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FACTORS AFFECTING WOMEN ENTREPRENEURS
IN
ADDIS ABABA
BY
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SCHOOL OF GRADUATE STUDIES
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**FACTORS AFFECTING THE PERFORMANCE OF WOMEN
ENTERPRENEURS IN ADDIS ABABA METROPOLITAN:
(WITH SPECIAL FOCUS ON LEADERSHIP AND GOVERNANCE)**

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Mesfin Lemma (PhD). All sources of materials used for the thesis has been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examination with my approval as a university advisor.

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ACRONYMS

AAWEA	Addis Ababa Women Entrepreneurs Association
AfDB	African Development Bank
AWEP	Alliance of Women Entrepreneurship Program
AWIB	African Women in Business Initiative
BDS	Business Development Service
CSA	Central Statistical Agency
CWBR	Center for Women Business Research
EWEA	Ethiopian Women Exporters Associations
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
ILO	International Labor Organization
LLC	Limited Liability Company
MoFED	Ministry of Finance and Economic Development
OCED	Organization for Economic Cooperation and Development
SMEs	Small and Micro Enterprises
SSA	Sub Saharan Affairs
UNDP	United Nations Development Program
USA	United States of America
UNCTD	United Nations Trade and Development
WB	World Bank
WTO	World Trade Organization
WED	Women Entrepreneurship Development

ABSTRACT

This study was designed to shade light on factors that affect the performance of women entrepreneurs in Addis Ababa metropolitan. It also addressed the features of women entrepreneurs in as well as their respective business and challenges encountered. Further the study also assessed the leadership and governance competence of women entrepreneurs and the required intervention measures by all concerned stakeholders. A sample of 79 women entrepreneurs engaged in five sectors was taken for the study using stratified and simple random sampling. In an attempt to providing answering to the basic research questions, a questionnaire that include demographic profiles, characteristics of women entrepreneurs and their business, factors that affect the performance of women entrepreneurs and supports they seek from stakeholders was designed in a closed ended and Likert Scales. After the data has been collected, it was analyzed using simple statistical techniques (tables and percentages) and descriptive statistics (mean and standard deviations). The results of the study indicates the personal characteristics of women entrepreneurs in Addis Ababa and factors that affect their performance .It also shows that lack of own premises (land), financial access, inadequate access to training, lack of proficiency in business planning and leadership, access to technology and access to raw materials were the key factors that affect the performance of women entrepreneurs in. The study also found that conflicting gender roles, social acceptability and, network with outsiders were the major social factors that affect these entrepreneurs .Furthermore, the main legal/ administrative factors include access to policy makers, interest rate, bureaucracies and red tapes, and over all legal and regulatory environments. The study also found that issues like human resources management, raw material supply, and access to utilities, financing as well as restricting business regulations pose challenges to women entrepreneurs implying that business establishment and operational challenges need to be given due accordance by the concerned. This recommendation addresses Addis Ababa Women Entrepreneurs, Financial Institutions, Educational Institutions and Sectoral Associations and responsible Government Organizations to work in cooperation for the strong and feasible development of Women Entrepreneurs in Addis Ababa.

Key Words: *Competence, Entrepreneurs, Governance, Leadership, Performance*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Various literature sources attest (Aldrich 2005; OECD 1998) that, globally, women have started businesses in significantly greater numbers over the past two decades, though; gender inequality in entrepreneurship continues to be prominent when compared to the traditional labor market. For example, in 2005, (UNDP, 2012) women comprised fifty-six (56%) percent of professional and technical workers and 42 percent of legislators, senior officials, and managers.

By contrast, Center for Women's Business Research (2004) in the same period, women were majority owners of only 30 percent of all privately held US firms. Even Kim, Aldrich, and Keister (2006) when taking into account income, wealth, industry and standard demographic and human capital factors, men are still about twice as likely as women to pursue business creation as a labor-market strategy.

Further, according to State of Women-Owned Businesses Report (2014), commissioned by American Express OPEN, women in the United States of America are starting 1,288 (net) new businesses per day, which is double the rate from only three years ago.

As daily business creation in USA hits a record pace, the number of women-owned firms reached a new milestone in 2014. The fourth annual State of Women-Owned Businesses Report estimates that there are more than 9.1 million women-owned businesses in the United States (compared to 8.6 million in 2013). These businesses generated more than \$1.4 trillion in revenues, employ 7.9 million people and account for 30% of all enterprises.

As stated in a renowned news portal (allafrica.com, 2014), regardless of the challenges confronting female entrepreneurs in Africa, they have succeeded in breaking new grounds on entrepreneurship in the Continent. The same report brought in to light those women entrepreneurs in Africa are confronted with many challenges. For instance, the most noticeable is the cultural value or tradition of the African society. Therefore, not fully utilizing women entrepreneurs' ability is assumed to be as huge gap that must be addressed so that women can take their deserving leadership role in the African society.

Women owned enterprises are steadily growing (Atsede, 2014) in Ethiopia, and they are contributing to household incomes and to the growth of national economies. Despite the growing number of women entrepreneurs (WEs) in Ethiopia and their contribution to the economy and reduction of societal problems, they still own and manage fewer small businesses than men. The existing few studies focus on the position and profiles of women as micro and informal entrepreneurs due to the interest of donors in targeting at this group of women entrepreneurs.

As stated above, the problem here is that how far, as a nation, are concerned about the leadership & management competency of Ethiopian women entrepreneurs as a key to having sustainable growth and development of private sector. Besides, what kind of gap (individual and Institutional) exists and what types of effort need to be done is the subject matter of this thesis.

1.2 Statement of the Problem

Major obstacles, according to (World Bank, 2014) report that hinders the role female entrepreneurs can play in Ethiopia's economy include limited access to vital resources such as finance, land, training, education, and effective business networks. As such, the contribution of women entrepreneurs to the economic development is not adequately utilized here in Ethiopia.

The notion is asserted by (Kepha, 2013) that Small and Medium Enterprises (SMEs) are generally regarded as the driving force of economic growth, job creation, and poverty reduction in developing countries. While the contributions of SMEs (Kepha, 2013) to development are acknowledged, women entrepreneurs may face constraints that limit their long-term survival and development.

In recent years (Minniti, 2010) the general attention to women and entrepreneurship in developing countries has increased largely and the focus on this 'untapped source' of growth seems to be indispensable nowadays for development practitioners and policy makers.

The assertion made by (Mulu, 2014) confirms to the conclusion by (Zewde & Associate, 2000) under the theme "Jobs, Gender and Small Enterprises in Africa Preliminary Report on Women Entrepreneurs in Ethiopia," with the view to boosting employment through small enterprise development among others affirmed that women entrepreneurs lack strong organizations and face minimum coordination among Business Development Service (BDS) providers.

The same research (Zewde & Associates, 2000) put forward critical areas for further investigation mainly: What lessons can we draw from the experiences of women who have grown their own businesses?

The study focus analyzing business management theory, leadership skills, and their applications in the day-to-day business operation of companies owned and run by women entrepreneurs here in Addis Ababa. This again goes with the works of (Mulu, 2014) that development services provided to women's entrepreneurial start-ups need to go together with human capital, social capital and family life.

Furthermore, the thesis will apply the dimensions of leadership competency features like Self-Management, Leading Others, Task Management, Innovation and Social Responsibility with the view to assess to what extent they are applied in respective company management. Women are not only raisers of tomorrow's citizens, but also engaged in an endeavor to establishing as well as running their own business. As a result, we are now able to witnessing Ethiopian women owned companies operating in different sectors of the economy. The purpose of this study, therefore, is to consolidate and draw lessons from earlier literatures on factors affecting women entrepreneurs in Ethiopia as well as based on primary data research draw some conclusion as to what needs to be done. This thesis will try to give answer to the following research questions.

1.3 Research Questions

1. What is driving force many women to start businesses?
2. What are the challenges facing Ethiopian women entrepreneurs?
3. How do women entrepreneurs respond to the constraints facing them?

1.4 Objectives of the Study

1.4.1 General Objectives

The main objective of conducting the thesis is give better insight and understanding of the underpinning issues affecting the performance of women entrepreneurs in Addis Ababa.

1.4.2 Specific Objectives

As such this study aimed at examining the constraints to performance of the women entrepreneurs whose business is operating (exporting and or local) in Addis Ababa, with the following specific objectives:-

1. To identify know the driving force behind women entrepreneurs in Addis Ababa to start their own business.
2. To establish the constraints faced by women entrepreneurs in Addis Ababa.
3. To analyze the influence of the constraints on the performance of women entrepreneurs operating in Addis Ababa.
4. To examine how women entrepreneurs cope with the constraints.

1.5 Significance of the Study

The thesis among others provides fresh look in to the status of women entrepreneurs. While so doing the study is expected to come up with list of the intervention areas needed by concerned stakeholders to further enhancing the role of women entrepreneurs in the private sector. The thesis also give an input to policy makers, academic institutions and others as to what need to be done to augment the efforts of Ethiopia women entrepreneurs. Academic institutions by way of this research and other similar undertakings may device curricula that address gaps in women entrepreneurs and assist their respective companies to having strong institutional setup in place.

1.6 Scope of the Study

The study is conducted on women entrepreneurs whose business is operating in Addis Ababa. The study is conducted in the last six month starting from June 2014. The study focuses on identifying and addressing economic, social, administrative and legal factors affecting women entrepreneurs here in Addis Ababa.

The focus of the study is women entrepreneurs having a variety of activities spread across major sectors of the economy. The scope of the study is to know supports sought by women entrepreneurs in Addis Ababa.

1.7 Limitation of Study

Like many graduate study, the research has some shortcomings. This includes lack of no well-documented secondary data on entrepreneurs and women business owners, time allotted for the study is short viewed in terms of its significance the quality of data that is collected. Last but not the very least, budget needed for collecting the data in the form of questionnaire and personal interview is very limited.

1.8 Definitions of Terms

For the purpose of this thesis, the following terms are defined and need to be read in this context.

Competencies: - Most managers, and those responsible for management development and learning, accept that competencies comprise a mixture of the following three elements: **the skills and abilities, knowledge, experience and understanding** and **the personal qualities, values or attitudes** we espouse. (Andrew Wilson, Gilbert Lensson, Patricia 2006)

Entrepreneur:- An individual who, rather than working as an employee, runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes (investopedia.com).

Leadership: - Is a process of social influence in which one person can enlist the aid and support of others in the accomplishment of a common task. Leadership involves establishing a clear vision, sharing that vision with others so that they will follow willingly, providing the information, knowledge and methods to realize that vision, and coordinating and balancing the conflicting interests of all members and stakeholders. (Chemers M. 1997)

Micro Enterprises: - a microenterprise is considered a small business employing 10 people (Wikipedia, 2010)

Setting Goals and Standards:- Ability to manage activities and projects toward measurable goals and standards, setting these jointly with others so as to develop their understanding and commitment and includes the following skills: distinguishing among wishes, activities, and quotas; reducing barriers to the goal-setting process; evaluating goals against the major criteria of effective goal setting; using goals to motivate. (MAP, 2013)

Planning and Scheduling Work: - Ability to manage projects (one-time programs) and processes (ongoing work flow) by applying the major tools and techniques of management and includes the following skills: analyzing complex tasks and breaking them into manageable units; selecting and managing resources appropriate to the tasks; using systems and techniques to plan and schedule the work; setting checkpoints and controls for monitoring progress. (Eric L. Herzog, 2002)

Giving Clear Information:- Ability to assess a situation, determine the objectives, and give clear, concise, well-organized, convincing messages that will best meet the objective and includes the following skills: overcoming physical, psychological, and semantic barriers in our interactions with others; keeping on target and avoiding digressions; using persuasion effectively; maintaining climate of mutual benefit and trust. (Jean Miller, MAP 2013)

Training, Coaching, and Delegating: - Ability to develop people. Includes the following skills: selecting the right people; reaching agreement on plans for action; keeping a balance between input and output; transferring responsibility to the employee; giving feedback effectively; providing appropriate rewards. (Benjamin, James 1993)

Appraising People and Performance: - Ability to carry out a constructive performance-appraisal involving joint evaluation of past performance, agreement on future expectations, and development of a plan to see that these expectations are met and also, the ability to give effective feedback on an ongoing basis. (Anne von Elverfeldt, 2005)

Making Decisions, Weighing Risk:- Ability to construct a decision matrix that helps to examine options; identify limits, desirables, and risks to be considered; assign weights to each alternative; and select the best option for meeting the desired goals and standards. (Jean Miller, MAP 2013)

1.9 Organization of the Study

The research paper is organized with the view to provide readers with cohesive information on the research undertakings. Accordingly, the research paper is constituted from five main chapters.

In the first chapter the thesis focuses on providing readers with background information on the study conducted. In this part, preliminary introduction, statement of the problem, basic research questions, objectives of conducting the study, scope and significance of the study as well as

research design and methodology with definition of terms will be addressed. Besides, organization of the research report, time schedule needed to conduct the study and accompanying budget will also be presented.

In chapter two, provides the necessary literature on the research topic. By so doing research conducted on women entrepreneurs, factors affecting their performance, social and demographic constraints faced by women entrepreneurs will be covered. In line with this, research made on women entrepreneurs in America, Asia, Africa and Ethiopia are thoroughly consulted and extracts from the same are part of the research document.

In chapter three, research design, methodology such as study area, constraints faced by women entrepreneurs. Besides, population of the study, sample and sampling techniques, data collection methods, instrumentation and data analysis scheme is painstakingly addressed.

In chapter four, the paper presents analytical review of the study using statistical tools like charts and graphs is presented. In connection with this, data and information like demographic, educational background, sectors with in which women entrepreneurs involved, summarized and analyzed factors affecting their performance is provided for readers understand the findings of the research task.

Last but not the least, in chapter five; the paper presents readers based on chapter four findings, conclusions and recommendations reached at. In this chapter, recommendations and possible intervention measures by the concerned stakeholders is enumerated.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1 Definitions of Entrepreneurship

The classical and neo-classical theorists are trying to define entrepreneurship however; there is no single definition of Entrepreneurship that serves as a tailored vocabulary. The definition given by theorists so far all depends on the focus of the one defining it and from which perspective one looks at it.

(Bulla, 2012) looked at entrepreneurship from the management perspective, while others look at it from the social perspective. Entrepreneurship is therefore a multidimensional concept. For instance, (Catarina, 2012) was the first economist to acknowledge the entrepreneur as a key economic factor. Catarina saw the entrepreneur as responsible for all exchange and circulation in the economy.

(Say, 2001) regarded the entrepreneur as a manager of a firm; an input in the production process. Rather than emphasizing the risk-bearing role of the entrepreneur. (Hebert & Link, 1988) also stressed that the entrepreneur's principal quality is to have good judgment. (Schumpeter, Sahlman & Stevenson, 1991) defined entrepreneurship from the economics perspective by focusing on the perception of new economic opportunities and the subsequent introduction of new ideas in the market.

From the above brief introduction, it is safe to say that there are various perspectives and basis of defining entrepreneurship. Hence, entrepreneurship is the process of discovering new ways of combining resources to generate profit. In the subsequent pages, the study will show these perspectives in detail.

