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**CHALLENGES THAT WOMEN ENTREPRENEURS  
AND STARTUP ARE FACING IN ADDIS ABABA  
ETHIOPIA**

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**CHALLENGES THAT WOMEN ENTREPRENEURS AND  
STARTUP ARE FACING: THE CASE OF NIFAS SILK LAFTO  
SUB-CITY, ADDIS ABABA ETHIOPIA**

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## **LIST OF ABBREVIATIONS AND ACRONYMS USED**

AAWEA	Addis Ababa Women Entrepreneurs Association
CSA	Central Statistical Authority
GDP	Gross Domestic Product
ILO	International Labor Organization
MSEs	Micro and Small Enterprises
MSME	Micro, Small, and Medium Enterprises
SSA	Sub-Saharan Africa
UNDP	United Nations Development Programme
WEA	Women Entrepreneurs Association
WEs	Women Entrepreneurs
WISE	Women in Self Employment



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## **ABSTRACT**

*This study was designed to shade light on the challenges that women entrepreneurs are facing to both start a new business or develop their existing business in Addis Ababa metropolitan. It also addressed the features of women entrepreneurs in as well as their respective business fields. A sample of 300 women entrepreneurs engaged in six sectors was taken for the study using simple random sampling. In an attempt to providing answering to the basic research questions which is mostly what and how, a descriptive research design has been implemented. Following, primary data has been collected by using questionnaire that includes both closed and open-ended questions to understand demographic profiles, characteristics of women entrepreneurs and their business, challenges that they faced and the way they tried to overcome their challenges. The questioner has been distributed to only women entrepreneurs and startups that are registered under Nifas silk Lafto sub city on the year 2012/13E.C. And secondary data has been collected from previous related research and governmental registries and reports, internet sources and other relevant information. After that the data has been analyzed quantitatively by using descriptive statistical techniques such as graphs and percentages to understand the frequency distribution. The result of the study indicates the personal characteristics, business status of women entrepreneurs in Addis Ababa and the various challenges that they have faced including the techniques they used to overcome the challenges. On the result section the various challenges have been tried to be categorized in to four basic groups such as economic, social, personal, and business challenges. Following, recommendations are provided for the upcoming new women startups and various sectors such as micro finance and educational institutions plus sectoral and concerned governmental associations.*

*Key Words: Women startups, Women Entrepreneurs, challenges*

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

According to the statistic done on the total population of Ethiopia from 2009 to 2019 by gender, in 2019, Ethiopia's female population amounted to approximately 56.01 million, while the male population amounted to approximately 56.07 million inhabitants (Plecher, 2020). However, even if the population amount of each gender is equal the contribution of women entrepreneurs to the economic development is not adequately utilized here in Ethiopia. Historically, women in Ethiopia are politically, economically, socially, culturally, and religiously abused and mistreated. This is manifested in their day-to-day affairs; for example, women face difficulty in accessing finance while establishing a new business or want to expand their business (Amha & Narayana, 2004).

Worldwide various literature sources attest (Aldrich & OECD, 2005) that, globally, women have started businesses in significantly greater numbers over the past two decades, though; gender inequality in entrepreneurship continues to be prominent when compared to the traditional labor market. For example, in 2005, (UNDP, 2012) women comprised fifty-six (56%) percent of professional and technical workers and 42 percent of legislators, senior officials, and managers.

Women owned enterprises are steadily growing (Atsede & Brigitte, 2014) in Ethiopia, and they are contributing to household incomes and to the growth of national economies. Despite the growing number of women entrepreneurs (WEs) in Ethiopia and their contribution to the economy and reduction of societal problems, they still own and manage fewer small businesses than men. The existing few studies focus on the position and profiles of women as micro and informal entrepreneurs due to the interest of donors in targeting at this group of women entrepreneurs.

According to the (Ethiopian Central Statistical Authority, 2012), 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 (Bekele & Worku, 2008a). According to (Aregash, 2005), 98% of business firms in Ethiopia are micro and small enterprises, out of which small enterprises represent 65% of all businesses. More than half of all women entrepreneurs in Ethiopia often face gender related challenges in establishing new businesses as well as operating or expanding existing businesses (Amha & Ademassie, 2004).

Despite these, there have been few studies concerning women entrepreneurs in Ethiopia. According to (Solomon, 2010), the limited data and information available on women entrepreneurs have contributed to low knowledge and awareness. Available surveys conducted often do not provide an adequate overview nor do they show trends over time. Research on women entrepreneurs and challenges confronting them are scanty despite large number of women who are engaged in small and micro businesses and challenges that confront them. Women entrepreneurs in Ethiopia suffer from gender discrimination in society due to socio-cultural barriers, multiple responsibilities, underdeveloped enterprise culture, inadequate support system for businesses and underdeveloped markets and infrastructure (Solomon, 2010).

## **1.2 Statement of the Problem**

Women in Ethiopia face challenge to start and become successful on their businesses (Mersha & Sriram, 2019). In developing countries like Ethiopia, female entrepreneurs are facing various challenges in their day-to-day lives just because of their gender (Gebremariam, 2017). More than half of all women entrepreneurs in Ethiopia often face gender related challenges in establishing new businesses as well as operating or expanding existing businesses (Women, Enterprises, & Ababa, 2013). (Mersha & Sriram, 2019) reported that women entrepreneurs have lower business and entrepreneurial skills and relied more on government funding, this is due various factors like family, safety, finance, and other resources (ZINASH, 2011).

In Ethiopia in order to enhance employment and entrepreneurship Micro and Small Enterprises (MSEs) have been introduced. The role of Micro and Small-scale Enterprises (MSEs) in socio-economic development as a means for generating sustainable employment and income is increasingly recognized. In developing countries, the informal sector is a large source of employment and income, particularly for the urban population (Wasihun & Paul, 2010). Furthermore, by generating larger volumes of employment as well as higher levels of income, the MSEs will not only have contributed towards poverty reduction in Ethiopia, but they will also have enhanced the welfare and living standard of many (Gebremariam, 2017).

The Government of Ethiopia gave attention to the promotion and development of MSEs, especially for women as a strategy for poverty reduction and increasingly for employment creation. The issuance of the first national MSE Development and Promotion Strategy in 1997 and formulation of Women Policy in 1998 aims to empower women by facilitating conditions to

have access to resources and to participate in economic activities. The establishment of the Federal MSEs Development Agency and the issuance of Ethiopia's Industrial Development Strategy in 2003 are, additionally, important instruments to promote MSEs development. Furthermore, different national and international organizations, such as International Labor Organization (ILO), Women in Self Employment (WISE), Women Entrepreneurs Association (WEA), etc., designed different support programs to help women get out of poverty and build the capacity of women entrepreneurs by providing access to credit, training, and related assistances (Wasihun & Paul, 2010).

However according to (Bekele & Worku, 2008a; Solomon, 2010; Zewde & Associates October 2002; ZINASH, 2011), the limited data and information available on women entrepreneurs have contributed to low knowledge and awareness. Available surveys conducted often do not provide an adequate overview nor do they show trends over time. Research on women entrepreneurs and challenges confronting them are scanty despite large number of women who are engaged in small and micro businesses and challenges that confront them. As an example, women entrepreneurs in Ethiopia suffer from gender discrimination in society due to socio-cultural barriers, multiple responsibilities, underdeveloped enterprise culture, inadequate support system for businesses and underdeveloped markets and infrastructure.

Moreover, according to (Gebremariam, 2017), despite MSEs are one of the most important alternative sectors for socioeconomic development in both developed and developing countries, and that they play significant roles in the creations of employment opportunities, reduction of poverty and income generation for urban dwellers, in Ethiopia it is less likely to come across women entrepreneurs or, if any, most often they are participating in areas where they need limited capital such as service delivery, and much less so in manufacturing. Bekele and Worku (2008, p. 4 as cited in Clack, 2014) refer to surveys conducted by the World Bank (2005), World Trade Organization (2002), and the Ministry of Finance and Economic Development of Ethiopia (2002) that concluded female entrepreneurs in Ethiopia receive insufficient meaningful financial support and training to manage their businesses efficiently. Historically, women in Ethiopia are politically, economically, socially, culturally, and religiously abused and mistreated. This is manifested in their day-to-day affairs, for example, women face difficulty in accessing finance while establishing a new business or want to expand their business (Amha & Narayana, 2004).

Therefore, this research is in general, intending to broaden the understanding of women entrepreneurship and their challenges and in specific, to closely investigate the current disputes that women entrepreneurs in MSEs (Women operated MSEs) are facing in particular region of Addis Ababa for detail analysis.

### **1.3 Research Questions**

- 1) What are the challenges women face while pursuing or starting a business?
- 2) How do women entrepreneur deal with the challenges that they are facing?
- 3) How can women develop their startup idea to entrepreneurship?

### **1.4 Objectives of the Study**

#### **1.4.1 General objective**

The main objective of this study is getting better insights and understanding of challenges that women entrepreneurs and startup business in Addis Ababa are facing.

#### **1.4.2 Specific objective**

This study specifically intends to:

- 1) Determining the Challenges that women entrepreneur in Addis Ababa face to pursue their business.
- 2) Identifying the challenges that women are facing to start their own business.
- 3) Exploring the influence of the challenges on the idea of women entrepreneurs to start their own business in Addis Ababa.
- 4) Understanding how women entrepreneurs deal with the challenges.

### **1.5 Definition of Terms**

**Entrepreneur** - An individual who, rather than working as an employee, runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes (Handbook, 2020).

**Startups** - are companies or ventures that are focused on a single product or service that the founders want to bring to market. These companies typically don't have a fully

developed business model and, more crucially, lack adequate capital to move onto the next phase of business(FONTINELLE, 2020).

**Micro and Small Enterprises (MSEs)** - According to Ethiopian's Federal Micro and Small Enterprises Agency the improved definition of micro enterprises is an enterprise operates with 5 people including the owner and/or their total asset is not exceeding Birr 100,000 under industry and the value of total asset is not exceeding Birr 50,000 for service sector. Small enterprise is those enterprises hired 6 up to 30 employee or total asset amount birr 100,000 up to 1.5 million birr for industry sector and 50,000 up to 500,000 for services sector (GFDRE, 2010).

## **1.6 Significance of the Study**

The thesis among others provides fresh look into the status of women entrepreneurs. While so doing the study is expected to come up with list of the intervention areas needed by concerned stakeholders to further enhancing the role of women entrepreneurs in the private sector. The thesis also gives an input to policy makers, academic institutions, and others as to what need to be done to augment the efforts of Ethiopia women entrepreneurs.

## **1.7 Delimitation/Scope of the Study**

As many graduate studies, the research has some shortcomings. Only women who are involved in micro and small-scale enterprise from a single Sub city studied, this is due to the availability of limited time and resource.

The row data for the study was collected from March 16 to April 16, 2021, to understand the challenges that women entrepreneurs and startup business in Addis Ababa are facing. For the sake of uniformity and due to their more familiarity to the investigator, only data that was obtained from Nifas Silk Lafto Sub-City was used in this study. The area was selected purposively by the researcher. This is because, the investigator of the study is the residence of the area by which the study was conducted, and through this the researcher can easily identify the needs and aspirations of MSEs in that area. Other sub cities in the city, out of the selected sub city were not get attention in this study. Moreover, the study focuses only on the challenges that women entrepreneurs and startup business in Nifas Silk Lafto Sub-City are facing, with special focus to personal factors, institutional factors and other specific determinant factors which hinder their advancement. It is also delimited to those MSEs who have been registered under the MSE

development strategy of Ethiopian government and licensed by each center of MSEs service center in the Sub-city. However, there are various private MSEs, the researcher I not included, in the study. The reason for excluding private MSEs is that it is difficult to get their list which would help for sampling.

## **1.8 Organization of the study**

The research paper is organized with the view to provide readers with cohesive information on the research undertakings. Accordingly, the research paper is constituted from five main chapters. In the first chapter the thesis focuses on providing readers with background information on the study conducted. In this part, preliminary introduction, statement of the problem, basic research questions, objectives of conducting the study, scope and significance of the study as well as 7 research design and methodology with definition of terms will be addressed. Besides, organization of the research report, time schedule needed to conduct the study and accompanying budget will also be presented. In chapter two, provides the necessary literature on the research topic. By so doing research conducted on women entrepreneurs, challenges they are facing on their performance, social and demographic constraints faced by women entrepreneurs will be covered. In line with this, research made on women entrepreneurs in America, Asia, Africa and Ethiopia are thoroughly consulted and extracts from the same are part of the research document. In chapter three, research design, methodology such as study area, constraints faced by women entrepreneurs. Besides, population of the study, sample and sampling techniques, data collection methods, instrumentation and data analysis scheme is painstakingly addressed. In chapter four, the paper presents analytical review of the study using statistical tools like table and graphs is presented. In connection with this, data and information like demographic, educational background, sectors with in which women entrepreneurs involved, summarized and analyzed challenges they are facing are provided for readers understand the findings of the research task. Last but not the least, in chapter five; the paper presents readers based on chapter four findings, conclusions and recommendations reached at. In this chapter, recommendations and possible intervention measures by the concerned stakeholders is enumerated.



## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

### **2.1 Theoretical Review**

#### **2.1.1 Business startup**

The term startup refers to a company in the first stages of operations. Startups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is demand. These companies generally start with high costs and limited revenue, which is why they look for capital from a variety of sources such as venture capitalists (GRANT, 2020).

A startup is a company that's in the initial stages of business. Until the business gets off the ground, a startup is often financed by its founders and may attempt to attract outside investment. The many funding sources for startups include family and friends, venture capitalists, crowd funding and loans. It must also consider where they'll do business and their legal structure. (GRANT, 2020)

Many startups turn to others for more funding: family, friends, and venture capitalists. Silicon Valley is known for its strong venture capitalist community and is a popular destination for startups but is also widely considered the most demanding arena. Startups can use seed capital to invest in research and to develop their business plans. Market research helps determine the demand for a product or service, while a comprehensive business plan outlines the company's mission statement, visions, and goals, as well as management and marketing strategies.

A startup is a venture that is initiated by its founders around an idea or a problem with a potential for significant business opportunity and impact. Often the actual development starts even before that with a search of an idea or a meaningful problem worth solving and building a committed founding team aligned with shared vision to make that vision into reality.

Aim of the initial founder(s) is to establish a committed co-founder team with necessary skills and abilities to be able to validate the initial problem/solution fit and product/market fit, before scaling it to significant company and self-sustained business. So in addition to innovation process itself, from idea to value generating product and business model, startups also need to have a strong and committed founding team and develop both of these together into a real

growing business and organization that captures the value being created as a great company. (Startupcommons.org, 2021)

### 2.1.2 Entrepreneurship

The classical and neo-classical theorists are trying to define entrepreneurship. However, there is no single definition of Entrepreneurship that serves as a tailored vocabulary. The definition given by theorists so far all depends on the focus of the one defining it and from which perspective one looks at it. (Bulla, 2012) looked at entrepreneurship from the management perspective, while others look at it from the social perspective. Entrepreneurship is therefore a multidimensional concept. For instance, (Catarina, 2012) was the first economist to acknowledge the entrepreneur as a key economic factor. Catarina saw the entrepreneur as responsible for all exchange and circulation in the economy. (Say, 2001) regarded the entrepreneur as a manager of a firm, an input in the production process. Rather than emphasizing the risk-bearing role of the entrepreneur. (Kirzner, Hebert, & Link, 2006) also stressed that the entrepreneur's principal quality is to have good judgment. (Schumpeter, 1934) defined entrepreneurship from the economics perspective by focusing on the perception of new economic opportunities and the subsequent introduction of new ideas in the market.

From the above brief introduction, it is safe to say that there are various perspectives and basis of defining entrepreneurship. Hence, entrepreneurship is the process of discovering new ways of combining resources to generate profit. In the subsequent pages, the study will show these perspectives in detail.

Entrepreneurs are needed to transform the hidden resources of that nation into meaningful assets. A society without men and women who are creative and innovative may face the problem of unemployment, hardship, and stagnation. Entrepreneurship is the bedrock of the world's economy in that jobs and wealth are discovered by individuals who are entrepreneurial minded and able to restructure the available scarce resources into profitable ventures thereby creating jobs for themselves and others. Entrepreneurship is so vital that it is seen as the engine of economic growth and wheel that pedal the vehicle of economic development (Tadesse, 2020).

### 2.1.3 Entrepreneurship in Africa

(Forbes, 2014) has never been a more inspired generation of young Africans Entrepreneurs. Entrepreneurs are builders, innovators and risk takers are fervent in their resolve to transform the continent. They are solving critical socio-economic problems, exporting African culture to the world, creating job opportunities for Africans, retelling Africa's stories, and writing the future.

Africa's brightest young entrepreneurs (Nsehe, 2014) are the ones who are making the most dramatic impact in Africa today in manufacturing, technology, real estate, media & entertainment, financial services, agriculture, fashion and the service industry.

According to The (Global enterpruner ship Monitor, 2013) report, Entrepreneurship has never been more relevant than in sub-Saharan Africa (SSA), where huge change is taking place and where the growth in the Gross Domestic Product (GDP) per capita is one of the highest in the world, albeit from a very low base.

High poverty and unacceptable levels of unemployment are prevalent in most African countries and some of these problems may be addressed through entrepreneurial activity. While entrepreneurship may not be a panacea, it can most certainly form part of the solution.

### 2.1.4 Women and entrepreneurship

Technically, a "women entrepreneur" is any woman who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk taking. But in essence, they involve in innovative and risky entrepreneurship under certain social values and sex role regulations.

This means women entrepreneurs are simply women that participate in entrepreneurial activities, who take the risks involved in combining resources together in a unique way so as to take advantage of the opportunity identified in their immediate environment through production of goods and services (Singh, Mordi, OKAFOR, & Simpson, 2010).

Women's entrepreneurship needs to be studied for a number of reasons. The first reason is that women's entrepreneurship has been recognized very little both in the literature and in practice despite large number of women engaged in the sector. There are successful women entrepreneurs

who have created new jobs for themselves and for others and hence have provided the society with alternative solutions to unemployment (Abagissa, 2013).

Women all over the world are also innovative and entrepreneurial in nature (Farah, Smith, Ilieva, & Hamilton, 2013) and African women are not an exception. As (Farah et al., 2013) stated, women produce over 80 percent of the food consumed in Africa. This shows that things had changed unlike previously when men were the primary breadwinner while women provided for the family in the area of caring, feeding and household chores like fetching water, cooking and so on. Nowadays, women assume multiple roles by being a mother, wife, worker and an entrepreneur. (ELI, 2017) observes that presently, women have developed interest in entrepreneurial skills that have enabled them to take up leadership positions in their society by overcoming some physical and social barriers imposed against their success as entrepreneurs. According to (Dharmaratne, 2012), a large number of women today have started their own businesses and are competing favorably with their male counterparts.

Women entrepreneurs are those who play a fascinating role by consistently interacting and adjusting themselves with the financial, socio-economic and support avenues provided by the society (Iyiola & Azuh, 2014). Despite this, women entrepreneurs are underrepresented in entrepreneurship due to societal attitude that limits their ability to start certain types of business as well as barriers created by the system that keeps women entrepreneurs operating at lower levels (Farah et al., 2013). In Ijebu land in Ogun State for instance, one of such factors could be the festival which restricts the movement of women during that festival period. (Farah et al., 2013) went further to assert that cultures, where gender barriers exist, are likely to lose out a great deal in economic development.

Women's entrepreneurship is essentially the creation by entrepreneurial women of new ventures. Women entrepreneurs are women in business who have recognized an opportunity and started, developed and grown a business venture successfully. In other words, they have used creative, practical and innovative approaches to convert an opportunity into commercial reality (Smile & Dzisi, 2008). They are actively involved in the operation of the enterprise as a manager or administrator and generate employment for themselves and for others.

However, it must not be assumed that all businesswomen are entrepreneurs, just as not all businessmen are entrepreneurs. There is not necessarily anything fundamentally entrepreneurial

about some businesses, regardless of the gender of the founder. Some businesses do not reflect the characteristics of entrepreneurship: the seizing of profitable opportunity, the marshaling of resources, innovation, and being achievement-oriented.

Women entrepreneurs are therefore women business owners whose ventures reflect the characteristics of entrepreneurship and who have adopted and implemented entrepreneurial activities and processes. These women have recognized opportunities and have successfully marshaled the required resources to exploit the opportunity. They have also driven and managed a dynamic process involving change. Finally, they have created a new pattern of activity which became a new wealth-creating venture with potential for growth.

The Addis Ababa women entrepreneurs association also briefly defines women entrepreneurs as those women in Addis Ababa who own and run trade, industry, handicraft, services and other business enterprises (Zewde & Associates October, 2002).

### 2.1.5 Micro and Small Enterprises (MSEs)

The World Bank definition of MSEs in (Hallberg, 1999) classified MSEs as a heterogeneous group. They include a wide variety of businesses – hairdressing, handicraft makers, food processing small shops, garment making, construction, embroidery, restaurants and variety of trades and services that possess a wide range of skills and operate in very different markets and social environments. Their owners may or may not be poor. Some businesses are dynamic, innovative, and growth-oriented; others are traditional ‘lifestyle’ or survivalist enterprises that are satisfied to remain small.

According to Ethiopian’s Federal Micro and Small Enterprises Agency the improved definition of micro enterprises is an enterprise operates with 5 people including the owner and/or their total asset is not exceeding Birr 100,000 under industry and the value of total asset is not exceeding Birr 50,000 for service sector. Small enterprise is those enterprises hired 6 up to 30 employee or total asset amount birr 100,000 up to 1.5 million birr for industry sector and 50,000 up to 500,000 for services sector (GFDRE, 2010).

The micro and small enterprise sector is also described as the natural home of entrepreneurship. It has the potential to provide the ideal environment for enabling entrepreneurs to optimally exercise their talents and to attain their personal and professional goals. In all successful

economies, MSEs are seen as an essential springboard for growth, job creation and social progress. The small business sector is also seen as an important force to: generate employment and more equitable income distribution; activate competition; exploit niche markets; enhance productivity and technical change and, through the combination of all of these measures, to stimulate economic development. Hence, the MSE sector is important as it is a major source of employment outside agriculture, it contributes significantly to GDP, and it is often referred to as the breeding ground for entrepreneurs.

The MSE sector is a very diverse type of business in Ethiopia. According to the (CSA THE FEDERAL DEMOCRATIC REPUBLIC OF, ETHIOPIA, & AUTHORITY, 2004), the sector includes crafts and trade; street vending, cleaning, washing; service work, shop and market, grain mills, furniture and metal products.

The sector is characterized by a low-skill labor force. According to the (CSA, 1997) survey, 59% were illiterate and only 20% had received elementary education, though this may have changed over the past decade or so.

#### 2.1.6 Women participate in MSEs.

The private sector in Ethiopia is dominated by the informal sector and small and micro enterprises. Discussions on the private sector are inevitably dominated by discussions about the MSE sector that includes all except smallholding agriculture. According to (Solomon, 2010), women account for 60% of this sector. Women play an important role in the economy. Their products and services contribute to GDP growth.

Literature on MSEs in Ethiopia is scarce, particularly on the subject of women entrepreneurs. However, the crucial economic and social contribution played by this sector has been recognized by the Ethiopian Government, as evidenced by the introduction of a policy strategy on women in the MSE sector. In line with other African countries, the majority of microenterprises in Ethiopia are dominated by one-person operations.

(Bekele & Worku, 2008b) argue that in spite of the enormous importance of the micro, small and medium enterprises (MSME) sector to the national economy with regards to job creation and the alleviation of abject poverty among impoverished women in Ethiopia, the degree of recognition and strategic support provided to the sector is grossly inadequate. Three successive governments

that were in power since 1960 have failed to improve the plight of women entrepreneurs in Ethiopia. Although several economists have argued that the promotion of women entrepreneurs is a prerequisite for overall economic growth and the alleviation of poverty, women entrepreneurs in Ethiopia have not been provided with meaningful assistance from the national government of Ethiopia in terms of recognition, access to finance and skills required for operating small businesses and enterprises profitably and efficiently.

## **2.2 Empirical Review**

### **2.2.1 Women and Micro and small-scale enterprises**

Several studies have revealed MSEs as one of the most important alternative sectors for socioeconomic development in both developed and developing countries, and that they play significant roles in the creations of employment opportunities, reduction of poverty and income generation for urban dwellers. In other words, as the Central Statistical Authority of Ethiopia's (2015) Report on Small Scale Manufacturing Industries Survey indicates, the importance of the sector can help transform the economy from agrarian-based to manufacturing-led, increasing agricultural productivity, reducing urban unemployment, and stimulating trade and construction.

