



**Addis Ababa University**  
**College of Business and Economics**  
**Department of Management**

**Factors Influencing the Performance of Micro and Small Enterprises:  
The Case of Women Owned Enterprises in Two Sub Cities of Addis Ababa**

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## **Declaration**

I, the undersigned, declare that this study entitled “*Factors Influencing the Performance of Micro and Small Enterprises; The Case of Women Owned Enterprises in Two Sub Cities in Addis Ababa*” is my own work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any degree or postgraduate program in this or any other institutions and that all sources of materials used for the thesis have been duly acknowledged.

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Date:            February 2018

Place:          Addis Ababa, Ethiopia

## **Certification**

This is to certify that the thesis prepared by Bethlehem Demmelash, entitled: “*Factors Influencing the Performance of Micro and Small Enterprises; The Case of Women Owned and Operated Enterprises in Two Sub Cities in Addis Ababa*”; and submitted in partial fulfillment of the requirements for the Degree of Master of Business Administration in Management complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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As members of the Board of Examiners of the MBA Open Defense Examination, we certify that we have read, evaluated the thesis prepared by Bethlehem Demmelash and examined the candidate. We recommended that the thesis be accepted as fulfilling the thesis requirement for the degree of Master of Business Administration.

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## LIST OF ACRONYMS

<b>AEMFI:</b>	Association of Ethiopian Microfinance Institutions
<b>CON:</b>	Construction
<b>CSA:</b>	Central Statics Agency
<b>FeMSEDA:</b>	Federal Micro and Small Enterprises Development Agency
<b>FP:</b>	Food Processing
<b>HLCLEP:</b>	High Level Commission on Legal Empowerment of the Poor
<b>GEM:</b>	Global Entrepreneurship Monitor
<b>ILO:</b>	International Labor Organization
<b>MFI:</b>	Micro Finance Institution
<b>MoTI:</b>	Ministry of Trade and Industry
<b>MSEs:</b>	Micro and Small Enterprises
<b>SPSS:</b>	Statistical Package for the Social Sciences
<b>T&amp;G:</b>	Textile and Garment
<b>W&amp;R:</b>	Wholesale and Retail

## **Abstract**

*This research aims to investigate factors affecting the performance of MSEs with a special emphasis on women owned and operated MSEs, which are involved in construction, wholesale and retail trade, food processing and textile and garment sectors in Nifas-silk Lafto and Lideta sub-cities of Addis Ababa City Administration. For the sake of achieving the objectives of this study, data were collected using questionnaires and were analyzed using statistical analysis such as descriptive and inferential analyses. The information gleaned through questionnaire from a sample of 190 MSEs owners and face-to-face interviews were conducted with 20 managers of MSEs. The respondent was selected using random sampling technique. The study elicited nine major challenges which affect the performance of women owned MSEs in the target sub-cities which include: entrepreneurial skill, managerial capacity, accesses to finance, lack of working premises, technological factors, accesses to market, business networking, legal and regulatory frameworks including bureaucratic bottlenecks and accesses to training. According to the result obtained from the business profitability analysis 60 % of enterprises found in the study area had higher profitability whereas 40% had lower profitability(performance). In addition, a multiple regression model was used to identify the determinant factors that affected the performance of the enterprises. The results of the regression analysis showed that, there exists a linear and positive significant relation, ranging from substantial to strong, between the independent variables and the dependent variable. Moreover, the selected independent variables may significantly explain the variations in the dependent variable at 5% level of significance. Based on findings, recommendations emanating from the study are forwarded to build up the performance of women owned MSEs not only to survive in the business but also to transform into medium and higher level enterprises.*

**Key Words:** *Profitability, Performance, MSEs, Determinant factors.*

# **CHAPTER ONE**

## **INTRODUCTION**

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

Micro and Small enterprises (henceforth, MSEs) play a key role in economic growth and industrial development of a country. They make a vital contribution in improving economic and social development of a country through stimulating large scale employment, investment, development of indigenous skill and promotion of entrepreneurship and innovativeness, enhancing exports, and also building an industrial base at different scales (Liedholm, 2002). In developing countries, micro enterprises are largely run by women, primarily as a matter of survival and not business opportunity. Nevertheless, they play significant role in local economies. Consequently, women are enthusiastic about their enterprises but social set up in which they operate present challenges which significantly impact on the performance of their businesses (Selamat, AbduRazak and Sanusi, 2011).

The International Labor Organization (ILO, 2007) mentions some of the challenges as social processes, institutional arrangements, credit systems, regulatory agencies and educational institutions. Specifically, the report observes growth of women enterprises as affected by cultural practices that deny women rights, financial constraints, lack of education and training, lack of social support, lack of managerial experience and absence of supportive policy. In low-income countries like Ethiopia, informal sectors are dominant income sources of the mass urban population. The profile of Ethiopian urban work force shows the engagement of about half of the workforce in the informal sector. The MSEs absorb large active women and is considered as an important policy instrument for eradicating poverty. The Ethiopian government considers the development of MSEs as the basic means to overcome poverty principally for women and the youth. To make this successful, however, it needs a detail understanding of factors that affect the startup, growth and expansion.

This research is therefore designed to examine business performance of women owned MSE's in two sub cities in Addis Ababa.

## **1.2 Statement of the Problem**

Women's contribution to the socio-economic wellbeing of their families and communities through their entrepreneurial activities has received little attention from policy makers and researchers, and has been taken for granted (Buame, 2000). This has resulted in gross underestimation and under-utilization of the women's socio-economic contribution and potential.

The Organization for Economic Cooperation and Development (OECD, 2004) notes that women entrepreneurs have untapped source of economic growth, create new jobs for themselves and others, provide society with different solutions to management, organizations and business problems and exploit entrepreneurial opportunities.

Despite the encouraging remarks about capacities of women entrepreneurs to boost local economy, the problems encountered by women owned MSEs are both at the startup and establishment phases. Majority of MSEs are survival driven, strive to secure the basic needs of an entrepreneur, mainly due to limited accesses to finance, poor business development service, unfavorable legal and regulatory frameworks, limited access to market, ineffective and poorly coordinated institutional support and lack of skill and knowledge to manage their business. All these forced enterprises to produce poor quality of products and have a lower productivity; these situations led for the poor performance, stagnant growth which will ultimately force them to close business and go out of market sooner than male counterparts.

## **1.3. Objectives of the Study**

### ***1.3.1 General Objective***

- To assess factors that are mainly affecting the business performance of women owned MSEs in Addis Ababa.

### ***1.3.2 Specific Objectives***

- To identify external and internal factors that are affecting the business performance of women owned and operated MSE's at business startup and operation.
- To investigate the extent to which external and internal factors are affecting business performance of women owned MSE's.
- To identify types of support women business owners received from any governmental and non-governmental bodies.

## **1.4 Research Hypotheses**

- H1:** Entrepreneurial skill has a significant and positive relationship with the performance of women owned MSEs.
- H2:** Managerial capacity has a significant and positive relationship with the performance of women owned MSEs.
- H3:** Accesses to finance has a significant and negative relationship with the performance of women owned MSEs.
- H4:** Working premises has a significant and positive relationship with the performance of women owned MSEs.
- H5:** Technology has a significant and positive relationship with the performance of women owned MSEs.
- H6:** Accesses to market has a significant and positive relationship with the performance of women owned MSEs.
- H7:** Business networking has a significant and positive relationship with the performance of women owned MSEs.
- H8:** Legal and regulatory framework has a significant and negative relationship with the performance of women owned MSEs.
- H9:** Accesses to training has a significant and positive relationship with the performance of women owned MSEs.

## **1.5 Scope and Limitations of the Study**

First, this study delineates its scope only to those women owned MSEs, based on the MSE definition of the Ethiopian Ministry of Trade and Industry (MoTI); and which are located in Addis Ababa, specifically in Nifas-Silk Lafto and Lideta sub cities in four selected sectors. As the study is intended to get an in-depth investigation of the problem in women owned MSEs, the result cannot be recommended to other MSEs under different ownership.

Second, the study was limited to the assessment of the performance of women owned MSEs based on profitability of the enterprises and identified the determinant factors that affect the performance measured as profitability. It is therefore subjected to the limitations that this method as a measure of performance may not show the wealth position as well as temporal variation in terms of both revenues and costs.

Third, the independent variables which were only assumed to be common to all women owned MSEs were chosen for this study hence it doesn't exhaust all the factors affecting women owned MSEs.

### **1.6 Significance of the Study**

MSEs is one of the government priority areas in the struggle towards growth and development. This study also could be seen as part of an element of growth effort in identifying the factors that hinder the performance of women owned MSEs. The findings of this study would provide policy makers a ground for analyzing and structuring MSEs promotional packages and it also provide practical inputs that would help MSE's office in Nifas Silk Lafto and Lideta Sub-Cities to take informed decisions in the problems encountered in a day to day operations, besides to that MSE operators in sub cities will have an opportunity to look inward of their enterprises and analyze the factors particular to individual enterprises. At last interested researchers, also would be able to have a base for further study and provided substantial highlights.

### **1.7 Definition of Terms**

**Enterprise:** can be defined as an undertaking engaged in production and/or distribution of goods & services for commercial benefits, beyond subsistence (household) level.

**Informal enterprise:** there is consensus that they are small scale, and operate outside registration, license and tax frameworks.

**Micro Enterprise:** when the numbers of its employees (including the owner or family) are not greater than 5 & total asset is  $\leq 100,000$  ETB for industrial sector and  $\leq 50,000$  ETB for service sector (MSEDS,2011).

**Small Enterprise:** means a business engaged in commercial activities whose capital is not exceeding birr 1.5million and 6-30 employees for industries and 500,000 for service other than high technology and consultancy service institutions.

### **1.8 Organization of the Paper**

The paper is organized in to five chapters. Chapter one contains introduction, statement of the problem, objectives of the study, research hypotheses, significance, scope and limitations of the study. Chapter two describes different literatures that were reviewed. The research design including the methodology adopted and techniques that were applied in data collection and analysis are presented in chapter three. The fourth chapter outlines data presentation, analysis and interpretations; and the fifth chapter deals with summary, conclusion and suggested recommendations.

## CHAPTER TWO

### REVIEW OF RELATED LITRATURES

#### 2.1 Theoretical Review

##### 2.1.1 Overview of MSEs in Ethiopian Context

Micro and Small Enterprises (MSEs) have been defined in a variety of ways using various factors. Although many countries around the globe seem to be using common factors in their definitions, the degree of emphasis and measures used differ quite considerably. These factors include number of employees, volume of sales, and the capital value of the business.

The definition of micro and small enterprises adopted by the Ethiopian Ministry of Trade and Industry (MoTI) is as follows

- **Micro enterprises** are business enterprises found in all sectors of the Ethiopian economy with a paid-up capital (fixed assets) of not more than Birr 20,000, but excluding high-tech consultancy firms and other high- tech establishments.
- **Small enterprises** are business enterprises with a paid-up capital of more than Birr 20,000 but not more than Birr 500,000 but excluding high-tech consultancy firms and other high-tech establishments.

