



ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

**INVESTIGATING THE CHALLENGES AND DRIVERS OF
PERFORMANCE AMONG FEMALE ENTREPRENEURS IN
BISHOFTU TOWN**

**A Thesis Submitted in Partial Fulfillment of the Requirements for the
Degree of Master of Science in Management**

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**INVESTIGATING THE CHALLENGES AND DRIVERS OF PERFORMANCE
AMONG FEMALE ENTREPRENEURS IN BISHOFTU TOWN**

Approval Sheet

This is to certify that the thesis titled “Investigating the challenges and drivers of performance among female entrepreneurs in Bishoftu town”, Submitted to Addis Ababa University in partial fulfillment requirement for degree of Master of Science in Management is a record of original research work carried out by Kalkidan Misrak Engida

Therefore we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree of diploma.

Adviser's Name

Date

Signature

Habtamu E



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DECLARATION

I undersigned, declare that this study entitled “Investigating the challenges and drivers of performance among female entrepreneurs in Bishoftu town” is my original work and has not been presented by any other person for an award of degree in this or any other university.

Name: Kalkidan Misrak Engida

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Advisor

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INVESTIGATING THE CHALLENGES AND DRIVERS OF PERFORMANCE AMONG FEMALE ENTREPRENEURS IN BISHOFTU TOWN

Acronyms List

FDRE _FEDRAL DEMOCRATIC REPUBLIC OF ETHIOPIA

MSEs –MICRO AND SMALL ENTERPRISE

MFIs –MICRO FINANCE INSTITUTION

SD – STANDARD DEVIATION

MOSHE – MINISTRY OF SCIENCE AND HIGHER EDUCATION

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Abstract

The main objective of this study is to analyze factors that affect women entrepreneurs' performance on MSEs in case of Bishoftu town. A sample of 363 women entrepreneurs engaged in 5 sectors, namely construction, manufacturing, service, trade and urban agriculture sectors was taken for the study using stratified and multi stage sampling techniques. The structured questions were prepared to collect information on women entrepreneurs' performance on selected 5 MSEs. After the data has been collected, it was analyzed using descriptive statistics (mean and standard deviations, tables, percentages and figures) and econometric model (logistic and marginal effect reporting coefficient). The study found that marital status, educational level, working experience, access to finance, access to infrastructure and land ownership are statistically significant forecasters of women performance in the study area. Conclusion of the study, women entrepreneur's performance in terms of profitability indicated that women-owned business is profitable 45.17% and women-owned business is not profitable 54.83% in the study area. Recommendation of the study was that women must get much access to finance, infrastructure and land ownership which is positively stimulating women entrepreneur performance. Therefore, concerning body on MSEs should give more attention in order to encourage women entrepreneur performance providing access of finance, access of infrastructure and access of land ownership.

Keywords: MSEs, performance, women, entrepreneur, logistic regression, Bishoftu

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CHAPTER ONE

INTRODUCTION

This chapter describes the contextual background of the study, precisely defines the main problem statement, and highlights the objectives along with the practical and theoretical importance of the research. Additionally, this section clarifies the specific scope and limits of the investigation, while also recognizing the inherent constraints faced throughout the research process.

1.1. Background of study

Entrepreneurship is recognized as a key driver of industrial innovation, improved productivity, job creation, and overall economic growth. At its heart, entrepreneurial activity involves turning creative ideas into real business opportunities. Throughout history, economic progress has been largely driven by practical, innovative individuals who have a special ability to spot market gaps, take advantage of new opportunities, and effectively handle the risks that come with business (Hisrich, 2015)

Recent-days economic realities demand a greater focus on fostering entrepreneurship. Specifically, strengthening micro and small enterprises is crucial to driving down poverty rates. Numerous studies indicate that the successful operations of micro and small businesses owned by women play a crucial role in promoting economic development and improving social well-being through the creation of wealth, job opportunities, and innovations in technology (Mozumdar, M. E. (2020)). Regionally, women entrepreneurs throughout Africa are essential players in reinforcing macroeconomic stability by diversifying industrial output and expanding the range of services offered.

However, compared to their male counterparts, female entrepreneurs in Africa sometimes face far more difficult operating environments. Businesswomen are disproportionately burdened by broad institutional issues that impact the larger entrepreneurial ecosystem, such as political unpredictability, cultural obstacles, infrastructural deficiencies, rising input costs, and unfavourable regulatory frameworks (Ahmed, (2018)).

In Ethiopia, a number of national frameworks, such as industrial policies, MSE development targets, and poverty alleviation programs, clearly highlight the socioeconomic status of female-led firms (Meressa, (2020)). The structural development and operational performance of these micro and small businesses, however, nonetheless face enduring challenges in spite

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of their institutional recognition. Even if female entrepreneurship is becoming more and more popular domestically, with more women actively starting and running their own businesses across the nation, this stagnation is still a serious worry (Awoke, (2019)). Moreover, the performance of women-owned MSEs has been persistently influenced by several factors; even a significant number of women's interest in business show some growth in Ethiopia, but their achievement is still insignificant (Meresa, 2018).

Since women make up almost half of Ethiopia's population, their participation in a variety of economic sectors is essential to the country's development. Female citizens are financially empowered by active participation in various productive channels, which increases their ability to propel overall macroeconomic growth. According to (Kamunyu, (2017)). women's entrepreneurial endeavors, whether they operate in micro, small, formal, or informal enterprise structures, go far beyond simple means of subsistence and produce significant, transformative social benefits that improve the lives of both the business owners and their larger communities.

Significant obstacles still exist with relation to the political and economic integration of women-led firms, despite the fact that many transitional economies have achieved quantifiable progress in increasing female access to healthcare and educational systems. Therefore, in order to empower female entrepreneurs, coordinated interventions from both public and private sector organizations are essential. In order to transform small-scale operations into competitive, resilient businesses that can generate income and jobs despite current operational limitations, it is crucial to give this target group the tools they need to make well-informed strategic decisions (Assefa, (2018)).

According to demographic data from the Central Statistical Agency's (CSA) 2007 census. Bishoftu town had a total population of 177,900, with 92,400 males (51.3%) and 85,500 females (48.7%), his distribution shows that women make up about half of the total population in the studied area. However, the female population's productive potential has not reached its expected quantitative or qualitative potential despite their significant numerical presence. Instead, a sizable portion of the female workforce continues to be disengaged from entrepreneurial activities within the micro and small enterprise (MSE) sector due to complex underlying issues chains (George, (2018)) .

According to evidences from Bishoftu town Micro and Small Enterprise Office, (Osei-Tutu, (2024)) women entrepreneurial ventures are smaller than that of their male counterparts in

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terms of profitability. Therefore, study that sense contextual indicator is considered important and hence, this study intends to investigate factors that affect women entrepreneurs' performance in terms of profitability in case of Bishoftu town micro and small enterprise. Accordingly, this investigation is designed to empirically evaluate the primary determinants and structural challenges that influence the operational productivity and overall viability of female-led micro and small enterprises within the Bishoftu municipality.

1.2. Statement of the problem

Numerous investigations have been carried out worldwide to determine the variables influencing the performance of female entrepreneurs in MSEs. However, data from numerous nations still shows insufficient conclusions about these aspects. Several common characteristics are frequently discovered, despite the fact that the impact and quantity of variables on business success varies among nations, regions, and enterprises. For example, Raheem's (2013) study found that the primary determinants were market access, infrastructural access, financial access, and educational level. In a similar vein, (Haxhiu, (2015)) and (Hasan, (2016).) and Almubarak (2016) discovered the importance of variables like taxes, age, gender, access to networks, and training. Research by Shakeel et al., Kanapathipillai and Azam (2019), and (Abiodun, (2018)) and Amos (2018).

Bishoftu town's status as a quickly growing industrial, hospitality, and logistical corridor makes it an exceptional research site. Due to the highly dynamic transitional economy created by this particular peri-urban setting, female-led MSEs are subject to particular structural pressures, including fluctuating market demands driven by tourism, rapid urbanization, and accelerated digital adoption. Consequently, investigating Bishoftu provides critical empirical insights into how modern market shifts affect female entrepreneurial performance and profitability in high-growth corridors.

As a major rising economy in the southeast of Ethiopia, Bishoftu town in particular will need more research on "Women Entrepreneurs' Performance," according to these highlighted concepts.

The majority of the evaluated research will have used descriptive statistical tools rather than more sophisticated statistical techniques, even if the aforementioned literature shares similar issues and approaches. Therefore, by using sophisticated econometric models, the researcher hopes to close the knowledge and methodological gaps. This will give a thorough picture of the impacts' direction and size, signalling future progress.

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As a result, the study's primary motivation is to examine the success of female entrepreneurs in MSEs in light of a number of variables; although Ethiopia has seen significant progress, profits are frequently still erratic. This problem affects female business owners in Bishoftu town as well.

Secondly, this study addresses these constraints because prior research in many nations indicates that the influence and quantity of each element vary, producing unpredictable results that cannot be generalized. The current study will use econometric models, namely the Logit model and Marginal Effect model, to achieve this.

Thirdly, despite the fact that women have founded a large number of firms in the area, data from the local Small and Micro Enterprises office shows that relatively few of them are profitable. While many others stagnate with an uncertain future, some fail soon after start. This study attempt to address a crucial question raised by this difference in performance.

Additionally, these research investigates the variables that affect **women** entrepreneurs' performance in MSEs. This therefore require a study on the Bishoftu case. By focusing on the town's particular setting and pinpointing the precise factors driving performance, the current study aims to close the gap.

A significant portion of the empirical literature on female entrepreneurship in developing Sub-Saharan economies is compromised by a critical methodological vulnerability. To analyze enterprise performance bottlenecks, the great majority of previous studies reviewed in this field almost exclusively use simple bivariate correlation matrices, localized frequencies, or basic descriptive statistical tools (Endalew, (2020)). Descriptive methods are useful for characterizing apparent surface-level limitations, but they are not mathematically capable of accounting for contemporaneous cross-cutting socioeconomic issues. Because they could not employ advanced multivariate regression techniques, earlier researchers were unable to ascertain the precise likelihood, direction, or net marginal influence of particular determinants on business success.

This study immediately fills this methodological vacuum by substituting a rigorous quantitative econometric framework more specifically, the Binary Logistic Regression (Logit) model in conjunction with an analytical Marginal Effects model for descriptive dependency.

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The econometric transitions will have importance given that once empirical evidence is compiled, it is fragmented and it has been shown to be unpredictable, meaning the weight of these constraints on a firm's operations and their effect on its survival cannot be readily extrapolated when considering non-local, national, and international markets. Specific examples include contemporary econometric models that analyze a legal ownership of a property's title, different types of business connections (networking), changing individual behavioural patterns or examining infrastructural constraints exist and however in majority of empirical studies baseline theory is provided to show that financial inclusion as a key determinant for business growth (Abiodun, 2018) and Kanapathipillai (2019); therefore a more detailed and contemporaneous analysis is needed regarding the interaction of these variables in relation so as to provide context in order to be able to make meaningful conclusions relative to any business market occurrence.

The objective of this research is to solve the contradiction seen in the urban-industrial corridor of Bishoftu. According to data obtained from Bishoftu Town's Micro and Small Enterprises Office, women jumpstarted multiple businesses across all sectors; however, a lesser percentage generated enough revenue to sustain profitability. The majority of businesses experience extreme volatility in operations or ultimately fail shortly after commencing operations. Arising of new business and their long term profitability concerns the management related issues.

1.3.Objective of the study

1.3.1 General Objective of the Study

The main goal of this research is to critically analyze the structural factors and underlying determinants that affect the performance outcomes and operational viability of female-led micro and small businesses (MSEs) in the Bishoftu area.

Specific objectives of the study

- To identify and examine the various socioeconomic and demographic factors that affect how female-led micro and small businesses (MSEs) operate in the chosen study area.
- To critically assess the net enterprise profitability of women-owned businesses in the target municipality in order to determine their operational viability
- To ascertain the precise amount and statistical significance of the identified independent factors' influence on metrics of female entrepreneurial performance.
- To experimentally quantify the overall profitability rates and financial yields generated by female-owned businesses in the specified sectors.

