Addis Ababa University

College of Business and Economics

Department of Management

Factors Influencing the Performance of Small and Medium Enterprises: The Case of Women Owned Enterprises in Sebeta Town

By

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Thesis submitted in partial fulfillment of the requirements for the Executive Master of Business Administration (EMBA)

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Addis Ababa, Ethiopia

Declaration

I, the undersigned, declare that this study entitled "*Factors Influencing the Performance of Small and Medium Enterprises: The Case of Women Owned Enterprises in Sebeta Town"*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 programin this or any other institutions and that all sources of materials used for the thesis have been dulyacknowledged.

Declared by:

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Date: June, 2021

Place: Addis Ababa, Ethiopia

Certification

This is to certify that the thesis prepared by TeferiHambissa, entitled: "*Factors Influencing the Performance of Small and Medium Enterprises: The Case of Women Owned Enterprises in Sebeta Town";* and submitted in partial fulfillment of the requirements for the Executive Degree of Master of Business Administration (EMBA) complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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SCHOOL OF GRADUATE STUDIES

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By

Teferi Hambissa

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List of Acronyms

EU European Union

EPDRFEthiopian People Democratic Revolutionary Front

FDRE Federal Democratic Republic of Ethiopia

FeMSEDA Federal Micro and Small Enterprises Development Agency

FeSMMIDA Federal Small and Medium manufacturing Industry Development Agency

FUJCFoSA Federal Urban Job Creation and Food Security Agency

GTP Growth and Transformation Plan

HASIDA Handcrafts and Small-Scale Industry Development Agency

MoFED Ministry of Finance and Economic Development

MSE Micro and Small Enterprise

MSME Micro Small and Medium Enterprise

SMEs Small and Medium Enterprises

OECD Organization for European Cooperation and development

PASDEPPlan for Accelerated and Sustained Development to End Poverty

Abstract

The aim of this study was to examine factors influencing performance of female owned enterprises in Sebeta town, Ethiopia. The study sought to determine how socio-economic characteristics, social networks, entrepreneurial orientation, and government support influence the performance of women owned enterprises in Ethiopia. The design of this research was a descriptive survey research. The population of interest was 248 registered female owned entrepreneurs in the manufacturing sector of Sebeta town. Simple random sampling technique was used to select 248 respondents. Primary data was obtained using self-administered questionnaires analyzed by descriptive statistics such as frequencies, percentages, mean scores and standard deviations using statistical package for social sciences SPSS (V. 22.0). The study also interviewed 20 female owners/managers of the firms. The qualitative data took a conceptual content analysis process. The data was then presented using frequency tables. The study established that membership in women groups is very important for success of female owned enterprises since it helps women to access market information, capital for their business, market through the group's membership. The study also deduced that risk taking in the businesses is key for the better performance of the enterprise. The study concludes that social network and risk taking variable of entrepreneurial orientation had the greatest effect on performance of female owned enterprises in Sebeta Town. The study therefore recommends that the government and other women empowerment bodies should encourage women to join membership in women groups. By being in membership groups" women should be able to access market information, capital for their business and market. The study also recommends that female entrepreneurs in Sebeta Town should be committed to identifying new opportunities. They should also aim at allocating its resources to deal with an emerging opportunity or threat. The study finally recommends government support such as training be organized for women entrepreneurs on formal business management skills such as marketing, human resource management, record management, problem solving and planning.

Key Words: Small and Medium Enterprises; influencing factors, performance; Sebeta Town

Chapter One: Introduction

1.1 Background of the Study

The small-scale business sector is acknowledged as a basic component of economic development and an important component in the effort to lift countries out of poverty (Sherifat, 2013). This sector has been the means through which accelerated economic growth and rapid industrialization can be achieved in developing countries. Moreover, Small- scale businesses have been identified as driving force for economic growth, job creation, and poverty reduction in global south (Awoke, 2019; Endalew, 2020). Meressa (2019) succinctly stated in Ethiopia, small scale businesses are the feeder services to large- scale industries, a major employer and an essentialcontributor to community civic environments. Their success has social as well as economic importance for communities and geographic regions (Awoke, 2019; Gizaw, Tsega, &Hailegiorgis, 2019; Tekele, 2019).

In Ethiopia, the contribution of firms owned by women owners is noticed on different government policy papers like industrialpolicy, MSE development strategy, and the growth and transformation plans I and II to enhance growth and reduce poverty(Endalew, 2020). Notwithstanding this, both the growthand performance of women-owned firms remain a concern, even though women entrepreneurship has gained popularity in the country with a growing number of women tostart and run their own business (Awoke, 2019). In spite of the enormous importance of the micro, small and medium enterprise (MSME) sector to the national economy with regards to job creation and the alleviation of abject poverty among impoverished women in Ethiopia, the degree of recognition and strategic support provided to the sector is grossly inadequate (Bekele and Worku, 2008).Furthermore, the performance ofwomen-owned firms has been persistently influenced by numerous factors; even a significant number of women's interest in business show some escalation in Ethiopia,but their success is still insignificant (Endalew, 2020; Awoke, 2019; Meressa, 2018).

This study which intends to identify factors influencing the performance of women owned small and medium enterprises with specific case to Sebeta Town in Ethiopia will be conducted to identify the major factors that affect the performance of women owned enterprises. The study is significant with the potential to enhance the efficiency and effectiveness of the women owned

SMEs as a result of its social implication in regard to economic integration, export earnings and employment generation is vital.

This study is therefore, needed to fill the gap in regard to identifying factors influencing the performance of women owned SMEs by examining the overall small enterprises development of the country by taking small businesses in Sebeta Town to see if current establishment trends of small enterprises are in line with policies and goals. The thesis is structured into 5 chapters; the 1st chapter is introduction, the 2nd is literature review,the 3rdis methodology, the 4th is data presentation, analysis & Interpretation and the 5th is Summary, conclusion &recommendations.

1.2 Statement of the Problem

The small and medium enterprises contribute to the economy of nations' by creating employment opportunities, production of goods and services and other value added activities. The existence of a strong small business sector is necessary for the boosting of the economy. However, the transition of this sector to larger business sectors is as crucial to preserve the flow of new small businesses into the economy. In addition, such transition or growth will further reduce the unemployment rate and increase the number of products or services offered to the society. Hence, growth of SMEs considered as synonymous with success. There are a lot of factors that affect the performance of SMEs either positively or negatively which in turn will determine their fate in the competitive business environment. These factors which contribute to the success of the enterprises are mainly related with the personal attribute of the owners' and attributes related to the enterprises.

Given the importance of small and medium enterprises for an economy, the survival, success and performance of these enterprises in this sector is an issue of continuous concern. Research that can lead to the identification of those factors associated with small and medium enterprises performance is therefore of a great interest to policy makers, owner-managers and their advisors (Endalew, 2020).

Belay (2012); reported from his study on determinants on small business success, 'there have been several studies, which seek to identify the critical success factors for small businesses. However, there appears a problem to develop a common list of the factors which contribute for success of small business performance operating in various business environments and regions'.

It is important to define these factors for any new business, as the owner should be concerned about the chances for success.

Understanding of why some firms succeed and others not is important to the stability and health of the economy. Despite this fact, however, which factors are the most important to the success of women owned small and medium enterprises in Ethiopian has not been adequately studied empirically. So this study tries to examine the factors that influence the performance of women owned small and medium enterprises in Sebeta Town, Ethiopia.

The problem statement of this study is that factors influencing the performance of women owned small and medium enterprises were not identified and noticeable interventions were not undertaken to come out of the existing situation. Under these circumstances there is need to investigate and identify factors influencing the performance of these enterprises. This is the problem of the research.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of the study is to examine factors that influence the performance ofsmall and medium enterprises: The case of women owned enterprises in Sebeta Town.

1.3.2 Specific Objectives

The specific objectives of the study are:

1. To identify the nature of small and medium enterprises owned by women entrepreneurs in Sebeta Town, Ethiopia.
2. To investigate the extent to which social networks are influencing the performance of women owned small and medium enterprises in Sebeta Town Ethiopia.
3. To investigate the extent to whichthe government support influence the performance of women owned small and medium enterprises in Sebeta Town, Ethiopia.
4. To determine the influence of entrepreneurial orientation on the performance of female owned small and medium enterprises in Sebeta Town, Ethiopia.

1.4 Research Questions

1.Whatare the natures of small and medium enterprises owned by women entrepreneurs in Sebeta Town, Ethiopia?

2. To what extent the social networks are influencing the performance of women owned small and medium enterprises in Sebeta Town, Ethiopia?

3. How the government supportsinfluence the performance of women owned small and medium enterprises in Sebeta Town, Ethiopia?

4. How entrepreneurial orientations influence the performance of female owned small and medium enterprises in Sebeta Town, Ethiopia?

1.5 The scope of the study

Thematically, the scope of the study is limited to the factors that influence the performance of women owned small and medium enterprises. Geographically the study is limited to small and medium enterprises in Sebeta Town. Regarding temporal scope, the study is cross-sectional study based on data collected at a point of time.

1.6 Significance of the study

The purpose of this study is to contribute to the literature on gender entrepreneurship in a number of ways. First of all, this study advocates that the central focus of critical factors that affect women entrepreneurial performance should be on the entrepreneurial and social network of the entrepreneur and also on the government support to enhance their performance. Theoretically, this study has the potential of adding additional knowledge to the field of gender entrepreneurship. Specifically, it seeks to identify and understand the important contribution of entrepreneurial and social network factors for women entrepreneurs operating in Ethiopia.

Small enterprises are one of the government priority areas in the struggle towards growth and development. Thisstudy also could be seen as part of an element of growth effort in identifying the factors that influence the performance of small enterprises. The findings of this study would provide policy makers aground for analyzing and structuring industries promotional packages and it also provide practical inputs for the owners and policy makers. This study will provide significant information and identify areas of intervention that helps for concerned bodies in their effort to formulate policies as well as in designing appropriate interventions and for assessing effectiveness of on-going policies and strategies concerning small enterprises. The finding of this research projectenables to develop awareness for the government officials and policy makers at different levels, owners and other stake holders about the factors that influence the performance of women owned small and medium enterprises in Ethiopia. This study may alsogive chance for

others who are interested to know factors that affect the performance of women owned small and medium enterprises in Ethiopia to make further studies on the subject and this may add something of value to the existing body of knowledge related to the issue of manufacturing industries management.

1.7 Organization of the Paper

This study is prepared in sequential order that; brief presentation in chapter one on background of the study, problem statement, objectives including major and specific objectives, scope, significant of the study and definition of important terms. The second chapter is about review of literature focusing on conceptual, theoretical and empirical literature discussing similar research work elsewhere. The third chapter is about research methodology on research design, sample and sampling as well as method of data analysis. Chapter four presents analysis and findings of the study as set out in the research objectives. The study was closed with chapter five which presents the conclusion and recommendations for action.

Chapter Two: Literature Review

This study attempts to answer what factors influence the performance of small and medium enterprises owned by women entrepreneurs. As a result, the main objective of this study is to examine factors that influence the performance of small and medium women owned enterprises in Sebeta Town. Hence, it is important to review what has been done on the area of the topic to have more theoretical knowledge and understanding related to the problem. To this effect, major issues related to small and medium enterprises raised by different researchers will be reviewed. Thus, this chapter deals with definitions of entrepreneurship, small and medium enterprises, over views in the development of small and medium enterprises, contribution and rationale for the enterprises, then the factors that affects the performance of small and medium women owned enterprises.

2.1 The Concept of Entrepreneurship

There is no universally agreed upon definition of entrepreneurship. According to Low and Macmillan (1988) "entrepreneurship is a multifaceted phenomenon that cuts across many disciplinaryboundaries," (Low and Macmillan, 1988). Gedeon (2010) shares this view and argues that the concept of entrepreneurship has its roots in multiple fields of research including Economics, Sociology, Psychology and OrganizationalBehaviour. His view is that entrepreneurship is a multi-dimensional concept, which can be defined from various perspectives including "owning a small business, being innovative (dynamic theory), acting as a leader (traits school), or starting up a new company (Behavioural school)". They further argue that different schools of thought have its own fundamental beliefs, yet they all provide insights into different aspects of the multifaceted phenomenon of entrepreneurship.

2.1.1 Definitions of entrepreneurship and Small and Medium Enterprises

One of the original definitions of entrepreneurship was by Schumpeter (1934), who proposed that "entrepreneurship is the creation of new combinations." Cole (1968) viewed entrepreneurship as "purposeful activity to initiate, maintain and develop a profit-oriented business." Gartner (1988) posits that "entrepreneurship is the creation of organizations." In his conceptual model for describing new venture creation, Gartner (1985) views the concept of entrepreneurship as one that encompasses four major perspectives namely the person (s) who

startsthe business, the business they start, the surrounding environment and the process they undertaketo establish the business. In the view of Kao (1993), “entrepreneurship is the process of doing something new and somethingdifferent for the purpose of creating wealth for the individual and adding value to society.”Low and MacMillan (1988) suggest that entrepreneurship be defined as the “creation ofenterprise”. Furthermore, entrepreneurship is defined by Cole (1959) as the“purposeful activity of an individual or group of individuals, undertaken to initiate, maintain, or aggrandize a profit-oriented business unit for the production or distribution of economicgoods and services.” The definition by Cole (1959) will be adopted for this study for two reasons; first, it recognizes entrepreneurship as a multi-dimensional concept, in this case encompassing new venture creation, management and possible growth. Second, this definition is based on the premise that the primary aim of a business undertaking is to be profitable. These two characteristics are in line with the objective of this study. The investigation of firm performance itself is based on the assumption that when the SMEs come into being at venture start-up, there is at the onset an expectation that these would remain profitable or at least continue to be in operation by achieving a certain level of performance.

The definition of SME remains a dilemma for researchers in the field of entrepreneurship, as it continues to vary from country to country. This comes as no surprise considering that consensus regarding the definition of entrepreneurship itself is yet to be reached. Scholars (e.g. Rahman, 2001; Sevilla and Soonthornthada, 2000) have observed that various factors and criteria including sales volume or worth of assets, industry,number of employees, location, size, age and ownership through innovation and technology are used to define SMEs. Ayyagari*et al.* (2007) notes that different countries use different criteria to define SMEs such as employment, sales or investment. Nevertheless, the most commonly used basis for defining SMEs is employment (OECD, 2004) with many sources taking 250 employees as the cut-off number (Ayyagari*et al.*, 2007). The OECD (2004)argues that “the European Union (EU) and a large number of OECD transition and developing countries set the upper limit of number of employees in the SMEs between 200- 250, with a few exceptions such as Japan (300 employees) and the USA (500 employees).” The definition that appears to set a standard in terms of the definition of an SME is that developed by the EU, which countries both within and outside the EU have adopted, usually with adaptations. In this study the definition given by the Federal Democratic Republic of

Ethiopia, Micro and Small Enterprisesdevelopment Agency is used and the detail is given in the section.