The Ethiopian Central Statistical Authority (CSA) definition of enterprises which takes the number of employees as its main factor is as follows

- “Large and medium scale manufacturing enterprises have been classified as establishments with more than 10 employees using automated machinery.
- Small and medium enterprises are establishments that engage less than 10 persons using power driven machinery.
- Cottage /handicrafts are household type enterprises located in households or workshops normally using own or family labor and mostly manual rather than automated/mechanical machinery”

##### 2.1.2 Policy and Strategy on Micro and Small Enterprise in Ethiopia

According to Teshome Mulat, (1994), a key rationale for supporting the MSE sector is its potential to generate output, employment and income. Many scholars view the sector and its entrepreneurial character as central to innovation, economic growth and job creation. Micro and small scale

enterprises are potentially more flexible, making them better able to adapt to the rapidly changing global economy and the political pressure of rising unemployment.

The primary objective of the Ethiopian strategy framework is to create an enabling environment for MSEs (Schorling, 2006). Along with the overall development policy and strategy, different policies and measures have been undertaken to promote the development of the country. MSEs comprise the lion's share of the number of establishments and jobs in the non-agricultural sectors, and are the focus of government's attention. Particularly, considering the important role that MSEs play in creating income and employment opportunities and eventually as a tool for poverty reduction, the Federal Government developed a strategy for the development and promotion of MSEs in 1997 (ILO, 2007). According to HLCLEP (2006), a legal and regulatory framework that creates a conducive environment is crucial for the promotion and growth of micro and small enterprises in general. After the change of government in Ethiopia in 1991, several policies were formulated and regulations promulgated relating to diverse social, economic and political issues. Among these: -

- Issuance of Proclamation no. 40/96, which regulates the business of microfinance in the country.
- Issuance of the National Micro and Small Enterprises Development Strategy in 1997
- Formulation of a new labor law.
- The issuance of Proclamation No. 33/98 to provide for the establishment of the Federal Micro and Small Enterprises Development Agency (FeMSEDA).

The Ethiopian Government recognized the contribution of the informal sector and paid due attention to the promotion and development of MSEs which are important vehicles to address the challenges of unemployment, economic growth and equity in the country. To this effect, it has formulated a National MSE Development and Promotion Strategy in 1997, which enlightens a systematic approach to partly alleviate the problems through the promotion and growth of MSEs.

The overall objective of the strategy is to create an enabling environment for MSEs, with specific objectives to facilitate economic growth, bring equitable development, create long-term jobs, strengthen cooperation between MSEs, provide the basis for medium and large-scale enterprises, promote export and balance preferential treatment between MSEs & bigger enterprises.

Abegaz (2004) and Admassie (2004), as cited in Eshetu and Zeleke, (2008) have observed that the lack of growth in the MSE's sector due to lack of strategic support to women entrepreneurs, and to the poor level of support provided to the sector since 1991. Studies have shown that the MSE's sector

in Ethiopia is over-regulated, and that women are particularly vulnerable to lack of essential services such as access to finance and improved technological development. The level of strategic support provided to women entrepreneurs in Ethiopia since 1991 has been grossly inadequate and vastly ineffective. Kebede (2002) has argued that the current economic policy must be re-evaluated with a view to fulfill the basic needs of women entrepreneurs in Ethiopia.

### **2.1.3 Gender and Micro and Small Enterprise Development**

According to ILO (2008), around the world, a large number of women are involved in entrepreneurship. The majority of them operate micro and small-scale enterprises. In most developing countries and particularly in Africa, women-owned and operated businesses have increasingly played an important role in stimulating economic growth and creating new job opportunities. Women account for the larger share of the informal economy operators, as well as those running micro and small enterprises in Ethiopia. MSEs make a significant contribution to the socio-economic life of the country by way of supporting people to earn money and make a contribution to family incomes, and by supplying basic goods and services for local consumption. However, this contribution is not fully recognized or understood, and there is little in the way of research or statistics to provide a broader understanding of women's experience as business owners, their contribution to economic development, or the challenges they face in setting up, managing and growing their enterprises.

Women entrepreneurs in Ethiopia initiate new businesses and enterprises at a rate twice as fast as men, and that they find it harder at the outset to grow their business to the next higher level. 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 and Admassie, 2004). According to CSA (1997), 59 per cent of women entrepreneurs were illiterate, while nearly 20 per cent had an elementary formal education (grade 1-6) background. The survey also revealed that 87 per cent of women entrepreneurs among the total women respondents are married, divorced and widowed compared to 69.8 per cent of their male counterparts. This tends to show that often women become entrepreneurs in order to support their family because of the responsibilities they shoulder as married women, as well as due to the problems they face when they are divorced and widowed (ILO, 2003). According to some researchers (Degefe and Nega, 2001, Fortune 2003, Shimeles and Weeks 2003, and Rahmato 2004 as cited by Eshetu and Zeleke, 2008) have shown that women entrepreneurs in Ethiopia often fail due to gender-based discrimination in terms of access to finance,

tax assessment and approval of new business ventures as well as skills development. Women entrepreneurs in Ethiopia perform far below their counterparts in South Africa mostly due to lack of strategic support from the national government. In addition to bearing the brunt of cooking, fetching water, feeding the family, raising children, working the farms, women entrepreneurs in Ethiopia are also expected to prevail in small businesses and enterprises with little or no support from the national government (Kebede,2002; Pankhrust, 2003, as cited in Eshetu and Zeleke 2008). Empirical evidence suggests that women's MSEs tend perform less than those owned by men. One contributing factor to the poor performance of female-owned MSEs is that their firms have an especially high probability of being physically located within the household (ILO, 2004 and USAID, 2005).

#### **2.1.4 The Concepts of Business Performance**

Global Entrepreneurship Monitor (GEM) defined performance as the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it (GEM, 2004:10). However, performance seems to be conceptualized, operationalized and measured in different ways, thus making cross-comparison difficult (Srinivasan et al., 1994:22).

According to Martin (2010:67) performance is defined simply in terms of output terms such as quantified objectives or profitability. Performance has been the subject of extensive and increasing empirical and conceptual investigation in the small business literature (Bidzakin K.J., 2009:31). The issues that remain unresolved are the goals against which performance should be assessed and from whose perspective the goals should be established (Etzioni, n.d:128). The most commonly adopted definition of success (good performance) is financial growth with adequate profits. Other definitions of success (good performance) are equally applicable.

For example, some entrepreneurs regard success as the job satisfaction they derive from achieving desired goals. However, financial growth due to increasing profits has been widely adopted by most researchers and practitioners in business performance models.

#### **2.1.5 Performance Measure of MSEs**

Performance measurement is a process of collecting and reporting information regarding the performance of an individual, group or organizations. It can involve looking at process /strategies/ in place, as well as whether outcomes are in line with what was intended or should have been achieved. However, performance seems to be conceptualized, operational and measured in different ways thus making cross-comparison difficult.

Performance measurement can be split into financial and non-financial measures. The financial measures include profit before tax and turnover while the non-financial measures focus on issues pertaining to customers' satisfaction and customers' referral rates, delivery time, waiting time (Haber and Reichel, 2005). According to Codjia (2010), a statement of financial performance is an accounting summary that details an organization's revenues, expenses and net income. As part of business management, financial performance measurement can be one of the biggest challenges faced by businesses in the enterprises sector, especially with regard to their survival, if management is not trained on how to manage finance and measure performance. It is necessary to be able to assess whether or not a company has performed well over a certain period of time. From its profit and loss account, analysts can observe the profit it has generated. It is also necessary to know if a company is in a good short-term financial position, and if it is in a good financial position for long-term growth.

### **2.1.6 Factors Affecting the Business Performance of Women Owned MSE's**

This section gives emphasis to two dimensions that influence performance of women owned MSEs: the internal factors and external factors.

#### **2.1.6.1 Internal Factors**

Small business success studies are largely biased towards the macro aspects of factors such as structural, finances and enabling business environments than just dealing with entrepreneurial performance (Johnson, 1990). However, the business performance of a firm is, to a certain extent, a matter of decisions made by individual operators.

***Entrepreneurial factors:*** Studies related to psychological factors of business success for developing country firms are very scarce (Nichter and Goldmark, 2009). Most of the macro based studies have tended to assume entrepreneurs with similar experiences and demographic characteristics. However, none of these factors alone can create a new venture or drive success (Baum et al.,2001). Accordingly, personality traits play a key role in driving ventures towards success. The 'big five' model advocated for by Johnson (1990) is widely used as a robust indicator of personality traits. These big five factors that are generally agreed as personality traits or characteristics include: extraversion, emotional stability, agreeableness, conscientiousness and openness to experience. Based on the big five model, researchers have further classified entrepreneurial personality traits in to five categories: need for achievement, locus of control, motivation, risk-taking propensity, and

self-efficacy. These traits are important psychological factors that would influence the performance of women owned and operated MSEs. (Johnson, 1990).

**Managerial Capacity:** Zeleke (2009) conducted a study on the efficiency of management as a determinant of long-term survival in micro, small and medium enterprises in Ethiopia, and his research ascertains that excellent management skill is of highest importance in order to lead an innovative firm to success. However, while many entrepreneurs need to acquire an excellent education and experience in their specific scientific area, they often lack business management capabilities. This constitutes a threat to their survival and is a major constraint and obstacle to their growth and development, which often prevents them from transforming the excellent scientific and technological competencies into the real economy.

This is the most commonly occurring internal factor in business failure among women owned and operated MSEs. Even other internal causes of business failure are often linked to poor management. Most small businesses are set up by one entrepreneur, or a small group of them, who have what they believe is a good idea for creating a product or service. Managerial effectiveness influences every aspect of a business and is often believed to be the most important factor contributing to small business failure. Zeleke (2009)

Many female MSEs owners/managers, however, do not always have skills and experience in areas such as business planning, financial reporting, marketing, customer relations and financial management. The company is at risk when owners and managers, as management, do not possess the appropriate knowledge; and either do not recognize this lack of expertise or are not willing or aware to ask for advice. To support the creation and growth of MSEs, management capacity building is a key aspect. Indeed, without the necessary management skills, many viable companies with good product offers never reach their potential or might even risk being led out of business, by competition or by lack of treasury for example. The smaller the size of the MSE, the more the attitudes and managerial skills of the head of the MSE are critical to ensure the success of the MSE and its potential growth. (Lin and Yeh-Yun 1998).

