and Youth Affairs head should discuss with other institutions and arrange mechanism through which women entrepreneurs in MSEs can easily access administrative bodies and policy makers so that they can be beneficiaries of different governmental incentives, such as, tax relief , decreasing interest rate on loan.

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Annex A

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

Department of Rural Development

Questionnaire filled by women entrepreneurs

Dear Respondents:

This questionnaire is aimed to assess factors affecting the performance of women entrepreneurs in micro and small scale enterprises in Basketo special woreda. It is to be filled by women entrepreneurs in manufacturing ,trade and service sectors. The information gathered in this survey will be used for completing a thesis the thesis for fulfillment of the requirement of Master's degree in Rural Development Thus, the researcher kindly requests you to give your genuine and frank response for the required information. Your contribution is highly important for the success of the study .The researcher would like to assure you that all the response you give will be kept confidential and used only for the research purpose. As a further assurance, you do not have to write your name. I would like to thank you for your honest cooperation.

PART 1: DEMOGRAPHIC INFORMATION

1) Age

a) Below 20 b) 21-30 c) 37-40 d) above40

2) Religion

a) Orthodox b) Muslim c) Catholic d) Protestant e) Others

3) Level of education and training

a) Can't read and write

b) Grades 1-4

C. Grades 5-8 D. Grades 10 complete

E. 10+1 & 10+2 F. 10+3 /diploma

G. BA/BSC and above

4) Marital Status

a) Married b) Widow c) Divorced d) Single

5) Family size

a) Less than 3 b) 4-5 c) More than 5

PART 2 CHARACTERISTICS OF WOMEN ENTREPRENEURS

6) What sector is your business in?

a) Trade b) Production

C) Services d) Hand-craft

e) Other (specify) _____

7) How long have you been an entrepreneur?(in years)

a) <1yr b) 1-5 c),6-10 d) 10>

8) Number of employees in the enterprise?

a) Less than 5 b) 6-10

c) 11-15 d) more than 15

9) What is the legal ownership status of the establishment?

a) Sole ownership b) Joint ownership

c) Family business d) Cooperative e) other (specify) _____

10) Why did you prefer to start your own business?

a) Family tradition b) To be self-employed

c) Brings high income d) Small investment is required

e) No other alternative for incomes f) others (Specify) _____

11) Who initiated and started the business?

a) Myself b) With the family

c) With a friend) other (specify)

12). How did you acquire the skill for running your enterprise?

a) Through formal training b) From past expert

c) From family d) other (specify)

13. Is there anyone in the family who was an entrepreneur or owner of some related business activities?

- a) Yes b) No

14. If yes, what is your family relation with him/her?

- a) Father b) Mother

- c) Brother d) Sister e) Grandfather

- f) Grandmother g) Husband h) Other(specify)

15. What was your main source of start-up funding?

a) Personal saving b) household c) Borrowed from relatives or friends/money lenders

d) Micro-finance institutions e) Equib f) Assistant from friends/relatives
g) Inheritance h) Borrowed from Bank i) Assistant from NGO's j) Others (specify)

PART 3: FACTORS AFFECTING WOMEN ENTREPRENEURS' PERFORMANCE IN MSEs.

The major factors that affect women entrepreneurs' performance in MSEs are listed below. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (✓) under the choices below. 5= strongly agree 4= agree 3= undecided 2= disagree 1= strongly disagree

No.	Item	Agreement Scale					Remark
		1	2	3	4	5	
16	Economic factors	1	2	3	4	5	
16.1	I am satisfied with the financial access given by Micro finances and other lending institutions.	1	2	3	4	5	
16.2	I have access to market for my products	1	2	3	4	5	
16.3	A have access to different business trainings	1	2	3	4	5	
16.4	I have my own premises (land) to run my business	1	2	3	4	5	
16.5	I have an access to information to exploit business opportunities	1	2	3	4	5	
16.6	I have managerial skills	1	2	3	4	5	
16.7	I have access to necessary technologies	1	2	3	4	5	
16.8	There is no stiff competitions in the market place that I am engaged in.	1	2	3	4	5	
16.9	Adequate infrastructures are available	1	2	3	4	5	

16.10	I have access to necessary inputs(raw materials)	1	2	3	4	5	
17	Social factors	1	2	3	4	5	
17.1	I have a better of social acceptability	1	2	3	4	5	
17.2	I have a better contacts(networks) with outsiders	1	2	3	4	5	
17.3	I have no prejudice or class biases	1	2	3	4	5	
17.4	The societies attitude towards my products/services is positive	1	2	3	4	5	
17.5	The attitude of other employees towards my business is positive	1	2	3	4	5	
17.6	I have a positive relationship with the workforce	1	2	3	4	5	
17.7	I have no conflicting gender roles	1	2	3	4	5	
17.8	I am not affected by gender inequalities	1	2	3	4	5	
17.9	I have no cultural influences	1	2	3	4	5	

17.10	I never encounter harassments in registering and operating my business	1	2	3	4	5	
18	Legal and administrative factors	1	2	3	4	5	
18.1	have business assistants and supporters from government bodies	1	2	3	4	5	
18.2	I have a network with different administrative bodies	1	2	3	4	5	
18.3	I have access to policy makers	1	2	3	4	5	
18.4	I have no legal, institutional and policy constraints	1	2	3	4	5	
18.5	I can borrow money even without titled assets as a collateral	1	2	3	4	5	
18.6	Interest rate charged by micro finances and other lending institutions in reasonable	1	2	3	4	5	
18.7	I have never encountered bureaucracies and red tapes	1	2	3	4	5	
18.8	I am beneficiary of government incentives	1	2	3	4	5	
18.9	I have never faced unfavorable legal and regulatory environments	1	2	3	4	5	

18.10	the tax levied on my business is reasonable	1	2	3	4	5	
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Part 3: Support areas of Trade and small scale industries to MSEs

The following are areas which asks about supports that given by TSIO to MSEs, read each of the areas and evaluate your business against the points and put a tick mark (✓) for your choice.

No.	Item	Agreement Scale					Remark
		1	2	3	4	5	
19	Support areas of TSIO to MSEs						
19.1	Training support	1	2	3	4	5	
19.1.1	I have got entrepreneurship training from TSIO	1	2	3	4	5	
19.1.2	I have got marketing training from TSIO	1	2	3	4	5	
19.1.3	I have got planning and financial reporting training from TSIO	1	2	3	4	5	
19.1.4	I have got machine maintenance training from TSIO	1	2	3	4	5	
19.1.5	I have got customer service training from TSIO	1	2	3	4	5	
19.1.6	I have got technical skill training from TSIO	1	2	3	4	5	

19.2	Machine support	1	2	3	4	5	
19.2.1	have got machine maintenance service from TSIO	1	2	3	4	5	
19.2.2	I have got machines support(gifts) from TSIO	1	2	3	4	5	
19.3	I have got Financial supports from TSIO	1	2	3	4	5	
19.4	I have got Technology supports TSIO	1	2	3	4	5	
19.5	I have got Raw material supports TSIO	1	2	3	4	5	
19.6	I have got Facility an furniture supports TSIO	1	2	3	4	5	

Annex B

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

Department of Rural Development

Interview Questions for TSIO and women affairs heads

1. What problems did you face while running MSEs in relation to:

A) Economic factors

- Market, Finance, Technology
- Infrastructure, Training and Raw material & other

B) Social factors

- Public acceptance

- Attitude toward women owned businesses
- Relationship with suppliers, customers and others

C) Legal and Administration factor

- Government policy
- Bureaucracies (in relation to licensing, taxation etc.)
- Women Support

2) Your cooperation with

- Microfinance's :

-How do you explain the relationship you have with microfinance office?

