



## **FACTORS AFFECTING WOMEN ENTREPRENEURS IN EXPANDING THEIR BUSINESS: DEBREMARKOS TOWN**

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### **ABSTRACT**

*Women entrepreneurs play an important economic role in many countries and recognized as an important vehicles of economic diversification, employment creation, income generation and distribution, and poverty alleviation. The purpose of this study was to assess the constraining factors related to socio-cultural, business development service, working premise, financial and personal factors that hinders the expansion of women business in DebreMarkos Town. This study was descriptive research design and the data were collected from a total population of 815 and 268 samples. The samples were selected by using simple randomly sampling technique from each stratum using proportionally. Questionnaires was used in the study and the collected data was analyzed using descriptive statistics (mean and standard deviation). Generally, the findings of this study indicate that the most common factors constraining the expansion of women business in DebreMarkos Town were socio-cultural factors, lack of getting business development service, lack of having working premises, finance and lack of personal strength. Replication of this study using larger samples and a broader geographic base, longitudinal data collection and using*

*more statistical tests is suggested for cross-validation purposes in future researches to identify the factors affecting the expansion of women business.*

**Key Words:** Business, Entrepreneur, Women Entrepreneur

## **1. INTRODUCTION**

Most economists agree that entrepreneurship is a necessary ingredient for stimulating economic growth and employment opportunities in all societies. Entrepreneurship is a process of using human creative act and making successful micro or small business ventures. In the developing countries, successful micro and small businesses are the primary engines of job creation, income growth, and poverty reduction. As well as, the major roles in private sectors assigned to facilitate the economic development of a nation (Hisrich, et.al, 2008).

We are living in the age of entrepreneurship endorsed by educational institutions, governmental units, society and corporations. For this reason, entrepreneurial activity has never been so important in terms of courses and academic research. Various governments are taking an increased interest in promoting the growth of entrepreneurship activities. Because of this in 2007, the Ethiopia government was forced to develop a strategy for the development and promotion of micro and small business (Desta, 2010). The strategy states that, entrepreneurs should have the ability and willingness to start and expand the overall capacity of their business and they have an obligation to participate in government activities, such as, tax incentives, infrastructural activities and communication systems (MSE Strategy, 2005).

Women constitute around half of the world's population especially, in most nations, they cover more than half of the nation population (ILO, 2006). However, the significant numbers of enterprises were owned by men (ILO, 2006). Even gender projects are available to support women participation in entrepreneurship process. But still now they can't yet be able to equally participate in the entrepreneurial activity with men (ILO, 2006).

Most of the time, women are surrounded by a number of challenges than men. Especially in developing countries, they suffer for gender discrimination in society, underdeveloped enterprise culture, inadequate support and underdeveloped markets and infrastructure (Desta, 2010). And in the same way AWEA report justifies that the key factors in reducing global poverty is the ability of women to earn their own money. This improves conditions for entire families, children, surrounding society and the country as a whole (AWEA, 2012). However, because of the

following reasons they cannot contribute more to the near people and the country as a whole. Some of the reasons were; they do not acquire enough capital, land, business support service, and training, for women entrepreneurs and for their organization workers (AWEAs 2012). Moreover, because of lacking appreciation from their families/husband, work load, resource scarcity, limited range of competitive occupations and inaccessibility of new technology, and raw materials their business expansion was limited (shah, 1991).

Currently in DebreMarkos, 99% of women business were owned by single individual and registered in a micro business level (4<sup>th</sup> Quarter MSEs office report, 2015). That means, majority of women business were established and operated by a single woman. Furthermore, in most societies, women carry the added burden of family and domestic responsibilities (ILO, 2004); which were managing a business and family. It may be a constraint for the women when they were trying to plan in order to expand their business.

In the town very, few of women entrepreneurs were known who formalized and expand their business from time to time. While, in history no one woman entrepreneurs can transform from micro to small business level and obtain a graduation certificate from the government office (4<sup>th</sup> Quarter MSEs office report, 2015). In addition to this, as per the researcher knowledge there is no research which is conducted on this title. It was for this reason that this study attempted to find out the factors that affect the expansion of women business in DebreMarkos Town. To this end, the following guiding research questions are pursued.

- ✓ What are the socio-cultural factors that hinder for the expansion of women business?
- ✓ What business development services were given to women entrepreneurs by BDS providers to expand their business?
- ✓ What are the financial and working premises factors that affect the expansion of women business?
- ✓ What are the personal factors those hinder in the expansion of their business?
- ✓ How can be the problem of women entrepreneurs minimized?

## **2. Literature review**

### **2.1 Theoretical Literature**

#### **Concept of Women Entrepreneurs**

Women entrepreneurs mean “a women or a group of women who initiate, organize and run a business enterprise or women entrepreneurs are those who generate business ideas or select the

best opportunity, mobilized resources, combine the factor of production, undertake risks and operate the enterprise in the most effective manner with a view to earning profit. In addition to this, the Government of India a women entrepreneur is defined as “An enterprise owned and controlled by a women having minimum financial interest of 51% of the employment generated in the enterprise to women” (Sangram K.M 2005). In brief, women entrepreneurs are those women who think of business enterprise, initiate it, organize and combine the factor of production, run the enterprise and undertake the risk and economic uncertainty involves in running the business. As an entrepreneur, a woman has to perform all the functions involved in expanding their enterprises. While in traditional societies, they are confined to house performance household activities and hence women are generally called as “house wife” on “homemaker”. Today in modern society, they have moved out of four walls of the house and are taking part in all area of life. Nowadays women are seen in academic, teaching, politics, administration, software development, managing business enterprise, banking sector, hospital etc. The involvements of women in these activities generate good income to support them and their families (Sangram K.M, 2005).