This sector generates about 48% of the aggregate employment in North Africa, 51% in Latin America, 65% in Asia, 72% in Sub-Saharan Africa, 6.2% in the United States, 22.3% in China, 80% in India, 67% in Japan, and 70% in European countries. In Ethiopia, about half of the urban labor force is engaged in this sector and Addis Ababa alone accounts for nearly 40% of the total MSE operators (Endalsasa, 2012 as cited by Menda, 2015; ILO, 2002 as cited by Menda, 2015).

Despite this, in Ethiopia there are many more MSEs than ever before, where it is less likely to come across women entrepreneurs or, if any, most often they are participating in areas where they need limited capital such as service delivery, and much less so in manufacturing. Bekele and Worku (2008, p. 4 as cited in Clack, 2014) refer to surveys conducted by the World Bank (2005), World Trade Organization (2002), and the Ministry of Finance and Economic Development of Ethiopia (2002) that concluded female entrepreneurs in Ethiopia receive insufficient meaningful financial support and training to manage their businesses efficiently.

Historically, women in Ethiopia are politically, economically, socially, culturally and religiously abused and mistreated. This is manifested in their day-to-day affairs; for example, women face

difficulty in accessing finance while establishing a new business or want to expand their business (Amha & Narayana, 2004).

In Ethiopia, according to the FMSEDA report posted by the Ethiopian Economics Association (EEA) (2015), jobs created by SMEs have showed significant growth after 2010-2011. According to the report, the total number of jobs in 2010-2011 totaled 289,000, with 806,300 in 2011-2012, and 1,223,700 in 2012-2013. In the first nine months of 2013-2014, there were 289,000 jobs.

During the period 2005/2006 to 2009/2010, about 1.5 million job opportunities were created by MSEs, 50% of which were taken up by women, more than ETB 4 billion in loans were given to MSEs via Ministry of finance index MFI, 1.2 million participants benefited from various trainings, Business Development Services (BDS) were provided to 10,000, and around 400-500,000 government purchases were issued by regional governments at the international level (Federal Democratic Republic of Ethiopia [FDRE], 2011).

Any kind of development is not a development so long as there is no or only limited participation of women. Although women make up half the world's population, they are poorly represented in most sectors. To empower women economically is very important for the overall development of a country. In Kenya, for example, women play a key role in the economic growth of the country in which they are generating employment and 47.4% of MSEs are controlled by women. Despite this, female-run enterprises face challenges from a lack of finance, discrimination, problems with city councils, multiple duties, poor access to justice, and a lack of education (Mwobobia, 2012). A survey performed by Jagero and Kushoka (2011) in Dar Es Salaam, Tanzania, indicated the major challenges facing female micro entrepreneurs are poor infrastructure, lack of business premise, decline in business and lack of prime space.

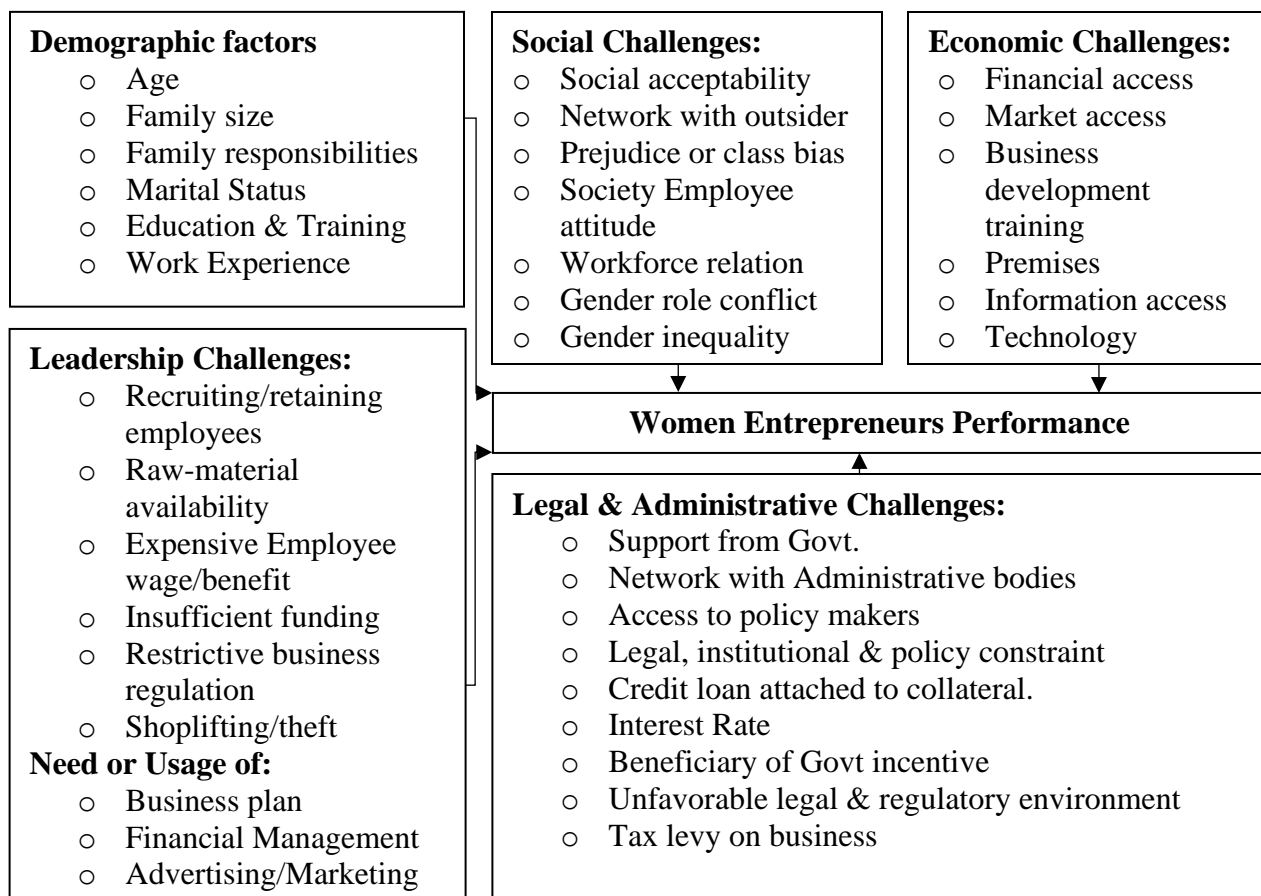
Girme (2015) cited Samaiti (2006) and Tan (2000) in a study conducted in Gulele Sub-City, Addis Ababa, Ethiopia that classified the challenges that businesswomen/ entrepreneurs face socially and economically. The economic factors include market competition, access to market, scarcity of capital, absence/inadequate knowledge about market, problem in quantity/ quality of production, poor infrastructure, lack of power supply and so on. While the social factors include lack of public trust, and unfair treatment or bias.



The FDRE (Federal Democratic Republic of Ethiopia [FDRE], 2011), also identified potential challenges faced by wome operated MSEs as those related to finance supply, production and sales, cluster development, industrial extension service, human resource development, technological development and growth, market and marketing system, one-center service, a lack of detailed understanding of the MSE development package, and work commitments.

### 2.3 Conceptual Framework

The conceptual framework relationships among the challenges studied schematically presented in the following conceptual framework.



Source: Journal of Management and Strategy ([www.sciedu.ca/jms](http://www.sciedu.ca/jms) and researcher reckoning)

Based on United Nations Economic and Social Commission for Asia and the Pacific's (UNESCAP,) discussion paper, women in business generally fall into small, micro and medium enterprises (SMMEs), either as managers or as owners from an employer's angle. Performance is the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Research Approach & Design**

Research Design is an attempt to draw some conclusion according to the research questions which majorly focuses on challenges that women entrepreneurs are facing to start a business. For this research, a descriptive research design is employed. A descriptive research design in this study is used to assess and know the key challenges that are facing entrepreneurs and startup in woman of Addis Ababa, Ethiopia. The rationale for choosing this method is to attempt to explain while providing additional information about the research topic. This is where research is trying to describe what is happening in more detail, filling in the missing parts and expanding understanding on the theme. Thus, the research design effectively enumerates and explain the prevailing challenges that affect the entrepreneurs and startup in woman of Addis Ababa, Ethiopia. The study is aimed at examining challenges faced by entrepreneurs and how the entrepreneurs have responded. Thus, to achieve this goal, the qualitative data, which is used to gather information on the relations between various variables of the study and further present some data in form of text analysis and aggregated ones. The research design will utilize quantitative techniques.

### **3.2 Population Size, Sample Size Determination and Sampling Techniques**

#### **3.2.1 Population Size**

In this research the target population are women who are involved in micro and small-scale enterprise. From the excel sheet that the researcher received from Nifas silk Lafto sub city administration of MSE, the total number of registered entrepreneurs in the year 2012 and 2013 are 38,778 among them 18,470 are women. Therefore, the total target population number of women entrepreneurs that this research is considering will be 18,470. However, since it will not be possible to cover all of them scientific sampling technique will be applied to generalize the condition by using a sample population.

#### **3.2.2 Sample Size Determination**

Sample is a subset of a target population, normally defined by the sampling process(Gerrish & Lacey, 2010).

$$\text{Sample size} = \frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left( \frac{z^2 \times p(1-p)}{e^2 N} \right)}$$

N = population size

e = Margin of error (percentage in decimal form)

z = z-score

P is the percentage occurrence of a state or condition.

The z-score is the number of standard deviations a given

proportion is away from the mean. To find the right z-score to use, refer to the table below:

Desired confidence level	z-score
80%	1.28
85%	1.44
90%	1.65
<b>95%</b>	<b>1.96</b>
99%	2.58

So, by using the formula above, in which our N is 18,470, and to get a reasonable sample size a 95% level of confidence and a 5% margin of error was used where z became 1.96 and finally P will be 50%. Therefore, the final result will be 377, meaning 377 women entrepreneurs in Addis Ababa were taken as a sample from the total population 18,470.

Depending on the time and budget constraint and for necessary degree of precision the target population size is 377 women entrepreneurs that are randomly selected from Micro and Small-Scale Enterprise (MSEs) under Nifas silk Lafto sub-city, Addis Ababa, Ethiopia.

### 3.2.3 Sampling Technique

This research paper prefers to use simple random sampling technique in which the researcher randomly selects a subset of participants from a total population (Arnab, 2017). Each member of the population has an equal chance of being selected (Taherdoost, 2018). The reason why the researcher uses this sampling technique is because challenges can be various types and the researcher is planning to cover every possibility among the woman's involved in MSE.

### **3.3 Data source**

This study used both primary and secondary data sources. The primary data are collected through questioner whereas the secondary data sources are the ones that are collected from Nifas Silk Lafto sub city, list of registered women entrepreneurs and from books, research dissertations, publications of Ethiopian Central Statistical Authority (ECSA), journals, other documents on entrepreneurship and related literature.

In this research process, **questionnaire** is the main method used to collect primary data, hence, open-ended, and structured questionnaires is administered to ensure that information received from the respondents is relevant to the research.

### **3.4 Data Collection Methods**

The primary step taken to start the data collection was receiving list of MSE registries specifically under the Nifas Silk Lafto sub city. Since the document given includes, all people registered in that sub city, it was necessary to filter women. Therefore, from 38,778 people, which is the total amount, 18,470 are women. However as described earlier only 377 of them are considered as representative sample.

In this research process, questionnaire is the main method used to collect primary data, hence, open-ended, and structured questionnaires is administered to ensure that information received from the respondents is relevant to the research.

The excel document received from the sub city includes all the information and status of the registries including their cell phone number, which made the communication process easy. Therefore, after preparing questionnaire in a structured format the following step was recruiting willing participant by performing phone communication. The researcher continued calling to find willing respondents till the sample number is achieved.

Consecutively, the willing participants are asked to answer each question on phone, this is due to face to face communication was considered unsafe by the respondents due to **COVID 19 virus**.

### **3.5 Methods of Data Analysis**

Data from the respondents is analyzed and translated into useful information using percentages and excel based templates. Frequency distributions and tables are used to draw conclusions after the data is collected, coded, and fed to excel sheet to simplify further tasks. Furthermore, both

descriptive statistical techniques and descriptive narrations were used to elaborate data gathered. The demographic profiles and items related to features of women entrepreneurs are analyzed using simple statistical tools such as tables and percentages.

### **3.6 Ethical Considerations**

(Gerrish & Lacey, 2010) research is viewed as a scientific human endeavor organized according to a range of protocols, methods, guidelines, and legislation. (Rogers, 2008) research ethics is that domain of enquiry that identifies ethical challenges with a view to developing guidelines that safeguard against any harm and protects the rights of human subjects in research.

