ROLE OF WOMEN OWNED MICRO & SMALL ENTERPRISES FOR PROPELLING URBAN DEVELOPMENT: EVIDENCE FROM ETHIOPIA!!

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Abstract:

Women entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of urban economic dynamism. However, women entrepreneurs in Ethiopia face various challenges and due to this most of them are not continuing their business for a longer period of time which hinders their personal and economic development. Hence this paper aims to examine the role of women owned enterprises for urban development in Ethiopia. To address the objectives, 371 registered micro and small enterprises owners were identified randomly and direct interview was conducted with semi structured questionnaire. In addition, focus group discussion and key informant interviews have carried out to substantiate the necessary information. Statistical tools such as mean, standard deviation, paired T test were used to analyse the collected data and arrived the results. In addition, multiple linear regression analysis was also carried out to find out the influential variables on the performance of the women enterprises. The findings indicate that majority of women entrepreneurs are young, the main reasons to start the business are willing to be self employed and lack of other alternative. The main source of income before the business was husbands' salary, fortunately the business income become the main source after the business. The linear logistic regression results indicated that income of the business, capital and age of enterprise are the significant variables determine the performance of enterprises. Finally it is concluded that women owned enterprises plays a vital role achieving urban development in the study area through employment creation, income generation and asset creation among women entrepreneurs which pave the way for solving the socio-economic problems so as to achieve the development of the city. Based on the findings recommendations also forwarded to enhance the performance of enterprises further.

Key Words: *Entrepreneurship, Micro and Small Enterprises, Problems and Prospects, Urban Development*

1. Background and Rationale

Women are the most important person for any country development and playing a significant role for the alleviation of socio-economic problems. But available information shows that women in urban area are marginalized due to their low status and unemployment as well as lack of livelihood options. There are some indications that in some socio-economic groups, such as adolescents and women, poverty may be linked to HIV prevalence owing to higher rates of early sexual initiation and reports of forced or traded sex (Chung, 2012). Economic dependency, poverty and unemployment are the most crucial problems faced by the women in Ethiopia in general and in the study area (Hawassa town) particular. The economic dependency ratio of the country is 109 for 100 economically active persons, of that women are more dependent than men in terms of food, clothing, health, education etc. (CSA, 2011). Entrepreneurship is an alternative mechanism to overcome the drudgeries faced by the women.

Women entrepreneurs have been played an important role in economic sector. There are different evidences that show the activities of women entrepreneurs in economic growth. They contribute numerous ideas and a great deal of energy and capital resources to communities, and generate jobs as well as create additional works (Common Wealth

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Secretariat, 2002).

In Ethiopia women dominate the micro and small enterprise sector and their participation in the private sector is similar to other African countries. Their products and services contribute to Gross Domestic Product (GDP) growth; generate income and employment. The extent and form of women's participation in the market is different from that of men entrepreneurs. The reasons are strongly linked to the roles and positions of women in Ethiopian society (Desta, 2010).

The Central Statistical Authority of Ethiopia (2010) report indicates that women own 73.5% of microenterprises, 13.7% of small enterprises in manufacturing industries and 30% of medium and large enterprises in industrial activities. The majority of informal sector and micro enterprise operators are women and which is very low and poorly represented in small, medium and large enterprise.

According to CSA (2012) urban employment unemployment survey the overall unemployment rate of the country is 18.0% and the corresponding male and female unemployment rates are 11.4% and 25.3% respectively. Furthermore the differentials of unemployment rate by gender in South Nations and Nationalities of Peoples Region (SNNPR) show that female unemployment rate (17.5%) is more than double as compared to 8% for male. As the documentation of trade and industry office (2012) show that the total entrepreneurs enrolled in micro and small scale business which survives for two years and above is 6200, of those 4289 men and 1911 women members. This implies that even though women in the region constitute half of the population, the percentage share of entrepreneurs is very meager which may hinder the urban development.

From the total number of registered women entrepreneurs, only 212 are running small business and 1699 running micro enterprises. This indicates most of them are constituted in micro sectors (RTIB, 2012). Further, among women entrepreneurs who engaged in Micro and Small Enterprises, only few could bring significant changes on their life and business. The above realities initiate the author to study the role of women entrepreneurs for urban development.

2. Objective of the Paper

The overall objective of this research paper is to assess the role of women owned micro and small enterprises for the development of Hawassa town and the specific objectives are to:

1. Assess the profile of women entrepreneurs and their enterprises in the study area;
2. Explore the support provided to the women entrepreneurs by different organizations;
3. Examine the contribution of enterprises for the development of women and for the urban development;
4. Trace out the factors that influence the performance of enterprises operated by women entrepreneurs

3. Research Design

This paper depends on empirical research based on both qualitative and quantitative data. To achieve the stated objectives, both primary and secondary data were used. Primary data was collected by direct interview from the sample women entrepreneurs, women

entrepreneurs' association as well as trade and industry officers using semi-structured questionnaires. There are 1911 women entrepreneurs those registered their businesses and survive for two years and above in the Hawassa town. To determine the sample size, Conchran (1997) formula was employed with 95% confidence level and arrived 139 numbers. The study also considered 5% non – response rate and the total sample size was 139 + 7=146. However, data could be collected from only 137 women entrepreneurs. In addition, two focus group discussions with 8 to 10 individuals from micro and small scale business, key informants interview with women entrepreneurs' association as well as from trade and industry bureau were carried out to supplement the primary data. The secondary information was obtained from published and unpublished documents and reports of Regional Trade and Industry Bureau, internet sources, journals, and from other research papers. Five point Likert scale questionnaire was used to elicit the factors determine the performance of women enterprises.

