



Challenges and Prospects of Women Entrepreneurship in Micro and Small Enterprises the Case of Debark Town

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Abstract

This study employed a descriptive survey research design a sample of 124 women entrepreneurs engaged in 5 sectors was taken for the study using stratified sampling. Data has been collected, it was analyzed using simple statistical techniques (frequency, tables and percentages). The results of the study indicates that lack of workplace, working capital, over tax loaded and bureaucracy in the stake holders office were the most bottle necks of the women entrepreneurs to start up their business. Lack of training for women entrepreneur in the city administration is very low. The study also found that even though economic and administrative challenges are still very dangerous the discrimination of women entrepreneurs, society attitudes toward their business and cultural factors toward women entrepreneurs' were highly minimized. Based on the major findings, recommendations were forwarded to existing and potential entrepreneurs, SME office and other concerned bodies.

Keywords: Micro and small enterprises (MSE), challenges, prospect, entrepreneurs.

1. Introduction

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

The role of entrepreneurship and an entrepreneurial culture in economic and social development has often been underestimated. Over the years, however, it has become



increasingly apparent that entrepreneurship indeed contributes to economic development. Nevertheless, the significant numbers of enterprises were owned by men (ILO, 2006). In other words, it was not common to see women-owned businesses worldwide especially in developing countries like Ethiopia. The idea and practice of women entrepreneurship is a recent phenomenon. Until the 1980's little was known about women entrepreneurship both in practice and research, which made its focus entirely on men. Scientific discourse about women's entrepreneurship and women owned and run organizations is just the development of 1980s (ILO, 2006).

In Ethiopia Poverty reduction and sustainable development requires a transformation from dependence on a traditional agriculture to a rapid expansion of modern agriculture and the manufacturing sector, which creates jobs for the urban unemployed, new entrants to the labor market and migrant workers from the rural areas. To this end, the Government of Ethiopia has taken various policy measures aimed for the creation of enabling environment for boosting the private sector for the generation of employment and income (FDRE, 2008.).

According to Andualem (2009), in Ethiopia small-scale enterprises are considered the most crucial element of private sector. The issuance of Ethiopia's Industrial development strategy and the establishment of the Federal Micro and Small-scale Enterprises (MSEs) development agency are important instruments for boosting MSEs growth. Moreover, various international and national organizations, such as Women in Self Employment (WISE), Women Entrepreneurs Association (WEA), International Labor Organization (ILO) etc, designed different support programs for women through building their capacity and providing access to training and credit, but, they can't get out from poverty as it expected. Liedholm and Mead (2007) reflected attention should be given for broad employment opportunity creating economic sectors. In low-income countries, informal sectors are dominant income sources of the mass urban population. The profile of Ethiopian urban work force shows the engagement of about half of the workforce in the informal sector. To these ends the MSE absorbs large active women and is considered important policy for eradicating poverty.

The Ethiopian government considers the development of MSEs as the basic way to move out from poverty principally for women and youngsters. To make this successful, however, it needs a detail understanding of challenges that affect the startup, growth and expansion of women entrepreneurs business.

The various studies such as ILO (2006) present the slow growth of women owned MSEs and low achievement. So the entrepreneurs' totally and women entrepreneurs specially are face different challenges to survive in business and growth their business to the next steps. For these purposes large number of women in the country especially in Amhara region does not contribute a lot for economic development of the country.

Debark Town is found in Amhara region North Gondar Zone which has a large number of women but there was no high contribution for the economy of the country. In this area most of the women who registered in MSE doesn't enter to the activity for a long



period of the time. In most case their organization fadeout with in short period of the time. Some entrepreneurs' women live their business and search for government employee. Even women who continue in business stay long period of the time without showing more growth change in their business. Therefore, this study investigates the challenges and prospects of women entrepreneurs in MSE the specified town administration.

2. Literature review

The role of entrepreneurs in economic development and poverty reduction especially in developing countries nations has been asserted in the literature. Galbraith (2012) argued that the economy of developing nations can be improved through entrepreneurship development. He, however, added that economic development is multidimensional; not only dependent on the traditional economic model of factor inputs but issues such as culture, gender, type of enterprises etc. need be considered. Entrepreneurship is looked at as a decision-making process and entrepreneur's success in this wise depends on the situation at hand and the approach adopted.

Women entrepreneurship is a gender-specific definition the authors came across that specifically appealed to them due to its emphasis on female entrepreneurship. "Female entrepreneurs are defined as those who use their knowledge and resources to develop or create new business opportunities, who are actively involved in managing their businesses, and own at least 50 per cent of the business and have been in operation for longer than a year" (Brunetto, 2009).