Thus, the researcher will not provide personal information such as their Name, email, telephone address to keep the confidentiality of the respondents and is used solely for this particular study. (Cormack, 2000) the principle of veracity or truth telling is inherently important and the researcher will show this by telling the subjects the aim of the research and proposed outcomes.

Thus, researcher has indicated the subject matter and dedication of confidentiality through the tools arranged. Finally, as the predicated on the ethical principle of beneficence, the researcher strived to maximize the benefits that this study gives to women entrepreneurs' and startup community.

## **CHAPTER FOUR: DATA PRESENTATION, ANALYSIS & DISCUSSION**

In this part, the study presented data and respective analysis carried on the basis of actual responses obtained. Although the required sample size for the intended study is 377 the actual response obtained is 300 which is 80% percent. Subsequent data, presentation, analysis, and interpretation are based on the actual responses.

Hence, in this part of the study the demographic profile of women entrepreneurs in terms of age, marital status, family size and educational background are presented.

### **4.1 Women Entrepreneurs Profile**

Table 4-1 - Summerized data of respondents demographic profile

<b>Age</b>	<b>Below 20</b>	<b>Between 21-30</b>	<b>Between 31-40</b>	<b>Between 41-50</b>	<b>Above 51</b>	
	5%	20%	45%	25%	5%	
<b>Marital status</b>	<b>Married</b>	<b>Divorced</b>	<b>Widowed</b>	<b>Single</b>		
	50%	20%	10%	20%		
<b>Number of family member</b>	<b>less than 3</b>	<b>Between 4-5</b>	<b>Greater than 5</b>			
	30%	60%	10%			
<b>Level of education</b>	<b>Can't read and write</b>	<b>Grade 1-9</b>	<b>Grade 10 completed</b>	<b>10+1 and 2</b>	<b>10+3 /diploma</b>	<b>BA/BSc and above</b>
	30%	10%	10%	15%	25%	10%

As it is presented in Table 4-1 (45%) of respondents are between ages of 31-40. The next entrepreneurial age group lies between the ages of 41-50 (25%). Besides Entrepreneurship tendency in women of the age between of 21 and 50 signifying that, women entrepreneurs in Addis Ababa metropolitan are in this age group. Furthermore, Table 4-1 depicts that, women interviewed are potentially of an age where they are economically active and likely to be involved in undertaking family care responsibilities.

Table 4-1 is showing us the majority of the respondents which is 50% are married, then 20% are single, 20% are divorced and the rest 10% are widowed. In relation with this question, from the phone discussion made by the researcher married women are feeling burdened in relation to the single one's, the reason that they raised is the man living with them is not helping them in the household tasks and they don't support their wives to stand on their feet.

From Table 4-1 its observed that family number between 4-5 took the majority with 55% following less than 3 with 30% and greater than 5 with 10%. This implies us the women entrepreneurs have medium – to large scale family size that they need to support with or without their husband's additional assistance.

Regarding the level of education and training, majority of the respondents of this research showed in Table 4-1, 30% of them can't read and write and the other 15% are 10+1 & 10+2 certified and the other 25% of them have 10+3/diploma. In addition, other 10% of them are grade 1-9, grade 10 complete, and those who have Bachelorette of Arts or Bachelorette of Science (BA/BSC).

In general, from what we have seen from previous research and this one there is an improvement of women education from time to time. However, on this data too most of the participants are labelled under illiterate and this can directly or indirectly affect the type of business sector that they are involved and their capacity to broaden and manage their business.

## 4.2 Business Related Inquiries

### Sector of business

Concerning the question asked to know sector in which women entrepreneurs operate; it was learnt that 30% of them are in trade, 25% in urban agriculture, 20% in service, 15% in manufacturing, 5% of them are in both finishing works and construction in Figure 0-1.

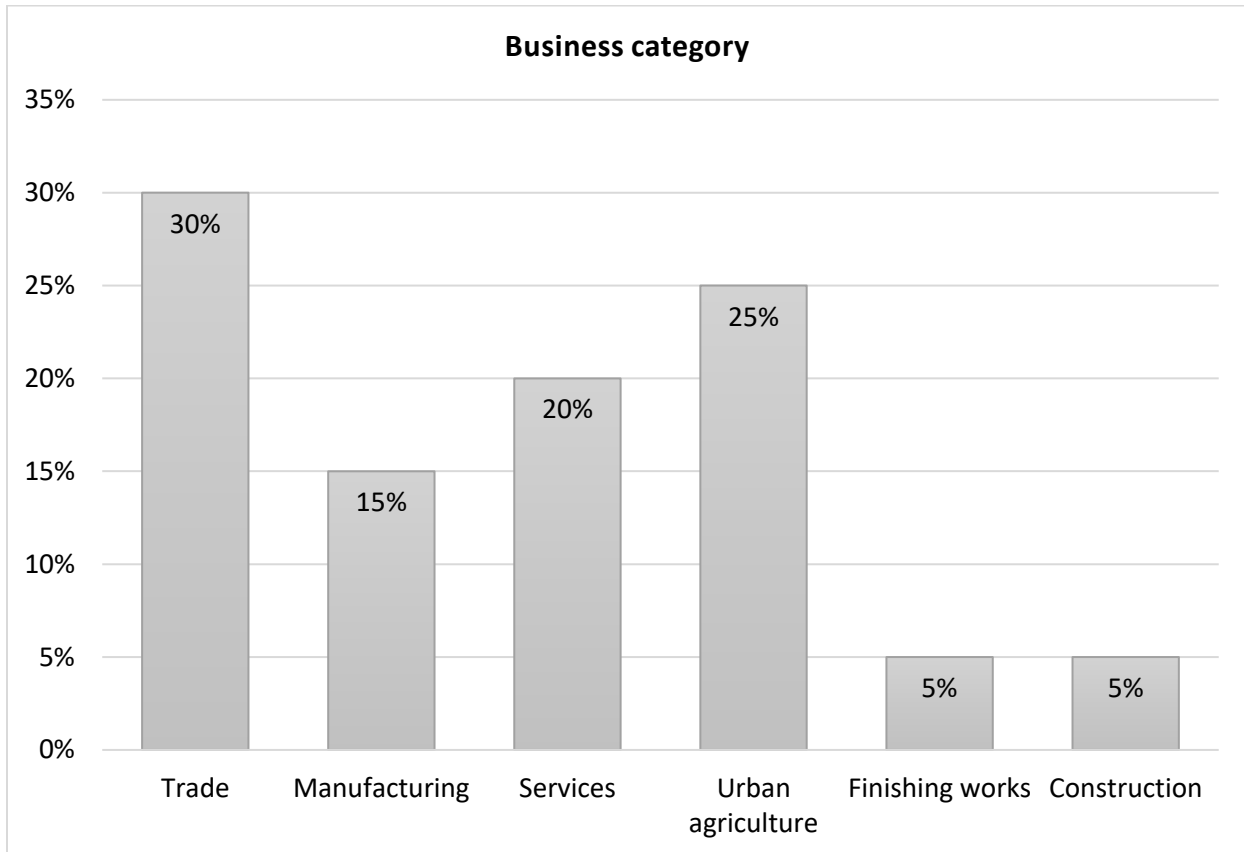


Figure 0-1 - Sector of business

This shows that within the most businesses are trade and urban agriculture. This is a very common characteristic of smaller businesses throughout the world (ILO, 2003). The reasons could be trading, and trading businesses usually requires relatively minimum resources as well as business expertise to start-up, and therefore are attractive as “easy entry” and lower risk activities. Moreover, as showed on Table 4-1 since most of them are illiterate it limited their ability to participate in diversified sector rather, they prefer to participate in urban agriculture with their limited knowledge they gained from family, so that is why it is in second rank. Hence, it is wise to say that women entrepreneurs must be encouraged and supported to further invest in manufacturing sector as the national priority agenda is to have export-led industrial economy.



### Legal status of Ownership

Regarding the legal status of respondent's business establishment, 55% of respondents have established a sole ownership, 35% have joint venture and 10% have private limited company.

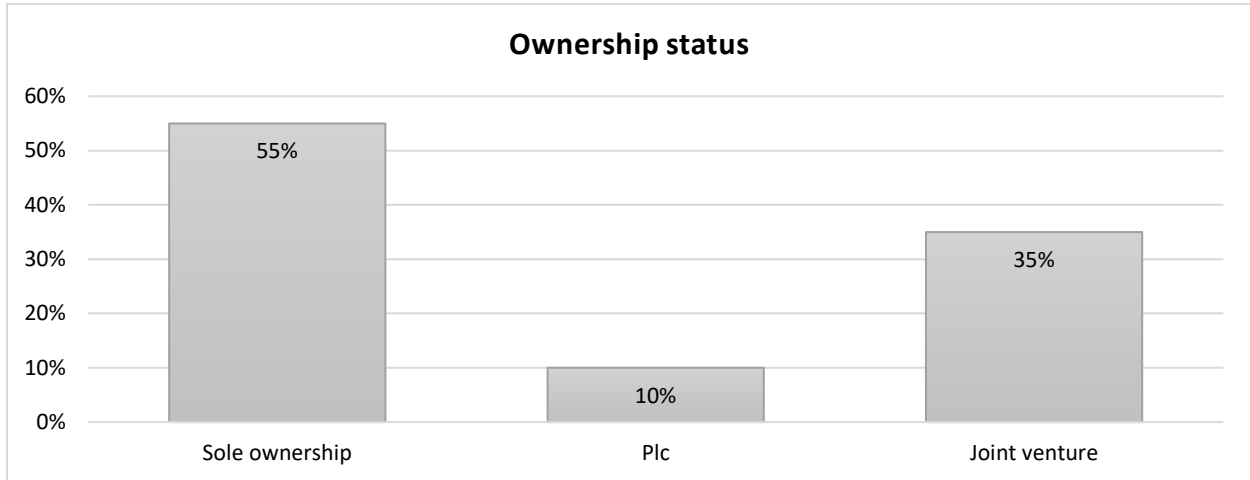


Figure 0-2 - Legal status of ownership

Figure 0-2 demonstrates that since the majority of the businesses are solely owned eventually, they lack not only resources need to expand the business but also the advantage of having new partner that will further inject new business ideas and ways of doing things which may ensure survival of the ventures.

### Requirements to start a business.

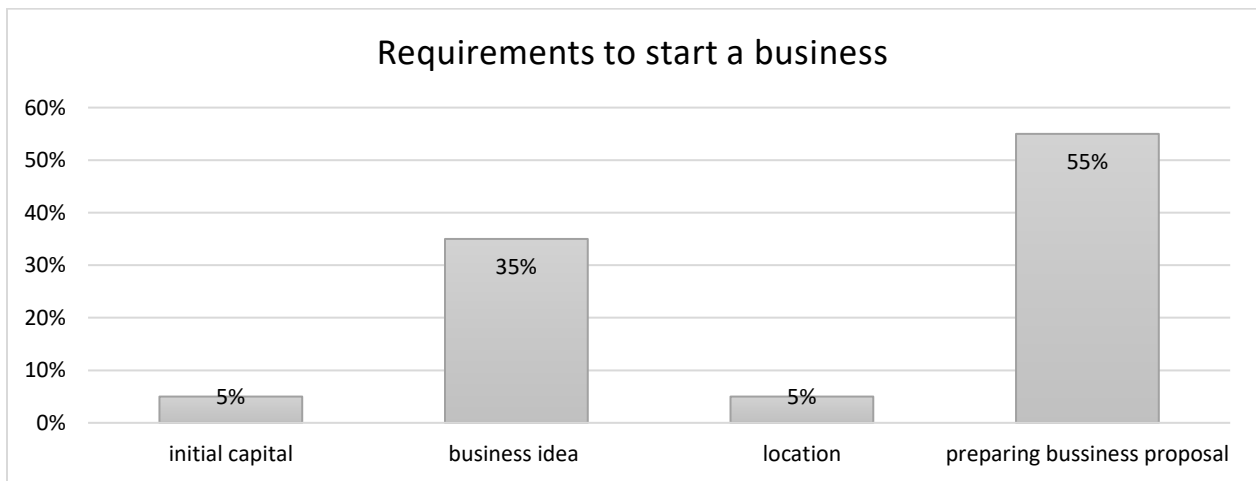


Figure 0-3 - Requirements to start a business.

From graph Figure 0-3 it can be observed that the major requirements to start a business are majorly business idea and proposal so as to get financial support (loan) from micro finance institutions.