The collected data was coded and analyzed by using Statistical Package for Social Sciences (SPSS version 20). The quantitative data were analyzed using simple analytical tools such as percentages and averages. The contribution of enterprises on socio-economic changes of the respondents was assessed by paired t- test. In addition, multiple linear regression analysis was carried out to assess the factors influencing the performance of women enterprises. The results are presented in the form of tables, charts and graphs for easy understanding.

4. Results and Discussion

4.1 Profile of sample Women Entrepreneurs

Socio-economic variables are related to the position of the entrepreneurs in the society, which is determined by various social and economic aspects. Demographic characteristics of entrepreneurs determine business and industry choices, financing strategies and growth patterns of businesses. Isidore et al., (2011) states that family size affects women entrepreneurial activities, large family size is common in developing countries.

In most regions of the world, entrepreneurship is popular among young people. Therefore age is considered as a determinant factor of women entrepreneurship. The survey result indicates that majority (67.8%) of respondents belongs to the 20-40 years old which can be considered as a productive age. The average age of the sample entrepreneurs is 30.7 years and more than 80% of them are less than 35 years old. Brush and Gatewood (2008); GEM (2012) states that most of women entrepreneurs around the world start their businesses in young ages (18-34 years) and an average number of young women entrepreneurs greater than older ages. Older age of people may have declined effects for entrepreneurship (Al-Sadi and et al, 2010). The finding of this research has the same result with the previous ones; 82.5% of women entrepreneurs fall their age category between 20-35years and this age is better time to perform entrepreneurship.

Marital status is also one of the demographic factors influencing entrepreneurship; married women may obtain better assistance from their husbands in terms of financial, idea and labor support. On the other hand, unmarried women have freedom to take decision on their own regarding their entrepreneurial activities. The survey results show that majority (54%) of the sample entrepreneurs is married and 35% are unmarried. According to Gyanu (2007) married women are more successful entrepreneurs than unmarried one. The present research result indicates that married women have the greater exposure because married women are responsible for the families' need and the

ambition to get more income, pushes them to enter in to entrepreneurship. Survey results also indicate that getting high income is the second most reason for starting the business.

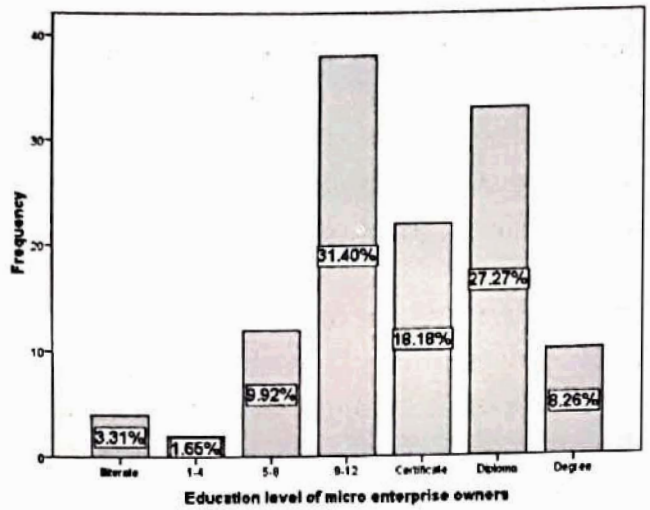
Household size refers to the number of members in a family. It is assumed that large households with productive age group are able to provide labour that might be required to carry out the enterprises smoothly. On other hand, if more dependencies are in the family, this may hinder the entrepreneurs in the involvement of their venture fully. Household size affects the social and economic well being of the household members as well. Large household size is associated with crowding, unfavorable health and poor economic conditions. It is expected that women entrepreneurs would come from larger households, because running their own businesses may provide more flexibility to earn an income while they care for dependents. Larger households, with more family members to support may also contribute to necessity motivations. On the other hand, fewer household members may provide more time and fewer obligations that would enable them to engage in this activity. The average number of persons in a household is 4 persons in urban areas of the Ethiopia and 3.8 persons in SNNPR (CSA, 2011).