### **Women Entrepreneurs in Ethiopia**

According to Bezabih, Ethiopia’s backwardness is an indicator of its low-level of entrepreneurship development. The economic structure also shows us that entrepreneurship is in its infant stage that requires prior and immediate actions of all stakeholders to make it more dynamic for the realization of Ethiopian Renaissance in the new millennium. Though currently the Ethiopian Government has made efforts, Entrepreneurship is not included in the curriculum as a compulsory subject at all levels. Look at the Japan, that lacks natural resources but it is the second economic power of the world, look at the agricultural sector in America, which absorbs only 2.5-3% of its working force and is not only feeding the United States of America but also exporting to many countries, thanks to entrepreneurship development. While in Ethiopia it absorbs more than 80% of the working population and is still trying to feed our nation (Bezabih, 2010).

### **2.2 Empirical Literature**

Different authors identify different factors which can affect women business expansions. Some of ideas which are identified by different researchers are as follow: Claudia Muller, 2006 study,

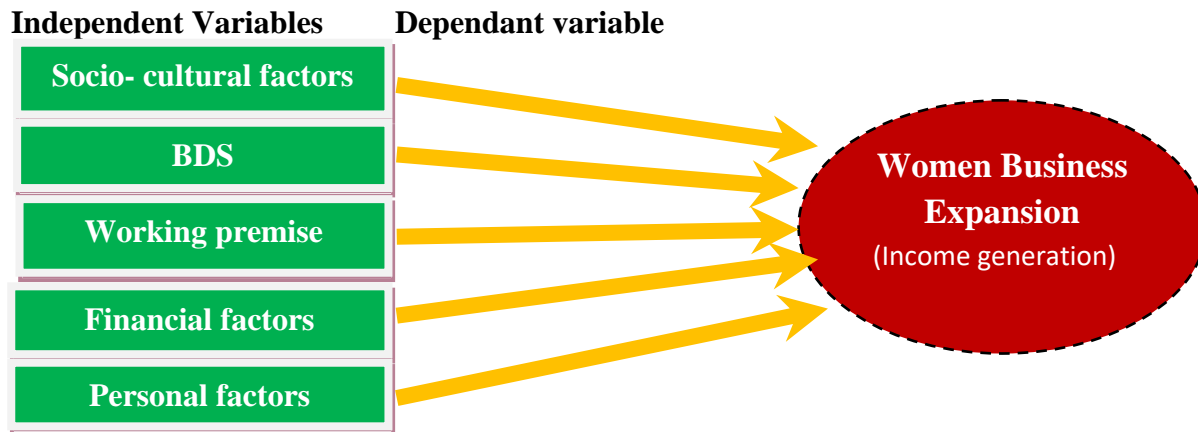
identifies that because of having a new business with a very small size and considered as supplementary to the main family income, the women business was not expand. Muller also identifies that, in addition to experiencing common problems like to all micro and small-scale entrepreneurs, women frequently face a gender bias in socio-economic environment, and have additional social, cultural, educational, legal, and technological barriers in establishing and expanding their own enterprises. Furthermore, Muler also states that, women carry added burden of family and domestic responsibilities which may constrain them from identifying a good business opportunity and establishing a successful business (Claudia Muller, 2006). Marianne also identifies the biggest barriers for women business expansion. Which are because lacking capital, land, business support services, training, mentoring, networking access women entrepreneurs cannot be able to expand their organizations (Marianne, 2012). The IFC/World Bank identify some of the following constraints: financial aspects; gender roles; social inequality; entrenched fixed cultural and traditional practices; technology; legal; institutional and policy levels (IFC/World Bank, 2006; Kibas, 2006). The literature review of DimaJamali, 2009, also identifies micro-level factors affecting female entrepreneurship, including opportunity identification, motivation, resources/financing strategies, and performance (DimaJamali, 2009). According to Roohangiz et.al identifications, the social, cultural and economic constraints (Namdari, ShahinRaz, 3Hajar Aramoon, 2012) are the major constraints of women business expansion. Finally JyotiTuladhar, also justify that because of lacking self-confidence, task result oriented behavior, risk taker nature and leadership system the women business expansions were limited (JyotiTuladhar, 2005).