### Initial step taken to start a business.

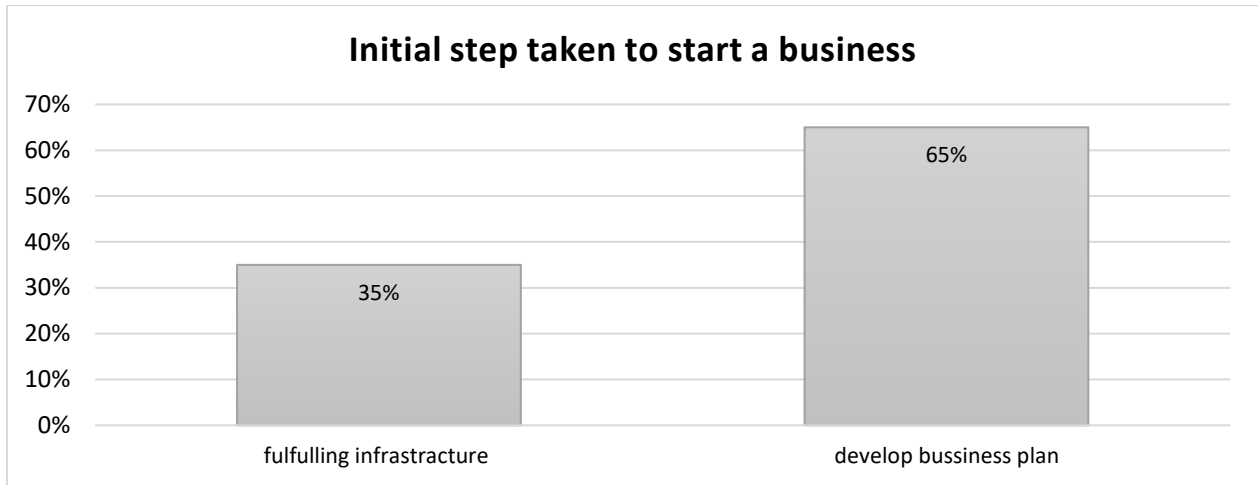


Figure 0-4 - Initial step taken to start a business.

After fulfilling the above requirements and get the loan the primary step taken by the surveyed women entrepreneurs is developing their proposal to a business plan that can be executed and make them profitable. Then fulfilling infrastructures like tools and machineries will be next.

### Source of Skill to run the Business.

Women entrepreneurs in Addis Ababa were asked if they had any prior work experience related to their business before starting it. 40% of them have had some form of employment and / or business experience prior to running their own business. However, the most plausible thing of the study is that the majority (45%) of entrepreneurs said that they got the skill from formal training that is done by the micro finance institution itself before giving them any kind of money and task, while the other respondents (15%) claim that they got their skill from family.

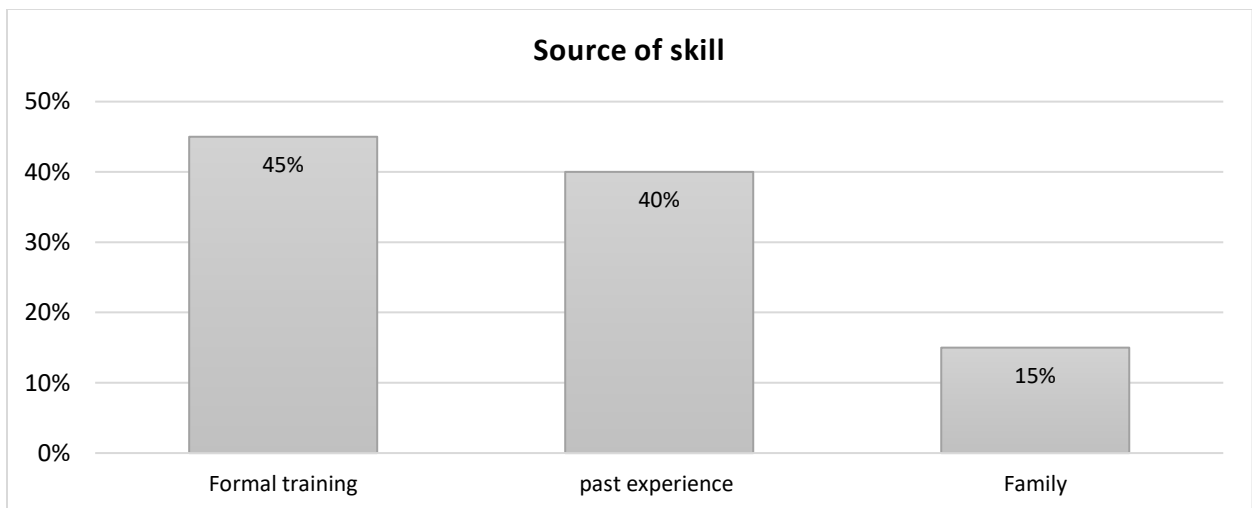


Figure 0-5 - Skills acquired to run the business

Moreover, the study showed that experience and formal training are main sources of skill to be an entrepreneur and be able to run own business.

Form Figure 0-5 and subsequent analysis it sounds to say that formal training in the areas of business entrepreneurship is becoming fruit full and need to keep up. However, it might require a lot of work in the entrepreneurial arena. Besides, sustainability of the business created is ensured by making sure that each entrepreneur continues to upgrade their skill as they operate in dynamic world where technology and globalization is changing by minute.

**Transform startup idea to business.**



Figure 0-6 - Transform startup idea to business?

Figure 0-6 is showing how the entrepreneurs develop their initial idea to business. Developing a business plan became the most applied technique by the respondents with a percentage of 45. However, this should be done with the help of a formal training as showed on the graph with 25%. Lastly even if we have fulfilled the above two steps the ability to make decision and avoid fear of risk are required as showed on the graph with 15%.

**Source of Finance**

Starting own business requires an initial capital in addition to having business ideas. The following bar graph shows the main sources of start-up fund. The respondents said that source of finance to starting up is borrowed from microfinance institutions (35%), personal saving (25%) and fifteen (15%) percent borrowed from bank, inherited and borrowed from family, relatives or friends this both are ten (10%). The remaining five percent (5%) of the respondent assistance from friends or relatives.

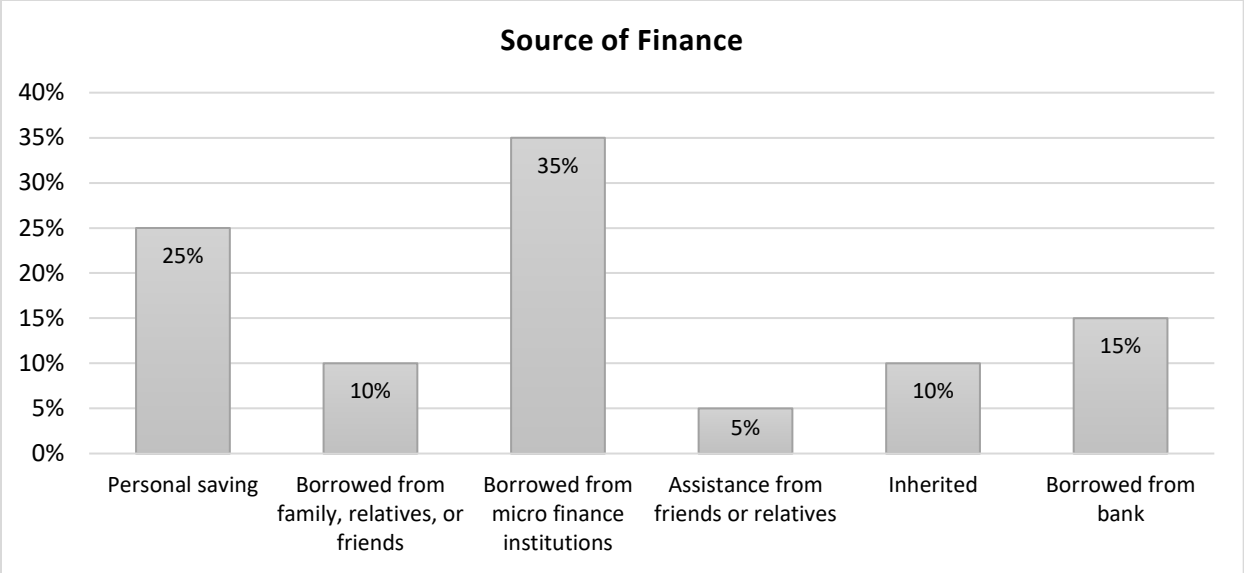


Figure 0-7 - Source of finance

Microfinance institutions are an important (35%) source of finance for starting up women entrepreneurs here in Addis Ababa followed by borrowing (25%) from personal saving. Further (15%) borrowed from bank are also serving as sources of finance. Further 10% is borrowed from family relatives or friends and inherited this both are also as sources of finance for women entrepreneurs here in Addis Ababa.

Hence, this implies that the main source of startup is Microfinance institutions must be encouraged by all concerned bodies.

On the other hand, formal financial institutions contribution in this regard is limited to startup business at Micro/Small enterprise level.

### 4.3 Challenges Women Entrepreneurs faced

There are a number of challenges that women entrepreneurs are facing. The subsequent enumeration herein addresses economic, social, legal/administrative and business challenges that affect these entrepreneurs.

#### 4.3.1 Economic challenges

Economic challenges identified for this study are access to finance, market access, business development training, premises, access to information.

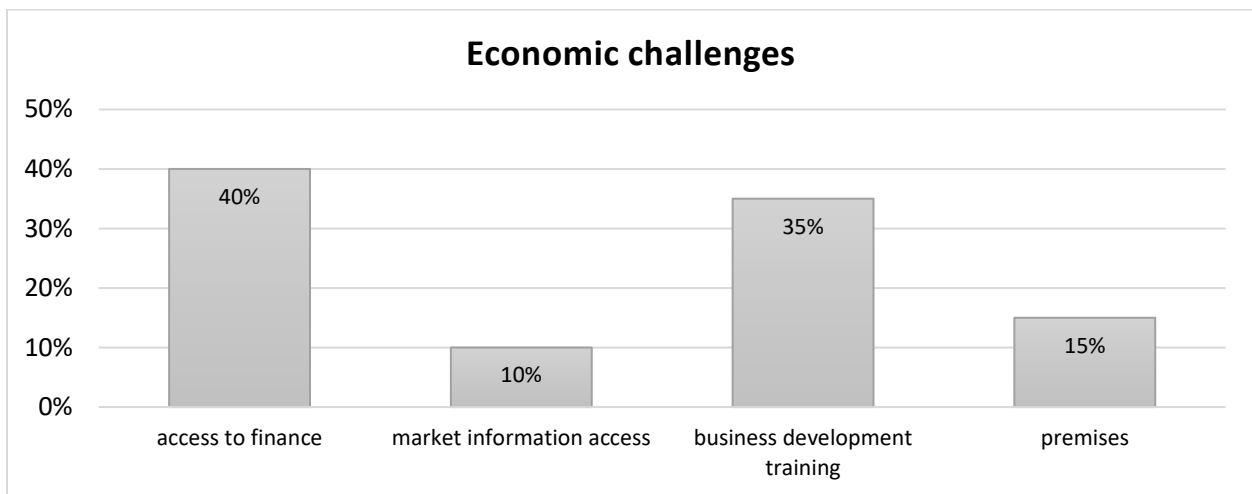


Figure 0-8 - Economic challenges

Women entrepreneurs in Addis Ababa were asked if they face any economic challenges. The following data will address the basic challenges they face. The majority of the respondents which them are 40% have lack of access to finance, 35% business development training, thirdly 15% of them have lack of premises. The remaining 10% are lack of market information access.

Therefore, the above respondents file implies the lack of access to finance are the first challenge they face when getting to business and also the ability can get business development training is followed by the first challenges.

According to the study conducted by Eshetu (Bekele & Worku, 2008a) applying Kaplan-Meier survival probability curves and the Cox Proportional Hazards Model concluded that female business owners in Ethiopia are significantly and adversely affected by each of the key factors as predictors of survival including access to loan from banks, lack of training and shortage of

technical skills. Hence, economic factors are severely affecting women entrepreneurs in Addis Ababa implying that due intervention from the concerned bodies is long overdue.

### 4.3.2 Social challenges

Social challenges that are raised by the respondents are Family responsibility, Gender inequality and Cultural influence and Lack of family support.

