
Full Length Research Paper

Factors affecting the performance of women entrepreneurs in micro and small enterprises (in case of Nifas silk lafto sub-city)

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Article Info	Abstract
Article History	
Received: 05 July 2021	<i>The major objective of the study is to investigate economic, social and legal and administrative factor that affecting the performance of women entrepreneurs in MSEs at Nifas Silk Lafto in starting and running their own business. The type of research employed under this study was descriptive and inferential research. The population of the study consisted of 531 women entrepreneurs who work in 5 sectors. Stratified random sampling was used to get information from different sizes of women entrepreneurs. The statistical package for social science (SPSS) version 20 was used to analyze the data. The statistically significant relationship between independent variables and dependent variable, the product moment correlation coefficient was used. In this study multiple regressions were employed. From the totally distributed questionnaire (228), 221 (trade=106, manufacturing=43, service=45. Agriculture =19 and construction=8). The age category of women entrepreneurs in MSEs at the Nifas Silk Lafto most of them are with age category of the 21-30 which accounts 41-6%. Educational levels of women entrepreneurs in MSEs at Nifas Silk Lafto are grade 5-8 which accounts 24.9%. The work experience of majority respondents is 1-5 years which accounts 39.8%. The majority women entrepreneurs were involved in trade which accounts 48%. The majority of women entrepreneurs have below 5 employees comprise of 79.2%. The levels of economical, socio-cultural and legal and administrative factors that affect the performance of women entrepreneurs in MSE are found low. The obtained grand mean of support given from MSE institute is significantly lower than the expected mean ($M=1.67$, $s=1.01$). The women entrepreneurs' performance is significantly low. The legal and administrative factors ($r=0.081$) have strongly significant positive relationship with women entrepreneurs' performance than economic and social factors. The major determinant factors that contribute to the performance of women entrepreneur's is legal and administrative factors can only contribute 74.1%, economic factors have 2.2% and the social factors (1%). Generally, the empowerment of women entrepreneurs should be taken as components of transforming the country's economy.</i>
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Introduction

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2001). Small enterprises are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Harris et al, 2006). Furthermore, small scale business has been recognized as a feeder service to large- scale industries (Fabayo, 2009).

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

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

phenomenon. Until the 1980's little was known about women entrepreneurship both in practice and research, which made its focus entirely on men. According to Aregash as cited in Eshetu and Zeleke (2008), 98% of business firms in Ethiopia are micro and small enterprises. The third census of Ethiopia shows that of the total population of the country (73,918,505) , 36,621,848 are females (ECSA,2007).This accounts 49.5 of the population. This shows Ethiopia is among those African countries that are known by human resource potential. Regardless of its potential, it does not utilize this labor force.

This underutilization of the untapped potential is attributed to a lot of reasons. Of these reasons inability to effectively use entrepreneurship in poverty, reduction in general and alleviating the problems among women who are susceptible for poverty in a particular; in bringing meaningful economic and social transaction; in promoting and enhancing gender equality and women empowerment; and ensuring women's social mobility in the country might require worth mentioning. This is because of a lot of obstacles that women entrepreneurs in Ethiopia face, Amha and Admassie (2006).

Problem Statement

In most developing countries, MSEs faces constraints at the start up phase and their establishment. In Africa, for example the MSEs failure rate is 85% out of 100 enterprises due to lack of skills and access to capital (Fedahunis, 1997:170_186). It is typical of MSEs in Africa to be lacking in

business skills and collateral to meet the existing lending criteria of financial institutions (World Bank, 2004:29). This, according to World Bank, has created financial gap in most markets. 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 contacts (UNECE, 2004)

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 (UNECE, 2004).

Most women have little access to policymakers 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).

In this study it is going to assess the different factors that affect the performance of women entrepreneurs in Nifas Silk Lafto. Furthermore, the supports given by TVT (technical, vocational and educational training) institutions are assessed very well. In light of this, the study attempts to raise the following basic questions.

1. What is the extent of economic factors and performance of women entrepreneurs in MSEs at Nifas Silk Lafto
2. Is there any relationship between social factors and performance of women entrepreneur in MSE?
3. How the legal/administrative factors influencing the performance of women entrepreneurs?

Literature review

Benefits of Entrepreneurship 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.

Women Entrepreneurs in MSEs and TVET

MSEs play a vital role in poverty reduction, employment generation as well as economic development in poor countries like Ethiopia. The Ethiopian micro & small enterprise sector has a wide range of operators: petty traders to small restaurant owners; a shoeshine boy to a small shoe factory owner; a peddler in the streets to a grocery business operator, etc. But to bring it to the modern arena, much is expected from TVET institutions in that they are the main suppliers of qualified labor force both male and women. In support of this, to bring effectiveness in the MSEs Sector by integrating them with TVET Ratchusanti (2008) identified the following.

ANALYSIS AND PRESENTATION OF DATA

The Pearson Product Moment Correlation Coefficient

According to Phyllis and his associates

(2007:18_55), inferences have a very important in management research. The Pearson Product Moment Correlation coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between variables is linear and when the two variables correlation are continuous.

The statistically significant relationship between independent variables and dependent variables, the Product Moment correlation coefficient was used. According to Duncan c. and Dennis H. (2004:38_41) , correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. The results of correlation coefficient may be interpreted as follows.