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1.4. Research questions

These research answer questions like: -

1. What are the main operational obstacles and underlying factors that determine the performance metrics of female-owned micro and small businesses (MSEs) in the target area?
2. When these female entrepreneurs are precisely assessed using enterprise profitability indicators, how does their operational viability appear, and how much of an impact do particular elements have on their overall success?
3. What is the overall distribution and empirical rate of business profitability among women-owned businesses in the municipality under study?

1.5. Significance of study

Micro and Small Enterprises (MSEs) are important forces behind financial inclusion and socioeconomic growth. In particular, female-led businesses serve as structural pillars in the larger macroeconomic environment and are essential drivers of economic expansion and job creation.

The operational viability of female-led micro and small enterprises (MSEs) is key because they play a significant role in supporting the financial needs of the population by serving as important pillars of economic growth and employment creation. As a result, policymakers and stakeholders can use this study as a useful diagnostic tool to monitor performance indicators at both the macro and micro levels and get past operational challenges. In the end, these useful insights improve MSEs' strategic viability and give future academics a strong empirical basis to optimize variables and develop entrepreneurial theoretical models.

1.6. Scope of the study

The Scope of these study is restricted on investigating the challenges and drivers of performance among female entrepreneurs in Bishoftu town. It focuses on female entrepreneurs with micro and small enterprise in Bishoftu.

1.7. Limitation of the Research

As indicated in the scope the study focus only on micro and small enterprise. Medium and macro enterprise are not included.

The scope also restricted to Bishoftu town. These bound the geographical area. In addition, the dataset is drawn entirely from the localized business environment of Bishoftu town. This

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localized approach restricts the extent to which the empirical findings can be applied to broader regional or national contexts, even though it offers profound, context-specific insights into the local MSE sector.

1.8. Definition of terms Factors:

Operational Factors:

Organizational characteristics are the amalgamation of individual, institution-based elements as well as economic factors, sociocultural factors and regulatory factors that impact the day-to-day operations and overall business performance of women-owned enterprises. Both business operations and long-term strategic decisions are influenced by these factors.

Micro Enterprise:

A micro enterprise, as defined by Hasan (2016), is a business that has an initial capital of no more than 20,000. Birr. Companies specializing in professional consulting and advanced technology services are not included in this category.

Small Enterprise:

The EED (2024) definition defines a small enterprise as one that is registered and has primarily based on an investment range of 20,000 to 50,000. Birr. This category excludes professional consulting and advisory firms and high-technology service providers.

Female Entrepreneurs:

In the micro and small enterprise sector, women are entrepreneurs - those who own, operate and make important decisions about their business activities. Women in regular institutional work or salaried positions are not included in this definition.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

Definition of MSEs is not evenly known including its objectives, institutional frameworks, and levels of industrial development (Mendoza, (2024)). As Empirical recent literature (Akinyemi, (2025)) highlights that definitions are primarily segmented by either quantitative criteria such as employee thresholds and capital assets or qualitative indicators like management structures and market share .

In highly developed market economies, the parameters for "small" scale operations are substantially larger; for instance, contemporary guidelines from the United States Small Business Administration (SBA) still accommodate firms with up to 500 employees within specific sectors, adapting financial asset caps annually to counter global inflationary trends (SBA, 2025). Conversely, in developing and transitioning economic contexts across Sub-Saharan Africa, institutional frameworks enforce much tighter boundaries due to lower capital capitalization. Recent regional studies indicate that modern enterprise strategies categorize small enterprises within a lower threshold, typically capping employment between 20 to 50 workers to accurately target policy interventions and structural support (Osei-Tutu, Capital structures and resource targeting strategies for West African micro-enterprises. , (2024)).

2.1.1 Definition of Micro Enterprises

In Ethiopia, micro enterprises are defined as businesses in the industrial sector, which includes the subsectors of manufacturing, construction, and mining. employs equal or less than five labor force including business owner and family labor and the monetary value of the enterprise's total asset is equal or less than Br.100,000 are considered as micro enterprise.

Definition of Small Enterprises

Small Enterprises in the context of in Ethiopia from one sector to other sectors are different. Industrial sector , which employs number employees including business owner and family labor 6-30 and the monetary value of the enterprise's total asset from Br.100,001-1,500,000 are consider as small enterprise (FDRE MSEs Development, Support Scheme, & Implementation Strategies, 2011) .Whereas Service sector business enterprise have to

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employs 6-30 labor force including business owner and family labor and the monetary value of the enterprise's total asset from Br.50,001-500,000 consider as small enterprise.

In the contemporary macroeconomic context of Ethiopia, the formal classification of Small Enterprises is distinctly segmented by sector to account for varying capital intensity, operational labor requirements, and sectoral economic contributions ((EED), (2024)) .While the structural baseline for targeted enterprise growth and tier-advancement remains tied to institutional frameworks like the Federal Democratic Republic of Ethiopia (FDRE) MSE Development Strategy, recent national policy shifts—such as the National Entrepreneurship Strategy (2020–2025)—emphasize that definitions must accommodate shifting market values and localized labor dynamics (Mendoza, (2024)); ((MInT)., (2024).)

Small enterprise are classified in to two main domain funtions ((Harper, (2024).); (Zelege, (2025))):

- This sector comprises the industrial sector, which includes manufacturing, construction and mining. Empirical studies indicate that a small industrial company, with six to thirty employees (including the primary business owner and active family labor), has either paid-up capital or total asset monetary value within Br. range. 100,000- 1,500,000.
- **Service Sector:** This domain covers commercial operations, retail trade, transport, hospitality, and ICT services. Due to its lower initial asset requirements, a service firm is defined as a small enterprise if it employs a labor force of **6 to 30 individuals** (including the owner and family labor) but holds a lower asset threshold, with a monetary value strictly bounded between **Br. 50,001 and Br. 500,000**.

Recent empirical evaluations of East African enterprise ecosystems demonstrate that maintaining this clear demarcation between labor headcount and capital assets prevents regulatory over-extension and ensures that performance indicators, such as profitability, are evaluated against appropriate industry baselines ((Osei-Tutu, Capital structures and resource targeting strategies for West African micro-enterprises. , (2024))& (Akinyemi, Sectoral boundaries and definitions of micro-enterprises in Sub-Saharan Africa. , (2025))).

2.1.2 An overview of Entrepreneurship and Entrepreneur

The Entrepreneurship Conceptual Framework

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At its core, entrepreneurship is the methodical identification of untapped market opportunities, followed by the strategic arrangement and use of resources to take advantage of these chances for steady, long-term profits. In order to start and grow businesses, this dynamic paradigm focuses on creating excess economic value by combining basic inputs in creative ways. (Muogbo, (2019))s

The Entrepreneur's Operational Characteristics

An entrepreneur as a person who approaches to business opportunities. These people launch businesses, obtain initial funding, and gather the material, financial, and human resources needed for functional optimization. Beyond basic management, entrepreneurs set performance standards for their organizational teams, put specific operational plans into place to ensure that strategic milestones are realized, and take the brunt of venture uncertainty. As an alternative definition, an entrepreneur is a professional in the business who identifies unmet market demands for superior or highly inventive products while creating the organizational structures needed to effectively align resources (Muogbo, (2019))

Combining the foregoing conceptualizations reveals a clear scholarly consensus on the fundamental mechanics of entrepreneurship. Across these several perspectives, there is collective consensus that entrepreneurship is basically a different behavioral paradigm defined by a tripartite matrix:

Proactive Autonomy: A strong, self-starting tendency to drive strategic action and seize freshly found business opportunities.

Structural optimization is the methodical setup and subsequent realignment of socioeconomic frameworks in order to transform raw resources and environmental circumstances into actionable, value-generating assets.

Uncertainty Absorption: A calculated and purposeful readiness to handle operational vulnerability, control risk exposure, and accept the prospect of enterprise failure.

2.1.3 The contribution of SMEs

It is plentifully clear that SMEs is important for economic growth, productivity, innovation and employment, and many countries have made entrepreneurship explicit policy priority.

Macroeconomic Impacts and Wealth Generation

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Entrepreneurial activities are regularly viewed as critical accelerators for institutional growth, macroeconomic progress, and systemic wealth creation (Hisrich R. D., (2015)). Entrepreneurship serves as a catalyst for larger economic regeneration by creating financial value for individuals who pursue commercial endeavors. For an entrepreneur financial gain only may not be significant than its act. Creation of new business brings unique materials to the market and also increase the power of firm owners. Without a thriving entrepreneurial ecosystem, modern economies would lack the energizing influence of disruptive ideas, competitive market forces, and diversification. Modern economies wouldn't have the stimulating power of disruptive ideas, competitive market pressures, and diversification without a robust entrepreneurial ecosystem.

Women Entrepreneurship

Across different economic sectors, women's active involvement contributes to the promotion of national development and enhances economic independence. Women-run enterprises are not only responsible for generating income, but also contribute to the success of other businesses in both formal and informal markets, regardless of their size. Entrepreneurial practices have a significant impact on the social and cultural aspects of both individuals involved in the business (Kamunyu, (2017)).

Despite these advancements, cultural and structural barriers to gender equality still prevent women from accessing the same economic opportunities and stages of development as men. Women's participation in major economic activities has been limited by institutional disparities throughout history. Why? The provision of essential services like education and healthcare to women has been more prevalent in developing and transitional economies, but access to meaningful economic participation and business development is still limited.

The imbalance must be addressed by both public and private sectors that work together. By leveraging greater collaboration and focused support, women entrepreneurs can make better strategic decisions, strengthen the sustainability of their businesses, and transform emerging enterprises into competitive ventures that generate employment and long-term economic benefits.. (Assefa, (2018))

2.1.4 Differences between women and men entrepreneurs

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When preferences, motivation, and expectations were taken into account, gender was found to have no effect on the success of new ventures; however, other researchers found variations between male and female entrepreneurs. Men had higher expectations and more business experience before starting the company, according to (Shakeel, (2020)). Despite these contributions, systemic gender inequality persists in many cultural contexts, systematically preventing women from achieving the same opportunities and developmental milestones as men. This systemic bias has historically prevented women from pursuing significant economic opportunities. Although women's access to essential welfare services, including as healthcare and education, has increased dramatically in transitional economies, there are still disproportionately few actual political and economic options for female business owners.

Collaborated support of private and public sector has great role in empowering the female entrepreneurs. It help them to provide best decision system and to gain advanced and profitable sustainable growth.(Assefa, (2018)).

2.1.5 Characteristics of women entrepreneurs

(Zhu, (2010)) claim that inner drive, a strong dedication to their goods and clients, resilience, intelligence, and high achievement motivation are typical traits of female entrepreneurs. Additionally, these individuals often exhibit an internal locus of control, creative thinking, a willingness to take financial risks, confidence, a clear goal orientation, and strong ethical standards despite balancing household responsibilities with their business pursuits.

(Tekele, (2019)) asserts that successful female entrepreneurs exhibit great strategic thinking abilities, which allow them to recognize market possibilities and leverage them to generate both corporate expansion and wider social value. They are also acknowledged for their capacity to efficiently manage time and strike a balance between obligations to their families and their businesses. Stronger organizational and managerial skills are frequently developed as a result of managing these two positions.

Furthermore, successful female entrepreneurs are typically very goal-oriented. They make long-term strategies to realize their company's mission and stay dedicated in the face of uncertainty, brief setbacks, or shifting market conditions. Their perseverance is crucial to maintaining corporate success, as is their strong dedication to upholding contractual responsibilities and commercial ethics (Zhu, 2010).

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EMPIRICAL REVIEW

Different studies Contributed on investigating the performance of female entrepreneurs using cross sectional data. Besides these contributions, more granular research is required to develop comprehensive, future-oriented policy frameworks customized to the performance outcomes of women-led companies. To contextualize these dynamics, relevant empirical evidence from international, national, and regional contexts—including localized case studies is presented below.

International and Regional Perspectives

In Malaysia, (Salah, (2018)) explored the factors that influence female entrepreneurial performance in Small and Medium Enterprises. Their empirical investigation revealed that formal educational attainment, starting capital accumulation, and cultural characteristics are important predictors of structural success and overall performance among female business owners.

