

THE IMPACT OF MICROFINANCE IN THE
DEVELOPMENT OF MICRO AND SMALL ENTERPRISE
OWNED BY WOMEN IN ADDIS ABABA, ETHIOPIA

by Sapa, Amarech Bekalo

Submitted in accordance with the requirements for the degree of Doctor of
Philosophy in Development Studies
at the University of South Africa

JULY 2018

SUPERVISOR: FLIMON HADARO (PhD)

ACKNOWLEDGEMENTS AND DEDICATION

I would like to express my sincere appreciation, gratitude and thanks to God Almighty, who gave me the strength, ability and courage to complete this thesis. I owe gratitude to my previous supervisor (Prof. S. Kaye) for the support from proposal development to research design. I thank my current supervisor Prof. Filmon Hadaro for his guidance, patience and encouragement throughout the field work, data analysis, writing up and integrating the reviewers' comments. I appreciate the government workers, women enterprise owners and individuals who supported me during data collection.

I appreciate and thank the board of examiners (reviewers) of my Dissertation whose comments were insightful and enriching. I also thank the Language editor, B. Carlson, Professional Editor, for editing the dissertation. Finally, I appreciate my husband, Mr. Assefa Tofu, and my children who supported me all the way to this date.

I dedicate this work for women entrepreneurs in Addis Ababa who strive for change.

DECLARATION

Name: AMARECH BEKALO SAPA

Student No: 50874098

Degree: DOCTOR OF LITERATURE AND PHILOSOPHY IN DEVELOPMENT STUDIES

THE IMPACT OF MICROFINANCE IN THE DEVELOPMENT OF MICRO AND SMALL ENTERPRISE OWNED BY WOMEN IN ADDIS ABABA, ETHIOPIA

I, A. B. Sapa, the undersigned, declare that the above thesis is my own work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete reference.

AMARECH BEKALO SAPA

Signature (**PRINT**)

28 Oct 2019

Date

ABSTRACT

Poor people benefit from microfinance and positively improve their poverty and socio-economic conditions. Microfinance support serves as development tool to redress the exclusion of the poor from the development process and outcomes in the mainstream intervention frameworks. As developing countries and poverty context are diverse and contextual, comprehensive knowledge about and empirical evidence on the impact of microfinance is scant. Specifically, the impact of microfinance services on the development of micro and small enterprises (MSEs) owned by women is scant. The findings of available studies and policy practice reports on microfinance in Ethiopia are not holistic in terms of a theoretical lens and methodological pluralism. Available studies do not consider the impact of microfinance and non-financial services on women-owned MSEs at household, individual and enterprise levels thereby reducing the poverty context and holistic empowerment at these levels. This study used multiple theoretical and conceptual frameworks: Hulme's (2000, p. 79 - 81) microfinance impact assessment tool, debates on survivalist and growth-orientation perspectives of MSEs (Harvie, 2003, p. 27; Snodgrass & Biggs, 1996, p. 43; Hallberg, 2001, p. 19; Nichter & Goldmark, 2005, p. 67), women empowerment continuum model of interpretation (Filmon, 2009, p. 87) and policy practice at the epicenter of governance and policy decision-making (Addis Ababa, Ethiopia's capital). The assessment considered three elements of microfinance impact assessment, generating primary evidence from 120 micro and small business owners (women entrepreneurs) whose firms stayed two years and above in the market and as clients of selected microfinance institutions. The clients considered were those who accessed at least two loan cycles and above. The respondents were randomly selected from three randomly selected microfinance institutions and a survey questionnaire was administered. The data sets were analysed using multiple tests (non-parametric statistical tests such as Pearson Correlation, Paired-Sample, Chi-Square, Wilcoxon Rank and McNemar tests) as well as parametric tests were conducted using logit econometric model. These tests were conducted to determine statistical difference of microfinance services after program intervention and the contribution of total loans taken on expenditure and businesses investment. The results indicated both developmental or survivalist firms. The result also indicated the empowerment of the women (MSEs owners). A significant number of women entrepreneurs owning MSEs improved their living house, cash savings, household income, child education, household health, household food and diet, business investment, and decision making status in their households. In terms of policy support, the study identified that there were specific affirmative interventions (as stipulated in the policy documents) to support women entrepreneurs owning MSEs in terms of targeted financial service, provision of working and selling premises, designing and implementing training and skill development programs, market networking and tax support on their products and sales. The study recommends that different institutions that work on women empowerment and women associations have to design women focused affirmative policy and strategy interventions to scale-up the positive results (growth-orientation of the MSEs) and address the bottlenecks that limit women entrepreneurs who own MSEs from accessing services that can transform the survivalist MSEs to profitable and empowering businesses for women. The recommendations are proposed to link women empowerment with working policy support.

Key Words: Microfinance, business development services, MSEs, women owners, survivalist and growth-oriented firms, Addis Ababa.

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Acronyms

ACSI	Amara credit and saving financial institute
CDASED	Committee of Donor Agencies for Small Enterprise Development
CSA	Central Statistical Agency of Ethiopia
DFID	Department for International Development
FGD	Focus Group Discussion
FMSEDA	Federal micro and small scale enterprises development agency
HEPM	Household Economic Portfolio Model
IA	Impact Assessment
ILO	International Labour Organization
IM	Impact monitoring
KII	Key Informant Interview
MFIs	Microfinance institutions
MoTI	Ministry of Trade and Industry
MSEs	Micro and Small Enterprises
MSED	Micro and Small Enterprise Development
MSED	Micro and Small Enterprises Development
MSMLE	Micro, Small, Medium and Large Enterprises
NPC	National Planning Commission
NGO:	Non-Governmental Organization
OCSSCO	Oromia Credit and Saving Share Company
OECD	Organisation for Economic Co-operation and Development
SEEP	Small Enterprise Education and Promotion Network
SFPI	Special Financial Promotion Institution
SIYB	Start and Improve Your Businesses
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nation Development Program
USITC	United States International Trade Commission

CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Poor households in Ethiopia are in chronic poverty traps in the form of deprivation that constitute problems related to ill-health, low education, poor infrastructure and unemployment (Cruz, Justo, & De Castro, 2012, p. 50; Mamun, Malarvizhi, Wahab, & Mazumder, 2011, p. 68). To overcome these problems, different policy interventions, informed by various development perspectives, are introduced. Micro-financing for the poor, who are excluded from formal banking services (Mullineux & Murinde, 2014, p. 66), has been seen as an alternative, especially for women (Aterido, Beck, & Iacovone, 2013, p.112). The poor face challenges related to start-up capital and access to economic opportunities (Chliova, Brinckmann, & Rosenbusch, 2015, p. 467). Financial constraints affect the entrepreneurship capabilities of individuals (Chliova et al., 2015, p. 468). Microfinance as a development tool (van Rooyen, Stewart, & de Wet, 2012, p. 2249) helps the poor to break the financial constraints of the poor.

The Grameen Bank was the movement's flagship (Aideyan, 2009, p. 293). Pioneering efforts in the movement were aimed at providing financial services focusing on the economic activities of the poor in the informal sector (Babbitt, Brown, & Mazaheri, 2015, p. 41; Grimm & Paffhausen, 2015, p. 68; Kimbu & Ngoasong, 2016, p. 57; Scott & Scott, 2016, p. 112). Empirical evidence shows that microfinance improved the quality of life for women; specially self-employed and own MSEs (Ghosh & Vinod, 2017, p. 73; Gupta & Mirchandani, 2018, p. 227; Zins & Weill, 2016, p. 49).

Microfinance is claimed to positively influence the capital accumulation directly or indirectly (Swain, Van Sanh, & Van Tuan, 2008, p. 191). The finding of a study conducted in the Mekong Delta Region, Vietnam suggests that accumulation of assets by women leads to the creation of capabilities that transgresses the gender gap and results in increased income and reduced poverty status of the beneficiary women (Swain et al., 2008, p. 191). In this processes women entrepreneurs rise above the factors that inhibit their potential for owning and accumulating wealth (Leitch, Welter, &

Henry, 2018, p. 107). This finding was consistent with the study result in Pakistan by Shaheen, Hussain, & Mujtaba (2018, p. 339).

The meta-analysis that synthesized empirical findings from 90 studies revealed a positive impact of microcredit on key outcomes for clients (Chliova et al., 2015, p. 467). Additionally, the finding showed that development context affects the effectiveness and impact of microcredit services (Chliova et al., 2015, p. 467). A study conducted in Malaysia indicates that access credit and engagement in expanding income sources improves monthly average household income and market value of their assets (Mamun et al., 2011, p. 141). This finding was consistent with the studies conducted by Ismail (2014, p. 180), by Samer et al. (2015, p. 726) in Malaysia, by Worku (2016, p. 137) in the Vaal Triangle region of South Africa, by Amsi, Ngare, Imo, & Gachie (2017, p. 55) in Kenya and by Geleta (2016, p. 95) in Ethiopia. However, such a notion and intervention is not supported by all scholarly findings and is contested from the outset (Chliova et al., 2015, p. 475; Hulme, 2000, p. 79; Johanisova, Crabtree, & Fraňková, 2013, p. 13; van Rooyen et al., 2012, p. 2249).

Non-agricultural employment is low in South of Sahara African countries; entrepreneurship is thus a policy alternative (Quartey, Turkson, Abor, & Iddrisu, 2017, p. 23), and demonstrates the largest gender gap of any region (Corrado & Corrado, 2017, p. 20; Ghosh & Vinod, 2017, p. 333; Hallward-Driemeier, 2013, p. xxi). When large number of women is in a poverty trap, the context causes as well as maintains unfair economic growth in societies (Johanisova et al., 2013, p. 11; Leitch et al., 2018, p. 108). However, women's access to and control over resources ensure gender equality and sustainable economic growth of the country (Agier & Szafarz, 2013, p. 173; Shaheen et al., 2018, p. 339; United Nations, 2009, p. v). In a nutshell, microfinance support improves access to finance, business start-ups and expansion as well as wealth creation and diversification of business for the economic development of individuals and countries (Candiya Bongomin, Munene, Ntayi, & Malinga, 2018, p. 67; Corrado & Corrado, 2017, p. 21; Quartey et al., 2017, p. 20).

In Ethiopia, the development of microfinance services began less than two decades ago (Geleta, 2016, p. 101). Formal microfinance, supported by policy and institutional set ups, started in 1994/5 (Gobezie, 2005, p. 1). Within this short period, microfinance institutions (MFIs) have emerged in the country (Geleta, 2016, p. 101). The main objectives of these MFIs were to provide continuous and sustainable finance to the poor, reduce poverty through the financial services to the potentially productive poor,

maintain fair resource distribution, create job opportunities and facilitate economic growth in the country (Geleta, 2016, p. 101). The federal and the city government policies in Ethiopia after the 1991 economic reforms support women participation in MSEs and the demand for provision of microfinance. In many of the empirical studies reviewed, the importance of microfinance in terms of financial inclusion and the effect on reducing poverty are empirically investigated. The role of microfinance in inclusion of women and the marginalized poor is also investigated. Several empirical studies show the linkages between microfinance and the development of MSEs. However, the role of microfinance in MSEs owned by women is slight in line with the new reforms in Ethiopia and the enactment of MSEs' policy framework in Ethiopia. Thus, it is time for an empirical investigation on the impacts of microfinance on and the constraints of MSEs owned by women in the Addis Ababa city.

1.2. STATEMENT OF THE PROBLEM

The Ethiopian Government promotes micro-financing and enacted policies after 1991. Consequently, various quasi-governmental, non-governmental and private affiliated microfinance institutions proliferated in the country. Many of these institutions are operating in Addis Ababa. However, knowledge about and empirical evidence of their impact on MSEs owned by women is negligible. Of the existing studies and policy practice reports on microfinance in Ethiopia, none has holistically investigated the impact of microfinance and non-financial services on women-owned MSEs at household, individual and enterprise levels and the information for policy has thus been not comprehensive.

WABEKBON Development Consultant (2006, p. v) assessed the performance of the Amhara Credit and Saving Institution (ACSI), Oromia Credit and Saving Share Company (OCSSCO), Wasasa, and Specialized Financial & Promotional Institution (SFPI). The study assessed empowerment of women in both rural and urban areas, comparing clients who stayed in the program for two years with non-clients by selecting six sample woredas purposively. Kifle (2006, p. 53) examined the impact on saving mobilisation. Tesfaye (2012, p. 57) assessed the role of microfinance on reducing poverty for rural women smallholder farmers in South West Ethiopia (Hadiya and Wollaita areas) by taking the services of Omo Microfinance Institution (OMFI) and comparing the role of the credit provided by the institution for clients before and after the

intervention. An assessment by IFC (2014, p. 43) over the gender related constraints to investment, ease of doing business and formalization of informal MSEs in Ethiopia has found economic, social, financial, institutional, legal and policy constraints for women entrepreneurs in Addis Ababa and four regions of Ethiopia. The federal MSEs' agency conducted an assessment on the constraints of MSEs in Ethiopia and has found that MSEs face constraints related to access to finance, working premise, price information, skills, market and information from research that informs on innovative business. It does not specifically address the constraints for MSEs owned by women, nor present gender disaggregated data on the constraints. Geleta (2016, p. 93) assessed the role of microfinance in empowering women by conducting an ethnographic inquiry. Considering the findings from the studies above, the impact of microfinance on MSEs owned and managed by women are not included. Therefore, investigating the impact of microfinance institutions on MSEs owned by women by comparing the situation of women and their households before and after their participation in the program using various indicators is useful for initiating comprehensive policy as well as learning from empirical evidence from the field.

Non-financial services such as continuous training, counselling and consultancy, technical and management assistance and provision of working and production premises, and legal and institutional support contributes to the impact of microfinance service to women-owned MSEs. Moreover, approaches of microfinance institutions to redress women disparity and specific women entrepreneurs' entry options have strong possibilities of enhancing women micro and small entrepreneurs and enhance the impact of this service.

As presented above as the problem statement, no research has been conducted to consider the financial services provided by microfinance institutions for women-owned MSEs and the supplementing non-financial services provided by stakeholders of these microfinance institutions for women-owned MSEs in Addis Ababa. The approaches microfinance institutions apply have also impacted on the contribution of microfinance to women-owned MSEs as well as women entrepreneurs. As far as I know from the reviewed available literature, no research has been conducted on the approaches applied by microfinance institutions to address the exclusion of women on various levels of support and specific to women entrepreneurs' business entry options including promotion of female entrepreneurship.

This study fills the policy and research gaps presented above and provides empirical evidence for comprehensive policy understanding on the impact of microfinance on MSEs owned by women in Addis Ababa. By assessing the achievements of heterogeneous women entrepreneurial groups that own MSEs, the contributions to household and individual level changes from sample respondents selected from Addis Ababa, the findings of this study will inform policy (microfinance and their stakeholder institutions) in Addis Ababa on the one hand and inform on the alternative programme approaches for microfinance services in other parts of Ethiopia.

1.3. OBJECTIVES OF THE STUDY

The study was aimed at analysing the impact of microfinance and the approaches employed by microfinance institutions in redressing the constraints of MSEs owned by selected women in the city of Addis Ababa; and the specific objectives were to: (1) analyse the impact of microfinance on household assets, income, and expenditure of selected women owning MSEs in Addis Ababa; (2) examine the impact of microfinance on investment decisions, reducing workloads, and decision-making power of selected women MSEs owners in Addis Ababa; (3) examine the financial and non-financial approaches of microfinance and stakeholder institutions in addressing the gaps of selected women in terms of entry to businesses in Addis Ababa; and (4) explore the constraints of women-owned MSEs and suggest entry options that can redress the gaps of women owning MSEs in Addis Ababa.

1.4. RESEARCH QUESTIONS OF THE STUDY AND HYPOTHESES

According to Hulme (2000, p. 81), microfinance impact assessment is measuring the intervention of a microfinance program's desired outcome on the agent (individuals, policy makers, enterprises, community, household or population), to see the differences of the key variables if they had not have been involved. Informed by this empirical knowledge, the study enquired whether access to microfinance and the approaches applied, taking into account the gaps for women's access to microfinance, have impacted on MSEs owned by women in Addis Ababa as measured by improvements in assets, income, consumption, increase in decision making power, reduction in workload and investment by women owning the observed MSEs. In order to answer this broader question, specific questions were designed at different levels. Individual level questions

focused on the impact of microfinance on decision-making power, reduction in workload and constraints faced by owners. Household level questions focused on microfinance impact on household assets, income and expenditure, Enterprise level question focused on the impact of microfinance on the investment by the selected MSEs. Finally, the policy level questions focused on the overall approaches applied, the non-financial services provided and the entry options in line with redressing the gaps faced by women MSEs owners in the city. Therefore, the specific research questions formulated to assess data on changes due to the microfinance and related services at the individual level were:

- (1) Has the access to microfinance improved the decision-making power of women MSEs owners within the household?
- (2) Has the participation in microfinance reduced the workload of women MSEs owners in Addis Ababa?
- (3) What are the constraints that women owners still feel that adversely affect the performance of their MSEs in Addis Ababa?

The questions formulated to assess data on changes due to the microfinance and related services at household level were:

- (1) In what ways have access to microfinance improved household assets and income for women MSE owners in Addis Ababa?
- (2) In what ways has microfinance improved household expenditure in food, health and education for women MSE owners in Addis Ababa?

The questions formulated to assess data on changes due to the microfinance and related services at enterprises level were:

- (1) In what ways has microfinance improved the investment of the selected MSEs owned by women?

The questions formulated to assess data on changes due to the microfinance and related services at policy level were:

- (1) What are the approaches employed by microfinance and different institutions to address women disparities in MSEs in accessing financial and non-financial services in Addis Ababa?

(2) What are the non-financial services that the MFIs provide to develop the competitive capacity of women MSEs Owners in Addis Ababa?

(3) What are women-specific entry options that can redress disparity of women SMEs owners in Addis Ababa?

In order to substantiate evidence on key variables and measurement and observation, two hypotheses were designed for testing and producing inferential statistics. The hypotheses formulated were:

(1) Being a client of a microfinance institution for a long time with a continuous loan supply positively improves household assets, income, expenditure and decision making power of women owning MSEs in Addis Ababa.

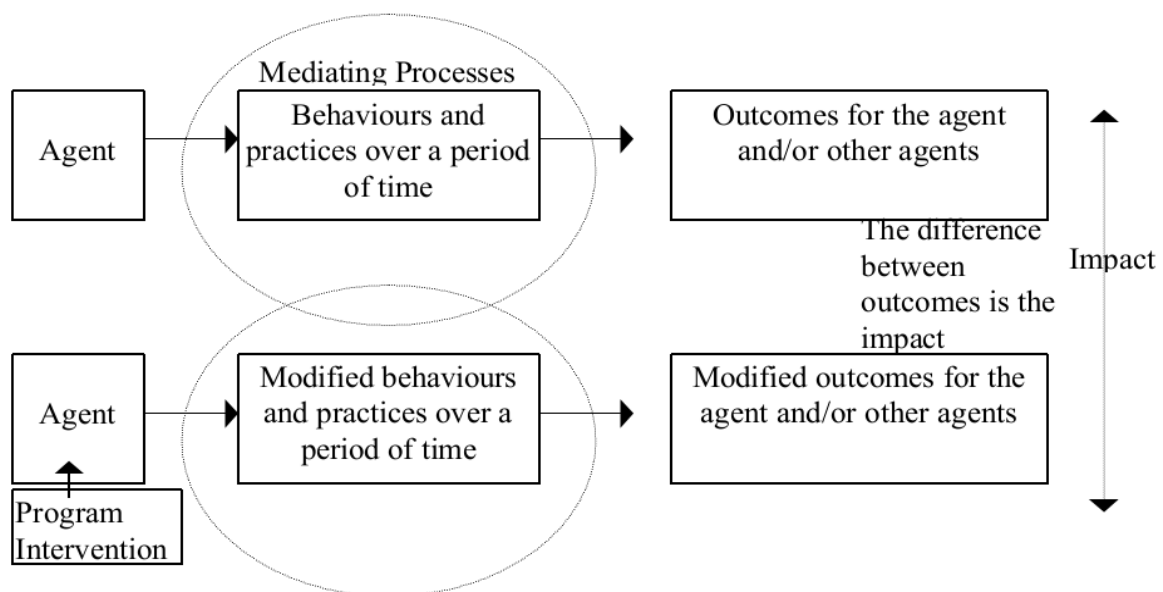
(2) Providing non-financial services (skill training, etc.) for women entrepreneur (MSE owner) improves enterprises competence and growth of their MSEs.

1.5. CONCEPTUAL FRAMEWORK OF IMPACT OF MICROFINANCE SERVICE

Microfinance impact assessment began since the late 1980s (Corrado & Corrado, 2017, p. 18). Support to human development is the main interventions of most microfinance institutions. The scale, outreach, location and the type of clients of these institutions might vary. Microfinance support uplifts the economic and social conditions of the target beneficiaries (Corrado & Corrado, 2017, p. 19; Jayadev, Singh, & Kumar, 2017, p. 319) and the creation of financial opportunities for those who are excluded from the mainstream financial institutions (Leitch et al., 2018, p. 102; Marconatto, Barin Cruz, & Avila Pedrozo, 2016, p. 11; Quartey et al., 2017, p. 24). The effects of microfinance go beyond the influence at individual level and can yield compound outcomes at household, enterprise and community levels (Akotey & Adjasi, 2016, p. 387; Beck, Lu, & Yang, 2015, p. 51). Microfinance has impact on the businesses, well-being and family of clients (Candiya Bongomin et al., 2018, p. 62; Chin & Nor, 2016, p. 283; Erhardt, 2017, p. 78; Kersten, Harms, Liket, & Maas, 2017, p. 124; World Bank 2009, p. 21). Starting from the movement in the 1970s and 1980s, as investigated by Hulme (2000, p. 81), the main elements of a conceptual framework for microfinance impact assessment were: (1) a model for assessment of the impact chain; (2) specifying the unit(s), or levels of impact assessment; and (3) the specification of impact types. I present the merits of these impact assessment elements below.