-Do you have regular meeting periods?

3) What other problem did you face?

4) What measures did you take to solve the problems you faced?

5. What are the areas of support you have to MSEs

a. Finance b. Training . Technology d. Raw materials e. other facilities

6. How is your relationship with Micro finance and others?

Annex C

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

Department of Rural Development

Interview Questions with micro finance heads

1. Is there a special financial support that you give for women entrepreneur?
2. What problem did you face in relation to
 - borrowing
 - lending
 - Collaterals.
3. What measures did you take to solve the problem you faced?
4. What is your cooperation with TSIO.

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

DEPARTMENT OF RURAL DEVELOPMENT

**ASSESSMENT OF FACTORS AFFECTING THE PERFORMANCE OF WOMEN
ENTREPRENEURS IN MICRO AND SMALL SCALE ENTERPRISES:–THE CASE
OF BASKETO SPECIAL WOREDA,SNNPR, ETHIOPIA**

A THESIS PROPOSAL

**SUBMITTED TO INDIRA GANDHI NATIONAL OPEN UNIVERSITY, DEPARTMENT OF
RURAL DEVELOPMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF ART IN RURAL DEVELOPMENT**

By:

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Addis Ababa, Ethiopia

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ABBREVIATIONS

SNNPRS: South Nations Nationalities and Peoples Regional State

ECSA: Ethiopian Central Statistics Authority

FDREPC: Federal Democratic Republic of Ethiopia Population Census

Commission Government Organization

TVET :Technical and vocational education and training

GDP: Gross Domestic Production

GNP: Gross National Production

GTZ: German Technical Cooperation

ILO: International Labor Organization

TSIO : Trade and small scale industries office

MSE: Micro and Small scale Enterprises

NGO: Non Government Organization

OECD: Organization of Economic Corporation and Development

SME: Small and Medium Enterprise

UNECE: United Nations Economic Commission for Europe

UNESCO: United Nations Education, Scientific and Cultural Organization

UNIDO: United Nations Industrial Development Organization

CHAPTER ON

1. INTRODUCTION

1.1 Background of the study

Women are becoming increasingly important in the socio-economic development of both developed and developing economies as they account for significant percent of the operators of Small and Medium Enterprises (SMEs) (Josiane, 2006; Jeldsen and Nielson, 2000);

The role of Women Entrepreneurs needs to be considered in the economic development of the nation for various reasons. They have been recognized during the last decade as an important untapped source of economic growth. Women entrepreneurs create new jobs for themselves and others and by being different also provide society with different solutions to management, organization and business problems as well as to the exploitation of Women Entrepreneurial opportunities: (Barrett, 2008);

Women entrepreneurships have been largely neglected both in society in general and in the social sciences. Not only have women lower participation rates in Women Entrepreneurship than men but they also generally choose to start and manage firms in different industries than men tend to do (Miner and Haunschild, 2005). The emergence of women entrepreneurs and their contribution to the national economy is quite

visible in India (Ram, 2009). Likewise, in Ethiopia 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 Ethiopian 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 on Eshetu and Zeleke (2008), 98% of business firms in Ethiopia are micro and small enterprises. On the basis of the 3rd census of Ethiopia out of the total population of the country (73,918,505), 36,621,848 are females (ECSA, 2007).

This accounts to 49.5% of the population. In general, entrepreneurship has not been effectively utilized in poverty reduction and in promoting and enhancing gender equality and women empowerment in the country. Women entrepreneurs have not participated equally with male counterparts; because of a lot of obstacles that women entrepreneur's face- in Ethiopia (Amha and Admassie (2008)

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. It is of critical importance to note that the problems and the challenges faced particularly by women entrepreneurs today need to be taken into consideration. Besides, their successes need to be recognized to enable them expand their businesses and to effectively access the opportunities.

According to Trade and Industry bureau, there were 28,943 registered women entrepreneurs, in the region. However their scale of operation had not been large enough to bring about the expected qualitative and quantitative change in the local economy; In order to make headway in promoting entrepreneurship, appropriate measures should be taken to reduce the bottlenecks/challenges that women entrepreneurs in MSEs encounter in the region.

Among the woredas in SNNP region, large number of women Entrepreneurs were operating in Basketo special woreda, where 218 women entrepreneurs were registered (Woreda Trade and Industry office report 2007). Like the region as a whole, women entrepreneurship problems are tremendous in the special woreda too. In order to take appropriate measures for the problems encountered, identifying the factors associated with the problems is a primary task. Therefore, the aim of this research is to identify the major factors that affect the performance of women entrepreneurs in MSEs in Basketo special woreda 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, almost half of the population in SNNP Region is composed of women. In light of their enormity in size, women's contribution to the economic development was not as expected.

Studies by different researchers with regard to entrepreneurship were holistic and had not disaggregated them on gender basis. Besides, they did not address the factors for the problems on the basis of personal, organizational, economical, socio-cultural and legal/administrative matters. Especially their studies did not address women entrepreneurs in MSEs. Specifically this study emphasis on factors that affect the performance of women entrepreneurs in MSEs. Particularly in Basketo special woreda. The trade and small scale industries offices in the region and the office established in Basketo special woreda are targeted to initiate and support entrepreneurs and provide entrepreneurship training to the graduates, existing and potential entrepreneurs who are able to create and run their own businesses. So as to develop entrepreneurial culture to all groups of the society, entrepreneurship training is given in Ethiopia in formal, informal and non formal way through TVET colleges/institutes. All these contribute a lot in strengthening women entrepreneurs' performance by equipping them with the necessary business skills.

Even though women entrepreneurs in MSEs account a large proportion of total entrepreneurs in the country as a whole, there is an acute shortage

of studies conducted with a specific objective of analyzing 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 indentifying specific factors that are responsible for resilience in SMEs operated by women entrepreneurs, and shade light on women-specific differentials that affect their performance. Thus, in this study it is thought to assess the different factors that affect the performance of women entrepreneurs in MSEs in Basketo special woreda. Furthermore, the supports given by the trade, micro and small scale industries office to MSEs will be assessed.

In light of this, the study attempts to answer the following basic questions;

4. What are the major characteristics of women entrepreneurs in MSEs and their enterprises?
5. What are the key economic, social, legal and administrative factors that affect the performance of women entrepreneurs in MSEs?
6. What supports are given to women entrepreneurs in MSEs by the trade, micro and small scale industries office and other government bodies to solve problems they face?

1.5 . Objective of the study

1.5.1 General Objective;

The study is designed to assess the major factors affecting the performance of women entrepreneurs in MSEs and the challenges they face in starting and running their own business in Basketo special woreda.

1.3.2 Specific Objectives;

1. To identify the major characteristics of women entrepreneurs in MSEs and their enterprises.
2. To identify the key factors that affects the performance of women entrepreneurs in MSEs.
3. To identify the supports given to women entrepreneurs in MSEs by office of trade and small scale industries micro finance institutes and other administrative bodies Basketo special woreda.

1.6 Significance of the study

Women should create their own jobs and become entrepreneurs' since opportunities of getting employment in either government, non government or a private organization is currently almost declining. . (Gemechis 2007)
This is possible only if the barriers of women entrepreneurs are solved.
Generally, the study has the following significances

3. It can be one input to existing women Entrepreneurs, potential entrepreneurs, MSE offices of the special woreda and the region to alleviate the problems that women entrepreneurs face.
4. It shows what areas of MSEs office should support the women entrepreneurs.