#### **2.1.6.2 External Factors**

**Accesses to Finance:** Lack of adequate capital, sufficient loan, and inefficient financial market in terms of facilitating financial resources to entrepreneurs are the major obstacles in doing business particularly in the informal sector. Most micro and small enterprises are highly risky ventures involving excessive administrative costs and lack the experience in dealing with financial

institutions. A primary and continuing obstacle faced by women appears to be difficulty in securing capital funding for new business ventures (Buttner and Rosen, 1992). Riding and Swift (1990) concluded that financial conditions for women business owners were less favorable than for men: women more often had to pay higher interest rates, find more collateral, and provide a spouse's co-signature. Strauss (2000) claims that by 1994-95 in North America, statistics made it clear that women were starting 40% of businesses and were still receiving only 3-4% of venture capital funds. Of course, scholars like Butler (1993) contend that some women have been unprepared with the comprehensive business plan demanded by the banks: rather than doing their homework, they attributed their loan difficulties to gender discrimination. Critics who attribute women's failure to obtain necessary funds for start-up to their lack of a proper business plan (Buttner and Rosen, 1992). Yet women interviewed in qualitative studies tell stories about their business plans being scrutinized more carefully and having to meet more special demands than men's (Gay, 1997; Robertson, 1997). Moreover, the interest rate by most micro finance institutes, which is higher than the lending rate of formal banks, inhibits effectiveness in addressing the needs of MSEs (Commission on Legal Empowerment of the Poor, 2006).

The findings of Mulu (2007) also indicate that banks and micro finance institutions (MFIs) do not seem to support MSEs expansion. Due to this 85% of the respondents have never received credit from these formal sources. The availability of other informal sources of finance, however, affects growth positively and significantly. This shows that in the absence of formal source of credit, informal networks appear more appealing for MSE's. Hence, firms with better network to borrow from informal sources such as, relatives, friends, and suppliers better loosen credit constraints, and grow faster. Lack of finance has been considered in many studies as a key success factor for women owned and operated MSEs such as Rolfe et al (2010), Mbonnyane &Ladzani (2011).

***Working Premise Factors:*** Women's enterprises tend to operate from inappropriate premises. MSEs, especially those operating in the micro and small level, face significant problems in accessing appropriate and affordable premises. This is particularly so for certain sectors such as food preparation and food processing businesses – activities where regulations require that business accommodation should meet specific hygiene standards, and in which women predominate. In 2000, an ILO report on MSEs in Tanzania estimated that 60 per cent of informal enterprises operated on the streets (ILO, 2000). The issue of premises had both overt and indirect gender issues for women by itself. Women entrepreneurs, by the fact that they dominate the informal economy, suffer more

than men regarding problems to do with appropriate business space and premises. Moreover, customary practices in communities often prevent or deter women from owning or leasing premises in their own right. For example, even where women have resources to rent premises, some landlords are reluctant to make legal agreements with the women without their families' approval (see UDEC 2002, Zewde & Associates, 2002). Furthermore, women still experience difficulties in obtaining ownership of and legal title to land and buildings, and this can be seen in the low level of ownership of business premises by the women in many instances.

**Technological Factors:** Choice of technology and innovative capacity is another important factor determining the business performance of women owned of MSEs. According to Albu (2001: 16) in Moyi, E and Njiraini, P (2005), it is divided in to production, investment, and innovative/ capability. Production capability is the static knowledge and skill required to use existing technology development which is far less applicable to MSEs is the process of designing new machineries/ equipment, processes, or products.

The appropriate technology paradigm assumes MSEs as beneficiaries and not as active participant of development and improvements of technology; technology as a resource that can only be adapted by MSEs for improving factor productivity and reducing unit costs. It also focuses on incremental choice and suitability of available technologies to the production and market environment of MSEs operating in environment of unskilled and large labor market, low income consumer market, and low quality inputs. But appropriate technology paradigm is challenged for its limited impact and its failure to narrow gaps between MSEs and larger enterprises. The technical capability paradigm has emerged as a result of unsatisfactory result with appropriate technology paradigm and with an objective to raise capacities of MSEs in making use of innovated technologies as most innovated technologies is adopted from separate workshops. It needs institutional, technical and engineering skills to adapt these technologies to different climate, raw materials and market demand.

**Accesses to Market:** Closely linked to women's business status is the fact that the majority of women operate in restricted locally-based markets which by their nature are limited in size. Furthermore, this frequently leads to excessive competition and underpricing. Women engaged in business largely confine themselves to local markets where access, mobility and networks are easier for them to negotiate (Zewde & Associates, 2002). Women's ability to penetrate markets outside of their local area is affected not only by physical mobility issues, but also by the types of businesses women engage in (UDEC, 2002). Women's locally made products are increasingly in competition with a

growing range of imported goods coming into the market at all levels. Issues of quality and delivery are the same for all micro-enterprises, but women face additional gender-based issues concerning mobility – which in turn relate to their dual (household) and triple (community) roles which constrain their time and determine whether it is acceptable for them to travel outside of their communities. As the Tanzanian research noted: “while male entrepreneurs can travel long distances to do business, most women are inhibited by traditional roles, domestic responsibilities and cultural values” (UDEEC, 2002).

***Business Networking:*** Another significant barrier for some owner-leaders reported in the literature has been networking. Studies showed that few men business owners included women in their close business networks (Gould and Parzen, 1990).

According to this view, the presence or absence of networks, such as relatives, friends and access to or memberships in associations, plays a role in influencing performances and the viability of a business venture. Women entrepreneurs are embedded in different personal and social networks from men; hence divisions and barriers that limit the reach and diversity of their networks might have far-reaching consequences for business performance (Aldrich, Reece, and Dubini, 1989).

Women business owners were often traditionally excluded from “old boy networks”, were perceived to have more “affective” and less “instrumental” motives in building relationships, and relied more on spouses for information and support than on outside advisors such as bankers and lawyers (Buttner, 1993). Networks of contacts, important to both men and women business owners, differed in content and size. Women’s networks tended to be composed of women and were smaller than men’s networks (Aldrich, Reece, and Dubini, 1989), which may be one reason for certain difficulties reported by women in obtaining financing.

***Legal and regulatory factors:*** According to Lumpkin and Dess, (1996) the business performance of MSEs are affected by its business climate. Clement et al., (2004) noted that an unfavorable business climate has negative effect on small firm performance and business profitability. Davidson (1989) identified that an unfavorable tax system, complicated rules and regulations can heavily hamper small firms’ business performance. Krasniqi (2007) showed that corruption is a major source of the rise in unfair competition. He further emphasized that the cost of complying with regulations and increased tax rates increases small firms’ expenses while limiting their profitability.

***Accesses to Training:*** Studies have indicated that women generally are less educated than men in the micro enterprise sector but their level of education is better in the small and medium enterprise

sector. Access to training opportunities for MSEs is very limited despite the fact that several NGOs, donors and government bodies do provide training. Access to apprenticeship training and on-the-job experiences is also very limited while other services such as business extension services and counselling are generally unavailable for MSEs. The most important sources of information for MSEs are customers, suppliers, relatives and friends, non-competing similar businesses, and competitors. Information provided by institutions (such as government, chambers of commerce, etc.) is difficult to access or of little use to MSEs.

The training is not flexible in terms of the delivery schedule, location and language to accommodate the specific challenges that woman entrepreneurs face as mothers and family care givers. Moreover, training sessions are one-off events and the fact that many of the trainers are men is a major barrier for women entrepreneurs (because women prefer women trainers and husbands do not like women to be trained by men trainers); (Desta Solomon, 2010).

## **2.2 Empirical Review**

A study by Mead & Liedholm (1998:69), the main factors that affect the business performance of women owned and operated MSEs in developing countries is not their small size but their isolation, which hinders access to markets, as well as to information, finance and institutional support. The argument that small businesses in Africa are crucial in the role they play in employment creation and general contribution to economic growth is not new. Although this may be true, the vast majority of new enterprises tend to be one-person establishments (Mwega, 1991:33-36). This has tended to ensure that the journey of the MSE entrepreneurs in many instances is short-lived, with the statistic of MSE failure rate in Africa being put at 99 percent (Rogerson, 2000:41).

Eshetu and Zeleke (2008:2-9) conducted a longitudinal study to assess the impact of influential factors that affect the long-term survival and profitability of small enterprises by using a random sample of 500 MSEs from 5 major cities in Ethiopia. According to this research, the factors that affect the profitability and survival of MSEs in Ethiopia are found to be adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is so because the findings of the study revealed that businesses that failed, during the study period were characterized by inadequate finance (61%), low level of education (55%), poor managerial skills (54%), shortage of technical skills (49%), and inability to convert part of their profit to investment (46%). The study further indicated that participation in social capital and networking schemes such as *Iqub* was critically helpful for long-term survival of the enterprises.

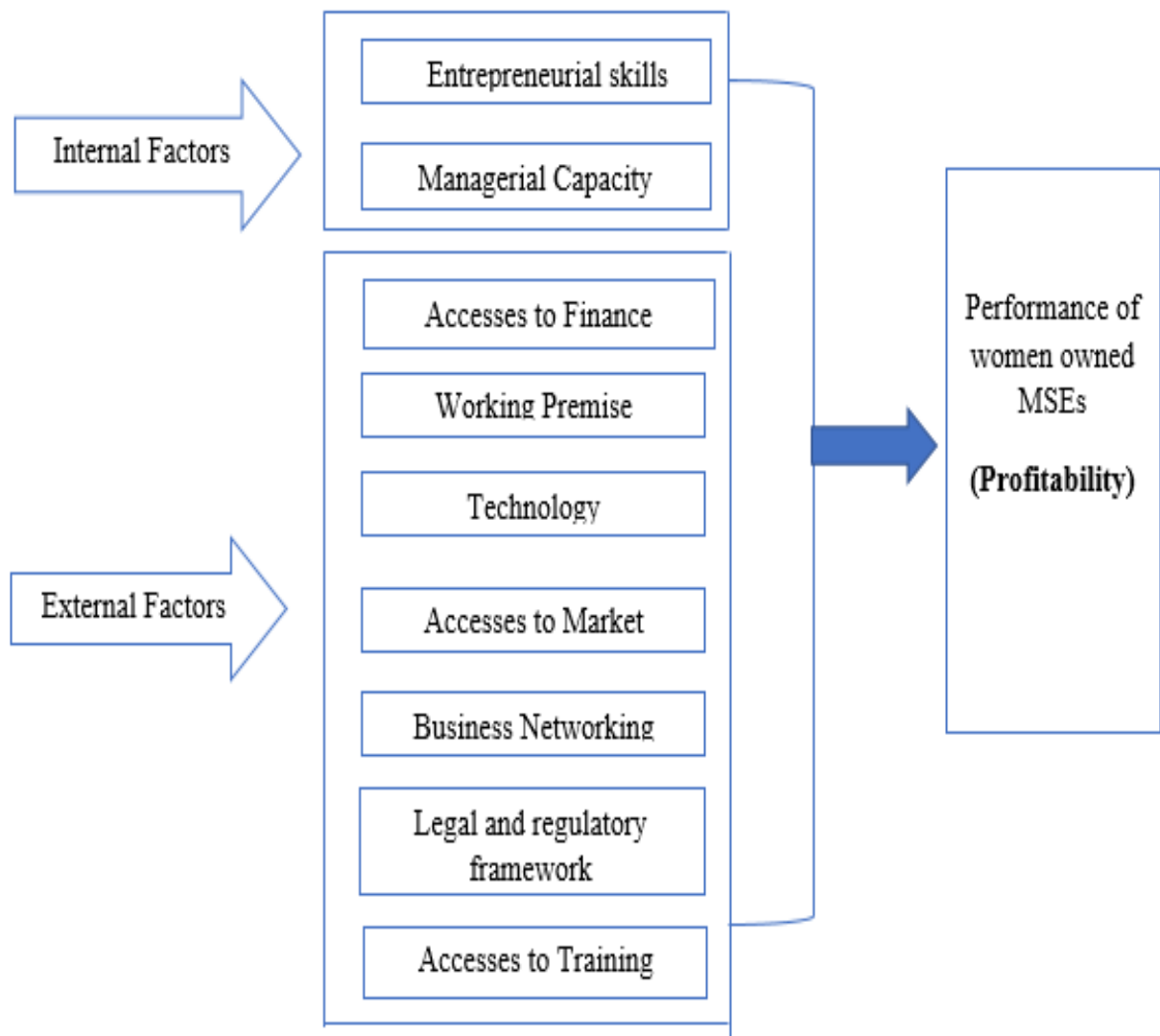
Businesses that did not participate in *Iqub* schemes regularly were found to be 3.25 times more likely to fail in comparison with businesses that did, according to the study.