A model of the impact chain: Under the model of an impact chain, the central thought of the concept reveals the effect of the intervention of microfinance programs on activities of the enterprises it supports. It considers the positive changes at household level such as wealth (Beck et al., 2015, p. 41; Behr, Entzian, & Güttler, 2011, p. 2178; Fafchamps, McKenzie, Quinn, & Woodruff, 2014, p. 229; Marconatto et al., 2016, p. 16; van Rooyen et al., 2012, p. 2250; Wanambisi & Bwisa, 2013, p. 2880; Wellalage & Locke, 2017, p. 339; Yunus, Moingeon, & Lehmann-Ortega, 2018, p. 311). The MFI provides financial services in the form of a loan. Clients' enterprise activities were modified by loans received leading to increased enterprise income (Erhardt, 2017, p. 90; Kersten et al., 2017, p. 341). Enterprise income of beneficiary households of microfinance institution leads to greater security of the household economy and the changes in the position of the household in the society (Murshid, 2018, p. 153). The changes in household economic security lead to improvements in household expenditures and skill levels of individual beneficiaries (Akotey & Adjasi, 2016, p. 381). These changes together improve the future economic and social opportunities that are observed in investments and innovations at enterprise levels (Chin & Nor, 2016, p. 293). These changes lead to changes in gender gaps, policies and gender-based institutional frameworks at various levels) (Worku, 2016, p. 137).

Figure 1.1: Model of the impact chain Assessment



Source: Adopted from Hulme (Hulme, 2000, p. 81)

Specification of the Unit: Specification of the unit explains the level or unit of measurement that the research takes into consideration. Microfinance services improve living standards and their economic activities of beneficiaries (Murdoch & Armendáriz, 2005, p. 3). Scholars have assessed the impact at individual, household, enterprise and policy levels as presented above. Hulme assessed the impact at an individual level (Hulme, 2000, p. 82). Chen and Dunn (1996) assessed microfinance impact at enterprise level (Chen & Dunn, 1996, p. 1). Self-employment loans are often used for immediate needs. Therefore measuring changes independently at the client's enterprise or to individuals or with regard to policy approaches, etc. does not give a holistic picture of the impact and comprehensive policy information when assessing the impact of microfinance provision (World Bank, 2008, p. 22). This is because the scope of microfinance impact refers to changes in assets at individual, household, enterprises, community and policy level (Schafer, 2001, p. 17). Assessment of the impact at these levels is critical for analysing gender issues and frameworks of exclusion that affect segments of society (such as women) in distinct and intertwined ways (Corrado & Corrado, 2017, p. 21; Leitch et al., 2018, p. 113; Marconatto et al., 2016, p. 10). A study conducted by Chen and Dunn (2006) sought to a fuller picture – household, enterprise, individual and community levels (Chen & Dunn, 1996, p. 1). The impact of intervention at each analytical level involves intended or unintended changes. The analysis process takes into account the transformation stage of the client (Schafer, 2001, p. 68) at individual, household, enterprise and community levels. In addition, this study assessed changes at policy level – as informed by intervention processes, lessons from assessments and improvements in approaches of policy practice.

Types of Impact: many variables measure microfinance impact at different levels. However, the number of variables must be manageable and ensure data quality and study relevance. Microfinance has positive impact in reducing vulnerability factors and improves women's participation in decision making at all levels.

The indicators of impact of microfinance extend beyond enterprise level impact and measures community, household, and individual empowerment (Geleta, 2016, p. 95; Shaheen et al., 2018, p. 338; UNDP, 2003, p. 1). Hulme (2000) argues that assets are strong indicators of impact measurement. This is because asset indicators do not fluctuate like other economic indicators and they are not measured based on an annual estimate (Hulme, 2000, 83). Improved access to credit improves investment and/or consumption (Akotey & Adjasi, 2016, p. 390; Banerjee, 2013, p. 504). Microfinance has

positive spill over effects beyond the benefits of the borrower (Hermes & Lensink, 2007, p. 463; Marconatto et al., 2016, p. 20). Interventions that put money in the hands of poor women empower women and their family (Ghosh & Vinod, 2017, p. 72; Moro, Wisniewski, & Mantovani, 2017, p. 133), and reduce the overall poverty (Bauchet, Marshall, Starita, Thomas, & Yalouris, 2011, p. 4). Microfinance impact assessment by scholars shows increase in income, consumption and physical assets at individual and household levels (Emran, Robano, & Smith, 2009; Khandker & Samad, 2013, p. 9).

Microfinance loans improve household income. Microfinance clients build and change their mix of assets, risk management and use of business opportunities (Jayadev et al., 2017, p. 314; UNDP, 2003, p. 1). Improvements in household income improve consumption (Cruz et al., 2012, p. 68) and the earnings of poor households (Alam, 2012, p. 1170; Senanayake & Premaratne, 2006, pp. 145-146). Loans invested generate activities that contribute to net increase in income, capital accumulation and productivity of labour (Cruz et al., 2012, p. 68)). Financial services uphold economic changes of women (Alam, 2012, p. 1169); well-being (Erhardt, 2017, p. 88; Fafchamps et al., 2014, p. 219) and socio-political status of beneficiary women (Adjei, Arun, & Hossain, 2009, p. 266; Corrado & Corrado, 2017, p. 23; Kersten et al., 2017, p. 338; Murshid, 2018, p. 147). All these changes at different levels of measurement are interlinked and describe observable evidence along the indicators but are unique to different units of measurements and interpretations (Aggarwal, Goodell, & Selleck, 2015, p. 57).

The growth of enterprises is measured by observable changes in income, asset and employment opportunities. According to Khandker and Samad (2013) at enterprises level, microfinance loans helped participants earn higher incomes, stabilize and improve consumption, and thereby lifted many of them out of poverty (Khandker and Samad 2013, p. 3). Owning an enterprise, therefore, offers a viable income of family, which in turn decreases her vulnerability to poverty and deprivation. A woman's use of microfinance loans (cycle and frequency) yields positive impact on their businesses (Aggarwal et al., 2015, p. 59; Ishengoma, 2018, p. 147; Omondi & Jagongo, 2018, p. 24), including inclusive growth, productive investment and capital accumulation (ADB, 2012, p. 1; Corrado & Corrado, 2017, p. 22; Moro et al., 2017, p. 123).

This research examines the impact of microfinance at enterprises owned by women (asset, income, expenditure and measures of enabling environment). At the individual level, the impact was measured through evidence on reducing workload and increasing

decision-making power. At policy level, the impact was measured by provision of non-financial services and reform the intervention approaches.

1.6. CONTRIBUTIONS OF BUSINESS DEVELOPMENT SERVICES

The development of MSEs in developing countries is limited by both availability of and access to capital (Kessy, 2013, p. 9) and provision of related non-financial services (Miehlbradt & McVay, 2003, p. 1; Quartey et al., 2017, p. 23). MSEs not only need financial support but also business development services (BDS) to stimulate growth (Ishengoma, 2018, p. 150; Rakićević, Omerbegović-Bijelović, & Lečić-Cvetković, 2016, p. 37). In the 1990s, the Committee of Donor Agencies for Small Enterprise Development (CDASED) uses 'Business Development Services' (BDS) and this refers to 'non-financial services' (Islam, 2014, p. 54). The business development services toned to address performance gaps in micro and small entrepreneurs' achievements played a great role in moving women owned businesses forward. Microfinance support with additional education, health and infrastructure support substantially reduce women's poverty (Hermes & Lensink, 2007, p. 464). Lack of sufficient information, market networking, developing strategic and operational planning, financial and tax management, etc. are critical bottlenecks in developing countries like Ethiopia (IFC, 2014, p. 34). In Ethiopia, besides providing financial services, supplementing them with business development services is a crucial agenda to overcome the barriers of women entrepreneurs and the development and growth of the MSEs they own by focusing on services that the enterprise cannot handle internally (Corrado & Corrado, 2011, p. 23; Leitch et al., 2018, p. 109). The BDS services must be suited to particular demands and types of enterprises. BDS must promote inclusion and sustainability (Sievers and Vandenberg 2004, p. 1346). Islam examined four different research documents conducted in different locations (Zambia, Bolivia and Bangladesh) by using a different methodology and approach to test the performance of enterprises and the positive contributions of the services for growth of the enterprise (Islam, 2014, p. 54).

The Small Enterprise Education and Promotion Network Guide, as cited in Miehlbradt & McVay (2003), shows that business development services are identified in seven categories of support in enabling access to: (1) market; (2) inputs; (3) technology; (4) technical assistance; (5) infrastructure; (6) policy; and (7) alternative financing

mechanisms (Miehlbradt & McVay, 2003, p. 3). Kessy (2013) also stated that training on business opportunities change business success of women (Kessy, 2013, p. 10).

Microfinance enhances human capital (through education and training) and builds social capital (through community conversations, promoting systems, and strengthening rights) (Amsi et al., 2017, p. 57; Senanayake & Premaratne, 2006, p. 144; Zins & Weill, 2016, p. 43). Training improves the skills to run their enterprises (Kessy, 2013, p. 10). Women's participation in skills training ensures optimum utilization of their human capital on the one hand and advancement of women empowerment on the other hand (Ganle, Afriyie, & Segbefia, 2015, p. 338; Khatun & Kabir, 2014, p. 62). Supplementing microfinance services with business development services has better economic and non-economic impacts on the clients and their enterprises (Brau & Woller, 2004, p. 10).

Non-financial services aim at increasing micro and small enterprise sales, reduce costs and enhance their growth and profits. It gives the business owners the skills to realize their potential, reduce poverty, create jobs and contribute to the growth of the local economy (Erhardt, 2017, p. 91; Miehlbradt & McVay, 2003, p. 1). This growth is evidenced in increased productivity that leads to increased income for owners, increased employment for the community and economic growth for local businesses in the same market (Erhardt, 2017, p. 91; Rakićević et al., 2016, p. 36). In this research, provision of business development services was assessed by the services provided, such as: skill training, technical assistance, coaching & follow up, consultancy & counselling provided by both microfinance institutions & their stakeholders in collaboration to women owning MSEs entrepreneurs. In this respect, scholars use growth-and-survivalist oriented MSEs (Agyapong, 2010. p. 21; Hallberg 2001, p. 19; Harvie 2003, p. 27; Nichter and Goldmark 2005, p. 67; Snodgrass & Biggs 1996, p. 43; Tesfaye 2016, p. 78).

1.7. ADDRESSING EXCLUSION AND PROMOTING APPROACHES TO INCLUSION

Addressing women disparity (measured in factors of exclusion and inclusion) requires perspectives that inform strong commitment and policy intervention (Babbitt et al., 2015, p. 124; Gupta & Mirchandani, 2018, p. 228). Since women comprise the great majority of the world population, development without women inclusion remains partial from economic terms and discrimination from political and rights angles (Wellalage & Locke, 2017, p. 337). Putting women agency at the centre is the right thing to do and smart tool

for gender equality by driving competitiveness in the interventions (IFC, 2014, p. 27). Research experience helps women and men to become equal partners in development — with equal voices and equal access to resources — accelerate economic growth. Women inclusive development decisions greatly contribute to overall economic, political, social and cultural development gains of countries, communities and families (Kersten et al., 2017, p. 341). Policy makers and different stakeholders have formulated different strategies and policies such as BDS to promote women’s inclusive development and eliminate all forms of discrimination. As Hallward-Driemeier (2013) indicates, the reasons for supporting enterprises in general and women-owned MSEs in particular in Africa (especially in sub-Saharan Africa) is to expand economic opportunity of women on the one hand and to ensure simple fairness (inclusiveness) in the intervention (Hallward-Driemeier, 2013, p. 3). This makes all individuals able to make independent decisions in critical areas of action, pursue opportunities and in the long-run be on an equal footing (Ghosh & Vinod, 2017, p. 71).

Realizing women’s contributions (by giving at least basic business development services) to economic activities has an instrumental value (Babington, 1999, p. 1341; Kabeer, 2005, p. 140) having a spillover effect to other members in the household, particularly women and girls. However, in doing so designed action is needed to close many of the historical gender gaps outside the economic realm of individual women; this is because economic development alone is not enough to measure changes in the lives of beneficiaries (Hallward-Driemeier, 2013, p. 3). An all-encompassing development agenda as well as inclusive development for men and women requires appropriate policy design, implementation, monitoring and evaluation (for outcomes and lessons) that also require periodic and progressive reforms (Corrado & Corrado, 2017, p. 23). Reforms related to benefit women also benefits men (Hallward-Driemeier, 2013, p. 3). Women and their enterprises in developing countries face big problems. The Ethiopian Development Research Institute report indicated that the key constraints of Ethiopian MSEs include lack of credit, premise and stringent licencing requirements (Assefa, Zerfu, & Tekle 2014, p. 1; Kersten et al., 2017, p. 339).

Making available financial and non-financial services for women entrepreneurs can bridge the gap of working capital and skills, but problems concerning working premises and sales outlets call for policy interventions and special governmental attention (IFC, 2014, p. 25), including solutions to deep-rooted income inequality between women and men. A study by the UNDP (2008, p. 3) found that anti-discrimination law alone is not

enough: the state needs to take additional steps to ensure gender equality and realize the acquisition of key resources, including working places and sale outlets. Women's access to and control over productive resources expands their standard of living (Akotey & Adjasi, 2016, p. 381; Kersten et al., 2017, p. 339).

Increasing the size of women clients in microfinance service provision alone may also not be a sufficient condition to address women disparities in society, including in business enterprise ownership and exclusion to business development services. Grave inequality bars most women from property ownership and subjects them to become beneath men (live in subordination to men). To improve the existing disparity between women entrepreneurs and their enterprises needs deliberate policy effort as well as realizing its implementation in the areas of financial and non-financial services provided by microfinance and their relevant stakeholder institutions. Designing collateral free loans or adjusting the collateral requirement can only ease access to loans for poor individuals including women. Reducing the compulsory minimum saving balance also can improve poor women's access to loans. Flexible loan terms and repayment conditions can reduce pressure on women entrepreneurs due to inability to pay the debt on time that is related to gender related constraints. Designing special interest rates to address women entrepreneurs' capital problems helps reduce the interest burden. Addressing women's business management skill gap requires specific non-financial services like training in the area of market access, and linking women businesses to input suppliers, technology and technical assistance for product development. Therefore, access to microfinance loans alone is not a panacea for women and women-owned enterprises; rather a comprehensive intervention is required to address the historical gaps.

1.8. CHARACTERISTICS OF EFFECTIVE MICROFINANCE INSTITUTIONS

The characteristics of effective MFIs are gauged from the angles of models, financial products, laws, regulations, funding and financing aspect, investment, and measurement of corporate social responsibility (Candiya Bongomin et al., 2018, p. 63; Copestake et al., 2016, p. 281; Jayadev et al., 2017, p. 320). From the angle of models, evidence on group and individual lending and loan related products and issues are observed. From the angle of financial and related products, evidence on savings, remittances, micro-insurance schemes and technology solutions used for distribution of

products is observed (Shapiro & Mandelman, 2014, p. 187). Evidence on transformation and regulation, commercialization and corporate governance aspects are observed from effects on development and growth of the enterprises in profit and investment (Kersten et al., 2017, p. 341). In terms of funding and financing, the source of funding, evidence on the capital market constraints, and debt and equity financing strategies are observed (Jayadev et al., 2017, p. 321). Measuring social impact generally considers both trust and sources of support for the microfinance institution in favour of targeting excluded groups in the society (Kimbu & Ngoasong, 2016, p. 64).

Microfinancing represents a major shift from “top-down” to “bottom-up” approach to financing interventions benefit the poor (Raihan, Osmani, & Khalily, 2017, p. 11). It continues to be a model of social entrepreneurship and tool for disadvantaged citizens in societies in developing countries (Kimbu & Ngoasong, 2016, p. 68). The shift in approaches of microfinancing required sophisticated structures, products and services (Kersten et al., 2017, p. 346; Leitch et al., 2018, p. 102), the operating environment and the business models have also rapidly changed. The regulatory frameworks, handling financial assets and risk become complex as the products expand. The poor is expanding the reach of the schemes for the poor (Corrado & Corrado, 2017, p. 19; Marconatto et al., 2016, p. 22).

Brau and Woller (2004, p. 11) indicated that microfinance has unique characteristics that constitute its advantages. The advantages make microfinance a high potential vehicle for reaching poor communities in serving difficult-to-reach clients, vulnerable and the excluded groups in society. The high quality services establish trust and confidence over solutions. Microfinancing works with groups and institutions that have common goals, information and services.

Wolday & Kifle (2012, p. 16) found that the key characteristics of microfinance institutions (traditional features) include small transactions, entrepreneurship loans, target poor groups and females. It gives collateral-free loans and introduces simple financial application processes. Finally, the provision of services in under-served communities and use of market-level interest rates ensures its sustainability (World Bank, 2007, p. 4).

Aveh, Dzandu, & Krah (2013) analysed the institutional issues and client information on sustainable impact of microfinancing in Ghana. The factors used in the equation of analysis were ownership, motivation, client type, funding source and information quality.

Using a mixed methodological approach, the results showed that the institutional factors have a sustainable impact (Aveh, Dzandu, & Krah, 2013, p. 556). Wang (2013) observed that microfinance has impacted on the development of MSEs by expanding the revenue and profit growth of MSEs, reduces financial risk by improving lower level of productivity and increases profits from diversifying products and services (Wang, 2013, p. 1). Firm characteristics such as efforts for product innovation and entrepreneurial attitudes determine the likelihood of receiving micro financing. In the context of this research, effective microfinance service considers the loan size and focus on existence of microfinancing to target women entrepreneurs.

1.9. TOWARDS THE ANALYTICAL FRAMEWORK OF THIS STUDY

The analytical work of this research considers the effect of microfinancing interventions to improve the performance of enterprises owned by women. Policy attention, realization of working premises and sale outlets play a crucial role to move away from the deep-rooted women disparity in the business sector.

Provision of financial services induces change in women-owned business practices and behaviours of the women entrepreneur (Ishengoma, 2018, p. 187). The change in business practices and behaviour improves business income and expenditure leading to improved welfare at household and individual levels (Akotey & Adjasi, 2016, p. 388). Increase in household income and expenditure in turn creates capacity to improve household welfare. Improvement in household welfare leads to future investment in child education, and improvement in household members' health and nutrition.

In addition to financial services, provision of non-financial services, move women businesses forward. Since only making available financial provisions does not bridge the deep-rooted gaps between men and women, provision of non-financial services ensures the comprehensiveness of the intervention including the concern for a suitable environment for individuals and their enterprises.

The model, which is designed for microfinance program intervention in micro enterprises, is applied to micro and small women-owned enterprises, since the criteria used to categorize enterprises (micro, small, medium and large) were more or less similar except for the size of total assets owned and total capital.

The analytical framework for this study is therefore designed not only to analyse but also to gather data on different levels and units of measurement (at individual, household, enterprises (MSEs) and institutional (policy) levels over key indicators. The key indicators of measurement were assets, income, expenditure, investment, women's decision-making power, reduction in women's workload and services provided outside finance. The analytical framework will contribute to development studies, especially because development study is a multidisciplinary field. Development encompasses 'change'. Maintaining social and economic development calls for multidimensional perspectives. In this analytical model, multidimensional indicators include provision of repeated loans, non-finance services, reforms in approaches and premises. The cumulative effects of these supports make changes at individual, household, enterprise and policy level changes that address women's exclusion and optimize the capacity of women enterprises for development.

Figure 1.2: Diagrammatical representation of the analytical framework



Source: Author's own sketch (2018)

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. INTRODUCTION AND CONCEPTUAL FRAMING OF THE STUDY

The expansion of microfinance service assumes lack access to and control over start-up loans by poor households (Imai et al., 2010, p. 1760) for initiating business enterprises and economic activities, improve consumption, decide over their choices and, overall, improve their welfare (Harriss-White, 2010, p. 176; Hermes & Lensink, 2007, p. 880). In the last three decades at global levels, unprecedented numbers of microfinance institutions have emerged and grown to serve the poor who were excluded from formal financial services (Aterido et al., 2013, p. 115; Mullineux & Murinde, 2014, p. 69; Zins & Weill, 2016, p. 48). Provision of financial services helps the poor to engage in productive activities (Corrado & Corrado, 2017, p. 23; Kersten et al., 2017, p. 345; Murdoch & Armendáriz, 2005, p. 28; Quartey et al., 2017, p. 27). Microfinance has positive spill over effects (Akotey & Adjasi, 2016, p. 391; Hermes & Lensink, 2007, p. 463). Improved access to microfinance credit expands investments in enterprises (existing and new) as well as improves the consumption behaviour of target households and individuals (Banerjee, 2013, p. 504; Chin & Nor, 2016, p. 283; Kersten et al., 2017, p. 337).