1.5 SCOPE OF THE STUDY

This study is limited to the key economic, socio-cultural, legal/administrative factors affecting the performance of women entrepreneurs in MSEs in Basketo special woreda. 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 or not. The study also addresses the training, machine , financial, raw material, technology and facility supports the trade and small scale industries office provide to these entrepreneurs to minimize the problems that the women entrepreneurs in MSEs face.

The purpose of this study is to assess factors affecting the performance of women entrepreneurs' in MSEs in case of Basketo special woreda. To this end, the researcher chooses a mixed research methods, in this case quantities and qualitative methods.

1.6. Limitation of the study

The researcher may face a number of problems to complete the research. Some of limitations were shortage of related and sufficient well organized secondary document from the stated sectors, and lack of experience as researcher. Other problem may be encountered in the study is that some of the respondents may not give full attention to fill the questionnaires properly. Even the process of distributing and collecting data may not be a simple task. However, the researcher will try to overcome such problems.

2. Definition of Key Terms

Characteristics: key personal and organizational features of women entrepreneurs in MSEs.

Cooperatives: association of at least 10 individuals who are from the same kebele(Basketo special woreda)

Factors: are problems might be personal, organizational, economic, socio-cultural, legal/administrative influences that affect women entrepreneurs overall activities and operations in MSEs.

Micro Enterprise means commercial enterprise whose capital is not exceeding birr 20,000 other than technological and consultancy services (Ethiopia's Ministry of Trade and Industry, 2003).

Micro finance: refers to the provision of financial services to low-income clients, including consumers and the self-employed (Ethiopia's Ministry of Trade and Industry, 2003).

Performance: overall activities and operations performed by women entrepreneurs in MSEs in strengthening their enterprises.

Small Enterprise means a business engaged in commercial activities whose capital is exceeding birr 20,000 and not exceeding 50,000 birr, other than high technological and consultancy service institutions (Ethiopia' Ministry of Trade and Industry, 2003).

Supports: training, machinery, financial, raw material and other facility assistances that Basketo special woreda trade and small scale industries office provide to MSEs.

Women entrepreneurs: women in MSEs running their own business rather than employed in any organization.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. An overview to entrepreneurship

Entrepreneurship is therefore a process that involves a willingness to rejuvenate market offerings, innovate, risks taking, trying out of new and uncertain products, services, markets and being more proactive than competitors towards exploring new business opportunities. It attracts both men and women who are interested in profitable inter-industry relationship. To ensure adequate development and competitiveness in entrepreneurship, considerable research has examined the participation of both male and female in venturing in business activities, particularly those reported to have personal dreams of entrepreneurship. This category has rapidly joined hands together to achieve success in business and enterprise development (Gelin, 2005).

As globalization reshapes the international economic landscape and technological change creates greater uncertainty in the world economy, the dynamism of entrepreneurship is believed to be able to help to meet the new economic, social and environmental challenges. Governments increasingly consider entrepreneurship and innovation to be the cornerstones of a competitive national economy, and in most countries entrepreneurship policies are in fact closely connected to innovation policies, with which they share many characteristics and challenges. The dynamic process of new firm creation introduces and disperses innovative products, processes and

organizational structures throughout the economy. Entrepreneurship objectives and policies nevertheless differ considerable among countries, owing to different policy needs and diverse perspectives on what is meant by entrepreneurship. In support of this stated, in some countries, entrepreneurship is linked to regional development programs and the creation of new firms is stimulated to boost employments and output in depressed regions. In others, entrepreneurship is a key element of strategies designed to facilitate the participation of certain target groups, such as women or minorities, in the economy. Some countries simply seeks to increase firm creation as such, while others set out to support high-growth firms. While many countries are making serious efforts to support entrepreneurship, results appear to vary. Countries want to understand the determinants of and obstacles to entrepreneurship, and they need to analyze the effectiveness of different policy approaches (the lack of internationally comparable empirical evidence has however constrained our understanding of entrepreneurship and many questions remain unanswered. Ultimately, policy making must be guided, as far as possible, by evidence and facts. (Schumpeter) (2005) (p13)

2.1.1. Meaning and definitions of entrepreneurship

There is no agreement among authors regarding the definitions of entrepreneurship. Different authors tried to define it in different manners.

This doesn't mean however that there are no common elements among authors. Some of the definitions are given below.

Entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms 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. (According to Ronstadt 1998) (p.9)

Entrepreneurship is the process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risks and receiving the resulting rewards of monetary and personal Satisfaction and independence from the definitions given above, it is possible to conclude that in almost all of the definitions of entrepreneurship, there is agreement that we are talking about a kind of behavior that includes: (1) initiative taking, (2) the organizing and reorganizing of social and economic mechanisms to turn resources and situations to practical account, (3) the acceptance of risk or failure. Hisrich (2005) (p2)

2.1.2 The benefits of entrepreneurship

It is abundantly clear that 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. According to World Bank (2007), Fox (2001) and Hisrich (2005) entrepreneurship has the following benefits.

Entrepreneurs are their own bosses. They make the decisions. They choose whom to do business with and work they will do. They decide what hours to work, as well as what to pay and whether to take vacations.

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 offers the prestige of being the person in charge.

It gives an individual the opportunity to build equity, which can be kept, sold, or passed on to the next generation.

Entrepreneurship creates an opportunity for a person to make a contribution. Most new-entrepreneurs help the local economy. A few through their innovations contribute to society as a whole. It is a catalyst for economic change and growth. Entrepreneurship increases per-capita output and income by doing so it involves initiating and constituting change in the

There is no agreement among researchers with regard to the differences in the Characteristics of male and female entrepreneurs. Some groups of researchers agree that there are no differences. But some others state differences. For example Green & Cohen (1995) (p.106) stated,

"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. These differences provide compelling reasons to study female entrepreneurship looking specifically at women founders, their ventures, and their entrepreneurial behaviors as a unique subset of entrepreneurship. Just as we have found that clinical trials conducted on an all-male population do not necessarily provide accurate information about the diagnosis or treatment of female patients, we see that scholarly research focused only on male entrepreneurial ventures leaves many questions unanswered for their female counterparts. Some argue that it is important to look at female entrepreneurs who, though they share many characteristics with their male colleagues, are unique in many aspects. Observable differences in their enterprises reflect underlying differences in their motivations and goals, preparation, organization, strategic orientation, and access to resources. Stressed on the differences even in their background and personal

characteristics. He found the female entrepreneurs to be the first born; from a middle or upper class family; the daughter of a self employed father; educated to degree level married with children; forty to forty-five at start-up; and with relevant experience. Birley (1987)

2.2.3. Differences between women and men entrepreneurs

While gender was shown not to affect new venture performance when preferences, motivation and expectations were controlled for, the differences observed among men and women entrepreneurs were observed by different researchers. Besides, it tried to distinguish male and female entrepreneurs with respect to their success indicators arranged in a sequential order from very important to least important. The following table illustrates this.

Entrepreneurship encourages innovation and creativity. It develops new products or service for the market to fulfill 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 more ventures being created, new jobs will be produced, thus reduce the unemployment rate. That will creates and promotes wealth distribution.