### **The Conceptual Framework**

Conceptual framework means that concepts that relate to one another were used to explain the research problem. Since business expansion was negatively influenced by different factors, for this reason, women entrepreneurs need to understand the factors, which influence the business expansion. Therefore, the factors must be closely monitored to ensure that stringent measures are taken within the best time to either take advantage of the opportunities or to combat the threat found in the internal and external environment. But particularly the focus of this study was to examine the relationship between socio-cultural, BDS, working premise, financial, and personal factors with women business expansion. To align the conceptual framework with the research objectives, women business expansion was a dependent variable whereas socio-cultural, BDS,

working premise, financial, and personal factors has been considered as independent variables. The relationships were expressed in figure 2.1

**Figure 2.1 the Conceptual Framework**



Sources: Lumpkin and Dess (1996), the relationship of dependent and independent variable

### **The Discussion of Dependent Variable**

A number of yardsticks were used to measure women business expansions. The following are the most common measurement criteria's from highest to lowest. Income generation, number of customers, number of product/services (diversification), market expansion, increase number of employee, increase in stock, meet personal and family needs, activity expansion, increase in capital and fixed assets and improvement of living conditions. (ILO, 2003 P.30). However, for this study the highest measurement, i.e. income generation was opted to measure the expansion of women business.

### **3. RESEARCH METHODOLOGY**

This study used descriptive research design. It helps to determine the frequency with which an event occurs or relationship between variables. The major purpose of descriptive research is description of the state of affairs as it exists at present. Additionally both qualitative and quantitative research approaches was utilized for this research. In DebreMarkos town there are 815 women entrepreneurs business and engaged in five main business sectors, namely manufacturing (60), construction (4), service (201), urban agriculture (12) and trade (538). So the researchers decides to use these sector and numbers (815) as a strata and a total population (DebreMarkos MSE office report, 2016). In order to get reliable response for the study the researchers used simple random sampling techniques and selected the respondents from each

sector (stratum) including; manufacturing, construction, service, urban agriculture and trade. This study employed both primary and secondary sources of data. The study utilized cross-sectional data that means all relevant data were collected at a single point in time. In order to realize the target, the study was used well-designed questionnaire as a best gathering instrument. The layout of the questionnaire was kept very simple to encourage meaningful participation of respondents. The questions were kept as concise as possible with care taken to the actual wording and phrasing of the questions. The literature in the study was used as a guideline for the development of the questions in the questionnaire. For example, majority of questions were adopted from the following sources (Muller Claudia, 2006:43-54, Chane M., 2010:71-75, and ILO, 2003:73-81) and few questions were modified. The types of questions used in the questionnaire were multiple-choice and five-point Likert scale questions. The type of scales used to measure the items on the likert type of question is continuous scales (strongly agree to strongly disagree i.e. 5=strongly agree, 4=agree, 3=undecided, 2=disagree, and 1=strongly disagree). In addition to this study was used secondary source of data. Moreover, SPSS version 20 was used to analyze the data obtained from primary sources. Specifically, descriptive statistics (mean, standard deviation) and inferential analysis (Pearson's product moment coefficient of correlation analysis) was employed.

### **Reliability Test**

The widely accepted social science cut-off is that alpha should be .70 or .80 (Patricia, 2008) for a set of items to be considered a scale. To test the internal reliability of the research instrument Cronbach's alpha was used. The following table summarize the Cronbach's alpha value of each independent variables.

### **Summary of cronbach's alpha value for each independent variable**

<b>No</b>	<b>Independent variable</b>	<b>Alpha value</b>
1	Socio-cultural factors	.725
2	Business development factors	.744
3	Working premise factors	.796
4	Financial factors	.764
5	Personal factors	.719

Source: SPSS, Version 16

The above table indicates the value of all independent variable alpha value was above the standard level proposed by Patricia, 2008.

#### 4. Result and Discuss

##### Business Characteristics

The following tables discussed the general characteristics of women business more and by using the tables, respondent responses were analyzed.

**Table 1: Business Sectors respondents engaged in-**

Business Sectors	Number	Percent
Manufacturing	18	8.3
Construction	2	.9
Trade	134	61.5
Service	60	27.5
Urban agriculture	4	1.8
Other	0	0
Total	218	100

Source: Field survey, 2016

As it can be seen from the above table, most of them are engaged in trade sectors (61.5%) followed by service (27.5%), manufacturing (8.3%), urban agriculture (1.8%) and construction (0.9%) sectors respectively. This implies that women are not participating more in construction, urban agriculture and manufacturing sectors. Therefore, it may be the reason why women cannot be able to generate additional income than the previous and transform their business from micro enterprise to small business level. Because, Salman, states that, currently in Ethiopia construction, urban agriculture and manufacturing sectors are very demanding and more profitable business sectors (Salman, 2000).



**Table 2: shows the start-up capital of the business**

<b>Start-up capital of the business</b>	<b>Number</b>	<b>Percent</b>
<20000	182	83.5
20000-50000	24	11.0
>50000	12	5.5
<b>Total</b>	<b>218</b>	<b>100</b>

Source: Field survey, 2016

As shown in above table, most of women (83.5%) start-up capital was less than twenty thousand birr. It may have impact on current business expansion. Because according to respondents answer, financial problem is the third most factor that were affect their business expansion. From total sample (11%) and (5%) of them were has a start-up capital of between twenty and fifty thousand birr and greater than fifty thousand birr respectively.