In their study, based on the survey covering 123 businesses units in four Kebeles of Yeka and Kirkos sub-cities of Addis Ababa, and aimed to investigate the constraints and key determinants of growth, particularly in employment expansion, Paul and Rahel (2010:89-92) found out that the studied enterprises registered 25% increment in the number of total employment they created since their establishment with an average annual employment rate of 11.72%. With regard to the sources of initial capital of the studied enterprises, the study indicated that, the main ones were loan from MFI (66.7%), personal savings/*Iqub* (17.5%), and loan from family/friends (17.1%). Moreover, the concrete problems that the targeted MSEs faced at their startup were lack of capital (52.8%), skills problem (17.9%) and lack of working space (17.1%).

### **2.3 Conceptual Framework**

Conceptual framework means that concepts that relate to one another were used to explain the research problem. Since business performance is influenced by both internal and external factors, operators need to understand what influences businesses to reach peak performance. The external factors include accesses to finance, working premises, technology, access to market, business networking, legal and regulatory framework and accesses to training. The influence of these factors to the business performance is very important but it is noteworthy that the management has no (little) control over them (Wanjiku, 2009:81-82). Nevertheless, the factors must be closely monitored to ensure that stringent measures are taken within the best time to either take advantage of the opportunities or combat the threats found in the external environment. The internal factors that influence the firm's performance can be classified as entrepreneurial skill and managerial capacity. In this study profitability was opted to measure performance of these MSEs. This is mainly because of the following three reasons. First, as the pilot study clearly indicates these MSEs are more focusing on profitability than other modes of performance measures. Second, the MSEs were not applying balanced score card to measure their overall performance. Third, as recommended by Rami and Ahmed (2007:6) a profit has been widely adopted by most researchers and practitioners in business performance models.

*Figure 1: Conceptual Model*



*Source: Adapted based on literature reviews and previous empirical works.*

## **CHAPTER THREE**

### **RESEARCH DESIGN & METHODOLOGY**

#### **3. Introduction**

This chapter discusses the methodology and the research design which is applied to achieve the objectives of this study. The chapter begins with a description of the research design, followed by justifications to the chosen methodology. The research design includes details of the chosen study population and sample, the design for data collection instruments and methods for data collection.

#### **3.1 Research Design**

The study applied both descriptive and explanatory types of research; in order to describe the state of affairs as it existed at the time of study period and also to explain the relationship between variables that correlated to estimate the integrated influence of the factors on performance. Then the study described and critically assess the factors affecting the performance of women owned and operated MSEs in the selected sub cities. All relevant data was collected from a single point in time through cross sectional method. A qualitative and quantitative method of data collection was applied so as to compensate each method's weaknesses with strengths from the other method. In designing of the instruments a questionnaire comprised of a Five Point Likert Scale questions were constructed, the type of scales used to measure the items on the instrument was continuous scales (strongly agree to strongly disagree) , multiple choice questions and interview questions developed in consultation with literature, advisor's comment and through pilot study test.

#### **3.2 Population**

Dormyel (2007), defines population as those units for which the findings of the survey are meant. From a statistical point of view, the term "population" refers to the total of items about which information is desired. The attributes that are the object of study are referred to as characteristics and the units possessing them are called as elementary units. The aggregate of such units is generally described as population (Kothari, 2004). The population in the study is consisted of 400 women owners of MSEs which operate in Nifas- Silk Lafto and Lideta sub cities at the time of the study with a sectoral composition of construction (60), wholesale and retail (90), food processing (150), and textile and garment (100).

### 3.3 Sampling Technique

Stratified random sampling was used to get information from different sizes of the MSEs. This technique is preferred because it is used to assist in minimizing bias when dealing with the population. With this technique, the sampling frame can be organized into relatively homogeneous groups (strata) before selecting elements for the sample. According to Janet (2006:94), this step increases the probability that the final sample will be representative in terms of the stratified groups. The strata are sectors including: construction, wholesale and retail, food processing and textile and garment.

To select samples of MSE owners from each strata (sectors) simple random sampling method was applied from a complete list of enterprise owners in the sub cites.

### 3.4 Sample Size

To calculate the representative sample size, the formula given below will be used. Based on this the researcher will be able to adopt a mathematical formula for the purpose of determining the sample size. Yemane (1970) has suggested the following mathematical formula for determining sample size since it was relevant to studies where a probability sampling method was used.

$$n = \frac{N}{1 + N(e)^2}$$

**Where,**

**N: is the total number of women owned enterprises, and**

**e: is the error or confidence level**

A confidence level of 95% was applied to ensure accurate result from the sample. Based on this, the error term would equal to 0.05. Using the above formula, the sample size was determined as 200 women MSE owners currently operating in the two-selected sub cites. The sample size selected here is considered as representative of construction, wholesale and retail, food processing and textile and garment, and also large enough to allow for precision and confidence.

### 3.5 Data Collection Methods

#### 3.5.1 Primary Data Sources

Primary data collected from MSE operators through questionnaire and interview. The study applied a well-designed Five point Likert scale questionnaire to gather primary information, this was completed by owner managers of the MSEs.

### 3.5.2. Secondary Data Sources

Complete information about the MSE operators of the study area, Policies, support rendered, collected from MSE development office database and Magazine. Besides to that a variety of books, published and/or unpublished government documents, websites, reports and newsletters had been reviewed to make the study fruitful.

### 3.6 Model Specification: Identification of Dependent and Independent Variables

The objective of this study is to examine factors that influence the business performance of women owned MSE's in Addis Ababa city. Therefore, the regression model that will be adopted will take the form of: -

$Y_i = \beta_0 + \beta_1 * D_{ENT} + \beta_2 * MGC + \beta_3 * WP + \beta_4 * ATF + \beta_5 * AMK + \beta_6 * TECH + \beta_7 * BNET + \beta_8 * D_{LER} + \beta_9 * ATR + \epsilon$	
Where,	
<b>Y<sub>i</sub></b>	Performance of women owned and operated MSEs measured in business profitability.
<b>β<sub>0</sub></b>	Intercept term(constant)
<b>ENT</b>	Entrepreneurial Skill
<b>MGC</b>	Managerial Capacity
<b>WP</b>	Working Premises
<b>ATF</b>	Access to Finance
<b>AKM</b>	Accesses to Market
<b>TECH</b>	Technological factors
<b>BNET</b>	Business Networking
<b>LEA</b>	Legal and Regulatory framework
<b>ATR</b>	Accesses to Training
<b>ε</b>	Model error term
<b>β<sub>1</sub>, β<sub>2</sub>, β<sub>3</sub>, β<sub>4</sub>, β<sub>5</sub>, β<sub>6</sub>, β<sub>7</sub>, β<sub>8</sub> and β<sub>9</sub></b> = 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.	

### 3.7 Performance Measure of MSEs

**Performance:** Performance is defined as act of performing; of doing something successfully; using resources. Measure of performance of micro and small enterprises is used to the condition performing level of enterprises (GEM, 2004). However, performance seems to be conceptualized, operationalized and measured in different ways thus, making cross-comparison is difficult (Srinivasan et al., 1994:22). Among the most frequently used operationalization's are survival and profitability.

$$\text{Profit} = \text{Total Revenue} - \text{Total Cost}$$

Where:

**Profit:** Profit is a financial benefit that is realized when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity.

**Total Revenue:** Total Revenue is the sum of the revenues earned from performing different activities to sustain the business. The higher the total revenue of the enterprises the higher the profit will be. Profitability is considered as the base or primary success of enterprises to exist in the business (Benjamin and Bonno, 2007).

**Total Cost:** Total cost is made up of fixed costs and variable costs. Fixed costs are consisting of payments for rent and interest. Variable costs are comprising payments for electricity, water, telephone, wages for technicians and miscellaneous payments all summed up to total costs. If the total cost of enterprises ultimately increases more than total revenue of the enterprises, it results in loss for the enterprises. Uncontrolled operational costs and high non-returnable costs flow results in low performance of enterprises (Padachi, 2012).