Ethiopian women entrepreneurs operate their business enterprises under adverse conditions and encounter difficulties in working premises, markets and access to finance, but they also have limited access to non-financial services (IFC, 2014, p. 37), and market information and access to and use of innovative technologies (Gupta & Mirchandani, 2018, p. 228). These difficulties relate to institutional, economic, social, and legal and policy related internal and external government support factors (Leitch et al., 2018, p. 107). UNDP (2008, p. 3) indicated that anti-discrimination laws work for the poor along financial and non-financial services available for women entrepreneurs. Such support can bridge the gap of working capital and lack of business management skills, problems concerning working space and sale outlets as well as access to technology and information. Such policy intervention is demanding.

Available literature presents the diverse definitions of microfinance, gender gaps, enterprises and business development services. The contributions of effective microfinance and business development services provided for women-owned micro and small businesses is assessed, taking into account the relevance of these definitions of microfinance and MSEs at various levels (Gupta & Mirchandani, 2018, p. 237; Omondi & Jagongo, 2018, p. 31). After the assessment of the impact of microfinance on MSEs owned by women, assessing the role of MSEs in enterprise development, the constraints and challenges to expand and develop these enterprises and the effect of gender gaps on women-owned small enterprises all need analysis. This study assessed the impact of the services for businesses owned by women in Addis Ababa.

2.1.1. Operationalization and definition of concepts

The main concepts and key terms in this study are microfinance, microfinance services, business development services and women-owned enterprises. These key concepts are operationalized for the purpose of this study on the basis of the gender gaps, constraints to business enterprises, institutional supports and interventions.

Scholars have defined microfinance as the provision of financial services to people from low-income groups (Otero, 1999, p. 8). Cornford (2001) defined microfinance as the provision of a broad range of financial services to MSEs and households that are engaged in certain enterprise (economic activity). The range of financial services provided by the institutions concerned usually includes savings and loans (Cornford, 2001, p. 5). Cornford also acknowledges the inclusion of other products such as insurance, leasing, and money transfers (Cornford, 2001, p. 5). Nawai & Shariff (2011) defined microfinance from the activities it offers which involve giving loans, savings, insurance and access to repeat loans, amount and repayment (Nawai & Shariff, 2011, p. 288).

Other scholars have widened the scope of the definition of microfinance to include financial and social intermediation (Jahanshahi, Pitamber, & Nawaser, 2010, p. 435). Provision of financial and non-financial services towards improving the functioning of MSEs owned by women entrepreneurs constitute the working definition of microfinance in this study.

A women entrepreneur is defined as a woman or a group of women, who inspires, initiates, organizes and operates a business enterprise (Jahanshahi, Pitamber, & Nawaser, 2010, p. 4347) and women entrepreneur in here refers to women who own MSEs.

Business development services are defined as a wide range of services that include services that improve enterprise performance. Business development services are services used by an enterprise owner to assist in business functioning or growth (Miehlbradt & Miehlbradt 2001. p. XI). The key areas included in the definition encompass issues related to strategic and operational efficiency and business growth. Business development services in this research is defined as any kind of training or non-financial service given to micro and small business owners (women entrepreneurs) to enable them to manage their businesses. In this research training is used as a key business development service for women-owned enterprises.

2.1.2. Definitions of and conceptual framework for MSEs

Different countries consider different criteria to categorize enterprises as micro, small, medium, and large enterprises. The definitions outlined in the Ethiopian revised MSEs strategy of 2010 considered the sectors in which entrepreneurs are engaged in (services and industry sector), total assets the enterprises own, and the number of employees in the definition and categorization of the enterprises. Accordingly, it defined a micro enterprise as one with less than five employees including owners, and having a total capital below ETB 100,000 (USD 3658) for the enterprise in the industry sector, and an enterprise with less than five employees and a total capital less than ETB 50,000 (USD 1829) for the enterprise operating in the services sector. Small enterprises are those with a total capital of ETB 100,001 - 1,500,000 (USD 3658 - 54865), and employing 6 - 30 people, if in the industry sector; and a capital of ETB 50,001 - 500,000 (USD 1829 - 18288), with 6 - 30 employees for the service sector.

Regardless of their scale, outreach, location and the type of clients, all microfinance program interventions share the common goal of human development, specifically the economic and social uplifting of those that were targeting women (Hermes & Lensink, 2011, p. 870; Murshid, 2018, p. 149). Assessing the impact of microfinance programs has been a concern since the late 1980s (Kessy, 2013, p. 1) since microfinance is promoted as panacea and its role beyond access to finance must be empirically

investigated to inform policy and academia (Hermes & Lensink, 2011, p. 881). Microfinance generates impacts on the client's business, the client's well-being, the client's family and the client's community (Erhardt, 2017, p. 90). Indeed, the effects of microfinance go beyond the influence at individual level and maintain compound outcome at households, enterprises and community levels (Erhardt, 2017, p. 90). Hulme (2000) focuses on three conceptual elements of assessment: (1) an impact chain assessment model; (2) the specification of the unit(s), or levels; and (3) the specification of impact types (Hulme, 2000, p. 81).

2.2. EMPIRICAL EVIDENCE ON MF AND MSEs

2.2.1. Impact of microfinance on MSEs

Many authors in Asia, Latin America and Africa have analysed the impact of microfinance through various methodologies and tools. The study conducted by Swain et al. (2008) looked at the contributions of microfinance to poverty reduction in the Mekong Delta region of Vietnam. The study used household survey data collected in 2006 and compared members and non-members of the microfinance programs. The findings suggest that the process in accumulation of assets led clients to improvements in the livelihoods that resulted in increased household income for members in the household by improving consumption (Swain et al., 2008, p. 192). A similar finding was reported by Samer et al. (2015, p. 720) and Akotey and Adjasi (2016, p. 389).

A study conducted in Kenya, Uganda and Rwanda also evaluated the impact of three microfinance projects on the livelihood security of project beneficiaries, before and after program intervention (Wrenn, 2007, p. 9). The findings revealed that all three projects had a positive impact on the financial capital of their clients; earn greater income than they did prior to joining the projects, their businesses having prospered, and the clients started savings for the future. These results were replicated in a study conducted in three microfinance programs in Uganda. The study used a clients and non-client group survey (twice in two years' time interval). The study found numerous positive impacts on program clients: improvements were observed in terms of new products and services introduced to their business, expansion of enterprise sites, assets and markets, a reduction of costs of inventory purchases by using new techniques, and increasing the sales volumes by searching new outlets and demand segments. These findings are

confirmed in studies conducted by Chin & Nor (2016, p. 279) and Ams et al. (2017, p. 53) in Kenya.

The study result found that microfinance loaners were able to increase their income, and the access to this finance provided the clients not only with the financial help needed for their family welfare but also had a positive impact on other economic activities of the household and the factors of vulnerability of individuals. The poor women who received the loan improved their financial and social situation as well as the decision-making processes of their families. These study results are consistent with the findings of a study by Kimbu & Ngoasong (2016, p. 71) and Erhardt (2017, p. 89).

Microfinance has an impact on local economic growth and development. A questionnaire was administered to collect primary data and generate results. –The data sets were presented in tables and simple percentages for interpretation. The study observed two broad variables; enterprise development (dependent variable) and impact of the microfinance supports (independent variable). Three separate hypotheses were formulated and tested – using chi-square test, variance tests and simple regression analysis. The study hypothesis are (i) growth in women entrepreneurs, (ii) activities employed and predicting productivity; and (iii) effort of activities in predicting entrepreneurial and enterprise development. Thus, microfinance significantly impact the activities including improvement of living standard of the family in economic and social measures (Harris-Whilte, 2010, p. 175).

However, there is no consensus on the positive effect of microfinance services for client women. Microfinance loan benefits women than men entrepreneur (Banerjee, 2013, p. 513). A study on group lending program in Hyderabad, India, two years later found no significant changes in health, education, and women's economic empowerment (Banerjee, 2013, p. 1). These groups of authors doubt the positive contribution of microfinance for the poor and its role for poverty reduction. The study that analysed in Bangladesh argues that microfinance support encourages the mobilization of savings and this empowers women clients which has an impact on poverty reduction (Mamun et al., 2013, p. 102). The argument that microfinance charges "exorbitant" interest rates that goes against the spirit of its stated mission of poverty alleviation. This is taken up by many scholars such as Khandker & Samad (2013, p. 5). The critics show that microfinance does not necessarily reach the poorest. The study results by Scully (2004) as cited in Hermes & Lensink (2007, p. 463) indicate the version of information. I argued that the arguments that related to targeting entrepreneur and non-entrepreneur women

simply discriminate against the rights of women to microfinance services. The argument on poverty reduction underestimates the multidimensional aspects of poverty. The higher interest rates relate to financial sustainability and the extra transaction costs of reaching the poor including in remote areas with financial risks. Thus, impact studies on the role of microfinance require operationalization of contexts and the goals of the microfinance interventions for which ample empirical evidence is reviewed above.

2.2.2. Survivalist and growth-oriented MSEs

This section presents the impact of microfinance (as policy support) for MSEs owned by women (at firm level), and for women as individuals and for family as a group of poor who are often discriminated against in the formal institutional support and how such discrimination adds to the gender gaps from need assessment to implementation and evaluation in policy practice. In addition to this approach, a gender empowerment continuum model is used to analyse individual women's agency to make change happen and change or eliminate the gaps.

Empirical studies use diverse analytic approaches to explain the linkages among MSEs, policy support interventions (such as MFIs), individual entrepreneurial drives (as agents of change) and overall economic contexts (crisis or abundance). A study by Harvie (2003, p. 27) classifies MSEs from survivalist (livelihood) to growth orientation by individual economic actors. The approach specifies by this scholar uses affirmative policies and requirements for alternative support to categories and viability of MSEs. This approach focuses on limitations of the MSEs. The survivalist businesses refer to an activity for the survival of participant's daily life. Growth-oriented enterprise refers to an activity in which an operator is considering profitability of an activity. Scholars such as Snodgrass & Biggs approach from the angle of labour and capital intensity (Snodgrass & Biggs 1996, p. 43) as well as the job creation potential at different stages of the MSEs' growth (Harvie, 2003, p. 27, Snodgrass & Biggs 1996, p. 43). Scholars such as Hallberg (2001, p. 19) approach the analysis from wages & benefits while Nichter & Goldmark (2005, p. 67) approach from market linkages. The diverse analytic lenses above explain the linkage between enterprises and microfinance.

In this respect, there are pro-MSEs and anti-MSEs perspectives. The pro-MSEs see MSEs as engines of both poverty reduction and economic growth. Small enterprises should obtain government assistance to maximize and benefit from the programme

(Agyapong, 2010, p. 21; Harvie, 2003, p. 27). This perspective of analysis focuses on three lines of argument. First, MSEs promote competition, wider efficiency, innovation, and the productivity growth. Second, MSEs are more productive than large enterprises. Third, expansion of MSEs boosts employment, poverty reduction and individual empowerment. The anti-MSEs' perspective questions the arguments of the pro-MSEs. The firms were performed by unskilled and semi-skilled labour in creating and using economies of scale (Agyapong, 2010, p. 21). These proponents such as Hallberg (2001, p. 19) argue in favour of large enterprises in that they possess the lion's share in job creation potential and provide steady. The jobs generate good wages, benefits and improved working conditions, opportunities for skill improvement and job security.

The anti-SEs' perspective focuses on three arguments. First, improved efficiencies exist with larger enterprises. Second, MSEs are neither more labour intensive nor better at jobs creation. Third, enterprise size is not an exogenous economic growth determinant.

2.3. THE EFFECT OF GENDER PREJUDICES ON WOMEN-OWNED MSEs

Gender-based discrimination needs policy support since the prevailing social norms and the slow-changing gender roles (ILO, 2010, p. 5; Moro et al., 2017, p. 129; Wellalage & Locke, 2017, p. 340). Women's problems are compounded as compared to men (Amsi et al., 2017, p. 56; Debsu, 2009, p. 15; Quartey et al., 2017, p. 20). Women entrepreneurs face gender bias in the provision of policy support (Ghosh & Vinod, 2017, p. 73; Richardson, Howarth, & Finnegan, 2004, p. 1). In terms of the political and economic position in the society, women constitute a disadvantaged group and the most discriminated from formal as well as informal institutional support mechanisms (Ishengoma, 2018, p. 148; Wellalage & Locke, 2017, p. 347). As members of discriminated groups in society, women as a group experience unfair treatment; but all women are not in a passive category: women are also active agents in the development process and struggle to become above forces of discrimination (McCall, 2005, p. 11; Chant, 2007, p. 45). Women bear the extra burdens of daily life that patriarchy imposes on them, their decisions and actions (Richardson et al., 2004, p. 1). Most of the time, policy-makers do not adequately recognise the need to address socio-economic, political and related macro-level factors of discrimination. This creates enabling environments for women as agents of change; trigger their agency, priorities and the approaches of targeting (Zewde & Associates, 2002, p. 7).

Appropriate recognition of women's agency enables policy makers to understand the historical and dynamic differences between men and women that arise from the gender-based inequalities in the respective rights and obligations of women and men (Debsu, 2009, p. 17). Women had to deal with discrimination, societal scepticism of society and prove their credibility to others as agents struggling to reshape society and institutions (Jahanshahi et al., 2010, p. 4347). Women (as entrepreneurs and non-entrepreneurs) encounter gender specific obstacles that are complex from all actors working for the empowerment of women (Ernst & Young, 2009, p. 3). Therefore, impact studies of interventions benefitting women need to go further in the substantiation of evidence before hasty conclusions are made. The programs of inclusive finance and inclusive development consider these factors of gender inequalities in society in provision of services (Corrado & Corrado, 2017, p. 22).

2.4. THE ROLE OF WOMEN-OWNED MSES IN ECONOMIC DEVELOPMENT

The small and medium enterprises sector is important for the economic growth in developing country (Amsi et al., 2017, p. 1; Mamman, Bawole, Agbebi, & Alhassan, 2018, p. 1). MSEs are seen by diverse organizations as important engines of innovation and economic growth as well as reaching to so far exclude segments of the society, especially women and their business enterprises (Tesfaye, 2016, p. 123). Female engagement as business owners continue to increase steadily and are consistent with their role and contribution to livelihoods in subsistence economies such as Ethiopia (Filmon, 2009, p. 78). For instance, women produce more food than men do (80%)(Jahanshahi et al., 2010, p. 4347) Women's growing participation in employment is offering an important contribution to national growth rates and economic viability (ILO, 2010, p. 5). Today, women in advanced market economies own more than 25% of all businesses (Jahanshahi et al., 2010, p. 4347). Women operate self-business service partners with people to boost sales (OECD, 2005, p. 6). The firms operated by women are mostly MSEs that play a key role in transitioning women labour and innovations to products and services and developing the jobs, wealth and prospects of countries on the other hand. Studies show that MSEs typically account for more than 90% of all business enterprises outside the agricultural sector, (OECD, 2005, p. 10). MSEs play an essential role in securing income and employment for millions of people and in creating new jobs (Sievers, Haftendorn, & Bessler, 2003, p. 1).

The arguments on the linkage between women and MSEs substantiate that women start growth-oriented and expanding business enterprises when they are supported to be equipped with the necessary resources, skills and access opportunities by creating an enabling environment. Women are more readily able to pursue the growth potential of business enterprises in which they are engaged (ILO, 2007, p. 4). Women account for private sector activity and contribute most to poverty reduction (OECD, 2005, p. 15). In line with this, in Ethiopia, based on the 1997 CSA survey result, Stevenson & St-Onge (2005) reveal, out of the 65% of micro-enterprises that are run by women and 26% of small-scale producers are women (Stevenson & St-Onge, 2005, p. 10). The micro and small business sector is taken as policy concern in Ethiopia. Studies show that through the combination of various policy measures linked to MSEs, the sector can stimulate the economic development of Ethiopia (IFC, 2014, p. 28).

2.5. CHARACTERISTICS OF EFFECTIVE MSEs

The size of the enterprise and other specifics such as function accumulation, preference of oral communication to written, etc., firms run by women and men differ (Griffin & Husted, 2015, p. 2581). These factors affect the strategic and operational systems of work and market relations (De Vita et al., 2014, p. 457). The implementation of strategic management increases the competitiveness of enterprises, reduces costs, improves working decision-making options, facilitates the implementation of the employee motivation systems, shortens product and service delivery times, raises quality of customer satisfaction and enhances overall growth of the enterprises (Rakićević et al., 2016, p. 37; van Rooyen et al., 2012, p. 2254).

A high degree of flexibility to adapt the rapidly changing MSEs' growth factors determines the ability to face and reduce the growing negative tendencies of the Multinational Corporations and chain disengagement in business in the realm of MSEs (Anderson, 2011, p. 210). According to Rogers, Helmers, & Greenhalgh (2007), the characteristics of effective MSEs include the choice of the sector or industry in which it operates. The geographical location and area of market influence, diversity or multiple intellectual property activities it engages in, type of patent applications and its networking linkages, and the profitability of the firm in short, medium and the long-runs (Rogers, Helmers, & Greenhalgh, 2007, p. 5).

After observing the owners and employees of small firms and complementing it with empirical data, the study argues that the characteristics of the entrepreneur significantly affect the success of the MSEs. The firm characteristic is not a significant factor and it is not clearly indicated as success factor for MSEs. The duration of the enterprise under operation has significant effect on the success of MSEs – the MSEs that operated for longer periods have been more successful in comparison to those that operated for a shorter period (Atmadja, Sharma, & Su, 2018, p. 963; Jayadev et al., 2017, p. 312).

The characteristics of the firms are dependent on entrepreneurial characteristics (Gupta & Mirchandani, 2018, p. 227). Based on these characteristics of the entrepreneur, effective MSEs' characteristics originate from internal to the enterprise. The sector of choice, locational ubiquity, length of operation time, size of the firm, capital including source and entrepreneurship status of the owner and employees) as well as external to the enterprise (such as policy support and reforms conducive in the economy) (Candiya Bongomin et al., 2018, p. 62; Kersten et al., 2017, p. 340).

The effectiveness of MSEs also depends on the synergetic characteristics of the entrepreneur and the firm. The strategic manipulation of these two categories of characteristics manifests the changes in the four fields of product, organizational innovation and market innovation, which are important both for transformation and for development both for transformation and for development of the MSEs and the indications for streamlined support and strategization (Ishengoma, 2018, p. 148; Ismail, 2014, p. 182). The technological innovative characteristics of MSEs distinguish innovative companies. The innovative profile of MSEs (as a firm) and the innovative processes are based on these characteristics. The market anticipation and the customer focus plans are also based on these characteristics, focusing on quality of products and services. Innovation results are often driven by business strategy and new ways of work (Ismail, 2014, p. 182).

According to the United States International Trade Commission, USITC, (2010), the strategic manipulation of the characteristics also manifest in the performance of the business enterprise. These characteristics affect the domestic and global operations of MSEs through exports, manufacturing and services, injecting profit into the business expansion, revenue growth, and higher labour productivity, and such enterprises better manage crises (market and non-market) (USITC, 2010, p. i). Studies by Bourletidis & Triantafyllopoulos (2013) in Greece during the financial and economic crisis confirmed these (Bourletidis & Triantafyllopoulos, 2013, p. 643).

MSEs that are resilient in times of crisis as well as taking available opportunities also expand the export economy option by supplying to wholesalers that engage in exports and intermediaries that sell goods and services to large domestic companies that ultimately engage in export trading. Large companies also use the products of MSEs as (factors of) inputs. The MSEs take up issue over substantially, and sharing value-added content embedded into statistics and create long-term linkages of the economies of nations at different levels of product and service exchanges (Beck et al., 2015, p. 43; Candiya Bongomin et al., 2018, p. 57).

2.6. CONSTRAINTS AND CHALLENGES TO MICRO AND SMALL ENTERPRISES

Constraints and challenges in the development process refer to the expansion, growth and transformation of businesses, products and profits (Donaldson & Walsh, 2015, p. 200). Women set up and manage their own business enterprises. Despite the problems, these women face to access start up finance and initiate new business enterprises outside the mainstream gender roles, and succeed in running the business in the context of dynamic constraints to businesses in the economy (Ghosh & Vinod, 2017, p. 72). As agents of change, women business owners overcome barriers and become successful as workers, managers, owners and transforming societal contexts (Jahanshahi et al., 2010, p. 4347). Self-fulfilment, knowledge, skills and experience, serves as a source of business experience of females (Naser, Rashid Mohammed, & Nuseibeh, 2009, p. 1). Women carry out roles under time burden and income-generating activities need to have family roles (ADB, 2012, p. 6). Survey results and a study by Kipnis (2013) documented that 30.5% of women lack working capital in Ethiopia (Kipnis, 2013, p. 11). Again, the same document indicates that Ethiopian women's have limited access to education, managerial and technical skills (Kipnis, 2013, p. 17). The studies also indicated that the MSEs initiated by women are facing multifarious problems and getting more difficult for them to contribute (Ghosh & Vinod, 2017, p. 76; Syed Manzur & Md Nayeem, 2008, p. 1; Wellalage & Locke, 2017, p. 337). MSE owner-women often report that their biggest challenge is access to finance (for start-up as well as expansion of their investment) (Kersten et al., 2017, p. 345; Zins & Weill, 2016, p. 51). Women-owned MSEs are disadvantaged in meeting the demands of business growth (Bekele & Worku, 2008, p. 3; Fletschner & Mesbah, 2011, p. 1427; Gupta & Mirchandani, 2018, p. 223). The same research by Bekele & Worku (2008) and Ali & Peerlings (2011) identified the failure of businesses owned by women in Ethiopia.

Women are unable to obtain loans from commercial banks (61%), inability to convert part of profit back into investment (46%), poor managerial skills (54%), shortage of technical skills (49%), and low level of education (55%) (Bekele & Worku 2008, p. 3; Ali & Peerlings, 2011, p. 369).