**Table 3: Sources of start-up funding**

<b>Sources of start-up funding</b>	<b>Number</b>	<b>Percent</b>
Personal saving	206	94.5
Loan	5	2.3
Family	4	1.8
Loan and personal saving	3	1.4
Assistant from NGOs	0	0
Other	0	0
<b>Total</b>	<b>218</b>	<b>100</b>

Source: Field survey, 2016

Table above shows almost all the respondents (96.3%) use equity source (94.5% personal saving and 1.8% family support) of funding. The remaining 2.3% and 1.4% respondents use loan from lending institutions and the combination of loan and saving respectively. Women entrepreneurs do not obtain assistance from NGOs in the form of finance. This table implies that, the main source of finance for women entrepreneurs in DebreMarkos Town is equity financing, especially they use their personal saving as a source of start-up funding. But the other source of financing, debt financing was not utilized more by respondents. For instance, the debt financing sources

have their constraint in business expansion. However it is important and considers the next option during lacking finance from equity sources (KAB, 2003).

**Table 4: Current Capital of Business**

<b>Current Capital of Business</b>	<b>Number</b>	<b>Percent</b>
Less than 50,000	197	90.4
Between 50,000 & 75,000	12	5.5
Between 75001 & 100,000	5	2.3
Between 100,001 & 500,000	4	1.8
Between 500,001 & 1.5 million	0	0
More than 1.5 million	0	0
<b>Total</b>	<b>218</b>	<b>100</b>

Source: Field survey, 2016

The above table clearly depicted that majority of the respondents (90.4%) current capital is less than birr 50,000. Moreover, 5.5% of the respondents have a current capital of between 50,000 to 75,000 birr. It is only 2.3% and 1.8% of the respondents have a current capital of between 75,001 to 100,000 and 100,001 to 500,000 birr respectively. However, no one of the respondents has a current capital of 500, 000 to 1.5 million and more than 1.5 million birr. The result indicates that women businesses are not generate more capital than the start up. The reason is may be lack of collateral to loan, bad socio-cultural habit; absence of BDS, lack of manufacturing and sales center and because of failing to run business in legal basis women business may not generate more wealth than the previous time.

### **Factors Affecting Women Entrepreneurs in Expanding their Business**

There are a number of associated disputes were influence women entrepreneurs in expanding their business. The following tables summarize the descriptive statistics value of socio-cultural, business development service, financial, and personal factors that constrain women entrepreneurs during expanding their business and their comparisons.

#### **Socio-Cultural Factors**

The table below shows the impacts of socio-cultural factors on women business expansion in DebreMarkos by taking the mean and standard deviation of each question.

**Table 5: The socio-cultural factors that affect women business expansion**

No	Item	MEAN	ST. DEVIATION	Rank of Severity
<b>1</b>	<b>Social-Cultural Factors</b>			
1.1	I haven't a better of social acceptability	3.41	.774	5
1.2	I haven't a better contacts(networks) with my competitors	3.55	.755	4
1.3	I have prejudiced or class biases because of my sex	3.25	.718	6
1.4	The societies attitude towards my business products/services is not positive	4.07	.655	2
1.5	I am not participating in social activities that help me to expand my business.	4.46	.659	1
1.6	I have a cultural influences in expanding my business	3.10	.737	7
1.7	I am affected by gender inequalities	3.64	.739	3
1.8	I am may encounter for sexual harassment in expanding my business	2.56	.758	8
<b>Grand mean/standard deviation</b>		<b>3.50</b>	<b>.349</b>	

Source: Field survey, 2016

As it is indicated the table above, the mean and standard deviation for the socio-cultural factor was calculated. The table implies that absence of participation in social activities that helps to expand their business has a mean score of 4.46 with a standard deviation of .659. That means lack of participation in social activities is the main socio-cultural factor that affects the expansion of women business. Similarly, respondents perceived the society attitude for their products/services is not positive with mean score of (4.07) and standard deviation of (.737). This implies that they were not gaining trust of the community, the credit institution and the customers about their goods or services that offered (Caludia, 2006: 23).

However, respondents were affected by gender inequalities with a mean score of (3.64) and standard deviation (.739). Because of this, they combine and bear family and business responsibility. They also agreed that there was no good relation or network with their competitors with a mean score of (3.55) and standard deviation of (.718). Similarly, the table above shows with a mean score of (3.41) and standard deviation of (.758) respondents had not a better of social acceptability from the society.

On the other hand, respondents were not decided either they were affected by a prejudiced or class biases because of their sex and cultural influence on a mean score of (3.25) and (3.10) and standard deviation of (.718) and (.737). Furthermore, the table indicates a mean of (2.56) and standard deviation of (.758) as men could harass them if they work outside their home (especially in the evening or night).

### Support Services (BDS) Factors

The following table shows the absence of BDS and corresponding results.

**Table 6: summary of business development services, which BDS providers not give**

No	Item	Mean	Standard deviation	Rank of severity
<b>2</b>	<b>Business Development Services</b>			
2.1	Lack of obtaining management training from BDS providers	4.44	.591	1
2.2	Lack of getting marketing training from BDS providers	3.78	1.180	4
2.3	Lack of obtaining technical skill training from BDS providers	4.14	.827	3
2.4	Lack of obtaining counseling on business expansion strategy from BDS providers	4.42	.596	2
2.5	Absence of creating a market link with other business	3.78	1.102	4
2.6	Absence of getting moral support from my family and friends to expand my business	3.14	1.125	5
<b>Grand mean/standard deviation</b>		<b>3.95</b>	<b>.616</b>	

Source: Field survey, 2016

As shown in table 6 above, lack of obtaining management training from BDS providers was the main problem that hinders the expansion of women business. It has a mean score of 4.44 with a standard deviation of .591. Therefore the majority of respondents with regard to management training responds their strongly disagreement with little deviation among them.