2.2. Theories of Entrepreneurship and Perspectives

Various books and literatures written on entrepreneurship asserted that Entrepreneurship is one of the resources needed for production and transformation process and thereby serving as sources of new and innovative ideas.

The study of entrepreneurs as individuals analyzes the variables that explain their appearance, such as personal characteristics, the psychological profile like the need for achievement, the capacity to control, tolerance of ambiguity and a tendency to take risks or non-psychological variable such as education, experience, networks, the family, etc. Hereunder are some of the excerpts of various literatures on entrepreneurship.

The entrepreneurial factor (Álvaro, 2008) is understood to be a new factor in production that is different to the classic ideas of earth, work and capital, which must be explained via remuneration through in-come for the entrepreneur along with the shortage of people with entrepreneurial capabilities. (Alvarez & Busenitz, 2001) the theory of the entrepreneurship focuses on the heterogeneity of beliefs about the value of resources.

(Shane and Venkataraman, 2000) the entrepreneurial function implies the discovery, assessment and exploitation of opportunities, in other words, new products, services or production processes; new strategies and organizational forms and new markets for products and inputs that did not previously exist.

(Reynolds, 2005) Entrepreneurship – the entrepreneurial function - can be conceptualized as the discovery of opportunities and the subsequent creation of new economic activity, often via the creation of a new organization.

(Miller,1983) entrepreneurial behavior is seen as actions that manage to combine innovation, risk-taking and pro-activeness. (Schumpeter's, 1934, 1942) combines the classic theories of innovative entrepreneur, the risk-taking entrepreneur that occupies a position of uncertainty as proposed by (Knight, 1921), and the entrepreneur with initiative and imagination who creates new opportunities.

All this explains why entrepreneurship is described in different ways. (Stevenson and Jarillo, 1990) entrepreneurship is a process by which individuals either on their own or within organizations pursue opportunities.

(Lee and Peterson, 2000) have recently been claimed that if the managers and businesspersons of many of our firms were to adopt entrepreneurial behavior when developing their strategies, firms would be facing a much brighter future than current perceptions suggest.

Therefore, there are three basic ideas that explain the manifestation of entrepreneurial activity. The first focuses on the individual, in other words, entrepreneurial action is conceived as a human attribute, such as the willingness to face uncertainty (Kihlstrom and Laffont, 1979) accepting risks, the need for achievement (McClelland, 1961) which differentiate entrepreneurs from the rest of society.

The second fundamental idea emphasizes economic, environmental factors that motivate and enable entrepreneurial activity, such as the dimension of markets, the dynamic of technological changes (Tushman and Anderson, 1986), the structure of the market normative and demographic (Acs and Audretsch, 1990) or merely the industrial dynamic.

The third factor is linked to the functioning of institutions, culture and societal values. These approaches are not exclusive (Eckhardt and Shane, 2003), given that entrepreneurial activity is also a human activity and does not spontaneously occur solely due to the economic environment or technological, normative or demographic changes. As different scholars above expressed their perspective the researcher perceive that, all in one, entrepreneurs are a very important factors (like Land, Capital and Labor) of production of a given country and are prime movers.

2.2.1 Mises: Entrepreneurial As Mental Act

(Mises, 1881) entrepreneurship is the comparison of the forecasted future state of the world which the actor expects to occur in the absence of his specific action with the newly made and previously unnoticed or unforeseen forecasted future state of the world which the actor expects to result from his specific action, and the taking of the specific action by the entrepreneur to achieve his preferred future state of the world.

According to Mises, human action is characterized by the possibility of mistakes, which results in market maladjustments. These, in turn, provide profit opportunities for those who decide to take the necessary risk and seek to rectify these maladjustments. In addition, human decision making is composed of two elements namely maximizing and entrepreneurial. The maximizing element is directed at the optimal use of resources.

The entrepreneurial element identifies potential ends and available means for the attainment of the chosen ends (Kirzner 1986). The latter has a speculative character and defines a special participant in the market, called entrepreneur.

This agent deals with the uncertainty present in the market. He provides direction to other market participants by directing production and factors of production towards definite goals (Mises 1949). He selects those ends based on market data, which he interprets. His success is determined by his capacity to serve the consumers, anticipating their needs. In order to be capable of doing his task, the entrepreneur needs certain qualities, such as judgment, foresight and energy. These qualities cannot be given by education or training (Mises 1949). A person proves himself to be an entrepreneur only by seizing an opportunity and succeeding in his task.

He must also compete with fellow entrepreneurs, and only the most able will succeed in their enterprise. The surplus resulting from the enterprise is divided among several parties. However, the greatest part of this surplus were not be assigned to the entrepreneur but to other non-entrepreneurial parties (Mises, 1949). For his success, the entrepreneur is rewarded with profit defined as the value of the result attained less the value of the sacrifices made. Profit is obtained only once, after the completion of his task (Mises, 1949). His success is reflected in the economy as a whole. The greater the dimension of entrepreneurial success, the more general welfare improves (Mises, 1949). The entrepreneur is thus a key element of economic advancement and through it of human evolution. Thus, in light of the above Mises suggestion, the author perceived entrepreneurs as ahead thinkers by visualizing opportunities differently as way forward for improvements and which their ultimate goal is.

2.2.2 Kirzner: The Universal Entrepreneur

Kirzner's research was greatly influenced by the work of Mises, of whom he was a disciple. As he clearly explains in his book *Discovery and the Capitalist Process* (1985), he tries to create a view that lies between the neo-classical ideas of T.W. Schultz and the more advanced ones of Shackle.

Schultz viewed the entrepreneur as the agent with the function of "relocating resources under conditions of disequilibrium" in a world ruled by equilibrium (Kirzner, 1985). Shackle, departs from all other researchers and defines entrepreneurial activity as an action of choice, which "is an originitive and imaginative art" (Kirzner, 1985). Therefore, there is a limit to rationality and, choice and reason have different natures and functions. Reason doesn't perform the selection. It serves the chosen purposes.

(Kirzner,1985) proposes to accept the concept of equilibrium, augmented with the idea of human alertness to opportunities for pure profit. The combined result is entrepreneurial discovery. Decision is the sum of calculation and an entrepreneurial element, which is creative. Calculation relates to a constrained maximization problem and has an allocative function (Kirzner, 1985). The entrepreneurial element results from the individual knowing that he is partially ignorant. This entrepreneurial element is a scarce resource that needs special treatment. It cannot be stored and it is costless (Kirzner, 1985).

(Kirzner, 1985) extends the idea to each human action, as a way for individuals to deal with uncertainty. The entrepreneur, its leadership, alertness, initiative and drive thus drive the market process. Its scope is defined by the possibility of discovering error.

This entrepreneurial process has two meanings. In the short-run, it is competition. In the end, it is discovery, invention and innovation. This has great significance for the development of a nation's economy, which Kirzner defines as "the interaction of innumerable individual acts of mutual discovery" (Kirzner, 1985). In a closed world, economic growth depends on postponing resources that is on savings. In an open world, uncertainty plays a role and the mistakes of some players leave room for further discovery (Kirzner, 1985). In this way, entrepreneurs not only use dispersed knowledge, but they actually produce knowledge by transforming it from being at the individual level into a new form of quasi-knowledge that exists at market level (Koppl, 2003).

The investigator understands that one can learn from Kirzner's theoretical view that entrepreneurs holistic traits line innovation, invention, risk taking, initiation which symbolize as major actors in the society to move the economy extra mile in systematic way. Therefore, the market economy of one country is depending on their resourceful activities.

2.2.3 Schumpeter: The Innovative Entrepreneur

(Schumpeter, 1989) in his book: the discovery and opportunity theory of entrepreneurship (equilibrium destruction theory) Schumpeter looks at entrepreneurship as innovation and not imitation. Schumpeter's innovator as an economic and social leader does not care much about economic profits and only joy he gets from being an innovator and being a server to his society. Schumpeter's entrepreneur is an innovator in the entrepreneurship arena. In the Schumpeterian theory, the entrepreneur moves the economy out of the static equilibrium.

(Schumpeter, 1955) in order to achieve this, he defines development as “changes in economic life [that] are not forced upon it from without but arise by its own initiative” However; factors such as population growth or the accumulation of wealth are not considered because they are not new phenomena.

Development in this sense is a spontaneous disturbance of an equilibrium state, and leads to a new equilibrium point. Each process of development creates the conditions for the following, and relates to the industrial and commercial sphere rather than the sphere of households as consumers of final products. The producer initiates the change and educates consumers if necessary.

Entrepreneurship has several characteristics (Schumpeter, 1955). First, it is not a profession or a lasting condition and its function cannot be inherited. Second, entrepreneurs do not form a social class, although, they can attain an elevated class position thanks to the success of their enterprise. Third, actual entrepreneurs are less numerous than those who have the possibility of being one. They are thus a special Type and their behavior a special object of research.

Leadership is the defining quality of entrepreneurship as a distinct function, because it allows them to step outside the boundary of routine and create a new combination. They must plan, but their plans are prone to more and different errors than those occurring in customary actions. Therefore, their successes are based on intuition and on a capacity to see things that afterwards prove to be true, a capacity that allows them to grasp the essential and discard the inessential. Their psyche is therefore different in that they must not only have the vision of a new combination but also the will to carry it out. They must have the capacity to challenge an environment that is hostile to innovation, particularly those who are threatened by it, as well as to win over consumers. This allows us to understand why when entrepreneurs move up the social ladder, they are usually not welcomed there (Schumpeter, 1955). Thus, they are usually more self-centered than other types as they rely less on tradition.

Experience also teaches that entrepreneurs usually retire “when and because their strength is spent and they feel no longer equal to their task” (Schumpeter, 1955).

Regarding the development of the entrepreneurial function, Schumpeter explained that in earlier pre-corporate times the entrepreneur was also the capitalist, his own buying and selling agent, the

head of his office, his own personnel manager and the technical expert. Schumpeter noted how J.S. Mill had failed to distinguish between the capitalist and the entrepreneur because in his times the manufacturer was usually both, but how J.B. Say had correctly defined the entrepreneur.

The researcher believes that Schumpeter sees entrepreneurs as unique individuals with their intuition on leadership as extraordinary, their decision is peculiar, their characteristic on how they scan the environment is sharp, their tolerance to challenge is exception and as whole, they are devoted to fulfill their vision despite any obstacle they might face.

2.2.4. High: The Entrepreneur as Originator of Institutions

(High, 2009) applies both ideas: he extends the concept of entrepreneurship beyond market boundaries and defines an entrepreneur as the originator of an institution such as the division of labor, monetary accounting and private property. His entrepreneur combines the properties of Mises', Schumpeter and Kirzner's definitions. From Mises, he considers the entrepreneur as a bearer of uncertainty inherent in every action. From Schumpeter he adds the introduction of a new combination and from Kirzner the alertness to opportunities for gain.

(Andrea, 2010) the entrepreneur is therefore defined as someone who bears the uncertainty of action and who by means of his alertness to opportunities introduces a new institution. High considers three steps in the formation of an institution, meaning the establishment of a common practice, as an entrepreneurial process. First, the introduction of a new practice by the entrepreneur. Second, other members of the group learn and judge the new practice. Third, early adopters implement the new practice through imitation and persuasion, establishing a new institution. He gives the example of a hunter who introduces a new weapon and becomes a better producer of meat. Other hunters observe him and evaluate the new weapon. Once satisfied of its advantage the practice is extended to the whole community and a new institution is established.

(High,2009) proceeds to explain how the division of labour, monetary accounting and private property appeared thanks to the existence of some entrepreneurs who saw each of them as an opportunity to increase efficiency. This extension, together with Holcombe's view of the entrepreneur, bears great importance in the development of a comprehensive economic theory as it allows for the explanation of different institutions that have appeared through time and history. According to High, the author observed that entrepreneurs are inventors of new institutions and economic endeavors.

2.2.5 Biological Theory of Entrepreneurship

According to (Eagly:1995) several of the academic theories of gender differences offer explanations based on deeply seated cultural or even biological differences between men and women. Other especially role-based theories emphasize that gender differences in behavior should be expected to change along with other social changes. Moreover, even theories of more stable gender (Udry, 2001) differences generally also admit the co-existence of more malleable gender differences.

A more promising recent line of research has suggested that entrepreneurs differ in cognitive style from others and that they may be more likely to make particular cognitive errors (Baron, 1998; Kahneman and Lovallo, 1994; Palich and Bagby, 1995), especially errors of overconfidence. Psychologists have documented moderate and consistent levels of differences between men and women in risk-taking behaviors.

2.3. Entrepreneurship in Africa

Forbes: (2014) has never been a more inspired generation of young Africans Entrepreneurs. Entrepreneurs are builders, innovators and risk takers are fervent in their resolve to transform the continent. They are solving critical socio-economic problems, exporting African culture to the world, creating job opportunities for Africans, retelling Africa's stories, and writing the future.

Africa's brightest young entrepreneurs (Mfonobong Nsehe,2014) are the ones who are making the most dramatic impact in Africa today in manufacturing, technology, real estate, media & entertainment, financial services, agriculture, fashion and the service industry.

According to The Global Entrepreneurship Monitor GEM (2012) report, Entrepreneurship has never been more relevant than in sub-Saharan Africa (SSA), where huge change is taking place and where the growth in the Gross Domestic Product (GDP) per capita is one of the highest in the world, albeit from a very low base.

High poverty and unacceptable levels of unemployment are prevalent in most African countries and some of these problems may be addressed through entrepreneurial activity. While entrepreneurship may not be a panacea, it can most certainly form part of the solution.

Academics and policy makers agree GEM (2012) those entrepreneurs, both young and old and the new businesses they establish play a critical role in the development and well-being of their societies. As such, there is increased appreciation and accounting for the role played by new and small business in economy.

2.4. Women Entrepreneurship in Ethiopia

In her recent graduate thesis (Astede, 2014) confirmed that there is a scarcity in academic literature that focuses on identifying this gap. This affirms to Lerner's view (Lerner, 1997) that like most of other developing countries, professional inquiries conducted regarding women entrepreneurs are minimal here in Ethiopia. On the contrary, research on women entrepreneurs is extensive in developed countries.

According to Ethiopian (CSA, 2004) almost 50% of all new jobs created in Ethiopia are attributable to small businesses and enterprises, and roughly 49% of new businesses that were operational between 1991 and 2003 were owned by women.

(Aregash ,2005), 98% of business firms in Ethiopia are micro and small enterprises, out of which small enterprises represent 65% of all businesses. More than half of all women entrepreneurs in Ethiopia often face gender related challenges related to establishing new businesses as well as operating or expanding existing businesses (Amha & Admassie, 2004). Women are disadvantaged due to culture, religion and tradition. For instance, many women face difficulty in raising credit finance from banks as well as borrowing via informal networking.

Even though some attempts are done to uncover factors affecting the performance of women entrepreneurs in Ethiopia, scope of the studies made are very narrow to draw some conclusion on a national scale.

This notion is attested in many African countries. (Hannah, 2012) confirmed that over the past several years' people have become increasingly aware of the need to focus on entrepreneurship development as a more specific objective in the support of women in developing countries.