2.1.2 Women Entrepreneurship

Over the past three decades women entrepreneurship has gained popularity around the world with a growing number of females to start and run their own business. Recently feminist studies in the academic arena and other initiatives in the countries promote empowering women has led to a desire to learn more about business that are owned and run by females. In addition, the role of women in this 21st century is not just limited to domestic activities or as house wives. Reasonably, the roles are changing, women are assumed to find a balance between being a wife, a mother at the same time an entrepreneur (Gatakaa, 2012). In line with this, the access of women to entrepreneurial ventures is widened in most countries which previously conquered by men (Kamunyu&Theuri, 2017). According to these authors, in most countries of the world women's productive activities particularly in different economic sectors, empower them financially and enable them to contribute more to overall development of the nation (Kamunyu&Theuri, 2017).

As a result whether they are involved in small or medium scale production activities, or in the informal or formal sectors, women's entrepreneurial activities are not only a means for economic survival but also have positive social repercussions for the women themselves and their social environment (Akehurst, Simarro, & Mas-tur, 2012). It is obvious that, in many societies women do not enjoy the same opportunities as men. They were manly neglected from different activities as compared with men. However, in many transitional economies progress has been achieved in opening doors to education and health protection for women but political and economic opportunities for female entrepreneurs have remained limited (Assefa&Cheru, 2018). That being the case, concerted efforts from public and private institutions is needed to enable female entrepreneurs to make better economic choices and to transform their businesses into competitive enterprises, generating income and employment through improved production (Bouzekraoui&Ferhane, 2017)

2.1.3MSME Development Policies and Strategies of Ethiopia

After it comes to power in 1991, the EPDRF embarked on a liberal economicpolicy that is believed a favorable condition for investment and for the privatesector and enterprise development. To implement this policy, the transitional government of Ethiopia enacted a

number of proclamations and regulations. Oneof the proclamations is “Investment Proclamation No.15/1992”, in which thegovernment relaxed the investment climate and encourages private investment.

This proclamation gave a mandate for the regional governments to establish theirrespective investment offices to promote, supervise, and regulate investmentactivities. The transitional government also established “Industrial andHandicrafts Bureaus” in regional states by “Proclamation No.41/1993” to replaceHandicrafts and Small-Scale Industries Development Agency (HASIDA). In thismanner, the government has continued its commitment to creating an enablingenvironment for investment and thus has issued additional proclamations andamended the previous ones. In spite of these encouraging reforms and betterpolicy environment, the effort of the government has not been too fruitful infostering MSEs until the MSEs development strategy formulated in 1997 (Mulu,et al. 2018).

The Ethiopian MSEs development strategy formulated in 1997. In thisstrategy, the role that could be played by MSEs was well acknowledged and thesector was described as the national home of entrepreneurship. The MSE wasenvisaged to “generate employment and more equitable income distribution, toactivate competition, exploit niche markets, enhance productivity and technicalchange, and through all of these stimulate economic development” (Muluet al.2018). The strategy’s primary objective was to create an enabling environmentfor small and micro enterprises. The strategy identified target groups for supportand clear criteria for prioritizing MSEs.

In the strategy, a number of possible areas of support to be provided bythe government, including financial assistance, training, markets, andinfrastructure, were highlighted. In 1998, the Federal Micro and Small EnterprisesDevelopment Agency (FeMSEDA) was established by the Council of Ministers ofEthiopia, Regulation No.33/1998 (FDRE, 1998), to coordinate the implementationof the strategy. This structure extended down to regional, zone, and district/town administration levels. Sectoral policies and strategies devised after the release ofthe MSEs development strategy have incorporated these basic ideas, as well asthe role that could be played by MSEs. In this respect, the Ethiopian industrydevelopment strategy (FDRE, 2002) and the Ethiopian urban development policy(FDRE, 2005) are notable.

Similarly, the role to be played by the MSE sector started to be explicitlyacknowledged in medium-term plans such as the Plan for Accelerated andSustained Development to End Poverty

(PASDEP) and subsequent Growth andTransformation Plans (GTP). Clear and ambitious targets were set for the MSEsector in GTP I and encouraging results were registered (MoFED, 2010). With a focus on achieving the five-year targets set for GTP I and furtherstrengthening the development of MSEs, the government revised the MSEstrategy in 2011 to address both the framework for providing support to MSEsand methods of implementation (FDRE, 2011). The revised strategy hascategorized the development level of enterprises as startup, growth, and maturity.

The supports to be given to MSEs are envisaged to be specific to their level ofdevelopment, at least in principle. In order to revitalize the sector, the strategyemphasizes human resource and technology development, market development,and finance or credit service support systems. Developing the entrepreneurialability and technical, managerial, and marketing skills of MSE operators throughtraining was identified as the main area of human resource development support. At present, the country is implementing the second five-year growth andtransformation plan (GTP II), which was introduced in 2015/16 to run until2019/20. In this plan, the MSE sector (especially manufacturing MSEs) wasgiven due emphasis in view of its strategic importance in minimizing urbanunemployment and achieving the vision of being a leading country in Africa inlight manufacturing industries by 2025. Clear and ambitious targets have beenset for MSEs to achieve by the end of GTP II. In order to effectively implementthis plan and incorporate the urban food security and job creation agenda, thegovernment has reorganized the former federal agency (FeMSEDA) into twoseparate agencies.

The first called the "Federal Small and Medium Manufacturing IndustryDevelopment Agency (FeSMMIDA)" was established by the Council of MinistersRegulation No.373/2016 and is accountable to the Ministry of Industry. Theobjective of FeSMMIDA is to "accelerate the expansion of small and mediummanufacturing industry in order to lay a broad base for the development of largescale industry, maintain equitable distribution of wealth and accelerate the transformation of agricultural-led economy to industry-led economy; andstrengthen, assist and coordinate institutions that provide support to small andmedium manufacturing industry sector" (FDRE, 2016a).

The other agency, the "Federal Urban Job Creation and Food SecurityAgency (FUJCFoSA)," was established by the Council of Ministers RegulationNo.374/2016 and is accountable to the Ministry of Urban Development andHousing. As one can understand from this objective, and as

stipulated in FDRE(2016b), the development of manufacturing micro enterprises as well as microand small enterprises of non-manufacturing sectors is the mandate ofFUJCFoSA. It should be noted that ensuring urban food security throughproductive safety and job creation programs are additional tasks given to theFUJCFoSA. Both agencies have their own councils composed of highgovernment officials as a high governing or policy-making body. Generally, thecurrent MSE development policy and strategy, as well as the attention it getsfrom the government and other development partners, seem to be enabling. Themajority of the problems encountered by MSEs emanate from failures to fullyimplement the strategy and support frameworks. The following section presentsthe economic performance of the country.

2.1.4Micro, Small and Medium Enterprises (MSMEs) in Ethiopia

There is no single and universally acceptable definition of small businesses. Thedefinition of MSMEs often varies from country to country and from industry toindustry due to the difference of criteria and ways of categorizing enterprises asmicro, small and medium depending on the countries level of development(Mulugeta, 2014). According to the definition of the Government of the FederalDemocratic Republic of Ethiopia MSE Development Strategy (2011),

- Micro Enterprise is a business engaged in commercial activities and whenthe numbers of its employees are not greater than 5 and the total asset is≤ 100,000 ETB for the industrial sectorand ≤ 50,000 ETB for servicesector (MSEDS, 2011).
- Small enterprise is a business engaged in commercial activities whosecapital is not exceeding birr 1.5 million and 6-30 employees for industriesand 500,000 for service other than high technology and consultancyservice institutions (FMSEDS,2011).

This study, therefore, adopts the Federal Micro and Small EnterprisesDevelopment Agency and the newly enacted Federal small and mediummanufacturing enterprises definition for MSMEs with slight modification formedium enterprises in the service sector. Table 2.1 presents a new definition ofMSMEs in Ethiopia

Table2.2: Ethiopian Revised Definition for Micro, Small and Medium Enterprises

Level	Sectors	Manpower Size	Total Asset in Ethiopian (Birr)
Micro	Industry	Less or equal to 5	≤100,000
	Service	Less or equal to 5	≤50,000
Small	Industry	6 to 30	100,001 to 1,500,000

	Service	6 to 30	50,001 to 500,000
Medium	Industry	31 to 100	1,500,000 to 20,000,000
	Service	31 to 100	500,000 to 10,000,000

Source: Federal Democratic Republic of Ethiopia, Micro and Small Enterprises development strategy document, 2011, Addis Ababa

2.2 An Overview of Business Performance

Global Entrepreneurship Monitor (2004) defined performance as the act of performing or doing something successfully using knowledge as distinguished from merely possessing it. However, performance seems to be conceptualized and measured in different ways thus making cross comparison difficult. Businesses have an important role in our daily lives and therefore, successful businesses represent a key ingredient for developing nations. Thus, many economists consider organizations and institutions similar to an engine in determining the economic, social and political progress. In the last 22 years, there were 6 Nobel prizes awarded to researchers who have focused on the analysis of organizations and institutions. Continuous performance is the focus of any organization because only through performance organizations are able to grow and progress. Thus, organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance (Gavera, 2011). Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. According to Salem, (2003) performance is referred as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions. Gaskill and van Auken (1993) noted that the understanding of factors that impact small enterprises performance is important and enable business advisors, policymakers and other relevant stakeholders to better serve the small and medium enterprises. Increases in earnings, sales revenues, and employment are also indicators of performance (Blatt 1993; Orser et al., 1998). This is often complicated because of the interference between business profits and entrepreneurial income by the entrepreneurs (Massurel and van Montfort 2006). According to

Bird (1992), owner-managers periodicallyreflect upon the firm's performance in light of their personal vision for business to assess performance.

2.3 Measuring Performance of Enterprises

Organizational performance can be judged by many different constituencies, resulting in many different interpretations of "successful performance". Each of these perspectives of organizational performance can be argued to be unique. Further, each organization has a unique set of circumstances, making performance measurement inherently situational (Cameron and Whetton, 1983). Firm performance can be measured using different indicators, like profitability growth in employment, production level, or even sales. In addition firms also have their own indicators of measuring their performance (McPherson, 1996). All these indictors however have their advantages. Profitability, for example, has the problem that most of the small firms do not keep records, and do not easily share income information. On the other hand, some firms may not grow, but may diversify into other activities as a strategy to avoid risk. Firms also measure their performance in terms of the stock of materials that are held, the regional coverage of markets, and specialization on specific products. In assessing performance in the single industry (Schollhammer and Kurioff 1979) suggest thatsmallorganization's performance depends essentially on how well its management is able to use planning. They basically equate performance and successes, a definition that lacks specificity. Many of other empirical studies examining the relationship between strategic management practices and organizational performance in small firms use success or failure as the performance measure in their research. Though it offers an ultimate, conclusive measure of performance,success or failure offers little condolence to the manager of the small firm moving toward membership in the latter group. Furthermore, it is of little use to the researcher interested in studying existing privately- held firm.

2.4 Factors Affecting the Performance of Manufacturing Enterprises

Industries performance studies sought to explain why certain firms perform more than others do byidentifying a number of determinants. However, how industries perform and the factors that foster performance still remains a challenging area.Although there is a wide range of issues related to firm performance and its explanatory factors, manystudies failed to integrate all relevant constructs comprehensively. An integrated framework is thusneeded to provide a

comprehensive and coherent overview of the firms performance constructs. This is due, in part, to the expectation that manufacturing firms can obtain mutual benefits that could not beachieved independently (Freel, 2000) by interacting with various forms of organizational arrangements and by networking with external organizations including other firms, universities, the public, and governments. Such a network perspective provides a fuller picture of industries' performance activities (Dickson and Hadjimanolis, 1998).

A lot of factors affect the performance of manufacturing industries. According to Nwosu et.al. (2013), Power/Energy, infrastructure, trainings, motivations, machines reliability, technology and technological changes, work place safety, and standard equipmentproduction influence performance of Nigerian manufacturingfirms. These factors include but not limited. However, other factors,such as, leadership effectiveness, time management, process change and others, also influence theproduction worker performance in the medium and large-scale manufacturing industry in Nigeria. These factors have been found individually to have been affecting manufacturing workers performancein industry, and it is very important now to under study if some combination of two or more factors canaffect performance as much or less of the individual factors. This phenomenon demands the use ofmulti-linear regression approach in the analysis. The outputs of the single and multiple factors resultscan be compared. This is one of the intentions of this noble work.

Choli and Lim (2017) indicated internal and contextual factors influencing the performance of firms. From internal factors the authors included firms R&D expenditure, firm's employee with MastersDegree, firm's global strategies, firm's structure, culture and control activities, characteristics of organizational members, and functional assets and strategies. From the contextual factors the authors included networking, external resources, knowledge and technology acquisition, government and public policies, and surrounding culture. The results show that the firm's innovation capacitywas positively related to technological innovation performance, and industries' skills and technologyacquisition is a contextual factor that positively influences their innovation performance. In thisprocess, industries' innovation capacity is a partial mediator between skills and technology acquisitionand firms' technological innovation performance. Moreover, the results show that the relationshipbetween government and public policies and SMEs' performance is mediated by SMEs'internal innovation capacity.

According to the results both skills and technology acquisition andgovernment and public policies are important contextual factors can increase firms' performance.

2.4.1 Personal Background and Performance of Firms

The socio-economic and demographic characteristics of owners/managers shape their behaviors towards entrepreneurship. Many studies have highlighted the role of personal background characteristics such as age, gender, ethnicity, religion, experience, education and migration status of entrepreneurs towards their entrepreneurial behaviors and firm's performance (e.g., Davidsson, 1995; Garoma, 2012; Sajilan et al., 2015).