With regarding to lacks of obtaining consultancy on expansion strategy and technical skill training from BDS providers has a mean score of 4.42 and 4.14 and standard deviation of .596 and .827 respectively. This indicates that women entrepreneurs did not receive any consultancy on expansion strategies and their technical skills. The above table also indicates that, the mean score of 3.78 and 3.78 and standard deviation of 1.102 and 1.180 indicating that they were not create market link with their competitors and obtain marketing training from BDS providers. This indicates that there was a problem about creation of market link and marketing activities of their business environment.

To the contrary, the respondents of all sectors were neither ‘agree’ nor disagree with the issue of getting moral supports from family and friends. The mean score and the standard deviation clearly show that they are almost undecided. That is mean of 3.14 and with standard deviation of 1.125.

### **The Financial Factors**

By using the following table below, the financial factors, which are considered as constraints, were discussed.

**Table 7: The financial factors that affect women business expansions**

<b>No</b>	<b>Item</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Rank of Severity</b>
<b>3</b>	<b>Financial Factors</b>			
3.1	Loan application procedures of banks and other lending institutions are too complicated	3.02	.637	4
3.2	Shortage of working capital	4.47	.751	1
3.3	High interest rate charged by banks and other lending institutions	3.67	.602	3
3.4	High collateral requirement from banks and	3.92	.524	2

	other lending institutions			
3.5	Inadequacy of credit institutions	2.68	.515	5
<b>Grand mean/standard deviation</b>		<b>3.55</b>	<b>.372</b>	

Source: Field survey, 2016

The mean scores of 4.47 with a standard deviation of .751 women in the above table 7 shows that shortage of working capital was the major problem of women entrepreneurs of DebreMarkos Town. Without working capital we cannot operate the business effectively and can generate additional incomes from time to time. Regarding the collateral requirements, majority of women agreed on high collateral requirements were needed to borrow money from lending institutions. However, in developing country women did not have assets, which are registered by their names (KAB, 2004). So they were not lend money from credit institutions by offering assets as a collateral.

Similarly, respondents agreed on the interest rate of banks and other lending institutions are so high. This is justified by the men score of 3.67 with a standard deviation of .602. On the other side, respondents are not either agree or disagree on loan application procedures. This is also justified by a mean score of 3.02 with standard deviation of .637. The reason may be lacks of know how about the loan procedures. Moreover, respondents show their disagreement about inadequacy of credit institution by representing a mean value of 2.68 with standard deviation of .515

The above also indicated that, 94.5% of women use personal saving as a main source of finance to start their business. It may be the reason that business face for scarcity of working capital. According to ILO, 2003, the main financial sources for start-up and expansion of women-owned business came from personal saving and family loan/contribution. This has provided to be a constraint for some women entrepreneurs, especially when trying to mobilize capital for expanding or diversifying the business (ILO, 2003). Similarly, Carter and Kolveried,(2001), suggest that women entrepreneurs start with lower levels of overall capitalization and lower ratios of debt finance than male entrepreneurs do. For example, women had greater limitations in accessing personal savings, given more punctuated and interrupted work histories and lower patterns of remuneration. Women also less likely to have generated a credit track record to establish formal credit worthiness than their male. Women entrepreneurial ventures also tend to

be concentrated in service sectors that are usually cheaper and easier to establish (Carter et al 2001).

### Working Place Factors

Because of lacking a work premise, many women entrepreneurs were not can be able to expand their business more. The table 8 summarize the major problems.

**Table 8: The work premises factors, which affects women business expansions.**

No	Item	Mean	Standard Deviation	Rank of Severity
<b>4</b>	<b>Working place factor</b>			
4.1	I haven't land to produce my product(s)/ deliver a service	3.98	.777	3
4.2	I haven't house to store and sell my product(s)	4.57	.549	1
4.3	The rent of house is too high.	4.34	.722	2
4.4	The current work place is not near to my home	3.67	.804	4
4.5	Lack of infrastructures around my business	3.03	1.092	5
4.6	The business location is not near to my customers	3.01	.960	6
<b>Grand mean/standard deviation</b>		<b>3.76</b>	<b>.587</b>	

Source: Field survey, 2016

As it can be seen from the above table the working premises factors that hinders a business expansion are absence of own house to store and sell products/services, the rent of house is high and absence of land to produce the products. Respondents strongly agree with the mean score for absence of house to store and sell the product indicate 4.57 and standard deviation of .549. With regard to high rent of house, they also show their agreement with the mean score of 4.34 and standard deviation of .722. In addition, the respondents almost agree with absence of land to produce products a mean score of 3.98 with standard deviation of .777. Similarly, respondents

show more than undecided, indeed less than agreed with their current work place were not near to my home. This is justified by calculated mean of 3.67 with standard deviation .804. However, to the contrary these women entrepreneurs undecided for lack of infrastructure around their business and the business location were not near for them. It also justified by the calculated mean of 3.01 with standard deviation of .960. As noted earlier the majority of women entrepreneurs do not have their own working premises. According to ILO, 2003, study most women in microenterprises (72%) operate from rented premises. Although women reported that they are trying to find temporary solutions to the problem of working space, the issue of lack of permanent solutions remains a constraint to many at start-up and as a factor inhabiting further growth. Issues, such as rental levels, term of lease, physical conditions and location all likely to contribute to arrange of premises-related constraints ILO, 2003).It is a major factor in urban area especially business which have little capital. Even the available one is expensive. In order to alleviate this problem the government should construct more buildings and shads.