### 3.8. Operationalization and Measurement of Variables

*Table:1 Operationalization and Measurement of Variables*

<b>Dependent Variable</b>	<b>Definition</b>	<b>Measurement</b>
<b>Performance</b>	Is the act of performing; of doing something successfully; using resources.	Profit = Total Revenue – Total Cost
<b>Independent Variables</b>	<b>Definition</b>	<b>Measurement</b>
<b>Entrepreneurial factors (ENT)</b>	Refers to factors that include: need for achievement, locus of control, motivation, risk taking propensity, self- efficiency.	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)
<b>Managerial Capacity (MGC)</b>	The ability to make business decisions and lead within a company.	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)
<b>Working Premise factors (DWP)</b>	A building or set of buildings and land used for the purpose of carrying out a business activity.	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)
<b>Accesses to finance(ATF)</b>	The ability of enterprises to obtain financial services, including credit, deposit, payment, insurance, and other risk management services.	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)
<b>Accesses to Market (AMK)</b>	The availability of market demand for the particular commodity or service.	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)

<b>Technological (TECH)</b>	The choice and use of the appropriate technology in business operation.	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)
<b>Business Network (BNET)</b>	A socio-economic activity by which business people and entrepreneurs meet to form business relationships	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)
<b>Legal and Regulatory framework (LER)</b>	The existence of the necessary infrastructure which supports the control, direction or implementation of a proposed or adopted course of action, rule, principle or law	Five point Likert scale (5 = strongly agree, 1 = strongly disagree)
<b>Accesses to Training (ATR)</b>	The opportunity to develop any skills and knowledge that relate to specific useful competencies.	Five point Likert scale (5= strongly agree, 1= strongly disagree)

### 3.9 Data Processing and Analysis

Both manual and computerized systems were applied in processing the collected data. The data processing involved steps of data entry, editing, coding, classification and tabulation. Then the data processing further passed through two phases: data clean-up and data reduction. During data clean-up, the collected raw data was edited to detect anomalies, errors and omissions in responses; and if questions were answered inaccurately and inconsistently. The arranged data was entered into a statistical software, SPSS version 20.0, to be analyzed. In addition, the collected data was analyzed using both descriptive statistical techniques and descriptive narrations. The demographic profiles and items related to characteristics of women MSE owners and operators were analyzed using simple statistical tools such as tables and percentages. Conclusions were established on the bases of results; and hence generalizations were reached for the population from the samples analyzed.

### **3.10 Instrument Development**

Basically, the instruments were developed based on the objectives of the study and research questions. The basic principles of questionnaire design such as use of simple and clear languages, statements with reasonable length and use of appropriate punctuations were considered when developing the instrument. In addition, interviews were also used as an instrument to strength the investigation.

#### **3.10.1 Design of the Instruments**

The instruments were designed in such ways that can strength the viability of the study. The questionnaire and interview questions were prepared in English and Amharic. The Amharic version was required in order to accommodate those respondents who do not understand the English language. In this study, each statement is rated on a 5 point Likert response scale: strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1).

### **3.11 Reliability and Validity**

#### **3.11.1 Reliability Test**

The reliability of instruments measures the consistency of instruments. Creswell (2009:190-92) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. As recommended by John Adams et al. (2007:136), the reliability tests of the instrument show a total Cronbach alpha value of 94.9 %. According to Yalew (2009), taking the number of items in the questionnaire and the characteristics of respondents, the value can verify the reliability of the instrument used.

#### **3.11.2 Validity Test**

Validity is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. The validity of results can either be internal or external. The internal validity aspect refers to the analysis of the findings and results obtained. The external validity refers to whether the results and findings can be generalized. Therefore, the results are confined to the MSEs under the study, and that the findings are only to be generalized to the MSEs under the study

**Table 2: Reliability Test**

<b>Variables</b>	<b>Cronbach Alpha</b>	<b>No of items</b>
<b>Entrepreneurial Skills</b>	.905	2
<b>Managerial Capacity</b>	.862	2
<b>Working Premise</b>	.845	4
<b>Accesses to Finance</b>	.829	3
<b>Accesses to Market</b>	.885	3
<b>Technological factors</b>	.881	4
<b>Business Network</b>	.901	4
<b>Legal and Regulatory framework</b>	.893	2
<b>Accesses to Training</b>	.887	4
<b>Total</b>	.949	10

### **3.12 Ethical Considerations**

All the research participants that were included in this study were appropriately informed about the purpose of the research and their willingness and consents had been secured before the commencement of distributing questionnaire and administering interview questions.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

In this section, general information about the women owned MSEs are presented and data collected through questionnaires and interviews is analyzed at the same time. Moreover, the results of multiple regressions are also analyzed and presented.

Two hundred questionnaires were distributed for women MSE owners across the four sectors in the two sub-cities, out of which 190 were completed and retrieved successfully representing a 95% response rate. Out of the 200 questionnaires administered 30, 45, 75 and 50 were distributed to construction (CON), wholesale and retail (W&R), food processing (FP) and textile and garment (T&G) respectively. The numbers of questionnaires retrieved successfully from construction, wholesale and retail, textile, food processing and textile and garment are 28, 43, 70 and 49 respectively. This represents a response rate of 93.3%, 95.5%, 93.3% and 98% for construction, wholesale and retail, food processing and textile and garment respectively.

#### 4.2 Characteristics of Women MSE Owners

Gender wise, since the study focused only on women owners of MSEs, all respondents are female. Regarding the age distribution of the respondents, most (60%) owners that were included in the sample were in the age group of 21-35 years, 25% were between 36-50 years, 10% were between 18-20 years and 5% were in between 51-65 years (Table 3). This shows that nearly half of the sampled MSEs in both sub cities are owned and run by the young females.

*Table 3: Demographic characteristics of women MSE owners and operators*

Age Group	Frequency	Percentage (%)
18-20	19	10
21-35	114	60
36-50	48	25
51-65	9	5
Total	190	100

Source: Survey data (2017)

#### 4.3 Educational level of women MSE owners and operators

12%, 25% and 18% of the micro enterprise managers attained a technical and vocational (i.e. 10+1, 10+2 and 10+3), 26% had diploma level educational background and 8% of the respondents

have upgraded their educational status up to first degree level. The remaining 11% of the respondents have educational level below grade 10. This shows that the majority of the respondents have attained technical and vocational and diploma level education.

**Table 4: Educational level of women MSE owners and operators**

Educational Level	Frequency	Percentage (%)
10+1	22	12
10+2	48	25
10+3	35	18
Diploma	50	26
Degree	15	8
Below 10 <sup>th</sup> grade	20	11
<b>Total</b>	<b>190</b>	<b>100</b>

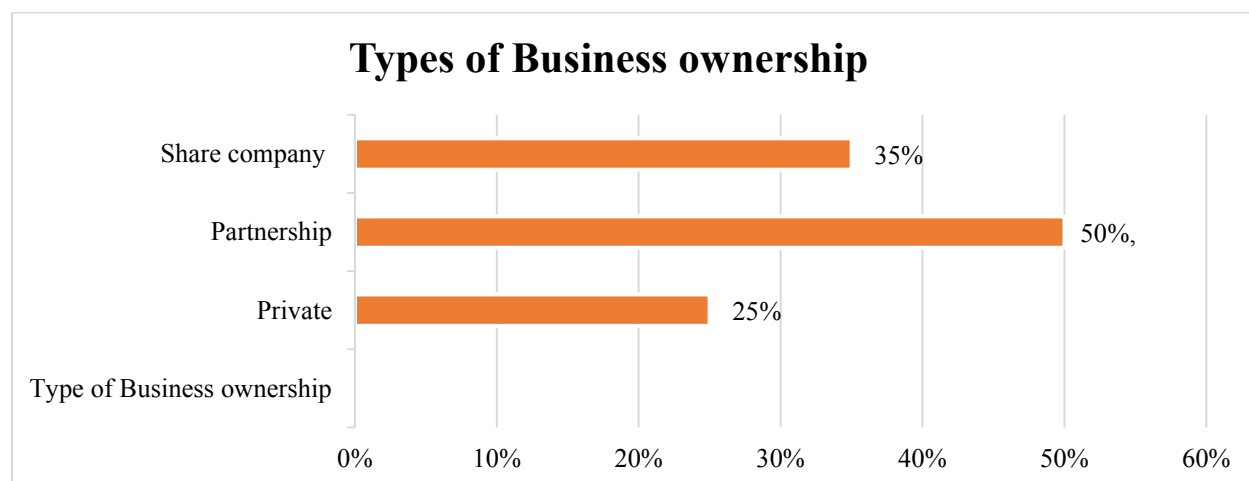
Source: Survey data (2017)

#### 4.4 General Characteristics of MSEs

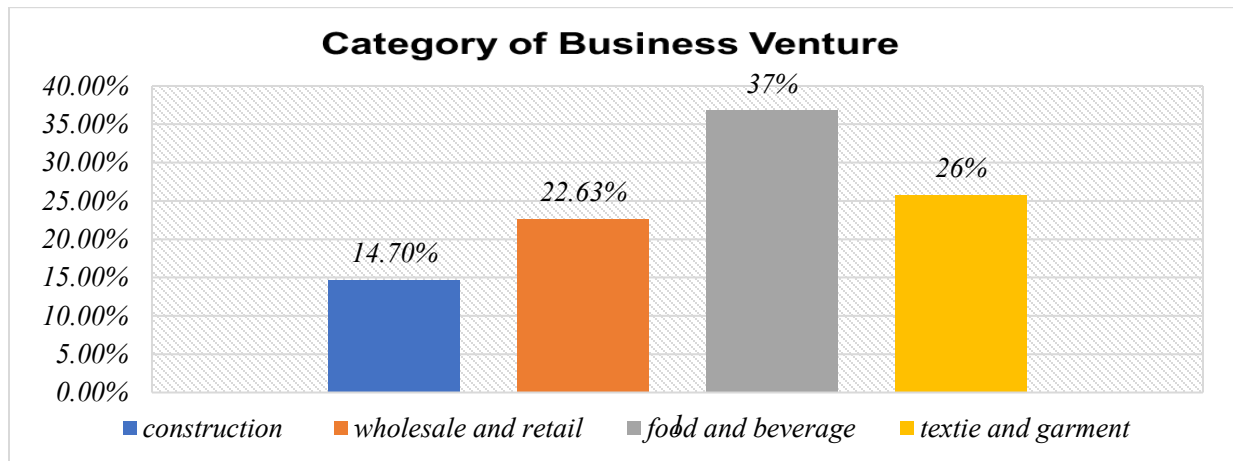
##### 4.4.1 Types of Business Ownership

As shown in figure 4 below, the sample firms operating in the selected four sectors have different forms of ownership. Half (50%) of the enterprises were under a partnership form of ownership followed by share company (35%) and private ownership (25%).

**Figure 2: Types of business ownership**



#### 4.4.2 Category of Business Venture



**Figure 3. Category of business venture**

As shown in figure 4.2, the sample firms were operating in four sectors of the economy. Most of them are engaged in food processing (37%) followed by textile and garment (26%) wholesale and retail (22.3%) and construction (14.7%). This division of MSEs by sector type was believed to be helpful to study each sector critical factors that affect the performance of women owned MSEs. This is because firms in different sectors of the economy face different types of problems. That means the degree of those critical factors in construction sector may differ from the factors that are critical to food processing, wholesale and retail and textile and garment and sectors.

#### 4.4.3 Sectors MSEs were engaged

As shown in Table 4.3 below, women owned MSEs in the selected sub cities under the study are engaged in construction (15%), manufacturing (63%), and trade (22%).