A national survey conducted by the Ethiopian Welfare Monitoring Unit as sited in Eshetu and Zeleke (2008) shows that women entrepreneurs in Ethiopia are not provided with adequate policy related and strategic support from the national government, and that the promotion of vibrant SMEs should be one of the most important priority strategies for empowering women, addressing abject poverty and unemployment in Ethiopia. Businesses and enterprises operated by women contribute for economic dynamism, diversification, productivity, competition, innovation and economic empowerment of the poorest of the poor. Historically, there has been a well-established tradition of women being involved in small businesses and enterprises. However, it is only recently that women's entrepreneurship has gained the attention of economic planners and policymakers particularly in developing countries in Ethiopia. Although the national government has come to acknowledge that supporting enterprises operated by women promotes gender equality and economic empowerment, the majority of enterprises operated by women face difficulty in terms of access to finance, resources, business skills and institutional support from the national government Ethiopian Ministry of Trade and Industry of Ethiopia (2011); National Bank of Ethiopia (2004). The studies stressed that SMEs owned or operated by women in Ethiopia survive against tremendous odds of failure. While it is true that the predominant image of the "Ethiopian woman entrepreneur" is one of poor women trying to survive, there are other profiles. One is of the woman who has, because of higher education and better



access to economic and resources, been able to grow her micro enterprise into the small enterprise category (Hadiya, 2006; ILO, 2003).

Women Entrepreneurs in MSEs are important to almost all economies in the world, but especially to those in developing countries and, within that broad category, especially to those with major employment and income distribution challenges. On what we may call the “static” front, women entrepreneurs in MSEs contribute to output and to the creation of “decent” jobs; on the dynamic front they are a nursery for the larger firms of the future, are the next (and important) step up for expanding micro enterprises, they contribute directly and often significantly to aggregate savings and investment, and they are involved in the development of appropriate technology.

As study done by Mohammed Getahun (2016) investigates the challenges and prospects of small scale business in some selected Addis Ababa sub city by taking samples of 212 there were so many problems with the enterprises of women entrepreneurs. The study shows major problem areas facing the operators of small scale business in Ethiopian in the following order of their descending intensity: Inadequate credit assistance, problem of skilled man power, infrastructural problems, inadequate managerial skill, multiple tax and Levis, lack of access modern technology, policy inconsistency and government bureaucracy, marketing factors and politic-legal factors.

According to the studies conducted by (TsegaAdego Abebe 2013) a case study in aksum city administration by taking samples of 128 women entrepreneurs It is possible to wrap up that entrepreneurs are not satisfied with the existing business environment. Hence, the dominant challenges hindering MSEs transformation towards Medium scale are the lack of: working place, starting capital (credit ceiling) and the action of whole sellers involvement in the parallel work of retailing. Researcher also realizes that the training profile of enterprises shows that with various justifications only one in every four entrepreneurs gets the access of training. This study conduct to describe challenges and prospects of women entrepreneurs in study area and strength the findings of other scholars’ in the literature review. In addition there was little study on same title, so study add literature for other researchers perform their research on the same title.

3. Methodology

For this study a descriptive survey research design was used to assess the Challenges and Prospects of Women entrepreneurship in MSE the case of Debarak Town administration. Because this design help the researcher to describe the basic challenges that affect women entrepreneurs in micro and small enterprises and their prospects. The researcher used both qualitative and quantitative data collection approaches. Qualitative data collection approaches was used for structured interview of key informants of the organization while quantitative data collection approaches was used structured questioners distribute for the samples of women entrepreneurship in the study area. In addition observation throughout the study and reading the organization publisher was used for data gathering. The data employed includes detailed information on the women entrepreneurships in formal MSE businesses in the Town.



The population for this study consisted of 1231 women entrepreneurs who work in 5 sectors of MSEs. The main source of information was collected from 10% of women operated enterprises through question of both open ended and close-ended type and key informant interviews from the offices of MSE. According to Kothari (2005), a researcher can take a small sample if the population does have something homogenous characteristics. The population in the study area is homogeneous in their sectors. So the 10% of the target population is $123.1 \approx 124$ and five key informants (one MSE official and four process owners from sub city) were considered with total sample of 129. Once the total sample was determined then proportional sample was taken from each business category.