Another research conducted by Wasihun and Paul (2011) focused on constraints and key determinants of growth of women-owned MSEs, particularly in employment expansion, based on the survey covering 123 business units in four Kebeles of Nifas Silk-Lafto and Kirkos sub-cities of Addis Ababa. The research result shows that marketing, unfair competition, changes in demand and absence of market linkages are the basic constraints to the growth of women-operated enterprises. Limitation of working space, raw material, working capital, and adequate loan were also growth barriers for women-owned enterprises in Addis Ababa (Wasihun & Paul, 2011, p. 233).

Many financial institutions do not have gender-tailored products. The African women's credit worthiness report identified that women owned enterprises are not prioritized as business segments for loans (ADB, 2012, p. 6) and the same report concludes that these financial institutions lack the readiness to target enterprises run by women. Studies on barriers to women's enterprise development indicate that women entrepreneurs have distinctive needs (capital, networks, scaling up and injecting capital (Ernst & Young, 2009, p. 1). Different stakeholders' interventions and concerns are necessary to address the challenges of women entrepreneurs and to make them successful in their businesses. An enabling government support significantly affects the success of women-owned MSEs (Gupta & Mirchandani, 2018, p. 219).

CHAPTER THREE

THE RESEARCH SETTING AND METHODOLOGY

3.1. THE ETHIOPIAN ECONOMY AND THE MSES SECTOR

This chapter presents the setting for the study. It focuses on the economic activities, the economic structure and growth trends, and the context of women owned MSEs development in the country. In addition to these, financial sector development and the poverty profile of the country is highlighted in the section.

The Ethiopian economy depends mainly on agriculture and agriculture-related sectors. Agricultural products serve as raw materials for industries and MSEs as well as for consumption. About 83% of the population depends on agriculture employment, livelihoods and exchanges. Ethiopia pursues an agricultural led industrialization strategy to industrialize the current agricultural dominated economy by tapping land, labour and water resources. Agriculture contributes to 90% of export earnings for the country (FAO, 2011, p. 10). According to the National Bank of Ethiopia's 2011 report, Ethiopia's continued growth rate is partly due to improvements in the agriculture sector. In the fiscal year 2010/11, Ethiopia's real GDP growth was 11.4%, a moderate increase from the previous year's growth of 10.4%. The agriculture sector grew by 9% while the industry and the service sectors grew by 15% and 12.5% respectively; agriculture and allied activities accounted for 41% of GDP while the industry and services for 13.4% and 45.6% respectively. In terms of the annual economic growth rate, agriculture contributed to 4.7, industry to 1.5 and service to 5.3% to the 11.4% real GDP growth in 2010/11. Agriculture is the largest employer, foreign exchange source, and raw material supplier to domestic industries including MSEs).

Ethiopia has initiated broader and major economic reforms after 1991. According to the Ministry of Finance and Economic Development (MoFED) annual report of 2017, the government designed and implemented four consecutive medium term development plans after 1991. The first development plan focused on Sustainable Development and Poverty Reduction Programme (SDPR). It was pursued during 2002/2003-2004/2005. The achievements of this plan served as the basis for the second phase plan, the plan for Accelerated and Sustainable Development to End Poverty (PASDEP). According to

the Ministry of Finance and Economic Development (MOFED) annual report of 2010, on average 11% economic growth was registered during this plan period. The third and last medium term plan was the Growth and Transformation Plan I (GTP I), which took place in the years 2010/2011-2014/2015. It was initiated to continue the developments of the previous development plan periods. The document envisaged two-focus areas: maintaining fast economic growth and realizing better results in all sectors. The GTP I reconfirmed that social sector and puts children, youth and women at the centre of government's strong commitment to the on the development agenda. The fourth is the Growth and Transformation Plan II, which is under implementation from 2016 – 2020. It is the continuation of the activities and objectives in GTP I. Ethiopia's economy has shown impressive results and is one of the fastest growing economies. However, the contributions of these results for women including their enterprises in particular and MSEs sector in general is not empirically investigated and documented.

Regarding the MSEs sector and the situation of women-owned MSEs in Ethiopia, a lot of research and assessment is needed. The Central Statistical Authority (CSA) survey, in May 1997, showed that there are 584,913 micro and 2,731 small enterprise operators in manufacturing industries, which absorb 739,898 employees from the labour force. As indicated in the Report of the National Bank of Ethiopia (National Bank of Ethiopia, 2011, p. 23), the five-year Growth and Transformation Plan I (GTP I) envisaged creating a total of three million MSEs in its implementation period. According to the Ministry of Urban Development and Construction (MoUDC), about 51,983 MSEs were established in 2010/11 and these MSEs together created an employment opportunity for 541,883 people. The total loan received from micro finance institutions was Birr 983,000,000. Even though, the centre increase in number, the study conducted in six big cities in the country. Wolday & Kifle (2012) indicate that there is stated policy targets and the outcome on the ground (Wolday & Kifle, 2012, p. 38). According to the same study, besides the low level of growth of MSEs in the country, lack of capital, lack of business premises and uncertainty of markets remain major constraints to expanding existing MSEs as well as encouraging new entries. Scholars suggest that concrete and coordinated regulatory and institutional support is needed for creating an enabling environment for MSEs to proliferate.

In terms of adequate contribution to the economy, the capacity of the MSEs sector is very small. On average, MSEs employ two workers (includes the owner and a worker), and earn Birr 1,300 (equivalent to USD 48). Sole proprietors operated 82% of the

available MSEs. From total employment, family members accounted for 60%. Apprentices accounted for a large proportion of MSEs work force. On average, the capital of MSEs is Birr 3,528 (USD 129), a yearly production value of Birr 2,300 (USD 84) and an annual surplus of Birr 1,300 (USD 48). In the MSEs sector, women-owned MSEs represent up to 30% of all MSEs in Ethiopia (Kipnis, 2013, p. 6). Zewde & Associates (2002), argue that in Ethiopia, gender-specific, the choice of economic activities and the engagement remains constraints to women participants (Zewde & Associates, 2002, p. 5). Women in Ethiopia are confined to economic activities that are less productive and profitable. Ringheim, Sines & Teller (2009) argue that women are 85% less likely to be employed than men; only one in five women earn a cash income over which women have control (Ringheim, Sines & Teller, 2009, p. 111). In Ethiopia, the status of women may vary in different cultures (Debsu, 2009, p. 15).

3.1.1. Situation of the financial sector in Ethiopia

Regarding the situation of the financial sector in Ethiopia, the government initiated a new regulatory framework (NBE, 2011, p. 10). The financial sector includes formal, semi-formal and informal in Ethiopia (IFC, 2014, p. 25).

According to the National Bank Ethiopia (NBE) Report (2011), the formal sector included the commercial and development banks (private and public) (NBE, 2011, p. 76). Expansion of banking branches in Ethiopia is related to access to and outreach to more clients in terms of geographical proximity. Ethiopia lacks access to basic, financial services. This is largely because commercial banks do not serve the poor and rural residents. In Ethiopia, currently, a bank branch serves over 82,000 people. The condition for loans in the banking sector excludes the poor who do not have the resources for collateral.

The microfinance sector was formalized in 1996 by “Proclamation for licensing and supervision of microfinance institutions No 40/1996.” Microfinance sector is growing fast in Ethiopia and were strictly regulated. The number of micro finance institutions in Ethiopia is currently 31 (NBE, 2011, p. 8). The microfinance sector is comparatively becoming large and its collective loan balance constitutes nearly 10% of the volume. Their total capital and assets reached Birr 2,900,000,000 (USD 106, 071, 690) and Birr 10,200,000,000 (USD 373, 079, 737), registering 24% and 27.6% annual growth. Their credit extension is at Birr 7,000,000,000 (USD 256, 035, 113) that grows at 20% per

year. Microfinance institutions mobilized deposits of Birr 3,800,000,000 (USD 138, 990, 490) which showed an increase of 42% over the previous year. These developments show the trend of MFIs and their potentials to mobilize finance for income generating activities, start-ups and asset building initiatives interventions. MFIs largely serve low-income groups. The four microfinance institutions operating in Addis Ababa and that were selected for this study together account for 87.4% of total capital, 93.5% of savings, 90.4% of credit and 90.8% of assets (Togba, 2012, p. 473).

MFIs in Ethiopia serve diverse clients, with ACSI, for instance reaching over 650,000 borrowers and on average over 20,000 clients. The sector is reserved only for Ethiopian nationals, in order to liberate microfinance institutions from dependence on donor funding, and to lead them to commercial alertness. Considering the poverty situation, the economic structure of Ethiopia and the limited access of the bank sector to the poor, the microfinance sector is young and in outreach and needs much work to address the gap of finance supply. Provision of microfinance services to the overall population and poor is 2% and 5% respectively. Active borrowers and savers are empowered in context of the national poverty line. The penetration is 3% for credits and 5% for savings (Togba, 2012, p. 473).

3.1.2. Microfinance policies and legal environment in Ethiopia

Per the microfinance business proclamation issued in 1996 and amended in 2009, the National Bank of Ethiopia is the authorized organ to regulate, supervise, issue and revoke licences for MFIs. As the proclamation states, the main purpose of MFIs shall be to collect deposits and extend credit to farmers and entrepreneurs. MFIs may engage in accepting both voluntary and compulsory savings. Also demand and time deposits as well as credit extension to rural and urban farmers and MSEs entrepreneurs.

Currently, minimum capital to commence microfinance institutions has increased from birr 200,000 (around \$7,315) to birr 2,000,000 (around \$73,153) to minimize cash shortage and to increase loan delivery service. Moreover, Ethiopian shareholders can establish microfinance institutions such that the amount of shares held by a person is determined by the National Bank. In addition, microfinance institutions can legally accept deposits from the public to diversify sources of funds for micro-financing business. The fertile legal environment promotes growth and enhances competition among microfinance institutions.

The regulatory framework on the maximum loan size that MFIs can lend to an individual borrower has been quite relaxed. It accommodates clients demands who can manage a loan size beyond the ceiling of Birr 5000 (roughly US\$ 183). Microfinance Institutions can lend to an individual borrower a loan size equal to 0.5% of their capital and such lending cannot to exceed 20% of the preceding year's disbursement. This has greatly helped MFIs to accommodate the demands of successful clients. Microfinance institutions that meet criteria set by the National Bank of Ethiopia have the chance to re-licence their institutions to develop as a bank, or to another type of financial institution in accordance with the relevant law. Nevertheless, the National Bank may require them to continue providing micro-financing services as part of their operations.

One of the seven pillars of the Ethiopian five year Growth and Development plan, GTP I and GTP II (MoFED, 2010, p. 27) is empowering women and youth and ensuring their benefits of financial and non-financial support for these group of entrepreneurs. The plans focus on addressing multidimensional problems faced by women, including financial service provision, to engage potentially poor women in economic activities.

3.2. POVERTY, GOVERNMENT STRUCTURES AND POPULATION SIZE IN ETHIOPIA

According to the Constitution of Federal Democratic Republic of Ethiopia ratified in 1995, Ethiopia is administratively sub-divided into nine regional states and two city administrations (Addis Ababa and Dire Dawa). Formation of the regional state is mainly based on the settlement, language and willingness of the people to live together in one administration ("Federal Democratic Republic of Ethiopian Constitution," 1995, p. 59). According to the Constitution of 1995, the Ethiopian regime pursues decentralized regional structures and political empowerment of regional states to decide on their regional issues in line with the national policy framework. The 2007 Population and Housing Census data (projected for the current year) shows that there are significant variations in the distribution of population by regions – the largest Oromia Region, followed by Amhara and SNNP regions. The lowest proportion was in Harari region.

The population of Ethiopia grows by 2.6% annually while the population growth rate varies from region to region. The highest annual growth rate was registered in the period 1994 - 2007. The urban population growth rate is higher than the rural; the

average rate at country level for urban population growth is 3.6%. The population growth for Addis Ababa is 4.8%; and the dependency ratio is 40.8%.

The population below the poverty line stands at 30.4% in rural and 25.7% in urban areas in 2012 (MoFED, 2012, p. 8) and this has improved, according to government reports, to 19.6% in 2017 (MoFED, 2017, p. 45). Agriculture is the primary source of employment, income generated from diversified sources and involve in allied activities of rural households (Enquobahrie, 2004, p. 1). The rural-urban linkage is weak in Ethiopia and urban poverty is exaggerated partly by this weak linkage and partly by the high rate of population growth in urban areas. Rural-urban migration, unemployment, lack of income and weak urban service delivery and weak governance frameworks are also to blame. Residents in urban areas lack of access basic services and infrastructure to meet their basic needs, leading to high living and utility costs, low per capita household income and high dependent ratio worsening the poverty of the residents in the city. MSEs as business development policy is prioritized by government as a tool for tackling the problems of the poor and expanding job opportunities for them, including policies of implementation.

3.3. DESCRIPTION AND JUSTIFICATION OF THE STUDY SITE

The study was conducted in Addis Ababa, the location for many international organizations and the seat of the diplomatic core of Africa, home to the headquarters of the African Union and the UN-ECA. The city is structured into ten sub-cities each with respective local government administration. According to the projection from the 1997 CSA data, the population of the city was 2,738,248, out of which the male population was 1,304,518 (47.6%) and the female population was 1,433,730 (52.4%). On average, the population growth is 2.1% and the dependency ratio was about 38% in 2001 (MoFED, 2017, p. 16) and this growth rate doubled in 2017 with an average growth rate of 4.8% (MoUDC, 2017, p. 37).

In Addis Ababa, the percentage of the economically active population, that is, the total population above 15 years old is 62.3% in 1996. The total unemployment rate in the city was 27.9%, out of which 38.3% were females and 18.4% were males. The labour force and employment in Addis Ababa was that 75% in the formal sector while the rest (25%) was in the informal sector. Major sectors that employ most of the labour force in the city were the service sector (73%) and industry (25.5%) and urban agriculture constituting 1.5%. The literacy rate of the male population is higher compared to the female

population. Male educational attainment in tertiary education is 36.2% and 28.86% for females (CSA, 1996, p. 59). After 18 years in 2014, the unemployment rate for females was 33.7%, out of the overall unemployment rate of 27.8% (IFC, 2014, p. 37). This situation was relatively unchanged in 2016, which was 33.2% (MoFED, 2017, p. 49).

This chapter presents the research setting: namely the context of Ethiopia in general and Addis Ababa in particular. The presentation provides relevant information concerning administrative structure, population size, economic structure, development strategy and the poverty situation of the country as a setting to assess the status of MSEs and the participation of MSEs owners in terms of gender and other socio-economic variations. In regard to this, women-owned SMEs and access of these enterprises to financial sector services in the country are presented.

Out of the total 110,000,000 population, 50.5% are males and 49.5% are female at the country level. In contrast, in Addis Ababa, females are considerably higher than males. In the country, about 31 microfinance institutions have emerged in the last fifteen years and most of these MFIs are situated in Addis Ababa. However, the coverage of microfinance services to the overall population and the poor is 2% and 5% respectively at country level and relatively better in Addis Ababa. Based on the concentration of the MSEs, MFIs, the large unemployed population and the low female participation in the MSEs and MFIS, Addis Ababa was selected as the study location for field work and primary data collection

Regarding the justifications for the selection of the research site, Addis Ababa is the political and economic hub of the country. In relation to the current study, most MFIs operate as well as most of the MSEs are concentrated in Addis Ababa. Addis Ababa has the largest number of unemployed women and youth and poverty is also prevalent in the city. The population growth rate is higher than the country's average and rural-urban and urban-urban migration is a critical factor for expanding the unemployed population category. Addis Ababa is one of the reform cities in Ethiopia where MSMEs, urban beautification, urban job creation and related pro-poor policy interventions are being undertaken. According to IFC (2014) two-thirds of women who own MSEs face problems related to finance, working premises, sale outlets, skills and lack of access to non-financial services. Women, including the unemployed and those in the informal sector, face gender-related investment and enterprise formalization constraints in the city (IFC, 2014, p. 33). This made the women-owning MSEs as well as entrepreneurs that intend to engage in business and income generating activities very difficult to attain

better incomes, build assets and improve their well-being by expanding their decision-making powers and reducing the workload and burden they face because of poverty. As compared to the women population size, the unemployed women, women in the informal sector and women owning the MSEs, the concentration of the MFIs and MSEs in Addis Ababa, it is empirically interesting to understand why there are the gaps in finance and why the prospects of expanding MSEs is not utilized in Addis Ababa. Available research results, which were conducted in Addis Ababa, do not document comprehensive and substantive evidence. Available researches exclusively focus on diversity of the MSEs, the determinants of MSEs diversification, the contribution of MSEs in employment creation and income of the beneficiaries. As financial provision alone is not enough for redressing gender gaps, non-financial factors as one challenge of MSEs owned by women pushes the women in the city to disengage their MSEs or work in underperforming businesses and face challenges of achieving better business outcomes (growth and expansion) including household and individual well-being. As the result of continuing population growth and the demand for resources, even in the centre of the political and economic policy decision-making epicentre, the prospects of women owning business to access financial and non-financial services is of policy concern and the existing and dynamically changing gender gaps are continuously affecting these segment of enterprises.

Given these factors, almost all of these segments in the city are to compete in the available MFIs and MSEs opportunities in the short and medium terms, MSEs being the mainstay of the poor and women in the city. Selecting Addis Ababa as the study area was thus appropriate to show the impact of access to microfinance loans and related services and the implications that they had on the growth and expansion of the MSEs owned by women.

In general, the selection of Addis Ababa as a research site for this theme was justified because running enterprises requires financial and non-financial competencies during their start up, growth, and expansion. The study established evidence on basis of the arguments presented in this work. Applying appropriate methodology the growth and expansion of MSEs owned by women was one of the areas to be properly considered.

3.4. THE STUDY DESIGN AND APPROACH

3.4.1. *Research design*

Kothari (2004) stated that research design refers to the master plan that is used in the study (Kothari, 2004, p. 172). A cross-sectional research design was employed because of its appropriateness to obtain information on microfinance impact on MSEs owned by women in Addis Ababa (focusing on individual, household, enterprise and policy level impacts) at one time from a sample population to describe a large population without environmental manipulation. Focus group discussions and key informant interviews were employed with MSEs owners and policy makers. An MSEs Owners' Survey Questionnaire was administered to gather information about issues related to the themes of the study from the selected clients of MFIs (who were owners of the selected MSEs). Baseline data was collected from secondary documents of the microfinance institutions about women-owners of MSEs and this set of data was used to analyse the context of the owners before their access to the microfinance services.

3.4.2. *The study approach*

The method of data collection was one time field research. Thus, cross-sectional data was collected. Per the inquiry, this study employed description and explanation. The descriptive method of research was used to describe the opinions, characteristics and behaviours of respondents whereas the explanatory method was used to test the impact of microfinance on the development of MSEs.

Based on the type of data and approaches together enabled the researcher to understand the issue exhaustively (Kothari, 2004, p. 178). This study employed both qualitative and quantitative approaches to make the data results more substantive in explaining the context of the total population and generalizing the results from the sample population. Both quantitative and qualitative methods are often more powerful when combined. A quantitative study approach with a complementary qualitative approach was used for this study. Therefore the sequential mixed research approach was employed. A quantitative type of research was used to generate quantitative data whilst qualitative types generated subjective and narrative assessment of issues. Those findings which were not quantitatively analysed were assessed and interpreted qualitatively. The qualitative approach was employed through the use of key informant

interviews and observation data gathering instruments with women owning MSEs, policy-makers, and financial and non-financial service providers. This is due to the fact that the composition of the diverse heterogeneous population group of respondents in this qualitative research approach enabled the study to bring out the real facts and issues related to impact of microfinance on women-owned MSEs, and the gaps and constraints as well. The quantitative approach was employed to assess the associations of impact between variables and examine the determinant factors that affect the association and conclude their likely impact on measures of the development women-owned MSEs.

This research implemented an empirically based research. It started with a working hypothesis followed by data collection and substantiation of evidence. The presentation, analysis, interpretation and discussion included conducting tests of the hypothesis in order to prove or disprove the claims designed from the outset and used the deductive reasoning approach. The researcher reviewed and assessed available theories, developed research questions and hypotheses for testing based on theories reviewed. Finally, the study process culminated in discussions and generalizations based on the findings. The research approach of this study moved from available general claims to specific evidence-based conclusions and recommendations. Using the data output, the research employed applied research to solve practical problems facing agents of change in which the study applied field work. Thus data was collected through travelling to different selected sample MSEs in Addis Ababa from 10/10/2015 to 1/11/2015. Therefore, the use of the approaches described above made this research field oriented and problem-based with policy relevance.

3.4.3. Sample size determination and sampling techniques

Sampling Frame and Sample Size Determination:

The sample frame is the list of micro and small enterprise owning women entrepreneurs who have been in the program two years and above and accessed a loan at least twice from the three systematically selected microfinance service-providing centres. Samples from the service provider centre were drawn using a population proportional to size. After identifying sampling interval, k , from sample frame, any number (j) between 1 and " k ", while " k " being the interval, was selected by lottery method when selecting the first " j ". Then every k^{th} unit was drawn from the sample frame until the sample size was

completed. The systematic sampling method was employed in part to avoid sampling bias. Statistically accurate margins of error were taken – i.e. at 5% precision, 95% confidence interval and 50% population characteristic. The required sample size was then determined using the following formula:

$$n = z^2 * p * q * N \div e^2(N - 1) * z^2 + pq$$

Where,

N = population size

n = desired sample size

z = confidence level (95%; z = 1.96)

p = estimated characteristics of study population (p = 0.5)

q = 1-p = 1-0.5 = 0.5

e = level of statistical significance set of the margin of error (e = 0.05).