(Kyalo, (2016)) Used a descriptive research design in the East African region to assess the performance characteristics of Kenyan women entrepreneurs. The study came to the conclusion that although women are naturally capable of running businesses on a scale comparable to that of males, their profitability measures are consistently limited by low levels of formal education, deficiencies in asset ownership, and limited structural options.

The Ethiopian Context

Localized research in Ethiopia, like international trends, identifies different institutional and socioeconomic challenges. (Endalew, (2020)) examined the performance factors of women in Micro and Small Enterprises (MSEs) in Ethiopia. The econometric outcomes perfectly mirrored the structural dichotomies identified by (Zeb, (2019)) confirming that performance is significantly dictated by educational levels, practical experience, training accessibility, credit availability, business information flow, state subsidies, land tenure, and tax exemptions. However, characteristics such as age, marital status, infrastructure, and direct market access had no statistically significant impact.

This is exacerbated by foundational skill gaps; previous research by (Eshetu, (2008)) on Ethiopian MSMEs indicated that a widespread lack of technical competencies and core business management skills is a major hurdle for female operators.

2.2 Gap in the existing literatures

In the previous studies investigating female entrepreneurs performance methodology relays on descriptive statics rather than the inferential and econometric modelling in small and micro enterprise, To the best of the researcher's knowledge, only a small percentage of empirical studies have moved to advanced quantitative frameworks.

For example, while (Mozumdar, M. E. (2020)) successfully increased analytical depth by using logistic regression models, their frameworks did not include marginal effect studies. As a result, the broader literature has a significant econometric gap. Because researchers have mainly ignored these advanced analytical approaches, the specific influence and amount of the characteristics associated with women's entrepreneurial success vary among studies, preventing any definite generalization of the findings.

Moreover, from a strategic management perspective, this methodological gap presents significant risks to decision-making for businesspeople and policymakers. Knowing that a problem exists (descriptive) is not enough in business research; management needs understand the causal relationships and magnitudes (inferential) in order to allocate scarce resources effectively. Previously it was difficult for managers and policy makers to get best strategic methods. These is due to limited of investigation of female challenges and drivers of performance. This research try to fulfil the gap by combining strategic management and econometric analysis.

2.3 Indicators of women entrepreneurs performance

Empirical literature provides a wide set of metrics for assessing the operational outcomes of women-led businesses. In the area of Micro and Small Enterprises (MSEs), researchers primarily rely on a core set of operational and financial benchmarks to evaluate performance dynamics (Doris 2016). These major markers usually include:

- Financial metrics include total asset accumulation, net profit margins, and compounded revenue growth.
- Market dynamics include customer base expansion and overall market share.
- Structural scale: absolute employment size (job creation).

Finally, the empirical accessibility of firm-level data, together with the researcher's strategic and contextual judgment, determines the exact evaluative parameters.

2.4.1 Dependent variable

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According to a large body of global literature, net profit is the fundamental benchmark for analyzing the operational performance of female-led firms. Profitability is the most commonly used performance statistic in the empirical area of Micro and Small Enterprises (MSEs) (Nasri, (2018)) (Mozumdar, M. E. (2020)); (Shakeel, (2020)). As a result, this study uses company profitability as the primary proxy variable to assess the economic success of women-owned enterprises. From an accounting and economic standpoint, business performance is evaluated dynamically using the relationship between total revenue (TR) and total cost (TC).

$$\text{Profitability Status} = \begin{cases} 1 & \text{if } TR > TC \quad (\text{Profitable}) \\ 0 & \text{if } TR \leq TC \quad (\text{Non-Profitable}) \end{cases}$$

Methodological Note: The study provides a solid basis for sophisticated binary econometric modelling by defining financial success using this dichotomous structure ($TR > TC$), which effectively accounts for situations in which businesses either operate at a loss or only reach a financial break-even point ($TR = TC$).

2.4.2 Independent variables

This study uses a unique set of explanatory variables to examine the factors that influence the operational success of female-led Micro and Small Enterprises (MSEs). The conceptual and empirical reason for include these criteria is provided below.

Entrepreneurial age

Chronological age is a key demographic factor determining the strategic output and efficiency of female business owners. As an individual age, so do their socioeconomic duties and functional competencies, which have a direct impact on business governance and performance measures.

Marital status (a socio-demographic predictor)

The marriage status varies grouped non married status from marriage by variable as follow;

$$\text{Marital Status} = \begin{cases} 1 & \text{if the respondent is Married} \\ 0 & \text{if the respondent is Unmarried (Single, Divor} \end{cases}$$

Educational Background

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An entrepreneur's specialized knowledge, innovative abilities and intrinsic motivation, self-assurance, and analytical problem-solving skills are directly linked to formal education, which is another important factor in human capital. Those who possess advanced education are believed to enhance their mental capacity by effectively managing intricate operational issues.

Furthermore, research indicates that business owners with more academic backgrounds possess the necessary processing skills to make better strategic decisions, which improves the efficiency of firms and reduces structural risks associated with corporate insolvency. As a result, firms led by individuals with more educational experience regularly have greater survival and success rates than those led by less educated counterparts (Mozumdar, M. E. (2020))

The performance of female-led Micro and Small Enterprises (MSEs) is examined in this study as a significant sociodemographic factor influenced by marital status. The conceptual foundation for this inclusion is the unequal distribution of domestic labor; married women, especially those with maternal responsibilities, face substantial non-market time constraints because of childcare, household administration, and family maintenance.

(Tee, (2016)) and (Shakeel, (2020)) discovered a negative correlation between enterprise outcomes and marital commitments. From these we can conclude that business management and performance are influenced by marriage other than gender.

The Role of Prior Entrepreneurial Experience

Previous research has demonstrated that an entrepreneur's past business experience is crucial to their company's success. Longer entrepreneurial experience, for instance, has a positive impact on total business success, according to (Zhu, (2010)). Expanding on this mechanism, (Shakeel, (2020)) along with (Muogbo, (2019)), argue that historical industry practice provides owners and managers with the critical intellectual assets and functional competencies required to diagnose market openings, evaluate shifting consumer behaviours, and make proactive strategic decisions in response to competitor moves.

(Mandawa, (2016)) research confirms this positive linear relationship, revealing that enterprise profitability corresponds strongly with increasing operational maturity and tenure of the managing firm.

Impact of Capacity Building and Business Training

Empirical evidence suggests that access to organized business training has a fundamental impact on female entrepreneurs' strategic decisions and operational performance, regardless of organization size or developmental stage. As a result, a lack of specialized training can make it difficult for women to develop their latent entrepreneurial skills, which are critical for

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driving enterprise optimization and growth (Guci, (2017)) . Furthermore, (Zeb, (2019))found that customized, gender-sensitive training interventions are crucial at every step of the business lifecycle for systematically improving firm performance and profit margins.

To account for the impact of capacity building in this study's econometric model, the "Business Training Access" variable is operationalized as a binary dummy indicator based on the respondent's participation history:

- A value of 1 is awarded if the female entrepreneur has successfully accessed or participated in formal business training programs.
- If the respondent did not receive any professional business training interventions, a value of 0 is recorded.

Enterprise Viability and Financial Capital

Because it provides necessary working capital, the availability of external financing directly supports business profitability. Businesses can scale their operations and implement cutting-edge technologies that increase productivity and firm value when they have adequate liquidity (Danga, (2019)) ; Kanapat (Kanapathipillai, (2019)) & (Tekele, (2019)). On the other hand, compared to their well-capitalized peers, entrepreneurs that have capital constraints during initiation produce lesser earnings and have far lower survival rates. Therefore, unrestricted financial accessibility is a crucial factor in determining how well female-led firms succeed (George, (2018))

The study's empirical model operationalizes "Access to Finance" as a binary dummy variable that represents credit acquisition from Microfinance Institutions (MFIs):

1 = The female entrepreneur was able to secure financial services or credit from an MFI.

0 = The business owner was unable to obtain financial services from an MFI.

Market Connectivity and Sufficient Infrastructure

A key factor in determining business performance is having access to dependable utility and transportation infrastructure, such as telecommunications, water networks, electrical grids, and logistics channels. On the other hand, micro and small businesses (MSEs) face severe operational bottlenecks due to inadequate physical infrastructure, which hinders their expansion and limits their access to vital raw materials and larger consumer markets.

State Support Systems and Institutional Regulation

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The growth of female led enterprises is significantly contributed by State-sponsored measures, such as targeted tax incentives, specific capacity-building programs, and direct subsidies, Rigid regulatory frameworks and aggressive bureaucratic practices might, on the other hand, stifle female business creation, even while institutional support greatly speeds up entrepreneurial success (Salah, (2018)) Additionally, empirical studies by (Zeb, (2019)) and (Haxhiu, (2015)) show that administrative and legislative factors have a significant impact on female operational success. This trend usually appears when business owners are excluded from areas where policies are made, caught up in extensive red tape, or denied official governmental advocacy.

"Government Support" is recorded as a binary dummy variable in the empirical model of this study that assesses whether or not institutional help is received:

1 = Formal state aid, such as input subsidies, tax exemptions, utility provisions, or performance prizes, is given to the female entrepreneur.

0 = Government agencies do not provide the entrepreneur with institutional or structural support.

Supply Chain Dynamics and Market Accessibility

Ensuring the essential factors of production requires building strong forward relationships with downstream consumers and effective backward ties with upstream input providers (Meressa, Determinants of business success for micro and small enterprises: The role of public premises and supply chain linkages, (2020)). According to (Nasri, (2018)), deficiencies or disruptions in the supply of basic raw materials increase manufacturing overheads and create serious structural vulnerabilities, such as operational stagnation, lowered performance metrics, and compromised product quality. On the other hand, while resource scarcity serves as the main barrier to commercial expansion, an uninterrupted flow of production inputs supports institutional stability and growth. Thus, thorough market integration and the overall performance outcomes of micro and small businesses are positively correlated, according to empirical consensus (Jha, (2018).)

"Access to Market" is operationalized as a binary dummy indicator that reflects both consumer proximity and demand strength within the empirical methodology of this study:

1 = Verified market accessibility, which is defined by robust product/service demand and strategic geographic proximity to consumer hubs, is advantageous to the female entrepreneur.

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0 = The business owner faces extreme consumer isolation or a lack of clear market access.

Land ownership and Spatial Security:

Access to solid operational premises is a critical factor of firm performance and market viability. According to empirical research, micro and small enterprises (MSEs) operating in state-administered commercial zones have much better long-term success rates than those operating in volatile private leasehold markets (Meressa, Determinants of business success for micro and small enterprises: The role of public premises and supply chain linkages, (2020)).

Financial obligations and perceived tax fairness

Macroeconomic research shows that, while taxes remains an important tool for national economic development, its structural imposition substantially impacts the growth paths of micro and small businesses (Tee, (2016)). The financial suction of corporate tax liabilities has a multidimensional impact on business performance, immediately eroding net profit margins and limiting retained earnings available for operational reinvestment (Tee, (2016)). When it comes to gender-specific barriers, empirical research by (Haxhiu, (2015)), and (Hasan, (2016).) all confirm that aggressive fiscal assessments, rigid regulatory compliance demands, and systemic legal hurdles are major institutional liabilities that limit female entrepreneurs' commercial success.

In this study's econometric model, the independent variable "Levied Tax" is operationalized as a binary dummy indicator representing respondents' subjective fairness perceptions.

2.4 Conceptual Framework of the Study

From the literature Conceptual framework is raised in order to analyse the factors that investigates wmen enterprenur performance on Micro and Small Enterprises. Different empirical evidences suggested that the Micro and Small Enterprises performance is determined by different factors. In this current study it includes the following figure.