The entrepreneur's educational level and business training are mentioned in the literature as positively related to small business performance (Delmar and Davidsson, 2000). Human capital theory posits that owners/managers with more or higher quality human capital such as education and training achieve higher performance in business (Becker, 1975). Higher levels of education and training broaden the entrepreneur's general knowledge about business management and legal issues such as contract and business agreements. Some authors, for example, Kim and Novorta (2014) argue that entrepreneurs that are more educated will lead more innovative companies with higher opportunities to involve in formal networks to establish cooperation agreement for their firms. Human capital theorists argue that education and experience provide entrepreneurs with valuable skills that make more productive (Becker, 1975). The author posits, that education teaches entrepreneurs valuable skills that make them more productive. According to Hoxha (2013) human capital variables such as education, skills and experience of the owner/manager have been argued to be a critical resource to influence the performance in small firms. Education assists owners/managers make good judgments, best use of information and proper use opportunities; all leading to firm growth.

2.4.2 Social Networking and Performance of Female Owned Firms

In many developing countries, including Ethiopia, social links serve either as an enforcement or information device in the small business.Since most firms owned by women operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive (Morris and Kuratko, 2009). Even when a woman does venture into these networks, her task is often difficult because

most network activities take place after regular working hours. Lack of networks also deprives women of awareness and exposure to good role models. A prime feature of networking is the flow of information and decision making is in verse of that in tradition hierarchical organization. Within networks each transition is carried out at market price just as international markets. Networking can enhance the efficiencies of vertical distribution process from upstream to downstream industries. As a result of consumer using network to monitor the distribution process, the process from production to sales flows smoothly in this way producers and consumers are brought close together and as a result the margin of error between production and consumption at the market prices can be reduced. This proximity between production and consumption not only show the need to network division of labor aside from the coordination within large vertically integratedcompanies, it also gives rise to do the same in contrast to adjustment by marketers. Networks can play a vital part because they are an organizational form with an extraordinary capacity for innovation, managing risk, building trust, facilitating joint action and gathering information in a manner that flows around and between geographical, legal, and institutional barriers.

Consequently, networking is doing much to make up for the absence of integration and all round development of the society. Networking is increasingly being seen as a crucial skill associated with organizational success and competency (Campbell and Wilson, 1996). Emerging forms of organizations based upon cooperative linkage among firms are considered strategic in that resources of independent firms are intentionally combined to benefit the firms (Achrol and Kotler, 1999). Larson and Starr (1993) identified the network organization as a feasible alternative to ordered market channels and other hierarchical types of arrangements. Cooperation among members of networks is central to fostering advantages for independent businesses given their limited financial resources and time to engage in market research (Malecki and Tootle, 1996). However, most business owners still view their firms as discrete entities and tend to seek advantage garnered through competitive rather than cooperative behavior (Martin and Stiefelmeyer, 2009). Consequently, the process of how firms develop and advance voluntary collaborative arrangements justifies increasing research attention (Day and Montgomery, 1999).

From a strategic management perspective, profit-generating outcomes drive the search and motivation to form alliances or networks; however, social investments that build confidence or

trust in other's intentions and demonstrate mutual or reciprocal deeds, encourage economic interdependence (Miller *et al.*, 2013). Rosenfield (2009), in discussing the merits of networks for rural or small community development, summed up the integration of social and economic purpose in his belief that, "Networks are not just about profits, they are about improving the quality of lives of people." In many cases, marketplace activities are not exclusively guided by profit generation or the economics of exchange and business success is measured by positive business reputations, provision of valued goods and services, and the ability to raise children near extended family or in less populated communities (Miller *et al.*, 2013)

2.4.3 Government Support and MSEsPerformance

It is important to evaluate the effectiveness of the governmental support in the performance of business owned by women. There are many empirical studiesestimating the impact ofgovernment support to enterprises in different countries. Ntianoah et al (2016) indicated that Government support had a statistically significant and direct effect on the performance of small and medium enterprises in the agribusiness sector in Ghana. On the other hand, Oum, Narjoko, and Harvie (2014) discussed national governments support in eight countries in six areas: (1) training in general business management, entrepreneurship, and particular business skills such as marketing, accounting, finance; (2) counseling and advice, often on a 'firm-by-firm' basis, and where particularly effective, as a follow-up to training; (3) technology development and transfer, involving the adaptation, design and development of technologies and their dissemination to SMEs; (4) information on markets, buyers, technology, increasingly available through information and communications technology (ICT)-based facilities, as well as through traditional mechanisms such as trade fairs, exhibitions and visits/tours; (5) business linkages involving the development and strengthening of commercial linkages between SMEs and large firms (e.g. subcontracting) and among SMEs (e.g. development of 'enterprise clusters'); and (6) financing aimed at channeling funds to SMEs either directly (e.g. special purpose financial institutions such as 'SME banks') or indirectly (e.g. through special 'windows' of commercial banks), perhaps at preferential rates. Another factor is also considered, number (7), which is whether the government's efforts to make an overall improvement in the business climate (e.g. political and macroeconomic stability; laws, regulations, and dispute resolutions; reduced corruption and bureaucratic barriers; fair competition, infrastructure, etc.) is favorable to SMEs' efforts in their

performance. They found positive result for some of the variables. In this study, we will examine the effectiveness of government support to SMEs owned by women whether the provision of (i) training; (ii) counseling and advice, (iii) technology development and transfer; (iv) information; (v) business linkages; (vi) financing; and (vii) a conducive business environment, are positively correlated with the performance of SMEs owned by women.

2.4.4. Entrepreneurs Orientation and Performance

Unless the management of a firm adjusts a suitable strategy and can exploit the opportunities, the firm will not grow even if it has sufficient resources. In relation with this, Wiklund and Shephered (2003) underlines that without suitable strategies to exploit the opportunities, the firm will not grow regardless of the amount and type of resources under its control. According to Barney (1991) firms need to have an appropriate organizational strategy in addition to valuable, rare, inimitable, and non-substitutable resources, in order to take advantage of these resources. An enterprise is said to be entrepreneur; if it is engaged in product/service innovation, committed to allocate resources in order to undertake risky business whose benefits are unknown. It should also come up first with proactive products and services, and exploit market opportunities ahead of competitors, which enables it to gain the business grow (Miller, 1983; Lumpkin and Dess, 1996; Wiklund and Shephard, 2003).

In small business, entrepreneurs orientation is defined as the owners/managers risk taking behavior with regard to investment decisions and strategic actions in the face of uncertainty, product innovations and the related tendency to technical leadership, and the pioneering nature of the firm's propensity to compete with industry rivals aggressively and proactively (Covin and Slevin, 1990; Roxas, 2009).

According to Miller (1983), firms and individuals can be entrepreneurial and characterized entrepreneurial orientation based on three dimensions innovation, Proactiveness and risk-taking. The author noted that entrepreneurial orientation involves willingness to take risks, introduce new products or services, innovate in order to take advantage of market, and become more proactive compared to competitors to win the market competition. Firms are placed along a continuum based on their strategic orientation ranging from less entrepreneurial (conservative) to entrepreneurial (Covin, 1991). According to Miller (1983) firms entrepreneurial orientation hinges on three basic constructs innovativeness, Proactiveness and risk-taking. Lumpkin and

Dess (1996) expand dimensions of firm's strategic orientation by adding autonomy and competitive aggressiveness into five categories.

Innovativeness

Innovativeness represents a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative process that may result in new products, services, or technological processes (Lumpkin &Dess, 1996, Wiklund, 1999). Gebreeyesus (2009) measured innovativeness using four main innovation activities: product/service innovation, process innovation, organizational and skill improvement and, marketing. The author included an innovation dummy in the growth regression and obtained a significant and positive relationship between employment growth and innovation for MSEs in Ethiopian context. Thus, a positive relationship between firms performance and innovation can be hypothesized in this study.

Risk Taking

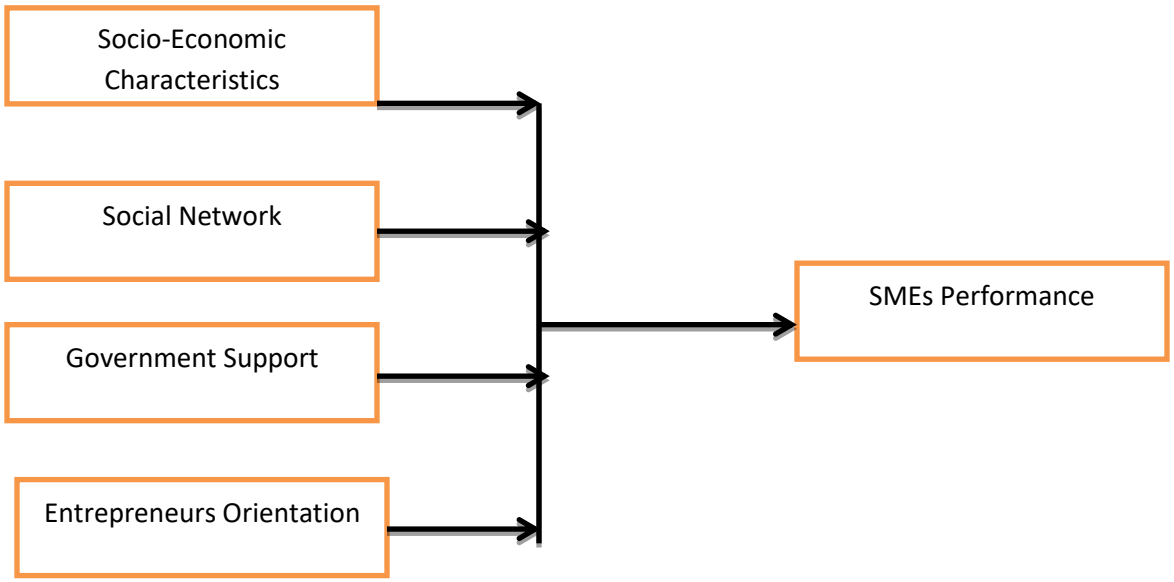
Risk Taking is a concept used to reflect firm's readiness to make large and risky resource commitments and a tendency to take bold action such as entering into unknown new markets or projects with possibilities of failure or uncertain outcomes(Covin&Slevin, 1991; Lumpkin &Dess, 2001). Thus, this study hypothesizes a positive relationship between firm's risk-taking and its performance.

Proactiveness

Proactiveness refers to a forward-looking behavior of an owner/manager. It is concerned with current actions of a firm (such as introducing new products or services ahead of competitors) in order to be a leader, rather than a follower of its competitors, in exploiting future opportunities/market demand (Covin&Slevin, 1990; Lumpkin &Dess, 2001; Limpkin &Dess , 1996; Miller, 1983). Proactiveness is associated with forward looking perspective of owners/mangers to enable enterprises to generate extraordinary economic performance and firm growth. Thus, this study hypothesizes a positive relationship between firm's Proactiveness and its performance. Finally, entrepreneurial orientation thrives in an institutional environment that is supportive of risk taking, innovativeness and Proactiveness (Roxas et al., 2009).

2.5 Conceptual Framework and Hypotheses

The proposed theoretical framework below describes the connecting relationships between the variables of the socio-economic factors, government support, entrepreneurs orientation, social network, and performance of SMEs.



H1: Socio-economic Characteristics have a direct impact on performance of SMEs';

H2: Social network has a direct impact on performance of SMEs';

H3: Government support has a direct impact on performance of SMEs';

H4: Entrepreneur orientation has a direct impact on performance of SMEs';

Chapter 3: Research Methodology

This chapter presents the research methodology giving in detail the steps taken in conducting the research. This includes the research design, the data sources and collection methods, the sample size and the sampling techniques used, research instruments used, and the data analysis methods that would be used.

3.1 Research Design

The research design is the blue print that guides the researchers in the process of collecting, analyzing and presenting the data. The study would use descriptive research design to answer the research question. The objective of descriptive research is to portray an accurate profile of persons, events or situations (Saunders et al., 2009 cited in Molla, 2015). Thus, the design adopted in carrying out this research is descriptive design. The researchmethod that is appropriate to attain the objective of the study is the survey method which is used because it provides the study with the desired data taking small and medium enterprises in a manufacturing sector as a case. In order to get, relevant information about the factors that influence the performance of SMEs owned by women in study area, a mixed research approach, both quantitative and qualitative methods were applied together. Creswell (2003) and Slee et al. (2006) noted that mixed research approach minimizes some of the limitations of using single method because quantitative or qualitative research methods are not sufficient to address the complex social phenomena when they are treated independently.

In other words, qualitative methods suffer from the limitations of generalizing the results beyond the specific research area and go through subjectivity during data collection and analysis. The quantitative method on the other hand, always fails to capture an in-depth understanding of intra and inter-household dynamics especially when the household head is in a position to speak on behalf of his family and/or neighbors (Tsegaye, 2012). When quantitative and qualitative research methods are used in combination in one study, they complement to each other and allow for a more complete analysis of the research problem (Migiro and Magangi, 2011).The number of women owners/managers in the small and medium enterprises in a manufacturing sector would be selected for detail study for the use of survey questionnaires and informant interview.

3.2 Data Types and Sources

The study was usedprimary and secondary data. Both primary and secondary data gathering were undertaken by the researcher. The basic sources of primary data were employees in small and medium enterprise sector of Sebeta Town. Primary data was collected from employees in the selected manufacturing small and medium enterprise sector through survey study by using structured and coded questionnaires. The questionnaires were distributed to the randomly selected women owner/manager in the small and medium enterprise sector. Secondary data is also obtained from websites, research reports, annual reports, books, journals and articlesrelevant to the research regarding the factors that affect the performance of small and medium women owned enterprise to support primary data. The electronic search was also employed extensively for up-to-date materials on the topic.

3.3 Instruments and Data Collection Methods

Primary data was collected using self-administered questionnaires and key informant interviews.Survey questionnaire and key informant interviews were the instruments used to collect the primary data. Thus, both closed and open-ended questions and inter-method (questionnaire, key informant interview) data collection techniques were employed for the study to collect the necessary information. During the fieldwork, quantitative and qualitative data were collected simultaneously. For the purpose of collecting information about background information, the factors affecting the performance of small and medium manufacturing enterprises owned by women. These questionnaires were used as a primary data source for both qualitative and quantitative data types that has been gathered from the sampled employees from the organization. The questionnaires were designed to deploy both closed-ended and open-ended questions. The close-ended questionnaires are intended to gather more detailed responses from the respondents whereas the open-ended questionnaires are intended to gather more detailed responses from the respondent about the performance of the small and medium women owned manufacturing enterprises.