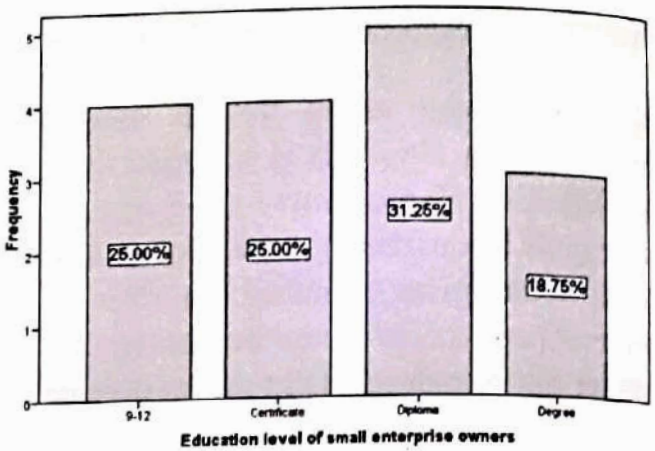
As survey data shows, almost half (51.8%) of women entrepreneurs have 3.8 persons which is also most equal to the average household size of the region. The result also indicates that the average working time of women entrepreneurs is 12.3 hours per day. Most (95.6%) of women entrepreneurs work more than eight hours per day. Also it is observed that while number of house hold size increase average time per day spent in business decreases. Desta (2010) emphasized that the size of household and women's responsibility at home affects the operation of their businesses, additionally cultural traditions in Ethiopia women are primary household careers, have additional domestic workloads alongside running their own businesses (ILO, 2003). The finding indicates that most of the respondents came from larger households and the size of the family shares the time spent in business.

Education is one of the key factors and the most powerful tool to bring the desired socio-economic changes in a given society. It also reflects the level of society's development. Lack of education and relevant training hinders the development of the society and entrepreneurial activity as well. It is found from the survey results that most (30.7%) have attained between 9-12 grade and 27.7% are diploma holders and only 9.5% have completed their degree. This indicates that majority of the entrepreneurs are having adequate basic education to run their business.

When one compares the two sectors of women entrepreneurs' women entrepreneurs running small business have better education than micro business owners. As can be seen in figure 1, the educational level of most (31.4%) of micro enterprise owners are 9 to12 grades, whereas 31.2% small enterprise owners are diploma holders. This indicates that that education level of women entrepreneurs determines size of business. Increased educational opportunities for women and the level of education have led to increased productivity (Al-Sadi and et al, 2010).

Figure 1: Educational Level of Women Entrepreneurs





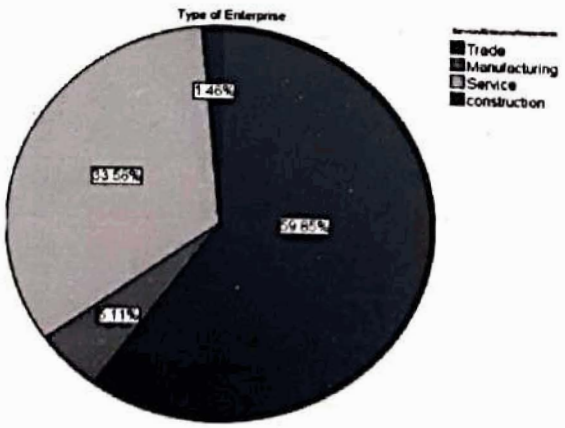
Source: Field survey, 2014

1.1 Profile of Sample Enterprises

4.2.1 Types of Enterprises: Women in Sub-Saharan Africa more likely to start businesses in consumer oriented industries. Consumer sector businesses are more often smaller and less knowledge or capital-intensive than those in business services or transforming (GEM, 2012). Richardson et al. (2004) indicates that the majority of the women entrepreneurs in Ethiopia, Zambia and Tanzania had businesses in the trade and service sectors. Accordingly in this research an attempt has been made to see the type of enterprises carried out by the sample entrepreneurs and presented in figure 2.

Women entrepreneurs naturally select the type of business related activities such as hair dressing, restaurant and food processing instead of looking another opportunities. This may contributes to the size of their business being small and concentration in few sectors causes high competition within specific market and reduces their turnover. From the findings it is observed that more than half (59.85%) of the sample entrepreneurs engaged in trade activities such as selling cloths, shoes, cosmetics, super markets etc, 33% of them engaged in service sector such as running restaurants, running kinder garden and so on, and they are not advantageous of other sector. The results seem to coincide with past researchers' findings which stated that the entrepreneurial activities of the women entrepreneurs from developing countries are concentrated in the trade and services sectors (Singh et al. 2001; Spring, 2005).

Figure 2: Types of Enterprises



Source: Field survey, 2014

4.2.2 Age of Enterprises: Through the increase of experience and skill of entrepreneurs, the capital, and income of the business are also expected to increase. Majority (87.6%) of enterprises have the age between 2 to 5 years, which are very young and only 2.9% of enterprises were established between 11 to 15 years. Since the age of enterprise increases the number of enterprises decreased, this will be an indication of business discontinues as stated by Kebede (2002) only one in three small businesses survive to their third anniversary. Also GEM (2012) report confirm that high total entrepreneurship activity found in Sub-Saharan Africa, though business discontinuous by women is much higher than men. Based on the result one can conclude that women's business not to survive longer.