(Eigen,1992) further the effectiveness of women entrepreneurship development programs however has been hampered by fact that people are still putting too much emphasis on gender and not enough emphasis on entrepreneurship as such . Policy and intervention measures like gender mainstreaming, nevertheless, commendable endeavor, it will take a more relentless effort

to economically empower women here in Ethiopia. This is because, women are not only nurture of generations they are also breadwinners of most of the households.

It is attested also (Jobs Gender and Small Enterprises in Africa, 2003) that despite the financial, cultural and other disadvantages faced by women entrepreneurs in Ethiopia, they were able to generate an average of 4.8 per enterprise per each small and microenterprise

Various international studies conducted to uncover factors affecting women entrepreneurs. Internationally conducted studies identified various factors that have significant effect on performance of women owned businesses.

According to (Lerner M., Brush: 1997), factors such as social learning, human capital, network affiliation, motivations and goals, demographics and environmental factors are expected to have an effect on the performance of the female owned businesses.

Although many admit to accessing microfinance without any problems, just as larger enterprises are able to attract loans from commercial banks (Zewde & Associates,2002), when it comes to finding appropriate funds to finance business growth, there would appear to be a “missing middle” to finance the progression from informal to formal, and from micro-level to small and medium-scale enterprises.

Furthermore, there is also evidence that different structure of work, family and social life affect women entrepreneurs differently when they start up a business (Truman and Allen, 1993). In Ethiopia, women’s entrepreneurs are also expected to effectively carry out housing chores. Despite the challenges mentioned above women are increasingly yet steadily joining the entrepreneurship arena.

Globally, women have started businesses in significantly greater numbers over the past two decades, though; gender inequality in entrepreneurship continues to be pronounced when compared to the traditional labor market (Aldrich 2005; OECD 1998). For example, in 2005, women comprised 56 percent of professional and technical workers and 42 percent of legislators, senior officials, and managers (UNDP 2008).

By contrast, in the same period, women were majority owners of only 30 percent of all privately held US firms (Center for Women's Business Research 2004). Even when taking into account

income, wealth, industry and standard demographic and human capital factors, men are still about twice as likely as women to pursue business creation as a labor-market strategy (Kim, Aldrich, and Keister 2006).

Further, according to (State of Women-Owned Businesses Report: 2014), commissioned by American Express OPEN, women in the United States of America are starting 1,288 (net) new businesses per day, which is double the rate from only three years ago.

According to New York Times (2012) women, entrepreneurs drive growth in Africa. Marcelo Giugale World Bank (2012) director for poverty reduction and economic management for Africa, In Africa, you see women working a lot, they are very active in the labor market nearly two-thirds of women are participating in Africa's labor force.

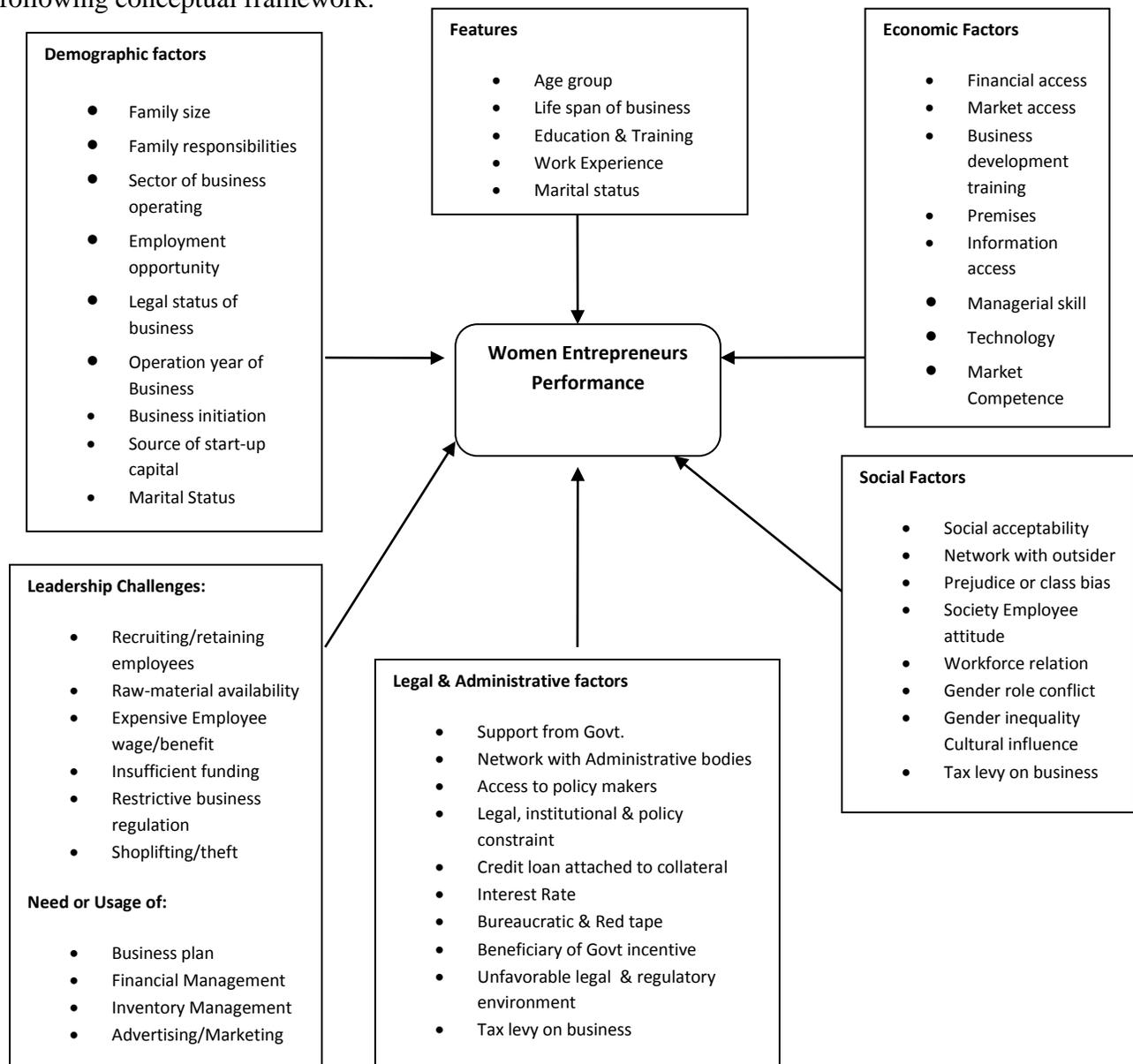
In Ethiopia, according to the survey conducted by ILO (2003), 44 per cent of women entrepreneurs are engaged in services, 30 per cent in trade, 15 per cent in production, and the remaining 11 per cent in both trade and handicrafts. It was also observed that they have created employment opportunities for themselves and others.

Zewde & Associates (2002) among the motivating factors for Ethiopian women entrepreneurs are desire to be self-employed and to become independent, income generation and to support the family, an interest in the line of work and to exploit an opportunity, training and entrepreneurial qualification in the business area, encouragement from family and friends to go into a business and relatively favorable policy environment.

Further more, a recent study by the (UNDP, 2014) Regional Bureau of Africa found that the gender gap costs Africa 60 billion USD in potential output each year. That figure equals about half of the global ODA last year. According to Director of Federal Micro and Small Enterprises Development Agency Mr Gebremeskel Challa, 30% of small and medium sized enterprises are either managed or owned by women, (FeMSEDA, 2014); he also stressed that, this force needs to be assisted and its capacity needs to be developed.

2.5 Conceptual Framework

The conceptual framework relationships among the factors studied schematically presented in the following conceptual framework.



Source: Journal of Management and Strategy (www.sciedu.ca/jms and researcher reckoning)

Based on United Nations Economic and Social Commission for Asia and the Pacific's (UNESCAP,) discussion paper, women in business generally fall into small, micro and medium enterprises (SMMEs), either as managers or as owners from an employer's angle. Performance is the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it.

However, performance seems to be conceptualised, operationalised and measured in different ways (Srinivasan, 1994). The above diagram shows women entrepreneurs performance is a function of social, economic, legal and administrative factors, ability, leadership, motivation and opportunity seeking. The picture also depicts the interaction among like economic, culture, demographic, legal and administrative factors affecting women entrepreneurs in Addis Ababa. It also shows the challenges and strategic support that need to be provided to them by all concerned stakeholders.

CHAPTER THREE

RESEARCH DESIGN AND METHODS

3.1 Research Design

In an attempt to draw some conclusion, a descriptive research design is employed in the study to assess and know the key factors that affect the performance of women entrepreneurs in Addis Ababa.

The rationale for choosing this method is to attempt to explain while providing additional information about the research topic. This is where research is trying to describe what is happening in more detail, filling in the missing parts and expanding understanding on the theme. Thus, the research design is effectively enumerate and explain the prevailing factors that affect the performance of women entrepreneurs here in Addis Ababa.

The study is aimed at examining constraints faced by entrepreneurs and how the entrepreneurs have responded. Thus, to achieve this goal, the qualitative data, which is used to gather information on the relations between various variables of the study and further present some data in form of statistics and aggregated ones, is collected through questionnaire. The research design will also utilize both quantitative and qualitative techniques.

3.2 Study Population

A descriptive survey research design is employed in the study to assess the key factors that affect the performance of women entrepreneurs in Addis Ababa. The reason for using this design is that it enables to describe the different factors that affect the performance of women entrepreneurs in as they are. As there is no census data on women entrepreneurs in Addis Ababa, the study targets population consisting of 100 Women Entrepreneurs whose business is operating in different sectors (Trade, Manufacturing, Import Export, Services, and Handicraft) here in Addis Ababa.

3.3. Sample Size and Sampling Technique

Gerrish & Lacey (2010) sample is a subset of a target population, normally defined by the sampling process. So as to get a reasonable sample size, a 95% level of confidence and a 5%

confidence interval was used to select a sample of 79 women entrepreneurs in Addis Ababa were taken.

Depending on the time and budget constraint and for necessary degree of precision the target population size is 100 women entrepreneurs are randomly selected from Addis Ababa Women Entrepreneurs Association (AAWEA), Alliance of Women Entrepreneurship Program (AWEP), Ethiopian Women Exporter' Association (EWEA) and others selected from different market areas and service centers of sub cities of Addis.

The estimated proportion expects to achieve accuracy or level of accuracy is 50%. The confidence level how much sure can be is 95%. The confidence interval or error value required is 5%. For selecting these samples of entrepreneurs, are classified in five key sectors as a stratum to give equal chance to each of the sectors. The aforementioned technique is opted as it enables the study to generalize findings and make inferences from the sample, thus enabling to draw sound conclusions.

3.4 Data Collection and Instrumentation

Data is obtained from primary sources, which included direct interaction and interview schedules with various respondents; and secondary sources mainly from books, research dissertations, publications of Ethiopian Central Statistical Authority (ECSA), journals, other documents on entrepreneurship and related literature. In this research process, questionnaire is the main method used to collect primary data, hence, open-ended and structured questionnaires is administered to ensure that information received from the respondents is relevant to the research.

3.5 Data Analysis Methods

Data from the respondents is analyzed and translated into useful information using percentages and excel based templates were used. Frequency distributions and tables are used to draw conclusions. After the data is collected, coded and fed to excel sheet to simplify further tasks. Furthermore, both descriptive statistical techniques and descriptive narrations were used to elaborate data gathered. Likert scale is used to gauge how respondents view the severity of factors affecting their performance. The demographic profiles and items related to features of women entrepreneurs are analyzed using simple statistical tools such as tables and percentages.

In an attempt to provide answer to research questions, variables like economic, social and cultural, legal and administrative are considered. Besides, challenges like recruiting and retaining, raw material availability and supports sought etc... are taken in to account. Hence descriptive statistics (mean and standard deviations) of the respondent scores is computed for analyzing by comparing mean scores and deviations among respondents.

3.6 Ethical Considerations

Gerrish & Lacey (2010) research is viewed as a scientific human endeavor organized according to a range of protocols, methods, guidelines and legislation. Rogers (2008) research ethics 16 is that domain of enquiry that identifies ethical challenges with a view to developing guidelines that safeguard against any harm and protects the rights of human subjects in research.

Thus, the researcher will provide information to keep the confidentiality of the respondents' information, their email and telephone address so that to use solely for this particular study. Cormack (2000) the principle of veracity or truth telling is inherently important and the researcher will show this by telling the subjects the aim of the research and proposed outcomes.

Thus, researcher has indicated the subject matter and dedication of confidentiality through the tools arranged. Finally, as the predicated on the ethical principle of beneficence, the researcher strived to maximize the benefits that this study gives to women entrepreneurs' community.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Women Entrepreneurs Profile

In this part, the study presented data and respective analysis carried on the basis of actual responses obtained. Although the required sample size for the intended study is 79 the actual response obtained is 68 which are eight-six (86.6%) percent. Subsequent data, presentation, analysis and interpretation are based on the actual responses.

Hence, in this part of the study, profile of women entrepreneurs in terms of age, educational background, and work experience in Addis Ababa among others.

As it is presented in the pie (fig.1) chart underneath the mainstream (41%) of respondents are between ages of 31-40. The next entrepreneurial age group lies between the ages of 40-51 (38%). Besides Entrepreneurship tendency in women of the age between of 21 and 50 signifying that, women entrepreneurs in Addis Ababa metropolitan are in this age group. Furthermore, the chart (fig.1) depicts that women interviewed are potentially of an age where they are economically active and likely to be involved in undertaking family care responsibilities. A related study conducted by ILO (2003) presented that over eighty-nine (89%) percent the women entrepreneurs in Ethiopia were under the age of 50.

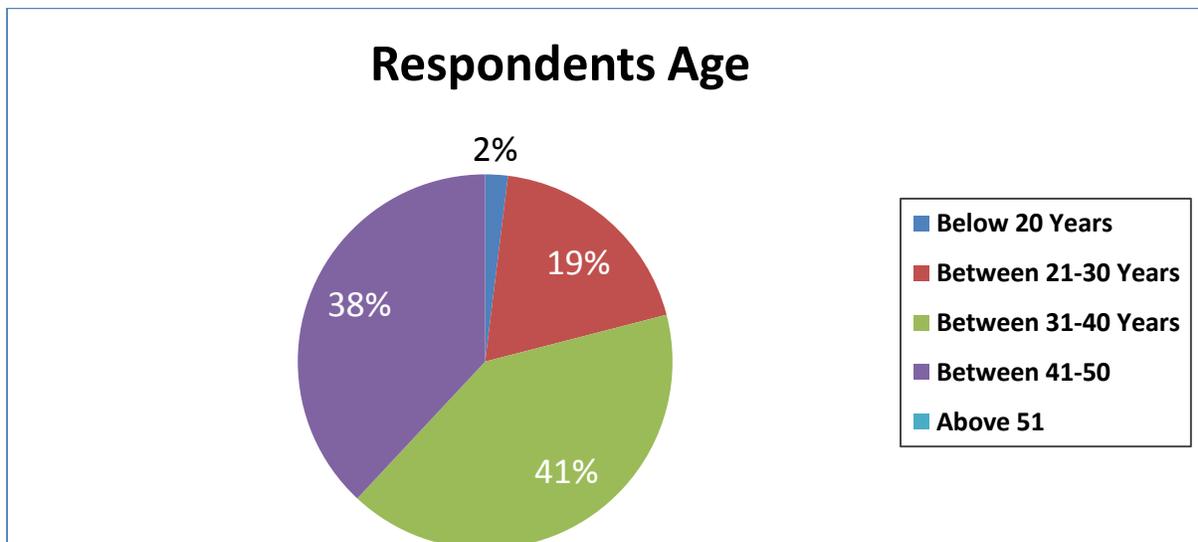


Figure 15: Respondents Age Group

A Government survey of Ethiopian women entrepreneurs in the informal sector showed that the majority (59 per cent) of those interviewed were illiterate, with only 20% percent having received elementary education (CSA, 1997).