The researcher got the entire sample frame from the list of women-owning micro and small businesses clients who spent two or more years in the program and accessed loans at least twice from the three microfinance service provider centres. The three microfinance centres are named Addis, Wisdom, and Special. For Addis, the entire sample frame was taken as the sample size. This is because of the size of the sample frame is small (33). The sample sizes from the remaining two microfinance institutions (Wisdom and Special) were drawn according to the proportion of population to size. The sample frames and sample sizes of micro and small enterprise owning women who spent two or more years, and received loans two or more times, in the three-selected MFI service provider centres, are presented below.

Table3.1 The sample frame and sample size of selected microfinance institutions

Description	Name of microfinance institution			Total
	Addis MFI	Wisdom MFI	Special MFI	
Sample frame until end of 2014 in each microfinance service provider centre (N)	35	245	255	535
Percentage of sample frame to be drawn from each microfinance service provider centre	6%	46%	48%	100%
Desired sample size from three microfinance institutions based on proposed formula (n)	92			
Expected sample size drawn from each microfinance service provider centre (n)	6	43	44	93
Actual sample size drawn from each microfinance service provide centre (n)	33	43	44	120

Desired sample size ($n = 1.96 * .5 * .5 * 533 \div 0.05^2 * (533 - 1) * 1.96 + .5 * .5 \cong 92$)

N.B: The population proportion to size approach was used to draw the desired sample size from two microfinance institutions (Wisdom and Special), and due to the lack of a sufficient sample frame, the entire sample frame, except for two women entrepreneurs who were pilot interviewed, was taken from the Addis microfinance institution to see the full picture of the three microfinance institutions.

Sampling Techniques

The number of microfinance institutions until the end of 2014 was seventeen. The researcher, however, dropped microfinance institutions that had been in operation for less than two years and therefore might not have generated an impact on clients (see annexures 1 - 6). The following criteria were applied to systematically select microfinance institutions to draw the representative sample:

1. The sampling technique considered microfinance institutions that have headquarters and branches in the research area, mainly Addis Ababa, and it did not include branches outside the research site. Therefore, both institutions that are headquartered in the research area with no branches in the area, and institutions headquartered outside the research area but with branches in the research area were excluded from the sample. This was due to the researcher's lack of financial and logistical resources to collect data from branches spread all over the country.
2. Microfinance institutions that have headquarters and branches in the research area were clustered into three groups based on their affiliation: government

affiliated, non-governmental donated, and private sector microfinance institutions, in order to evaluate their approaches in addressing women disparity.

3. Three microfinance institutions were systematically selected using criteria stated below:
 - a. Using lottery method, one microfinance institution was selected out of two government affiliated microfinance institutions.
 - b. One NGO donated microfinance institution was purposefully selected to evaluate its approaches to address women disparity.
 - c. Using the lottery method one MFI was selected from nine private affiliated microfinance institutions.

The sampling technique helps evaluate the approaches of different microfinance institutions to address women disparity in business.

At the third level, three branches from the three microfinance institutions were systematically selected (one from each) by the lottery method and at the fourth level; three service provider centres were systematically selected from the three branches by lottery system. The sampling technique was designed, in consideration of the number and variety of microfinance institutions, to represent the whole population of micro and small women entrepreneurs in the area.

3.5. SAMPLE FRAME AND SAMPLING TECHNIQUES

3.5.1. Target population and study unit

Different studies employ clustering of non-clients of microfinance with clients to identify the sample units from the target population. The difficulty with this practice is to find groups that are sufficiently comparable (Alexander-Tedeschi & Karlan, 2007, p. 2; Andrew & Jennifer, 2007, p. 27). Non-clients are those who did not access any microfinance loan service. The microfinance client groups are assumed to have developed enormous capacity and skills in business management and thus they are anticipated to ensure household income, improved consumption and secured options for investment finance at various levels. There is also debate in the sense that comparing these two dissimilar groups may lead to unreliable results (Hermes & Lensink, 2007, p. 464). In contrast, this research targeted women clients owning MSEs

who stayed in the program for two and above years and received the loan twice and above from the program. Thus, the time factor and frequency of access to finance have implications for explaining the impact of microfinance on women owners of MSEs and identifying the sample units from the target population. The target sample population of the study was women-owning MSEs and those who had spent at least two years benefiting from the selected microfinance institutions operating in Addis Ababa.

3.6. DATA SOURCE, TYPES, INSTRUMENTS AND PROCEDURES OF DATA COLLECTION

3.6.1. Type and source of data

The study used both primary and secondary data sources. Primary sources included the data obtained from women participants owning MSEs, and data obtained from policymakers and staff of various institutions responsible for programs supporting women enterprises development. Data obtained through personal observation was included under primary data source. The study therefore used both primary and secondary data types. To do so, both primary and secondary sources were collected. Primary data was collected from selected women entrepreneurs who own MSEs and lived in Addis Ababa and other concerned bodies (policy making and intervention MFI stakeholders).

Secondary sources of information include both published and unpublished sources through desk reviews. These sources are books, publications, journals, proceedings and empirical literature on microfinance, economic development, entrepreneurship, business development services and poverty reduction. The specific nature of women-owned MSEs and business development require reviews in the area of gender. Therefore, empirical works in the area were reviewed. Secondary data was gathered for this study from reports and statistical data from Addis Ababa MSEs related offices, MFIs and earlier empirical studies in related areas, published materials, and internet sources. A content data collection guide was used to collect this data.

Mixed data sets were used to obtain quantitative and qualitative evidence. Quantitative data was collected using a questionnaire designed to collect evidence from the selected respondents. The respondents were women-owners of MSEs who have benefited microfinance services for the last two and above years and have received the loan twice and above for engaging in MSE businesses.

3.6.2. Instruments of data collection

In order to collect available and sufficient data which could answer basic research questions, selecting an appropriate and sound method, and the tools and techniques of data collection have a considerable importance in justifying the validity of research. To obtain substantive data, diverse data collection techniques and tools were used and the aim of the use of multiple techniques was to ensure triangulation. The following are the major data collection tools and techniques that were used to collect relevant data that was helpful to answer the research question so as to achieve the objective of the research. This study employed primary data collection tools to get primary data type. This primary data was obtained from sample respondents through the use of a questionnaire (from women-owners of MSEs), interviews (key informants), discussions (focus groups) and personal observations in the field.

Quantitative Data: MSE Owner Women's Survey Questionnaires: this questionnaire was used for gathering quantitative data in order to assess the socio-demographic, business and financial factors that constrain women's access to the services and the impact of microfinance on the development of women-owned MSEs in Addis Ababa. In order to effectively communicate with 120 MSE owners (respondents) during data collection, the questionnaire was first developed in English and then translated into Amharic language. Data collection was carried out by enumerators who have a degree in Social Work and were familiar with the study area. Accordingly, four well trained and experienced enumerators who were familiar with the geographic and socio-cultural characteristics of the study areas were recruited and trained in a half day orientation workshop on the tools and administration of the questionnaire. This process ensured ease of data collection, building rapport with respondents and the quality of the data collected. The researcher closely supervised the overall data collection activities and audited the quality of data collected and the response rate on each of the items on each day. Prior to starting data collection, each of the enumerators completed four questionnaires in order to make the researcher aware whether there was clarity or vagueness in filling the questionnaire to improve understanding and ensure clarity. The questionnaire was pilot tested with ten respondents who were not part of the sample and amended for clarity and consistency of response categories.

Qualitative Data: The qualitative data was collected through observations of MSEs premises, and key informant interviews, KIs. Checklists were used for interviews and observations.

Key informant interviews: Semi-structured interviews were conducted as a method of data collection. This tool was used to triangulate and strengthen research findings gathered through the quantitative approach in order to understand more about the impact of microfinance on the development of MSEs owned by women, and their constraints and opportunities. Key informant interviews were carried out with responsible bodies and leaders of institutions. Moreover, the life history narrative and storytelling method were also used to capture possible experiences in relation to MSEs and MFIs in order to validate the qualitative findings. Key interviews were conducted by the researcher in order to come up with the real feelings and perceptions towards the issue and to capture these feelings and perceptions during the writing of the research report. Key informants were selected from among policy makers who decides microfinance services in Addis Ababa, including: National Bank of Ethiopia Microfinance Section, members of senior management of MFIs, accountable bodies from Addis Ababa Women and Children Affairs Bureau, and accountable bodies from Addis Ababa MSEs Development Agency. As appropriate instruments for exploratory research, checklists were used in the key informant interviews. Checklists allowed the respondents freedom in their answers, and the interviewer freedom to seek preliminary analysis and perspectives on financial and non-financial constraints and challenges facing women SMEs owners. In-depth interviews with experts, knowledgeable individuals and policy makers enhanced the insight into data and policy issues that emerged in the process of the research. The interview questions were organized in accordance with the analytic themes and the enquiry. The thematic areas in the interview checklist included enterprise growth and successes, challenges and constraints, experiences of MSEs owners, financial and non-financial competencies of the owners, the response to the demands of women SME owners and the assessment of the impact of the various support interventions in place. The interviews consisted of discussions with probing questions, engaging and disengaging until adequate data was collected. Such a process fits within the nature of the research and investigation of the problem.

Personal Observations: The researcher observed five premises of respondents. Notes were taken based on checklists and the researcher got holistic picture on the

performance the MSEs. The researcher observed the way women MSEs owners operate and the solutions they give to the constraints they face. The results of this research were essential for evaluating macro-level strategies against micro-level implementation processes and results. It was also essential for illuminating gender-related constraints and challenges of MSEs owned by women and micro financing services. The results of the study can inform policy.

3.6.3. Procedures of data collection

The sequence of the data collection activities was as follows: first, observation and inspection visits were made. Following this, arrangements for administering the pilot test of the tools was undertaken. After this, the systematic survey was administered and entered into SPSS. Next, qualitative methodologies were employed for detailed understanding and to discern entry options. In addition to these administrative procedures, data quality control and instrument verification procedures were implemented. These include the works related to refining questionnaires, preparing the enumerators, pilot testing and amending the instrument items.

Adapting, Translating and Numbering the Questionnaire: The questionnaire was translated from the original English into the local language (Amharic) by one translator and a separate translator translated it back into the original English language. The final English version was cross checked against the original questionnaire for accuracy. After the questionnaire had been translated, the researcher did pre-testing, adapting and copying for dissemination. The researcher ensured that the questionnaires that were used by the enumerators were pre-numbered with a unique identifier, beginning with 001. The numbering took place before the teams left for the field.

Recruiting, Training and Preparing Enumerators: Collecting high-quality data would be possible only if enough time was allowed to train the enumerators thoroughly. A two day training was provided for three enumerators. The selection criteria for enumerators were their ability to understand and write in the language used in the assessment (Amharic), their availability during the survey period and willingness to work outside normal hours. A minimum of high school education, good literacy skills, and knowledge of the project area were considered as well. During the training session the following issues were discussed:

1. Instructions to properly introduce themselves, and inform respondents regarding the confidentiality of the information, the purpose of the survey, the responsibility and role of the enumerator, approximate length of time the interview would take and the voluntary nature of their participation;
2. Clarification of the meaning of each question and how to record the answers to the questions;
3. Conditions that must be kept in mind while asking interview questions and how to ask probing questions;
4. “Do” and “never do” elements of the interviews; and
5. How to end the interview and make the post-interview.

In the training session, the trainee and a researcher practised and performed a demonstration interview to show proper techniques with each other by filling out questionnaires.

Pilot-testing and Amendment of Instruments: The questionnaire for collecting quantitative data was pilot tested with women entrepreneurs who were not part of the sample. Under supervision of the researcher, six women SMEs owners were interviewed by each enumerator. Close monitoring and coaching of the enumerators by the researcher during the pilot test helped ensure that the questions were clearly understood by the enumerators and respondents. The pilot finished with encouraging results, the survey was introduced and the responses were recorded according to instructions. Following the pilot test, parts of the survey details that required the respondents to state the type of lease equipment obtained from MFIs was excluded because all microfinance institutions were not providing such services to their clients.

3.7. METHODS OF DATA ANALYSIS

The study employed both mixed techniques of data collection and analysis. Below are some of the techniques that were used as data analysis. The data from the interviews was transcribed and coded into themes identified in the literature review and the conceptual framework. The analysis was made in two ways. For variables comparing indicators before and after the program intervention regarding women entrepreneurs, inferential statistics were produced and used in the analysis section. For some

variables, the researcher employed a regression analysis to predict associations and interpret the strength of the effects of the associations observed.

3.7.1. Quantitative data analysis

Quantitative raw data collected through MSE Women Owners Survey Questionnaires was organized and encoded into SPSS 20. The quantitative data analysis tools that were employed by this research include descriptive statistical tools (table, chart, frequency, chi square and t-test) and inferential statistical tools such as regression analysis.

Descriptive Statistics Analysis: Once raw quantitative data was collected, there is a need to summarize and display the information in a readily digestible form. Ordering the data according to its magnitude, compiling it into tables, or graphing it to form a visual image are all very important. Descriptive statistics frequencies, tables, percentages and mean techniques were used using SPSS software version 20. The results were presented through pie charts, histograms and tables. Furthermore, to know the association between dependent and independent variables a simple t-test and chi-square test were employed. Descriptive statistics procedures, including cross tabulation and frequency distributions, were used to evaluate the effect of the program on women entrepreneurs after program intervention. To measure significant differences after program intervention for categorical and dichotomy variables, the McNemin test and the Wilcoxon matched-pairs test were used, respectively.

Regression Analysis: the survey data was analysed and interpreted using econometric analysis to examine the impacts of total amount of loan received on the businesses investment, the trend of household income and expenditure of respondents in the past twelve months. The likelihood that women entrepreneurs reported the trend of income and expenditure on food was measured using the ordinal logit model. The binomial logistic model was used to predict the likelihood of the outcome of business investment using predictor variables like educational level, access to training, issue of businesses licence and total amount of loan received holding other factors constant (Andrew & Jennifer, 2007, p. 27).

3.8. MODEL SPECIFICATION AND DEFINITION OF VARIABLES

Econometric analysis was conducted to estimate the impact of total amount of loan taken on by respondents on the businesses investment, the trend of household income and expenditure of respondents in the past twelve months. A binomial logistic regression model was used to estimate business investment and an ordinal logistic regression model was used to measure the trend of household income and expenditure in the past twelve months before the study year.

Binomial logistic regression is equivalent to multiple regressions but has dummy outcome/dependent/response variables as opposed to metric outcome variables in the case of multiple regressions. This study employed both categorical and metric independent/predictor variables. In such case binomial logistic regression predicts to which of the two categories a case is likely to belong, given the predictors (Blaikie, 2003, p. 154).

When we write down multiple regression models,

$$y = \beta_0 + \beta_1x_1 + \dots + \beta_kx_k + u \dots\dots\dots (1)$$

binomial logistic regression, y is a binary variable, y can only take two values, β_j cannot be interpreted as the change in y given a one-unit increase in x_j holding all other factors fixed. Y either changes from zero to one or from one to zero (or does not change). Nevertheless, the β_j still have useful interpretations. If we assume that the zero conditional mean assumption holds, that is, $E\left(\frac{u}{x_1}, \dots, x_k\right) = 0$, then we have, as always,

$$E\left(\frac{y}{x}\right) = \beta_0 + \beta_1x_1 + \dots + \beta_kx_k \dots\dots\dots (2)$$

The key point is that when y is a binary variable taking on the values zero and one, it is always true that

$pr\left(y = \frac{1}{x}\right) = E\left(\frac{y}{x}\right)$, that is the probability of that $y=1$ - is the same as the expected value of y . Thus we have the important equation,

$$pr\left(y = \frac{1}{x}\right) = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 \dots\dots\dots (3)$$

In the above formula where:

Where x is shorthand for all of the explanatory variables.

y = predicts the probability of investing on MSEs of respondents

Therefore, β_0 = the predicted probability of investing on MSEs of respondents when each x_j is set zero.

The slope coefficient, β_1 , measures the predicted change in the probability of investing the loan on the MSEs of respondents if women entrepreneurs accessed any training holding other variables fixed.

The slope coefficient β_2 measures the predicted change in probability of investing on MSEs of respondents if women entrepreneurs accessed more amount of loan, holding other variables fixed.

The slope coefficient β_3 measures the predicted change in probability of investing MSEs of respondents if women entrepreneurs issued business licences holding other variables fixed.

The slope coefficient β_4 measures the predicted change in probability of investing in women micro and small businesses if women entrepreneurs completed high school and above holding other variables fixed.

According to Pampel, the effects of independent variables in the logit regression have multiple interpretations. These include probability, odds and odds ratio (Pampel, 2000, p. 15).

Probability is the outcomes of interest divided by all possible outcomes,

$$P = \frac{\text{outcomes of interest}}{\text{all possible outcomes}}$$

Calculation of Odds: this estimates the probability that an event occurs for a randomly selected observation versus the probability that the event does not occur (the odds)

$$\text{odds} = \frac{p(\text{occurring})}{P(\text{not occurring})}$$

$$\text{odds} = \frac{p}{1 - p}$$

The odds are a function of the coefficient obtained from the estimation of the binomial logistic regression. It indicates whether a unit increase in the independent variable X makes more or less likely the probability of $y=1$. For dummy independent variables, the marginal effect is expressed in comparison to the base category ($x=0$). Here we interpret the sign of the coefficient not the magnitude.

Generally, if $\beta_1, \beta_2, \beta_3, \beta_4$ is the coefficient (on dummy explanatory variables), say x_1, x_2, x_3, x_4 when the $\log(y)$ is dependent variable. The coefficient on each explanatory variable gives (approximate) proportional difference related to the base category holding the other variables fixed. The estimate $\beta_1, \beta_2, \beta_3, \beta_4$ can be positive or negative, and it is important to preserve the sign in computing (Wooldrige, 2013, p. 235).

Calculation of Odds ratio: Odds ratio is the ratio of two odds.

$$\text{odds ratio} = \frac{\text{odds}_1}{\text{odds}_0}$$

$$\text{odds ratio} = \frac{\frac{p_1}{1 - p_1}}{\frac{p_0}{1 - p_0}}$$

Working with odds ratios (instead of probabilities) has advantages. This is because it is possible to keep scaling up odds ratios indefinitely without running into the boundary points of 0 and 1 (Andrew & Jennifer, 2007, p. 82).

3.8.1. Variable Definition, Coding, Estimation of Direction and Hypotheses Testing

As discussed above, the binomial logit model was used to estimate the predicted probability of investment by MSEs owners if they accessed any training, issue business licences, accesses high total amount of loans and completed high school and above.

In order to differentiate between predictor/explanatory and outcome variables, some assumptions have to be made about the direction of influence and the time ordering of the variables (Blaikie, 2003, p. 118).

Definition of variables

Dependent variables

Businesses investment coded as "1" if micro and small businesses owner women entrepreneurs invested on businesses in the past twelve months; "0" otherwise

Independent variables

Educational level: coded as "1" if women entrepreneurs completed high school and above; "0" below high school.

Training: coded as "1" if women entrepreneurs accessed any training; "0" otherwise.

Businesses licence: coded as "1" if women entrepreneurs issued business licences; "0" otherwise.

Loan amount: coded as "1" if women entrepreneurs received total loan amount above ETB 80,000 "0" below ETB 80000.

3.8.2. Assumptions of the estimation and Direction of Influence

In this research, it may be argued that business investment is dependent on total amount of loan taken, educational level of women entrepreneurs, issue of business licences and access to any training, holding other factors constant. That is, business investment is considered as an outcome variable and the total amount of loan taken, educational level of entrepreneur, issue of business licences and access to training are considered as independent (predictor/explanatory) variables.

1. As the educational level of women entrepreneurs increases, they are more likely to invest in businesses,
2. Trained women entrepreneurs can acquire better business management skills and are more likely to invest in businesses,
3. Licensed women businesses are more likely to invest in businesses,
4. As women entrepreneurs access more loans, they are more likely to invest in businesses.

Table 3 2. Description of predictors and their direction of influence on women businesses investment

No	Explanatory variables	Nature of variable	Expected effect
1	Educational level	Dummy	+
2	Access to training	Dummy	+
3	Business licence	Dummy	+
4	Loan amount	Dummy	+

Order Logit Model

The order logit regression model was used when the dependent variables have ordinal response and have natural order. Hence, this research has three ordinal response factors on the trends of household income and food expenditure in the past twelve months.

Response categories ranges from 1, 2....3 with 1 decreased, 2 unchanged and 3 increased. (Therefore, trend of income and expenditure in the past 12 months, (Y_i) was used from ordinal response variable with three categories, alongside with vectors of covariant X_i explanatory variables. An ordinal regression model establishes a relationship between variables (explanatory and probabilities of the categories) $P_{ci} = \Pr(Y_i = y_c | \mathbf{x}_i)$, $c=1, \dots, C$.

The ordered logit model is expresses by cumulative function, that is $P_{ci} = \Pr(Y_i \leq y_c | \mathbf{x}_i)$, $c=1, \dots, C$., and the last cumulative probability is necessarily equal to 1, so the model specifies only $C-1$ cumulative probabilities.