4.2.3 Legal ownership status of Enterprises: Enterprises can be established with different legal ownership statuses such as Sole proprietorship, Joint ownership, Family business, Cooperative and others (Hisrich, 2005). Women are generally more likely to run in single founder businesses, indicating a tendency to operate on their own. They are less likely to work in teams than men, only with few cases they start with three or more founders. The same result also expected from this research as well. Table 1 represents the legal status of business enterprise of respondents.

As it is observed from the survey results, respondents are highly concentrated in few type of business ownership and majority (92.7%) of them registered as sole proprietorship activities because of the nature of the business type entrepreneurs easily start, run and close the business without consent of any other person. The finding has the same result with (ILO, 2003; Richardson et al, 2004) indicates majority of businesses (both micro and small) were registered as sole trading businesses in Ethiopia.

Table 1: Legal Status of Sample Enterprises

Business Ownership	Frequency	Percentage
Sole Proprietorship	127	92.7
Partnership	01	0.7
Cooperative	09	6.6
Total	***137***	***100.0***

Source: Field survey, 2014

4.3 Characteristics of Sample Women Entrepreneurs

This section addresses the research questions related to the personal characters of women entrepreneurs which include motivator for the business, previous work position, and the main source of income before and after the business etc.

4.3.1 Entrepreneurial Motivation among Respondents: Individual drivers defined by Global Entrepreneurship Mentor (GEM) are necessity and opportunity driver. Necessity-driven entrepreneur is one starts business due to lack of better options for work, or lack of job opportunity and a low level of social security entitlements, and they are pushed into creating a source of income. Opportunity-driven entrepreneurs who sought to either earn more money or more independent. In this context it is essential to know the motive of starting the entrepreneurial activities and multiple

responses forwarded are presented in Table 2.

The main motive of the respondents for starting their business was self employed which constitute 29.9% of the respondents followed by lack of other alternative to generate income (26.68%). These results coincide with Jamil (2009) and ILO (2003) results which illustrate that majority of women motivated by push factor and most of the time considered as survival strategy. According GEM (2013) running business get more money considered as an opportunity driven entrepreneurs. Afiya (2012) indicates that women undertake economic activities in order to support their families.

Table 2: Motives of starting Enterprises

Reason to Start Business	Responses	
	Frequency	Percentage
To generate high income	53	24.16
Lack of other alternative to generate income	58	26.68
To be self employed	65	29.9
Family Tradition	22	10.2
To apply the previous skill	18	8.28
Total	***216***	***100***

Source: Field survey, 2014

4.3.2 Sources of Income: Generally, most of Ethiopian house hold income is based on the men household head. Women are responsible for household works and caring children. This is because men have better education than women and this advances men to earn more salary. Further the opportunity to avail lone from bank and engage in different income generating activities due to their land entitlements. Hence it is assumed that that sample women entrepreneurs depend on their husband's income as a main source before starting their business.

Table: 3 Main Sources of Income Before and After the Business

Source Income	Before Business	After Business
Own salary/wage	28 (20.4)	-
Husband's income	51 (37.2)	10 (7.3)
Others (house rent, other business, remittances)	58 (42.3)	09 (6.6)
From business	-	118 (86.1)
Total	***137 (100)***	***137 (100)***

Note: Figures within brackets show percentages

The findings of the study indicate that 35.8% women initially stick on their husband's income as the main source. For 20.4% of women their monthly salary was the major income. After involved in entrepreneurial activities, 86% of women entrepreneurs obtain the main source of income from their business and dependency on husband's salary decreased significantly. The finding is similar with Muller (2010) and

explores that women initially start their business to support their family income fortunately their business become the main source of income.

4.3.3 Sources of Startup capital: Startup capital determines the type and size of business establishment micro, small, medium or large. In most African society due to social and cultural norms women not being allowed to own land this in turn leads women fail to provide collateral this becomes a big challenge in accessing finance. Due to these reason high percentage of female entrepreneurs depend on own savings or support from family and friends to start their business (Lanta Daniel Diyamett, 2012).

Table 4: Sources of Startup Capital

Sources	Frequency	Percentage
From own Saving	42	30.7
From Equb	28	20.4
Borrowed from individuals	22	16.1
From Gift	25	18.2
From inheritance	06	4.4
From MFI	05	3.6
From banks	06	4.4
From NGO's fund	03	2.2
Total	***137***	***100.0***

Source: Field survey, 2014

In this research generally it is found that women entrepreneurs are largely used their personal saving to start the business. According to the Table 4 results, 30.7% of respondents have used as startup capital obtained from their personal saving, followed by Equb which takes 20.4% share, while 18.2% used the gift as startup capital and others from informal funding sources such as family and or friends.