1. **Questionnaires**:

The primary data from owners/managers of firms was collected using questionnaires. The questionnaires are composed of both closed and open-ended types of questions and covered various issues: demographic and socio-economic characteristic of respondents; performance of

the enterprises and factors that influence their performance such as government support, social network and entrepreneurship. The researcher, three enumerators and one supervisor's all speaking the local language will conduct the survey. The enumerators were first trained by the researcher about how to present and explain each question to respondents. They are also advised to inform each respondent the purpose of the survey before starting the actual interview. The interviews was conducted by going to each interviewee's workshop. Early morning, late afternoon and Sunday (the whole day) will be convenient times for the interviewees.

In order to evaluate the clarity and comprehensiveness of the questionnaire, as well as the feasibility of the survey as a whole, a pilot survey was conducted. Pilot study was used to test the appropriateness of sustainability criteria or questions in the questionnaire and to get additional relevant information from the respondents. Thus modifications to contents of the questionnaire were made based on the pilot survey and the average time each questionnaire was also tested.

2. Key informant interviews:

The researcher was made key informant interviews with owners/managers of small and medium enterprises in the town. The key informant interview was covered such issues as factors that influence the performance of women owned enterprises and measures that should be taken to alleviate the problems. The key informants selected were knowledgeable owners/managers of small and medium enterprises and officials and experts working and supporting the sector. Interviews will be held near at their workshop of interviewees, at their office. During interviewing time the four interview principles were employed: letting people talk, paying great attention to interaction, being sensitive to issues raised and being nonjudgmental.

3.4 Population and Sampling Design of the Study

The population of the study comprised650 women owned/managed manufacturing enterprises in Sebeta town. From the six manufacturing sector under small and medium enterprises five sectors(metal and wood work, chemical and chemical products, leather and leather products, textile and apparel and food and beverages) are selected purposively. Therefore the target population for this study is 650. Thus, the minimum number of employees that needed to be included in the sample is determined using Yamane (1967) formula:

$$n = \frac{N}{1 + N(e^2)} = \frac{650}{1 + 650(0.05)^2} = 248$$

Where: n = sample size required N= Number of sampling population = 650

e= margin of error = 0.05 (5 per cent)

Accordingly, the final sample size that is required for the study would be 248 employees. The study will employ proportionate sampling for the two manufacturing industries to make sure that all the employees have fair representation. Table 3.1 presents the sample size for questionnaire survey from the selected five manufacturing women owned enterprises.

Table 3.1: Sample size for Quantitative data

No.	Manufacturing Industry	No. of Employees	Sample Taken	Percent from the total sample size
1	Wood and metal work	34	13	5.24
2	Food and beverages	294	112	45.16
3	Textile and Apparel	226	86	34.68
4	Leather and leather products	78	30	12.10
5	Chemical and Chemical products	18	7	2.82
Total		650	248	100

Source: Data from Sebeta Town Industry Office, organized by the researcher, 2020

The study also interviewed 20 female owners/managers of the firms four from each the indicated manufacturing industries.

3.5 Data Analysis Methods

Both quantitative and qualitative data analysis techniques were employed in this study.The data that would be collected from the respondents were coded, edited, and entered into the statistical package by using SPSS version 20 and analyzed using descriptive statistics such as frequencies, percentages, graphs and tables. As far as, descriptive analysis the data will be analyzed using statistical indexes such as frequency, mean, average and standard deviation. Data analysis generally consists of examining, categorizing, tabulation or recombining the evidence to address the initial proposition of study. The ultimate goal of analyzing data is to treat the evidence fairly to produce compelling analytical conclusions and to rule out alternative interpretations

(Yin, 2003). Due to its clarity and simplicity to draw conclusions descriptive analysis is chosen to analyze the data. The study also employed multiple linear regressions to analyze the existing relationship between variables.In the regression analysis the dependent variable is performance measured in employment growth and independent variables are socioeconomic factors, social networks, government support and entrepreneurial orientation.The basic objective of using regression equation on this study is to make the study moreeffective at describing and predicting the stated variables.The general performance function is explained below:

$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3\ X3 + \beta 4X4 + ui$

Where:

- Y = the dependent variable i.e. employment growth (used as proxy forperformance).
- β0= the intercept term- constant which would be equal tothe mean if all slope coefficients are 0.
- β1, β2, β3, and β4= the vectors ofcoefficients associated with each independent variablewhich measures the change in the mean value of Y, perunit change in their respective independent variables.

- X1=socio-ecomic, X2= entrepreneurial orientation, X3= government support, X4=social-network arethe explanatory variables.

- Ui = Error Term (stochastic random term)

Findings werepresented in figures, narrative form, descriptive form, graphs and bar charts.In collection and report of the qualitative data, the information collected through key informant's interviews were documented and analyzed textually to confirm the statistical results from the structured questionnaire. In general, the collected qualitative data was analyzed with the help of narrations, descriptions and quotations.

3.6 Validity and Reliability of the study

Validity looks at the instrument has measured what it sets out to measure. Validityrefers to whether an instrument actually measures what it issupposed to measure, given the context in which it is Applied (Bless &Higson-Smith,1995). Sufficient review of literatures will be undertaken to have adequate knowledge to develop appropriate research design for the study

which helps to keep validity. To assure validity, questionnaires were designed on the basis of previous studies'questionnaires and review of related literatures.Furthermore, the questionnaire used in this study was given to independent expertsinconsultation with a statistician to evaluate it for content validity as well as for conceptualclarity and investigative bias.

Reliability on the other hand refers to the degree of consistency with which the instrument measures an attribute (Temesgen, 2016). According to Bless &Higson-Smith (1995), reliability concerned with the consistencyof measures, thus, the level of an instrument's reliability is dependent on its ability toproduce the same score when used repeatedly.For the reliability of the questionnaire experienced academics was used to review thequestions and categories listed in the original questionnaire and interview. Moreover, the researcher also conducted pilot survey, and thequestionnaire was distributed to 20 randomly selected small and medium manufacturing enterprises in Gelan town and the Cronbach's Alpha was found above 0.7. According to Bryman&Bell(2003), the Cronbach's Alpha result of 0.7 and above implies acceptable level of internalreliability.The study therefore, will use Cronbach's alpha to test the reliability.

3.7 Ethical Considerations

The study would introduce the objectives of the research and informs the confidentialities of the research before the discussion of the subject matter to make the respondents free from fear. The permissions of the respondents will be confirmed in the perspectives of the appropriate language for the interview; or communication, timing and location will be considered. The research seeks the necessary permission from the organization for this study and specifically for questionnaires to be distributed to the employees of the organization and data that would be collected from different sectors. Participants will be also made aware that no information would be made public, and that the study is for academic purposes only.

Chapter Four: Data Presentation, Analysis and Interpretation

4.1 Introduction

This study is intended to examine factors that influence the performance of women owned/managed small and medium manufacturing enterprises in Sebeta Town in Oromia region of Ethiopia put four research questions. The first one was related to overview of the existing situation of SMEs. The second research question examines the influence of social network on performance of women owned/managed SMEs in the town. The third research question examines the influence of entrepreneur orientation on performance of women owned/managed SMEs in the town. The fourth research question examined the influence of government support on the performance of women owned/managed MSEs in Sebeta Town. Based on the main four research questions, detail survey questionnaires for quantitative data and check list for key informant interviews were used for qualitative data were developed.

The sampling composition of the study was made up on women owned/managed manufacturing firms in the town. For quantitative data, out of total women owned/managed SMEs in the town a study sample size of 248 were identified. Consequently, 248 questionnaires were distributed for women owned/managed MSEs across the four sectors in thetown, and all the 248 questionnaires were completed and retrieved successfully representing a 100% response rate. For qualitative data, out of the total women owned/managed manufacturing SMEs in the town, 20 enterprises were purposively selected.

4.2 Nature of Small and Medium Enterprises

Research question one was designed to investigate the nature of small and medium enterprises in Sebeta Town. It looks into the general characteristics of SMEs concerning the nature and structure of the enterprises. It also looks into the characteristics of the enterprises and their performance and their growth dynamics.

4.2.1 Age of the Respondents

Table 4.1 below presents the age of sampled SMEs owners/managers. The Table shows that 0.8% were in the age category below 20 years, 9.7% were in the age category 21-25, 51.2% were in the age category 26-30, 27% were 31-35, 8.9% were 36-40 and the balance 2.4% were in the age category above 40 years.

Table 4.1: Age of the Respondents

Age in Years	Frequency	Percent
Less than 20 Years	2	.8
21-25	24	9.7
26-30	127	51.2
31-35	67	27.0
36-40	22	8.9
41-45	5	2.0
Above 45	1	.4
Total	248	100.0

Source: Survey Result, 2020

As shown in Table 4.1, the age category with the highest frequency for SME owners/managers is the age category 26-30 years) with frequency 127 (51.2%). The next highest frequency category is the age group between 31- 35 with frequency 67 (27%). Hence it can be concluded that majority of the SME owners/managers in the sample are young. The data from CSA (2016) indicates that the share of youth (between ages 18 and 35) is 60% of the economically active urban population. This shows that 61.7% of the SMEs owners/managers share of youth is higher as compared to the youth urban population distribution. The qualitative data result also corroborates the quantitative result in that all the 20 respondents were in the young age population groups.

Similar age distribution of owners/managers of MSEs for 13 sampled urban centers including Addis Ababa was reported by the survey result of MoUDC (2013). The finding that 61.7% of the owners/managers were less than 30 years old shows the participation of more and more young women population operating in the sector as a means of earning their livelihood. This result of age distribution is in line with the focus of the small business strategy. The strategy targeted to create opportunities in the sector for the younger population. Younger entrepreneurs have a higher growth aspiration compared to older entrepreneurs and that growth aspiration drives growth (Belay, 2012; Sajilan, et al. 2015). Moreover, according to these authors, younger entrepreneurs are energetic, determined and willing to test their abilities and hence acquire greater growth goals compared to older entrepreneurs indicating younger age entrepreneurs perform better than older age entrepreneurs do

4.2.2 Marital Status of the Respondents

Marital status is another demographic factor that influences business performance. As shown in Table 4.2below majority of owners/managers of sampled SMEs were married accounting for 73 percent of the total surveyed SMEs owners/managers. Widowed cases were minimal only accounting for 1.2 percent of the total. About 25.8 percent of sample SME owners/managers were unmarried.

Table 4.2 Marital Status of the Respondents

Marital Status	Frequency	Percent	Cumulative Percent
Married	181	73.0	73.0
Single	64	25.8	98.8
Widowed	3	1.2	100.0
Total	248	100.0	

Source: Survey Result, 2020

The analysis of qualitative data also shows that 18 of 20 interviewed women owners/managers were married that is consistence with quantitative data analysis result.

4.2.3 Educational Level of the Respondents

Education is one of the determinants of business performance included in the questionnaire. Educational qualification can be a measure of entrepreneurial talent for SME owners/managers (Debela, 2014). Education has positive impacts on SMEs performance through its effect on making good business judgments, exposure to new technology and exploiting opportunities well (Bates, 1990). The more educated and trained the owners/managers, the more capable they are in dealing with the essential business requirements through visiting of media as sources of business information. Table 4.3 presents the educational level of sampled SMEs owner/manager in the sampled urban administration.

Table 4.3: Educational Level of the Respondents

Educational Level	Frequency	Percent	Cumulative Percent
Illiterate	1	.4	.4
5-8	11	4.4	4.8
9-10	78	31.5	36.3
11-12	47	19.0	55.2
Diploma	97	39.1	94.4
Degree and above	14	5.6	100.0
Total	248	100.0	

Source: Survey Result, 2020

The data (Table 4.3) presents that majority of SMEs owners/managers in the town are literate. Only one (0.4 %) of the owner/manager is illiterate and 11 (4.4%) is grade 5-8 educational level according to the data. About 44.7 percent of the total owners/managers have a diploma and above educational status. The result of the qualitative data analysis also indicates that from the 20 interviewed owners/managers of the manufacturing firms in the town about 15 (75%) have diploma and above and the remaining 5 (25%) have 8 to 12 grade educational level.

4.2.4 Business Experience of the MSME Owners/Managers

Experience gives knowledge and capabilities to owners/managers that can help in developing successful strategies that lead to success in performance. In this study, the experience is defined as the know-how, which developed over the years about the business, problem-solving and decision-making, reflecting the owners or managers acquired knowledge and skills over the years. Table 4.4 presents previous job experience of the sampled owners/managers of SMEs in Sebetatown.

Table 4.4: Previous job experience of Sampled MSME Owners/Managers

Previous job experience	Frequency	Percent
I operated another business firm of my own	79	31.9
I was employed as a wageworker at another business firm	42	16.9
I provided services free of charge	36	14.5
I was unemployed	79	31.9
I was studying at a formal school	10	4.0
Others	2	.8
Total	248	100.0

Source: Survey Result, 2020

As presented in Table 4.4 above, 79 (31.9%) were unemployed, 79 (31.9%) of the owners/managers operated with another business firm of their own, and 42 (16.9%) were employed as a wageworker at another business firm. The data also shows that 36 (14.5%) of the respondents provided services free of charge, 10(4%) were studying at a formal school and the remaining 2(0.8%) participated at other activities.

In addition, qualitative data from key informants indicate that from 20 interviewees 6 were unemployed, 12 were employed for another business, 2 were doing another business and the balance 1 was daily labor. Both quantitative and qualitative findings show that more than half of owners/managers have previous business experience, which has of paramount significance for the performance of the businesses and achievement of comparative advantage.

4.2.5 Motivation to Start the Business

Owners/managers within SMEs were motivated by different factors when they decided to start up the business. This study posed a question to know the reason why the owners/managers joined in the business. Table 4.5 provides the result from the survey about the motivation to start the business.

Table 4.5:Motivation to start the business

Motivation to Start the Business	Frequency	Percent	Cumulative Percent
A basic need for livelihood or financial survival	96	38.7	38.7
Absence or shortage of employment opportunities	13	5.2	44.0
Family or peer influence	9	3.6	47.6
Business seen as an opportunity to make wealth	40	16.1	63.7
Good government support	90	36.3	100.0
Total	248	100.0	

Source: Survey Result, 2020

As it is presented in Table (4.5), 96 respondents (38.7%) indicated that their motivation was due to a basic need for livelihood or survival. 13 (5.2%) of the respondents indicated absence or shortage of employment opportunities, 9 (3.6%) family or peer influence, 40 (16.1%) business seen as an opportunity to make wealth, and the remaining 90 (36.3%) good government support motivated the SMEs owners/managers to start the business.