### Personal Factors

The absence of positive personal attribute may have a great impact on women business expansion. Some of them are discussed table 9 below.

**Table 9: the personal factor, which affects women business in expansion.**

No	Item	Mean	Standard Deviation	Rank of Severity
<b>5</b>	<b>Personal Factors</b>			
5.1	I haven't a good attitude for my business	1.71	.722	6
5.2	I am not motivated to expand my business	1.72	.665	5
5.3	My knowledge has no directly relate with the required business knowledge	2.60	.859	4
5.4	Lack of having good business opportunity identification ability	3.57	.824	3
5.5	Lack of equal participation with men because of my sex	3.87	.570	2
5.6	Lack of using current innovated technology	4.52	.545	1
<b>Grand mean/standard deviation</b>		<b>2.99</b>	<b>.457</b>	

Source: Field survey, 2016



Table 9 above clearly portrays the respondents were not utilized currently innovated technology in their operation activities. The mean score 4.52 and standard deviation .545 shows that women entrepreneurs strongly agree with the issues that they lacks utilization of currently innovated technologies. Even though in the case, agreements are seen on lack of equal participations with men because of their sex and lack of having abilities to identify a good business opportunity. That is mean of 3.87 and 3.57 with a standard deviation of .570 and .824 for equal participation and good business opportunity respectively.

As opposed to this, the above table also shows neither respondents are select disagree nor undecided on the absence of relation of their knowledge with the required business knowledge. It was supported by the calculated mean of 2.60 and standard deviation of .859. When we see their motivations and attitude, the mean score of 1.72 and 1.71 with a standard deviation of .665 and .722 implies that their disagreements. It indicates they have a good attitude and motivation toward their business.

### Comparison of Factors

Even though, all the socio-cultural, supportive, financial, working premises and personal factors affect the expansion of women business, this is not necessarily mean all factors have equal impact on women business expansions. The following table compares the overall impact of all key factors discussed in detail earlier.

**Table 10: Comparison of the major factors**

No	Factors	Grand Mean	Grand Standard Deviation	Rank of Severity
1.	Socio-Cultural factors	3.50	.349	4 <sup>th</sup>
2.	Support service (BDS)	3.95	.616	1 <sup>st</sup>
3.	Financial factors	3.55	.372	3 <sup>rd</sup>
4.	Work place factors	3.76	.587	2 <sup>nd</sup>
5.	Personal factors	2.99	.457	5 <sup>th</sup>

Source: Filed survey, 2016

The table implies that, the support services (BDS) has the biggest potential to contribute for the business expansion followed by work place, financial, socio-cultural and personal factors. In other words, the result showed that absence of gaining business development service was the top most factors that affect the women business expansion. The work place, financial, socio –cultural and personal factors was the next most constraints that affect women business expansion respectively.

This result is supported by ILO report, which is mentioned by National MSE baseline survey, 1999, business support services are a crucial constraint of women entrepreneurs. Majority of women not receive BDS support from service providers. A few business development services are available, but may not be accessible to most women entrepreneurs. Lack of information on who is offering what and the cost of obtaining such services are some of the limitations. On the other side, women family and friends provides some supports, although the support may not demanded by the business. Because, they did not have a specialized professions in each business sector and general environment of Ethiopia (ILO, 2008). The business development service is not only needed at the growth level, it is also needed at the start-up and maturity levels (Ethiopian Economics Association, 2014 ). It is to say that, to be competitive in price, quality, supply and profitability enterprise should obtain BDS support at growth time. Therefore, the BDS factors are the main factor that affects women business expansion.

Among the above factors, the personal factors are the least factor that can affect the women business expansions. Few of business may fail because of personal factors. This idea also supported by DimaJamali idea; some other factors of business expansion have traditionally revolved around micro-level factors including lack of attitude, motivation and knowledge (DimaJamali, 2009) are the major constraint of women business expansion.

### **Result of Inferential Statistics**

In this section, the results of inferential statistics were discussed. For the purpose of assessing the objective of the study, Person Product Movement Correlation Coefficient was performed. With the aid of statistical techniques, conclusions were drawn with regard to the sample and decisions were made with respect to research questions.

In this study the researcher uses Pearson's Product Moment Correlation Coefficient to determine whether there is significant relationship between independent variables(socio-cultural, BDS, financial, work premise and personal factors with dependent variable (business expansion). The next section shows the result of Pearson's product Moment Correlation on the relationship between the independent and dependent variable. The table below indicates that the correlation coefficients for the relationships between dependent variable (business expansion) and its independent variables.