4.3.4. Loan Availed by the Entrepreneurs: Entrepreneurs need credit service at startup level to open new business and while running the business, to expand the business and to increase investment. Women entrepreneurs most of the time uses their personal saving when starting the business, but after running the business they create an asset which would be collateral to obtain credit service from the formal sources, therefore it is assumed that women most of the time use the loan to expand their business. As the outcomes of the research reveals, the main purposes for which they have availed the loan are to start the business (77.8%), 19.4% obtained loan to expand the existing business and the remaining 2.8% for purchase of personal assets.

4.4 Entrepreneurial Supports

It is quite obvious that there are different types of supports are essential to start and run any type of entrepreneurial activities. In this backdrop this section deals with the type of supports seeked by the sample women entrepreneurs and the support availed from different sources.

4.4.1 Type of supports essential for the Sample Enterprises: In is well known fact that both financial and non financial supports are essential for the development of any business.

Women entrepreneurs may face many problems at startup and while running their businesses, the support provided to overcome the problems they encounter and facilitate their development. In this section an attempt has been made to assess the major supports required by women entrepreneurs.

Table 5: The Required Supports for the Respondents

Supports	Frequency	Rank
Credit service	60 (36.4)	1st
Working Place	60 (36.4)	1st
Fair Tax	09 (5.4)	2nd
Rearranged credit repayment time	09 (5.4)	2nd
Market Network	09 (5.4)	2nd
Machinery provision	06 (3.6)	3rd
Training	04 (2.4)	4th
Fast service	04 (2.4)	4th
Interest free Credit	04 (2.4)	4th

Source: Field survey, 2014

Note: Figures within brackets show percentages

From the survey results (Table 5), it is observed that the major supports women entrepreneurs want to have from the government ranked from 1 to 3. The first option of the respondents' requirement is credit service and working place which is forwarded by 36.4% of the respondents, the second prioritized requirements forwarded by majority of the sample entrepreneurs is collection of fair tax, rearrangement of repayment period for the loan they availed and arrangement of marketing networks. The third priority requirement is arrangement of machinery for their ventures in order to facilitate their business. Other requirements forwarded by the sample entrepreneurs are arrangement of training facilities and provision of interest free credit.

4.4.2 Initial Supports for the Entrepreneurs: Family plays an important role in a woman's business such as providing capital for new firms, providing labor and moral support. Many women entrepreneurs manage their enterprises with support from family and friends, both at start-up and expansion. Muller (2010) argues that family support is one main part of business success for women entrepreneurs.

The study results poses that out of total 137 entrepreneurs, 46.0% of women entrepreneurs have got support from members (family father/ mother/ sisters/ brothers), and 23.4% married women got support from their husbands. This is the result which is in line with the findings of Richardson et al. (2010) indicates that micro and small entrepreneurs in general, as well as women entrepreneurs in particular used informal sources of support such as family, friends and colleagues as their main means of assistance for their business both in terms of financial and non financial help.

Thus, family and close friends play a very important part in ensuring the emotional stability of women entrepreneurs. Some entrepreneurs lacks family support, due to this they confound to lack of startup capital and high burden of home and business work. Women lack family support with different reasons. These women are exposed to a lot of problems and Mohd Fauzi and Mohd Jani

(2011) concluded that family support is very important in ensuring the emotional stability of women entrepreneurs, because they are working both in houses and also their working place.

4.5 Contribution of Enterprises on Women Entrepreneurs and Urban Development

In this section the contribution of women enterprises was measured in terms of change in employment opportunity, capital, income and saving etc were calculated using paired sample T- test. A significance of change before and after the business is determined by Sig. (2-tailed) value equal or less than 0.5. And profit gained and asset generated from businesses have also been evaluated.

4.5.1 Employment opportunity:

Entrepreneurship is a key contributor to new employment in an economy, because entrepreneurs create new businesses, and new businesses create jobs. However, all entrepreneurial activities does not equally contribute to the employment opportunity. For example, in many economies, much employment creation comes from a small number of ambitious, fast-growing new businesses. Women owned businesses and enterprises also contribute significant number of job opportunity to the national economy. According to ILO (2003) survey in Ethiopia, women entrepreneurs included in the survey created an average 4.8 job opportunities per enterprise, 128 Tanzanian women entrepreneurs have created 983 jobs, it is on average of 5.9 per enterprise thus demonstrating that women entrepreneurs can be a significant force in employment creation, both for family members and others. In this backdrop an assessment was made in this research to find out the employment opportunities created in the sample enterprises for themselves and others.