As explained above, entrepreneurship 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. 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. Furthermore, starting a business can be rewarding. Entrepreneurs are their own bosses. They can have more control over their working hours and conditions than they would have if they worked for someone else. If they cannot find a job they want, they can go into business to create one. For example, they may have a new idea about a particular product or service. If they believe that others would be interested in it, they can go into business for themselves. They may make a profit, which is the money left over after paying their bills, from being creative and doing what they enjoy. Malaya (2006)

2.3. Factors affecting entrepreneurship Performance

Even though entrepreneurship has its own advantages, it is not free of problems. For this there are a number of factors classified the basic factors that affect entrepreneurs in to two broad categories–economic and social. The economic factors include competition in the market; lack of access to the market lack of access to raw material, lack of capital or finance, lack of marketing knowledge; lack of production/storage space; poor infrastructure; inadequate power supply and lack of business training the social factors include lack of social acceptability; having limited contacts outside prejudice and class bias; society looks down upon; attitude of other employees; and relations with the work force. Samiti (2006), Tan (2000)

Besides this, added Social and Cultural attitude towards youth entrepreneurship; entrepreneurship education; administrative and regulatory framework; and business assistance and support; barriers to access technology are crucial factors that affect entrepreneurial success Gemechis (2007), Hisrich (2005), ILO (2009).

Woman entrepreneur is dependent on both demand side (political and institutional framework, family policy and market sources) and supply side factors (the availability of suitable individuals to occupy Women Entrepreneurial roles). Women Entrepreneurs depend on both the situation of women in society and the role of Women entrepreneurship in that same society. Both the factors that affect the gender system and the factors that affect Women Entrepreneurship in society are involved (Baum, 2005).

2.4. Factors Affecting Women Entrepreneurship

Several studies around the world have been carried out which throw light on the financial factors affecting women entrepreneurs. Though the three major stages in the entrepreneurial process of creating, nurturing and nourishing are the same for men and women, there are however, in practice, problems affecting women who are of different dimensions and magnitudes, owing to social and cultural reasons. The gender discrimination that often prevails at all levels in many societies impact the sphere of women in industry too, and a cumulative effect of psychological, social, economic and educational

factors act as impediments to women entrepreneurs entering the mainstream. (Stevenson and Jarillo, 2003)

Women entrepreneurs in the western world, proposed that three factors influence entrepreneurship antecedent influences (i.e., background factors such as working capitals and genetic factors that affect motivation, skills and knowledge), the incubator organization (i.e., the nature of the organization where the entrepreneur was employed just prior to starting a business; the skills learned there) and environmental factors (e.g., economic conditions, access to venture capital and support services, role models). Research from the rest of the world indicates that women and men differ on some of the above factors. While several of these financial factors are inherent to many countries, some of them are more severe in Kenya (Barrett and Weinstein, 2006).

2.4.1 Access to Finance

Access to finance is a key issue for women. Accessing credit, particularly for starting an enterprise, is one of the major constraints affecting women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers. In Kenya, women are almost invisible to formal financial institutions they receive less than 10 per

cent of commercial credits (MahbubulHaq human Development Center, 2000).

When women do have access to credit it is often in small amounts, whether this suits their needs or not. Entrepreneurs usually require financial assistance of some kind to launch their ventures be it a formal bank loan or money from a savings account very few women have the tangible property in hand. Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. "Having primary responsibility for children, home and older dependent family members, few women can devote all their time and energies to their business"

The Financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again. Differential access to credit may of course be a reflection of differences in the choice of sector, educational level or the amount of loan requested. (Starcher, 2008),

Kenyan women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and home. More over the business success is depends on the support the family members extended to women in the business process and management. The interest of the family members is a determinant factor in the realization of women

folk business aspirations. Another argument is that women entrepreneurs have low-level management skills. They have to depend on office staffs and intermediaries, to get things done, especially, the marketing and sales side of business. Here there is more probability for business fallacies like the intermediaries take major part of the surplus or profit. Marketing means mobility and confidence in dealing with the external world, both of which women have been discouraged from developing by social conditioning. Even when they are otherwise in control of an enterprise, they often depend on males of the family in this area. (Stevenson and Jarillo, 2003),

2.4.2. Access to markets

The ability to tap into new markets requires expertise, knowledge and contacts. Women often lack access to training and experience in on how to participate in the market place and are therefore unable to market goods and services strategically. Thus, women-owned SMSs are often unable to take on both the production and marketing of their goods. In addition, they have often not been exposed to the international market, and therefore lack knowledge about what is internationally acceptable. The high cost of developing new business contacts and relationships in a new country or market is a big deterrent and obstacle for many SMEs, in particular women owned businesses. Women may also fear or face prejudice or sexual harassment, and may be restricted in their ability to travel to make contact (UNECE, 2004).

2.4.3. Access to training

Women have limited access to vocational and technical training in South Asia. In fact, women on average have less access to education than men, and technical and vocational Skills can only be developed on a strong foundation of basic primary and secondary education. South Asia is characterized by low enrolment among women in education, high dropout rates and poor quality of education. The table below shows female literacy levels as a percentage of male literacy as well as average years of schooling of women and men, respectively. The figures are testifying to the existence of gender discrimination in building capacity of women and providing them with equal opportunities (UNECE, 2004).

2.4.4. Access to networks

Women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive. Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women-only or women-majority networks where a woman could enter,

gain confidence and move further. Lack of networks also deprives women of awareness and exposure to good role models. Few women are invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or sub sectors and of women as individuals within any given sector (Mahbub, 2000)

2.4.5. Access to policy makers

Most women have little access to policy makers or representation on policymaking bodies. Large companies and men can more easily influence policy and have access to policy makers. Who are seen more as their peers? Women tend not to belong to belong to, and even less reach leadership positions in, mainstream business organizations, limiting their input into policymaking through lobbying; women's lack of access to information also limits their knowledgeable input into policymaking (UNECE, 2004).

The key factors that affect women entrepreneurs' performance especially in developing continents like Africa are: vulnerability of women to adverse effects of trade reform; restraints with regard to assets (land); lack of information to exploit opportunities; and poor mobilization of women entrepreneurs; lack of management skills; lack of awareness among young women of entrepreneurship as a career option; conflicting gender roles; gender inequality inappropriate technology; and constraints at the legal, institutional and policy levels. Robertson(1998), OECD (2002), ILO (2008).

3. Women entrepreneurs in Ethiopia

A national survey conducted by the Ethiopian Welfare Monitoring Unit as cited in Eshetu and Zeleke (2008) shows that women entrepreneurs in Ethiopia are not provided with adequate policy related and strategic support from the national government, and that the promotion of vibrant SMEs should be one of the most important priority strategies for empowering women, addressing abject poverty and unemployment in Ethiopia. Businesses and enterprises operated by women contribute for economic dynamism, diversification, productivity, competition, innovation and economic empowerment of the poorest of the poor. Historically, there has been a well established tradition of women being involved in small businesses and enterprises. However, it is only recently that women's entrepreneurship has gained the attention of economic planners and policy makers particular in developing countries in Ethiopia. Although the national government has come to acknowledge that supporting enterprises operated by women promotes gender equality and economic empowerment, the majority of enterprises operated by women face difficulty in terms of access of finance, resources, business skills and institutional support from the national government Ethiopian Ministry of Trade and industry of Ethiopia (2003); National Bank of Ethiopia (2002); Negash&Kenea, (2003).

The studies stressed that SMEs owned or operated by women in Ethiopia survive against tremendous odds of failure. While it is true that the predominant image of the "Ethiopian woman entrepreneur" is one of poor women trying to survive,

there are other profiles. One is of the woman who has, because of higher education and better access to economic and resources, been able to grow her micro enterprise in to the small enterprise category of women believe they are most neglected category of women entrepreneurs because they do not have institutional credit or other support services available to them. These women have outgrown the micro finance system and yet are not able to borrow from banks. The other profile is of the woman who, because of their higher education, previous work experience, and better economic circumstances, has access to the financial and other resources needed to start and grow larger enterprises. (Hadiya, 1998; ILO, 2003).