Therefore, the order logit model function for an ordered response Y_i with C categories is defined by a set of $C-1$ equations where the cumulative probabilities $p_{ci} = \Pr(Y_i \leq y_c | \mathbf{x}_i)$ are related to a linear predictor $\beta' \mathbf{x}_i = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \dots$ through the logit function:

$$\text{Logit}(P_{ci}) = \log(p_{ci} / (1 - P_{ci})) = \alpha_c - \beta' \mathbf{x}_i, \quad c = 1, 2, \dots, C-1. \dots\dots\dots(1)$$

The parameters α_c , called *thresholds* or *cut points*, are in increasing order

($\alpha_1 < \alpha_2 < \dots < \alpha_{C-1}$). In this case it not possible to instantaneously estimate the overall intercept β_0 and all the $C-1$ thresholds. In fact, adding an arbitrary constant to the overall intercept β_0 can be counteracted by adding the same constant to each threshold α_c . This problem is usually solved by either omitting the overall constant from the linear

predictor (i.e. $\beta_0 = 0$) or fixing the first threshold to zero (i.e. $\alpha_1 = 0$). However, this stage is not enough to estimate the probability of order response categories so it needs to make a non-linear probability model.

From equation (1), the cumulative probability for category c is

$$p_{ci} = \frac{\exp(\alpha_c - \beta'x_i)}{1 + \exp(\alpha_c - \beta'x_i)} = \frac{1}{1 + \exp(-\alpha_c + \beta'x_i)} \dots \quad (2)$$

The ordered logit model is equivalent to the *proportional odds mode*. Because the parallel regression assumption implies the proportionality of the odds of not exceeding the c -th category $odds_{ci} = p_{ci} / (1 - P_{ci})$. In fact, the ratio of these odds for two units, say i and j , is $odds_{ci} / odds_{cj} = \exp[\beta'(x_j - x_i)]$, which does not depend on c and thus it is constant across response categories.

Hypothesis and definition of variables for examining the contribution of total loan received on household income and food expenditure.

Dependent variable

- + **Household income** : the trend of household income in the past twelve months can be classified as decreased, coded as "1", unchanged, coded as "2", increased coded as "3"
- + **Food expenditure**: household food expenditure in the past twelve months can be classified as decreased, coded as "1", unchanged coded as "2", increased coded as "3".

Independent variable

Loan taken: dummy, if total amount of loan taken is above ETB 80000, coded as "1"; below ETB 80000 coded as "0"

Table 3.3 Description of predictors and their effects on household income and food expenditure

No	Explanatory variables	Nature of variable	Expected effect
Dependent variable			
	Household income and food expenditure (decreased, unchanged, increased)	Dummy	+
Independent variable			
	Total amount of loan taken		

3.8.2. Diagnostic Tests

Goodness of regression is tested on the following predictors.

Model fit: the adequacy of model when compared to the non-predictor. If p value is high, the model is adequate.

R² test: The Nagelkerke R Square indicates the total variability of the dependent variable explained by the independent variable.

Classification of accuracy: The accuracy measures the proportion of cases correctly predicted in logit regression.

Test of parallel line or proportion odds assumption

In parallel line test assumption assumes that the slope coefficient is the same across response categories. If p value is higher, we do fail to reject the null hypotheses and the assumption is satisfied.

3.8.3. Quantitative Data Analysis

Qualitative data was analysed concurrently and thematically with quantitative data analysis based on the findings of the study through narration and explanation. Comparison of data gathered from the qualitative source was also used as an analysis technique. It was used to compare the findings gathered from women MSE owners through questionnaires with the findings that were obtained from key informants selected from diverse institutions and other development experts through interviews and focus group discussions.

3.8.4. Hypotheses testing and coding

The hypotheses were designed to inform analysis of: (a) impact of microfinance (individual level gender gaps in access to finance, cumulative effects over time and the results or the gender empowerment continuum) using the regression model to test the claims; (b) microfinance impact on the development of MSEs owned by women in terms of changes to survivalist and growth-orientation using regression tests; (c) impact of policy reforms in improving the synergetic back and forth impacts of MFIs and MSEs in

terms of approaches, reforms and non-financial support mix. The use of the separate analysis and model of regression and the use of comprehensive data, step-by-step analysis and use of diverse aspects of MSEs and MFIs in this dissertation gives originality to the debates.

Descriptive and empirical analysis indicates the impact of microfinance services on assets, income, expenditure and decision-making power of women entrepreneurs owning micro and small businesses. To measure the statistical difference of the impact before and after program intervention, McNemin and Wilcoxon Signed Rank's test was used for dichotomous and categorical variables respectively. Binomial and ordinal logit regression models were used for dummy and ordinal variables to estimate the likelihood of the impact of the loan on outcome variables.

- Ha: - Being a member of microfinance institutions for two and above years and receiving the loan twice and above enables women entrepreneurs owning micro and small businesses to create more assets, increase household income, develop ability to cover household expenditure and hold greater decision making power than women at household level and leads women to play a greater role at community level.
- Ha: Being member of microfinance institutions for two and above years and accessing loans twice and above allows women entrepreneurs owning micro and small businesses to investment in businesses.

3.8.5. Indicators and measurement

Type and indicators of Impact: Types of impact include assets, income, expenditure (education, health, and food), decision-making power of women and business investment. To measure the impact, key indicator identifiers are presented below.

Indicators of Assets: Impact on assets was measured by improving existing roof/floor/walls, house expansion, renting better house, improving water/sanitary or electric systems and ownership of other assets (like cupboard, bed with mattress, sofa set and saving cash at home or bank).

Indicators of Household Income: Trend in household income over the past twelve months was taken to measure the impact on household income.

Indicators of Education: The impact on education can be measured by ability to cover uniform expenses in the past two years, highest grade level children complete, minimal dropout and putting children under five in childcare.

Indicators of Health: For those who had illnesses, the ability to cover health expenses in the past one year was taken to measure the impact on health.

Indicators of Food: Improvement in diet in the past twelve months was taken to measure the impact on food.

Indicators of Decision-making Power of Women: Impact on decision-making power of women was measured by renting a house, saving money, loan utilization and community participation.

Indicators of Business Investment: Impact on business was measured by any investment in businesses (purchase of any large or small equipment) and any change made to businesses (specifically participation in business expansion, adding new products, improved quality of products, developing new enterprises and selling in new markets) in past twelve months.

3.8.6. Statistical tests conducted for data substantiation

Types of test used for indicators measured: Inferential statistics was used to measure statistical difference of the impact after program intervention. A non-parametric or distribution-free test was used because the precise form of the distribution of the sampled populations was unknown (Bryman & Cramer, 2005, p. 144). The McNemar test and Wilcoxon Signed Rank test were used to measure dichotomy and categorical variables respectively. A question was posed to women owning micro and small businesses to tell the kind of assets they owned and improvements made on their house before and after program intervention.

3.9. ETHICAL CONSIDERATIONS

Throughout the whole research process, obeying the principle of research ethics is essential. Therefore, in this study, utmost care was taken to meet ethical standards in dealing with human subjects, in the use of resources, collecting data, and in reporting results. The purpose and procedure of the research were explained to the respondents with particular emphasis on the fact that the data to be collected was to be used only for the purposes of research and that the information they provided was treated

confidentially. Besides, all the sources referred to in the study were properly cited and duly acknowledged in the reference section. The consent of each woman enterprise owner selected for this study was secured and an appropriate time and place of interview was arranged and agreed before commencing the interview session. In this way, the study undertaken in the thematic area was satisfactorily conducted along with the ethical requirements of such research. Therefore the research fully adhered to all the ethical principles throughout the course of data collection to analysis.

CHAPTER FOUR

DATA RESULTS AND DISCUSSION

4.1. QUALITATIVE DATA ANALYSIS ON MICROFINANCE SERVICES

4.1.1. Impact of financial services on women-owned MSEs

The study assessed key services provided by three selected microfinance institutions. The key areas identified were size of minimum and maximum loan, type and percentage of interest rates, percentage of service charge deduction at the time of loan disbursement, rate of insurance premium, minimum saving balance to disburse the loan and terms of loan repayment.

Table 4.1 Type of financial services provided by three microfinance institutions

Descriptions	List of microfinance institutions		
	Addis (Gov affiliated)	Vision (NGO affiliate)	Special (Private Affiliate)
# of Total Branches until End of 2014	120	47	15
# of Branches only in Addis Ababa until 2014	113	4	4
# of Total Active Clients until 2014	278151	83013	46419
# of Total Active Women Clients until 2014	137891	48125	25235
Percent of Women Clients of the Institution	49.6	58.0	54.4
Annual Interest Rate in Percent	10	15-24	16-24
Service Charge in Percent	2	2	-----
Insurance Charge in Percent	1	2.5	1-1.5
Minimum Loan Amount Received by Men	700	4000	5000
Minimum Loan Amount Received by Women	700	20,000	5000
Maximum Loan Amount Received by Women	150,000	150,000	40,000
Maximum Loan Amount Received by Men	150,000	150,000	40,000
Minimum Loan Repayment by Men in Month	6	6	6
Minimum Loan Repayment by Women in Month	6	8	6
Maximum Loan Repayment by Men in Month	36	24	36
Maximum Loan Repayment by Women in Month	36	36	36
Methods applied for interest calculation	Flat rate	Flat rate	Flat rate
Minimum saving balance in % to Loan Disbursed	20	-----	5

As presented in Table 4.1 above, the total number of branches until the end of 2014 was 120, 47, and 15 for Addis, Vision and Special Microfinance Institutions respectively. The total number of active clients was 278,151, 83,013 and 46,419 for Addis, Vision, and Special microfinances institutions respectively. Active women clients were 137,891

(49.6%) for Addis, 48,125 (58.0%) for Vision and 25,235 (54.4%), for Special microfinance institutions in the same period. The data collect is consistent with Agier & Szafarz (2013). Microfinance institutions mostly target females as key customers (Agier & Szafarz, 2013, p. 165). The number of branches located in Addis Ababa was 113, 4, and 4 for Addis, Vision and Special microfinance institutions respectively. As the data indicates, as the outreach of micro-finance institutions (branches) increase, the size of clients proportionally increases. The government affiliated (Addis) microfinance institutions had more branches and clients than the NGO affiliated (Vision) and private affiliated (Special) microfinances institutions.

Minimum loan sizes were ETB 700 for Addis, ETB 4000 for Vision and ETB 5000 for Special microfinance institutions. Except Vision microfinance institution, the minimum loan amount for men and women was similar. Vision microfinance institution, on the other hand, disbursed a minimum of ETB 20,000 and ETB 4,000 for women and men respectively. It can be argued that Vision microfinance institution provides relatively high amount of loans for women. Regarding maximum loan amount, the amount disbursed is the same across all microfinance institutions, ETB 150, 000.

The annual interest rate varies from 10% to 24% across the three microfinance institutions. All microfinance institutions use a flat rate interest rate method that incurs high interest cost, as compared to a declining method. Similarly, Kratzer & Kato (2013, p. 31) conducted their study in Tanzania and identified that microfinance institutions export poor women's money in the form of high interest rates and social pressures (Kratzer & Kato, 2013, p. 31). Addis microfinance registered the minimum interest rate at 10%. Vision and Special microfinance institutions set nearly equal interest rates (15-24%), which seems higher compared to Addis microfinance. Addis and Vision microfinance institutions deduct 2% of service charge from total loan amount at the time of disbursement.

The insurance premium payment rate ranges from 1% to 2.5% across the three microfinance institutions. Addis microfinance institution applies a smaller insurance premium rate than the others do. The highest insurance premium rate was registered in Vision microfinance institution (2.5%). The minimum repayment term was six months in all microfinance institutions except for Vision, which set a term of eight months for women. Similarly, all microfinance institutions set the maximum repayment term at 36 months except Vision, which sets it to 24 months for men.

Addis microfinance uses a matching fund system that requires clients to save 20% of the total loanable amount to disburse the total loan. Likewise, Special microfinance sets a 5% mandatory saving balance of total loanable amount to disburse the total loan. The requirement is similar for men and women.

4.1.2. Analysis of enabling Environment and its Impact on Women-owned MSEs

In this subsection, first, the national level policies and strategies are assessed. Women-entrepreneurship promoting policies and programmes help in empowering women (ILO, 2011, p. ix). Supportive policies that address inclusive development maintain equitable resource distribution in the economy. Inclusive financial market gives access to financial products for the marginalized (Corrado & Corrado, 2017, p. 19). Moreover, inclusive policies empower people to exploit wider opportunities. Inclusive finance empowers customers to exploit their opportunities and is a pivotal tool in driving economies of the poor (Corrado & Corrado, 2017, p. 19). The author argues that investing in women is effectively promoting equitable, inclusive and has ripple effects on incomes and expenditure of beneficiaries, families and communities (ILO, 2010, p. 1). In order to accomplish these effects, economic and social policies, programmes and practices need to remove discriminatory aspects that may impede full participation of women (ILO, 2010, p. 1). In the business arena, women-supportive and conducive policy and strategy need to include financial and non-financial services (Sievers & Vandenberg, 2004, p. iii). Women supportive policies and strategies are needed to ameliorate socio-economic problems of women (ILO, 2007, p. 3). The effectiveness women supportive policies and strategies should be observed in government, the social and cultural institutions, the business and macroeconomic contexts that constrain women including women's access to financial, business development, physical and social infrastructure services (DFID, 2000, p. 23). The current study focused only on the availability of financial and non-financial support services to micro and small business enterprise owned by women entrepreneurs.

The Ethiopian government approved international declarations related to gender equality (Ethiopian Society of Population Studies, 2008, p. 20). In addition to international declaration approval, the government enacted different legal documents to grant women equal access at all levels. These include, among others, the Ethiopian Constitution of 1995, Ethiopian National Policy on Women, Ethiopian National Women

Development Package of 1993 and the Education Policy of 1995. These policies and programs were enacted in order to abolish the historical inequalities that affect women. The Constitution of Federal Democratic of Ethiopian article 35 (3) recommends affirmative measures for women. The purpose of these measures is to give special attention to women, and eliminate barriers for their participation in all arenas.

The first National Policy on Women, introduced in 1993 (Ethiopian Society of Population Studies, 2008, p. 20). The policy aims at facilitating conditions to speeding up of gender equality in the country's political, economic and social environments on equal terms with men (Ethiopian Society of Population Studies, 2008, p. 20). Similarly, one of the goals targeted in the Ethiopian Women Development and Economic Empowerment Package was to address the economic disparities of women in the economy. The National MSEs Development Strategy, designed at the national level, makes specific reference to the advancement of women in Ethiopia (Stevenson & St-Onge, 2005, p. 32).

The second issue assessed was the institutional attentions to achieving the national policies and the enabling environment for MSEs in Ethiopia in general and Addis Ababa in particular. In addition to the broader generic policies at the macro and sectorial level, it is very important to promote institution-specific policy and strategy to realize the macro and institutional level concerns of women and the context of discrimination. Among others, the issues assessed in this study were the evaluation of the existence of special financial and non-financial (businesses development services) schemes designed for women entrepreneurs owning MSEs. Moreover, the existence of special attention to women entrepreneurs owning MSEs to provide production and selling premises was examined as well.

The study assessed three organizations that were selected based on their responsibility and accountability to promote micro and small women-owned enterprises development. As a promoter of MSEs development, the interventions of Addis Ababa MSEs Development Bureau were evaluated. The focus was made on the existence of special institutional policies and strategies for women entrepreneurs owning micro and small businesses in Addis Ababa. As the supervisory and regulatory organs of all microfinance institutions, the interventions of the National Bank of Ethiopia were assessed. The focus of the evaluation was its policy stimulation interventions focusing on the regulatory measures that enforce microfinance institutions to have affirmative policy support for women entrepreneurs owning MSEs in Addis Ababa.

The Addis Ababa Women and Children Affairs Bureau were also observed and evaluated. The interventions of the bureau relate to institutional efforts to mainstream support for women entrepreneurs owning micro and small businesses. In addition to these public institutions, the context of the three microfinance institutions that were systematically selected for this study was assessed. The existence of institutional policy addressing disparity in financial and non-financial matters with regards to women entrepreneurs owning MSEs was the focus of this assessment.

A semi-structured checklist was designed on the issues identified for focus above and evaluated in line with the assumptions proposed; that was assumed to negatively affect women entrepreneurs owning MSEs in line with the responsibilities levied on each institution by law.

4.1.3. Gender mainstreaming and application in the institutions assessed

In this section, both general and specific policies were assessed. Regarding the general policy issues, key informant interviews were conducted with experts and leaders from Federal MSEs Development Agency, National Bank of Ethiopia, Women and Children Affairs Bureau of Addis Ababa and the three microfinance institutions. The above institutions were purposely selected to examine the efforts made in respective institutions to redress women disparity in the business sector as addressing women issues calls for different stakeholder and institutional intervention. The key informant interview with the National Bank of Ethiopia indicates that the institution pays attention to financial soundness, sustainability and safe management. The Bank, as a regulatory organ of Microfinance Institutions, does not have policy that redresses the concerns of women entrepreneurs owning micro and small businesses.

As an organization for mainstreaming women issues and promoting policy concerns in the public institutions, the Women and Children Affairs Bureau has assigned staff who communicate with various organizations and stakeholders regarding women issues. However, the bureau does not have enforcing mechanisms and legal channels to communicate with formal and non-formal financial institutions. The bureau does not have assessment reports and directions as to what is mainstreamed in institutions on the inclusive mobilization of financial and non-financial resources to women entrepreneurs who own MSEs in Addis Ababa. The situation seems similar in that micro finance institutions disburse more loans to women clients due to their high repayment

rate and being trustworthy creditors rather than based on defined affirmative policies and programs that are aimed at benefitting women. The institutions assessed have no women-focused policies and strategies and have no immediate plans in place towards designing specific and affirmative policies and programmes in all selected microfinance and public institutions.

Gender neutral institutional policies must be equitable to women and men. The policies must consider the diverse needs and situations of women and men. Policies are frequently based on the interest of the male actor and reinforce the prevailing inequalities and discriminations. The research conducted in India using micro data argues that there is significant disparity for women to get access to and control over finance. On average, women are 8% less likely to access formal finance and 6% more likely to access informal finance. Similarly, women use 20% fewer cash loans (Ghosh & Vinod, 2017, p. 60). Again the finding of South Asia using secondary data sources from World Bank Enterprise Surveys supported this result that enterprises owned by female are on average 3% more likely to lack loans (Wellalage & Locke, 2017, p. 336).

In terms of specific strategic level policies and annual plans for implementation, the key informant interview indicates that, except for the National Bank of Ethiopia, all selected institutions indicated women agenda as one of the issues in their strategic and annual plan. However, no institution pointed out women entrepreneurs' related challenges in their strategic document, clearly indicating women-specific challenges in a strategic plan helps institutions to allocate adequate resources, plan to address those specific problems in that strategic period and evaluate the change and lessons for continuous management of improvements to women (historically excluded). Moreover, it may help institutions to mobilize resources and evaluate their achievements periodically for further improvement and manage the advancements in women empowerment. From the informant interviews, this study identified that no special attentions was given in the institutional strategic and annual plan documents in all the observed institutions. Therefore there is no mechanism to ensure policy coherence in terms of addressing women disparity in the interventions that are intended to support women entrepreneurs owning MSEs in Addis Ababa.

Regarding the provision of business support services, the understanding exists that financial services alone do not ensure long-term, sustainable development of women-owned enterprises (including women empowerment). Studies constantly show that women's higher levels of education, comprising strong numerical skills, contribute to

their ability to understand business issues, their capacity to receive appropriate skills and their ability to move their enterprises to higher levels (ILO, 2008, p. 27). Access to wider range of business support services enhances competitiveness and profitability of enterprises (Sievers & Vandenberg, 2004, p. 1). Moreover, accesses to financial and non-financial packages are essential for the growth of MSEs (Sievers & Vandenberg, 2004, p. ix). However, from observations made and the key informant interviews conducted by this study, the fact that education and expansion in skills not only serves to promote the provision of integrated financial and non-financial business enterprise development services, but also to enhance the productivity and efficiencies of women entrepreneurs. Skill and knowledge acquired through business development service advances women entrepreneurs' capability to progress and cultivate their businesses as well. The International Labour Organization report indicates that business support services substantially and positively impact on performance of women's business enterprises (ILO, 2007, p. 26). The research conducted in BRAC (the Bangladeshi NGO) comparing clients who received credit service together with BDS as compared with those only receiving credit services indicate that clients who received BDS and credit services together in one package increases average income, on average twice as compared to those who received only credit service (Goppers & Cuong, 2007, p. 33). The evaluation report of SIDA-supported start and improve your businesses (SIYB) project in Vietnam indicated that the business development service program helped the beneficiaries to develop confidence in their business activities and formalize their businesses. Additional achievements indicated in this report are that the integrated loan and BDS support have increased the volume of business products and the profit, employment expansion and market network. This report further revealed that the trainees acquired the knowledge to arrange their jobs and to manage their businesses (Goppers & Cuong, 2007, pp. 31-32) as compared to their counterparts. Performance monitoring result is used to give loans – the performance monitoring often focuses on competitiveness in the market, opportunities and obstacles in the process (UNCTAD, 2001, p. 39).

To assess the institutional policies in place to address women disparity in building businesses skills, the study designed semi-structured questions for the Addis Ababa MSEs development agency. The first question posed to the key interviewee was to state the number of beneficiaries who received business development services and the percentage of women who attended the BDS trainings, if any, in different sectors until the end of 2015. The key informant did not have figures indicating the actual

implementation of business development services and training as a whole and specifically for women. Establishing consolidated data may help the agency to evaluate what is practically happening and the focus area to be addressed in the future. Moreover, MSEs development strategy implementation and periodical evaluation of the strategy depends on actual statistics to advocate policy makers. Therefore, gender disaggregated data is not documented in the bureau.