Table: 6 Employment generated in sample MSEs

No. of Employees	Employees at the beginning		Employees at present		Sig. (2-tailed)	Mean
	Frequency	Percentage	Frequency	Percentage		
No	101	73.7	69	50.4	.000*	.803
1-4	23	16.8	53	38.7		
5-8	13	9.5	12	8.8		
8-15	0.0	0.0	0.3	2.2		
Total	***137***	***100.0***	***137***	***100.0***		
Mean Employees	1.97		2.72			

Source: Field survey, 2014

Note: *Significant at 5% level

As the assessment results show (Table 6), majority (73.7%) of women entrepreneurs not hired any employees during their starting period of the venture, but now only 50.4% of the total not hiring any employees. And in the beginning only 16.8% of women entrepreneurs could employ 1 to 4 individuals but now 38.7% could give employment opportunity for 1 to 4 labours. The paired test result which is significant at 5% level also supports the arrived results. As many researchers asserts that women entrepreneurs create new jobs for themselves and others (Sultana, 2012; OECD,

2004). However the finding of this research show the negligible contribution in the study area comparing with ILO (2003) study which found that women creates an average of 4.8 job opportunities per firm, this indicates that most of the sample women entrepreneurs are struggle for their survival. Nigest (2012) states that women entrepreneurs face and deal with a range of challenges and problems on a day-to-day basis, and these have hampered their growth and their potential contribution towards creating meaningful and sustainable employment.

4.5.2 Change in income of Entrepreneurs: One of the objectives of entrepreneurship among women folk is to be free from the economic dependency so that they can be empowered. Hence it is expected that the respondent's income is expected to increase after running the business. A gross income from the enterprises is derived from its sales value of output. The survey results (Table 7) indicate that a remarkable change in income is observed after their engagement in entrepreneurial activities.

It is observed from the assessment, 44.5% of respondents have no income before business due to unemployment but after the entrepreneurship all of them could earn income in different amount, remaining 55.5% of respondents earned only less than 5000 Birr (National currency) as their monthly income from different sources. However after their engagement in different business activities, 44.4% of the total could earn more than 5000 Birr as monthly income. Also it is pertinent to note that 13.1% of the sample could earn Birr 20000 to 60000 as monthly earning. The Sig. (2-tailed) value <0.05, also indicates that there is significant difference in income. The average income difference between before and after the business is 9865.2Birr.

Table: 7 Monthly Income of Sample Entrepreneurs

Income in Birr	Before Business	After Business	Sig. (2-tailed)	Mean
No income	61 (44.5)	-	.000*	9865.2
100-1000	51 (37.2)	11 (8.0)		
1001-3000	23 (16.8)	28 (20.4)		
3001-5000	02 (1.5)	33 (24.1)		
5001-10000	-	33 (24.1)		
10001-15000	-	09 (6.6)		
15001-20000	-	05 (3.6)		
20001-60000	-	18 (13.1)		
Total	***137 (100)***	***137 (100)***		
Mean Income	564.7	10429.9		

Note: Figures within brackets show percentages

*significant at 5% level

4.5.3 Change in Capital: It is a common phenomenon that there should be an increment of capital in the ventures which show the development of business in the day to day affairs. As income increases, the entrepreneurs are interested to invest some part of their profit in their venture after meeting their loan obligations and family expenditure.

Table: 8 Change of capital in the sample Enterprises

Capital of the Enterprises				
Income	**Initial Capital**	**Current Capital**	**Sig. (2-tailed)**	**Mean**
	Frequency	**Frequency**		
1000-5000	61 (44.5)	-	.001*	11946.715
5001-20000	49 (35.8)	107 (78.1)		
20001-50000	07 (5.1)	23 (16.8)		
50001-100000	08 (5.8)	02 (1.5)		
100001-150000	01 (0.7)	02 (1.5)		
150001-200000	-	01 (0.7)		
Above 200001	11 (8.0)	02 (1.5)		
Total	***137 (100)***	***137 (100)***		

Source: Field survey, 2014

Note: Figures within brackets show percentages

*Significant at 5% level

Hence it is essential to assess the positive impact in improvement of their venture capital and as portraid in table 8, majority of businesses established with initial capital of Birr 100 to 5000, the capital of businesses increase through years, and the most (78.1%) of businesses capital fall in the range of 5001 to 20000 Birr now and the mean deference is 11946.715Birr and the Sig. (2-tailed) value is less than 0.05, this indicates that there is a significant increase in the current capital. Also it is important to note that the number of ventures which has the initial capital of Birr 200000 and above (8%) reduced to only 1.5% due to many reasons.

4.5.4. Monthly saving: Saving provides financial strength to the entrepreneurs and families to meet the contingencies; it provides working capital of the enterprise. Saving is also an indicator which shows the improvement of the women entrepreneurs. Savings takes place if there is excess income after meeting their obligations. To assess the increase in savings, savings before and after initiating/expanding the enterprises was calculated and compared. The survey results (Table 9) illustrates that more than half (59.9%) of the respondents were not having any saving habit before their business and this number reduced to 32.1%, this implies saving habit of women entrepreneurs has improved. Also it is noted that the average saving before starting the business was Birr 270.2 which increased to Birr 797. The paired t test value also less than 0.05, which tells that there is significant increase in saving after the business.