If we consider an involuntary choice as composed of a basic need for livelihood or survival and absence or shortage of other employment opportunities, this accounts for about 44% of the total respondents, which dominates motivations for joining the small business sector. If one considers voluntary choice as a union of family/peer influence, business is seen as an opportunity to make wealth, good government support and other unspecified reason, and then about 19.7% of the total sampled SMEs owners/managers have joined the sector voluntarily. Only about 16.1% of

respondents replied that business is seen as an opportunity to make wealth implying that indeed the sector is the employment of last resort for the majority of operators in the sampled town.

Moreover, qualitative data from 20 key informants, 14 indicated their motivation to start a business was to fulfill basic needs, 4 indicated government support and the balance 2 indicated businesses seen as an opportunity to make wealth. Thus, from both quantitative and qualitative data findings, the most important reason for participation in small business is to earn income to support the basic need for livelihood or survival.

4.2.6 Start-Up Capital and Current Capital of the Business

Table 4.6 below presented that 52.8% of operators started businesses with start-up capital 10,001 to 50, 000 birrs. About 45.2% of the SMEs have started operations with less than or equal to 10,000 birrs and only 2% have started operations with an initial capital exceeding 50,000 birrs. Table 4.6 shows the start-up capital of the sampled firms in the Sebeta Town.

Table 4.6: Start-Up and Current Capital of Enterprises in Ethiopian Birr

variables	Category	Frequency	Percent	Mean	Median	Mode	Standard Deviation	Minimum	Maximum
Start-up Capital	Less than 1000	5	2.0	14,251.21	12,000.00	10,000.00	11,265.36	400.00	75,000.00
	1001-5000	46	18.6						
	5001-10000	61	24.6						
	10001-50000	131	52.8						
	50001-100000	5	2.0						
	Total	248	100.0						
Current Capital	1,000 to 5,000	10	4.0	87923.39	60000.00	30000.00	93309.85	1000.00	750000.00
	5,001 to 10,000	13	5.2						
	10,001 to 50,000	85	34.3						
	50,001 to 100,000	73	29.4						
	100,001 to 500,000	65	26.2						
	500,001 to 1,000,000	2	.8						
	Total	248	100.0						

Source: Researcher's Survey Result, 2020

As indicated in Table 4.6 the average start-up capital for our sampled operators is found to be 14,251.21 birrs with a median value of 12,000 birrs and a standard variation of about 11,265.36birrs.Moreover, qualitative date from 20 interviewed owners/managers of the manufacturing small and medium enterprises indicated that about 12 (60%) of the owners/managers started their business with less than 50,000 and the remaining 6 (40%) started their business with capital 50, 000 to 100,000.

Concerning current capital, as it is depicted in Table 4.6 around half of the enterprises 108 (43.5%) were with a total capital less than Birr 50,000. While the rest of sample 73 (29.4%) of the enterprises are with total capital 50,001 to 100,000, 65 (26.2%) with total capital 100,001 to 500,000, and the remaining 2 enterprises are with total capital 500,001 to 1,000, 000. As indicated in Table 4.6 above, the average current capital for our sampled operators is found to be 87,923.39 birrs with a median value of 60,000.00 birrs and a standard variation of about 93,309.85 birrs. The minimum total capital was 1,000 and maximum capital was 750,000.00.

4.2.7Sources of Finance for Start-Up and Current Capital

Concerning source of finance for start-up capital, 95(38.3%) of the respondents indicated microfinance institutions, 53 (21.4%) indicated personal saving, 50 (20.2%) personal saving and family, 26 (10.5%) friends/relatives and bank, 15 (6%) indicated NGOs and microfinance, 8 (3.2%) indicated family, and the remaining 9 (3.6%) indicated family and NGOs Table 4.7shows the source of finance for start-up and current capital.

Table 4.7: Sources of Finance for Start-up and Current Capital

Variable	Categories	f	%	Cumulative %
Source of Finance for Start-up Capital	Personal saving	53	21.4	21.4
	Family	8	3.2	24.6
	NGOs	1	.4	25.0
	Micro finance institutions	95	38.3	63.3
	Personal Saving and Family	50	20.2	83.5
	NGOs and Micro Finance	15	6.0	89.5
	Friends/Relatives and Banks	26	10.5	100.0
	Total	248	100.0	

Source: Researcher's Survey Result, 2020

Moreover, qualitative data analysis results for source of starting capital indicated that about 60% indicated personal saving and microfinance, 20% reported from personal saving and family and the remaining 20% indicated from microfinance institution.

Regarding sources of finance for working capital, 67 (27%) of the sampled owners/managers reported personal saving while 77 (31%) reported microfinance institutions. Table 4.7b illustrates that 72 (29%) indicated personal saving and microfinance institutions, 22 (8.9%) from personal saving and Iqub/Idir, From the data, we observe that personal saving and microfinance institutions are the major sources of working capital for SMEs in the administrative towns of Sebeta.

Table 4.7b: Sources of Finance for Current Capital

Variable	Categories	f	%	Cumulative %
Source of Finance For Current Capital	Personal saving	67	27.0	27.0
	NGOs	2	.8	27.8
	Micro finance institutions	77	31.0	58.9
	Family	4	1.6	60.5
	Iqub/Idir	4	1.6	62.1
	Personal saving and Micro Finance	72	29.0	91.1
	Personal saving and Iqub/Idir	22	8.9	100.0
	Total	248	100.0	

Source: Researcher's Survey Result, 2020

4.2.8 Ownership form of the business

The study posed a question to respondents to reveal the form of the ownership structure of their enterprises. About 90.3% of the enterprises are owned by partners and 9.7 % are owned by the sole proprietor. The analysis of qualitative data also indicates that all the 20 interviewed enterprises are owned by association or partners. This is in contrary to the analysis made by Ageba and Amha (2003) who found that about 94% of SMEs were owned by sole proprietors. Table 4.8 presents the ownership structure of firms in the sampled towns.

Table 4.8: Ownership Structure of the Business

Ownership form	Frequency	Percent	Cumulative Percent
Sole Proprietor	24	9.7	9.7
Partnership Cooperative	224	90.3	100.0
Total	248	100.0	

Source: Researcher's Survey Result, 2020

4.2.9 Type of the business

As shown in Table 4.9 below, women owned MSEs in the town under the study areengaged in wood and metal work 31(12.5%), food processing 112(45.2%), textile and apparel 35(14.1%) leather and leather products 23(9.3%) and chemical and chemical products 47(19%).

Table 4.9: Types of the Business

Type of the business	**Frequency**	**Percent**	**Cumulative Percent**
Wood and metal work	31	12.5	12.5
Food processing	112	45.2	57.7
Textile and Apparel	35	14.1	71.8
Leather and leather products	23	9.3	81.0
Chemical and Chemical products	47	19.0	100.0
Total	248	100.0	

Source: Researcher's Survey Result, 2020

Qualitative data analysis result also indicated that from the 20 interviewed owners/managers of small and medium manufacturing enterprises 5 were from wood and metal work, 5 from food processing, 3 from textile and apparel, 3 from leather and leather products and the remaining 4 are from chemical and chemical product sector.

4.3 Performance of Female Owned Enterprises

4.3.1 Employment Generation

The survey results show that 58.5 % of firms in the study had less than six persons in employment, 33.9% had six to ten persons in employment, 6% of the firms had employed eleven to fifteen employees, 1.2% had sixteen to twenty employees and 0.4% had more than 30 persons in employment. The result indicates that most of the businesses are under micro enterprises

category in employment and it is necessary to promote more small and medium-sized firms. Moreover, the qualitative data analysis results, 40% of the respondents indicated their firms created 6 to 10 employees, 20% indicated 11 to 15 employees and the remaining 20% indicated 16 to 30 employees.

In the finding, 58.5 % of firms created employment for less than or equal to five workers confirms that more small and medium-sized enterprises are needed to make appreciable impacts on employment. The qualitative informant interview result indicates the reasons behind the weak performance of SMEs in Sebeta town such as the provision of physical infrastructure, financial access, and the unfavorable business environment was fully blamed on local governments for not doing enough to enhance their performance. Table 4.10 presents the employment generation of sampled firms in Sebeta town.

Table 4.10: Employment Created by Women Owned/Managed SMEs in Sebeta Town

Employment Size	Frequency	Percent	Cumulative Percent
1-5	145	58.5	58.5
6-10	84	33.9	92.3
11-15	15	6.0	98.4
16-20	3	1.2	99.6
31 and Above	1	.4	100.0
Total	248	100.0	

Source: Researcher's Survey Result, 2020

4.3.2Profitability of Firms

In an attempt to investigate whether or not SMEs are profitable or not, the study asked the respondents to indicate their firms' trend in the profitability.Regarding the profitability of small and medium enterprises owned by women in the town, the result of the respondents indicated that 152 (61.3%) of the firms profitability greatly increased, 69 (27.82%)of the firms profitability increased, 11(4.43%) indicated constant and the remaining 16(6.45%) were indicated decreasing or greatly decreasing. Figure 4.1 presents the profitability of firms.

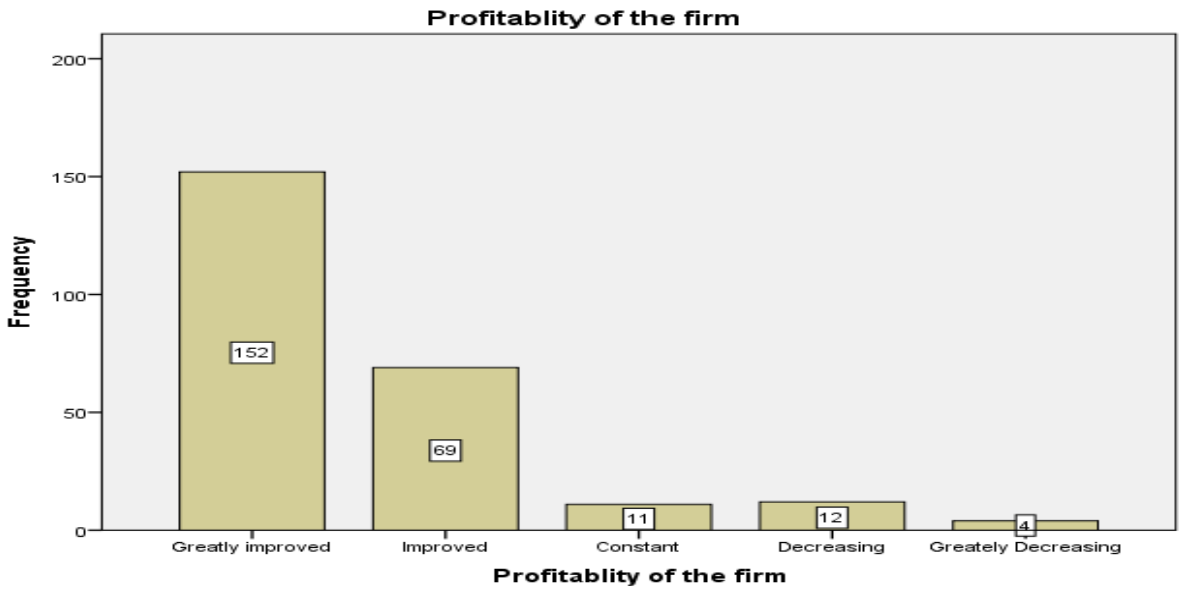


Figure 4.1: Profitability of Enterprises

Source: Researcher's Survey Result, 2020

In the town, the self-reported proportion of profitable firms is very high, but the share of firms that reported a decreasing and greatly decreasing profitability performance is lower compared with increasing growth profitability enterprises.

4.3.3Volume of Sales

Regarding the volume of sales of small and medium enterprises owned by women in the town, the result of the respondents,31 respondents indicated that the firms'sales volume greatly improved, 71 of the respondents indicated improved, 25 constant, 72 decreasing and 49 respondents indicated greatly decreasing. Figure 4.2 presents the volume of sales of firms products in the town.

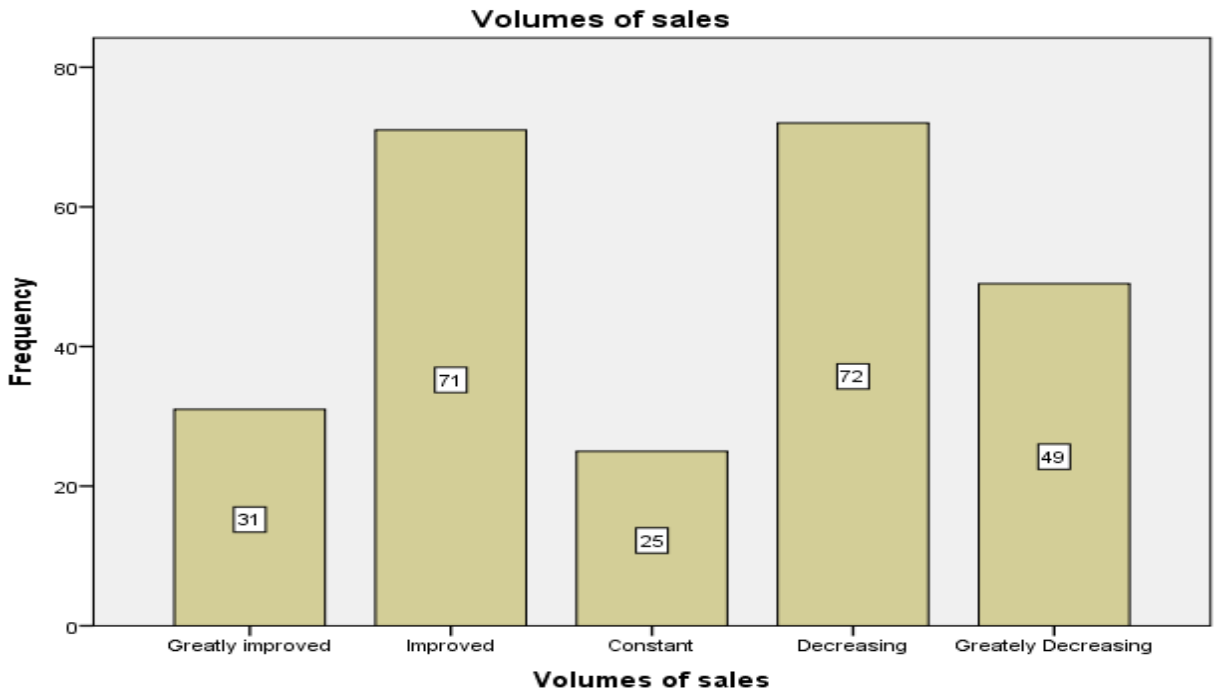


Figure 4.2: Volume of Sales of Enterprises

Source: Researcher's Survey Result, 2020

4.3.4 Market Share

Regarding the market share of small and medium enterprises owned by women in the town, the result of the respondents, 22 respondents indicated that the firms sales volume greatly improved, 77 of the respondents indicated improved, 95 constant, 41 decreasing and 13 respondents indicated greatly decreasing. Figure 4.3 presents the volume of sales of firms products in the town. From the result we can conclude that most of the sampled firm's market share was constant or decreasing which needs market network development by the government and other stakeholders to enhance the performance of women owned/managed firms in the town.