**Table 5: Sectors MSEs were engaged**

Sectors of MSEs	No of MSEs	Percentage (%)
<b>Manufacturing</b>		
Food Processing	70	37
Textile and Garment	49	26
<b>Trade</b>		
Wholesale and retail	43	22
<b>Construction</b>		
	28	15
<b>Total</b>	190	100

Source: Survey data (2017)

#### 4.4.4 Number of Employees

**Table 6: Number of employees**

Number of employees	Frequency	Percentage (%)
1-2	4	2
3-4	22	11.7
5-6	101	53
7-8	59	31
9-10	4	2.3
<b>Total</b>	190	100

Source: Survey data (2017)

Most of the MSEs (53%) under the study accommodate 5 to 6 workers to run their business. On the other hand, 31% of the enterprises had 7 to 8 employees.

#### 4.4.5 Important aspects for business ventures profitability

From the responses obtained from women MSE owners and operators in both sub cities, it can be concluded that the availability of working premises (28%), capital (24%) and accesses to market (15%) are the major influencing factors in the profitability of their business. Hence, it can be concluded that working premises, availability of working capital and accesses to market accounted for a lion's share of influence of profitability of their businesses.

#### 4.4.6 Sources of Finance

Small firms often fail to distinguish between long and short term financing needs and to find appropriate sources. Respondents were asked to identify their sources of capital at the establishment of their businesses. O'Neil and Ducker (1986) studied the impact of government financial assistance and policies on small firms and found them to be critical for the survival of many smaller start-up firms.

As shown in table 7, below personal saving (33%) is the most available source of finance followed by microfinance institutions (20.58%), friends and relatives (17.6%), *Equib /traditional thrift or saving* (14.7%) assistance from NGOs (10%). The remaining sources of finance comes from other unidentified sources (4.11%).

**Table 7: Source of Finance**

<b>Source of Finance</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Personal Saving</b>	63	33
<b>Microfinance</b>	39	20.5
<b>Borrowed from friends and relatives</b>	33	17.6
<b><i>Equib (traditional thrift/saving)</i></b>	28	14.7
<b>Assistance from NGOs</b>	19	10
<b>Others</b>	8	4.11
<b>Total</b>	190	100

Source: Survey data (2017)

#### **4.4. Profitability Analysis of Women Owned MSEs**

The profitability analysis of 190 women owned MSEs showed that half of enterprises had annual profit greater than 100,000 ETB, this implies that half of the enterprises were performing in a good manner and are profitable. Whereas, the remaining 50% of enterprises had a profit less than 100,000 ETB, which indicates that these enterprises were performing in a poor manner during data collection. In a similar way, interview respondents agree with the performance status of the enterprises. As the key informants states the poor performance of enterprises was result of enterprises level problems and stockholder's problems includes; insufficient entrepreneurial skill, shortage of capital, managerial incompetence and lack of accesses to market. The respondents also mentioned that the success of enterprises is not by chance, but by hard work in creating new products and services; participated in different training to upgrade their knowledge, resolved disputes by discussion, kept records of every transaction, did not withdraw investment capital rather convert part of profit to investment capital and sharing and implementation of best practices which fastens their vision of growth.

**Table 8: Profitability analysis of women owned MSEs**

<b><i>Annual Profit</i></b>	<b><i>Nifas-Silk Lafto Sub City</i></b>	<b><i>Lideta Sub City</i></b>	<b><i>Percentage (%)</i></b>
<b>Greater than 100,000 ETB</b>	50	45	50
<b>Less than 100,000 ETB</b>	45	50	50
<b>Total</b>	95	95	100

#### 4.9 Multiple Regression Analysis

A multiple linear regression analysis was employed by using profitability as the dependent variable and the result showed that the variation in profitability was due to independent variables included in the model. Therefore, the model was the best fit model for the data. All of the explanatory variables were found to significant at influencing the performance of women owned MSEs at 5% significance level.

**Table :9 Multiple Regression**

<i>Model Summary</i>		<i>R</i>		<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>		
		.858 <sup>a</sup>		.736	.722	\$15,772.49996		
		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	<i>t</i>	<i>Sig.</i>	<i>Collinearity Statistics</i>	
		<i>B</i>	<i>Std. Error</i>	<i>Beta</i>			<i>Tolerance</i>	<i>VIF</i>
<i>Coefficients</i>	Constant	52178.15	2693.198		19.374	.000		
	ENT	4088.17	1372.49	.224	2.979	.003	.260	3.85
	MGC	5053.89	1126.68	.287	4.486	.000	.358	2.79
	ATF	-5196.46	1563.85	-.240	-3.323	.001	.281	3.55
	DWP	3705.16	1367.23	.191	2.710	.007	.295	3.39
	THEC	3053.53	1352.62	.171	2.257	.025	.257	3.89
	AMK	-4101.81	1246.04	-.216	-3.292	.001	.342	2.92
	BNET	5132.23	1262.10	.273	4.066	.000	.325	3.07
	LER	3040.06	1614.14	.162	1.883	.061	.198	5.04
	TRA	1888.77	1497.46	.094	1.261	.209	.264	3.78

<sup>1</sup>The Std. Error of the Estimate is a measure of the variability of the multiple correlations

The multiple regression table above revealed that, the correlation between the observed value of performance and the optimal linear combination of the independent variables (entrepreneurial skill, managerial capacity, working premises, accesses to finance, technological, business networking, accesses to market, legal and regulatory framework and accesses to training) is 0.858, as indicated by multiple R. Besides, given the R Square value of 0.736 and adjusted R square value of 0.722, it

may be realized that 72.2% of the variation in performance of women owned MSEs measured by profitability can be explained by the independent variables.

The unstandardized coefficients  $\beta$  column, gives us the coefficients of the independent variables in the regression equation including all the predictor variables as indicated below. The table above also shows that, all the explanatory variables included in this study can significantly explain at 90% confidence level to the variation in the dependent variable. The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average amount the dependent variable increases when the independent variable increases by one standard deviation (all other independent variables are held constant).

#### **4.10 Hypotheses Summary**

*The variables which were statistically significant in the model to predict the performance of women owned MSEs are discussed as follows.*

**Entrepreneurial Skill (ENT):** The entrepreneurial skill of women owners/operators in the enterprises was statistically significant at 5% significance level and had positive relationship with the performance of the enterprises. Holding other factors constant as women owners of MSEs have an entrepreneurial skill the profitability of women owned MSEs will increase by .224. Thus, enterprises associated with effective and efficient entrepreneurs in performing successful innovations have higher probability of being profitable, since availability of highly skilled employees is associated with higher employees' productivity which will improve operational performance of enterprises (Duenas-Caparas,2006). Thus, the null hypothesis which states that there is positive and significant relationship between entrepreneurial skill and performance of women owned MSEs is not rejected.

**Managerial Capacity (MAC):** Managerial capacity of women owners of MSEs was found to be statistically significant at 5% significance level and was positively related with the performance of the enterprises. Holding other factors constant for a unit increase in managerial capacity of women owners, the profitability of women owned MSEs increase by 0.287. This shows that enterprises lead by skilled and experienced managers have higher probability of achieving good performance. This is in agreement with the finding of George (2005) who stated that when the managers with the capacity to lead, inspire and champion the followers, the enterprises have good performance and become successful in the business. Thus, the null hypotheses which states that there is a significant

and positive relationship between and managerial capacity and the performance of women owned MSEs is not rejected.

**Accesses to Finance(ATF):** Availability of finance was found to be statistically significant at 5% significance level and was negatively related with performance of women owned enterprises. Holding other factors constant, for a unit increase in accesses to finance the profitability of women owned MSEs decrease by .240. Thus, the null hypotheses which states that there is a significant and negative relationship between and accesses to finance and the performance of women owned MSEs is not rejected.

**Working Premise (WP):** Availability of working premise was found to be statistically significant at 5% significance level and was positively related with performance of women owned enterprises. Holding other factors constant, for a unit increase in working premise the profitability of women owned MSEs increase by 0.191 Thus, the null hypotheses which states that there is a significant and positive relationship between working premises factors and the performance of women owned MSEs is not rejected.

**Technology (TECH):** The deployment of technologies in operations of MSEs was found to be statistically significant at 5% significance and was negatively related with performance of women owned enterprises. Holding other factors constant, for a unit increase in the deployment of new and improved technologies the profitability of women owned MSEs decrease by 0.171. Thus, the null hypotheses which states that there is a significant and positive relationship between performance of women owned MSEs and technology is rejected.

**Access to Market (AMK):** Access to market for the products and services of the enterprises was found to be statistically significant at 5% significance level and was positively related with the performance of the enterprises. Holding other factors constant, for a unit increases in access to market the profitability of women owned MSEs will decrease by 0.216. Thus, the null hypothesis which states that there is a positive and significant relationship between access to market and performance of women owned MSEs is rejected.

**Business Networking (BNET):** Creating and maintaining a business network for the enterprises in different sectors was statistically significant at 5% significance level and had positive relationship with the performance of the enterprises. Holding other factors constant, for a unit increase in business network created by MSE owners, the profitability of women owned MSEs will increase by .273. As Mike (2004) found that creating a sustainable business network with stakeholders and customers

will increase the chance of enterprises to have good performance in their business. Thus, the null hypothesis which states that there is a positive and significant relationship between business networking and performance of women owned MSEs is not rejected.

**Legal and Regulatory Framework (LER):** The legal and regulatory framework in which enterprises operate had a value of .061 which shows an insignificant value. Thus, the null hypothesis which states that there is a positive and significant relationship between legal and regulatory framework and performance of women owned MSEs is rejected.

**Access to Training (ATR):** Access to training had a value of .209 which shows an insignificant value. Thus, the null hypothesis which states that there is a positive and significant relationship between accesses to training and performance of women owned MSEs is rejected.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1. Summary**

This study was undertaken to assess the performance of women owned MSEs. To this end, the study examined relevant literature, the national micro enterprise development strategy and programs and carried out primary study to attain the intended objective. The study was mainly based on women owners of MSEs, from sectors that women are mostly engaged with and specifically on Nifas-Silk Lafto and Lideta sub cities in Addis Ababa. Accordingly, 190 MSEs were included in the study. The study measured the performance of enterprises in terms of business profitability. A multiple regression analysis was applied using profit (performance) as the dependent variable and entrepreneurial skill, managerial capacity, accesses to finance, working premises, technology, accesses to market, business networking, legal and regulatory framework, and access to training as independent variables. The results showed that all variables were statistically significant at 0.05 significance level and had positive relationship with the performance of enterprises.

#### **5.2. Conclusion**

This research was conducted with the prime intent of critically assessing the factors affecting the performance of women owned MSEs engaged in construction, food processing, wholesale and retail trade, textile and garment sectors found in Nifas- Silk Lafto and Lideta Sub Cities of Addis Ababa. Specifically, the study attempted to examine the External and Internal factors affecting the performance of women owned MSEs.

It can be concluded that the good performance of women owned MSEs in their filled of business was the result of generation of higher revenue from their business than costs incurred. As the findings of this study showed, more than one fourth of the enterprises found in the study area had bad performance when their performance was measured based on profitability of the business enterprises.