Members of the Ethiopian Women Exporters' Forum (EWEF) are illustrative of this group, although even members of the EWEF complain about inadequate access to commercial bank loans to meet their working capital needs because of the rigid requirement for collateral guarantees (which they often cannot meet). Research has shown that it possible for women to make the transition from a micro to a small enterprise under the right circumstances. The ILO (2003) study of women in growth enterprises found that 70 per cent of the women entrepreneurs currently engaged in small enterprises had started them as micro-enterprises and grown them over time. Eshetu and Zeleke (2008), ILO (2003) also identified that the following are the main challenges that women entrepreneurs in Ethiopia face in a sequential order from very Sevier to least important difficulty in obtaining loan from commercial banks failure of business/bankruptcy. Failure to convert profit back into investment shortage of

technical skills poor managerial skills Low level of education Furthermore, ILO (2003) found that lack of suitable location or sales outlet; stiff competition; low purchasing power of the local population; lack of marketing knowhow; seasonal nature of the business; lack of market information; inadequate infrastructure; shortage of time (due to multiple tasks); shortage of raw materials; shortage of working capital are constrains of women entrepreneurs in Ethiopia. A study conducted by ILO (2008) in Ethiopia, the United Republic of Tanzania and Zambia identified that, women entrepreneurs do not have the same access to networks as men; women entrepreneurs have difficulties accessing premises due to among other things, a lack of property and inheritance rights; women's lack of access to titled assets that can be offered as collateral for loans adversely affects the growth of their enterprises; women entrepreneurs lack access to formal finance and rely on loans from family and community; women entrepreneurs tend to be grouped in particular sectors, particularly food processing and textiles; business development service providers do not give adequate time or effort to target women entrepreneurs - they do not offer flexible arrangements in respect of the timing and location of service delivery, women often experience harassment in registering and operating their enterprises.

3.1. Women entrepreneurs in MSEs

In SMEs women Entrepreneurs in MSEs are important to almost all economic in the world, but especially to those in developing countries and within that broad category, especially to those with major employment and income distribution

challenges. On what we may call the “static” front, women entrepreneurs in MSEs contribute to output and to the creation of “decent” jobs; on the dynamic front they are a nursery for the larger firms of the future, are the next (and important) step up for expanding micro enterprises, that contribute directly and often significantly to aggregate savings and investment, and they are involved in the development of appropriate technology. In an increasingly international marketplace, many companies are finding that prosperity is best achieved from specialization, as opposed to diversification while majority of the world’s largest companies continue to provide multiple services to numerous markets, they now purchase many components and goods from smaller companies that serve one particular niche. As the global marketplace continues to develop, women entrepreneurs in MSEs provide an effective tool for economic growth through participation in global supply chains (World Bank 2005).

3.2 Benefits of women entrepreneurs in MSEs

With various definitions by various countries, sometimes it becomes a difficult task for an individual to understand importance of women entrepreneurs in MSEs. One may not know the important role that women entrepreneurs in SMEs plays in developing any particular sector, economy of any country, alleviating poverty, increasing employment, and, above all providing various items of daily use at an affordable cost. Within the last few years many developed and developing countries have realized the importance of the sector. According to World Bank (2003) report women entrepreneurs in MSEs are the engine of

growth; essential for a competitive and efficient Market; Critical for Poverty reduction; and play a particularly.

Important role in developing countries furthermore; according to UNECE; they contribute to employment growth at a higher rate than larger firms. The private sector and in particular women entrepreneurs in MSEs form the backbone of a market economy and for the transition economies in the long-term might provide most of the employment. Support for women entrepreneurs in MSEs will help the restructuring of large enterprises by streamlining manufacturing complexes as units with no direct relation to the primary activity are sold off separately. And through this process the efficiency of the remaining enterprise might be increased as well; they curb the monopoly of the large enterprises and offer them complementary services and absorb the fluctuation of a modern economy; through inter-enterprise cooperation, they raise the level of skills with their flexible and innovative nature. Thus women entrepreneurs in MSEs can generate important benefits in terms of creating a skilled industrial base and industries, and developing a well-prepared service sector capable of contributing to GDP. UNIDO (2004) added that a characteristic of women entrepreneurs in MSEs is that they produce predominantly for the domestic market, drawing in general on national resources; the structural shift from the former large state-owned enterprises to women entrepreneurs in MSEs will increase the former centrally planned economies; an increased number of women entrepreneurs in MSEs will bring more flexibility to society and the economy and might facilitate technological innovation, as well as provide

significant opportunities for the development of new ideas and skills; women entrepreneurs in MSEs use and develop predominantly domestic technologies and skills; New business development is a key factor for the success of regional reconversion where conventional heavy industries will have to be phased out or be reconstructed (especially in the field of metallurgy, coalmining, heavy military equipment, etc).

3.3 Factors affecting the performance of women entrepreneurs in MSEs

In MSEs even though women entrepreneurs in MSEs contribute a lot for the economic development of a country, there are a number of challenges that affect them associated with different factors. For example, according to World Bank (2005), (SMIDEC, 2004), women entrepreneurs in MSEs are affected by lack of entrepreneurial, managerial and marketing skills; bureaucracy and red tape; lack accessibility to information and knowledge; difficulties accessing financial resources/Lack of capital; lack of accessibility to investment (technology equipment and know-how); non-conformity of standardization, lack of quality awareness and lack of mutual recognition schemes; Product and service range and usage differences; language barriers and cultural differences; risks in selling abroad; competition of indigenous MSEs in foreign markets; inadequate behaviors of multinational companies against domestic MSEs/Lack of government supply-supporting programs; complexity of trade

documentation including packaging and labeling; lack of government incentives for internationalization of MSEs; inadequate intellectual property protection; unfavorable legal regulatory environments and, in some cases, discriminatory regulatory practices; lack of business premises (at affordable rent); and low access to appropriate technology furthermore, a study made in Malaysia by APEC (1994), shows that the women entrepreneurs in MSEs are facing many challenges, which are attributed to lack of comprehensive framework in terms of policies towards MSEs development; many agencies or channels for MSEs without effective coordination (this leads to lack of transparency to the target groups); inadequate data and information on the development of SMEs; inability to be in the mainstream of industrial development. Many MSEs still occupy lands or sites that are not approved to be used for industrial purposes. There is also an underutilization to technical assistance, advisory services and other incentives made available by the government and its agencies. In addition, there is a lack of skilled and talented workers, which affects the quality of production as well as efficiency and productivity.

3.4 Women entrepreneurs in MSEs in Ethiopia

According to Schorling (2006), ILO (2006) in Ethiopia the idea of Micro & Small Enterprises (MSEs) development emerged as a promising agenda in the 1980s. A variety of reasons have been cited for the surge of interest in MSEs development, like: MSEs are a better way for poverty reduction. MSEs are a platform for sustainable development and productivity. MSEs are important actors within the trade sector and a platform for economically empowering

women and men. The MSE sector plays an important role in providing people with livelihood and income generating opportunities, providing income and services to people who cannot get employment in the formal sector. In November 1997 the Ethiopian Ministry of Trade and Industry has published the "Micro and Small Enterprises Development Strategy" , which enlightens a systematic approach to alleviate the problems and promote the growth of MSEs. Elements of the program include measures with regard to creating an enabling legal framework and streamlining regulatory conditions that hinder the coming up of new and expansion of existing MSEs. In addition specific support programs also include measures related to facilitating access to finance, provision of incentives, promotion of partnerships, training, access to appropriate technology, access to market, access to information and advice, infrastructure and institutional strengthening of the private sector associations and chamber of commerce. (ILO,2003) The following definition of MSE is from the Ethiopian Ministry of Trade and Industry (1997) and is used to categorize the sector for the purpose of the strategy.