The other semi-structured question posed to the key informant was to describe special attention the bureau gives (has given) to promote women entrepreneurs owning MSEs in the city. In designing work unit, the following aspects were not in place: entrepreneurs' and skill development programs, consultancy and counselling programs, technology development and information dissemination system, tools designed to measure financial and non-financial effects, and the reporting mechanisms of challenges of women-owned MSEs to policy makers and their monitoring and evaluation mechanisms of the growth of women-owned businesses.

The key informant interview results generally indicate that no special attention was given to women entrepreneurs owning micro and small businesses in training and skill development except the general plan to focus on MSEs. Women owning MSEs were small in number in the city. However, there is limited support in building cumulative investment in terms of financial capacity, orientation, coordination and integration (Stevenson & St-Onge, 2005, p. 32). Women entrepreneurs lack working premises, markets for their products and access to finance. Women also have limited access to training, skills and management (ILO, 2008, p. 1). A report written by Stevenson and St-Onge concluded that Ethiopian women entrepreneurs are economically constrained (Stevenson & St-Onge, 2005, p. 11).

One of the bottlenecks to start and expand women businesses is lack of insufficient financial services. Policy support measures and training programmes have often proved useful (UNCTAD, 2001, p. 43). In terms of this, conventional lending practices need revision and affirmative special programs need to be adapted to the particular needs of women to ensure inclusion of women (UNCTAD, 2001, p. 43). Financial institutions are expected to design flexible and well-functioning programs that best suit women entrepreneurs to overcome the deep-rooted financial constraints of MSEs owned by women. These may include revision to collateral requirements as security for loans, financing conditions in interest rates, transaction costs and terms of repayment (OECD, 2005, p. 15; UNCTAD, 2001, p. 39).

The study in this regard evaluated the existence of special financial programs to address the financial constraints of women entrepreneurs owning MSEs and to redress women disparity in this business sector. The semi-structured questions that were designed to evaluate microfinance institutions focused on the presence of loan programs allocated or percentage of loan portfolio dedicated for women-owned MSEs other than women enterprises development programs funded by United Nation (UN), or any Non-Governmental Organization (NGO) programs. The presence of technical assistance, training, consultancy and counselling services designed specifically for women entrepreneurs contributes for women businesses development. The instrument also included the presence of schemes designed to report challenges of micro and small women-owned businesses to policy makers and the presence of special financial services programs designed to help micro and small owner women entrepreneurs in the area of reducing the minimum compulsory saving requirements, adjusting collateral requirements or collateral free loan, the existence of women focused insurance schemes to minimize or avoid vulnerability and failure of women micro and small businesses, women focused loan terms and flexible repayment systems and women's legal advisory services.

The key informant interview information reveals that almost all selected microfinance institutions have no special financial policy/program to address women's financial constraints in the business sector. Loans channelled to women clients are empirically proved for their high repayment rate being trustworthy borrowers. The practice is consistent with the finding by Aggarwal et al. (2015) that borrowing to women has greater social impact (Aggarwal et al., 2015, p. 55) and women demonstrate better repayment behaviour (Dorfleitner & Oswald, 2016, p. 45). Nevertheless, women tagged financial funds like the women entrepreneurs development program fund and any NGO financed sources were channelled to women as in the framework of the agreement in place. However, these fund sources were beyond my scope. The researcher argues that lack of institutional policy and supportive schemes to redress the gender gap may perpetuate the gender gap in the city. There is gender gap in access to business finance and women-owned MSEs demand more business financing support (Leitch et al., 2018, p. 110). The research conducted in Kenya revealed that interest rate, collateral requirement and repayment period negatively affect financial performance of MSEs (Amsi et al., 2017, p. 48). A research undertaken in Ghana indicated that microcredit may benefits the poor when it addresses the poverty trapping risks; therefore, combining microcredit and micro insurance empowers the poor (Akotey &

Adjasi, 2016, p. 380). However, there is no consensus on the contribution of financial services to women entrepreneurs. The survey research conducted across five microcredit providers in Indonesia, using ordered probit analysis, showed that microfinance has effect microenterprise performance if it is supported by non-financial services (Atmadja et al., 2018, p. 957).

4.1.4. Location and working premise of women-owned MSEs in Addis Ababa

The study assessed the location of the working place and the business premises of women owning MSEs in Addis Ababa. MSEs development strategy document of Ethiopia (MoUDC, 2017, p. 45) prioritizes manufacturing, construction, trade and the service sector in supporting the MSEs with production and selling premises (shed) support from government.

The data obtained from Addis Ababa MSEs development bureau indicates that 1146 entrepreneurs received production and selling premises until the end of 2014. Among them only 412 (36%) were women. The key informant interview concerning the efforts being made by the bureau for women owning MSEs in terms of access to production and selling premises indicated none. MSEs in Ethiopia face challenges in accessing working premises and facilities to produce and market their products. Women entrepreneurs often face harassment by the police when doing their business on street corners (Stevenson & St-Onge, 2005, p. 50). Capital shortages, uncertain market and high taxes remain major constraints for women entrepreneurs to expand MSEs in Ethiopia (Wolday & Kifle, 2012, p. 13). The key informant interviews and the field observation results all confirm the constraints faced by women in the sector.

4.2. DESCRIPTIVE DATA ANALYSIS

This section discusses the respondents' socio-demographic, socio-economic household as well as their enterprise (business) characteristics. Descriptive data results on variables such as age, educational level, marital status and religion, family size of the respondents and data results on the prior business and enterprise experience of respondents are presented. Also the sectorial diversity of the enterprises is presented in this section. In order to further measure the level and the direction of relationships between microfinance loans and the explanatory variables, statistical tests were

conducted on selected explanatory variables, i.e. age and education level of respondents with cumulative loan received by respondents.

4.2.1. Age and education level of respondents

In terms of entry and initiating business enterprises, age and education level of entrepreneurs are seen often as critical factors in literature. In terms of the association of these variables to gender of entrepreneurs, women's education level and age greatly determine the propensity and the likelihood of women entrepreneurs transforming their ideas to action and engaging in productive businesses – in this process economic, social, institutional and individual decision-making constraints negatively affect women more than their male counterparts in society. The data results in Table 4.2 below are presented in terms of the assumptions presented above.

Table 4.2 Age & education level of respondents

Age category	Frequency	Percent
25-40	73	62.9
40-60	43	37.1
Total	116	100.0
Education Level	Frequency	Percent
Can't read and write	5	4.3
Primary education complete	55	47.5
Secondary education complete	9	7.8
Preparatory Education complete	23	19.8
Trained in TVETs & tertiary education levels	24	20.7
Total	116	100.0

The data in the Table 4.2 above reveals that the majority of the respondents were below age category of 40 (62.9%) in resemblance to ILO (2007), which reported that the majority of women respondents (61.8%) who were engaged in MSEs were between 20 and 39 years of age in Ethiopia (ILO, 2007, p. 33). Almost all respondents were below the age category 60 years; being in the productive age group, appropriate policy support could generate a big result in terms of expanding business owned by women as well as women entrepreneurs that intend to initiate new productive business enterprises. Indeed, the data from the FDRE MoUDC, compiled a report on MSEs operators in 13 selected major cities, and has found that the majority (80%) of the MSEs operators were in the economically active age group (MoUDC, 2017, p. VI). It implies that a large majority of women who own and operate MSEs in Addis Ababa were in the economically active age group and this is consistent with the labour force characteristics in this specific business sector.

Regarding education level and microfinance loan, literature presents evidence of positive effect in the use of injecting investment in existing business enterprises and initiating new business alternatives from experiences gained and lessons learnt. Existing literature shows that women who have low levels of formal education and to have limited human capital (ILO, 2007, p. 16). Well-educated mothers had better manage their offspring, family and businesses. Completion of high school and college education significantly increases a person's income as well as gives greater ability to use financial capital in productive ways (Beck et al., 2015, p. 78). The increase in the level of education of women entrepreneurs builds their capacity to effectively plan and manage their businesses. The research conducted in 37 African countries using probit estimations (data from World Bank's Global Findex database) indicated that being a man, richer, more educated and older favoured financial inclusion (Zins & Weill, 2016, p. 46). Moreover, the few women who could take full advantage of the qualifications earned in higher education had significantly more opportunities and achieved more in adult life, as compared to less educated females (Kuh, Head, Hardy, & Wadsworth, 1997, p. 385).

A study conducted by Central Statistical Agency of Ethiopia (2008) indicated that among more than 2.8 million residents living in Addis Ababa more than 52% were women (CSA, 2008, p. 14). The same report revealed that more than 76% of women who are residents in Addis were under age 34. Again, in 2011, the report indicated that the average urban unemployment was 18.0% and the female unemployment rate is 25.3%; which is high as compared to males (11.4%). When segregating the data by region, the highest unemployment rate was recorded in Addis Ababa, which is 25.1% (CSA, 2008, p. 206). The context was relatively worse in 2014 when the IFC (2014) report showed 33% women unemployment in Addis Ababa. The 2017 MoFED (2017) report shows a relative reduction in unemployment to 23.6% for Addis Ababa; but women unemployment is 27.5%. This implies low labour absorption and indicates largely self-employed labour force. Therefore, the lack of attention by microfinance institutions to potentially economically productive young women and for those women engaging in growth-oriented and survivalist MSEs separately and in affirmative intervention designs, may lead to perpetual self-insufficiency and economic dependence of women to men.

In the current study, the average age of the clients was 39.59 with standard deviation of 8.54. The argument in this research was that as the age of respondents increases, interest in being a member of a microfinance program increases, and the need for

access to a cumulative loan increases accordingly. The direction of the association, the positive correlation between age of respondents and the cumulative amount of the loan received by the clients (owners of the MSEs observed) was further evaluated and measured by using a Pearson correlation test and the results were analysed.

The survey data reveals (Table 4.2 above) that the percentage of those women entrepreneurs owning micro and small businesses that attended and graduated from technical and vocational training, college and university, are less than 21% of the total sample of respondents. This partly explains the wider reality on the ground and the lesser probability of educated women engaging in the MSEs sector in Ethiopia, and in terms of policy support women entrepreneurs are not adequately supported by skill and innovation training in formal schools (World Bank, 2009. p. 33) and inadequate policy support is given for formalization of women working in the informal sector and struggling with low income and uncertainty (IFC, 2014, p. 36). The data also reveals that about 47.5% and 27.6% (together 75.1%) of women entrepreneurs have only attended formal primary and secondary education respectively. This data is consistent with the 2004 ILO report that over 90% of the Ethiopian women entrepreneurs interviewed by the Women Enterprises Development Survey had attended some level of formal education at primary and secondary schools. Out of the sample respondents of the ILO study, 66% of MSE owners completed secondary education (ILO 2004 as cited in IFC, 2014, p. 33).

The H_1 , the hypothesis proposed to conduct the test, was that “there was positive correlation between age of respondents and total amount of loan taken by the clients”. The assumption was that as the number of loan cycle increases, the total amount of loan received increases and the impact on MSEs investment of clients increases. This scenario enhances finance for expansion investment on existing businesses as well as initiating new businesses. Increased loan amount helps women entrepreneurs to innovate techniques of production. The Pearson correlation result (Annexure 2) indicates that there is evidence to reject the null hypothesis. There exists a positive correlation between age of respondents and cumulative amount of loan taken ($r=.22$, 2-tailed <0.05), which confirms the assumption that as the age of respondents increase, the amount of cumulative loan received by clients from microfinance institution increases. That means as the age of respondents increase by one unit, there is a 20.2% increase in cumulative loan received from the MFIs by these clients.

Regarding education level of respondents, the research argued that as the level of education increases the tendency to access additional loan increases. The direction of

association in terms of positive correlation of level of education with total amount of loan taken by these clients was further evaluated and measured by using a Pearson correlation analysis. The H_1 , the hypothesis designed to test the claim, was that “there is a positive correlation between level of education and the amount of total loan taken by clients”. As the Pearson correlation analysis (Annexure 2,), shows there is a negative correlation ($r = -102$, $P > 0.05$) and thus failed to reject the null hypothesis. The data result thus shows that as the level of education increases, the possibility to access loans decreases and this result was not consistent with study result by Tesfaye (2016: 112) in Adama City of Ethiopia.

4.2.2. Religion, marital status and prior MSEs related experience of respondents

Ethiopia is a country where multiple religions peacefully coexist. The percentage composition of religion differs from region to region. The CSA (2007) report indicates that, at the national level, the religious composition of the population was Orthodox Christian (40.5%), Protestant (19.5%), Catholic (0.8%), Muslim (35.5%), traditional beliefs (3.1%) and others (0.7%). The same report highlighted that the religious composition on average in Addis Ababa city was Orthodox Christian (74.7%), Protestant (7.8%), Catholic (0.5%), Muslim (16.2%), Traditional (0.1%) and others (0.8%) of the total population (CSA, 2007, pp. 17-12). The survey result in this study reveals (Table 5 below) that the religious composition of the respondents was Orthodox Christian (87.9%), Protestant (6.9%), and Muslim (5.2%). The data was consistency with the central statistics authority report that a large majority of residents in Addis Ababa were Orthodox Christians.

Regarding the marital status of respondents, 54.3% were married and 45.7% of them were not with their spouses (see Table 4.3). In literature, the independence of women positively affects their decisions over pursuing what they want and being given adequate time for their productive initiatives. In addition to this, married women with educated husbands are positively associated with freedom of pursuing productive businesses. From this study, more women with spouses are engaged in and own productive MSEs in Addis Ababa and this means a significant number of women entrepreneurs bear the responsibility of managing and performing their productive businesses besides taking care of their household provision responsibilities. This result is attributed by qualitative interviewees to the policy support from government (the 2011

women's policy and development package), access to finance (Addis Microfinance Institution of Addis Ababa) and the improving awareness creation interventions by their male counterparts (community consultations and training provided for spouses). The result was that the majority of women with their spouses engaged in MSEs (as owners and decision-makers) and this was related to the fact that these female entrepreneurs have acquired one or more types of skill, marketing, technical, operational and managerial training before the commencement of their businesses. This is also consistent with the empirical findings that training and business support provided as a package to MSEs owners improve the participation and success of such businesses in the context of poverty and low level of education (Bandiera et al., 2013, p. 2).

Regarding the prior MSEs related work experience of respondents, literature shows that women entrepreneurs have limited or no business and managerial experience prior to start-up of their current enterprises (ILO, 2008, p. 17). Research conducted in the United States in 2009 also indicated that businesses owned by females are less successful as compared to male-owned businesses. This is because businesses owned by females have less start-up capital, less business human capital and less prior work experience (Fairlie & Robb, 2009, p. 375). The study suggested the policy recommendation that any large scale attempt to alleviate poverty requires support to occupational change and to understand how this process is linked to a paucity of material and human capital (in experience learning and skill training) (Bandiera et al., 2013, p. 2). Interventions that combine finance (especially grants) and policy and institutional support (especially in business training), are more effective in supporting women's business start-up (Bandiera et al., 2013, p. 2; Fairlie & Robb, 2009, p. 375). The respondents for this study were asked about the type of the skills they acquired before the commencement of their current business enterprise.

Table 4.3 Religion, marital status and prior MSEs related experience of respondents

Variable Description	Variable Measure	Frequency	Percent
Religion of Respondents	Orthodox Christian	102	87.9
	Protestant Christian	8	6.9
	Muslim	6	5.2
	Total	116	100.0
Marital Status of Respondents	Married & with spouse	63	54.3
	Not with spouse	53	45.7
	Total	116	100.0
Respondents' Prior Experience	Legal, sales and marketing	92	57.6
	Technical/production/operational	11	6.9
	Financial, accounting, management	59	35.6
	Total	160	100.0

The data in Table 4.3 reveals that the majority of women entrepreneurs acquired one or more types of skills before the commencement of their businesses. Out of the respondents, 57.6% have prior experience related to sales, marketing and legal aspects of the area of the business they are currently pursuing. The rest (35.6%) of the respondents have pursued skills and knowledge related to accounting, finance and management while 6.9% of women entrepreneurs observed have acquired skills and knowledge related to technical, production and operational issues of developing productive businesses. These results are consistent with the empirical literature reviewed (Bandiera et al., 2013, p. 2).

4. 2.3. Family size and labour characteristics of respondents

Family size, in terms of dependency ratio is directly related to adult women's use of time (balance for engaging in productive, reproductive and community roles) – which is termed as “double day burden” or “time poverty”, reinvestment of profits (often what was produced is consumed by dependents and reduces the possible profit saved for reinvestment capital) and access to new skill training and non-financial services (being busy in domestic chores and lacking time and information) provided by supporting institutions (IFC 2014, p. 34).

Table 4.4 Respondents' family size and dependency ratio in their households

	Frequency	Mean	Std. Dev.	Variance	Minimum	Maximum
Average family size in age	116	5.21	1.322	1.748	2	8
# of persons less than 15	116	1.91	.527	.278	0	3
# of persons from 15 -64	116	3.23	1.016	1.032	1	5
# of persons above 64 years	116	.07	.316	.100	0	2

The survey data results in Table 4.4 of this study reveal that the average family size in the households of the respondents was 5.21 with a standard deviation of 1.32. This is relatively above the national average of 5 and is consistent with the fact that the family members supported by women are more than 1 in the household. The maximum and the minimum family sizes were 8 and 2, respectively. On average, 1 woman owning MSEs in Addis Ababa provides for relatively two (1.91+.07) individuals in the family; and the implication is that two in three in the observed households were economically dependent or survive from the income generated by the woman at the household level. The large family size and high dependency ratio at family level is assumed to consume the returns from the MSEs owned by the woman and would likely create limitations to the reinvestment and expansion capital of the business profits. Moreover, large size of

the family and the high dependence ratio increases the heavy workload on women and competes with the productive time of MSEs owner women observed from Addis Ababa. This is consistent with the findings in literature that, in the context of poverty, the burden of provision role of women increases and the time poverty of women in the household increases (Filmon, 2009, p. 113).

4.2.4. The characteristics of MSEs owned by women in Addis Ababa

The characteristics observed in this section include the duration of the business in operation, years of access to microfinance interventions for the business and frequency of access to loans by business owner women. Firm age and growth are dynamically related in complex ways (Yazdanfar, 2012, p. 17). Firm age and the growth of firms are measured by entry year, time of operation in the market and the exit from the market (Yazdanfar, 2012, p. 17). As firms get older, their access to financial resources and mobilization of injecting capital will then increase. The positive relationship between firm age and growth is expected (Zarook, Rahman, & Khanam, 2013, p. 55). The current study also expects a positive relationship over the association of firm age in the market and loan amount injected. A study conducted to investigate the impact of age, size and sector of engagement on access to finance in Libyan MSEs sector indicated a positive and significant impact (Zarook et al., 2013, p. 55).

Table 4.5 Age of businesses, client's experience, loan frequency and amount received

	Business Age	Client Access	Loan Frequency	Initial Loan	Loan amount
Frequency	116	116	116	116	116
Mean	8.53	7.27	4.22	4664.7	42957.3
Std. Dev.	6.133	4.613	1.952	5735.8	32884.5
Variance	37.608	21.276	3.810	32899174.7	1081392011.1
Minimum	2	2	2	700	5500
Maximum	26	17	10	48000	195000

The data results of the current study in Table 4.5 above reveal that the mean average for age of businesses owned by women under operation in the market and the number of years clients stayed in the program was 8.53 and 7.27 respectively. The minimum and maximum years of women as clients staying in the program were 2 and 17 years respectively. The maximum and minimum number of loans received (frequency of loans taken) by the clients was 10 and twice respectively. However, as the number of years clients stayed in the program increased to 17, the frequency of loans received increased to 10 points. Regarding loan amount, the average first and total amount of loan taken

were ETB birr 4,664.66, and 42,957.33 respectively. In order to measure the direction and the significance of the association, a Pearson correlation test was conducted and the results of this test were analysed. The result shows a positive relationship between the age of businesses (after entry to the market and under operation), length of year a client stayed in the microfinance program and the frequencies of loan received.

The hypothesis designed to test the claim (H_1) was that “there exist positive correlations between total amount of loan taken, age of businesses and number of years clients spent in the microfinance program”. The Pearson correlation result (Annexure 2, p. 169) shows that age of business enterprise in the market, years of stay of women in the program and total amount of loan women took, have a positive relation ($r = 0.2-0.6$, 2-tailed $p < 0.005$). As years of stay of women with the microfinance program increased, the total loan amount taken increased. This finding is consistent with the empirical results of the study conducted by Tesfaye (2012, p. 43) on the same issue.

Owning production and selling premises creates sustainable and competitive businesses environments for business enterprises. In terms of government support and incentives to MSEs, Ethiopian MSEs Development Strategy Document (amended in 2011) prioritizes manufacturing, construction, trade and service sectors. As a policy incentive, government gives priority in providing production and selling premises (sheds) in different locations of the city of Addis Ababa. The qualitative interview result of this study confirms that the working premise provided as incentive from the government is full of nepotism and is gender insensitive – it favours men-owned ones. This is consistent with the results of the study conducted by Filmon (2009, p. 76) who found that policy supports discriminate against women entrepreneurs in different ways and gives benefit edges to men.

A study conducted by IFC (2014, p. 37) also shows that women’s enterprises operate from inappropriate locations in terms of infrastructure and proximity to business districts and market centres, and this gives women entrepreneurs less income and fewer business benefits and relegates women-owned enterprises to become survivalist and operate mainly in the informal sector without improvement for years. Studies by IFC (2014, p. 32) and ILO (2007, p. 18) show that women enterprises in the informal sector do not get available incentives and formal support from the government and are seen as “illegal” and the owners suffer continuous harassment and are forced to bribe officials at local level to stay in their business (ILO, 2007, p. 18).