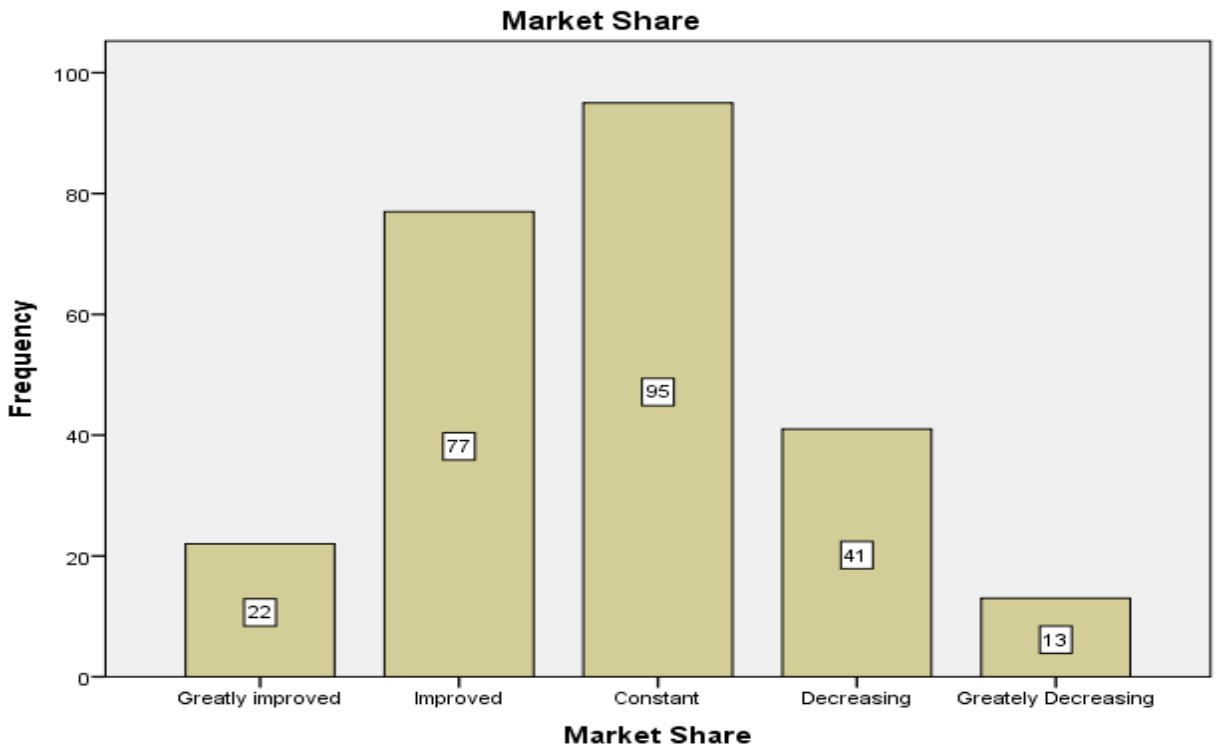


Figure 4.3: Market Share of Enterprises

Source: Researcher's Survey Result, 2020

4.3.5 Customer Base

As shown in figure 4.4, the customer base of the firms is greatly improved or improved showing the owners/managers have good chance to increase their performance. About 181 of the owners/managers reported that the customer base of their product greatly improved or improved.

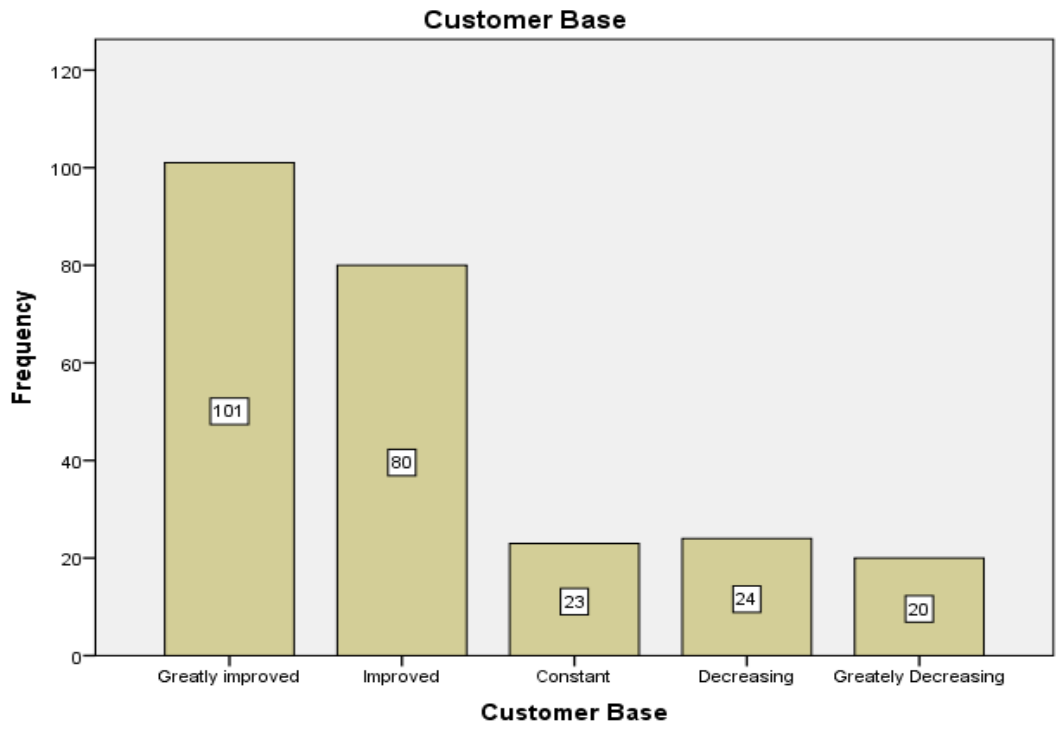


Figure 4.4: Customer Base Growth of Enterprises

Source: Researcher's Survey Result, 2020

4.3.6 Number of Staff

In an attempt to investigate whether or not SMEs are growth-oriented or survivalists in generating employment opportunities, the study asked the respondents to indicate their firms' trend in the generation of employment. About 185, 46 and 17 of small and medium enterprises reported as the growth of the staff improved constant and decreasing respectively. In the town, the self-reported proportion of stagnant firms is very low, but the share of firms that reported a declining staff number is lower compared with increasing staff number. Figure 4.5 shows the self-reported growth in staff number of SMEs.

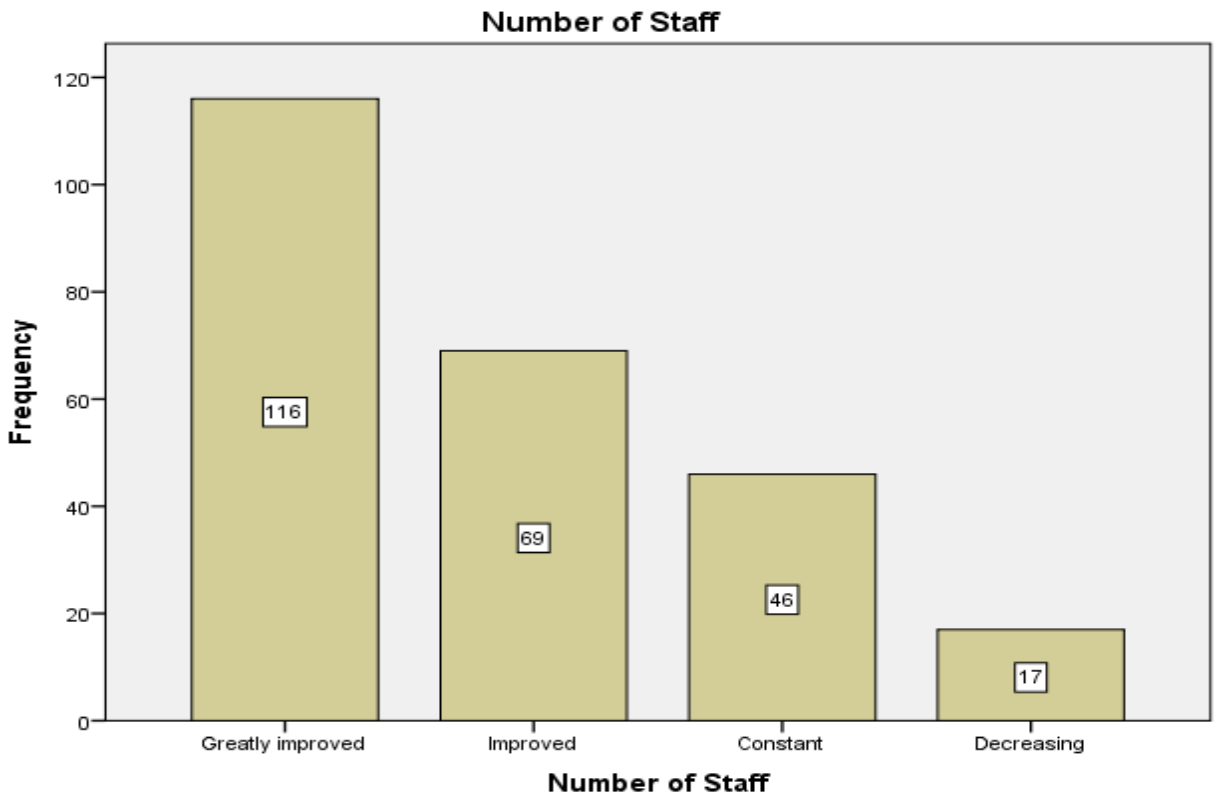


Figure 4.5: Employment Growth of Enterprises

Source: Researcher's Survey Result, 2020

4.3.7 Asset Growth

Concerning asset growth of the firms, the study asked whether the firms asset grow or not. Figure 4.6 shows that 59 of the respondents said the assets of the firms greatly improved, 69 improved, 66 constant, 43 decreasing and the remaining 14 reported that the asset of the firm highly decreasing. Figure 4.6 presents asset growth of enterprises.

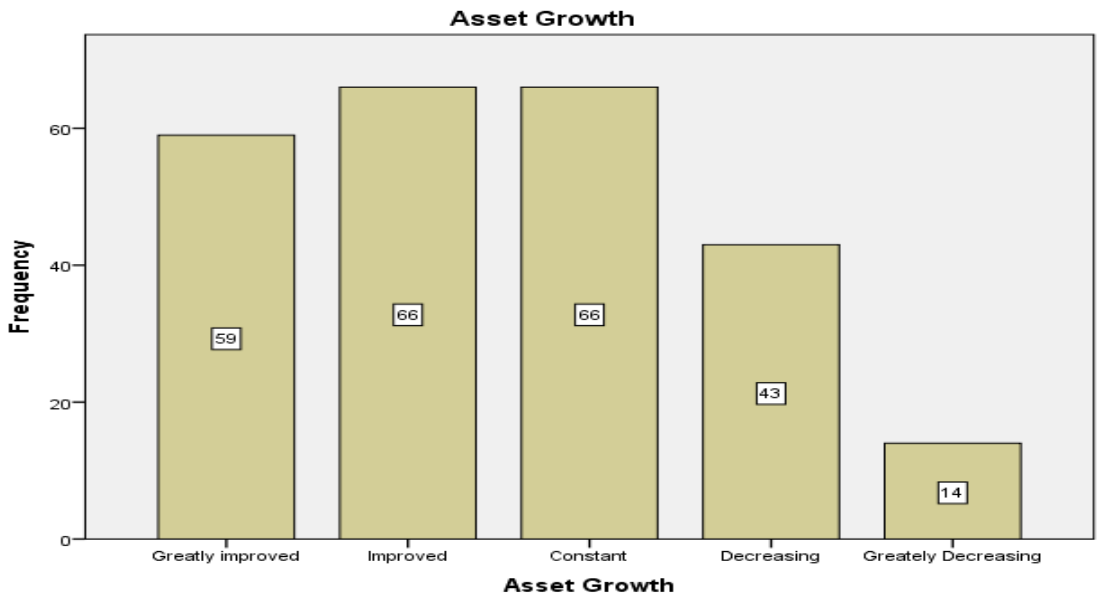


Figure 4.6: Asset Growth of Enterprises

Source: Researcher's Survey Result, 2020

4.4 Factors influencing the performance of women owned small and medium enterprises in Sebeta Town Ethiopia

4.4.1 Social networks

The study sought to examine the influence of social networks on performance of female owned enterprises in Ethiopia with reference to businesses in Sebeta Town. The study questions were in a Likert scale of between 1 and 5. Where 1 = strongly disagree; 2 =disagree; 3 = neutral; 4 = agree; and 5 = greatly agree. The scores were also calculated to mean scores which were interpreted as 4.5 - 5.0 greatly agree; 3.4 - 4.4 agree; 2.5 - 3.4 neutral; 1.5 - 2.4 disagree; and 0.0 - 1.4 greatly disagree. The findings are shown in Table 4.11.

Table 4.11: SME Owners'/Managers' Opinion on the Social Networks Factors

Agreement or Disagreement of the respondents	My membership in women groups has helped me access market information	My membership in women groups has helped me access capital for my business	I am able to network with other people doing the same business or related ones I am able to	I am able to network with other people doing the same business or related ones	I am able to access market through the groups membership

Strongly Disagree	9	1	5	3	1
Disagree	16	3	25	25	11
Neutral	35	6	8	20	13
Agree	120	111	110	105	120
Strongly Agree	68	127	100	95	103
N	248	248	248	248	248
Mean	3.895	4.452	4.109	4.06	4.26
Median	4.00	5.00	4.00	4.00	4.00
Mode	4.00	5.00	4.00	4.00	4.00
Std. Deviation	.996	.647	1.006	.988	.784
Minimum	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00	5.00

Source: Researcher's Survey Result, 2020

Table 4.11 indicates the respondents agreement that their membership in women groups has helped them access market information to a great extent with a mean of 3.89. Respondents also agreed with a mean of 4.45 that their membership in women groups has helped them access capital for their business to a great extent. They further agreed with a mean of 4.11 that they are able to access marketthrough the group's membership to a great extent. Finally the respondents were agreed with a mean of 4.06 and 4.26 that they are able to network with other people doing the same business or related ones and able to access market through the groups membershiprespectively.