Regarding the level of education and training, majority of the respondents(fig.2), that is, 41% of them are grade 10 complete and the other 35% of them are Bachelorette of Arts or Bachelorette of Science (BA/BSC) and above. In addition, other 13% and 7% of them are 10+1 &10+2 and 10+3/diploma respectively. There remaining 4% are either grade 1-9 and or cannot read and write.

Besides, By contrast, study made by ILO Sub Regional Office (2003) shows that 90 per cent of microenterprise owners, and 88 per cent of small enterprise owners report that they had had formal education, with 72 per cent and 66 percent having received primary and secondary education respectively.

In general, great number of the women entrepreneurs interviewed had taken some form of qualified training in the form of college Diploma and or BA/BSc level of education. In this respect, the women entrepreneurs would appear to have been literate enough to manage or at least learn how to manage their businesses. Hence, it is safe to say that respondents are relatively better educated since 1997.

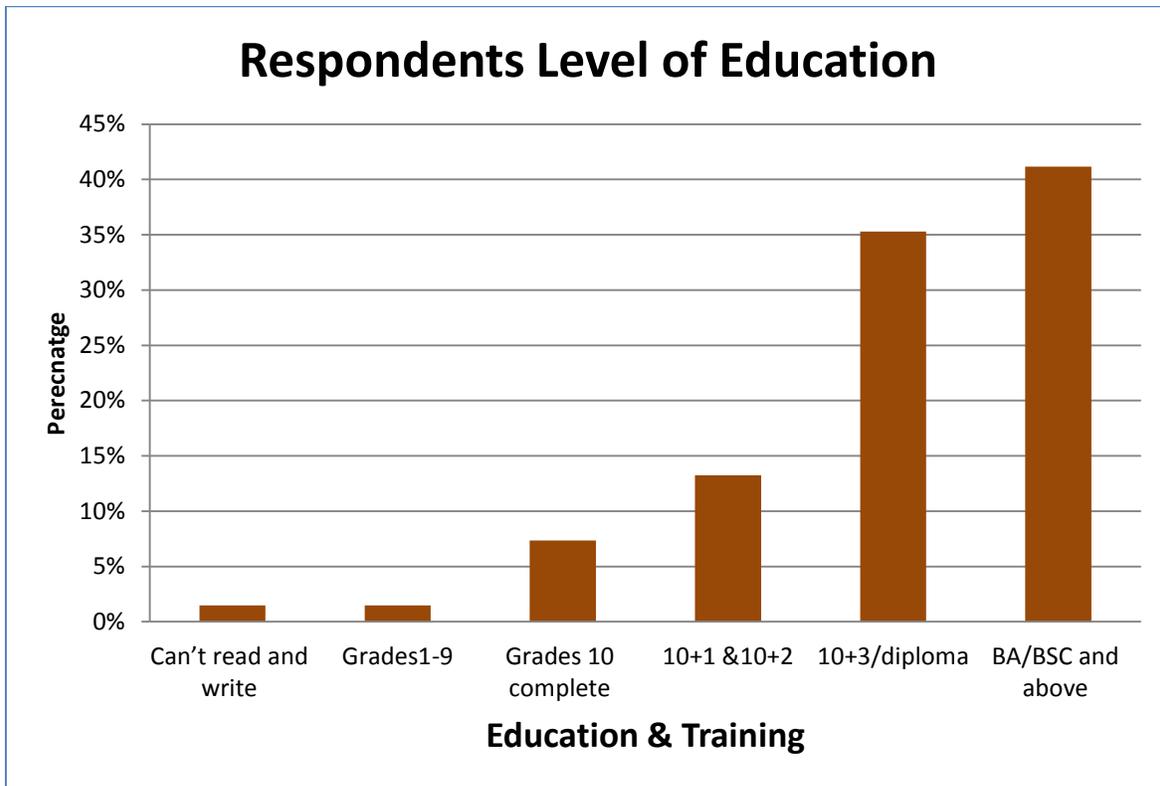


Figure 2: Respondents Level of Education

Respondents were asked about work experience prior to starting their own business. Accordingly (see fig. 3), thirty five percent (35%) of them answered that they have 10 years and above experience while twenty-six (26%) percent of them replied they have 1-5 years of work experience before starting their own business. Furthermore, twenty-four (24%) percent of them had less than a year and the remaining fifteen (15%) of respondents claim to have 6- 10 years of experience.

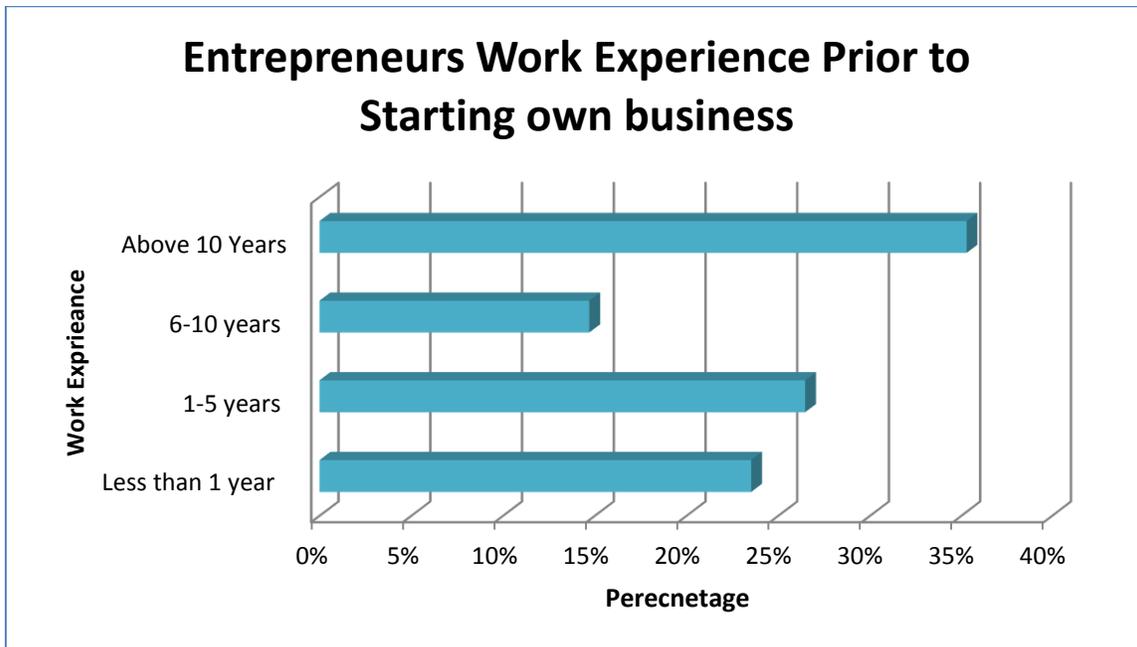


Figure 3: Entrepreneurs Work Experience

Those with experience had gained it from a number of different sources. Interestingly, over a half (50%) of the women had gained experience from running their own businesses (fig. 4), with the majority gaining experience through involvement in a family business. Hence, the chart (fig. 3) shows that nearly seventy six percent (76%) of those responding said that they had substantial work experience related to their business prior to start-up. However, it is essential to see that critical number of (24%) women entrepreneurs has only less than one year of working experience prior to starting own business. For the green entrepreneurs the necessary startup support should be provided; as the saying goes experience is the mother of all teachers. Hence, concerned stakeholders need to work providing strategic support for both green and established business.

With regards to the question posed to the respondents on how long is their business life since the date of its establishment; (see fig.4)51% of them have between 1-5 years, 15% of them have less than 1 years; 12% of them have are in 6-10 years as well as another 12% eleven to 20 years in business and the next 10 % of them has got more than 20 years of experience.

The reader need to note that the study shows that a considerable number 66%) of women entrepreneurs businesses are less than five years in existence.

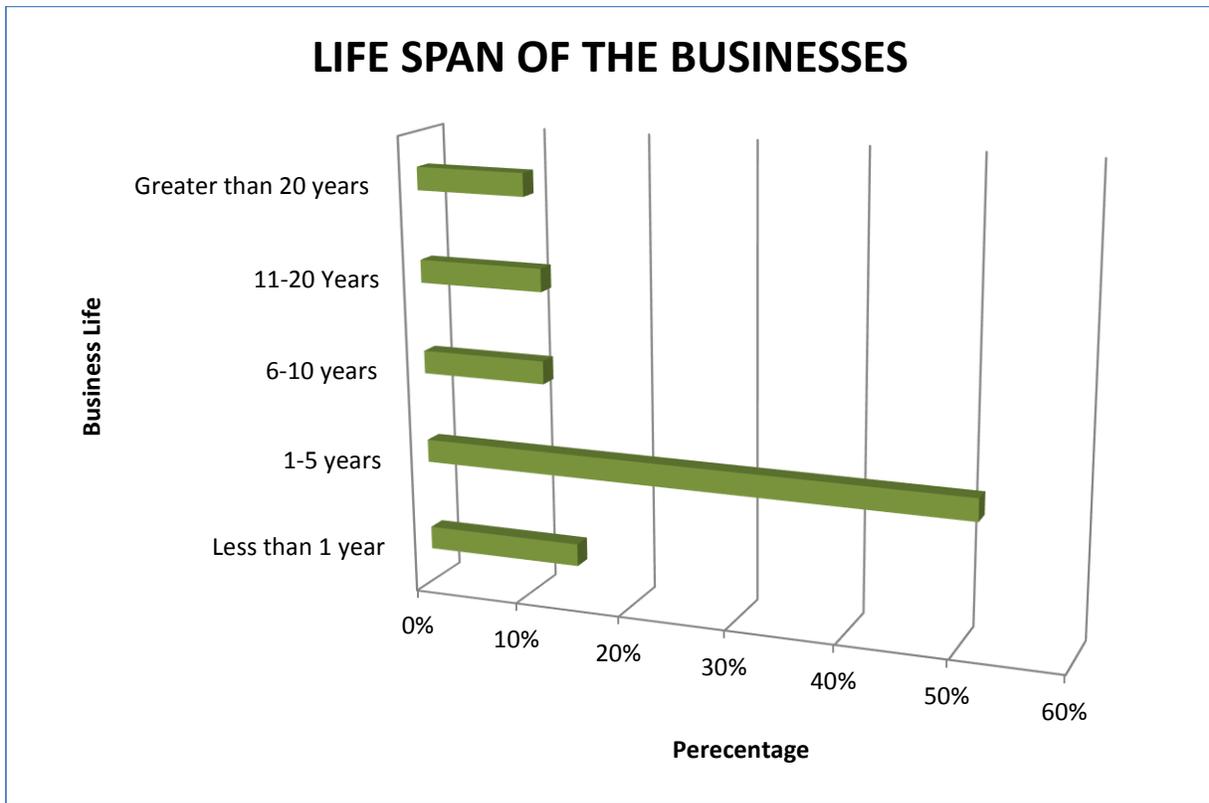


Figure 4: Business Life Span

The fact that sixty-six (66%) percent of women entrepreneurs businesses are less than a five years in existence implies that the business are under the incubation period which requires stakeholders to play their role so that the social and economic benefit from each business under this age group is fully realized.

In this regard, women entrepreneurs’ survival could be enhanced through the provision of strategic as well as operational support and guidance.

Previous study (Zewde & Associates, 2002) conducted here in Ethiopia have shown that the majority (63.4%) of women business owners are or have been married. In like manner, for this study (fig.5) an attempt has been made to know marital status of women entrepreneurs in Addis Ababa.

As such, the respondents revealed that 59% of them are married, 28% of them are single and 9% are divorced and 4% are widowed. The current study and the previous study showed the majority (59%) of women entrepreneurs under study are married showing that they are not only business owners but also are responsible citizens as well as nurtures of the upcoming generation.

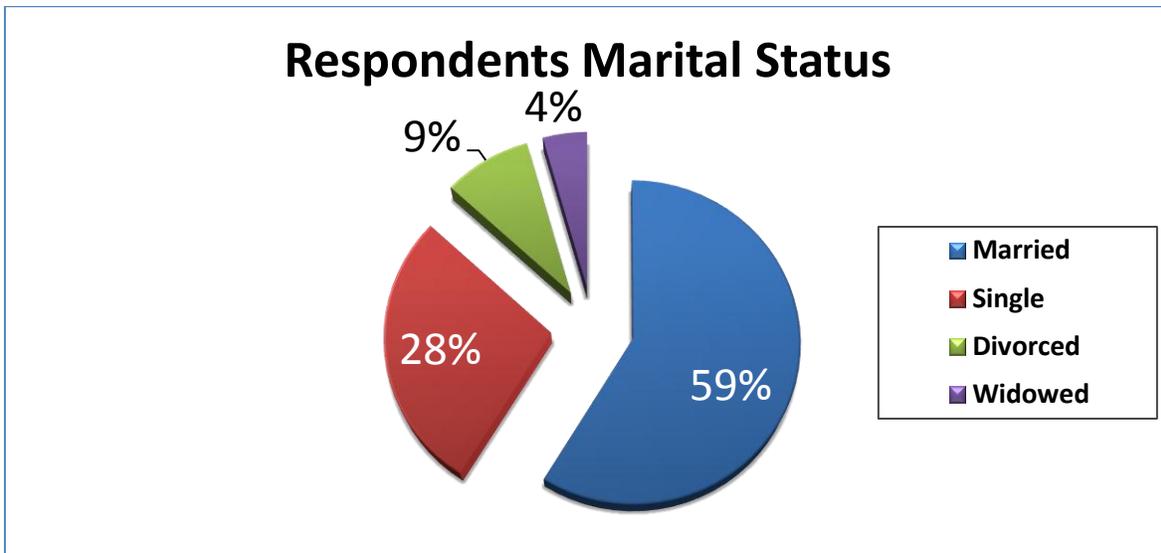


Figure 5: Respondents Marital Status

Therefore, it is very important that women entrepreneurs are provided with the necessary support so that they will be economically and socially empowered.

4.2. Features of Entrepreneurs

In order to know if women entrepreneurs respondents believe that family responsibilities affect their performance in leading their business using by using Likert Scale Analysis Tool (fig.6) 25% of them strongly agree, 34% of them somewhat agree and 26% of them preferred to be neutral and the remaining 16% of them somewhat disagree and or strongly disagree the notion that family responsibility affects performance.