It can be concluded that there exists a gap of financial resources for the startup and expansion of MSEs which is not easily and equally accessible to all women entrepreneurs in the sub cities under this study. The formal financial institutions are not easily accessible because of their large collateral requirement and high rate of interest, and these situations led women MSE owners and operators to use more of the informal financial resource mobilization mechanisms and personal savings. The lack

of financial resources to finance business enterprises is the major factor affecting the performance of MSEs owned or managed by many women entrepreneurs in the area.

### **5.3 Recommendations**

Even if the majority of enterprises found in the study area currently survived and run their business, the survival status of the enterprises is the primary and necessary condition to exist in the business, but it is not sufficient and satisfactory condition to transform them into medium and higher level of enterprises. Higher level of performance builds the capacity of enterprises to attain the intended tangible goals. Thus, the following measures are recommended to be undertaken by all concerned stakeholders.

In view of the above the following points should be considered. These are:

1. Although savings are one of the means of accumulation of capital, often savings alone cannot be sufficient for running and expanding business operations. Thus, there is a need for creating lines of credit. In order to facilitate access to credit for women owned and operated MSEs, banks and MFIs need to allocate a certain portion of their loanable funds for women MSE entrepreneurs. This has to be supported by special lending and repayment arrangements. Thus, in order to address the problem of credits financial institutions, the Federal government, the city administrations and development partners should jointly devise ways to create lines of credit and special windows for assisting women owned and operated MSEs.
2. The construction of market sheds and common facility centers at suitable locations by assistance of Addis Ababa city administration, donors and private sector could help to address this problem. Thus, the city administration with support from development partners (NGOs and private investors) should engage extensively in constructing shades for the enterprises to address the problem of working premises, coupled with measures to encourage private investors to engage in construction of premises suitable for MSEs. In this regard, the city administration should in turn provide certain incentives for private investors such as tax relief for some time and availing of lease-free land, etc.
3. Women MSE owners and operators should be encouraged and must be provided with adequate support to better utilize their managerial capacity through different mechanisms which can help minimize day to day problems that they face in business operations. In

addition, women MSE owners and operators should also be participative decision making process of their enterprises to build up their managerial skills and capacity.

4. With regard to market for products of MSEs, measures which can link MSEs with medium and large firms to serve as market outlets with the provision of information on market opportunities & appropriate /improved technologies including construction of product display centers and provision of market information centers, should be taken in to consideration by government bodies and stakeholders.
5. Women owned and operated MSEs should work harder towards creating a sustainable business network with other similar business and create a business platform which can be used to share information and perceive different market opportunities in their respective industries. In addition, the city administration in collaboration with each wereda should facilitate favorable environments for women owned and operated MSEs to communicate and develop their business network. There should be a systematic and well organized entrepreneurial training center within each sub city that provides a continuous training, for MSE officers, extension workers and business operators. It assesses up-to-date market information through the extension workers, conduct study on the current and new business areas, identify the opportunities and threats available and communicate to MSE operators above all guide the operators to have a big vision that can lead to medium and large enterprises.
6. It is very important that the regulatory framework that affects business activities in general and those influencing women owned and operated MSEs in particular, be revisited regularly to create an enabling environment. MSEs should also be quick enough to adapt themselves with the competitive and dynamic environment in which they are operating.
7. The provision of business development services such as training, technical and managerial, advisory and counseling services are very crucial for sustainable growth and expansion of women owned MSEs. In this regard support agencies need to tailor their training and advisory services to meet the specific needs and situation of MSEs. Support organizations can also play facilitating roles by referring and linking MSEs to other organizations for special skills training.
8. Entrepreneurial skills regarding modification and creation of new products and services should be encouraged thou

9. The provision of adequate financing to acquire improved machineries which will be used in day to day business operations should be facilitated by the government and other stakeholders. Adapting to new and improved production technologies and having adequate knowledge and skill of using machineries through trainings will help the MSEs to produce new products and services and prevent their business from failure and enables them to cope with the competition that they will face in the market for their products and services.

To summarize, even if the majority of enterprises found in the study area currently survived and run their business, the survival status of the enterprises is the primary and necessary condition to exist in the business, but it is not sufficient and satisfactory condition to transform them into medium and higher level of enterprises. High level of performance builds the capacity of enterprises to attain the intended goals of tangible reduction of unemployment and poverty alleviation. Therefore, concerned government authorities should strengthen their efforts in such a manner that a continuous follow ups and backstopping of enterprises is ensured until they can stand by their own and grow to the next level.

The above-mentioned recommendations have been suggested by the researcher. Thus, women MSE business owners/ managers and concerned stake holders should consider them as part of a solution to prevent or minimize MSEs ran by women from failure and to keep these basic economic entities on a sustained trajectory in their respective sectors of operation.

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**APPENDIX A**  
**QUESTIONNAIRE**  
**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**MBA PROGRAMME**

**Dear respondents;** this questionnaire is designed to collect data from women owned and operated micro and small enterprises in Addis Ababa mainly on Nifas-silk Lafto and Lideta sub cities: for the study of factors influencing the performance of women owned MSEs. Your cooperation in providing genuine answers to the following questions is highly important for the success of this study. Your responses will be kept confidential. It is only for academic purpose.

Thank you for your cooperation!

**SECTION 1: DEMOGRAPHIC INFORMATION OF THE PRINCIPAL BUSINESS OWNERS.**

1. Age of the principal business owner(s).....

2. Education level of the principal business owner(s)

10+1           Diploma

10+2           Degree

10+3           Masters

3. If your education level is just below the above levels, please write the highest-grade level you have completed.....

**SECTION 2: FEATURES OF THE ENTERPRISE**

4. What is the form of ownership in this business?

Sole proprietorship           Partnership           Share company

5. What is the type of business you are involved in?

Construction           Wholesale and retail shop

Food and beverage           Textile and Garment

If other, specify.....

6 How many employees did the enterprise have? .....

7. Which one of the following aspect is the most important for the profitability of your business?

- A) Existence of working premises       B) Availability of capital   
 C) Availability of skill training       D) Management   
 E) Technology       F) Market Availability   
 G) Entrepreneurship

**SECTION 2: DATA ON ECONOMIC VARIABLES OF MICRO AND SMALL ENTERPRISES**

1. What were the sources of your start-up capital?

- Personal saving”       “Equip”   
 Assistance from NGOs       Micro finance   
 Borrowed from friends & relatives       others (please specify) .....

2. What was the average annual revenue of your enterprise? .....

3. What was the average annual cost of your enterprise? .....

**SECTION 3: FACTORS AFFECTING THE PERFORMANCE OF MICRO AND SMALL ENTERPRISES**

Please indicate the degree to which the following factors are affecting the profitability of your business enterprise performance. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (✓) under the choices below. Where, 5 = strongly agree, 4 = agree, 3 = undecided, 2 = disagree and 1= strongly disagree.

**Please MARK the following statements concerning**

**Please indicate the degree to which you agree or disagree with the following statements concerning Managerial capacity (5= strongly agree, 1= strongly disagree)**

s.no	1. Entrepreneurial skill:	5	4	3	2	1
1.1	I have motivation and self-drive.					
1.2	I lack creativity, flexibility and adaptability to new ideas.					
1.3	I have the readiness to learn, to improve and to change					
1.4	I don't have tolerance to work hard					

Please indicate the degree to which you agree or disagree with the following statements concerning **Managerial capacity** (5= strongly agree, 1= strongly disagree)

s.no	2. Managerial Capacity	5	4	3	2	1
2.1	Lack of managerial experience					
2.2	Lack of financial, human and material management system					
2.3	Lack of business management knowledge and skills					
2.4	Poor selection of business partners					

Please indicate the degree to which you agree or disagree with the following statements concerning **Working Premise factors** (5= strongly agree, 1= strongly disagree)

s.no	3. Working Premise	5	4	3	2	1
3.1	House rent is too high for my business					
3.2	Absence of own premises					
3.3	Current working place is not convenient					
3.4	I frequently change working place					

Please indicate the degree to which you agree or disagree with the following statements concerning **Accesses to Finance** (5= strongly agree, 1= strongly disagree)

s.no	4. Accesses to Finance	5	4	3	2	1
4.2	Lack of access to credit institutions					
4.3	High collateral requirement from lending institutions					
4.4	High interest rate by lending institutions					
4.5	Shortage of working capital					

Please indicate the degree to which you agree or disagree with the following statements concerning **Accesses to Market** (5= strongly agree, 1= strongly disagree).

s.no	5. Accesses to Market	5	4	3	2	1
5.1	Lack of establishing a market network					
5.2	Searching new market is too difficult					
5.3	Inadequate market for my product					
5.4	Lack of market information					

Please indicate the degree to which you agree or disagree with the following statements concerning Technological factors (5= strongly agree, 1= strongly disagree).

S.no	6. Technological factors	5	4	3	2	1
6.1	Lack of capital to acquire new technology					
6.2	Unable to select proper technology					
6.3	Lack of skill and knowledge to handle new technology					
6.4	Lack of information in the availability of appropriate tools and materials					

Please indicate the degree to which you agree or disagree with the following statements concerning Business Networking. (5= strongly agree, 1= strongly disagree)

s.no	7. Business Networking	5	4	3	2	1
7.1	I Participate in women's business community meetings and forums					
7.2	I build network of contacts, knowledge and skills for business successes					
7.3	I regularly develop strategic partnerships and collaboration opportunities					
7.4	In general, developing a business network is challenging					

Please MARK the following statements concerning Legal and Regulatory factors (1= Favorable, 0= unfavorable)

s.no	8. Legal and Regulatory Frameworks	5	4	3	2	1
8.1	Bureaucracy in company registration and licensing					
8.2	legal, institutional and policy framework					
8.3	The tax levied on my business					
8.4	In general, the overall legal and regulatory Environment is					

Please indicate the degree to which you agree or disagree with the following statements concerning Accesses to training. (5= strongly agree, 1= strongly disagree)

s.no	9.Accesses to Training	5	4	3	2	1
9.1	Government agencies provide entrepreneurship training to MSEs					
9.2	Special training programs are designed for women owned and operated MSE's.					
9.3	Trainings are conducted on timely bases every year					
9.4	In general, the trainings that I received helped me to improve my business profitability.					