Table: 9 Monthly Saving of Entrepreneurs

Saving in Birr	Before Business	After Business	Sig. (2-tailed)	Mean
No saving	82 (59.9)	44 (32.1)	.000*	526.861
30-1000	51 (37.2)	62 (45.3)		
1001-3000	-	24 (17.5)		
3001-5000	04 (2.9)	07 (5.1)		
Total	***137 (100)***	***137 (100)***		
Mean Saving	270.2	797.08		

Source: Field survey, 2014

Note: Figures within brackets show percentages

*Significant at 5% level

4.5.5. Asset Creation: Through entrepreneurship entrepreneurs generate income and the accumulated income contributes owning an asset. Sample respondents in the study have generated assets such as (machine, house, motor cycle or Bajaj and house equipments) from the income earned in their enterprises. The arrived results indicate that out of the total women entrepreneurs, 32.11% could generate assets in different types as mentioned earlier. That is 22.63% could generate household assets and 4.4% of respondents bought Motor cycle or Bajaj through their business income. Further 3.64% of the women entrepreneurs bought houses and 4.4% accumulated machinery items for their ventures. This illustrates that entrepreneurship helps women to generate income, create job opportunity for them and to others, and additionally provide an opportunity to generate assets.

Table 10: Asset Generated From Business

	Responses	
Assets	**Frequency**	**Percentage**
Machine	06	04.4
House	05	03.64
Motor Cycle or Bajaj	02	01.46
House Equipments	31	22.63
Total	***44***	***32.11***

Source: Field survey, 2014

4.6 Challenges of Women Entrepreneurs

Regional divergences bring little differences in the way of women start and develop their business or support or enabling environment (Zewde and et al, 2002). For instance Okurut and Ama (2013) states that in Gaborone having trade license takes long time and costly the reason is it is given in centralized office located in Gaborone. Additionally the loan approval process is too long and also shortage of fund from government is another problem.

Entrepreneurs face problems at start up and while running the businesses. This section examines the different challenges faced by the women entrepreneurs in their business in the study area. Singh and Belwal (2008) explained that Ethiopian financing system has been noted

as the major challenges for female entrepreneurs. In the words of Schorling (2006), MSEs in Ethiopia deal with various problems, which include working premises, shortage of raw materials and marketing problems.

4.6.1. Problems faced while registering the business: Many times at the initial stage entrepreneurs may face problems during the registration and availing business license due to the need of fulfilling the required stipulations. In the same way the available result indicates that 15.3% women entrepreneurs faced service delay and 2.2% faced bureaucracy in business registration process. Majority (82.5%) of sample entrepreneurs have not faced such problems. The average days spent to get business license was 13. This indicates that women spent around two weeks to get business license this influences the working time of their businesses. As Stevan (2005) argues that corruption and bureaucracy make matters worse especially for women and this also experienced by the selected respondents which is adversely affect the business.

Key informants assured that most of the time the delay in registering the business is not because of the service provider rather the customers did not provide the complete documents. If they bring all the required things they can get the business licensee within one day. The basic requirements to get business license are the person must have completed 18 years of age, he/she should have a bank account balance depends on the business type and kebele (village) identity card. This indicates that the sample entrepreneurs are expecting some sort of relaxations in the stipulations.

4.6.2. Business problems at Startup: Most new business starts-up, no matter how simple or complex, face some challenges during the process and starting up. When asked about such challenges, the sample women entrepreneurs stated a number of problems they had encountered during the start-up. Marketing problems and capital acquisition are common issues in the startup stage of business development. Most MSEs face critical constraints both at the operation and start up level. Sample respondents also faced problems at the initial stage of their ventures.

Table 11: Business Startup Problems

Start up Problems	Frequency	Percentage
Financial	81	46.3
Working place	57	32.5
Marketing problems	25	14.3
Others (family problems,)	12	6.8
Total		***100.0***

Source: Field survey, 2014

According to Table 18 results, financial problem is the major problem faced by 46.3% of the respondents, and the second prominent problem of respondents is lack of working place. The result is in line with the finding of Richardson (2004) stated that the most mentioned problems in Ethiopia at startup are obtaining finance and finding premises. Also Masood (2011) argued that women are economically and socially dependent on male members, as a result of this women encountered a lot of problems during startup and while running the business.

4.6.3. Problems faced while running business: Entrepreneurs meet different problems when they are running their businesses. According to the results of the study, the major problems faced by the respondents while running their businesses are financial problem reported by 49.63%, followed by 37.96% regarding working place problem.

Table 12: Problems Faced while running Business

Problems Face While running Business	Frequency	Percentage
Financial	68	49.63
Market competition	31	22.62
Working Place	52	37.96
High Tax	18	13.14
Negative attitude of the society	06	4.38
Lack of profit	13	9.49
Government enforcement to Use Cash register	09	6.56
Unable to retail Once I registered for VAT	07	5.11
Total		***100.0***

Again 14.3% of the sample women faced marketing problems. Most of the respondents' startup capital relay on personal saving, poor formal credit provision and lack of collateral all together contributes to the financial problem. The result is similar to Eshetu and Zeleke (2008) and ILO (2003); the main challenges of women entrepreneurs in Ethiopia are difficulty in obtaining loan, lack of suitable location or sales outlet; stiff competition; low purchasing power of the local population; lack of marketing knowhow; seasonal nature of the business; lack of market information; inadequate infrastructure; shortage of time (due to multiple tasks); shortage of raw materials and shortage of working capital. Karim (2001); Muller (2010) explores that negligible number of entrepreneurs accessed formal loan from micro finance institution limits the initial and current capital of women's business, exposes them some individual borrowers, unable to gain enough finance and make them highly depend on their personal saving which is limited fund. Finally all these problems limit the growth and development of women business mostly remains small and stagnant.