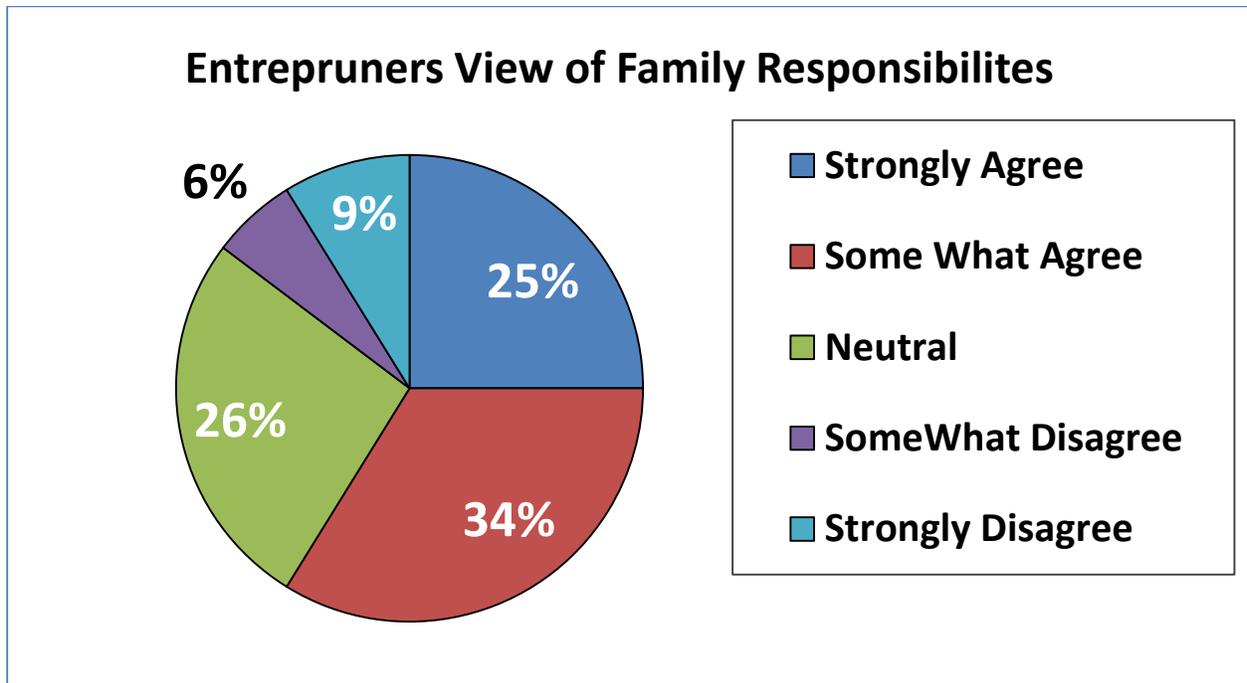


Figure 6: VIEWS OF RESPONDENTS ON FAMILY RESPONSIBILITY

This shows that the majority (59%) respondents are of opinion that the family responsibilities have direct impact on their work performance. However, further study need to be conducted in order to befittingly and specifically know how family responsibilities affect women entrepreneurs. In similar manner, the study tired to know the size conducted elsewhere before analyzing respondents' situation under this study.

In line with this, the average national household size in Ethiopia according to the most recent Government surveys is 4.8 persons (CSA, 1995). The average (mean and median) household size of the women entrepreneurs surveyed was four (4) persons. Asked about their family (fig7) size 50% of the respondents replied that they have 4-5 family members. In addition, 33% have less than 3 members and 16% of the have more than five family members. The subsequent chart affirms that respondents' opinion of the direct impact of the family size on their business performance.

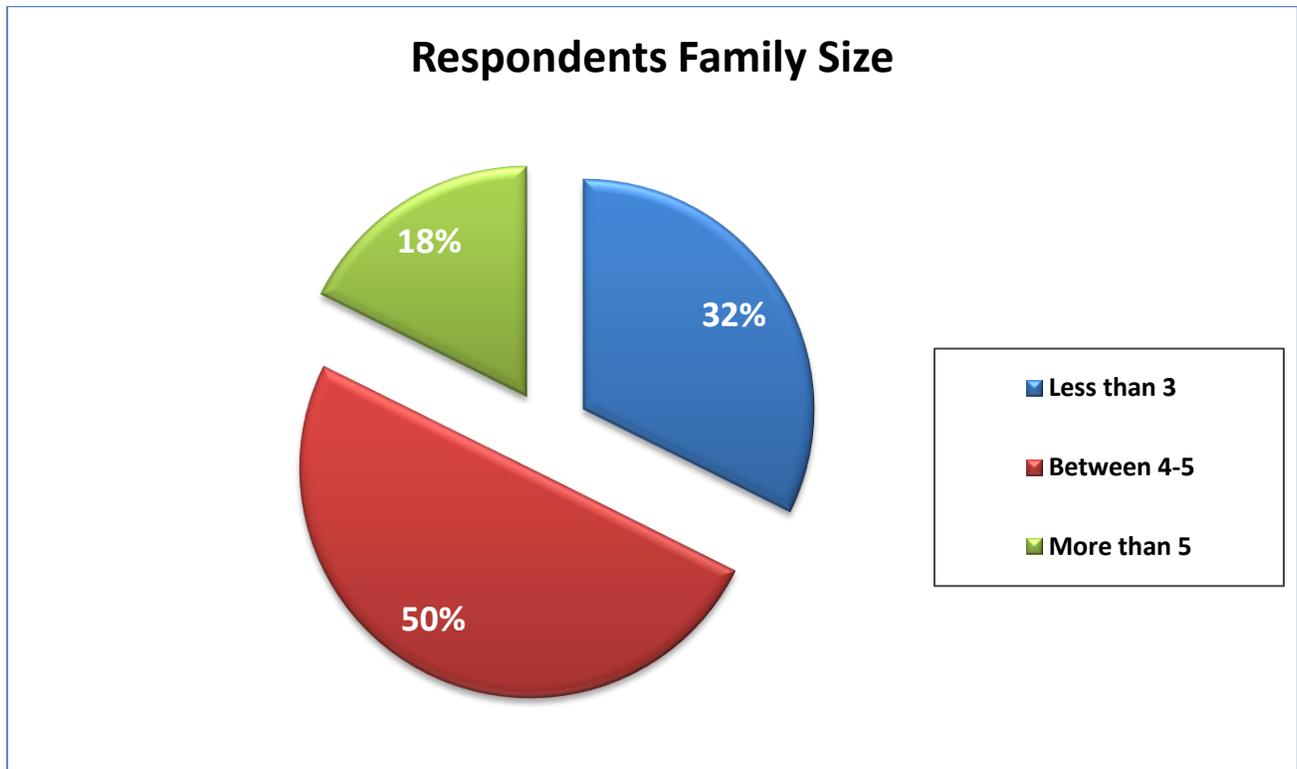


Figure 7: Entrepreneurs Family Size

Given the culture and traditions, here in Ethiopia where women are primary responsible for household chores, it would be safe to say that many (58%) fifty-eight percent of the women entrepreneurs interviewed have significant domestic workloads alongside running their own businesses.

This implies that entrepreneurs' advocacy work need to be resumed to families of with the view to minimizing and domestic workloads responsibilities.

Concerning the question asked to know sector in which women entrepreneurs operate; it was learnt (fig. 8) that 35% of them are in trade, 33% in service, 13% in manufacturing, 13% in handicraft and 6% import export sectors.

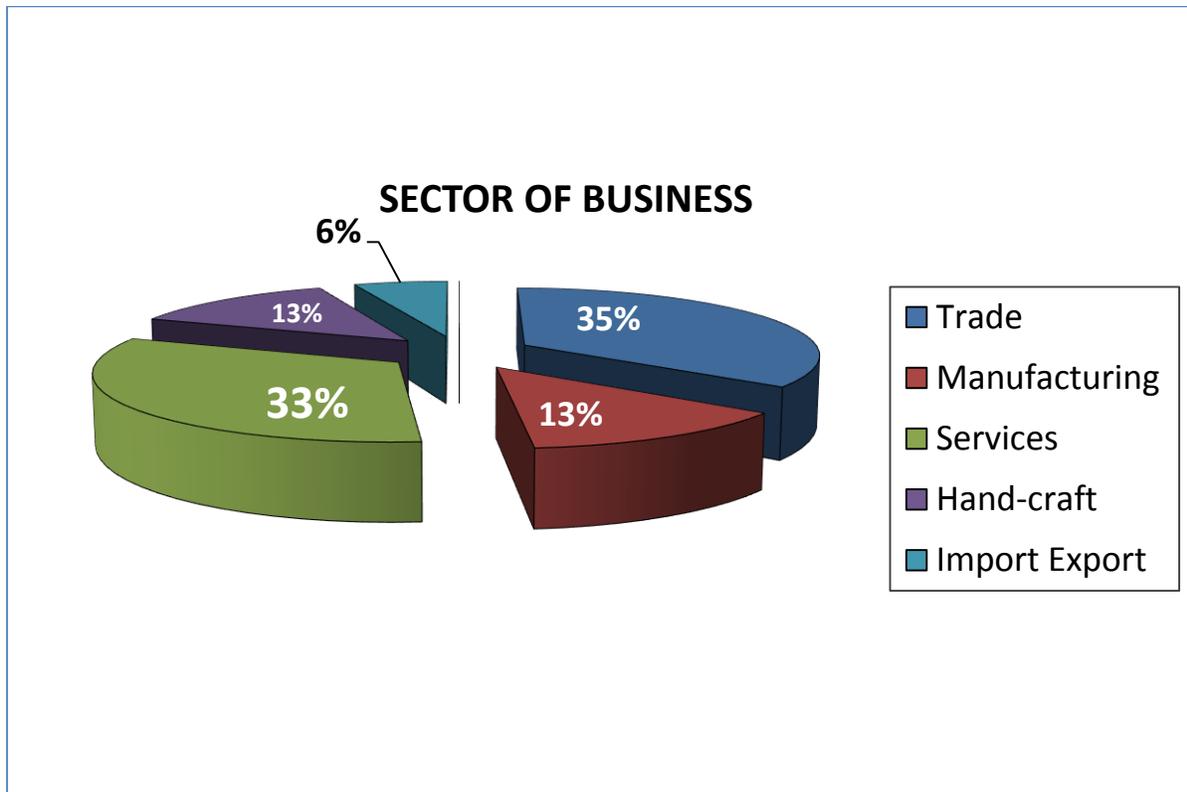


Figure 8: WOMEN ENTREPRENEURS' BUSINESS SECTOR

This shows that within the metropolitan most businesses are trade and services. This is a very common (ILO, 2003) characteristic of smaller businesses throughout the world. The reasons could be trading and trading businesses usually requires relatively minimum resources as well as business expertise to start-up, and therefore are attractive as “easy entry” and lower risk activities. Hence, it is wise to say that women entrepreneurs must be encouraged and supported to further invest in manufacturing sector as the national priority agenda is to have export-led industrial economy.

As an entrepreneur, the majority of the women entrepreneurs (some 85 per cent of respondents) are engaged full-time in their businesses, that is, their businesses are providing them with full-time employment. In many cases, the women’s businesses were also generating employment for others fellow citizens. In line with this, the respondent’s answers for the number of employment opportunity generated by their businesses, 53% of them have less than five employees, 21% have more than 21 employees, 15% have 6 to 10 employees, 7% have between 11-15 employees and 4% of them have 16-20 employees.

Table 1: Employment Generated by Women Entrepreneurs

EMPLOYMENT SIZE	%AGE	TOTAL
Less than 5	53%	36
Between 6-10	15%	10
Between 11-15	7%	5
Between 16-20	4%	3
More than 21	21%	14
TOTAL	100%	68
AVERAGE		13

As such, the mean employment opportunity generated by each women entrepreneurs is 14 implying that overall 68 companies has provided a total of 898 jobs. These figures support the widely held view about the increasing role played by entrepreneurs as sources of new ideas as well as enterprises as the generators of jobs.

However, due to lack of proper data and information availability at organization and national level it was difficult to exactly show the trends. Besides, the chart (Table. 1) demonstrates that women entrepreneurs can generate significant employment opportunities, and thereby contribute to the alleviation of unemployment. This challenges the commonly portrayed the images that women’s businesses as sole traders and informal type of enterprises.

Regarding the legal status of respondents business establishment, 66% of respondents have established a sole ownership, 24% have private limited company, 7% have joint venture and other 1% are agents and the other 1% other kind of business status.

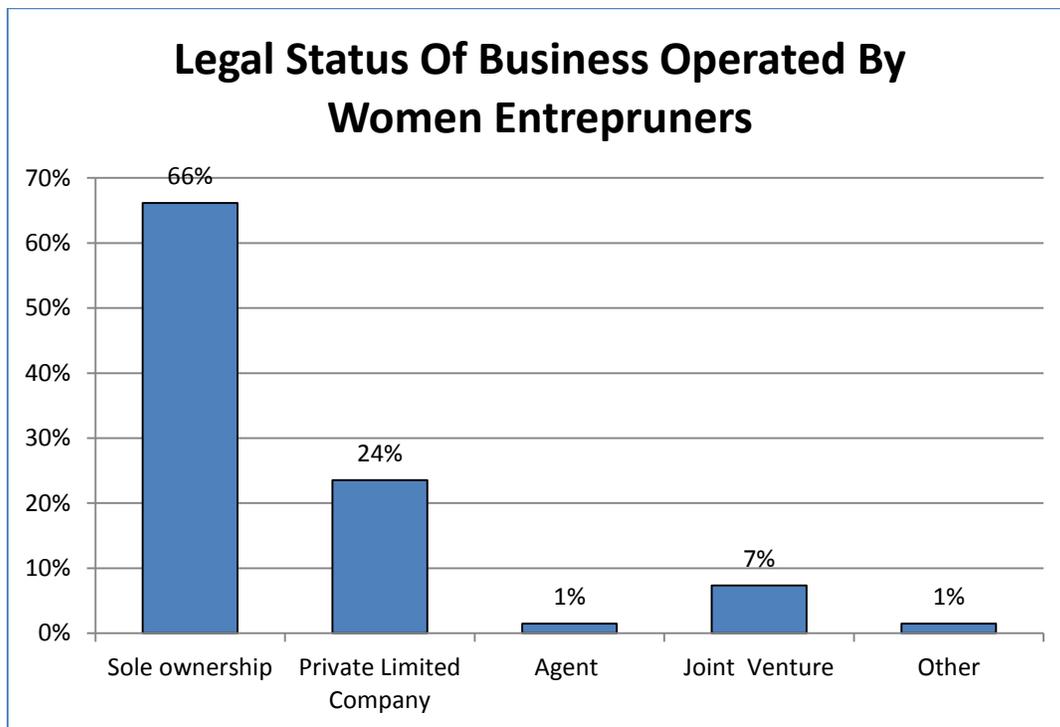


Figure 9: Entrepreneurs Business Legal Status

The above chart (fig.9) demonstrates that since the majority (66%) of the businesses are solely owned eventually they lack not only resources need to expand the business but also the advantage of having new partner that will further inject new business ideas and ways of doing things which may ensure survival of the ventures.