From the above target population the sample of 124 women entrepreneurs were selected by using stratified random sampling and five (5) key informants of the MSE office were selected by using judgment sampling which the study consists of total 129 sample population. Because the population in the study area is divided in to five strata depending on sector they organized. The population in each stratum is internally homogeneous group. The units determined were selected from each stratum using proportionally stratified sampling by using lottery method depending on their registration in Town administration small and micro enterprise office. The key informants were selected by using judgment sampling. Because the researcher expects that these peoples have relatively more information about the study area than others. In order to answer the basic questions raised, a 40 item questionnaire that has 4 parts was prepared.

4. Results and Discussion

Majority of the respondents are within the age category of 25-30 years (36.4%) followed by those under the category of under 25 years (34.7%) and the third one are under age category of 31-35 years (19%). The remaining 6.60% and 3.3% of the respondents are under the age category of 36-40 years and 41 and above respectively. When we see the educational level of the respondents, it is seen from the table 4.1 that most of them are within the grade level of 8-10 (35.5%). This is followed by those who completed college diploma (certificate) (33.1%) and under grade 8 (12.4%). The left 11.6% and 7.4% are in the grade level of grade 11-12 and degree and above respectively. This has a strong implication that those University graduates are less involved in the self-employed business, which in recent years becomes the headache and main source of unemployment in the country.

The marital statuses of the respondents' shows that the majority of them are married (57%) followed by unmarried (32.2%). The remaining 8.3% and 2.5% of the respondents are divorced and widowed respectively. According to table 4.1, majority of the respondents (31.4%) live alone followed by family size of 2-3 (28.9%). The remaining 23.1% and 16.5% of the respondents have family size of 4-5 and more than five respectively. The age of most women entrepreneurs in the study area is less than 30 years, mostly married and with family size 2-3, high school as their highest education



level. So, the result of this study is mostly supported by the research work of Roomi& Parrot (2008), The mean age of women in entrepreneurial activity as 32, mostly married and with mean number of children as 3, high school as their highest education level, had previous entrepreneurial exposure and managerial occupation, and belong to women associations.

The finding also shows that the majority of the respondents in the study area are engaged in the service sector (34.70%) followed by trade sector (24%). Others 19% and 16.5% of the respondents in the study area are engaged in manufacturing and construction sectors. The last 5.8% of the respondents are engaged in urban agriculture sector. And majority of the respondents (65.3%) establish their enterprise in the form of Partnership followed by Private (22.3%). This reflects that partnership culture in the business is good in the study area. Table 4.2 also show that, the nature of enterprises of the majority of the respondents was service render (42.1%) followed by producer (25.6%). The next 19.8% of the respondents' nature of enterprises are retailer and the left 10.7% and 1.7% of the enterprises `are other type and whole seller respectively. The business experiences of the majority of the respondents (42.1%) are one to three years followed by less than one year experiences (19.8%). The left respondents 18.2%, 13.2% and 6.6% have business experiences of four to six year, more than nine years and seven to nine years respectively. Generally Women entrepreneurs in the city are mainly engaged in service sectors.

Regarding the challenges to establish own business for the women, the result shows that they are challenged with lack of work place. Among the total respondents included in this study 96(79.5%) of women entrepreneurs were agreed with the issue there is a problem of work place to start business. The finding also shows that the bureaucracies in stake holder office were next serious challenge to start new business. Most respondents 90(74.4%) were agreeing with idea that bureaucracy in office affects the startup of the new businesses. The issue concerned with business Startup was also affected by the absence of working capitals. Women entrepreneurs agree that there were the problem with Starting capital. About 70.2% or 85out of 121 respondents were challenged with lack of working capital to start up their enterprises. To the contrary, these women entrepreneurs were disagree with the ideas they get training opportunity for their business startup. They reflect that most of the respondents were enter to business without training. 83(68.6 %) of the respondents were entering to entrepreneurs' world by common sense without taking training about their business. Even 78(64.5%) of women entrepreneurs were disagree with issue there is training opportunity for women in MSEs. The entrepreneurs continuously disagree with the training schedule is suitable to participate and it was helped them to invest more with respondents response 65(53.7%) and 72(59.5%) respectively. This finding is supported by the research work of Schorling (2006) in Ethiopia's situation MSEs are confronted by various problems, which are of structural, institutional and economic in nature. Lack of Capital, market and working premises, marketing problems, shortage of supply of raw materials and lack of qualified Human resources are the most pressing problems facing MSEs.