The Micro and Small Enterprises Sector is described as the national homes of entrepreneurship. It provides the ideal: environment enabling entrepreneurs to exercise their talents to the full and to attain their goals. In comparison with other countries it is known that in all the successful economies, MSEs are seen as a springboard for growth, job creation and social progress at large. Women entrepreneurs development in MSEs: difficulties and problems schorling (2006) study shows that in Ethiopia's situation MSEs are confronted by various

problems, which are of structural, institutional and economic in nature. Lack of capital, market and working premises, marketing problems, shortage of supply of raw materials and lack of qualified Human Resources are the most pressing problems facing MSEs. Although the economic policy of Ethiopia paid due emphasis for entrepreneurship values and appreciation of the sector's contribution to the economy, there are still constraints related to infrastructure, credit, working premises, extension service, consultancy, information provision, prototype development, imbalance preferential treatment and many other, which therefore need proper attention and improvement. According to GTZ as cited in <http://www.bds-ethiopia.net/approach-tvet.html>, women entrepreneurs in MSEs in Ethiopia are faced with a number of challenges. The following can be cited as the main ones.

- ◆ Limited and for some complete lack of access to funds
- ◆ Lack of or poor skills of operators and/or the work force in the economy due to underdeveloped Technical and Vocational Education & Training (TVET) system
- ◆ Underdeveloped Business Development Service (BDS) market poor infrastructure
- ◆ Weak private sector promotional institutions
- ◆ Weak public sector support system main objectives of the women entrepreneurs development strategy in MSEs schorling also identified that the primary objective of the Ethiopian strategy framework is to create an enabling environment for women entrepreneurs in MSEs. In addition to

this basic objective the following specific objectives are stated here: Facilitate economic growth and bring about equitable development create long-term jobs strengthen cooperation between women entrepreneurs in MSEs provide the basis the basis for the Medium and Large Scale enterprises. Balance preferential treatment between women entrepreneurs in MSEs and bigger enterprises promote export according to the Ethiopian MSE-policy sited in www.bds-ethiopia.net, the Ethio-German Micro and Small Enterprise Development Strategy focus on four priorities:

Enabling Governmental, Non-Governmental (NGO) Agencies and Commercial

Business Development Services (BDS) providers to implement efficient BDS to the Ethiopian Business Community Strengthen the organizational capacity of the partner organizations through organizational development in order to deliver better services to the businesses training of trainers in order to implement CEFE trainings (Government, NGO, BDS-Providers, International Donors) related to MSE development in order to coordinate the respective activities.

6.5. Women entrepreneurs in MSEs SNNP Region

As the information gathered from written document from SNNPRS Trade and Industry Bureau there are 28943 women entrepreneurs in MSEs in the region. And the document also explains that the above women entrepreneurs play a

crucial role in the economic improvement of the region, because MSEs utilize relatively less capital, it's a home of entrepreneurship, can create substantial job opportunity, utilize cheap and local raw materials, and produce goods and services. Which save hard currency for the country in general and for our region in particular and the very important point is that is the creating opportunities for the population to earn (generate) income, which by itself create the way to reduce the poverty. Comparing with large enterprises women entrepreneurs in MSEs maintain a closer relationship with its customers, employees, it's based on lower overhead and have greater flexibility, because their size allows them to adopt new processes, services, materials and products.

The Bureau also stated in the written document that encouragement and promotional activities of women entrepreneurs in MSE in the region have been weak. Though the regional government has formulated the MSE regional strategy and put in place the bureau to implement the strategy, little is achieved so far. Women entrepreneurs MSEs are still facing sever constraints in their activities and their promotion and development are, therefore, hampered. These Micro and Small Enterprises are unable to address the problems they faced on their own, even in and effectively functioning market economies. The problems /constraints/ relate to each other, to the legal and regulatory environments, access to market, finance, business information, business premises, the acquisition of skills and managerial expertise, access to appropriate technology, access to infrastructure, and in some cases discriminatory regulator practices. They also pointed out that since there have

not been any organized policy and support systems that women entrepreneurs in MSEs have been confronted by the various problems which are of policy, structural and institutional in nature, lack of smooth supply of raw materials and working premises were the major bottlenecks for women entrepreneurs in MSEs. On the other hand negative attitude of the public to the importance of the sector due to cultural influence is another constraint to the development of MSEs, due to these reasons, training services to SMEs is fairly young and weak. Only insufficient formal counseling, information and training services are given and they are often given freely and are not demand driven

6.6. Women entrepreneurs in MSEs in Basketo special woreda

As the written document from the special woreda the women entrepreneurs in the special woreda are playing a key role in economic and social activities. As stated above the number of women entrepreneurs are 218 and even though this women are not getting appropriate support from concerned body but they have been benefiting themselves and much more others delivering services.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that were followed in completing the study. It involved a blueprint for the collection, measurement

and analysis of data. In this section the researcher identified the procedures and techniques which were used in the collection, processing and analysis of data. Specifically the following sub sections were included; research design, target population, data collection instruments, data collection procedures and finally data analysis.

3.2. Research Design

The design of this research was a descriptive survey research. A descriptive survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions, attitude, behavior or values (Mugenda and Mugenda 2003) A descriptive study design is deemed the best design to fulfill the objectives of the study. This design is considered appropriate for the type of objective of this study and the implied comparative analysis to determine factors affecting the performance of women entrepreneurs' in micro and small enterprise in Basketo special woreda.

3.4. Populations

According to Ngechu (2004) population is defined as a set of people, services, elements, and events, group of things or households that are being investigated. The study targeted women entrepreneurs particularly engaged on the trade, service, and manufacture sector Basketo special woreda, there are

218 total women entrepreneur registered at Basketo special woreda (Trade and small scale industries office,2007)

The population characteristic is as summarized in table. Mugenda and Mugenda, /2003/ explains that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study.

3.3. Sample size and sampling techniques

To ensure that the sample accurately represents the population, Cooper and Schindler (2000) further recommend that the researcher must clearly define the characteristic of the population, determine the required sample size and choose the best method for selection members of the sample from the larger population.

Since the population was heterogeneous they will be categorized in to different groups by using parameters like business type (manufacturing, trade, and services), initial capital and working environment. stratified sampling technique will be used to categorize women entrepreneurs in to three business types, namely, manufacturing, trade and services. Representative sample will be drawn from each business type by using proportional sampling technique. In addition, senior managers from trade and small scale industries, micro finance, women and children affairs were selected purposely for interview.

From population size of 218, a sample of 30% will be drawn from each group in proportion to size with equal probability of being selected.

A total of 66 respondents will be selected as sample for the study, as shown on the table below (Table1)

Table1. Sample size of individuals from each business category to be used for the study.

Population	Sample size 30%
Trade 194	58.2 which is equal to 58
Manufacture 12	3.6 which is nearly 4
Service 12	3.6 which is nearly 4
Total 218	66
Interview	4
	Grand total sample =70

3.4. Sources of Data

3.4.1 Primary Source

The primary sources of data will be gathered through closed ended questionnaires distributed to women entrepreneurs. Other individuals will be approached directly to fill the questionnaires.