As it can be observed from the chart(fig.11) below, the majority of respondents(54%) fifty four percent of women entrepreneurs have from one(1) to ten(10) years in their business while sixteen(16%)percent of the respondents are veterans that is to say they have been in business from eleven(11) years to that of twenty one(21) and above.

Hence, it is safe to say that women entrepreneurship is a decade or so phenomenon implying that as economy grow the role of women entrepreneurs' role will steadily increase.

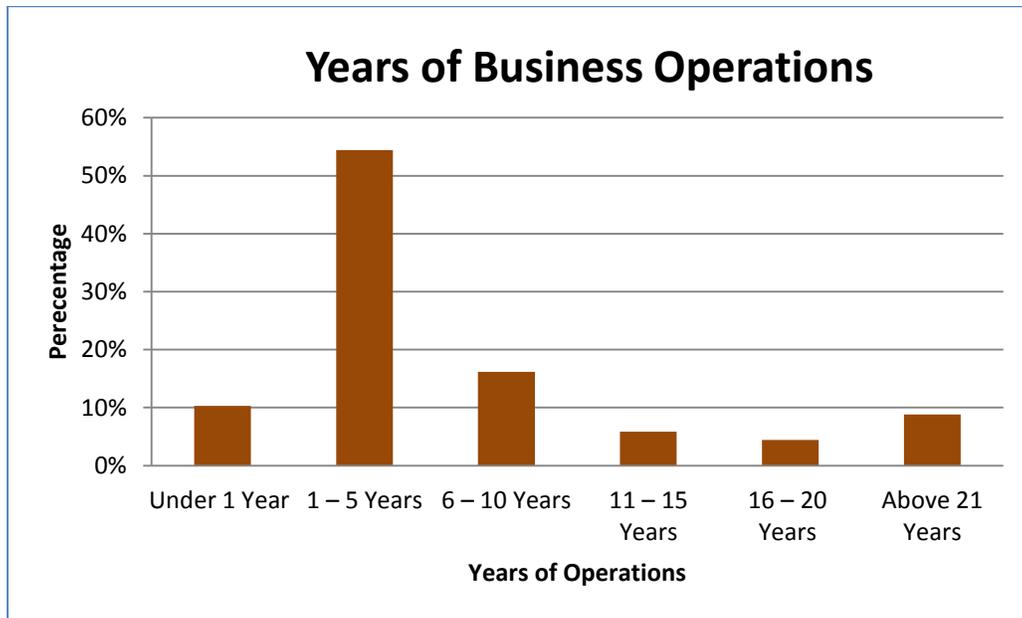


Figure 10: Years of Operations

The above chart (fig.10) shows that business incubation is one thing and survival is another. As such the conclusion made by Eshetu Bekele and Zeleke Worku citing the works of Kebede, Belay (2000) must be noted here. That is survival of a business firm is defined as the ability of the firm to continue its operation and remain in business during a certain period of time in a competitive market.

Based on a survey of 15 representative sites of study, Kebede (2002) has shown that only one in three small businesses survive to their third anniversary, and that the likelihood of survival of firms operated by women entrepreneurs is closely associated with the degree of support given to women in terms of access to finance, improved skills and an enabling macroeconomic environment.

Women entrepreneurs in the metropolitan, therefore, must be provided with the necessary support so that their economic empowerment as well as contributions to the society will be enhanced and fully utilized.

In line with this, assessment of respondents view of starting business(fig.11) reveals that seeking freedom(31%),source of income(21%),sustaining family(15%) and reputation(12%) as a result of being an entrepreneur are the main reason behind starting own business.

This show the reasons to pursuing course of entrepreneurship by metropolitan women in this study is quite similar to that of studies conducted elsewhere.

For instance, study conducted by ILO (2003) on Ethiopian Entrepreneurs interest to starting their own business includes business brings high income, the amount of investment required small and to be self-employed.

Further, in this study, when multiple responses were taken into account, a similar profile of preferences appeared with slightly more emphasis on seeking freedom (31%) and followed by income generation (22%).

Table 2: REASONS TO START BUSINESS

RESEANS TO START BUSINESS	%AGE	TOTAL
To sustain Family	21%	14
Amount of investment is required is minimal	6%	4
Seeking freedom	31%	21
Use it as sources of incomes	22%	15
Reputation Brings high income	9%	6
Other Specify)	12%	8
TOTAL	100%	68

Whatever reason is provided to starting business, the issue that must be addressed here is the economic empowerment of women. A national survey conducted by the Ethiopian Welfare Monitoring Unit (2002) shows those women entrepreneurs in Ethiopia are not provided with adequate policy related and strategic support from the government.

Furthermore, the promotion of vibrant micro and medium enterprise should be one of the most important priority strategies for empowering women, addressing development issues and unemployment in Ethiopia. Hence, the reason mentioned by respondents must be considered as by all concerned stakeholders that it is an opportunity to empowering women economically and socially as well as recognizing their fair share contribution to the national development agenda.

According to surveys conducted by the (World Bank,2005), the World Trade Organization (2002), the Ministry of Finance and Economic Development of Ethiopia (2002), women entrepreneurs in Ethiopia initiate new businesses and enterprises at a rate twice as fast as men. The response to the query that who initiated and help start the business showed that forty-four (44%) percent of the respondents say that they have got family support, twenty six (26%) of claim that they are self-starters, ten (10%) percent replied business partners are the main causes of striating own business.

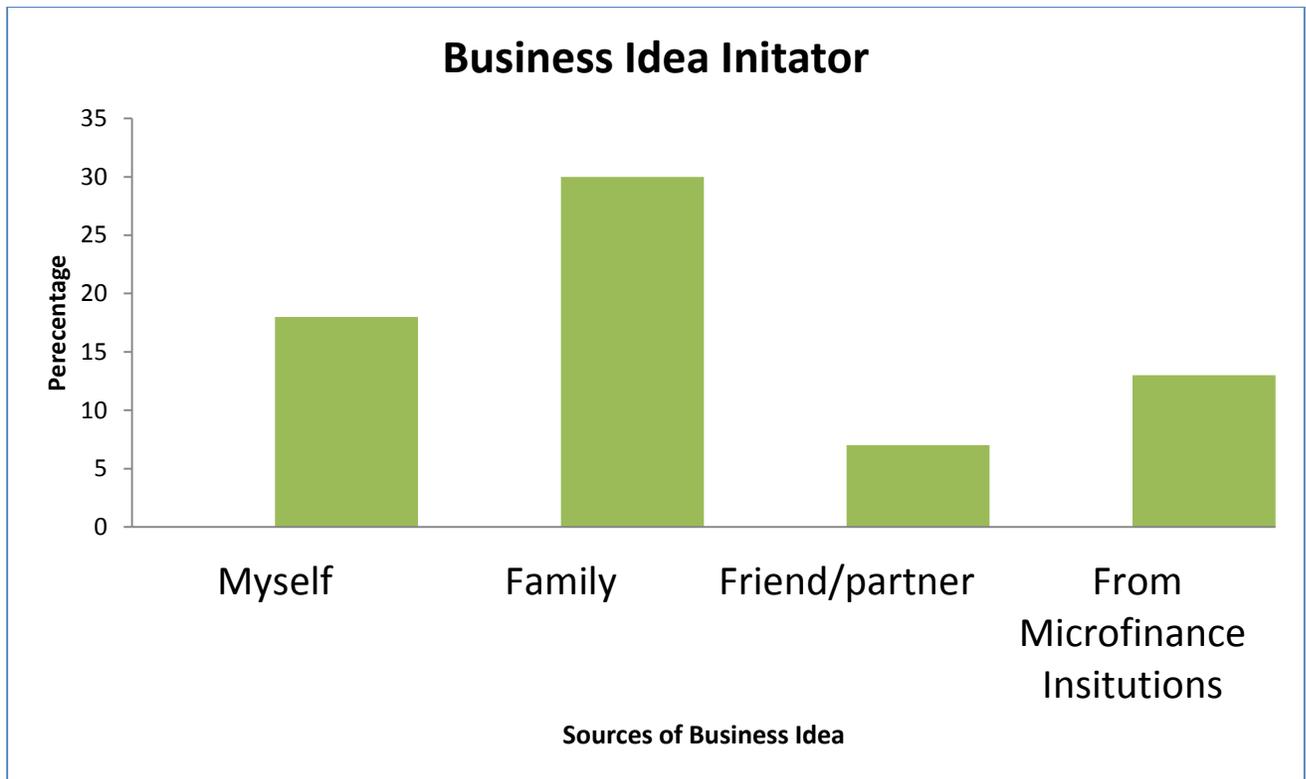


Figure 11: Business Idea Initiator

The other considerable number (20%) responded that microfinance institutions helped them to start their own company. The response depicts that the spirit of entrepreneurship among women entrepreneurs in Addis Ababa is admirable. In connection with this, respondents were asked to pinpoint who in the family is pursuing entrepreneurship (fig.12) and encouraged those by being source of business idea 32% and 22% of them respectively answered mother and husband. The rest of the family 13% father, sister 11% and sister 9% score indicates that entrepreneurship tendency may also be inherited from family.

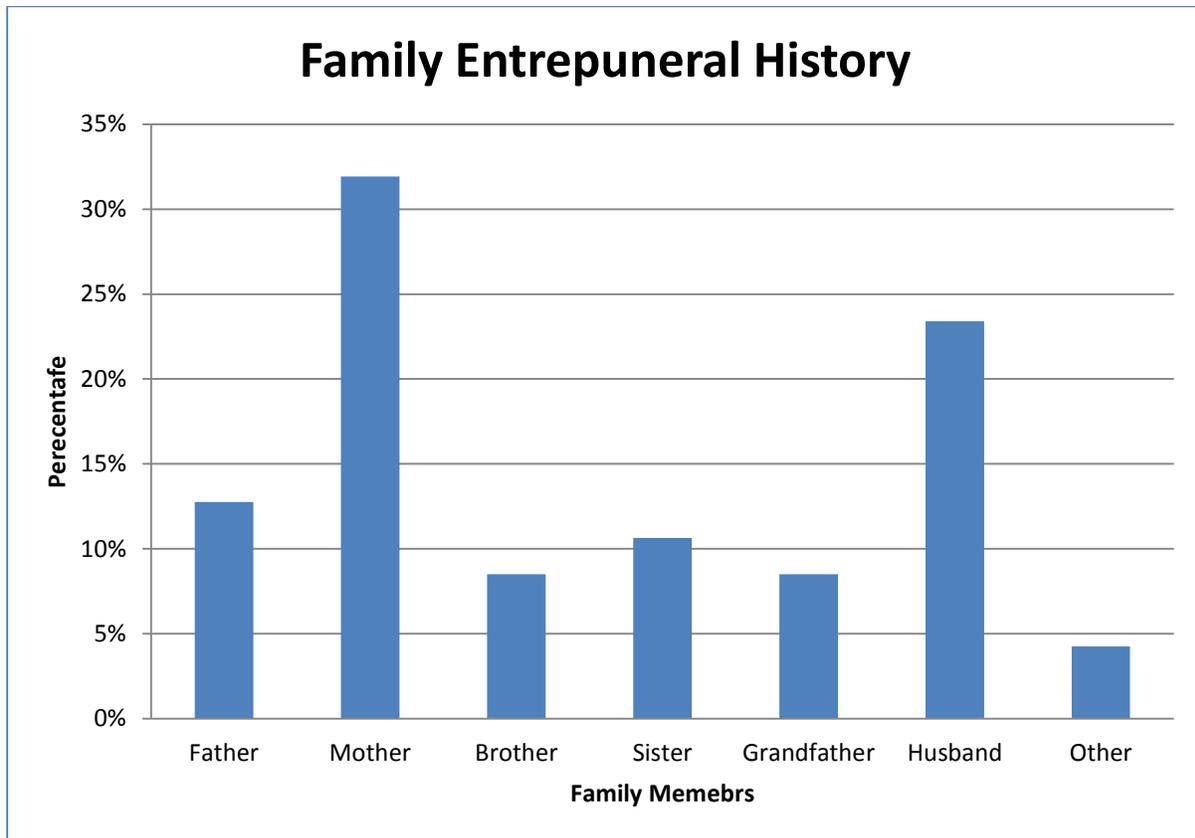


FIGURE 12: FAMILY ENTREPRENEURSHIP HISTORY

Hence, it is safe to conclude that women entrepreneurs under this survey replied that they have initiated and started the business idea by themselves as well as through the help of microfinance institutions implying that there strategic support must be availed to women entrepreneurs so that they will contribute to growth and development of the country. The role of microfinance institutions institution as source of finance and business incubation venue need to be further enhanced.

Women entrepreneurs in Addis Ababa were asked if they felt they had any prior work experience related to their business before starting it. The majority (44%) of the women have had some form of employment and / or business experience prior to running their own business.

The most plausible thing of the study is that a considerable number (26%), of entrepreneurs said that they got the skill from formal training while some other respondents (19%) declined to reveal sources of business skill.

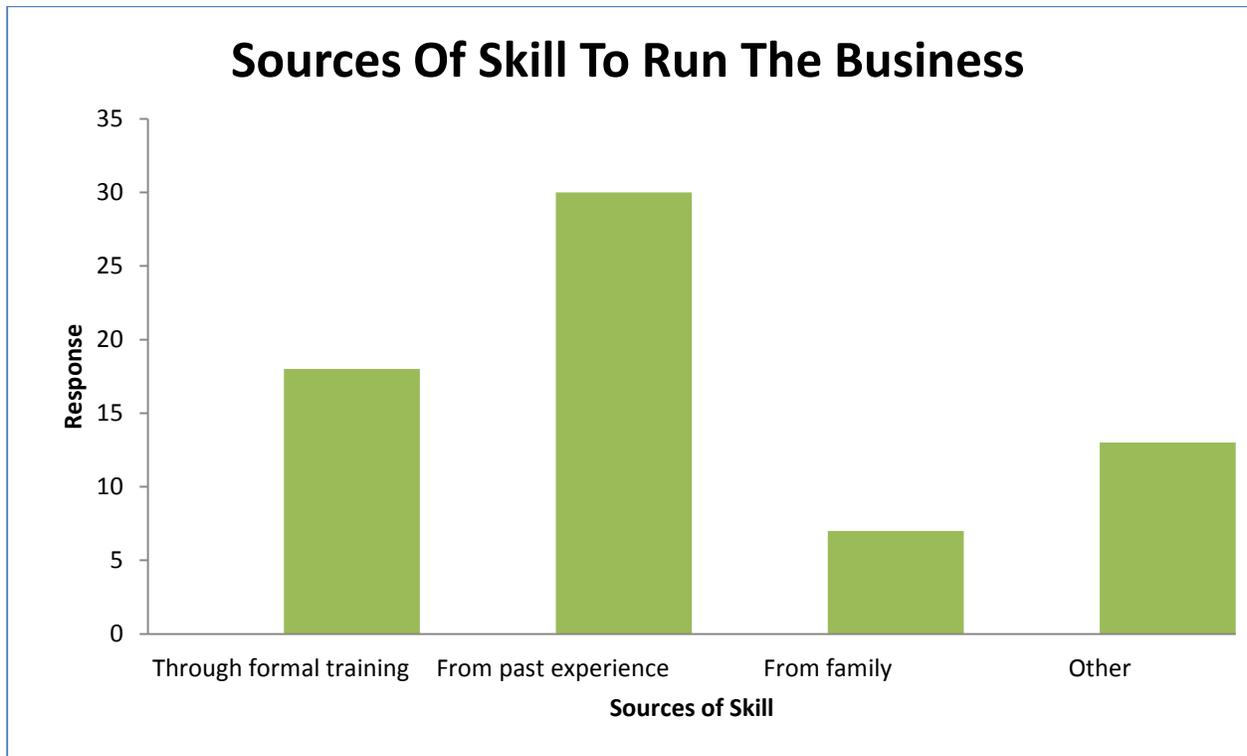


Figure 13: Skills Acquired to Run the Business

Moreover the study showed that experience and formal training (together 79%) are main sources of skill to be an entrepreneur and be able to run own business.