**Table 11: The relationship between independent variable and business expansion**

Independent variables		Business Expansion
Socio-cultural factors	Pearson correlation	-.786**
	P-value	000
	N	218
Support services(BDS)	Pearson correlation	-.917**
	P-value	000
	N	218
Working premises	Pearson correlation	-.831
	P-value	000
	N	218
Financial factors	Pearson correlation	-.810**
	P-value	000
	N	218
Personal factors	Pearson correlation	-.623**
	P-value	000
	N	218

Correlation is significant at the 0.01 level (2-tailed)

Source: Filed survey, 2016

As it is clearly indicated in the above table 11, there was a strong negative relationship between absence of business development service and expansion ( $r = -.917, p < .01$ ), absence work premise and expansion ( $r = -.831, p < .01$ ) and lack of finance and expansion ( $r = -.810, p < 0.01$ ). A substantial negative relationship also found between socio-cultural factors and expansion ( $r = -$

.786,  $p < .01$ ) and personal problem and business expansion ( $r = -.623$ ,  $p < .01$ ). This would imply that, when socio-cultural factors and personal problems become increased the women business expansion becomes decreased. The same to this, when absence of business development service, working premise and lack of finance move up, the women business faces for troubles. Therefore, their business were not expand or move down or may be turn off. Because, the independent and dependent variable has inverse relationship.

## 5. Conclusions

The general information of women entrepreneurs in DebreMarkos Town shows that the majorities of them are adult and having certificate in TVET. From this, it is possible to infer that they are more energetic and have certain knowledge to expand their business, if they were utilize their effort effectively and efficiently. Besides to this, majority of respondents are married and having one up to, five years' work experience on their business. For this reason, they can share ideas and experiences with their husbands, colleagues and competitors about the business expansion strategy. However, because of socio-cultural and personal factors they may not talk freely with the above stakeholders.

Women in DebreMarkos were still participating in trade and service industry. That means the participation level in industry sector is very low. However, after, 2003 government of Ethiopia Growth Transformation plan (GTP) was focused on industry sector to enhance the country economy. In addition, to this, majority of respondents start their business with a start-up capital of less than 20,000 birr and use personal saving as a major source of finance for establishment as well as for business expansion. For this reason, the business lacks working capital to purchase raw materials, to pay more salary and to provide training for workers, to prepare a business plan and to facilitate the production and sales activities etc. In line to this when we compared the start-up capital with the current capital of women business, *it does not show as such changes or growth* (Table 4.5). The reason is lack of capital. And this idea was justified by ILO, 2003, study. The study identifies the major three biggest obstacles that women could face in expanding their business. Begin from greatest obstacle, lack of capital, lack of confidence to take the risks and lack of skills in negotiation are seen the biggest barriers to women business expansion (ILO.2003). Most of the women running business cannot get credit access from credit institutions because of lacking a fixed asset to offer as collateral. Even though,

the loan institutions provide finance for starting the business, but not provide finance for the purpose of expanding business. Therefore, women entrepreneurs have tried to use significant portion of their profit and informal loan as a source of fund to expand their business.

Another characteristic of respondents shows that they have no employee since establishment and the majority of them were start business in sole proprietorship legal forms. However,

Generally, the most factors which were identified by the researcher were as follows; socio-cultural factors; absence of business development services (BDS), lack of finance, absence of working premise and negative personal attributes . Under the socio cultural factor, the researcher identifies; the absence of participation in social activities, social acceptability, gender inequalities and lack contact or network with competitors were as a specific constraints. Under the business development service (BDS) he includes lack of management training, lack obtaining counseling service on business expansion strategy and technical skill training as a main obstacle for business expansion. In the financial factors, the researcher also includes shortage of working capital, presence of high collateral requirements and high interest rate charged by lending institutions. Moreover the working premise factors incorporate absence of; own land and house to produce, store and sell business products, the rent of house was too high, current work place were not near to women home and customers and absence of infrastructure around the business. Finally, in the personal factors, lack of using currently innovated technology, lack of equal participation with men, and lack of ability to identify a good business opportunity were included. Depending on their severity absence of business development services (BDS) were the main factor which affect women business expansion negatively, followed by work place, finance, socio-cultural and personal factors respectively.

Finally, the study identifies the correlation between the dependent and independent variables. The specific empirical findings emerged from the investigation that there is a strong to substantial negative relationship between the independent variables and dependent variable.

## **6. Recommendations**

Based on the finding of the study, recommendations for the corrective were made and forwarded, to the existing women entrepreneurs, who have a micro or small business in

DebreMarkos Town. In addition to this recommendations was forwarded to the government,the society,the BDS providers,the credit institutions and NGOs respectively

#### ♣ **To the Existing Women Entrepreneurs who have Business**

Women should adjust their direction accordingly and strive more to expand their business. They try to fight with challenges and risks in any environment rather seeking supports from different institutions

They should prepare business plan for credit, improve their ability and attitude toward their business, motivated to established legal business and utilized the newly innovated technologies. The vast majority of women entrepreneurs market their product/s and service in the local market.Because of this, many of women entrepreneurs are engaged in stiff competition with each another. Therefore,their business was not expanded and generates more incomes than the previous. In order to solve these problems they need to explore new market, which can bring better price advantage and promote their product/s and services continually by participating in exhibition, using brochures, business cards and other way of promotional tools. They also need to create a network with different organizations, make independent decisions and take training about new government policies. Since, many of women entrepreneurs make joint decision with their husbands. So the husband permission is required to create a network and exchange ideas and experiences with model entrepreneurs. In addition, without the permission of husband and family they cannot expand the business activities, taking a short term or long term training and offering their joint property as collateral for loan. To tackle the above problems the women entrepreneur strive to minimized the negative side of socio-cultural and personal factors, obtaining business development service from government or non-government officials or institutions and should search different opportunities to maximize their working premise and finance.