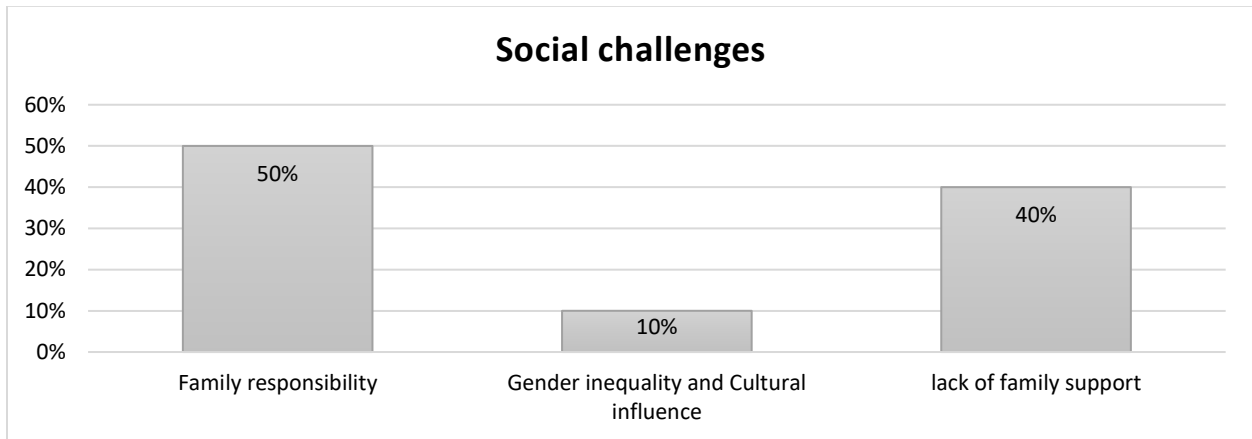


Figure 0-9 - Social challenges

Here on the above graph, it is observed that among list of social challenges 50% of them are facing challenge regarding family responsibility which is directly related to the family number that they are administering. Following that not only being a burden, but the family members also doesn't support the women entrepreneurs. Lastly, some women said that they sometimes faced problem regarding gender inequality and cultural influence that they might not be encouraged or allowed to handle business issues by themselves. However, the good part is it's not that much.

The average national household size in Ethiopia according to the most recent Government surveys is 4.8 persons (CSA, 1995). The average (mean and median) household size of the women entrepreneurs surveyed was four (4) persons. Asked about their family size in **Error! Reference source not found.** its observed that family number between 4-5 took the majority with 55% following less than 3 with 30% and greater than 5 with 10%. This implies us the women entrepreneurs have medium – to large scale family size that they need to support with or without their husband's additional assistance.

Given the culture and traditions, here in Ethiopia where women are primary responsible for household chores, in this research also respondents were commenting that domestic workloads alongside running their own businesses have significant challenge on their endeavor.

This implies that entrepreneurs' advocacy work needs to be resumed to families of with the view to minimizing domestic workloads and responsibilities on women.

### 4.3.3 Personal challenges

Personal challenges that are raised by the respondents are Fear of taking risk, Lack of confidence, lack of knowledge and skill.

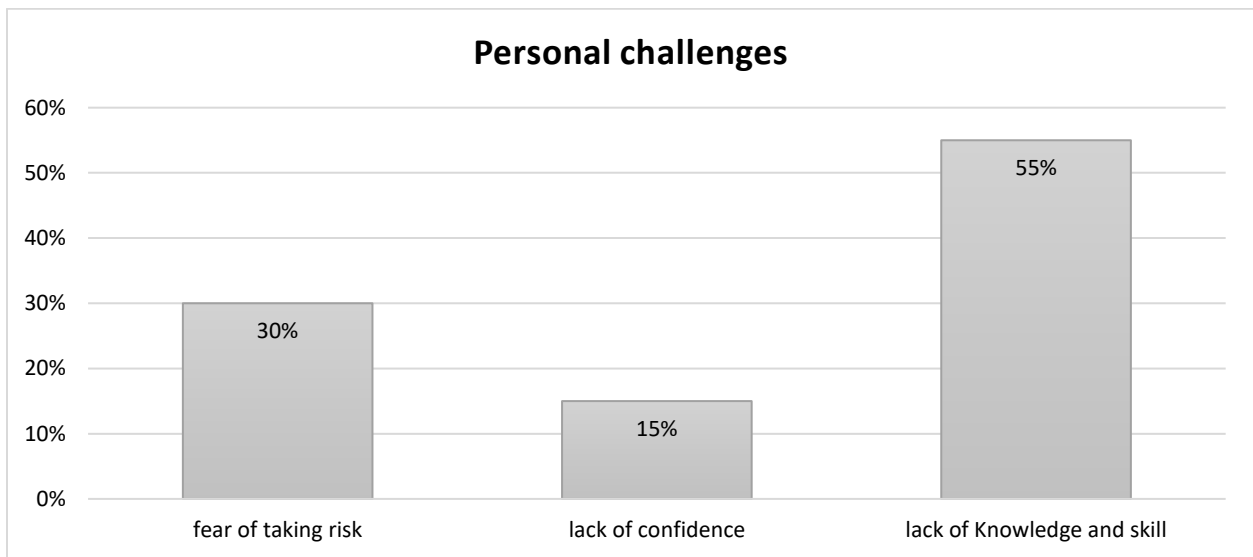


Figure 0-10 - Personal challenges

According to the above graph the most influential challenge is lack of knowledge and skill with 55%, this is an outcome of illiteracy before involving to business. Even the other two challenges, fear of taking risk with 30% and lack of confidence 15% are mostly an outcome of lack of knowledge and skill. Therefore, the researcher highly recommends women startup to have prior knowledge and skill so that they can enhance their business opportunities and overcome their personal challenges.

### 4.3.4 Business Challenges

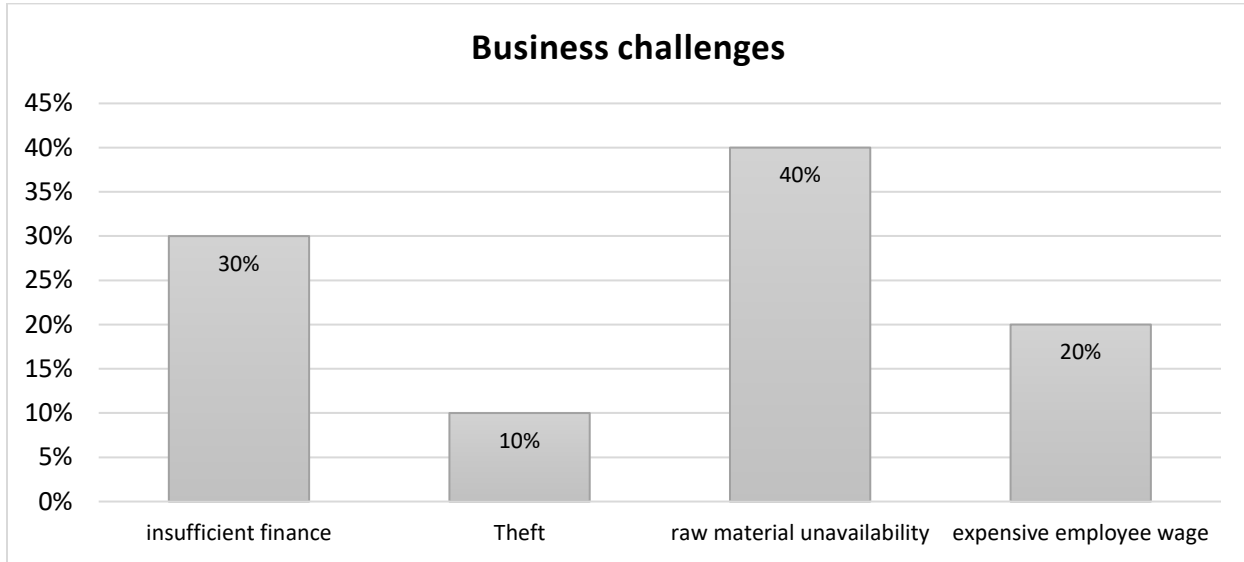


Figure 0-11 - Business Challenges

Women entrepreneurs in Addis Ababa are experiencing business challenges like raw material unavailability, rising employee salaries and insufficient finance to run business. From Figure 0-11 women entrepreneurs are highly influenced by raw material unavailability with 40%. However, this is generally a problem of the country, but the researcher suggests that both for the sake of the country and themselves they shall be involved on a business that doesn't require a raw material from abroad. And other 30% have faced financial problem which resulted from poor managerial and business skill due to lack of proper training. The rest 20% and 10% are expensive employee wage and theft, respectively.

### 4.4 Techniques used by Women Entrepreneurs to overcome challenges.

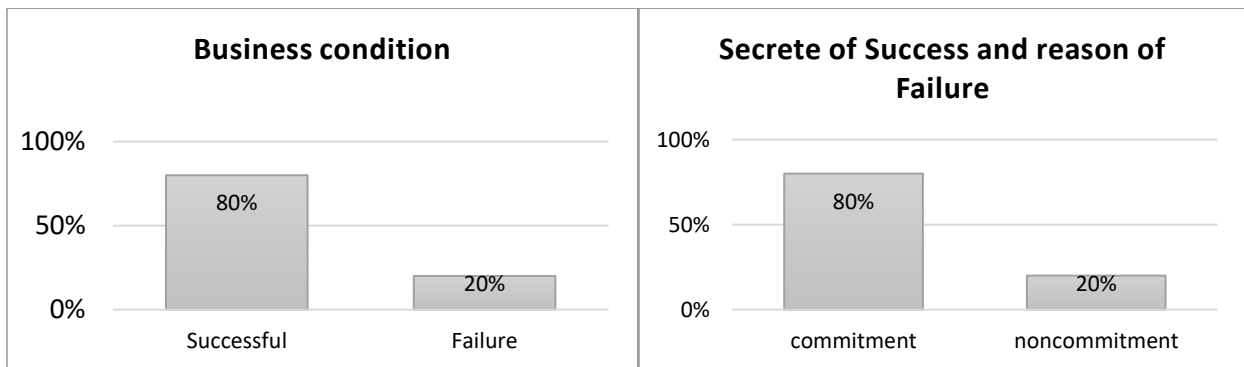


Figure 0-12 - Business condition and Figure 0-13 - Secrets of Success and reason of Failure.



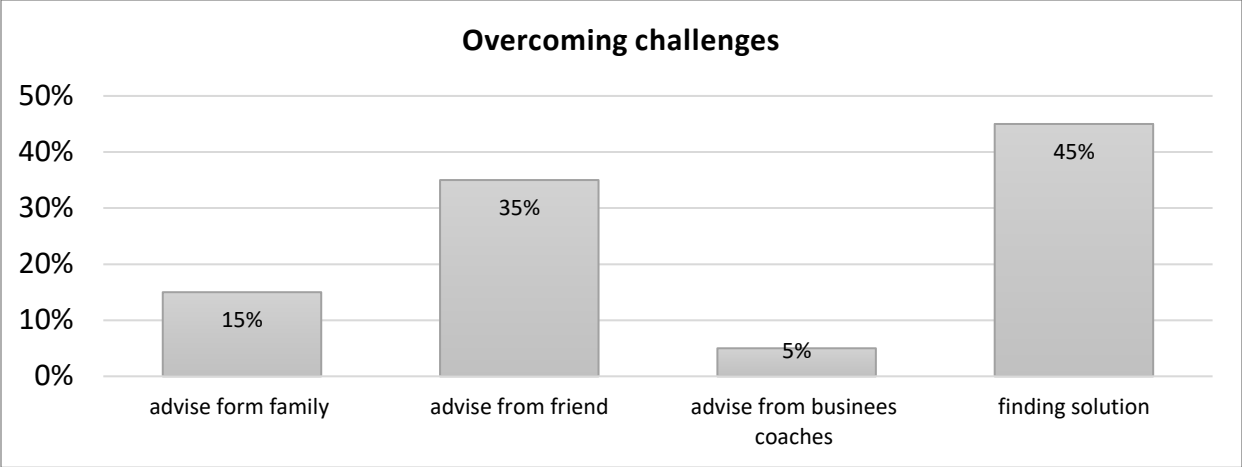


Figure 0-14 - Methods of overcoming challenges

Regarding the question asked whether they think that their business is successful or not most of them believe that their business is successful, and it the reason for that is their commitment. However, beyond that for the challenges they faced accordingly majority (45%) of the women will try to fix the problem by themselves if not 35% they found it easy to ask their friends, then their family with 15% for solution, nonetheless, advising business coaches is not something that is adapted in Ethiopia. However, the researcher highly suggests this method since they are professionally equipped on advising people to overcome their challenges in such conditions.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

In this chapter, the findings of the study are summarized, and conclusion is drawn based on the findings. Furthermore, based on the finding's recommendations are forwarded so that the concerned stakeholders can play their respective roles and startup women can prepare well.