Through FGD, majority of women entrepreneurs maintained that working place is the major problem of their business, high renting price, unable to do in fixed place due to renters willingness. Lack of finance is common problem and few of them argued that they lack the credit service due to lack of collateral, most of them are risk averse and not willing to take loan.

4.7 Factors influencing the performance of Enterprises (Regression Analysis Results)

In order to find out the factors which influence the performance of enterprises operated by sample women in the study area, Linear Regression Analysis was carried out. The average monthly profit generated by the enterprises was considered as an implication of performance of the business. The average monthly profit is considered as the dependent variable and 37 explanatory variables as specified in the methodology were included as independent variables and expect to influence either positively or negatively. The model specification is as follow $Y = b0 + b1x1 + b2x2 + b3x3 + b4x4 + b5x5 + b6x6 + \ldots + b37x37$

Table 13: Significant Variables form Model Results

	Unstandardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
(Constant)	3648.835	782.025		4.666	.000
Current capital	.012	.005	.206	2.488	.014
Monthly income	.072	.020	.295	3.560	.001
Lack of skilled man power	-280.859	263.505	-.107	-1.066	.288
Business training	-107.565	168.900	-.051	-.637	.525
Infrastructure	181.281	199.613	.090	.908	.365
Demand of the product	-76.436	224.360	-.030	-.341	.734
High price of raw material	-498.849	199.744	-.223	-2.497	.014
R square		F		Significance	
.234		5.62		000	

Source: Computed from the survey data

From the total thirty seven variables used in the model, seven variables (Current Capital, Monthly Income, Lack of skilled man power, Business training, Infrastructure, Demand of the product, High price of row material) are significant with their p-value is less than 0.05. The overall model explained the significance of R square (.204) indicates that 20.4 per cent of the variation in influencing level performance of enterprise operated by women is explained by the seven independent variables selected for the study.

The significant coefficient current capital implies that one unit increase in current capital leads to 0.013 units influence the profit of the enterprise which indicates that an increase in capital brings increase in profit. Monthly income also positively influence the profit of the enterprise with 0.011 unit; as the result show that an increase in business training brings 0.26 units increase in enterprise profit, infrastructure contributes .04 unit change in the profit, when the demand of the products increase with one unit the profit enterprise increase with 0.011, in contrary a unit lack of skilled man power decreases the profit with 754.79 unit and the increase the unit price of raw material also brings 858.5 unit decrease in profit. The model analysis result indicates that the dependent variable of performance of the enterprise influenced as: $Y = b0 + b1x1+b2x2+b3x3+b4x4+b5x5+b6x6+b7x7$

$Y = 3648.835 + .012$ Current Capital $+ .072$ Monthly Income -0.498 High price of raw material

5. Conclusion and Recommendations

Women constitute almost half of the population in Hawassa town, Ethiopia. Their dependency ratio is higher than their counter parts. Entrepreneurship is one of the means of job and income creation. The enterprises contribute employment opportunity for them and improve the average income earned before business which paves the way for urban development by solving the socio-economic problems of the women. However women entrepreneurs face a number of problems at startup as well as operating stage such as financial, working place and lack of awareness towards women supporting organizations and financial institutions. Even some of women entrepreneurs know about such organizations, but not in the correct way. To mitigate this, Government and Non Government Organizations and other institutions assistance in terms of financial and non financial support

improves the performance of their enterprises.

Based on the findings the study the following recommendations are forwarded to reduce the challenges and to maximize the opportunities of women entrepreneurs.

- The household members should support women entrepreneurs by sharing the home responsibilities of women's to devote all their efforts in the business, also women's should have to share their responsibilities to others.
- Women entrepreneurs need to acquire managerial skill to manage both business and home responsibilities
- Hiring skilled man power provides advantage to them to manage the business easily. This decreases the average working hour of women and reduces their burdon.
- Women become successful if they work through interest. Personal motivation and ambition to change will support the business success.
- Majority of women entrepreneurs lacks the knowledge of existing organizations, and the service provided by them, this hinders them not to be a beneficiary of the services. Therefore, those organizations should make awareness creation among the entrepreneurs.
- Organizations providing women specific services need to facilitate the business training programs to enhance the performance of women entrepreneurs at micro level
- Entrepreneurs require credit service to start and expand the their business, however majority of women entrepreneurs were unable to provide the required collateral, therefore concern financial institutions consider the collateral free loans and low interest credits.
- Women entrepreneurs should explore supports offered by different organizations to mitigate, the shortage of finance, working place, business training and machinery needs at startup and in business running time.

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