#### ♣ **To the Government**

The problem faced in undertaking this study was lack of detailed data on the expansion activity of women business. Therefore, the Town MSE officers should have a detailed time series data on each sector. The government should create a conducive and enabling environment to women entrepreneurs to expand their business. In this regard the tax system needs proper attention as almost all women entrepreneurs have complaints over the existing tax levy assessment. Because

it does not take, account the ability of women enterprise to meet the tax demand. The federal and regional government should solicit fund and channeling these through credit institutions, the production and marketing sheds should construct or build in suitable locations and arrange. There are also big differences between the laws and customary practice as regard gender equality in society, licensing and supports. So the government should minimize these gaps by implementing a designed policy and trying to maintain equality in society. Moreover, government should arrange a special supports to women entrepreneurs and forced them to form a network and to maintain growth. More emphasis should continue to be given to enhance the expansions of micro enterprise and convert them in to medium and large scale industries. In this regard the quality of industry extension services should be improved to transform business. The government also should bear the responsibility to alleviate the personal and socio cultural factor of women entrepreneurs by providing clear training and integrating the entrepreneurship course within the education curriculum of lower class.

#### ♣ **To the Society**

The society should change the attitude towards women entrepreneurs and should create a positive and constructive environment for their expansion and growth. If women tried to expand their business, the family may opposed her activities and forced her to stop it. Because it may not be acceptable by the society, culture and the activity may need to move out from her parent's house and to be near to her business. She later may divorced or conflicted from her suppose or family For this reason feel that she was restricted to stay at home and care her children only. However, we are living in the age of entrepreneurship and global competition. Therefore, the women spouse, family and societies she lived should support women to start and expand their business.

#### ♣ **To BDS Providers**

Special support should be made to improve partnership between all actors who influence the socio-economic environment for women in general and for women entrepreneurs in particular. Either the government or privet BDS providers their direction should adjust on offering assistance in management system, business expansion strategy, technical skill training and marketing activity of women enterprise. The government and business advocacy group should encouraged linkage between BDS providers and financial institutions to improve women

entrepreneurs' access to the full range of financial and non-financial (BDS) support services. Women entrepreneurs' organizations such as AWEA should offer training programmes for various target groups – women micro-entrepreneurships and small enterprises – so that the women become equipped with skills and can run their companies more professionally. The BDS providers also should develop their capacity and capability before starting the provision of service. For example, the available government BDS providers (Industry extension officers in Debremarkos) profession may not be familiar with the required profession of women business. Plus to this, as we show in the above table 4.2, majority of women business engaged in trade sector, but this sector was excluded now from the industry extension programs. That means women entrepreneurs who participate in trade and service do not get any BDS service from BDS professionals. So I recommend that BDS providers should provide a technical and professional service to all entrepreneurs generally and women entrepreneurs particularly. In addition, the private and government BDS providers should redouble their effort in this regard.

#### ♣ **To Credit Institutions**

Limited access to the credit service of credit institutions has been identified as one of the key constraints facing women entrepreneurs in expanding business. The credit system in Ethiopia is generally extremely under-developed, and women stand less of a chance than men of being eligible for credit. Women having an equal right to credit is of vital significance. One possibility could be to demand that banks and other credit institutions match women's savings with loans and credits in a more effective way. Another option is to look closer at creating special financing instruments for women entrepreneurs, including improving the systems available for micro-credit. The credit institution also should review their loan products for the women entrepreneurs in growth-oriented micro and small enterprises. So the credit institutions should consider:

- Allocating certain portions of their loan funds for women entrepreneurs who are planning to grow their business
- Designing alternative collateral systems that take account of the women's economic position, as well as the development and financial requirements of their enterprises
- Greater collaboration and networking among MFIs and banks so that women entrepreneurs who outgrow the financial services of MFIs could be directed to banks for higher loans.
- Review interest rates with a view to offering variable rates based on business needs.



## ♣ To NGOs

The local or external NGOs also have a responsibility to support women business expansion activities in the form of finance or training. They should try to help more robust association of women entrepreneurs to create their own financial institutions to avail special credit to their members. They can give training and enable them to carry out better service based on the need of women entrepreneurs. Furthermore, they can undertake other initiatives such as by arranging exposure visits within and outside the country women entrepreneurs can exchange and learn other experiences. AWEA is the only association which is formed by women entrepreneurs in Amhara region with the financial support of Swedish International Development Cooperation Agency, (Sida). Today, AWEA is the large women entrepreneur's association and the second biggest member-based organization in Ethiopia. But except collecting membership fees, it cannot be able to provide training to all women entrepreneurs of the Town.

### ***Further area of Research***

Further research can be cared out in the area of women entrepreneurs' business expansion in DebreMarkos town. The interested researchers including government and non-government organizations. In addition, by incorporating demographic and business characteristics which are not includes in this research and other variables, such as; marketing, production, packaging, promotion and purchasing activities of women as a variable to analyze his/ her study and recommend for the concerned bodies.

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