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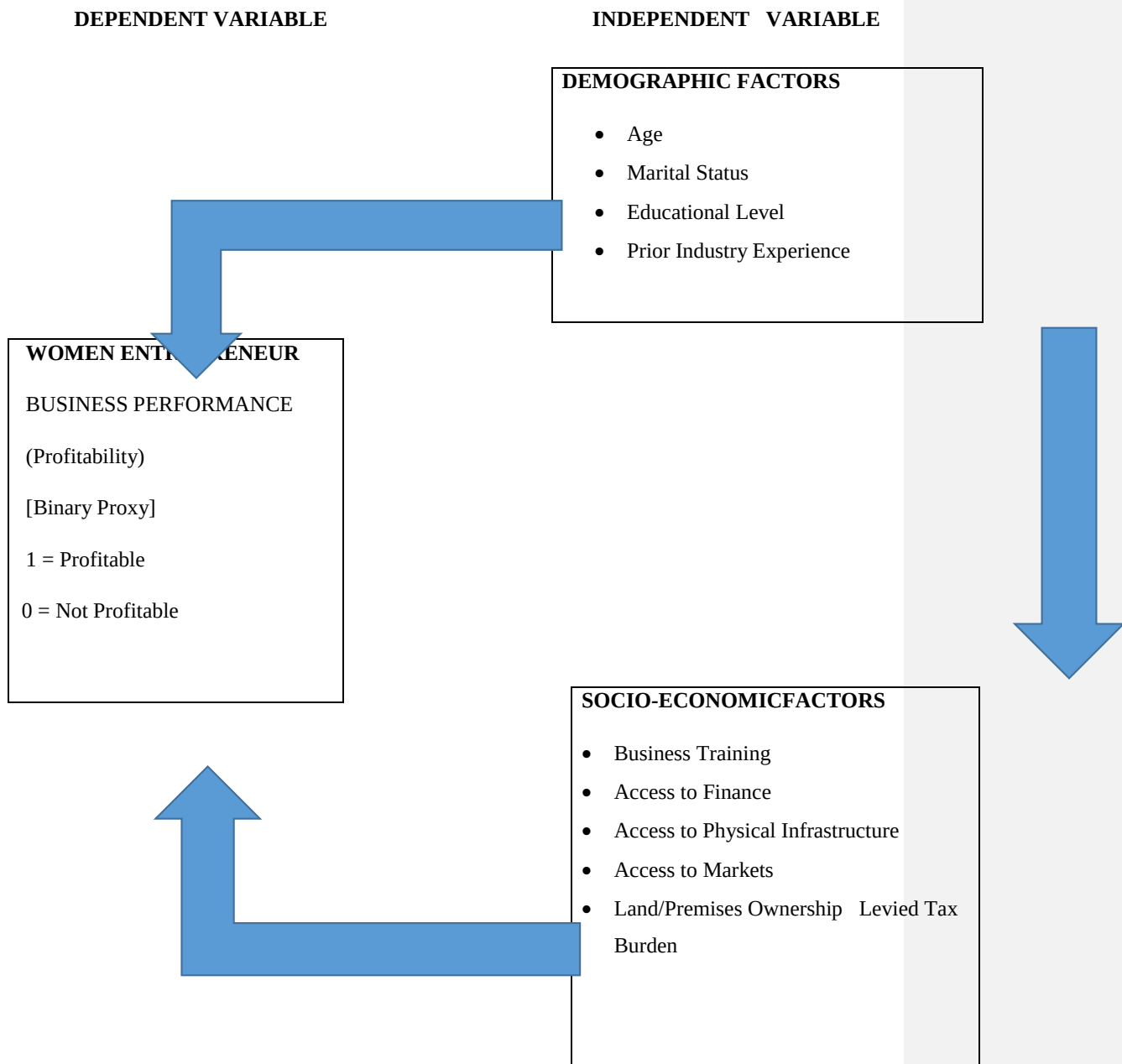


Figure 1;conceptual framework

CHAPTER THREE

RESEARCH METHODOLOGY

In these chapter we mainly discuss about the research design, research method and the target geographical extent of the study area.

3.1. Research Design

This study uses a mixed-methods survey to investigate what drives performance and creates obstacles for female entrepreneurs, combining descriptive and explanatory approaches.

Since the primary goal of this study is to investigate cause and effect between socioeconomic, demographic, and digital factors and the performance of female entrepreneurs, it predominantly uses an explanatory research design. The study uses a quantitative Binary Logistic Regression (Logit) model instead of only observation and description to assess if these characteristics have a substantial impact on business profitability and to ascertain the direction and magnitude of those impacts. To give a summary of the features of female-owned micro and small businesses (MSEs) in Bishoftu town, a descriptive research approach is also employed in conjunction with the explanatory design. To provide transparency of the study area and clear image for each characteristics descriptive statics is used.

In order to gather information from specific female business owners in Bishoftu town in 2026, the study also uses a cross-sectional survey design. This method makes it possible to gather quantitative data from many business sectors in an effective and trustworthy manner. To promote participation, increase response rates, and guarantee high-quality data collection, a structured questionnaire that is logically and clearly developed is used to collect data. The questionnaire items are prepared in plain, uncomplicated English while yet being pertinent to the study environment in order to decrease respondent fatigue and lower the possibility of misinterpretation. This strategy is in line with Hisrich (2015), who highlighted that a questionnaire's general design and how simple it is for respondents to comprehend and complete determine how effective it is.

3.1.1. Target Population and Sectoral Scope

The sectoral scope and target population of these research is females who owns micro and small enterprises . To Identify and examine the particular s institutional and financial

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constraints influencing female company trajectories, the investigative scope was limited to women-owned and women-managed companies.

The baseline population is divided into five separate economic sectors recognized by the local administrative jurisdiction: Industry sectors include trade, services, manufacturing, construction, and urban agriculture. The entire target population consists of 4,000 female entrepreneurs who are actively running businesses in the five chosen sub-sectors of the research area.

3.1.2. Sampling Technique and Design

The study participants were chosen using a multistage selection process. In the early stages, an intentional, non-probability sampling strategy was used to purposely separate micro and small-scale operations from medium and large-scale firms. This purposive method chose five economic sectors with a high number of female-led firms: manufacturing, construction, services, urban agriculture, and commerce.

In the following stage, stratified random sampling was used to assure proportionate participation across these various company types. Stratification is extremely useful because it accounts for demographic volatility and reduces selection bias by partitioning the larger population frame into mutually exclusive, homogeneous strata prior to sample extraction.

The sample size was calculated using a typical 5% margin of error (5%) and a 95% confidence level. This method ensures that the sample fairly represents the entire population by striking a balance between statistical power and a low sampling error. The mathematical notation for the formula is as follows:

$$n = \frac{N}{[1 + N(e)^2]} \text{ --- (0)}$$

Where,

n- Sample Size

N-Total Population of selected MSEs

e -degree of variability

$$\text{Accordingly, } \frac{3,926}{(1+3,926(.05)^2)} = \frac{3,926}{(1+3,926(0.0025))} = \frac{3,926}{(1+9.815)} = \frac{3,926}{10.815} = 363.014 \approx 363$$

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The researcher employed the Probability Proportional to Size (PPS) sampling technique to ensure that our data accurately represents the whole organization. In other words, the number of responders from each sector corresponds to the real size of that sector within the organization. Naturally, larger departments make up a larger portion of the sample than smaller ones, providing us with a fair and extremely accurate picture of the company overall.

The table below shows the precise distribution of respondents and the representation of each sector.

S/No.	MSEs	Total Population	Sample size	Sample Size calculation of each strata (ni)
1	Manufacturing	1045	97	$(1045/3926)*363$
2	Construction	306	28	$(306/3926)*363$
3	Service	740	68	$(740/3926)*363$
4	Trade	1544	143	$(1544/3926)*363$
5	Urban Agriculture	291	27	$(291/3926)*363$
	Total	3,926	363	

Source On-site investigation, 2026

Table 1: List of enterprises

3.1.3. Data Type and data collection method

These research used both primary and secondary sources of data collection. Primay data was conducted using direct questionnaires. The questionnaire was pretested to check its correctness for collecting all the required information. This was done by the women in MSEs. To obtain the secondary data, office manuals, was used. Besides, variety published and unpublished government documents were reviewed to make the study successful. Accordingly, 363 respondents were selected from the total of 3,926 micro and small

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Enterprises. These 363 respondents were selected from five MSEs.

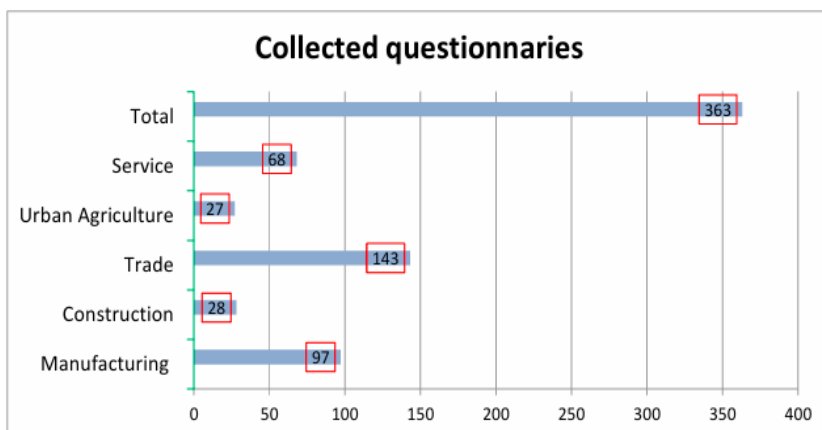


Figure 2: Collected questinniorie

3.2. Data analysis method

To address the main research objectives, the collected data were analyzed using both descriptive and econometric analysis techniques. This combination made it possible to summarize the data and examine relationships among variables in a more detailed and reliable way. The respondents' qualitative traits and demographic information were summarized, categorized, and interpreted using descriptive statistics such as frequency distributions, simple percentages, and cumulative percentages. Concurrently, an econometric modeling method was used to systematically examine the anticipated linkages and uncover the empirical drivers that influence enterprise performance.

Logit regression model was used to examine and investigate the challenges that affect female entrepreneurs in Bishoftu.

3.2.1. Model Specification

Logistic regression is a modeling technique used when the response variable is qualitative or categorical and the independent variables are continuous or categorical. This method **permit** the calculation of a discrete outcome, such as group membership, from a set of independent variables that may be continuous, discrete, dichotomous, or a mix of any of these (Gelman and Hill, 2006). The logistic regression **is preferred** over multiple regression and discriminant analysis, as it is mathematically flexible, utilizes an easily used distribution, and requires fewer assumptions (Hosmer, (2000).) Unlike discriminant analysis, logistic

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regression **does not require** the independent variables to be normally distributed, linearly related, or have equal variance within each group (Zeb, (2019))

Binary logistic regression was utilized as the specific form of logistic regression, given that the dependent variable is dichotomous and the independent variables are of any type (Hosmer, (2000).). Both the **logistic and probit model** approaches **are able** to overcome the limitation of linear probabilities that result in values that are negative or greater than one. They **achieve** this by using a function that effectively transforms the regression model so that the fitted values are bounded within the (0, 1) interval. This approach **follows** the methodologies used by (Osei-Tutu, Capital structures and resource targeting strategies for West African micro-enterprises, (2024)), (Endalew, (2020)) and (Ana, (2020).) The logistic function F, which is a function of a random variable Z, **is expressed** as:

The logistic function F, which is a function of any random variable Z, would be

$$F(z_i) = \frac{e^{z_i}}{1 + e^{z_i}} = \frac{1}{1 + e^{-z_i}} \dots\dots\dots (1)$$

Where,

e is the exponential under the logit approach. The model is so called because the function F is in fact the cumulative logistic distribution. So the logistic model estimated would be

$$P_i = \frac{1}{1 + e^{-(\beta_1 + \beta_2 x_{2i} + \dots + \beta_k x_{ki} + u_i)}} \dots\dots\dots (2)$$

Where: P_i is the probability that the women-owned business is profitable.

If p_i is probability that the women-owned business is profitable, then (1-p_i), probability that the is women-owned business is not profitable is

$$1 - p_i = \frac{1}{1 + e^{z_i}} \dots\dots\dots (3)$$

Therefore, we can write

$$\frac{p_i}{1 - p_i} = \frac{1 + e^{z_i}}{1 + e^{-z_i}} = e^{z_i} \dots\dots\dots (4)$$

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Now $\frac{p_i}{1-p_i}$ is simply the odds ratio in favor women entrepreneurs' performance on MSEs.

$$L_i = \ln\left(\frac{p_i}{1-p_i}\right) = Z_i = \beta_1 + \beta_2 x_{2i} + \dots + \beta_{11} x_{11i} + u_i \dots \dots \dots (5)$$

If we take the natural log of (4), we obtain: That is, L, the log of the odds ratio.