3.4.2 Secondary Data

To supplement the primary data, secondary source will be collected through extensive review of published and unpublished documents which are available in the form of books, journal articles, websites, and thesis outputs.

3.5. Instrument of data collection

Questionnaire: Questionnaires have the advantage of covering a large sample, and saves time to collect data. For the purpose of this study, the researcher will use questionnaires to collect both qualitative and Quantitative data. A set of questionnaires will be prepared to gather data from targeted women entrepreneurs.

The questionnaire will be close ended and will be prepared in English and then translated in-to Amharic (local) language to make it convenient for respondents to understand.

Interview: Advantage that can be derived from the interview is its flexibility in expressing different viewpoints is on the subject understudy. In order to get the necessary information, 4 office managers were interviewed and the participant will be selected purposely. Checklist of questions will be drawn to obtain factual and detail information from the heads of Micro finance, Trade and small scale Industries and women affairs offices.

Document analysis:– different available documents such as work plan and annual report from the concerned offices will be assessed to obtain the necessary information about the topic under study.

3. 6 Data processing and analysis

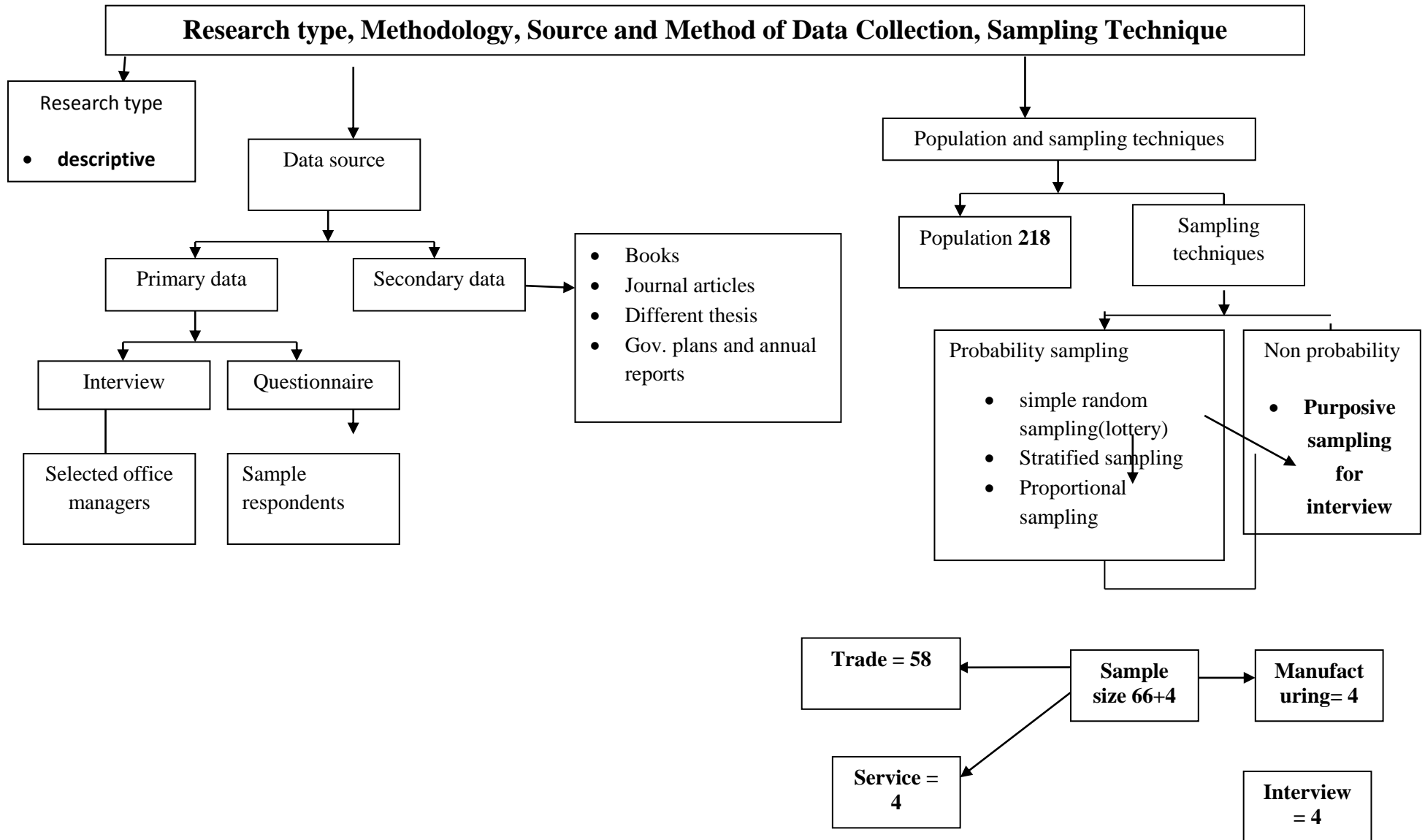
Depending on the type of collected data different statistical techniques will be employed in the study. The collected data will be organized, summarized, analyzed, and interpreted both qualitatively and quantitatively.

Following the completion of data collection, data processing will be conducted through filtering for accuracy, consistency; completeness and eligibility of the raw data for sound statistical analysis.

Quantitative descriptive statistical tools such as percentage (%), frequency, and excels will be utilized.

The qualitative data collected from the respondents will be transferred, organized and grouped to give meaning, and then editing, categorizing and interpretation will be followed. The analyzed and interpreted data will presented in the form of tables, figures, charts and descriptive statements.

Summary of Methodology



3.8 .Ethical consideration

Since research was not possible without the help and coordination of other peoples, the appropriateness of the researcher behaving in the relation to the subject of the research. Ethical issues were considered by the researcher from the beginning to the end of the study. After the department approves the thesis proposal, the researcher will follow logical procedures in every stage of data collection process.

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4. Work plan or Time plan

Activity	June	July	August	September	October	November	December
Topic selection	■ ■ ■						
Proposal preparation		■ ■ ■					
First draft proposal submission			■ ■ ■				
Final proposal submission				■ ■ ■			
Ethical clearance				■ ■ ■			
Data collection				■ ■ ■			
Data analysis					■ ■ ■ ■ ■	■ ■ ■ ■ ■	
First draft submission						■ ■ ■ ■ ■	■ ■ ■ ■ ■
Submission of final paper							■ ■ ■ ■ ■

5. Cost of the Project (Budget plan)

Budget category	Quantity	Unit cost Ethiopian Birr	Multiplying factor	Total Cost (ETB)	Remark
1	Personnel				
	Supervisor	2	150/day	10dayx150	3,000.00
	Data collector	10	80/day	10 day x 80	8,000.00
	Sub total			11,000.00	
2	Materials and equipment				
	Paper	4	160.00	160X4	640
	Pen	20	4.00	4X20	80.00
	Photocopy	3000	0.5	3000*0.5	1,500.00
	Subtotal	2,720.00			
3	Transport and communication			3,000.00	
	Total			16,220.00	
	Contingency 10%			1,622.00	
	Grand total			17,842.00	

Annex A

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

Department of Rural Development

Questionnaire filled by women entrepreneurs

Dear Respondents:

This questionnaire is aimed to assess factors affecting the performance of women entrepreneurs in micro and small scale enterprises in Basketo special woreda. It is to be filled by women entrepreneurs in manufacturing ,trade and service sectors. The information gathered in this survey will be used for completing a thesis the thesis for fulfillment of the requirement of Master's degree in Rural Development Thus, the researcher kindly requests you to give your genuine and frank response for the required information. Your contribution is highly important for the success of the study .The researcher would like to assure you that all the response you give will be kept confidential and used only for the research purpose. As a further assurance, you do not have to write your name. I would like to thank you for your honest cooperation.