Relationship between women entrepreneurs' performance and determinant factors

Table5. Relationship between women entrepreneurs' performance and independent variables

No	Variables	1	2	3	4
1	Women Entrepreneurs Performance	1			
2	Economic Factors	0.644**	1		
3	Legal & Administrative Factors	0.861**		1	
4	Social Factors	0.448**			1

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

Regression Functions

The equation of regressions on this study is generally built around two sets of variables namely dependent variables (performance) and independent variables (economic ,social and legal /administrative) .The basic objective of using regression equation on this study is to make the study more effective at describing ,understanding and predicting the stated variables.

Regress performance on selected variables

$$Y_i = B_0 + B_1X_1 + B_2X_2 + B_3X_3$$

Where:

Y is the response or dependent variable-performance

X_1 =Economic factor X_2 =Social factor

X_3 =Legal-administrative are the dependent variables.

B_0 is the intercept term-constant which would be equal to the mean if all slope coefficients are 0. B_1, B_2 , and B_3 are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

Accordingly, this statistical technique was used to explain the following relationship. Regress performance (as dependent variable) on the selected linear combination of the independent variables using multiple regressions.

The major findings are;

The finding indicated that economic factors affecting the performance of women entrepreneurs. The study observed that women entrepreneurs in the study area did not have adequate financial support to improve their performance. It is better to see from higher severe to minimum severity. Women entrepreneurs had little access to business information .Their level of satisfaction in terms of access to business given by micro finance institution is low. Women entrepreneurs had little access to business information. Their level of satisfaction in terms of access given by micro finance institutions is low. Women entrepreneurs' access to necessary techniques is low. With regard to accessibility of infrastructure, availability of adequate infrastructure for women entrepreneurs was below. The study also disclosed that the supply of premises (land) for women entrepreneurs was low. Women entrepreneurs also have low market access for their ucts .The study also identified as women entrepreneurs in the study area had low access to business training less access to necessary inputs (raw materials) and no stiff competition in the market place. However, respondents perceived that women entrepreneurs had better managerial skill. Generally, the study implied that the financial support offered to improve the performance of women entrepreneurs was significantly below.

The level of social factors that affect the

performance of women entrepreneur was assessed. The level of the attitudes of societies towards the service delivered by women entrepreneurs was found high. The level of social acceptability of women entrepreneurs was better women entrepreneurs have better social acceptance. The study recognized that the attitude of other employees towards women entrepreneurs businesses is encouraging with regard to the extent of harassment women entrepreneurs face, majorities of them believed that they have never encounter harassment in running their business. The extent of women entrepreneur contacts with the outsiders, the cultural influence they face and positive relationship they establish with work force are significantly affects the performance of woman's entrepreneurs.

The level of legal and administrative factors that limit performance of women entrepreneurs'.The study showed that women entrepreneurs were not the beneficiary of government incentives faced unfavorable legal and regulatory environments. The interest rate charged by micro finance and other lending institutions was not reasonable. The study also identified that women entrepreneurs encountered bureaucracy and red tapes beyond the expected .In relation to admittance to borrow money respondents believed that they cannot borrow money without titled assets as collateral. The study also implied that the tax levied on women entrepreneurs was unfair.

The study shows that women entrepre-

neurs had low networks with different administrative office ,the study also revealed that women entrepreneurs have less access to policy makers, women entrepreneurs have obtained little business assistance and supports from government bodies and women have no legal, institutional and policy maker.

The finding of the study shows that training, technical, material and financial support given from MSE institute to women entrepreneurs is low. The majority of the respondent are disagree with the supports given by MSEs office and TVET.

The finding indicated that the performance of women entrepreneur in MSEs at Nifas Silk Lafto is low. This finding is manifested by entrepreneur's business performance parameters. The study revealed that respondents perceived women entrepreneurs performance is significantly low in terms of employing others in their business, low in terms of gaining financial independence , low in terms of generating revenue , low in terms of providing quality of products /services and low in terms of improving quality of life employees .

The result of correlation analysis reveals positive relationship between performance of women entrepreneurs in MSEs and economic factors, social factors and legal and administrative factors. The study showed that legal and administrative have greater significant positive relationship with women entrepreneurs' performance than economic and social factors.

The three independent variables in the determinant factors, to identify the proportion of each variable on variance of the dependent variable (the performance of women entrepreneurs) a stepwise analysis was utilized. The major determinants factors that contribute to the performance of women entrepreneurs is legal and administrative factors.

Recommendations

It is important to inform that the recommendations describe below are intended to be informative rather than authoritative.

Most of women entrepreneurs are young whereby at this stage they are productive therefore, they should save enough to raise capital for their business.

Most of women entrepreneurs were grade 5-8. They should have to upgrade themselves for further education and to lead their organization properly.

Financial institutions like banks and micro finance institution should have alternative system beyond the conventional collateral dominated credit security that takes account of the women's economic position, as well as the development and financial requirements of their enterprise.

The study also recommended that micro finance institution should amend their lending and collateral requirements rules and procedures by setting some simple ways of accessing financial facilities for women entrepreneurs in micro and small enterprises give at reasonable rate to

enable them repay ease and strengthen their entrepreneurial spirit level of performance .

The society including husband, family and the community as a whole should respect and be on the side of women entrepreneurs so as to achieve the maximum of their goals.

Generally, the empowerment of women entrepreneurs should be taken as components of transforming the country's economy. The existing practice empowering women in micro and small business entrepreneurship activities should be further strengthened and consideration should be given by concerned government bodies and community at large through facilitation and support them.

Conflict of Interests

The authors declare that there's no conflict of interest concerning to the publication of this article

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