The study was conducted with the view to understand the challenges of women entrepreneurs in Addis Ababa metropolitan and the way they overcome their challenges to make their business successful. However, this is done with the intention that the result will be a good starting point for startup women. In this regard, the study tried to address features and challenges of women entrepreneurs so as to prepare startup women with the prior knowledge they need to acquire before starting their business.

A sample of 300 women entrepreneurs engaged in Trade, Manufacturing, Service, Urban agriculture, finishing works and construction sectors are considered for the study using simple random sampling. In an attempt to provide answer to the basic research questions a questionnaire that include demographic factors like their age, marital status, number of family they administer and level of education. Moreover, business related questions are also asked such as the business category they are involved in, their ownership status, reason, and motivation to start the business, primary steps taken and source of skills acquired to start their business and mostly the challenges they faced during developing their business and how they dealt with it and so on.

This have been done by using a questionnaire aimed at knowing the challenges that the women entrepreneurs face and the lesson that will be acquired from them to new women startups by using a semi structured questions with both close and open-ended questions.

### **4.5 Summary of Findings**

After having collected the necessary data simple statistical technique like percentage and cross analysis between answers to different questions are applied. Based on 300 respondents and results acquired the findings of the study are summarized as follows: -

- Most of the respondents are between the age category of 31-40 (45%) and most of the women entrepreneurs (90%) are in between the age 21-50, this result is similar with the study made by (ILO, 2003) presented that over eighty-nine (89%) percent the women

entrepreneurs in Ethiopia were under the age of 50. The result also reflect the finding of (Nsehe, 2014) saying that “Africa’s brightest young entrepreneurs are the ones who are making the most dramatic impact in Africa today in manufacturing, technology, real estate, media & entertainment, financial services, agriculture, fashion and the service industry.”

- However, regarding their educational level, the majority (30%) is labeled under “Can’t read and write” this result coincides with the findings of a government survey done by (CSA, 1997) on Ethiopian women entrepreneurs observed that in the informal sector the majority (59 per cent) of those interviewed were illiterate, with only 20% percent having received elementary education. Consequently, their level of study somehow directly or indirectly affects the type and scale of their business. That is why the majority engaged in Trade (30%), Urban agriculture (25%), and Service (20%) which requires less amount of skill, resource and can be done in small scale (ILO, 2003). Less number of women entrepreneurs involve in manufacturing (13%), finishing works and construction with 5%.
- The Majority 50% are married and (55%) of the respondents replied that they have 4-5 members. this data in fact support the idea that is mentioned by (ELI, 2017) where women nowadays assume multiple roles by being a mother, wife, worker and an entrepreneur and this somehow affects their performance and productivity level on their business. Besides, since the above result implies us the women entrepreneurs have medium – to large scale family size that they need to support among the reason that women start their own business (45%) is to generate source of income and 35% to sustain family.
- Women Entrepreneurs in Addis Ababa, 55% have established a sole ownership, 35% have joint venture and 10% have private limited company. This sum how supports the information stated on the literature review saying that building a committed founding team aligned with shared vision to make that vision into reality is important. However, in contrast to that regarding the data sole ownership takes the majority this is because of the type and scale of the business they are involved in. Not only the financial initiators but also the main business idea initiators are micro finance institution 40% following with the respondents themselves with 25%.

- The reason of participating in MESs is majorly to financial support with 50% followed by the need of both financial support and workplace. Therefore, that is why the majority 35% is financially sourced form micro finance institution with 25% personal saving and others from friend family and partner. This result is similar with the study made by (GRANT, 2020) saying most startup companies look for capital from a variety of sources such as finance institutions, venture capitalists, family and friends, crowd funding and loans.
- Among the various requirements to start a business the primary one is preparing business proposal with 55%, following business idea with 35% and with a list amount of initial capital and location 5%.
- Moreover, the initial step taken to start a business is majorly to develop business plan with 65% then fulfilling infrastructure like tools and machineries with 35% will follow. This result coincides with the information on the literature review saying many startups use seed capital to invest in research and to develop their business plans. However, in this study, due to lack of education the majority of our respondents were not able to plan and implement well if they do so they will know that market research helps determine the demand for a product or service, while a comprehensive business plan outlines the company's mission statement, visions, and goals, as well as management and marketing strategies.
- Respondents obtained the necessary skill that enabled them to run the business from formal training (45%), past experience (40%) and from family (15%) business. And this later on helped them to transform their start up idea by making them to majorly develop business plan with 45% followed by attending continuous formal training to upgrade their knowledge with 25%. However (Bekele & Worku, 2008b) stated that the government's degree of recognition and strategic support to women entrepreneurs provided was inadequate but our research is showing that most of the skills gained by respondents to perform their business is by the fruit full joint venture work of the government and micro finance institutions. Therefore, according to the researcher this result various is occurred due to time, previously their was such problem however since the government understand

that women are also important in developing the economy of a country, they decided to work regarding the issue (ILO, 2003).

- The major economic challenge that women entrepreneurs are facing according to their severity order are access to finance, business development training, lack of own premises or land, lack of access to market information. This result coincide with the observation made by (Bekele & Worku, 2008a) stating that female business owners in Ethiopia are significantly and adversely affected by each of the key factors as predictors of survival including access to loan from banks, lack of training and shortage of technical skills.
- The major social challenge that women entrepreneurs are facing according to their severity order are family responsibility, lack of family support and gender inequality and cultural influence. Regarding the study (CSA, 1995) the average (mean and median) household size of the women entrepreneurs surveyed was four (4) persons. This implies us the women entrepreneurs have medium – to large scale family size that they need to support.
- The major personal challenge that women entrepreneurs are facing according to their severity order are lack of knowledge and skill, fear of taking risk and lack of confidence. According to the data this challenge has been observed due to lack of education and this is also supported by the result of the research done by (CSA, 1997) on Ethiopian women entrepreneurs showed that in the informal sector the majority (59 per cent) of those interviewed were illiterate, with only 20% percent having received elementary education.
- The major business challenge that women entrepreneurs are facing according to their severity order are raw material unavailability, insufficient finance, expensive employee wage and finally theft. Regarding the research done by (ZINASH, 2011) among the business factor that affect the women entrepreneurs financial problem was among the major however in our case it is labeled second, raw material unavailability being the first and this difference is resulted from the current issue, which is the wide spread of COVID-19 virus that in general affected the economy of the world. However if this case is temporary then the result will coincide with the result of (ZINASH, 2011).

## **4.6 Conclusions**

The features of women entrepreneurs in Addis Ababa shows that they perceive entrepreneurship as a means source of income and to sustain family, one way of empowering themselves (Seeking freedom) as well as to be independent.

Besides, the survey found out those women entrepreneurs in Addis Ababa are not only affected by economic and social challenges but also seriously constrained by personal and business challenges which will also have impact on their future undertakings.

Despite these, women entrepreneurs are contributing for national economic development. Women economic impairment is an important area of emphasis for many developing countries in general and to Ethiopia in particular, primarily for its immense potentials as a source of employment and nurtures of future business leaders.

Even though personal challenges can be improved and are easing day by day in towns like Addis Ababa, since economic and social challenges are out of their control, they became still a tremendous hurdle that continues to affect the performance of women entrepreneurs.

The trained workforce is as important to women entrepreneurs or even may be more important than the production of goods and services. Whatever is produced in the economy; Ethiopia to be competitive, in the international markets, requires quality and productive workforce, which is also highly sought by entrepreneurs in Addis Ababa. This obviously calls for education and training system that supplies the business sector and/or the economic system with a quality workforce that efficiently uses and produces resources.

## **4.7 Recommendations**

Based on the findings of the study, the following recommendation is forwarded to women entrepreneurs and startups, Finances Institutes and Educational Institutions and Sectorial Associations.

### **4.7.1 To women startups**

The main intention of this research is to understand what challenges women entrepreneurs facing and how they overcome or tried to overcome their challenges. Therefore, the researcher will take this data as a recommendation to equip women startups with prior knowledge before starting their own business.

So, from the findings women are initially highly recommended to gain prior knowledge and some experience regarding their interest at least up to 10+3 so that they will have certain skills to start their business with. But it is even encouraged to continue their education up to bachelor's and above since they have plenty of years ahead to work on their business. This will help them to widen their opportunity to involve on various and higher sectors like manufacturing and construction.

And for those of who still didn't have family and marriage the researcher recommends that the women shall be more active while they are single, then they can proceed their life once they start and arrange, they business in line. But it doesn't mean they can have as many family members as they need rather it will be better if they have members that they are capable to administer, this can be done by considering family planning and other methods.

Since micro finance institutions are the major business idea initiators women startups are also encouraged to check this option to develop their idea to business. However, it will be much easier if the women have some initial capital from saving or other source so as to start their business by fulfilling required resources and employees.

Apart from knowledge and experience women startups are highly encouraged to take various business trainings to gain additional business-related knowledge such as preparing business proposal, business plan, economics, marketing and so on.

The study reveals that the majority of the business legal status is sole proprietor that calls for women entrepreneurs will power to support each other in terms of experience sharing as well as making the businesses eventually evolve to company that is owned by more women in the form of shareholders. This makes their dreams and effort to last for long. Besides, they need to look for interested international women entrepreneurs and activists with the view to partnering or getting the required support.

Regarding the various challenges one important thing that is undermined by the current women entrepreneurs, but a very important thing is getting advice from business coaches or professionals not only during they face challenges but also prior form starting their business.

Furthermore, women entrepreneurs in Addis Ababa should search for other alternative supporting local and international institutions rather than relaying only on financial institutions to enhancing their performance and be able to solve financial problems.

#### 4.7.2 To micro finance institutes

Even if the movement Financial institutions are making is very help full to not only women entrepreneurs but for all, they also need to set up revolving fund aimed at incubating and help grow business of women entrepreneurs in Addis Ababa so that they will be economically empower and be able to contribute to the development of country and empowerment of themselves.

Setting up revolving fund eventually will be benefitting the financial institutions, as women by nature are pragmatic savers. Hence, institutes should allow individual lending systems and minimize the interest rates that they charge to women entrepreneurs to strengthen their entrepreneurial spirit.

Other than the fund issues the other important thing is various business-related trainings should widely spread throughout all the sub cities and enhance the knowledge of entrepreneurs which they will be helpful for the country and themselves.

#### 4.7.3 To educational institutions

Educational and Training intuitions are supplying trained work force to the market. As such they need to go extra mile to freely (social corporate responsibility) train personnel recruited by



women entrepreneurs as well as provide tailor made training for entrepreneurs in metropolitan until the companies become self-sufficient and start to invest in their staff for further study.

That is investing today for tomorrow's training needs which intern is steadily growing revenue. Hence, it sounds to say that formal training in the areas of business entrepreneurship must be further enhanced so that women as nurtures of the upcoming generation are economically and socially empowered.

For the women entrepreneurs to be vibrant and serve as a springboard for the mushrooming and growth of a strong private sector in Ethiopia, educational institutions need to be informed that supplying of disciplined and quality workforce can be considered as one of the necessary conditions for women entrepreneurs to flourish.

A country with not well-developed human capital will face huge challenge and find it in disadvantaged position to attracting Foreign Direct Investment (FDI).

#### 4.7.4 To sectorial associations

Sectorial associations and related development partners need to focus on linkage and twining women entrepreneurs so that they will be able to learn from international companies and get business mentorship, which is very crucial to ensuring their competition and global business practice.

#### 4.7.5 To concerned government organizations

Many concerns aired by women entrepreneurs in Addis Ababa in the areas of lack of access to market for their products; premises (land) to run their business, information to exploit business.

opportunities and adequate infrastructures and gender inequalities. Hence, imperative to say concerned government institutions to work to provide mainstreamed service to women entrepreneurs to resolve challenges mentioned herein.

From the aforementioned review, it is possible to deduce that woman entrepreneur in metropolitan must be supported so that they will be able to accessing finance; access to information to exploit business opportunities, premises (land) to run their business, management, and leadership trainings.