This result indicates that women owned/managed small and medium manufacturing enterprises in Sebeta Town, demonstrate high degree of social networks with mean score of 4.16.Therefore, the findings indicate that most of the respondents show either their agreement or strong agreement about five items of the social network measurements.

4.4.2 Entrepreneurial Orientation

The researcher inquired on the how entrepreneurial orientation affects performance of female owned enterprises in Ethiopia with reference to businesses in Sebeta Town.According to Miller (1983), firms and individuals can be entrepreneurial and characterized entrepreneurial orientation based on three dimensions innovation, proactiveness and risk-taking. The author noted that entrepreneurial orientation involves willingness to take risks, introduce new products or services, innovate in order to take advantage of market, and become more proactive compared to competitors to win the market competition.

Thus, entrepreneurial orientation in this study was represented by innovativeness, Proactiveness and willingness of the female owner/manager to take risk.The findings of innovativeness based on the respondents' agreement or disagreement to the items are presented in Table 4.12.

Table 4.12: Respondents Agreement/Disagreement on Innovativeness of Firms in Sebeta Town

Agreement or Disagreement	We are often first to take initiative in every situation to which our competitors then respond to in our industry	Often our firm is the first to introduce new products and services and processes	Our firm is involved actively in introducing improvements and innovations to our business changes in our product/services and processes are often quite dramatic	Our firm often develops creative solutions to difficult problems	Our firm often has strong intentions to stimulating creativity and experimentation	Our firm often support creativity and experimentation in introducing new products	Our firm often encourages incremental improvements in products and services
S. Disagree	1	2		2	4	1	3
Disagree	7	7	14	22	10	11	9
Neutral	7	17	28	18	13	13	8
Agree	140	154	117	101	124	120	109
S. Agree	93	68	89	105	97	103	119
N	248	248	248	248	248	248	248
Mean	4.278	4.125	4.133	4.149	4.209	4.262	4.339
Median	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mode	4.00	4.00	4.0	5.00	4.00	4.00	5.00
Std. Deviation	.691	.717	.826	.951	.842	.784	.809
Minimum	1.00	1.00	2.0	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.0	5.00	5.00	5.00	5.00

Source: Researcher's Survey Result, 2020

Regarding Innovativeness variable, Table 4.12 above presented that for the seven items the mean value is between 4.125 and 4.399. This result indicates that small and medium enterprises in the administrative towns of Sebeta in Oromia region of Ethiopia, demonstrate high degree of innovation with mean score of 4.214.Therefore, the findings indicate that most of the respondents show either their agreement or strong agreement about seven items of the innovation measurements.

The second variable on entrepreneurial orientation is proactiveness. This study thus, sought to establish the influence of proactiveness on performance of female owned enterprises in Ethiopiataking women owned/managed manufacturing businesses in Sebeta Town as a case. According to Miller (1983), proactiveness refers to a forward-looking behavior of an owner/manager. It is concerned with current actions of a firm (such as introducing new products or services ahead of competitors) in order to be a leader, rather than a follower of its competitors, in exploiting future opportunities/market demand (Covin&Slevin, 1990; Lumpkin &Dess, 2001; Limpkin &Dess , 1996; Miller, 1983). Proactiveness is associated with forward looking perspective of owners/mangers to enable enterprises to generate extraordinary economic performance and firm growth. The agreement or disagreement of the owners/managers concerning the proactiveness of their firms is presented in Table 4.13 below.

Table 4.13: Respondents Agreement/Disagreement on Proactiveness of Firms in Sebeta

	Our firm actively seeks out in exploiting opportunities to introduce new products/services in anticipation of future demand	Our firm leads in associating with aggressive posturing relative to the competitors	Our firm is involved actively in introducing improvements and innovations to our business changes in our product/services and processes are often quite dramatic	Our firm allocates its resources to deal with an emerging opportunity or threat	Our firm is committed to identifying new opportunities	Our firm continually scans the market to predict future trends this firm strives to be a first mover to capture the benefits of pioneering	Our firm continually scans the market to predict future trends this firm strives to be a first mover to capture the benefits of pioneering	Our firm generates first-mover advantages and that shape market direction through anticipating change
S. Disagree	1	5	4	2	5	3	3	1
Disagree	3	11	5	-	25	25	22	3
Neutral	6	15	29	5	8	20	34	6
Agree	111	85	75	95	110	105	93	111
S. Agree	127	132	135	146	100	95	96	127
N	248	248	248	248	248	248	248	248

Mean	4.45	4.32	4.34	4.54	4.11	4.06	4.03	4.45
Median	5.00	5.00	5.00	5.00	4.00	4.00	4.00	5.00
Mode	5.00	5.00	5.00	5.00	4.00	4.00	5.00	5.00
Std. Dev.	.64707	.92249	.88	.622	1.01	.98	.99	.65
Minimum	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Researcher's Survey Result, 2020

Regarding proactiveness variable, Table 4.13above presented that for the eight items the mean value is between 4.03 and 4.54. This result indicates that small and medium enterprises in the administrative towns of Sebeta in Oromia region of Ethiopia, demonstrate high degree of proactiveness with mean score of 4.29.Therefore, the findings indicate that most of the respondents show either their agreement or strong agreement about eight items of the proactivenessmeasurements.

The third variable in entrepreneurial orientation is risk taking. Risk taking is a concept used to reflect firm's readiness to make large and risky resource commitments and a tendency to take bold action such as entering into unknown new markets or projects with possibilities of failure or uncertain outcomes(Covin&Slevin, 1991; Lumpkin &Dess, 2001). This study sought to examine the readiness of women owned/managed firms to make large and risky commitments and their tendency to take bold action. The agreement or disagreement of the owners/managers concerning the risk taking commitment of their firms is presented in Table 4.14 below.

Table 4.14: Respondents Agreement/Disagreement on Risk Taking of Firms in Sebeta

	Staff in our firm are encouraged to take calculated risks with new ideas	Our firm adopts a bold, aggressive posture in order to maximize the probability of exploiting new opportunities	This firm is ready to sacrifice profitability to gain market share the firm is always willing to ventures into unknown new markets	Our firm is always ready to commit resources to ventures with uncertain outcomes	Our firm has a strong tendency to adopt new technology without regard risk our firm is always ready to invest in high-risk projects
S. Disagree	5	3	3	1	2
Disagree	25	25	22	7	7
Neutral	8	20	34	7	17
Agree	110	105	93	140	154
S. Agree	100	95	96	93	68

N	248	248	248	248	248
Mean	4.11	4.06	4.04	4.28	4.12
Median	4.00	4.00	4.00	4.00	4.00
Mode	4.00	4.00	5.00	4.00	4.00
Std. Deviation	1.006	.988	.995	.691	.717
Minimum	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00	5.00

Source: Researcher's Survey Result, 2020

Concerning risk taking variable, Table 4.14above presented that for the five items the mean value is between 4.04 and 4.28. This result indicates that small and medium enterprises in the administrative towns of Sebeta in Oromia region of Ethiopia, demonstrate high degree of risk taking with mean score of 4.12.Therefore, the findings indicate that most of the respondents show either their agreement or strong agreement about eight items of the risk taking measurements.

4.4.3 Government Support

The supports that enterprises receive from local government bodies that are clearly mentioned both in the old and new SMEs strategies of the government. The major ones, among others, include availing loan services, trainings, counseling and advice, technological development and transfer, market information, business linkages and creating conducive business environment and others for the enterprises to enhance their performance. Hence, this study attempted to examine the support services being given by the respective government bodiesin Sebeta town. Table 4.15 presents the owners/managers response concerning the support they get from local government.

Table 4.15: Owners/Managers Response on Government Support to Firms in Sebeta

	Training	Counseling and advice	Technological development and Transfer	Information	Business Linkages	Creating access to financial resources	Creating a conducive business environment
Not at all	2	14	2	4	1	3	5
Little extent	7	28	22	10	11	9	9
Moderate extent	17		18	13	13	8	6
Great extent	154	117	101	124	120	109	132

V. great extent	68	89	105	97	103	119	96
Total	248	248	248	248	248	248	248
Mean	4.125	4.133	4.149	4.209	4.262	4.339	4.229
Median	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mode	4.00	4.00	5.00	4.00	4.00	5.00	4.00
Std. Deviation	.717	.826	.951	.842	.784	.809	.829
Minimum	1.00	2.00	1.00	1.00	1.00	1.00	1.00
Maximum	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Researcher's Survey Result, 2020

Concerning government support variable, Table 4.15above presented that for the seven support types the mean value is between 4.125 and 4.399. This result indicates that small and medium enterprises in the administrative towns of Sebeta in Oromia region of Ethiopia, demonstrate high degree of government support with mean score of 4.21.Therefore, the findings indicate that most of the respondents show either their agreement or strong agreement about seven government support services. The result of qualitative data analysis for government support is also similar to the quantitative result in that most of the interviewed owners/managers indicated high degree of the government support to enhance the performance of female owned manufacturing enterprises. They indicated that priority is given for female owned enterprises in all supportive systems.

4.5 Multiple Regression Analysis

A multiple linear regression analysis was employed by using employment growth 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 variableswere found to significant at influencing the performance of women owned SMEs at 5% significancelevel.

Table 4:16 Multiple Regression Model Summary

Model Summary								
Model Summary		R		R Square	Adjusted R Square	Std. Error of the Estimate		
		.859[a]		.737	.723	.52991		
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	*Collinearity Statistics*	
		B	Std. Error	Beta			*Tolerance*	*VIF*
1	(Constant)	-1.942	.519		-3.745	.000		
	Marital Status	.072	.069	.038	1.041	.299	.846	1.181
	Educational Level	-.036	.032	-.040	-1.128	.260	.910	1.099
	Job Experience	-.032	.027	-.043	-1.192	.235	.864	1.157
	Motivation to start the business	-.024	.020	-.042	-1.175	.241	.865	1.156
	Ownership	.006	.122	.002	.052	.959	.853	1.172
	Business Type	.023	.026	.030	.872	.384	.961	1.040
	SN	1.154	.133	.601	8.660	.000	.233	4.285
	INN	-.480	.297	-.234	-1.618	.107	.054	18.643
	Pro	.003	.125	.001	.021	.983	.238	4.195
	RT	.582	.118	.352	4.914	.000	.219	4.569
	GS	.227	.268	.116	.845	.399	.059	16.885
	Age	.034	.041	.030	.824	.411	.824	1.213
	Capital	.018	.038	.018	.480	.632	.786	1.272
a. Dependent Variable: Employment Growth								

The multiple regression model presented in table 4.16 above revealed that, the correlation between the observed value of performance of SMEs in employment growth and the optimal linear combination of the independent variables (entrepreneurial orientation variables (Innovativeness, Proactiveness, and risk taking). Social network, government support and socio-economic characteristics of the owner/manager (age, marital status, educational level, experience, business type, ownership and capital) is 0.859, as indicatedby multiple R. Besides,

given the R Square value of 0.737 and adjusted R square value of 0.723, itmay be realized that 73.7% of the variation in performance of women owned SMEs measured by employment growth can be explained by the independent variables.

The unstandardized coefficients β column, gives us the coefficients of the independent variables inthe regression equation including all the predictor variables as indicated. The table above alsoshows that, from the explanatory variables included in the model social network and risk taking from entrepreneurial orientation can significantly explain at 99%confidence level to the variation in the dependent variable. The standardized beta coefficient columnshows the contribution that an individual variable makes to the model. The beta weight is the averageamount the dependent variable increases when the independent variable increases by one standarddeviation (all other independent variables are held constant).

Thus, other factors kept constant one percentage increase in the social networks factor increase the performance of women owned SMEs by 60.1 percent, and one percentage change in risk taking factor of Entrepreneurship increases the performance by 50.8 percent. This result is similar to the findings of Nkatha (2016). Nkatha (2016) examined factors influencing theperformance of female ownedenterprises: a case of businesses in the central business district of Nairobi, Kenya. He found that social network formed by women owner/manager positively and significantly influence the performance of enterprises. The study established that membership in women groups has helped them access market information. Membership in women groups has helped them access capital for their business to a great extent. The study also noted that women are able to access market through the group's membership. However they are not able to network with other people doing the same business or related ones.

The result of risk taking is also consistence with Nkatha (2016) in that risk taking behavior of the owner/manager positively and significantly influences the performance of female owned/managed enterprises. The analysis shows that female entrepreneurs in Nairobi Central Business District (CBD) are always ready to commit resources to ventures with uncertain outcomes, staff in the firm is encouraged to take calculated risks with new ideas, firms are always ready to invest in high-risk projects, firms adopts a bold, aggressive posture in order to maximize the probability ofexploiting new opportunities. The respondents were however neutral that the firms are always willing to ventures into unknown new markets, that their firms are

ready to sacrifice profitability to gain market share and that their firms have a strong tendency to adopt new technology without regard risk.

4.6 Hypotheses Summary

The independent variables which were included in the model to predict the performance of womenowned/managed SMEs are socio-economic characteristics variables(age, marital status, educational level, experience, business type, ownership and capital), social network, government support and entrepreneurs orientation (innovativeness, Proactiveness and risk taking were included in the model. The dependent variable of the model was employment growth.

Hypothesis One: Socio-economic Characteristics have a direct impact on performance of SMEs: The socio-economic characteristics of the owner/manager and the firm characteristics that are included in the model (age, marital status, educational level, experience, business type, ownership and capital) are statistically not significant since the level of significance for the variables are greater than 10%.

Hypothesis Two: Social network has a direct impact on performance of SMEs: - The social networks created by women owners/managers in theenterprises was statistically significant at 5% significance level and had positive relationship withthe performance of the enterprises in employment growth. Holding other factors constant as women owners of SMEs have an increase in social network the performance of the firm increase by employment growth by .601. Thus,enterprises associated with effective and efficient social network have higher probability of being grow in their employment. Thus, the null hypothesis which states that there is positive and significant relationship between social network and performance of women owned MSEs is not rejected.