Where:

X1-Xn independent variables

Several empirical studies have used specific measuring frameworks to assess the operational performance of female entrepreneurs in the micro and small enterprise (MSE) sector. Specifically, the analytical formulations used in this study adhere to methodological techniques validated in the current literature, such as the works of Salah (2018), (Khaleque, (2018).) and (Al-Kwafi, (2019)) .

3.2.2. Empirical Specification and Estimation

In this section, the methodology **to be adopted** for the empirical analysis to identify the factors affecting the performance of women entrepreneurs in MSEs was introduced. Accordingly, it is necessary to estimate a relationship of the following form using cross-sectional data from 2026. The model was specified to estimate the performance of women entrepreneurs, primarily measured through profit. The model equation is:

$$\text{Logit}(P_i / 1 - P_i) = \beta_0 + \beta_1 x_i + \beta_2 x_i + \beta_n x_i + u_0 \dots \dots \dots (8)$$

Where: The probability of women-owned businesses being profitable is constant, whereas the probability of women-owned businesses being unprofitable is one.

Xi: explanatory variables

Coefficients of explanatory variables The residual term WEP (women entrepreneurs' performance: profit) was assigned a value of "1" if women-owned businesses are profitable and "0" otherwise. The residual term WEP (women entrepreneurs' performance: profit) was

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assigned a value of "1" if women-owned businesses are profitable and "0" otherwise.

$$\begin{aligned} \text{Log}(P_i/1 - P_{ij}) = & \beta_0 + \beta_1 Ag + \beta_2 mars + \beta_3 Edusta + \beta_4 exp + \beta_5 bustra + \\ & \beta_6 Accfi + \beta_7 ACCinfra + \beta_8 Gove sup + \beta_9 AccINF + \\ & \beta_{10} Acc mark + \beta_{11} lano + \beta_{12} levt + u \dots \dots \dots (9) \end{aligned}$$

Where, P_i the probability of women-owned business is profitable

- $1 - P_i$

The probability of not women-owned business is profitable.

After the relevant data obtained by using marginal effects after logistic analysis method and this study was analyzed the data. STATA 14 was used for analyzing the data.

3.2.3. Assumption of this study

- The outcome variable must be binary (dichotomous) in nature.
- The explanatory variables need not be required to be interval-scaled, normally distributed, linearly related, nor possess equal variance within each group.
- The relationship between the outcome variable and the explanatory variables in this logistic regression model are not linearly related.

3.2.4. Econometrics model specification test

➤ Goodness-of-fit Testing

The goodness-of-fit test is an important component of diagnostic testing in binary response models. This approach determines whether the experimentally observed frequencies in the dataset correspond closely to the probabilities predicted by the logistic regression model. Consequently, to validate the calibration and prediction accuracy of the estimated model in this work, the Hosmer-Lemeshow goodness-of-fit test was calculated.

Test for Multicollinearity

Multicollinearity refers to the presence of a relationship between two or more explanatory factors. This degree of correlation could be negligible or high enough to significantly affect the estimation of the parameters. If multicollinearity is perfect, the regression coefficients of the explanatory variables undetermined and their standard errors is immeasurable.

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If multicollinearity is less than perfect, the regression coefficients, although determinate, possess large standard errors, meaning the coefficients cannot be estimated with great precision (Gujarati, (2004)). Furthermore, as stated by (Gujarati, (2004)), zero correlation among explanatory variables rarely occurs in practical work. Therefore, the Variance Inflation Factor (VIF) can be calculated; a mean VIF value of less than 10 among explanatory variables indicates the absence of extreme multicollinearity problems in the regression.

The Variance Inflation Factor (VIF) is computed for each independent predictor in order to assess the existence and degree of multicollinearity among the explanatory variables. Let R_i^2 be the coefficient of determination that results from regressing a particular independent variable, X_i against every other explanatory variable in the model specification. The VIF for every predictor is operationalized mathematically as follows:

$$VIF(X_i) = \frac{1}{1 - R_i^2}$$

where $i = 1, 2, \dots, p-1$, and P denotes the total number of estimated coefficients in the regression model.

In this formulation, R_i^2 refers to the partial coefficient of determination produced from an auxiliary regression, where a designated explanatory variable (X) is treated as a linear function of the remaining independent variables in the estimate system.

When $R_i^2 = 0$, or when i th variables are not linearly connected to the other predictor variables, $VIF_i = 1$. When $R_i^2 \rightarrow 1$, $VIF_i \rightarrow \infty$, i.e. when the relationship between the i th variable and the other predictor variables is not linear. The VIF is a metric that quantifies the extent to which multicollinearity increases the variance of an estimated regression coefficient (Gujarati, (2004)).

Omitted Variable or Specification Error

When the regression framework either omits important explanatory variables or unintentionally includes unimportant ones, a model specification error usually results. Any common variance between the excluded variable and the included regressors is mistakenly absorbed by the latter when a pertinent variable is left out of the model definition. The overall validity of the econometric findings is thus compromised by this misattribution, which introduces bias into the parameter estimates and improperly inflates the error term.

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On the other hand, a different kind of specification bias is introduced when irrelevant variables are included. Any variance that redundant regressors have with the real explanatory variables may be mistakenly assigned to these unimportant factors when they are included to the framework. The standard errors of the important parameters are usually inflated by this misallocation of explanatory power, which lowers the model's statistical efficiency and the validity of the hypothesis tests. Because model specification errors can substantially affect the estimation of regression coefficients, care has taken to ensure the model is correctly specified. Linktest or Ramsey RESET tests was considered to verify that the model is free from such specification errors.

Variables name	Symbol	Type	Measurement	Expected sign
women entrepreneurs' performance: profit)	wep	Dummy	women-owned business is profitable=1, women-owned business is not profitable=0	
Age	Ag	Continuous	Year	
Materials status	mars	Dummy	Married=1, Single=0	+
Educational status	Edusta		Complete 8 th up to 10=0, diploma=1 degree and above=2	+
Experience	exp	Dummy	Less than 4 or year=0, more than 5 year	+/-
Business training	bustr	Dummy	Access to finance=1, 0 if not	+/-
Access of finance	Accfi	Dummy	Access to finance=1, 0 if not	-
Access of Infrastructure	ACC infra	Dummy	Access to infrastructure=1, 0 if not	+
Government support	Gove sup	Dummy	Received support=1, If not received support=0	
Access of market	Acc mark	Dummy	Access to market=1, 0 if not	
Land ownership	lano	Dummy	Own land=1, 0=not own land	+
Levied tax	levt	Dummy	Tax is fair and reasonable=1, 0 if not	-

Table 2; Variables measurement and Expected Sign

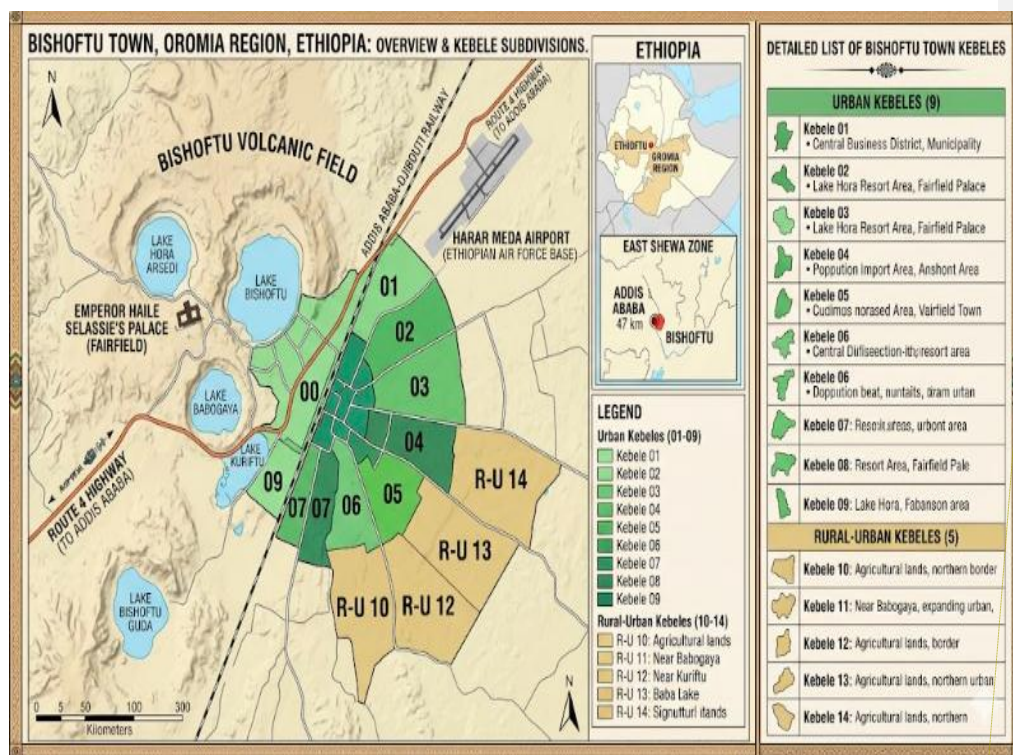
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Source: Own Synthesis from literature (2026)

3.3. Research Method

Description of the Study Area

This study was carried out in the town of Bishoftu. The town is located 49 kilometers (about 30 miles) from Addis Ababa, the nation's capital, in the southeast of the country. Total population living in the town is estimated to **171,115** (though some city profiles from 2015 projected up to **197,557** as the urban area expanded), of which **90,068** of them are male and **81,047** of them are female, with areas of **140 to 182.7 square kilometers** (depending on the inclusion of the newly annexed peri-urban kebeles). Some municipal records specifically list the core urban area as roughly **40 square kilometers**, while the broader administrative boundary is much larger.. Bishoftu town currently has fourteen kebeles and a number of micro and small enterprises. Besides, micro and small enterprises medium and large enterprise are also available in the town.



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Figure 3: Bishoftu Town

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The empirical results and thorough interpretations of the data collected from micro and small business (MSE) participants are presented in this chapter. The presentation is divided into two main analytical sections: the first uses descriptive statistics to profile the respondents' demographics and general background, while the second uses econometric model estimations to directly address the main research goals.

To achieve the general objective, all were discussed in line with the basic questions posed under the basic question three hundred sixty-three (363) questionnaires distributed for sample respondents and the entire questionnaires were properly filled and returned. Data collectors assisted sampled respondents who were illiterate, and in-person interviews were utilized to finalize the data. Discussions were held once the majority of the material was arranged in tables. The interviewees' backgrounds were discussed before the data analysis was discussed. The logistic regression estimates using marginal effects are finally discussed to wrap up the chapter.

Age	Frequency	Percent
Age 18-25	97	26.72
Age 35-43	119	32.78
Age 18-25	104	28.65
Age above 44	43	11.85
Martial Status	Frequency	Percent
Single	109	30.02
Married	254	69.98

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Educational Status	Frequency	Percent
Grade 8 th to complete 12	121	33.33
12+1 to complete deploma	168	46.28
Degree and above	74	20.39
Experience Status	Frequency	Percent
Less than or equal to 14 years	93	25.61
More than or equal to 15 years	270	74.69

Source Outside investigation, 2026

Table 3Demographic Characteristics of Respondents

From the above table we can configure that most respondents (32.75%) are within the age 35-35 years, next they are followed with the age between 26-34 years. Of the sample, 26.72% of respondents are between the ages of 18 and 25, while 11.02% are above 43. This suggests that a significant percentage of female entrepreneurs are in their productive and economically active years.

From the martial status taken sample most of them about 69.98% are married and the rest 30.02% are single.

On the base of education respondents (46.28%) from grade 10 to diploma completed. Grade 8 completed students are about 33.33%. The remaining 20.39% studied university education. These results imply that a large number of female entrepreneurs have a respectable educational background that may help them make decisions and manage their businesses, including weighing the advantages and disadvantages of their operations.

Nearly (74.69%) of the surveyed business owners had been in operation for more than five years, indicating a highly experienced group. Newer companies with five years or less of experience make up the remaining 25.61%.

There is a noteworthy paradox in the empirical link between professional experience and company performance in this group. Although traditional economic theory suggests that

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longer managerial tenure results in higher productivity and better performance, the descriptive measures show that for the majority of the women polled, having a lot of experience has not always translated into better business outcomes.