For the open ended question as the responses' of most respondents show that women enterprisers can contribute for the economy of the Town if the following things get solution. Today the attitude of most women to ward MSE is changed. They raise it as the best solution for unemployment and reduce the poverty in the country. To achieve it successfully most women need from government body the support of capital, work place, reduction of tax, availability of enough raw materials, continuous trainings to fill skill gap, if the tax payment system is depend on selling ability, if there is corruption free service and rewarding good performed women it is easy to contribute for the economy of the city and country as well. In addition entrepreneurs them self have to have hard working behavior, developing saving culture, producing competent product depending on market need, expanding their business, don't be sensitive for simple challenges, not only depend on government support and search working capitals and working place from family, adjust individual characters to common thinking way, don't give superiority and inferiority for work and don't hide government tax their future is bright growth in to different big enterprises

The results of interview questions

When MSEs come in to idea, it was targeted to use them as main tools in reducing poverty through the cooperative efforts of TVETS, micro finances, market industry and municipalities as the interview conducted with heads of MSEs and process owners indicate. It was designed that MSEs-to perform the recruitment and selection of entrepreneurs in MSEs; TVETs -to provide the necessary trainings to the selected entrepreneurs; micro finances to give financial supports, market industry to tie entrepreneurs to market (to adjust market availability for women) and municipalities to make work place available to them. In order to achieve these shared responsibilities, a common string committee that includes members from all (college dean, municipality mayor, Town market and industry office manager, MSEs Process owner and micro finance manager) was formed. As the interview results show, the committee has a regular meeting period; plan tasks together and follow up their achievement jointly. However, when that come in to practice, a lot of problems were faced associated with different internal and external factors from all stakeholders. Most of the women entrepreneurs in the Town administration have no their own work place to run their business. This seems a problem observed from the side of the municipalities as it is its responsibility. The financial access of the respondents is also weak. This problem is associated with micro finances in that financial arrangements are their responsibilities. The training support for the respondents is not satisfactory because most of the time it depends most of the time on technical aspects rather than specific business matters. In addition there is no sufficient availability of market for the respondents' products. The MSEs work process owners complain that there is no one window service when entrepreneurs startup their enterprises. They pass bulky steps and sacrifices large amounts of their money and time. When they rotate between the stakeholders they pay unnecessary payment.



5. Conclusion

The business characteristics of women entrepreneurs in MSEs of Debark Town administration show that they are more infant business. Because the work experience of more respondents are less than three years. Most of them are distributed on service provide sector followed by trading sector which brought the shortage of customer. This shows that the entrepreneurs run their business by common sense than supporting it with scientific principles. Respondents' response show that the challenges of women entrepreneurs more or less start at group formation level. Because when peoples form group together they are with different characteristics. These make entrepreneurs fear each other to do together. From the respondents response it is possible to infer that the most bottle necks of the women entrepreneurs to start up their business were lack of workplace , working capital, over tax loaded and bureaucracy in the stake holders office were among the seriously motioned issues. Almost all of the entrepreneurs in the city were come to business generation from different academic area level; which they don't have neither own work place nor working capital. Moreover, the process of business startup of women entrepreneurs in formal MSE passes through different sectors and different formality processes. As the results in these processes it is possible to infer that from four entrepreneurs in the sector three of them are seriously affected by the bureaucracy in the stakeholder offices. The tax collection system of the Town administration had its own effect on women businesses. Because the tax asked by the government body does not depend on the selling ability of the entrepreneurs rather than guessing by concerned bodies. The guessing method most of the time come up with under tax pay or more tax pays. These factors make entrepreneurs irritate to close their business and search for government employee. In addition it is possible to infer that the training given for women entrepreneurs in Town administration were very low; even the training given mostly focus on theoretical concepts than deep-rooted practical trainings. The schedule of the training program itself didn't center entrepreneurs. Therefore most women entrepreneurs do not get training related to their business.

Generally the attitude of the women toward the MSE is changed. They didn't use it as the last option for their life. These facts were supported by the conclusions that most women entrepreneurs accept that MSE is the best solution to solve the economic problem of women if the problem of working capital, taxing system, bureaucracy in stake holders' offices and working place is solved. But till now there is the problem of using transaction record for their business.

6. Implication of the study

To address the need of working place and control transformation to entrepreneurs' easily, stakeholders like the Town administration, MSE office, trade and industry and that of the land administration should have a joint plan and working hard together. When the work place is selected it may be good if it consider the comfortably for work including size of work place, availability of basic service (water, electric power, road, etc), the availability of customers. Particularly, women are more vulnerable to problems



which most of them had a very limited starting and operating capital resulting them less advantageous in the business competition.

7. Limitation of the study and future research

Due to situational constraints, the respondents were only limited to one zone of amhara region, Ethiopia. A wider scope would have been preferable to ensure that greater generalization could be tabulated from the scores. However, the response rate was encouraging and this could be the basis of future researches.

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