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## APPENDICES

### Annex 1 - Questionnaire in English



## SCHOOL OF GRADUATE STUDIES

## ST MARY UNIVERSITY

### Department of Business Administration

Survey on women entrepreneurs

(To be filled by Women entrepreneurs)

Dear Respondent,

I am Hilina Melaku, a student at St Mary's University, school of graduate studies department of business administration. I am conducting a consumer behavior research on "DEVELOPMENT OF NURTURING ENTREPRENEURS AND STARTUP WOMEN IN ADDIS ABABA, ETHIOPIA". This questionnaire aims to collect data for partial fulfillment of the requirements for the award of **master's degree of business administration**. Therefore, the researcher declares that, this research is for academic purpose only.

You are kindly invited to complete this questionnaire as directed for a purpose of facilitating the study. Information from this document will be confidential and in no way will it be communicated to any person.

Thank you in advance.

Sincerely yours,

Hilina Melaku

Tel: 0921028425

Email: hilina.melaku.hilina@gmail.com

## Survey questionnaire

### For whom is this questionnaire for?

This questionnaire is prepared for any **women entrepreneur** who is involved in the **micro and small-scale enterprise** registered under the **Nifas silk Lafto kifleketema**.

### Aim of the study.

The study is aimed at examining **how do women entrepreneurs and business startups started their business, what challenges they faced and how they responded.**

### Questions

The questions includes both **choice type and write questions** that are arranged in **2 sections**. **The first** includes demographic questions that will able the researcher to understand personal and basic information about the respondant. **The second** section includes business related question which will able the researcher to understand whole information about the business of the respondent.

Workplace: \_\_\_\_\_

Type of the business: \_\_\_\_\_

### Section 1 – Demographic questions

1. Age?
  - a. Below 20 years
  - b. 21-30 years
  - c. 31-40 years
  - d. 41-50 years
  - e. Above 51
2. Marital status?
  - a. Married
  - b. Divorced
  - c. Widowed
  - d. Single
3. Number of family member you administer.
  - a. <3
  - b. 4-5
  - c. >5
4. Level of education
  - a. Can't read and write.
  - b. Grade 1-9
  - c. Grade 10 completed.
  - d. 10+1 and 2
  - e. 10+3/ diploma
  - f. BA/BSc and above

### Section 2 – Business related

5. On what business category are you involved?
  - a. Trade
  - b. Manufacturing
  - c. Services
  - d. Hand – craft
  - e. Import export.
  - f. Other: \_\_\_\_\_
6. Ownership status?
  - a. Sole ownership
  - b. Plc
  - c. Joint venture
  - d. Other: \_\_\_\_\_
7. What was your reason to start a business?
  - a. To be independent
  - b. Sustain family.
  - c. Seeking freedom
  - d. As source of income
  - e. Other: \_\_\_\_\_

8. What was your motivation to start a business?
- |            |            |                              |
|------------|------------|------------------------------|
| a. My self | c. Friend  | e. Microfinance institutions |
| b. Family  | d. Partner |                              |
9. What was your reason to participate in micro and small-scale enterprise?
- 
10. What were your primary requirements to startup a business?
- 
11. What was your first step to start a business?
- 
12. What was your source of skill to start a business?
- |                    |                 |
|--------------------|-----------------|
| a. Formal training | c. Family       |
| b. Past experience | d. Other: _____ |
13. How do you transform your startup idea to business?
- 
- 
14. What was your financial source while starting business?
- |   |   |
|---|---|
| a. Personal saving                              | d. Assistance from friends or relatives |
| b. Borrowed from family, relatives, or friends. | e. Inherited                            |
| c. Borrowed from micro finance institutions.    | f. Borrowed from bank.                  |
|   | g. Other: _____                         |
15. What were the challenges you faced while starting a business?
- 
- 
16. Was there any challenge you faced regarding gender? What are they?
- 
- 
17. How did you deal with challenges you face while starting a business?
- 
- 
18. Do you think your business is successful?
- |               |            |
|---------------|------------|
| a. Successful | b. Failure |
|---------------|------------|
19. What is the definition of successfulness to you?
- 
20. What is the secret of your success or the reason of your failure?
- 
21. For how long do you have prior experience before starting your business?
- |                        |               |                   |
|------------------------|---------------|-------------------|
| a. No prior experience | c. 1-5 years  | e. 11-15 years    |
| b. Under 1 year        | d. 6-10 years | f. Above 15 years |

**End of questionnaire**



## Annex 2 - Questionnaire in Amharic



### ቅድስተ ማርያም ዩኒቨርሲቲ የድረምረቃ ፕሮግራም የቢዝነስ አድሚኒስትሬሽን

በሴቶች የስራ ፈጠራ ላይ የተደረገ ጥናት  
(በሴት የስራ ፈጣሪዎች የሚሞላ መጠይቅ)

ውድ ተሳታፊዎች፣

ስሜ ህሊና መላኩ ሲሆን በቅድስተ ማርያም ዩኒቨርሲቲ የቢዝነስ አድሚኒስትሬሽን ፕሮግራም የማስተርስ ፕሮግራም እያጠናሁኑ። ይህ መጠይቅ ቢዝነስ ጀምሪና የስራ ፈጣሪ ሴቶችን ማበረታታት ላይ በተደረገ ጥናት መረጃ ለመሰብሰብ ዲዛይን ተደርጓል። የጥናቱ አላማ በቅድስተ ማርያም ዩኒቨርሲቲ የቢዝነስ አድሚኒስትሬሽን የማስተርስ መመሪያ ጽሁፍ መስፈርት ለሚሟላት ነው። ለጥያቄዎች የእርስ ትክክለኛ ምላሽ ለመመረቁ ጽሁፉ ስኬታማነት እና መጠናቀቅ በጣም ጠቃሚ ነው። ይህ እርስዎ የሚሰጡት መረጃ ለጥናቱ አላማ ብቻ የሚውል ሲሆን በከፍተኛ ደረጃ ሚስጢራዊ ሆኖ ይያዛል።

ጥናቱን ለማቀላጠፍ በመመሪያው መሠረት ይህን ጥያቄ እንድታጠናቅቁ በትህትና እጠይቃችኋለሁ። ከዚህ ሰነድ የተገኘ መረጃ ሚስጢራዊ ከመሆኑም በላይ በምንም መንገድ ለማንኛውም ሰው አይተላለፍም።

አመሰግናለሁ!

ህሊና መላኩ

ሞባይል ስልክ ቁጥር: 0921028425

ኢሜይል:- hilina.melaku.hilina@gmail.com

**ጥናታዊ መጠይቅ**

**ይህ ጥያቄ ለማን ነው?**

ይህ ጥያቄ በነፋስ ስልክ ላፍቶ ክፍለከተማ ስር በተመዘገቡት ጥቃቅን እና አነስተኛ ድርጅት ውስጥ ለሚሳተፉ ማንኛውም ሴቶች የተዘጋጀ ነው።

**የጥናቱ ዓላማ።**

ጥናቱ ሴት ሰራ ፈጣሪዎች እና የንግድ ጀማሪዎች እንዴት ስራቸውን እንደጀመሩ፣ ምን ዓይነት ፈተናዎች እንደገጠሟቸው እና እንዴት ምላሽ እንደሰጡ ለመመርመር የተዘጋጀ ነው።

**ጥያቄዎች**

ጥያቄዎቹ በ 2 ክፍሎች ውስጥ የተሰናዱ የምርጫ ዓይነት እና የጽሁፍ ጥያቄዎችን ያካትታሉ። የመጀመሪያው ክፍል ምላሽ ስለሰጠው ሰው የግልና መሠረታዊ መረጃዎችን ለመረዳት የሚያስችሉ የሕዝብ ነክ ጥያቄዎች ሲሆኑ፤ ሁለተኛው ክፍል ደግሞ ተመራማሪው ስለ ጥያቄው መልስ የሰጠውን ሰው ሥራ በተመለከተ ሙሉ መረጃ ለማግኘት የሚያስችል ከንግድ ጋር የተያያዘ ጥያቄን ይዟል።

የስራ ቦታ - \_\_\_\_\_ የንግድ አይነት \_\_\_\_\_

**ክፍል 1 – የዲሞክራሲ ጥያቄዎች**

1. ዕድሜ?
 

a. ከ20 ዓመት በታች	d. 41-50 ዓመት
b. 21-30 ዓመት	e. ከ51 በላይ
c. 31-40 ዓመት	
2. በትዳር ውስጥ ያለው ሁኔታ?
 

a. ያገባ	c. መበለት
b. የተፋታ	d. ነጠላ
3. የምታስተዳድረው የቤተሰብ አባል ቁጥር ።
 

a. >3	c. >5
b. 4-5	
4. የትምህርት ደረጃ
 

a. ማንበብና መጻፍ የማይችል።	c. 10ኛ ክፍል ያጠናቀቀ።	e. 10+3/ ዲፕሎማ
b. 1-9ኛ ክፍል	d. 10+1 እና 2	f. ዲግሪ እና ከዛ በላይ

**ክፍል 2 – ከንግድ ጋር የተያያዘ**

5. በምን ዓይነት የንግድ ዘርፍ ላይ ነው የተሳተፉት?
 

a. ንግድ	c. አገልግሎቶች	e. ወደ ውጭ ማስገባት።
b. ፋብሪካ	d. እጅ - የእጅ ጥበብ	f. ሌላ - _____
6. የባለቤትነት ሁኔታ?
 

a. ብቸኛ ባለቤትነት	c. የጋራ ሥራ (ፓርትነር ሺፕ)
b. ፒ ኤል ሲ	d. ሌላ - _____
7. ንግድ ለመጀመር ምክንያቶች ምን ነበር?
 

a. በራስ የመመራት	c. ነፃነት ፍለጋ	e. ሌላ - _____
b. ቤተሰብን ለማስተዳደር	d. ለገቢ ምንጭነት	
8. ንግድ ለመጀመር ያነሳሱት ምንድን ነው?
 

a. እራሴ	c. ጓደኛ	e. ማይክሮ ፋይናንስ ተቋማት
b. ቤተሰብ	d. የስራ አጋር	

9. በጥቃቅን እና አነስተኛ ኢንተርፕራይዞች ላይ ለመሳተፍ ምክንያትዎ ምን ነበር?

10. የንግድ ሥራ ለመጀመር ያስፈለገት ዋና ዋና ብቃቶች ምንድን ነበሩ?

11. ንግድ ለመጀመር የመጀመሪያ እርምጃዎ ምን ነበር?

12. ንግድ ለመጀመር የችሎታ ምንጮት ምንድን ነበር?

a. መደበኛ ስልጠና

c. ቤተሰብ

b. ያለፈው ተሞክሮ

d. ሌላ - \_\_\_\_\_

13. የእርስዎን ጅምር ሀሳብ ወደ ንግድ እንዴት ለወጡት?

14. ንግድ ሲጀምሩ የገንዘብ ምንጭ ምንድን ነበር?

a. የግል ቁጠባ

e. ውርስ

b. ከቤተሰብ፣ ከዘመዶች ወይም ከጓደኞች የተበደረ።

f. የባንክ ብድር

c. ከማይክሮ ፋይናንስ ተቋማት የተበደረ።

g. ሌላ - \_\_\_\_\_

d. ከጓደኞች ወይም ከዘመዶች እርዳታ

15. ንግድ ሲጀምሩ ምን ምን ፈተናዎች አጋጥሞት ነበር?

16. ከጾታ ጋር በተያያዘ ፈታኝ ሁኔታ አጋጥሞህ ይሆን? በምን አይነት ሁኔታ?

17. ንግድ በጀመሩበት ጊዜ ያጋጠሙትን ፈተናዎች እንዴት ማለፍ ቻሉ?

18. የእርስዎ ንግድ ስኬታማ ነው በለው ያስባሉ?

a. አዎ

b. አይ

19. ለእርስዎ ስኬት ትርጉሙ ምንድን ነው?

20. የስኬትዎ ማስጠንቀቂያ ምንድን ነው?

21. የራሶን ንግድ ከመጀመር በፊት ለምን ያህል ጊዜ ሰርተዋል?

a. ለምንም ያህል

d. 6-10 ዓመት

ጊዜ አልሰራሁም

e. 11-15 ዓመት

b. ከ1 ዓመት በታች

f. ከ15 ዓመት በላይ

c. 1-5 ዓመት

የጥያቄ መጨረሻ

ስለ ትብብር አመሰግናለሁ!

## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Abdurezak Mohammed (PhD). All sources of materials used for the thesis has been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

St. Mary's University, Addis Ababa

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Signature & Date

July 2021

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examination with my approval as a university advisor.

Abdurezak Mohammed (PhD)

\_\_\_\_\_

Advisor

Signature & Date

St. Mary's University, Addis Ababa

July 2021