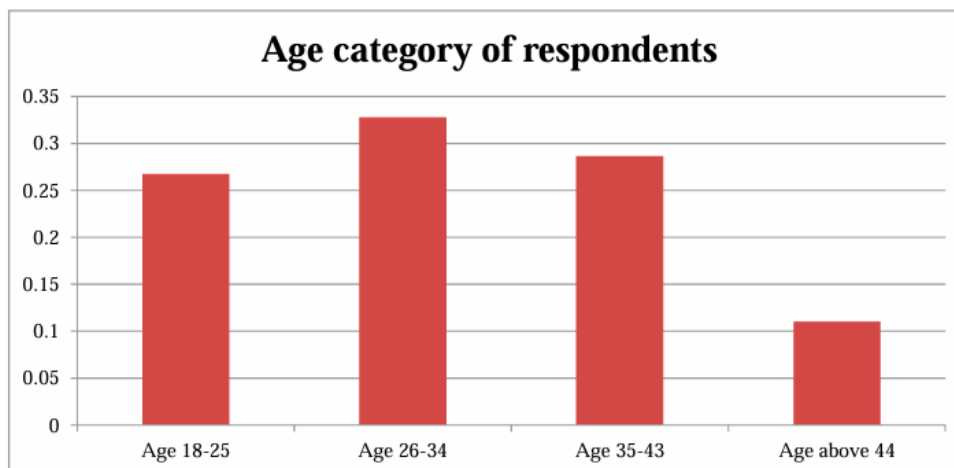


Figure 4: Graphical presentation age category of respondents

Source: Onsite investigation, 2026

Based on the above graphical presentation the most common age groups are 26-34 about 32.78% followed by age group 35-43 about 28.67%. The remaining sample segments are made up of those over 44 (11.02%) and young people between the ages of 18 and 25 (26.72%). When taken as a whole, these measures show that the great majority of the entrepreneurs examined are in their most economically productive, intellectually developed, and physically active years. The above fig 4 indicated that most of respondent's marital status is married 254 (69.98%) and the remaining 109 (30.02) are single. This figure shown that most of the women are married in the selected MSEs in study area.

The overall operational effectiveness of these micro and midsize enterprises (MSEs) is still subpar and hotly debated, despite this demographic advantage. These results so enable the researcher to deduce that, although working within a highly productive age range is an important advantage, age by itself cannot ensure economic success. This suggests that the performance results of female entrepreneurs within the particular scope of this study area are ultimately determined by a complex interaction of alternative external and endogenous causes.

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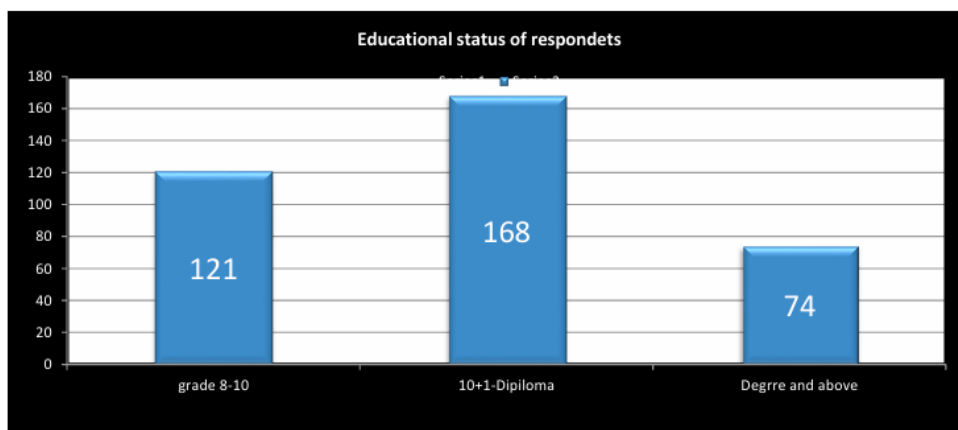


Figure 5 Graphical presentation of educational status of respondents.

Source: Onsite investigation, 2026

According to the descriptive metrics shown in Figure 5, the majority of respondents (46.28%) had completed grades 10 through a diploma. 121 participants who finished grade 8 and 74 people who received an education up to grade 10 make up the remaining distribution. These frequencies show that post-primary or technical diploma qualifications are held by a significant majority of the target female entrepreneurs in the study area. From a strategic standpoint, this common degree of education suggests that the respondents have acquired the fundamental cognitive skills needed to recognize profitable business prospects, create concepts driven by the market, and carry out operational plans in the micro and small business sector.

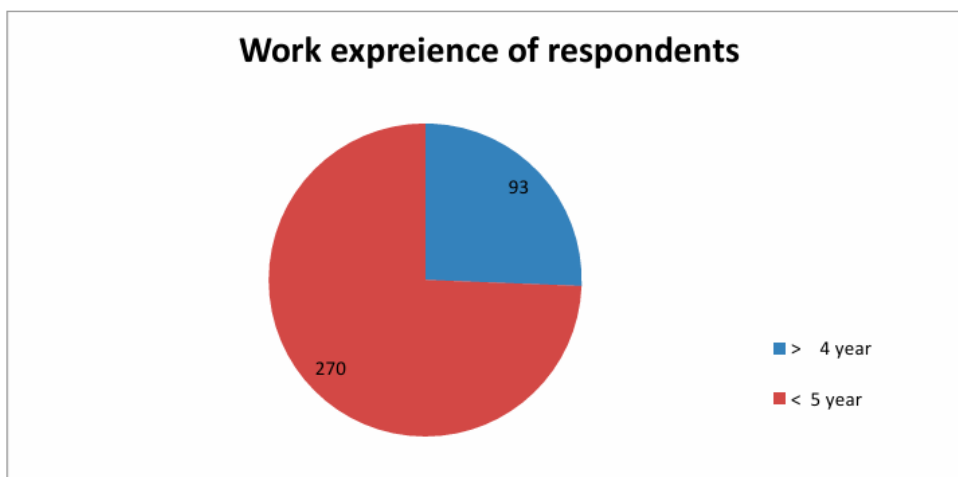


Figure 6: Graphical presentation of work experience of respondents

Source: Onsite investigation, 2026

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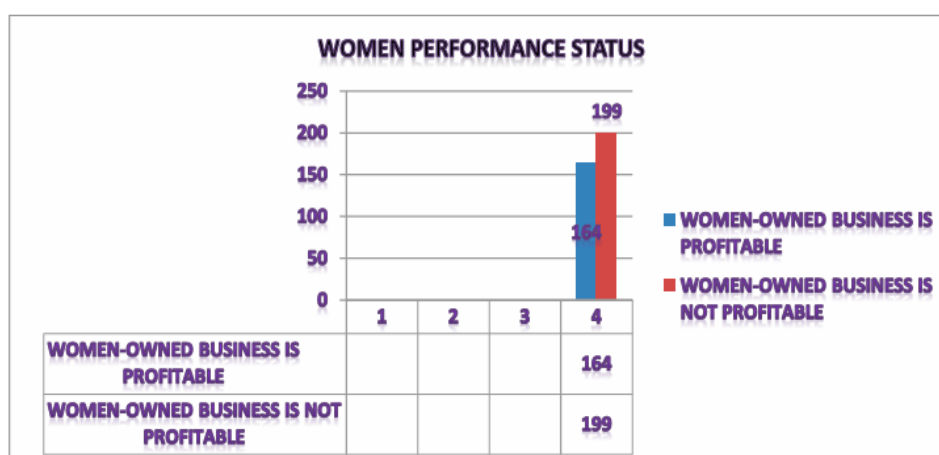
The above fig 6 indicated that most of respondent's work experience of enterprise more than 5 years 270 (74.69%) and the remaining 93 (25.61) are work experience of enterprise equal or less than 4 years. This implies that majority of the respondents have five and above five years experiences and which in turn added recognized value for this study.

No.	Dependent variable	Frequency	Percent
1	women-owned business is profitable	164	45.17
2	women-owned business is not profitable	199	54.83
	Total	363	100

Table 4: Status of women entrepreneur's performance in terms of profitability

Source: Onsite investigation, 2026

The financial results were classified using a binary baseline of company profitability in order to assess the operational effectiveness of the sampled micro and small businesses (MSEs). According to the empirical data in Table 4, 45.17% of all female-owned businesses are profitable, while the rest 54.83% are classified as unprofitable. These descriptive indicators unequivocally show that most female entrepreneurs in the research area have not yet achieved sustainable financial performance in terms of profitability. This structural deficiency highlights the urgent need for focused governmental interventions and institutional support mechanisms to lessen these localized restraints, confirming that the local MSE sector continues to face serious profitability issues.



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Figure 7: Status of women entrepreneur's performance in terms of profitability

Source: Onsite investigation, 2026

As indicated in the figure 7 above 199 respondents confirmed that women-owned business is not profitable and the rest 164 respondents confirmed that women-owned business is profitable. Thus, fig 7 totally showed that most of MSEs are not profitable. That is more than half of respondents agreed women-owned business is not profitable. This figure implies that selected Micro and Small Enterprises women entrepreneur performance in terms of profit not improved.

No	Variables	Category	Profitable		Not Profitable		Total		X ²
			Number	Percent	Number	%	Number	%	
1	Age	Age 18-25	32	8.81	65	17.9	97	26.71	0.7044
		Age 26-34	64	17.63	13.5	37.19	199	54.52	(0.192 [*]
		Age 35-44	47	12.94	57	15.7	104	28.64	1.906 [*]
		Age above 44	21	5.78	22	6.06	43	11.84	0.9875
2	Marital Status	Single	43	11.84	66	18.18	109	30.02	0.3624
		Married	121	33.33	133	36.63	254		3.8691 [*]
4	Educational level	Grade 8 th - 12 th	13	3.54	108	29.75	121	33.29	0.9024
		12+1 Diploma	94	25.89	74	20.38	168	46.27	2.206 [*]

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		Above Degree	57	15.7	17	4.68	74	20.38	3.147*
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Table 5: women entrepreneur's performance status

Source: Onsite investigation, 2026, X^2 chi square, * significance level at 5%

The profitability of the 363 sampled female-owned businesses is broken down by age cohort in Table 5's cross-tabulation analysis. In the youngest age group (18–25), 8.81% of the sample as a whole are profitable, while 17.91% are not. 17.63% of respondents in the 26–34 age group run lucrative businesses, while 37.19% do not. 12.94% of people in the 35–43 age group operate lucrative enterprises, while 15.70% do not. Lastly, 5.78% of business owners over 44 report successful outcomes, while 6.06% continue to be unsuccessful.

A Chi-square test of independence was used to assess the statistical validity of these differences. At the 5% significance level ($p < 0.05$), the inferential results validate a statistically significant correlation between the age of the entrepreneur and firm profitability. In particular, the test shows that, in comparison to their younger peers (18–25 years) and older cohorts (over 44 years), female entrepreneurs in the intermediate age groups (26–34 and 35–43 years) showed noticeably better business performance and greater profitability rates.

Table 5 above illustrates that of the total respondents, 11.84% are single and 33.33% are married women with lucrative businesses. Married people are more profitable than single people, with profitability rates of 33.33% and 36.63%, respectively, at the 5% significance level, according to the chi-square test.

Table 5 shows that of the 363 respondents, 3.54% have completed grade 8 and 10, and their businesses are profitable. Although 29.75% of them have passed their eighth and tenth grades, their businesses are not lucrative. Of the 363 respondents, 25.89% are in their tenth grade or higher and have lucrative women-owned businesses. Even though 20.38% of them have at least a 10th grade education and a diploma, women-owned businesses are not lucrative. Of the remaining respondents with higher education levels, 3.54% have profitable women-owned businesses, while 29.75% do not. With profitability rates of 25.89%, 20.38, 3.54, and 29.75 at the 5% significance level, the chi-square test reveals that educational levels

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10th plus one up to diploma and above degree are more profitable than educational levels 8th and completed grade 10th.

The following table shows the industries that employ women entrepreneurs.