PART 1: DEMOGRAPHIC INFORMATION

1) Age

a) Below 20 b) 21–30 c) 37–40 d) above40

2) Religion

a) Orthodox b) Muslim c) Catholic d) Protestant e) Others

3) Level of education and training

a) Can't read and write

b) Grades 1-4

C. Grades 5-8 D. Grades 10 complete

E. 10+1 & 10+2 F. 10+3 /diploma

G. BA/BSC and above

4) Marital Status

a) Married b) Widow c) Divorced d) Single

5) Family size

a) Less than 3 b) 4-5 c) More than 5

PART 2 CHARACTERISTICS OF WOMEN ENTREPRENEURS

6) What sector is your business in?

a) Trade b) Production

C) Services d) Hand-craft

e) Other (specify) _____

7) How long have you been an entrepreneur?(in years)

a) <1yr b) 1-5 c),6-10 d) 10>

8) Number of employees in the enterprise?

a) Less than 5 b) 6-10

c) 11-15 d) more than 15

9) What is the legal ownership status of the establishment?

a) Sole ownership b) Joint ownership

c) Family business d) Cooperative e) other (specify) _____

10) Why did you prefer to start your own business?

a) Family tradition b) To be self-employed

c) Brings high income d) Small investment is required

e) No other alternative for incomes f) others (Specify) _____

11) Who initiated and started the business?

a) Myself b) With the family

c) With a friend) other (specify)

12). How did you acquire the skill for running your enterprise?

a) Through formal training b) From past expert

c) From family d) other (specify)

13. Is there anyone in the family who was an entrepreneur or owner of some related business activities?

a) Yes b) No

14. If yes, what is your family relation with him/her?

a) Father b) Mother

c) Brother d) Sister e) Grandfather

f) Grandmother g) Husband h) Other(specify)

15. What was your main source of start-up funding?

a) Personal saving b) household c) Borrowed from relatives or friends/money lenders

d) Micro-finance institutions e) Equib f) Assistant from friends/relatives
g)Inheritance h) Borrowed from Bank i)Assistant from NGO's j) Others (specify)

PART 3: FACTORS AFFECTING WOMEN ENTREPRENEURS' PERFORMANCE IN MSEs.

The major factors that affect women entrepreneurs' performance in MSEs are listed below. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (✓) under the choices below. 5= strongly agree 4= agree 3= undecided 2= disagree 1= strongly disagree

No.	Item	Agreement Scale					Remark
		1	2	3	4	5	
16	Economic factors	1	2	3	4	5	
16.1	I am satisfied with the financial access given by Micro finances and other lending institutions.	1	2	3	4	5	
16.2	I have access to market for my products	1	2	3	4	5	
16.3	A have access to different business trainings	1	2	3	4	5	
16.4	I have my own premises (land) to run my business	1	2	3	4	5	
16.5	I have an access to information to exploit business opportunities	1	2	3	4	5	
16.6	I have managerial skills	1	2	3	4	5	
16.7	I have access to necessary technologies	1	2	3	4	5	
16.8	There is no stiff competitions in the market place that I am engaged in.	1	2	3	4	5	
16.9	Adequate infrastructures are available	1	2	3	4	5	

16.10	I have access to necessary inputs(raw materials)	1	2	3	4	5	
17	Social factors	1	2	3	4	5	
17.1	I have a better of social acceptability	1	2	3	4	5	
17.2	I have a better contacts(networks) with outsiders	1	2	3	4	5	
17.3	I have no prejudice or class biases	1	2	3	4	5	
17.4	The societies attitude towards my products/services is positive	1	2	3	4	5	
17.5	The attitude of other employees towards my business is positive	1	2	3	4	5	
17.6	I have a positive relationship with the workforce	1	2	3	4	5	
17.7	I have no conflicting gender roles	1	2	3	4	5	
17.8	I am not affected by gender inequalities	1	2	3	4	5	
17.9	I have no cultural influences	1	2	3	4	5	

17.10	I never encounter harassments in registering and operating my business	1	2	3	4	5	
18	Legal and administrative factors	1	2	3	4	5	
18.1	have business assistants and supporters from government bodies	1	2	3	4	5	
18.2	I have a network with different administrative bodies	1	2	3	4	5	
18.3	I have access to policy makers	1	2	3	4	5	
18.4	I have no legal, institutional and policy constraints	1	2	3	4	5	
18.5	I can borrow money even without titled assets as a collateral	1	2	3	4	5	
18.6	Interest rate charged by micro finances and other lending institutions in reasonable	1	2	3	4	5	
18.7	I have never encountered bureaucracies and red tapes	1	2	3	4	5	
18.8	I am beneficiary of government incentives	1	2	3	4	5	
18.9	I have never faced unfavorable legal and regulatory environments	1	2	3	4	5	

18.10	the tax levied on my business is reasonable	1	2	3	4	5	
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Part 3: Support areas of Trade and small scale industries to MSEs

The following are areas which asks about supports that given by TSIO to MSEs, read each of the areas and evaluate your business against the points and put a tick mark (✓) for your choice.

No.	Item	Agreement Scale					Remark
		1	2	3	4	5	
19	Support areas of TSIO to MSEs						
19.1	Training support	1	2	3	4	5	
19.1.1	I have got entrepreneurship training from TSIO	1	2	3	4	5	
19.1.2	I have got marketing training from TSIO	1	2	3	4	5	
19.1.3	I have got planning and financial reporting training from TSIO	1	2	3	4	5	
19.1.4	I have got machine maintenance training from TSIO	1	2	3	4	5	
19.1.5	I have got customer service training from TSIO	1	2	3	4	5	
19.1.6	I have got technical skill training from TSIO	1	2	3	4	5	

19.2	Machine support	1	2	3	4	5	
19.2.1	have got machine maintenance service from TSIO	1	2	3	4	5	
19.2.2	I have got machines support(gifts) from TSIO	1	2	3	4	5	
19.3	I have got Financial supports from TSIO	1	2	3	4	5	
19.4	I have got Technology supports TSIO	1	2	3	4	5	
19.5	I have got Raw material supports TSIO	1	2	3	4	5	
19.6	I have got Facility an furniture supports TSIO	1	2	3	4	5	

Annex B

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

Department of Rural Development

Interview Questions for TSIO and women affairs heads

1. What problems did you face while running MSEs in relation to:

A) Economic factors

- Market, Finance, Technology
- Infrastructure, Training and Raw material & other

B) Social factors

- Public acceptance
- Attitude toward women owned businesses
- Relationship with suppliers, customers and others

C) Legal and Administration factor

- Government policy
- Bureaucracies (in relation to licensing, taxation etc.)
- Women Support

2) Your cooperation with

· Microfinance's :

–How do you explain the relationship you have with microfinance office?

–Do you have regular meeting periods?

3) What other problem did you face?

4) What measures did you take to solve the problems you faced?

5. What are the areas of support you have to MSEs

a. Finance b. Training c. Technology d. Raw materials e. other facilities

6. How is your relationship with Micro finance and others?

Annex C

INDIRA GANDHI NATIONAL OPEN UNIVERSITY

Department of Rural Development

Interview Questions with micro finance heads

1. Is there a special financial support that you give for women entrepreneur?
2. What problem did you face in relation to
 - borrowing
 - lending
 - Collaterals.
3. What measures did you take to solve the problem you faced?
4. What is your cooperation with TSIO.