Form the chart (fig.13) and subsequent analysis it sounds to say that formal training in the areas of business entrepreneurship requires a lot of work as lacks quality to equip to engage entrepreneurial arena. Besides, sustainability of the business created is ensured by making sure that each entrepreneur continues to upgrade their skill as they operate in dynamic world where technology and globalization is changing by minute.

Starting own business requires an initial capital in addition to having business ideas. The following table shows the main sources of start-up fund. The respondents said that source of finance to starting up is personal saving (50%), loan (18%) and eight (8%) percent loan from microfinance respectively. The remaining fifty percent (19%) of the respondent decline to reveal their sources of startup finance.

Table 3: SOURCE OF FINANCE

SOURCE OF FINANCE	%AGE	TOTAL
Personal saving	50%	34
Borrowed from relatives or friends/money lenders	18%	12
Borrowed from Micro-finance institutions	13%	9
Assistant from friends/relatives	9%	6
Inherited	6%	4
Borrowed from Bank	4%	3
TOTAL	100%	68

Saving is an important (50%) source of finance for starting up women entrepreneurs here in Addis Ababa followed by borrowing (18%) from a relative or a friend. Further micro finance institutions (13%) are also serving as sources of finance for women entrepreneurs here in Addis Ababa.

Hence, this implies that the main source of startup is saving finance must be encouraged by all concerned bodies.

On the other hand, formal financial institutions contribution in this regard is limited to startup business at Micro/Small enterprise level. As citizens of this country we need to uphold the traditional values that encourages lending a hand in times of need as 18% of startup finance come from relatives.

4.3. Factors Affecting Women Entrepreneurs Performance

There are a number of factors that affect women entrepreneurs. The subsequent enumeration herein addresses economic, social, legal and administrative factors that affect these entrepreneurs.

4.3.1. Economic Factors

Economic factors identified for this study are access to finance, market access, business development training, premises, access to information access etc. Analysis on how economic factors are affecting women entrepreneurs in Addis Ababa using Likert's Scale is presented below:

Table 4: Economic Factors

Total Responses Received	145	199	166	160	203	229	178	162	172	177
Total Possible Point	340	340	340	340	340	340	340	340	340	340
Mean	2.13	2.93	2.44	2.35	2.99	3.37	2.62	2.38	2.53	2.60
Standard Deviation	1.37	1.37	1.27	1.52	1.41	1.39	1.40	1.38	1.32	1.35
Variance	1.88	1.89	1.62	2.32	1.98	1.94	1.97	1.91	1.75	1.83
Response Rate	86.08%									
Analysis	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
Mean Score Increase?	Yes	No	No	Yes	Yes	No	No	Yes	Yes	No
% of Participants Gain	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%
% who Disagree or Strongly Disagree	56%	34%	49%	53%	32%	25%	39%	56%	46%	46%
% who Agree or Strongly Agree	21.52%	40.51%	27.85%	22.78%	41.77%	41.77%	36.71%	20.25%	32.91%	32.91%
Questions	1	2	3	4	5	6	7	8	9	10
	I am satisfied with the financial access given to me by financing institutions.	I have access to market for my products	I have access to different business trainings	I have my own premises (land) to run my business	I have an access to information to exploit business opportunities	I have managerial skills	I have access to necessary technologies	There is no stiff competitions in the market place that I am engaged in.	Adequate infrastructures are available	I have access to necessary inputs (raw materials)

Source: Research Questionnaire Part 3

Ranking some of the economic factors that affects women entrepreneurs replied that they strongly disagree or strongly disagree (each registering 56% response) of them to the assertion that they are satisfied with the financial access given to them by financing institutions as well as the judgment that there is no stiff competitions in the market place. In the same manner, women entrepreneurs depressingly (53%) disagree or strongly disagree to the idea that they own premises (land) to run their business.

The next economic factors identified to affect entrepreneurs views expressed as disagree or strongly disagree that training, adequate infrastructures and access to necessary inputs (raw-materials) available are registering 49%, 46%, 46% percent's response respectively. Furthermore, 39%, 34% and 32% of the respondents also disagree or strongly disagree that they have access to necessary technologies, access to market for products and access to information to exploit business opportunities.

As to respondents views of their managerial skill to running the business only 25% disagree or strongly disagree that they have managerial skill. According to the study conducted by Eshetu Bekele and Zeleke Worku (2008) applying Kaplan-Meier survival probability curves and the Cox Proportional Hazards Model concluded that female business owners in Ethiopia are significantly and adversely affected by each of the key factors as predictors of survival including access to loan from commercial banks, poor managerial skills, and shortage of technical skills. Hence, economic factors are severely affecting women entrepreneurs in Addis Ababa implying that due intervention from the concerned bodies is long overdue.

4.3.2. Social Factors

For the purpose of this study social factors are:-

- Social acceptability
- Network with outsiders
- Prejudice or class bias
- Workforce relation
- Gender role conflict
- Gender inequality Cultural influence

Ranking some of the social factors that affects women entrepreneurs replied that they strongly disagree or strongly disagree (registering 37%, 33% and 30% response) of them to the assertion that they have no prejudice or class biases, encounter harassments in registering and operating my business and the judgment that there is no have no cultural influences. In the same manner, women entrepreneurs' interestingly (30%) disagree or strongly disagree to the idea that not affected by gender inequalities to run their business.

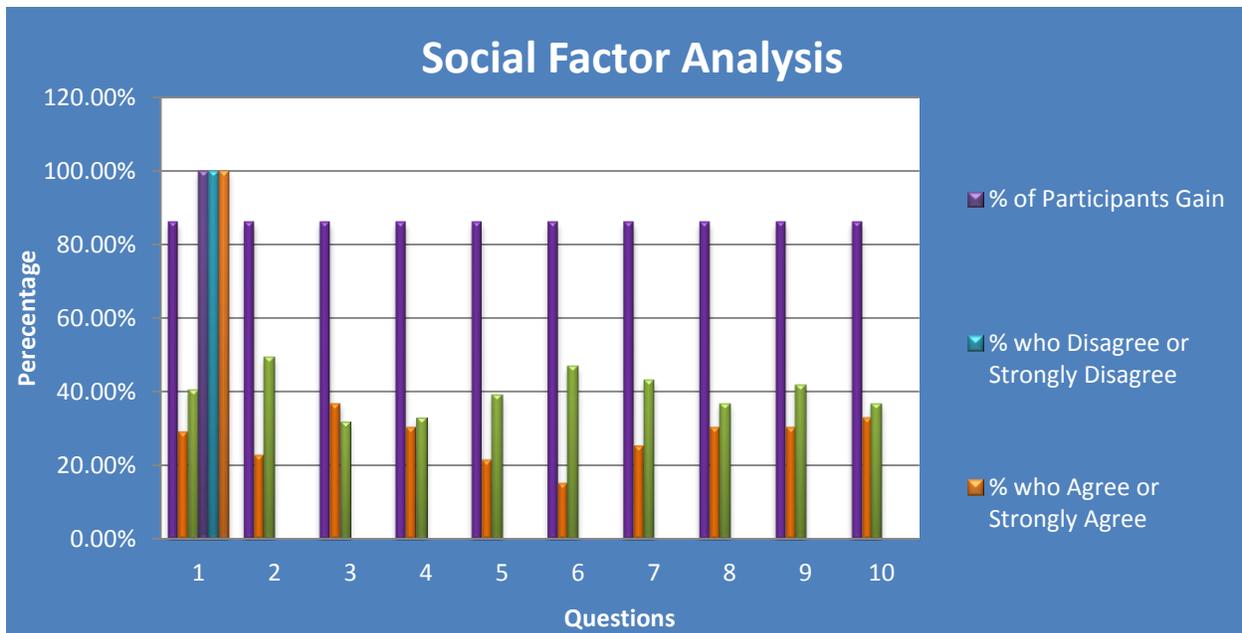


Figure 14: Social Factor Analysis

Source: Questionnaire Part 3

The next social factors analyzed to affecting women entrepreneurs' performance like social acceptability, network, prejudices or social bias, society's attitude towards products and or services etc...

The data analysis on respondents views expressed as disagree or strongly disagree that societies attitude towards my products/services is positive, have better social acceptability, have no conflicting gender roles consecutively registered 30%, 29%, 25% percent's response.

Furthermore, 23%, 22% and 15% of the respondents also disagree or strongly disagree that they have a better contacts (networks) with outsiders, attitude of other employees towards my business is positive and have a positive relationship with the workforce.

As to respondents views of gender inequalities to running the business only 30% disagree or strongly disagree that they are affected by gender inequalities.

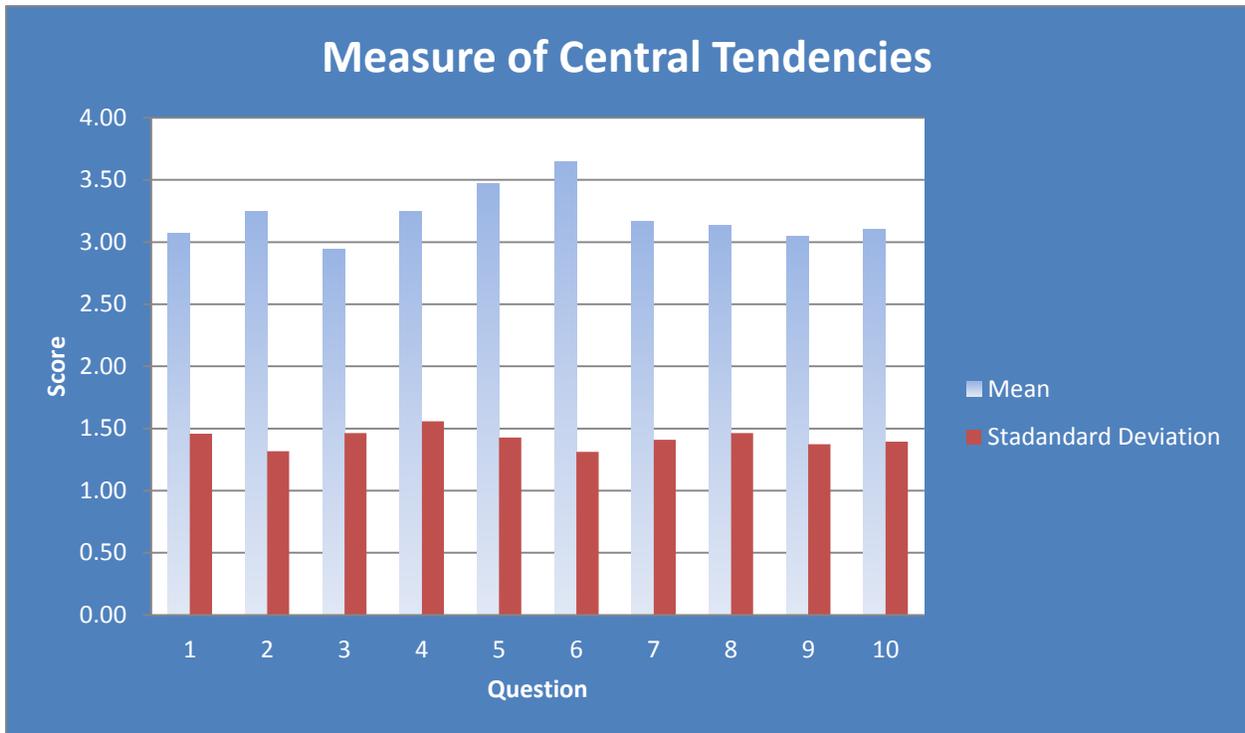


Figure 16: Measures and Central Tendencies

Source: Questionnaire Part-3

Hence, a thoughtful review of the charts on social factors shows that out of the entire respondents except few believe that social factors are impediments.

4.3.3. Legal and Administrative Factors

Ranking some of the legal and administrative factors that affects women entrepreneurs replied that they disagree or strongly disagree (registering 53%, 52% and 50% response) to the assertion that they are beneficiaries of government incentives, borrow money even without titled assets as a collateral business assistants and receive supporters from government bodies.

In the same manner, women entrepreneurs' interestingly (registering 47%, 47% & 46%, 47% response) disagree or strongly disagree to the idea that they have never faced unfavorable legal & regulatory environments, have access to policy makers and have never encountered

bureaucracies, and red tapes to run their business as well as tax levied on my business is reasonable.

Furthermore, 46%, 42%, and 35% of the respondents also disagree or strongly disagree that interest rate charged by finances institutions is reasonable, have no legal, institutional and policy constraints, and have a network with different administrative bodies.

Table 5: Legal & Administrative Factors

Total Responses Received	173	184	169	175	143	165	164	157	166	158
Total Possible Point	340	340	340	340	340	340	340	340	340	340
Mean	2.54	2.71	2.49	2.57	2.10	2.43	2.41	2.31	2.44	2.32
Standard Deviation	1.43	1.29	1.34	1.30	1.21	1.42	1.36	1.32	1.44	1.30
Variance	2.04	1.67	1.81	1.68	1.47	2.01	1.86	1.74	2.07	1.68
Response Rate	86.08%									
Analysis	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10
Mean Score Increase?	Yes	No	Yes	No	Yes	No	No	Yes	No	No
% of Participants Gain	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%	86.08%
% who Disagree or Strongly Disagree	50%	35%	46%	42%	52%	46%	47%	53%	47%	47%
% who Agree or Strongly Agree	34.18%	45.57%	32.91%	37.97%	27.85%	31.65%	31.65%	26.58%	27.85%	32.91%
Questions	1	2	3	4	5	6	7	8	9	10
	I have business assistants and supporters from government bodies	I have a network with different administrative bodies	I have access to policy makers	I have no legal, institutional and policy constraints	I can borrow money even without titled assets as a collateral	Interest rate charged by finances institutions is reasonable	I have never encountered bureaucracies and red tapes	I am beneficiary of government incentives	I have never faced unfavorable legal & regulatory environments	The tax levied on my business is reasonable

The table (Tab. 5) shows that legal and Administrative factors continued to be barriers to women entrepreneurs in Addis Ababa implying that making good governance a-day-today practice here in Ethiopia requires tremendous effort if not revolution.