Sectors	Sample	Percent
Manufacturing	97	26.72
Construction	28	7.71
Service	68	18.73
Trade	143	39.39
Urban Agriculture	27	7.45
Total	363	100

Table 6: women entrepreneurs working sectors

Source: Onsite investigation, 2026

The structural distribution of the chosen businesses across different economic sectors is shown in Table 6's descriptive data. A majority of the respondents (39.39%) are actively involved in the commerce industry, according to the empirical data. In the meantime, the manufacturing and service sectors make up 26.72% and 18.73% of the overall distribution, respectively. The remaining portion of the sample is split between urban agriculture (7.45%) and the construction industry (7.71%). The manufacturing sector is the second most popular path for female entrepreneurship in the study area, right behind the trade sector, according to this sectoral research. In contrast, compared to the other four economic subsectors, urban agriculture has the lowest participation rate and attracts a far lower percentage of female

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entrepreneurs.

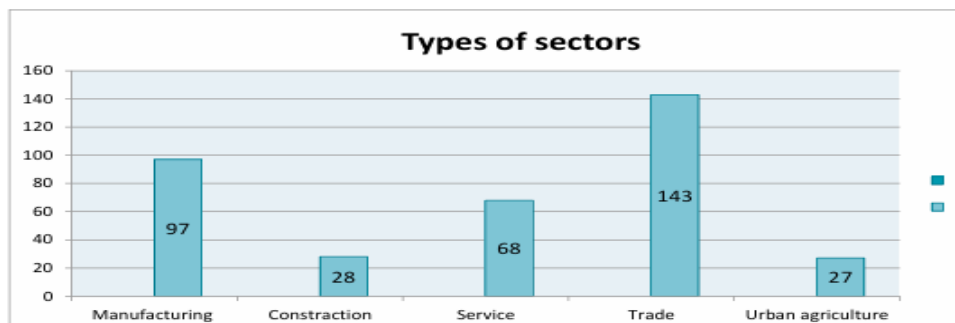


Figure 8: Graphical presentations of types of sectors respondents engaging

Source: Onsite investigation, 2026

Women performance status	Observation	Mean	Std. Dev.	Min	Max
Profitable	164	.457	.4575606	0	1
Not profitable	199	.5489	.4876606	0	1
Age					
Age 18-25		23.64573	10.15212	18	25
Age 26-34	74	32.4552	11.45210	26	34
Age 35-43	119	39.12543	7.14524	35	43
Above 44	104	45.54265	3.25432	44	57
Marital status					
Single	43	.3052	3.3542		
Married	109	.6998	5.2102	0	1
Educational status					
Grade 8th-10	254	.3333	7.542		
10+1-Dipiloma	121	.4628	5.2102	0	1
Above degree	168	.2039	2.3541	0	1
Experience					
Less than 4 year	74	74.69	3.4256	0	1
More than 5 year	93	.2561	17.3201	0	1

Table 7: Descriptive statistics of demographic profile of respondents

Source: Onsite investigation, 2026

The preceding table methodically presents the descriptive summary data describing the operational profiles and demographic characteristics of the sampled female entrepreneurs. The mean values, standard deviations, and minimum and maximum ranges that were calculated throughout the sample of five micro and small business (MSE) sectors over the study period are detailed in this analytical summary, which offers a thorough overview of the crucial baseline parameters.

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A binary proxy variable that represents firm profitability is used to operationalize the main dependent variable that tracks female entrepreneurial achievement, as shown in Table 7. Less than half of the sampled participants produce positive net returns, according to the empirical data, which show that the mean profitability rate among the women-led businesses examined is 45.7% (with a standard deviation of 0.35). On the other hand, 54.3% of the businesses are not profitable (standard deviation: 0.39).

As a result, these descriptive baselines show that over half of the companies assessed in each of the five industries are not profitable. From an empirical standpoint, this enables the researcher to draw the conclusion that the study area's female-led MSEs' overall performance status is structurally limited and shows a precarious trajectory in terms of commercial financial returns.

Analysis of Respondent Age Demographics

One important sociodemographic factor that has a big impact on both individual economic involvement and the operational dynamics of female entrepreneurs is age. Age is a defining factor in defining communal obligations, institutional rights, and social hierarchies within the larger African sociocultural environment. Data collectors used in-person interviews to help illiterate respondents complete the questionnaires. The analysis started when the majority of this data was arranged into tables. The primary data analysis comes after a summary of the interviewees' backgrounds. A thorough explanation of the logistic regression estimates utilizing marginal effects rounds up the chapter.

The average age of the female entrepreneurs, who ranged in age from 18 to 57, was 34.75, according to the study results. This suggests that the majority of responders are in their active and financially productive years. Being in this age range may offer benefits including increased vitality, experience, and decision-making skills, all of which can help micro and small businesses operate more efficiently and perform better overall.

The marital status in the above table shows 69.48% of the respondents were married, while 30.52% were single. The average age of the female entrepreneurs, who ranged in age from 18 to 57, was 34.75, according to the study results. This suggests that the majority of responders are in their active and financially productive years. Being in this age range may offer benefits including increased vitality, experience, and decision-making skills, all of which can help micro and small businesses operate more efficiently and perform better overall.

Analysis of Marital Status and Dual-Role Constraints

From the collected data we notice that women's in marriage have high responsibilities. In addition to their business family responsibility load is high on them. These may affect the growing of their company.

To guarantee data consistency, the percentage of married respondents was changed from 69.98% to 69.48%. With this modification, the reported results remain accurate as the percentages for the two groups (69.48% married and 30.52% single) add up to exactly 100%.

Examination of Firm Productivity and Educational Attainment

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The development of human capital is greatly influenced by education, which can have an impact on both career opportunities and entrepreneurial success. According to (Shakeel, (2020)) education improves one's knowledge, abilities, capacity for making decisions, and general productivity. As a result, those with higher levels of education are frequently better able to see possibilities, handle business difficulties, and enhance financial results.

- Completion of Grades 8 through 10: 33.33%
- TVET, 10+1, and diploma holders: 46.28%
- First Degree and Higher: 20.39%

79.61% of participants had educational credentials below a university degree, primarily in the secondary school and technical certificate categories, according to these baseline descriptive measures. This distribution indicates that a large number of female entrepreneurs in the studied region do not have professional managerial training or higher education. The discrepancy may make it difficult for them to implement contemporary business strategies, navigate complex market conditions, and grow their businesses over time. Therefore, a concentrated set of institutional and educational resources is needed to help them enhance their business performance and encourage sustainable success.

Work Experience in Entrepreneurship

Table 7's results demonstrate that 74.69% of the female entrepreneurs polled had been operating their businesses for five years or longer. This implies that a sizable portion of the responders have accumulated substantial practical experience from years of consistent hands-on work. However, the remaining 25.31% have run their companies for four years or less, making up a smaller group with comparatively shorter or more recent entrepreneurial histories.

4.2. Evaluation of Operational Experience using Econometrics

The majority of the sampled female entrepreneurs have established a consistent presence in the local market, according to the descriptive data on company experience. About 74.69% of respondents have operated their businesses for five years or longer, as seen in Table 7. On the other hand, the remaining 25.31% have owned their businesses for four years or less, making them relatively new.

It seems that the majority of women-owned businesses in Bishoftu have progressed from their initial establishment to maintaining their presence over time. The length of business experience is frequently linked to improved management skills, enhanced customer connections and relationships, market intelligence, and better risk management. Thus, the experience gained by these entrepreneurs may have a positive impact on business performance and help sustain their enterprises. That is well; fitting model shows non significance on Homers and Lemeshow goodness-of-fit test.

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If Homers and Lemeshow goodness-of-fit test statistics is greater than 0.05. There for the model is well fitting. So, researchers cannot reject H₀, that there is no difference between observed and model predicated values. That is well fitting model shows non-significant on the Homers and Lemeshow (H-L) goodness-of-fit test. In case of current study Homers and Lemeshow goodness of-fit test statistics is 0.7152 which is greater than 0.05. So this result of Homers and Lemeshow goodness-of-fit test statistics indicated the model fit the data accurately.

4.3. Multicollinearity Diagnostic Test

A statistical phenomenon known as multicollinearity occurs when two or more independent (explanatory) variables in a multiple regression model show strong linear dependencies or intercorrelations. This relationship can be very strong or very weak. Perfect multicollinearity causes the explanatory variables' regression coefficients to become mathematically indeterminate and their corresponding standard errors to become infinite or immeasurable. In contrast, the regression coefficients stay determinate but show exaggerated standard errors when multicollinearity is substantial but not perfect. Isolating the independent effect of each predictor variable becomes challenging due to this inflation, which significantly reduces the accuracy and dependability of the calculated parameters (Gujarati, (2004)).

The empirical estimation in this study produced an overall mean VIF value of 1.06 for every explanatory variable. It is fair to assume that the estimation model is completely free from harmful multicollinearity distortions because this value is well below the conservative critical threshold of 10. This validates the stability and accuracy of the ordinary least squares (OLS) parameters.

4.4. Model Specification Error Diagnostic Test (Ramsey RESET)

When a regression equation's structural makeup is essentially incorrect, usually due to the redundant inclusion of unimportant explanatory variables or the removal of pertinent ones, this is known as a model specification error. When a significant variable is left out of the empirical model, the remaining estimators mistakenly capture the common variance between the included and excluded variables, inflating the residual error term and creating omitted variable bias (Gujarati, (2004)). On the other hand, by needlessly consuming degrees of freedom and increasing the variances of the coefficients, adding orthogonal or unnecessary variables lowers the model's efficiency. The magnitude, direction, and statistical significance

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of the computed regression parameters can be significantly distorted in both situations by specification mistakes.

Ramsey's Regression Specification Error Test (RESET) was used in this work using the `outset` command in Stata to methodically check for any functional form misspecification and omitted variable bias. For this diagnostic, the null hypothesis (H_0) presupposes that the linear regression model is accurately described and has no missing variables. A computed test statistic with a p-value of 0.5231 was produced by the empirical diagnostic estimation. The investigation is unable to reject the null hypothesis since this p-value is significantly higher than the traditional significance limits ($\alpha = 0.05$ or 0.10). From an econometric standpoint, this statistical finding validates the structural reliability of the regression results by strongly confirming that the empirical model is adequately described and free from significant omitted variable distortions.

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Variables	Binary logistic analysis		Marginal effect analysis		
	Coef.	Std. Err .	Dy/dx.	Std.Er	Sign
Age25-43	.0080902	.0039321	.0018636	.08433	0.740
Age above 44	.075421	.0425112	.00652	0.4256	0.457
Material Status (Married)	.711601	.0251752	.2790924	.05697	0.000
Certificate or diploma.	.2840656	.1184265	.0663132	.034	0.542
Degree and above	.96565	.186841	.2802523	.0691	0.000
Experience >5	.503109	.2079224	.3462412	.0121	0.00
Have access to Training	.849538	.3093888	.2368225	.04372	0.067
Have Access to finance	.0112899	.0202719	.0526006	.00467	0.001
Have Access To infrastructure	.139024	.5546157	.2321539	.010435	0.000
Government support	.0759977	.3307907	0.17585	.07686	0.819
Have access to market	.6441681	.305376	.1433713	.08445	0.076
Land ownership	.846952	.224347	.2907543	.5159	0.00
Levied tax	-.2117739	.1291577	-.048782	0.2972	0.101

Table 8: Regression result

Source: (Onsite investigation, 2026)

The logistic model's coefficient merely indicates the sign of each independent variable, not the marginal effect of each independent variable on the variance of the dependent variables. On the other hand, the marginal effect of each independent variable was used to determine how each explanatory variable affected the likelihood.

Econometric Analysis of Entrepreneurial Age and Profitability

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The logistical post-estimation results show that the variable monitoring the entrepreneur's age produced a coefficient of 0.0019 and a corresponding p-value of 0.740. From an empirical approach, this shows that, holding all other explanatory variables equal, a one-year increase in the entrepreneur's age results in a nominal 0.19% increase in the probability of achieving firm profitability. However, because the computed p-value ($p = 0.740$) is significantly greater than the conventional significance criteria ($\alpha = 0.05$ or 0.10), this estimated effect is statistically insignificant. The analysis cannot reject the null hypothesis (H_0) since age has no statistically significant effect on the commercial performance of female-led MSEs in the research region. According to this study, operational performance is driven by other institutional or structural aspects of the local marketplace, and age is not a reliable indicator of corporate profitability on its own.