## APPENDIX B

### INTERVIEW QUESTIONS

#### WITH WOMEN MSE OWNERS AND OPERATORS

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

A. Internal factors

- Entrepreneurial factors
- Management and related factors

B. External factors

- Financial factors (interest rates, collateral requirements, etc)
- Working premises factors
- Legal and regulatory factors [government policy, bureaucracies (in relation to company registration and licensing), taxation and like]
- Technology factors
- Accesses to market (relationship with suppliers, customers and others)
- Business Networking
- Legal and regulatory factors
- Accesses to training

2. What are other problem(s) did you faced regarding the overall Functioning of your activity?

3. What other problem did you face?

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

አዲስ አበባ ዩኒቨርሲቲ

ቢዝነስ እና ኢኮኖሚክስ ኮሌጅ

የ ቢዝነስ አድሚንስትሬሽን ድህረምረቃ ትምህርት ፕሮግራም

የዚህ መጠይቅ አላማ በ አዲስ አበባ ከተማ በተለይም በ ንፋስ ስልክ ላፍቶ እና በ ልደታ ክፍለ ከተማ በ ሴቶች ባለቤትነት የሚተዳደሩ የ ጥቃቅን እና አነስተኛ የንግድ ተቋማት ላይ መረጃ ለ መስብሰብ ነው።።። ይህን መጠይቅ ለመሙላት ያሉት ድጋፍ ለሚደረገው ጥናት እጅግ አስፈላጊ መሆኑን እና መጠይቁ ለ ጥናቱ አላማ ብቻ የሚውል መሆኑን በመገንዘብ ለ ሚደረግልኝ ትብብር በቅድሚያ ክፍያ ለምስጋናዬን አቀርባለሁ።።።

ክፍል አንድ: አጠቃላይ መረጃ

1. የንግድ ባለቤቱ ስም.....

2. የንግድ ባለቤቱ የትምህርት ደረጃ

10+1  ዲፕሎማ

10+2  ዲግሪ

10+3  ሁለተኛ ዲግሪ

3. የትምህርት ደረጃዎ ከላይ ከተጠቀሱት በታች ከሆነ እባክዎን ያጠናቀቁትን ክፍተ የትምህርት ክፍል ይግለጹ.....

ክፍል ሁለት: የሴት ነጋዴዎች እና የተቁሞቻቸው ባህሪያት

4. የንግድ ባለቤትነት ዓይነት

የግልተቋም  የአጋርነት  የማህበር

5. የተሳተፉበት የንግድ አይነት ምን ይህ?

ግንባታ  ሽቀጣሽቀጥ እና ችርቻሮሎቅ

በጨርቃ ጨርቅ ና አልባሳት  ሌላከሆነ, ይግለጹ.....

ምግብ ማቀነባበሪያ

6. በድርጅቱ ውስጥ ምን ያህል ሰራተኞች ይገኛሉ?.....

7. ከሚከተሉት ውስጥ የትኛው ለንግድዎ ትርፋማነት በጣም አስፈላጊ ነው

ሀ. የሥራ ቅጥር ግቢ መኖር  ለ. ካፒታል ተገኝነት

ሐ. የክህሎት ሥልጠና ተገኝነት  መ. አስተዳደር

ሠ. ቴክኖሎጂ  ረ. ገበያ ተገኝነት

ሸ. ፈጠራ

**ክፍል 3: ጥቃቅንና አነስተኛ ኢንተርፕራይዞች የኢኮኖሚ ተለዋዋጮች**

የመጀመሪያ-ካፒታል ውስጥ ምንጮች ምን ድንበሩ?

የግል ቁጠባ

ዐቁብ

መንግስታዊ ያልሆኑ ድርጅቶች እርዳታ

ማይክሮ ፋይናንስ

ከጓደኞች እና ዘመዶች የተወሰደ

ሌሎች (እባክዎን ይግለጹ) .....

1. የድርጅቱ ሲቋቋም የነበረው የገንዘብ መጠን ምን ያህል ነበር.....
2. የድርጅቱ ዓመታዊ ገቢ ምን ያህል ነው?.....
3. የድርጅቱ ዓመታዊ ወጪ ምን ያህል ነው?.....

**ክፍል 4: በጥቃቅንና አነስተኛንግድ ተቋማት አፈጻጸም ላይ ተጽዕኖ ያላቸው ምክንያቶች**

እባክዎን የሚከተሉትን ምክንያቶች እያንዳንዱን በማንበብ ትርፋማነት ላይ ያላቸውን ተጽዕኖ እንዲሁም ከንግድ የድርጅት አፈጻጸም ጋር በተያያዘ ያለውን ተጽዕኖ በመገምገም ከታች በተገለጹ ምርጫዎች ላይ (✓) ምልክት ያድርጉ

- 5 በጣም እስማማለሁ፣ 4 እስማማለሁ፣ 3 ለመውሰን እቸገራለሁ፣ 2 አልስማማም እና 1 በጣም አልስማማም

**ክፍል 4: ጥቃቅንና አነስተኛ ንግድ አፈጻጸም ላይ ተጽዕኖ ያላቸው ምክንያቶች**

ተ. ቁ	1. የኢንተርፕራይዞች ምክንያቶች	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
1.1	ተነሳሽነት እና በራስ-ድራይቭ ማጣት					
1.2	አዳዲስ ሀሳቦችን ወደ ንግድ ሁኔታዎች አለመቀየር					
1.3	የንግድ እድሎችን ለመጠቀም የመረጃ እጥረት					
1.4	ጠንክሮ የመሥራት ትዕግስት ማጣት					
1.5	ለመማር፣ ለማሻሻል እና ለመለወጥ ዝግጁነት ማነስ					

ተ.ቁ	2. የአመራር ምክንያቶች	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
2.1	የአመራር ልምድ ማነስ					
2.2	የገንዘብ፣ የሰው-ሀይል፣ ቁሳዊ አስተዳደር ስርዓት አለመኖር					
2.3	የአመራር እውቀት እና ክህሎት ማነስ					
2.4	ደካማ የሆነ የንግድ አጋሮቻችን ምርጫ					

ተ. ቁ	3. የፋይናንስ ምክንያቶች	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
3.1	የብድር ተቋማት ያለመኖር					
3.2	የብድር ተቋማት ተደራሽ አለመሆን					
3.3	አበዳሪ ተቋማት ከፍተኛ የዋስትና መስፈርት					
3.4	የአበዳሪ ተቋማት ከፍተኛ የወለድተመን					
3.5	የሥራ ካፒታል እጥረት					
3.6	ብድር ማመልከቻ ሂደቶች ውስብስብ መሆን					

ተ. ቁ	4. የመስሪያ ቦታ	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
4.1	የንግድ ቤት ኪራይ በጣም ከፍተኛ ነው					
4.2	ለንግድ ስራ የሚያገለግል የራስ ቦታ አለመኖር					
4.3	የአሁኑ የሥራ ቦታ አመቺ አይደለም					

ተ.ቁ	5. የቴክኖሎጂ ምክንያቶች	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
5.1	አዲስ ቴክኖሎጂ ለማግኘት ካፒታል እጥረት መኖር					
5.2	ተገቢ ቴክኖሎጂ ለመምረጥ አለመቻል					
5.3	አዳዲስ ቴክኖሎጂዎችን እና እውቀቶችን ለማስተናገድ ክህሎት ማነስ					
5.4	ተገቢ መሣሪያዎችና ቁሳቁሶች ለማግኘት የመረጃ እጥረት					

ተ.ቁ	6. ገበያ ነክ ምክንያቶች	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
6.1	አንድ የገበያ አውታረ መረብ ያለ መቋቋም					
6.2	አዲስ ገበያ መፈለግ በጣም ከባድ ነው					
6.3	ለምርቶቹ በቂ ገበያ አለመኖር					
6.4	የገበያ መረጃ እጥረት					

ተ.ቁ	7. የንግድ ግንኙነቶች	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
7.1	የሴቶች ንግድ ማህበረሰብ ስብሰባዎች እና መድረኮች ውስጥ እሳተፋልሁ					
7.2	የንግድ ስኬት ለማግኘት እውቂያዎች, እውቀት አውታረ መረብ እና ክህሎት መገንባት					
7.3	አዘውትራ ስትራቴጂያዊ አጋርነት እና ትብብር እድሎች አዳብራለሁ					
7.4	በአጠቃላይ የንግድ ግንኙነቶች መፍጠር እና ማዳበር አስቸጋሪ ነው					

ተ.ቁ	8. የህግ እና የቁጥጥር ምክንያቶች	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
8.1	የመንግስት አካላት የንግድ ስራ ረዳቶች እና ደጋፊዎች					
8.2	ሕጋዊ, ተቋማዊና የፖሊሲዎች					
8.4	የመንግስት ማበረታቻ					
8.5	በአጠቃላይ የህግ እና የቁጥጥሩ ሁኔታ					

ተ.ቁ	9. ሥልጠና	የሥምምነት ደረጃ (መጠን)				
		5	4	3	2	1
9.1	የመንግሥት ተቋማት ለጥቃቅን እና አነስተኛ ተቋማት የፈጠራ ሥልጠና ይሰጣሉ					
9.2	የልዩ ስልጠና ፕሮግራሞች በሴቶች አንቀሳቃሽነት ለሚተዳደሩ ጥቃቅንና አነስተኛ ተቋማት ተነድፈዋል					
9.3	የተለያዩ ስልጠና በየዓመቱ ወቅቱን ጠብቀው የካሄዱሉ					
9.4	በአጠቃላይ የወሰድኩዎቻቸው ስልጠናዎች ንግድ ትርፋማነቱን ለማሻሻል ረድቶኛል					

**APPENDIX C**

**MULTIPLE REGRESSION TABLE**

<b>Model Summary</b>						
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>		
<b>1</b>	.858 <sup>a</sup>	.736	.722	\$15,772.49996		
<b>a. Predictors: (Constant), m_TRA, m_AMK, m_ENT, m_MGC, m_DNET, m_DWP, m_ATF, m_THEC, m_DLER</b>						
<b>ANOVA<sup>a</sup></b>						
<b>Model</b>		<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
<b>1</b>	Regression	124572191410.867	9	13841354601.208	55.639	.000 <sup>b</sup>
	Residual	44778915901.575	180	248771755.009		
	Total	169351107312.442	189			
<b>a. Dependent Variable: Profit</b>						
<b>b. Predictors: (Constant), m_TRA, m_AMK, m_ENT, m_MGC, m_DNET, m_DWP, m_ATF, m_THEC, m_DLER</b>						
<b>Coefficients</b>						
<b>Model</b>		<b>Unstandardized Coefficients</b>		<b>Standardized Coefficients</b>	<b>t</b>	<b>Sig.</b>
		<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
<b>1</b>	(Constant)	52178.159	2693.198		19.374	.000
	m_ENT	4088.176	1372.491	.224	2.979	.003
	m_MGC	5053.893	1126.686	.287	4.486	.000
	m_ATF	-5196.461	1563.856	-.240	-3.323	.001
	m_DWP	3705.168	1367.231	.191	2.710	.007
	m_THEC	3053.538	1352.626	.171	2.257	.025
	m_AMK	-4101.818	1246.040	-.216	-3.292	.001
	m_DNET	5132.233	1262.102	.273	4.066	.000
	m_DLER	3040.062	1614.148	.162	1.883	.061
	m_TRA	1888.779	1497.465	.094	1.261	.209