4.4. The Science and Art of Leading Organizations Leadership

4.4.1. Business Challenges

Women entrepreneurs in Addis Ababa are experiencing business challenges like recruiting, retaining employees, raw material unavailability, lack of access to utilities, rising employee salaries and benefits, insufficient finance to run business operations as only few of the respondents that is eight (8%) percent feel that they are able to recruit and retaining employee, eight (8%) percent see that there is raw material unavailability, seven (7%) percent see lack of access to utilities, ten (10%)percent see rising employee salaries and benefits and the next ten (10%) percent responded that there is no insufficient finance to the business operations.

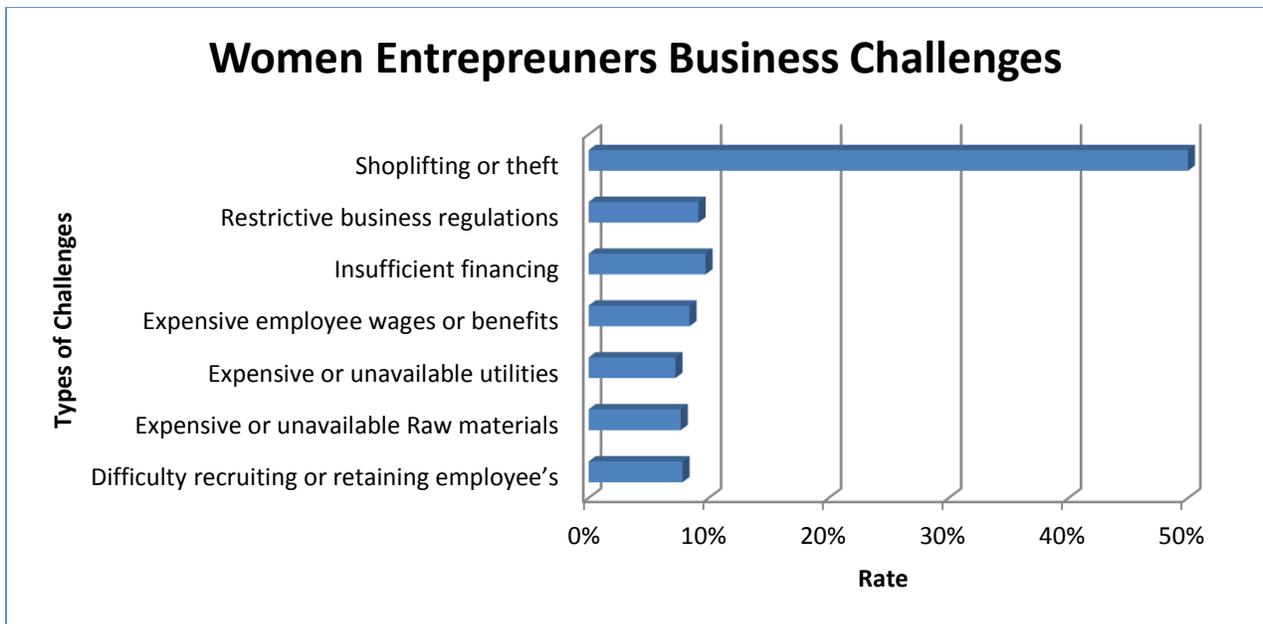


Figure 16: Business Challenges

From the figure above (fig.16), the most business challenges faced by Addis Ababa women entrepreneur is shoplifting that registered almost fifty percent (50%) of the business challenge response.

The above chart (fig.16) shows that key business issues like human resources management, raw material supply, and access to utilities, financing as well as restricting business regulations pose challenges to women entrepreneurs implying that business establishment and operational challenges need to be given due accordance by the concerned government authorities.

4.4.2. Support Sought

For effective business operations women entrepreneurs in Addis Ababa expressed that they need support from concerned stakeholders. Some of the support sought includes business planning, financial management, business market analysis etc...The chart (fig.17) shows almost all of women entrepreneurs said that they are unable to carry out business planning and market analysis. Furthermore only one percent (1%) of the respondents has financial management skill. Besides only four (4%) know how to make inventory management, the next six (6%) percent know how to handle advertising and marketing management works. Furthermore among the respondents only thirteen (13%) percent know how to recruit and retaining employee. The good part of the analysis is that 25% of the respondents know well about customer service and hospitality management.

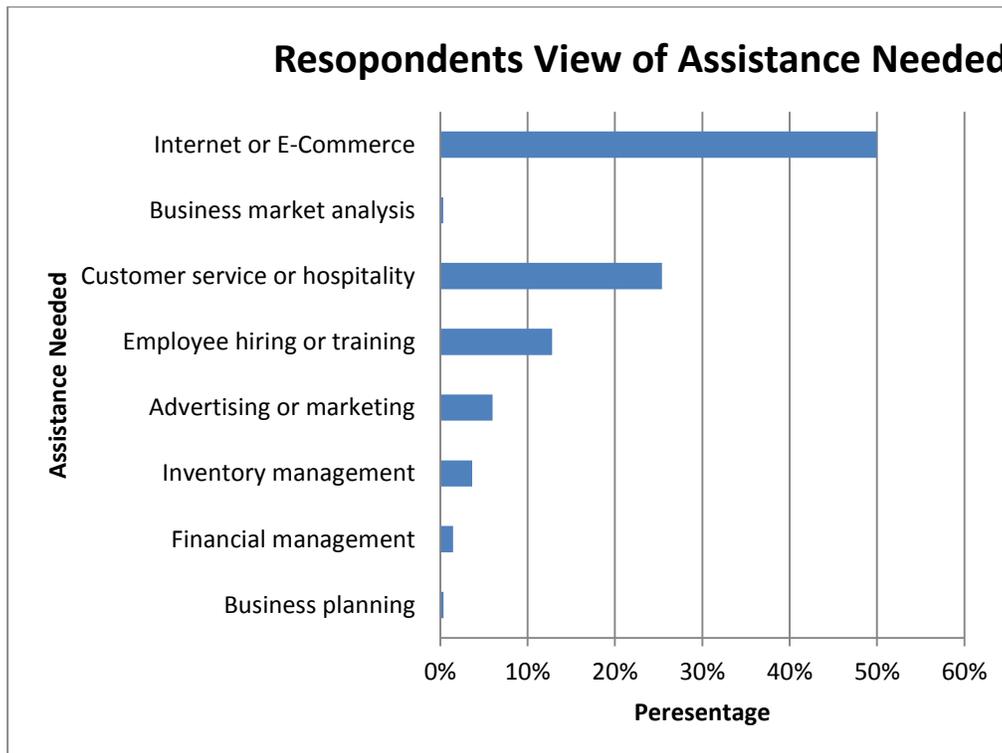


Figure 17: Supports Sought

The above graph shows that the conclusion reached by Abegaz (2004) and Admassie (2004) ; both attributed the lack of growth in the micro and medium enterprise sector to lack of strategic support to women entrepreneurs, and to the poor level of support provided to the sector since 1991. The notion is attested reports by the UNCTAD (2003), the UNDP (2003) and Wole

(2004), the level of strategic support provided to women entrepreneurs in Ethiopia since 1991 has been grossly inadequate and vastly ineffective. Hence, one can infer that women entrepreneurs in Addis Ababa are in need of provided with strategic support in the areas of business planning, financial management, inventory management, marketing, employee hiring and training, customer service etc.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDTIONS

In this chapter, the findings of the study are summarized and conclusion is drawn based on the findings. Furthermore based on the findings recommendations are forwarded so that the concerned stakeholders can play their respective roles.

The study was conducted with the view to knowing factors affecting the performance of women entrepreneurs in Addis Ababa metropolitan. In this regard, the study tried to address features of women entrepreneurs as well as the respective support they need to overcome factor affecting their performance.

A sample of 100 women entrepreneurs engaged in Trade, Manufacturing, Service, Handicraft and Import-Export sectors are considered for the study using stratified simple random sampling. In an attempt to providing, answer to the basic research questions a questionnaire that include demographic factors, features of women entrepreneurs like family size and responsibility, sectors in which they operate, employment opportunity they were able to generate, legal status of their business and reasons to starting their own business.

Besides, a questionnaire aimed at knowing factors that affect the performance of women entrepreneurs and the support they are looking from the concerned stakeholders were designed as well as a close ended and Likert Scale analysis were applied

5.1. Summary of Findings

After having collected the necessary data simple statistical technique like table and percentage as well as Likert Scale analysis are applied. Based on 68 respondents and results acquired the findings of the study are summarized as follows:-

- Most of the respondents are under the age category of 31-40(41%) and educational level of grade 10(43%) with working experience of Forty-one (41%) percent replied they have 6-10 years and above experience and fifty-nine (59%) percent of them had less than 5 years.

- The Majority (50%) of the respondents replied that they have 4-5 members; engaged in Trade (35%) and Services (32%) followed by manufacturing (13%). They have also provided opportunity generated by their businesses, 53% of them have less than five employees, 21% have more than 21 employees, 15% have 6 to 10 employees, 7% have between 11-15 employees and 4% of them have 16-20 employees. Women Entrepreneurs in Addis Ababa have formed , 66% have established a sole ownership, 24% have private limited company, 7% have joint venture and other 1% are agents and the other 1% other kind of business status.
- The majority (74%) of the respondents stated their business for the reason that they seek freedom, sources of income and sustaining family.
- The majority of respondents (54%) fifty four percent of women entrepreneurs have work experience starting from one(1) to ten(10) years in their business while sixteen(16%)percent of the respondents are veterans that is to say they have been in business from eleven(11) years to that of twenty one(21) and above.
- Respondents' obtained the necessary skill that enabled them run the business that is obtained from formal training (26%), past experience (44%) and from family (10%) business. Some of the respondents (19%) declined to reveal sources of business skill.
- The majority of women entrepreneurs (50%) used only their personal savings as sources of financing their ventures. Besides from the respondents under study of those, (31%) needed financing from relatives or friends/money lenders as well as Micro-finance institutions for launching their business. Only (4%) used other sources, such as bank loans.
- The major economic factors that affect women entrepreneurs according to their severity order are lack of own premises or land, lack of financial access, training, lack of access to technology, and raw materials. Infrastructure problems and access to information are serious economic problems for women entrepreneurs in metropolitan.

- The major social factors that affect the respondent women entrepreneurs in Addis Ababa according to their severity order are networking society, attitude towards local products besides, positive relationship with the workforce, gender inequality, attitude of employees to the business, and conflicting gender roles are among the serious problems that affect the performance of women entrepreneurs.
- Only few of the respondents eight(8%) percent feel that they are able to recruit and retaining employee, eight(8%) percent see that there is raw material unavailability, seven(7%) percent see lack of access to utilities, ten(10%)percent see rising employee salaries and benefits and the next ten(10%) percent responded that they have access to finance.
- Almost all of women entrepreneurs said that they are unable to carry out business planning and market analysis. Furthermore only one percent (1%) of the respondents has financial management skill. Besides only four (4%) know how to make inventory management, the next six (6%) percent know how to handle advertising and marketing management works; Furthermore among the respondents only thirteen (13%) percent know how to recruit and retaining employee. The good part of the analysis is that 25% of the respondents know well about customer service and hospitality management.

5.2. Conclusion

The features of women entrepreneurs in Addis Ababa shows that they perceive entrepreneurship as a means to sustain family, one way of empowering themselves (Seeking freedom) as well as use it as sources of incomes.

Besides, the survey found out those women entrepreneurs in Addis Ababa are not only affected by economic and social factors but also seriously constrained by lack of up to the standard science and art of leading organizations which will also have impact on their future undertakings.

Despite these, women entrepreneurs are contributing for national economic development. Women economic impairment is an important area of emphasis for many developing countries in

general and to Ethiopia in particular, primarily for its immense potentials as a source of employment and nurtures of future business leaders.

Even though social factors are easing day by day in towns like Addis Ababa, legal and administrative challenges are a still tremendous hurdle that continues to affect the performance of women entrepreneurs.

The trained workforce is as important to women entrepreneurs or even may be more important than the production of goods and services. Whatever is produced in the economy; Ethiopia to be competitive, in the international markets, requires quality and productive workforce, which is also highly sought by entrepreneurs in Addis Ababa. This obviously calls for education and training system that supplies the business sector and/or the economic system with a quality workforce that efficiently uses and produces resources.

5.3. Recommendations

Based on the findings of the study, the following recommendation is forwarded to women entrepreneurs, Finances Institutes and Educational Institutions, Sectorial Associations and

❖ TO ADDIS ABABA WOMEN ENTREPRENEURS

The study reveals that the majority of the business legal status is sole proprietor that calls for women entrepreneurs will power to support each other in terms of experience sharing as well as making the businesses eventually evolve to company that is owned by more women's in the form of shareholders. This makes their dreams and effort to last for long. Besides, they need to look for interested international women entrepreneurs and activists with the view to partnering or getting the required support.

Furthermore, women entrepreneurs in Addis Ababa should search for other alternative supporting local and international institutions rather than relaying only on financial institutions to enhancing their performance and be able to solving financial problems

❖ TO FINANCE INSTITUTES

Financial institutions needs to set up revolving fund aimed at incubating and help grow business of women entrepreneurs in Addis Ababa so that they will be economically empower and be able to contribute to the development of country and empowerment of themselves.

Setting up revolving fund eventually will be benefitting the financial institutions, as women's by nature are pragmatic savers. Hence, institutes should allow individual lending systems and minimize the interest rates that they charge to women entrepreneurs to strengthen their entrepreneurial spirit.

❖ TO EDUCATIONAL INSTITUTIONS

Educational and Training intuitions are supplying trained work force to the market. As such they need to go extra mile to freely (social corporate responsibility) train personnel recruited by women entrepreneurs as well as provide tailor made training for entrepreneurs in metropolitan until the companies become self-sufficient and start to invest in their staff for further study.

That is investing today for tomorrows training needs which intern is steadily growing revenue. Hence, it sound to say that formal training in the areas of business entrepreneurship must be further enhanced so that women as nurtures of the upcoming generation are economically and socially empowered.

For the women entrepreneurs to be vibrant and serve as a springboard for the mushrooming and growth of a strong private sector in Ethiopia, educational institutions need to be informed that supplying of disciplined and quality workforce can be considered as one of the necessary conditions for women entrepreneurs to flourish.

A country with not well-developed human capital will face huge challenge and find it in disadvantaged position to attracting Foreign Direct Investment (FDI).

❖ TO SECTORIAL ASSOCIATIONS

Sectorial associations and related development partners need to focus on linkage and twining women entrepreneurs so that they will be able to learn from international companies and get business mentorship, which is very crucial to ensuring their competition and global business practice.

❖ TO CONCERENED GOVERNMENT ORGANIZATIONS

Many concerns aired by women entrepreneurs in Addis Ababa in the areas of lack of access to market for their products; premises (land) to run their business, information to exploit business

opportunities and adequate infrastructures and gender inequalities. Hence, imperative to say concerned government institutions to work to provide mainstreamed service to women entrepreneurs to resolve challenges mentioned herein.

From the aforementioned review, it is possible to deduce that woman entrepreneur in metropolitan must be supported so that they will be able to accessing finance; access to information to exploit business opportunities, premises (land) to run their business, management and leadership trainings.

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APPENDIXES