Marital status

Econometric Evaluation of Performance in Relation to Marital Status

There is a statistically significant correlation between business performance and marital status, according to the post-estimation marginal effects analysis. In comparison to single women, who served as the reference group, married women entrepreneurs are 27.9% more likely to attain higher levels of profitability and commercial success in their micro and small businesses (MSEs). At the 5% level ($p < 0.05$), this association is statistically significant.

On the other hand, a large number of single women in the local environment continue to rely in part on parental support, which might sometimes lessen the immediate financial urgency to maximize business results. Married women also have significant geographic mobility limitations as a result of their extensive family responsibilities and household chores, which prevent them from pursuing formal wage employment far from home. As a result, they focus their strategic attention on local microbusinesses as their main source of income.

Interestingly, this baseline distribution could also be explained by a different causative process. An indigeneity or time impact might be at work instead of marriage immediately enhancing entrepreneurial skills.

In many metropolitan socioeconomic contexts, modern women consciously work to create a reliable source of income or a solid business foundation before to marriage, anticipating the significant financial and home responsibilities that come with family life. Therefore, a self-selection process in which women only get married after establishing a stable and lucrative

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economic foundation may account for the superior performance shown among married operators.

Econometric Evaluation of Performance in Relation to Educational Attainment

The educational status of female operators was assessed across three different strata using two dummy variables, with secondary school completion (Grades 8 to 10) acting as the baseline reference category, according to the logistical post-estimation parameters modelling human capital components. When all other explanatory variables are held constant, the empirical results shown in Table 8 show that female entrepreneurs who obtained a formal diploma or a technical certificate (10+1) are 28.0% more likely to experience superior business performance and profitability than the baseline reference group. Although the coefficient shows a positive relationship, the result is not statistically significant at the conventional 5% level ($p > 0.05$). This means that while education appears to have a favourable effect on business performance, the evidence does not confirm that the effect is strong enough to draw a definite conclusion in this study area.

The Human Capital Theory put forth by (Shakeel, (2020)), which contends that education and skill development increase production and managerial effectiveness, is largely supported by this conclusion. However, the lack of statistical significance indicates that intermediate education levels might not be sufficient to ensure improved firm performance or establish a significant competitive advantage in this local economic context.

This study shows that female entrepreneurs who completed education from Grade 10 plus one up to diploma level had a 28% higher probability of achieving better business performance, and this effect was statistically significant at the 5% level. This result is in line with a study by Fatima and Muneer (2018), which found that women entrepreneurs with higher levels of education typically have better managerial and decision-making skills, which lead to better company outcomes and increased profitability.

Work experience

According to the post-estimation marginal effects analysis, business experience has a significant and positive impact on the performance and profitability of women-led micro and small enterprises (MSEs), which aligns with earlier theoretical expectations. The study found that women who have been in business for five years or longer had a 34.6% higher chance of

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achieving better business outcomes than women who have been in business for four years or less.

This positive relationship suggests that longer business involvement helps entrepreneurs build stronger relationships with suppliers and customers, improve managerial capabilities, and gain valuable practical knowledge through experience. Over time, continued participation in business activities may also strengthen decision-making skills and increase the ability to respond effectively to changing market conditions, ultimately contributing to better enterprise performance.

The empirical evidence presented by (Khaleque, (2018).)and (Muogbo, (2019))who both showed that past institutional and practical business expertise serves as a main driver of financial performance among female entrepreneurs, is highly supported by this conclusion. As a result, the findings demonstrate that professional job experience is a statistically validated factor that considerably improves the operational performance and financial sustainability of women-owned businesses in the study area.

Business training

The profitability of female-led micro and small enterprises (MSEs) is positively correlated with the coefficient for formal business training, according to the post-estimation marginal effects analysis. When all other explanatory factors are held constant, the likelihood of enhanced business performance and profitability is 23.68% greater for female entrepreneurs who received specialized business training than for their untrained counterparts. Nevertheless, at the traditional 5% level ($p > 0.05$), this calculated marginal effect is statistically insignificant. As a result, the study is unable to reject the null hypothesis (H_0) of no statistical significance, indicating that there is not enough empirical data to establish a clear causal relationship between firm profitability and training access in this particular sample.

Contextually, the lack of statistical significance implies that the practical effectiveness of these capacity-building programs may be significantly mediated by external market frictions or the particular pedagogical design of the training modules within the study area, even though the descriptive trend shows that training gives women essential strategic tools.

Financial access

The regression coefficient between women entrepreneurs' performance on MSEs in terms of profitability and their access to financing When controlling for the other variables in the model, access to finance increases the likelihood that women will perform better in terms of

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profitability by 23.21 percent when compared to those without access to infrastructure. This difference is statistically significant at the 5% significance level. These results are in line with earlier research by (Al-Kwafi, (2019))and (Khaleque, (2018).)and (Salah, (2018)), which discovered a positive relationship between women entrepreneurs' success on MSEs and financial accessibility. However, in contrast to earlier research by (Osei-Tutu, Capital structures and resource targeting strategies for West African micro-enterprises. , (2024)), this study discovered that successful female entrepreneurs relied more on their own resources than on the availability of outside funding. The current study's explanation suggests that women entrepreneurs' performance on MSEs will increase with more access to financial support, according to the respondents. Thus, the researcher came to the conclusion that financial support accessibility is a prerequisite for women entrepreneurs' profitability.

Infrastructure access

The regression correlation between women entrepreneurs' performance on MSEs in terms of profitability and access to infrastructure When controlling for the other variables in the model, access to infrastructure increases the likelihood that women will perform better in terms of profitability by 5.2% compared to those who do not have access to financing. This difference is statistically significant at the 5% significance level. The results of this study are consistent with those of a prior study by (Mozumdar, M. E. (2020)), which indicated that women entrepreneurs' performance was significantly and statistically positively impacted by their access to infrastructure. It's interesting to note that the positive correlation suggests that female entrepreneurs with infrastructure are more likely to achieve well in their own businesses.

Econometric Assessment of Market and Institutional Support Elements

By analysing the marginal impact of official government support, the logistical post-estimation study assesses the structural impact of institutional actions on company results. The empirical findings show that, when all other explanatory factors are held constant, the likelihood of achieving optimal company profitability is reduced by 17.58% when institutional support is unavailable. Nevertheless, at the traditional 5% level ($p > 0.05$), this parameter is statistically insignificant. Because there is insufficient empirical weight to confirm a conclusive causal relationship within this sample, the study is unable to reject the null hypothesis (H_0) of no statistical significance.

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These investigations looked at whether firm performance is impacted by market locations and associated institutional factors. The post-estimation marginal effects results indicate that direct access to market channels is associated with a 14.33% lower probability of achieving higher business profitability, holding other factors constant. However, this effect is not statistically significant at the 5% level ($p > 0.05$).

However, because the result is statistically insignificant it cannot be concluded that market access has a meaningful impact on business performance. It implies that outside variables may have a greater impact on women-owned firms' success than their actual presence in the market. Furthermore, local demand fluctuations, high operating and renting expenses, and market-specific rivalry may have a bigger impact on business outcomes.

Land ownership

According to post-estimation marginal effects research, lawful land ownership statistically benefits women-led micro and small businesses (MSEs). When all other variables are taken into consideration, female entrepreneurs who have formal land ownership are 29.0% more likely to create more profitable businesses than those who do not. Consistent with this study, Endalew (2020) discovered that protecting property rights and land ownership can improve the performance of female entrepreneurs in the small business sector. The economic implications of land ownership are not limited to a physical business location, as evidenced by this relationship. The possession of property can boost business stability, strengthen long-term investment decisions, and increase access to resources. Women entrepreneurs may find these advantages advantageous in terms of business growth and overall enterprise performance.

Levied tax

Although the effect is not statistically significant ($\beta = -0.048$, $p > 0.05$), the logistic regression results show that taxes have a negative association with the profitability of women entrepreneurs running micro and small enterprises (MSEs). According to the results, paying taxes is linked to a 4.8% lower chance of attaining greater firm success when all other variables are held constant.

However, because the result is not statistically significant, the study does not provide sufficient evidence to conclude that taxation has a meaningful effect on business performance. Therefore, the null hypothesis cannot be rejected.

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This finding is consistent with Kamunge (2014), who reported that fiscal policies did not significantly influence the growth of women-owned enterprises. However, it differs from the findings of Eshetu (2008), which suggested that regulatory conditions had a positive and significant effect on entrepreneurial performance.

Overall, the results imply that within the context of this study, taxation shows a negative but statistically insignificant association with the performance of women entrepreneurs. The logistic regression results indicate that taxation has a negative relationship with the profitability of women entrepreneurs operating micro and small enterprises (MSEs), although the effect is not statistically significant ($\beta = -0.048$, $p > 0.05$). The findings suggest that, holding other factors constant, tax payments are associated with a 4.8% decrease in the probability of achieving higher business profitability.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

In these study the challenges of female entrepreneurs who operate micro and small enterprises (MSEs) in Bishoftu town is investigated through an econometric analysis in this study. It also reveals a clear performance gap within the management difficulties.

This imbalance suggests that establishing a business does not automatically lead to long-term success. The results indicate that many women-led enterprises continue to face challenges that limit business growth and financial performance. These challenges may include limited access to resources, operational constraints, and other structural factors that reduce the ability of enterprises to convert entrepreneurial efforts into sustainable economic outcomes.

The Binary Logistic Regression analysis identified several demographic factors that influence the profitability of women-owned micro and small enterprises. The results show that marital status, educational attainment, and previous business experience have a positive and statistically significant effect on enterprise performance. In contrast, the age of the entrepreneur was not found to have a statistically significant effect on profitability.

These findings suggest that human capital factors, particularly education and business experience, play an important role in improving enterprise outcomes. Women entrepreneurs with stronger educational backgrounds and practical experience may be better equipped to make informed decisions, respond to market changes, and manage business challenges effectively. As a result, these capabilities can contribute to improved profitability and overall business performance.

The data proves that a business's success depends far more on the outside environment than on the owner's personal background. Specifically, having legal land ownership, reliable infrastructure, and an easy way to get credit are the major drivers that directly boost profit margins. The numbers show a clear pattern: when female entrepreneurs actually get the physical and financial resources they need, their businesses instantly become more efficient and competitive.

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In contrast, several commonly used support measures, including basic business training, general government support programs, market access, and taxation, did not show a statistically significant effect on differences in enterprise performance within this model.

Ultimately, this shows that generic support programs just aren't enough to help female entrepreneurs thrive. What actually moves the needle is access to real, tangible assets. In fact, even the best training programs can completely fall flat if women are still locked out of land ownership or struggling to secure a line of credit. Until we break down these structural roadblocks, general business advice won't do much to actually improve a company's bottom line.

In conclusion, a paradigm shifts from general, non-targeted aid to targeted, resource-driven structural support is necessary to achieve long-term sustainability for female-led MSEs. The empirical findings confirm that the key factors influencing profitability in the research region are institutionalized access to capital, secure land rights, and operational experience. Municipal offices and financial intermediaries must implement sector-specific policies that simplify land allocation, reduce bureaucratic red tape, and create specialized lending windows to effectively scale female entrepreneurship in order to optimize resource configuration and mitigate the high failure rates documented among these enterprises.

5.2 Recommendations

Based on the study's findings, the researcher highlights several key action items:

- Support struggling businesses and female founders by providing targeted training and business improvement solutions for lower-performing MSEs. This is particularly important for female-led firms.
 - Improve daily business skills to increase revenues and benefit the local economy.
 - Boost Everyday Business Skills: Helping owners improve how they manage and run their daily operations will directly boost their profits and, in turn, lift up the local economy.
 - To support women entrepreneurs, development organizations should prioritize reliable infrastructure, financial services, and secure land rights.
 - Establish Mentorship and Training Networks: Local stakeholders recognize the need for realistic business training programs. Equally crucial is developing forums where women entrepreneurs can network and share real-world experiences in order to improve their decision-making.
 - Collaborate with government agencies and lenders to create affordable lending options for female entrepreneurs.
- Provide Flexible Funding Options: Providing alternative funding options can help small firms overcome cash flow constraints and expand.

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