Hypothesis Three: Government support has a direct impact on performance of SMEs: - The support given by government to firms owned/managed by women is statistically not significant since the level of significance for the variables are greater than 10%.

Hypothesis Four: Entrepreneur orientation has a direct impact on performance of SMEs:- The entrepreneurial skill of women owners/operators (innovativeness, Proactiveness and risk taking) were included in the model. From the included entrepreneurial orientation only risk taking was statistically significant at 5% significance level and had positive relationship withthe

performance of the enterprises. Holding other factors constant as women owners of SMEs have an entrepreneurial skill the employment growth of women owned MSEs will increase by .582. Thus,enterprises associated with effective and efficient entrepreneurs in performing successful risk taking have higher probability of being grow by their employment. Thus, the null hypothesis which states that thereis positive and significant relationship between risk taking and performance of womenowned MSEs is not rejected.

Chapter Five: Summary, Conclusion and Recommendations

5.1. Summary

This study was undertaken to examine the factors that influence the performance of women owned SMEs in Sebeta Town. To this end, the studyexamined relevant literature, the national micro enterprise development strategy and programs andcarried out primary study to attain the intended objective. The study was mainly based on women owners of SMEs, from sectors that women are mostly engaged with and specifically on Sebeta Town of Oromia region. Accordingly, 248 SMEs were included in the study. Thestudy measured the performance of enterprises in terms of employment growth. A multipleregression analysis was applied using employment growth (performance) as the dependent variable and socio-economic variables, social network, entrepreneurial orientation, and government support as independent variables.

In descriptive analysis part, in terms of age, the majorities of SMEs owners/managers were within the age category of less than30 years showing that they are in the economically active age group population. This age group distribution of the owners/managers, in general, confirms that accesses opened in the sector have been captured by the target groups' strategy that is the younger sections of the society. It was further noted from the study that most of the owners/managers have attended high school and a higher level of education and technical education, which have a positive impact on their performance through its effect on making good business judgments, exposure to technology and exploiting opportunity well for running the business. Concerning prior experience of the owners/managers, the study indicates that slightly higher than half of the respondents have prior experience of business. Majority of the respondents joined the sector due to a lack of other alternatives showing the sector as a survival strategy to support the basic need for livelihood.

In terms of business character, most of the firms are owned by partnership or cooperative. Majority of the businesses have low start-up and working capital, are owned by partners or association.

In terms of firms' performance, the study reveals that majority of the firms employed lower than six workers indicating the need to graduate and attract small and medium enterprises category. Concerning self-reported performance of firms, majority of the respondents indicated their firms' profitability, volume of sales, market share, customer base, number of staff and asset growth are improving or greatly improving. Concerning factors influencing the performance of women owned/managed small and medium manufacturing enterprises, the respondents indicated their agreement for all the items indicated in social network, entrepreneurial orientation, and government support variables with average score greater than 4.

The multiple linear regression analysis results showed that social networks and risk taking from entrepreneurial orientation variables were statistically significant at 0.05significance 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 manufacturing sectors found in Sebeta Town. Specifically, the study attempted to examine the socio-economic characteristics, social networks, entrepreneurial orientation and government support factors affecting theperformance of women owned MSEs.

In the analysis of the nature and structure of the firms, the study investigated a number of good practices. The study identified the participation of graduates in small business, the involvement of the youth women population that is the principal targets of the development strategies. The study investigated the sign and motivation of entrepreneurs and entrepreneurial orientation showing the innovative, proactive and risk-taking characters of the entrepreneurs and capital growth in some of the enterprises are taken as a good practice of SMEs in Sebeta town.

On the other hand, our finding of the nature and structure of SMEs in Sebeta Town shows that most of the owners/managers are less than 40 years of age category showing economically active age population engaged in the small business. Most of the owners/managers are literate. Majority of the owners/managers have joined the sector due to lack of other alternatives, most of them have previous experience and training, have the motivation to grow their business. In terms of

firm character, most of the firms are with employment size less than or equal to five employees. Most of the businesses start with low capital and owned by the partnership.

In terms of firms' performance, many opportunities created for employment creation, however, it is not enough in terms of the needs of a large number of the youth population. A small number of small and medium enterprises indicate low graduation of the enterprises to the next higher level based on the micro and small business development strategies direction.

In terms of factors that influence the performance of women owned/managed small and medium manufacturing enterprises, this study generated empirical evidence, which offers a significant contribution in understanding how the socio-economic characteristics of the owner/manager, firm character, social networks, entrepreneurial orientation and government support factors matters in the performance of SMEs in the context of urban centers in a developing country where SMEs play a crucial role. The result of the study may enrich current understanding of the role of these factors and their relation to the SME's performance. In descriptive analysis the owners/managers indicated the importance of these factors on the performance of their firms. In multiple linear regressions model social network and risk taking variable from entrepreneur orientation are statistically significant and positively related to employment growth performance of women owned/managed small and medium manufacturing enterprises.

5.3 Recommendations

Based on the findings and conclusion of the study the following points should be considered. These are:

The study recommends that innovation should be upheld on the female enterprises in Sebeta Town. This can be achieved by introducing new products, services and processes, having strong intentions to stimulating creativity and experimentation, being first to take initiative in every situation to which their competitors do then respond to in their industry and also those changes in their product/services and processes more often. The businesses should often develop creative solutions to difficult problems or actively in introducing improvements and they should also support creativity and experimentation in introducing new products.

In descriptive part the owners/managers indicated the role of government support to enhance the performance of their business. The main issue raised was creating market linkages: Creating a market linkage is one of the support packages by the government to enhance firms' performance. However, lack of access to the market is one of the factors that determine the performance of enterprises in the local business environment. Therefore, local government in collaboration with other stakeholders need to identify business areas where SMEs can successfully participate as a supplier, intermediate producer, and distributor and developing mechanisms whereby product quality and unit costs are improved as a result of integrating SMEs in those identified business activities. By giving training and other business support the local government creates enabling situation to create linkages with larger firms and export sector.

Local and regional governments need to incorporate the processes of small business allocating appropriate sites that attract their customers, invest in infrastructure and services, creating finance access and market linkages would attract businesses to establish firms and enhance the performance of SMEs. If all rounded support is provided, equitable growth can also be brought about through the development of this sector through strong linkages with the agricultural sector for women and youth that are unemployed in many parts of the country.

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 town administration in collaboration with each kebele 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 town that provides a continuous training, for SME 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 SME operators above all guide the operators to have a big vision that can lead to medium and large enterprises.

Government support in business development services such as training, technical and managerial,advisory and counseling services are very crucial for sustainable growth and expansionofwomen owned SMEs. In this regard support agencies need to tailor their training andadvisory services to meet the specific needs and situation of SMEs. Support organizations can also play facilitating roles by referring and linking SMEs to other organizations for special skills training.

To summarize, even if the majority of women owned/managed enterprises found in the study area currently performing in a better situation, but it is not sufficient and satisfactory condition to transform them into medium andhigher level of enterprises. High level of performance builds the capacity of enterprises to attain theintended goals of tangible reduction of unemployment and poverty alleviation. Therefore, concernedgovernment authorities should strengthen their efforts in such a manner that a continuous follow upsand backstopping of enterprises is ensured until they can stand by their own and grow to the nextlevel.

5.4 Suggestion for Further Studies

This study was limited in Sebeta Town of Oromia Region in Ethiopia, so other study can be undertaken to consider other parts of Ethiopia. Further study can be done to determine challenges faced by women entrepreneurs in venturing in business. More factors influencing the performance of female owned enterprises in Ethiopia with reference to businesses in Sebeta Town of Oromia Region should be identified apart from one used in the study. Also future researchers should consider evaluating the relationship between each factor and the performance of the small enterprise in Sebeta.

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Appendix 1. Quantitative Research Questions

Quantitative Research questionnaire for the Women Owners (Managers) of Small and Medium scale enterprises

Dear respondent,

My name is TeferiHambissa. Currently, I am attending EMBA Program at Addis Ababa University. This questionnaire is designed to collect firsthand information that will be used in my research that examines the factors that influence small and medium enterprises performance: the case of Women owned Enterprise in Sebeta town. The research output will be used in writing theEMBA Thesis of the Research project. However, it has the potential to also provide input in solvingproblems/challenges with respect to Women owned SMEs performance. The objective of theresearch cannot be realized without your support. Therefore, I kindly request youto consider the aim and importance of this research, answer the questionshonestly, and return it to the data collector. It will take you about 20 minutestocomplete the questionnaire. I guarantee you that your personal opinion will notbe passed on to a third party in a way that exposes your personal identity.

Thank you for your cooperation!

Teferi Hambissa

Instructions: Please read each question carefully and follow the instructions. Kindly answer all the questions by ticking or filling in the spaces provided. All responses given will be treated with a lot of confidentiality.

Part A: Socio-economic Information

1) Age Below 20years [ ] 21-25 years [ ] 26- 30yrs [ ] 31-35yrs [ ] 36- 40 years [ ] 41- 45 years [ ] above 45 years [ ]
2) Marital status Married [ ] Single [ ] Divorced [ ] Widowed [ ] Separated [ ]
3) Highest educational level/qualification Illiterate [ ] Literate [ ] Grade 1-4 [ ] Grade 5-8 [ ] Grade 9-10 [ ] Preparatory (11-12) [ ] Diploma [ ] First degree and above [ ]
4) Your previous job experience (What did you do before starting this business?)
   I operated another business firm of my own [ ]

I was employed as a wageworker at another business firm [ ]

I provided services free of charge I was unemployed [ ]

I was studying at a formal school [ ]

Others (Specify)_____

5) What motivated you to start this business?

A basic need for livelihood or financial survival [ ]

Absence or shortage of employment opportunities [ ]

Family or peer influence [ ]

Business is seen as an opportunity to make wealth [ ]

Good government support [ ] Others (Specify)_____

6) No of years worked in the enterprise

1-5 years [] 6- 10 years [ ] 11-15 years [ ] 16-20 years [ ] 20 and above [ ]

7) Initial capital _____ Birr; Current capital_____ Birr.

8) Source of initial capital _____

Sources of working capital_____

9) Ownership form of the business?_____

10) Sector of your firm and specific activity _____

Type of the business_____

11) What are your major products?_____

_____

12) Number of employees in your firm:

Permanent employees Male_____Female_____

Non-permanent employees Male_____ Female_____

B) Performance of Female Entrepreneurial Ventures

13) What is the trend of the following in your business for the last five years?

	Greatly Improved	Improved	Constant	Decreasing	Greatly decreased
Profitability					
Sales /volumes					
Market share					
Customer base					
Number of staff					
Assets growth					

C) Social Networks

14) What is your level of agreement with the following statement? Use a scale of 1 – 5 where

1= strongly disagree, 2 = disagree, 3= neutral, 4 = agree and 5 = strongly agree

	1	2	3	4	5
My membership in women groups has helped me access market information					
My membership in women groups has helped me access capital for my business					
I am able to network with other people doing the same business or related ones I am able to					
I am able to network with other people doing the same business or related ones					
I am able to access market through the groups membership					

D) Entrepreneurial Orientation

15) What is your level of agreement with the following statement? Use a scale of 1 – 5 where

1= strongly disagree, 2 = disagree, 3= neutral, 4 = agree and 5 = strongly agree

Innovation	1	2	3	4	5
We are often first to take initiative in every situation to which our competitors then respond to in our industry					
Often our firm is the first to introduce new products and services and processes					
Our firm is involved actively in introducing improvements and innovations to our business changes in our product/services and processes are often quite dramatic					
Our firm often develops creative solutions to difficult problems					
Our firm often has strong intentions to stimulating creativity and experimentation					
Our firm often support creativity and experimentation in introducing new products					
Our firm often encourages incremental improvements in products and services					

Proactiveness	1	2	3	4	5
Our firm actively seeks out in exploiting opportunities to introduce new products/services in anticipation of future demand					
Our firm leads in associating with aggressive posturing relative to the competitors					
Our firm is involved actively in introducing improvements and innovations to our business changes in our product/services and					

processes are often quite dramatic					
Our firm allocates its resources to deal with an emerging opportunity or threat					
Our firm is committed to identifying new opportunities					
Our firm continually scans the market to predict future trends this firm strives to be a first mover to capture the benefits of pioneering					
Our firm continually scans the market to predict future trends this firm strives to be a first mover to capture the benefits of pioneering					
Our firm generates first-mover advantages and that shape market direction through anticipating change					

Risk Taking	**1**	**2**	**3**	**4**	**5**
Staff in our firm are encouraged to take calculated risks with new ideas					
Our firm adopts a bold, aggressive posture in order to maximize the probability of exploiting new opportunities					
This firm is ready to sacrifice profitability to gain market share the firm is always willing to ventures into unknown new markets					
Our firm is always ready to commit resources to ventures with uncertain outcomes					
Our firm has a strong tendency to adopt new technology without regard risk our firm is always ready to invest in high-risk projects					

E) Government Support

16) What is your level of agreement with the following statements concerning the support the government has given in enhancing your firm's performance?

5= Very greatextent4=Greatextent 3= Moderate extent2= Little extent 1=Not atall

Government Support	**1**	**2**	**3**	**4**	**5**
Training					
Counseling and advice					
Technological development and Transfer					
Information					
Business Linkages					
Creating access to financial resources					
Creating a conducive business environment					

17) What can be done to improve the performance of your business?

_____

_____

_____

THANK YOU

Appendix 2 - Qualitative Research Questions

Section I: Interview Checklist for SME Owners/Managers

1. Owner's/Manager's age_____ in years.

2. Level of education:_____

3. What did you do before starting this business?

_____
_____
_____

4. What motivated you to start this business? Please give the reason.

_____
_____
_____

5. Do you have any specialized training? If yes what type of training you have?

_____
_____
_____

6. Initial capital _____ Birr; Current capital_____ Birr.

7. Source of initial capital _____

Sources of working capital_____

8. Ownership form of the business?_____

9. Sector of your firm and specific activity _____

Type of the business_____

10. When was your enterprise established (in years)? _____

11. What are your major products?_____

_____
_____
_____

12. Number of employees in your firm:

Permanent employees Male_____Female_____

Non-permanent employees Male_____ Female_____

13. Do you have cooperative relations with larger firms and R& D institutions? How?

_____
_____
_____

14. How do you assess the performance of MSE?

_____
_____

15. How do you see the government support?

_____
_____

16. What overall problems do you have in your business?

_____
_____
_____

17. What do you think the solutions to these problems?

_____
_____
_____