Consistent with the IFC (2014) finding, MSEs operated by women face significant problems in access to working premises (ILO, 2007, p. 18) and thus affects the start-ups female businesses in Zambia and Ethiopia (ILO, 2008, p. 41). This implies that issues of women entrepreneurs is not lack of capital or small cash loan (grant). Female owned-firms face considerable challenges outside financial capital constraints (Buvinic & Furst-Nichols, 2014, p. 1). Scholarly literature results show that deliberate and affirmative actions and policy support efforts are needed to empower women and promote enterprises owned by women (IFC, 2014, p. 33). Investing in women and their enterprises by affirmative policy actions has significant and positive effects at household, community, national, and international levels. Enhancing women participation by designing affirmative policy actions serve the goal of inclusive and sustainable development and reduces the costs of women exclusion for economic development of countries (ILO, 2008, p. 41). Women inclusion also serves as a mechanism to up-root the deep-rooted disparities that deprive women and citizens from the dividends of the development process (Babington, 1999, p.11). These scholars further argue that women inclusion gives individual women the confidence as part of the society in doing what the society around them does, and this in general enhances their dignity and self-esteem which are the goals and value of empowerment.

Table 4.6 Businesses location and ownership of production or selling premise

Business Location	Before Program Intervention		After Program Intervention	
	Frequency	Percent	Frequency	Percent
Not Applicable	31	26.7		
Living Home or Attached to It	50	43.0	63	54.4
Open Space (as Sale Place)	21	18.1	35	30.2
On Streets or Mobile (as Sale Place)	14	12.0	18	15.5
Total	116	100.0	116	100
Ownership of Work Premises	Before Program Intervention		After Program Intervention	
	Frequency	Percent	Frequency	Percent
Not applicable	85	73.3	68	58.6
Government	14	12.1	16	13.8
Private	17	14.7	32	27.6
Total	116	100.0	116	100.0

The survey results of this study in Table 4.6 above reveal that, out of a sample women entrepreneurs owning micro and small businesses, around 43.0% operate their businesses around their home and structures attached to their living home before the microfinance program intervention. After the program intervention, those that operate from their living home or structures attached to their living house slightly increased to 54.4% (an increase of 1.4%). The remaining 30.1% (18.1 + 12) before the intervention operate their businesses in open public spaces, streets or are mobile (with no fixed

location) and about 45.7% (30.2 +15.5) operated their businesses from open space, streets and with no fixed location after program intervention. The finding is consistent with the study result in North Ethiopia by Geleta (2016) who found that women often run small-scale economic activities from home. According to Geleta's findings women-owned firms have low returns and limited access to broader level markets (Geleta, 2016, p. 91). Lack of appropriate business premises force women to operate their businesses from home or in the streets and open spaces (Stevenson & St-Onge, 2005, p. 50). According to the results of the study, only 11.2% after program intervention, compared to 7.8% before program intervention, operate their businesses from permanent buildings outside of the compound. This finding is not consistent with the findings of my study (rather operating in open space, streets and mobile non-fixed location slightly increased). According to the qualitative interview data results, women owning business enterprises and have access to microfinance loans face problems of lack of skills and markets for their products, and receive limited support from government. The government support is full of nepotism with regard to access to operating premises in business districts with infrastructure. Therefore, the situation of women working from streets and open spaces did not improve because of the intervention.

Regarding the ownership of operating premises, as the survey data result reveals in Table 4.6 above, around 12.1% of the micro and small businesses owned by women entrepreneurs operate from government houses (sheds provided from government as an incentive) and 14.7% operate from private rental premises before the microfinance program intervention. This means 73.2% of respondents did not access any working premise (sheds) provided from government as incentives for MSEs before the microfinance intervention. According to the MoUDC, 2017 Report, the majority (71.0%) of enterprises did not have access to working premises and the shed support from the government was not enough. After five years, as the current survey result shows, there is no considerable improvement. The qualitative interview result also indicate that women operating MSEs do not get affordable working and selling premises from the market and this hinders women's intentions to expand their businesses and instead consumes the business returns for these women entrepreneurs.

Again, the participants were asked about the current market source of the businesses operated by women-owning MSEs. The data results in Table 4.7 below reveal that 96.6% of micro and small businesses owned by women entrepreneurs are restricted in

accessing diverse market sources; rather they are confined to the locations where their businesses commenced. This is related to the small volume of outputs and the infrastructure of the women-owned MSEs and the limited access to production and selling premises which restricts the market source of women entrepreneurs owning micro and small businesses in Addis Ababa.

Table 4.7. Market source and cost of production and sales

Market Location for Women-owned MSEs	Frequency	Percent
In the Location Where My Businesses Commenced	112	96.6
In Addis Ababa Different Sub-cities	4	3.4
Total	116	100.0
Having Strategic & Business Plan	Before Intervention	After Intervention
Yes	4 (3.4%)	15 (12.9%)
No	112(96.6%)	101 (87.1%)
Total	116 (100%)	16 (100.0)
Reason for Lack of Strategic Business Plans	Frequency	Percent
Lack of Skill for Strategic Business Plan Preparation	79	50.0%
Consumes Time and Scarce Resource	14	8.9%
Businesses can Survive without Strategic Plan	65	42.2%
Total	158	100.0%

The qualitative data results show that for those who rented production and selling premises (a question was posed to rate the rent costs of production and selling premises), the cost of rental spaces, production and sale is unaffordable in Addis Ababa. One in two of those interviewed revealed the high cost of production, rent, sales and communication in Addis Ababa.

In order to measure the statistical difference of the mean rate of the respondents, a one-sample T-test was applied for cost of production, sale and rent in Addis Ababa for women-owned MSEs. The hypothesis H_1 proposed that “the average increase in cost of rental housing (premises) of woman entrepreneur owning micro and small business is positively associated with the increase in cost of production and selling premises and prices of products of women-owned enterprises in Addis Ababa at the benchmark mean of 3 points”. The one-sample t-test result shows that the mean rate of cost of production and selling premises and prices of products in Addis Ababa was higher by 0.7 points (Annexure 3, p. 169). Therefore there is strong evidence to reject the null hypothesis (2-tailed, $p < 0.0005$, 95% confidence level) implying that average women entrepreneurs owning micro and small businesses rated the renting cost of production or selling premises or prices of products in Addis Ababa greater than the mean benchmark point of 3.

Data was also collected on the availability of strategic business plans for the operation of the MSEs owned by women before and after the intervention and the responses were analysed. Studies showed that business strategy defines a perspective and is related to configuring the resources available to achieve the business goals (Agyapong & Muntaka, 2012, p. 1262). In terms of business operation, strategic planning sets a long time vision and goals of the businesses and tries to mobilize resources to attain the pre-set vision. When a strategic business plan is in place, resources are allocated in a way to utilize optimally set resources for re-investment on businesses and consumption. This study agrees with IFC (2014, p. 37) that strategic planning considers the broad explanation that include activities, etc. Empirical evidence of the role of a strategic business plan for the growth and expansion of MSEs shows that it leads to increased firm performance in terms of business expansion and growth (Wang, 2013, p. 1).

The respondents of this study were asked to answer whether their business is operated by a strategic business plan. The data results (Table 4.7) reveal that around 12.9% of women entrepreneurs had prepared strategic businesses plans after the microfinance program intervention as compared to 3.4% before the program intervention. The statistical difference between the results (in two times – after and before the intervention) was measured using Wilcoxon Signed Rank Test (Annexure 5, p. 170). The hypothesis, H_1 , proposed for this test was that “significant number of women owning micro and small businesses designed strategic business plans for operation after program intervention”. The Wilcoxon Signed Rank Test results (2-tiled, $p = 0005$) show that there is strong evidence to reject the null hypothesis that a significant number of women owning micro and small businesses designed strategic business plans after the program intervention. Even though the number of women entrepreneurs owning micro and small businesses who designed strategic businesses plans increased after program intervention, still a great majority (87.1%) of them did not prepare strategic business plans and do not operate their business by defined strategic goals. This is consistent with the findings of studies on the characteristics of firms – survivalist and growth-orientation of the MSEs owned and operated by women entrepreneurs (Tesfaye, 2016, p. 187). In this respect, most of the MSEs owned by women in the current study are categorized in the “survivalist” firms – i.e. enterprises that are run by women only to offset the effects of poverty and unemployment in the city of Addis Ababa and show the lack of government support for formalization (IFC, 2014, p. 39).

The respondents were also asked to indicate the reasons for not using a strategic business plan. The reasons specified for not having a strategic business plan (as presented in Table 4.7 above) includes lack of skill for strategic plan preparation (50%), perceive business planning as time and resource consuming (8.9%) and these entrepreneurs believe that their businesses can survive in the market even without a strategic business plan (42.2%). The survey result presented above is supported by the ILO (2007) report indicating that low levels of literacy (proxy for skill measures) limit women's ability to prepare strategic business and loan proposals that are required by financial institutions (ILO, 2008, p. 20). Available scholarly evidence also shows that in the absence of a written strategic business plan, it is difficult to achieve long and short-term business goals. In addition to a strategic business plan, the legal status, structure and sectoral affiliation is important for growth and expansion of business enterprises (IFC, 2014, p. 38; Tesfaye, 2016, p. 153).

Respondents were asked about the status of business licences as a proxy measure of the legal status of their business under operation. Studies shows that a business licence, structure and sector of the business are indicators by which government provides incentives and special support in Ethiopia (IFC, 2014, p. 39). This is because informality has long been a characteristic associated with poverty, survivalist MSEs and women entrepreneurs in Africa (ILO, 2007, p. 42). The research conducted in Ethiopia indicated that informal firms are more credit constrained compared to formal firms (Aga & Reilly, 2011, p. 313). Studies also show that women dominantly work in the informal economy and few women participate as owners in the MSEs sector (ILO, 2008, p. 22; ILO 2010, p. 18) or plan to formalize their enterprises. A question was asked to women entrepreneurs owning micro and small businesses whether they applied for businesses licences after the program intervention. Their responses are depicted in Table 4.8 below:

Table 4.8 Licence status, structure and sector of the MSEs before and after Intervention

Working with Business Licence	Before the Intervention		After the Intervention	
Not applicable	30	25.9		
Yes	5	4.3	25	21.6
No	81	69.8	91	78.4
Total	116	100.0	116	100.0
Business Structure	Frequency	Percent	Frequency	Percent
Not applicable	84	72.4		
Sole or individual ownership	28	24.1	110	94.8
Partnership	4	3.4	6	5.2
Total	116	100.0	116	100.0
Sector of Business	Frequency	Percent	Frequency	Percent
Not applicable	38	32.8	0	0
Construction	0	0	.9	.9
Manufacturing	37	31.9	58	50.0
Service	14	12.1	15	12.9
Urban agriculture	0	0	4	3.4
Trade and commerce	27	23.3	38	32.8
Total	116	100.0	116	100.0

The survey data results in Table 4.8 above reveal that around 21.6% of women entrepreneurs owning MSEs operated with businesses licences after the program intervention as compared to 4.3% before the program intervention. In order to measure the significance of the effect of the intervention, a Wilcoxon Signed Rank Test was conducted and the statistical difference in the number of women entrepreneurs owning micro and small businesses that applied for registration and secured businesses licences after the program intervention was measured.

The hypothesis, H_1 , proposed was that “a significant number of women entrepreneurs owning micro and small businesses secured businesses licences after the program intervention”. The Wilcoxon Signed Rank Test result (Annexure 5, p. 144) shows (2-tailed, $p = 0005$) that there is strong evidence to reject the null hypothesis that a significant number of women entrepreneurs owning MSEs applied and secured businesses licences after the program intervention. This result is consistent with the IFC (2014, p. 35) findings – that with credit and related supports, new applicants (65% of the new applicants) were women business owners from the informal sector.

Regarding the business structure, the vast majority of respondents (94.8%), as indicated in Table 4.8 above, were women entrepreneurs owning MSEs in Addis Abba, who operate with sole-proprietorships after the program intervention as compared to 24.1% before the intervention. Very few of the women entrepreneurs owning MSEs (5.2% after the program intervention and 3.4% before the program intervention) kept their business structure in the form of partnerships – group arrangement. Before the

microfinance program intervention, about 72% of the sample respondents neither pursued sole and individual ownership nor partnership.

In terms of access to government support and incentives, as well as market entry, the sector of business is important in Ethiopia. A study by Bird and Sapp (2004) indicates that, according to a study conducted in the United States of America, women-owned business enterprises are over-represented in the least profitable industries and sectors as compared to men-owned business enterprises (Bird and Sapp, 2004, p. 6). The ILO report also points out that women tend to trade in business areas that are often labelled as “gendered” or in “feminized”, low returns and saturated (ILO, 2010, p. 19). A research from Ethiopia, Tanzania, and Zambia confirms these findings (Zewde & Associates, 2002, p. 26). This challenge is related to women’s limited skills, knowledge, technology, finance, access to market and infrastructure. These sectors are often saturated and have low margins of return. These discourage growth-orientation of firms (ILO 2004 as cited in Tesfaye, 2016, p. 121). The same finding was documented by Tesfaye (2016, p. 163) in his study conducted in Adama City of Ethiopia.

Table 4.9 Sector of businesses before and after the Intervention

Sector of Business	Before Intervention		After Intervention	
	Frequency	Percent	Frequency	Percent
Not applicable	38	32.8	0	0
Construction	0	0	.9	.9
Manufacturing	37	31.9	58	50.0
Urban agriculture	0	0	4	3.4
Service, trade & commerce	41	35.4	53	45.7
Total	116	100.0	116	100.0

The data results in Table 4.9 above reveal that 50% of women entrepreneurs were engaged in the manufacturing sector after the program intervention as compared to 31.9% before the program intervention. The percentage of micro and small business enterprises owned by women that are engaged in services including trade/commerce and the participation of women entrepreneurs in this sector was 45.7% after the program intervention as compared to 35.4% before the intervention. New sectors emerged after the program intervention such as urban agriculture (3.4%) which was not in place before the intervention and was a recent initiative of government to reduce poverty and food security in urban locations of the country. The findings above were consistent with Bird and Sapp (Bird & Sapp, 2004, p. 6). A study conducted by Zewde & Associates (2002, p. 26) also indicates that limited access to markets and business skills, insufficient loans, and inaccessibility of the working premises have confined women entrepreneurs owning MSEs to operate their businesses from unfavourable

locations, and engage in sectors that are seen as “feminized” and operate in low profitable sectors even after the program intervention (Zewde & Associates, 2002, p. 26).

4.2.5. Impact of access to financial services on MSEs owned by women

This section documents evidence on source of household business finance for women entrepreneurs selected for this study. Empirical studies show that most women entrepreneurs use personal savings and informal lending schemes to fund their start-up and operating businesses. This increases their transaction cost right from the start of the business (Parker 1996 as cited in ILO, 2010, p. 20). Women entrepreneurs’ limited access to formal financial sources constrained their business expansion. Accessing appropriate loan forms, frequency of loans received and amount of finance explain the survivalist nature while some aspect informs the growth orientation of the enterprises (Tesfaye, 2016, p. 151).

Table 4.10 Source of initial finance, utilization and sufficiency of loan received by clients

Source of Initial Finance (Loan)	Response Frequency	Percent
Personal Savings	46	19.9%
Financed by Spouse	36	15.6%
Informal Sources (Iqqub, Relatives)	34	14.8%
Microfinance Institutions	107	46.3%
Remittance	8	3.5%
Total	231	100.0%
Businesses activities of the MSE	Response Frequency	Percent
Expanding Business Activities	106	85.5%
HH Consumption (buy food, etc.)	3	2.4%
House Improvement or Purchase	15	12.1%
Total	124	100.0%
Received Loan Sufficient to Business	Frequency	Percent
Yes	50	43.1
No	66	56.9
Total	116	100.0

The data results in Table 4.10 above reveal that the major source of business start-up capital for the respondents was loans from microfinance institutions (46.3%). The finding is consistent with the research conducted in China using a survey database of Chinese rural households, which indicated that access to finance is positively associated with entrepreneurship and the initial investment (Beck et al., 2015, p. 38; Griffin & Husted, 2015, p. 2579). Personal savings, finance from spouses and relatives and traditional money pooling institutions such as iqub together constituted 30.4%.

Start-up capital from remittances constituted 3.5%. Informal money sources such as moneylenders (which are termed as “*arata*” in Ethiopia) are illegal and are seen as money-laundering acts in Ethiopia; but few women entrepreneurs (1.7%) resorted to these illegal actors to secure their start-up money. The data result in this study varies from the empirical result reported by the ILO report of 2010. The ILO (2010) report indicates that over one-third (39%) of the women entrepreneurs reported to have secured their start-up finance from relatives and friends, as the primary source of help for start-up (ILO, 2010, p. 42). However, studies about the availability of microfinance and changes due to dynamics in time and policy reforms show that women’s access to finance has improved because of the provision of microfinance services, especially because of policy reform in relation to pro-poor and inclusive financial intervention (IFC 2014, p. 34). In this regard, the variation of the data between the ILO (2007, p. 18) and ILO (2010, p. 43) study was that microfinance institutions have proliferated in Addis Ababa and provided considerable opportunities of access for women entrepreneurs. On the other hand, the policy reforms related to the prioritization of MSEs and the interventions that have been in place to link MSEs owned by women with microfinance institutions as policy priority might have improved women entrepreneur’s access to microfinance loans (for start-up as well as investment capital).

The other question that the women entrepreneurs were asked was whether the loan they received was sufficient (adequate) in relation to what they intended to spend. Women entrepreneurs’ ability to borrow depends on incomes to meet borrowing costs. Moreover, the amount of loan that is sufficient to conduct the business depends on the cash flow and smooth financing of the business operations. The respondents were asked whether the loan they had received to date at various times (the amount) was sufficient to conduct their businesses as they planned. The response was mixed. The data results in Table 4.10 above reveal that 56.9% of women entrepreneurs who responded to the question asked reported that the loan they received from the microfinance institutions at different times was not sufficient to perform their businesses as compared to 43.1% who reported that the amount they received was sufficient.

The respondents, women owning the MSEs selected, were also asked about how the loan money was utilised. Studies show that the loan received by entrepreneurs was mostly invested in components of the business activities that required cost of smooth repayment of the debt and create value for further business expansion. Moreover, loan investment on business enterprises run by women yields in better returns in terms of

business income (IFC, 2010, p. 24). The data results in Table 4.10 above reveal that 85.5% of women entrepreneurs directed the loan money to businesses activities such as expanding trade, retail, manufacturing and services. The remaining (12.1%) improved their houses and the rest spent on consumption rationing (2.4%). Therefore, the majority of women entrepreneurs directed the loan they received to business activities and this enhanced the expenditure components of loans by women entrepreneurs in developing countries.

4.2.6. Impact of access to BDS services on MSEs owned by women

This section presents data results and analysis on the respondents' access to training, participation in trade fairs and willingness to pay training fees that are relevant to their business growth from the commercial market (outside government, MFIs and stakeholders' support packages). Studies on MSEs show that the poor not only lack financial services but also basic skills that allow them to manage their businesses and the business finance for start-up as well as expansion (Tesfaye, 2012, p. 47). Poor women entrepreneurs need intensive package as compared to men. Subsistence businesses have survivalist orientation. Intensive packages and support expands the potentials of survivalist business enterprises to transform to growth-oriented businesses both as intended or not (Buvinic & Furst-Nichols, 2014, p. 1). In this regard, study results confirm that microfinance effectively works and promotes empowerment of the poor only when it works with non-financial supports (Dorfleitner et. al., 2016, p. 54). The provision of financial services to women entrepreneurs have to be carried out with the inclusion of non-financial services to redress the gender gap.

The systematic review synthesized from the existing evidence indicated that the effect of finance interventions on average is weaker than the effect of non-financial services (Grimm & Paffhausen, 2015, p. 57). In this respect, the term 'microfinance plus' is the provision of non-financial services in addition to financial services to poor women entrepreneurs in particular (Ayopo & Ibidunni, 2015, p. 62). Non-financial services to the development of MSEs include support such as training in business management, market access, linking businesses to input supply, technology and product development. The research conducted in Northern Uganda indicated that business skills, capital adequacy, access to finance, access to markets, entrepreneurial education, and government support have significant positive impacts on the survival of

MSEs in post-war communities (Candiya Bongomin et al., 2018, p. 50). Women entrepreneurs who receive these services are able to acquire technical and managerial skills, production and marketing skills, networking and value chain utilization skills over the short and long period.

Other research conducted in Nigeria on provision of non-financial services (developing marketing skills) to MSEs (using multiple regression results) show that non-financial services provided by microfinance institutions have significant effect on business performance of traders, artisans, manufacturing and agricultural businesses operated by poor women (Ayopo & Ibidunni, 2015, p. 62). Research conducted using randomized trials in rural Mexico also indicates that those assigned to the treatment group earn higher profits, serve large market demand, use formal accounting, are formally registered and licenced with the government (Calderon, Cunha, & De Giorgi, 2013, p. 1). However, it is inconclusive that contributions of training have a positive impact on business development. A study by de Mel (2012) showed that training appears to have improved the profitability and business practices of the businesses at start-up, suggesting that it is more effective for new owners and the skills of experienced business entrepreneurs (De Mel et al., 2012, p. 1).

Table 3.11 Access to training and type of training received by clients

Received Business Training	After Intervention		Before Intervention	
	Frequency	Percent	Frequency	Percent
Yes	38	32.8	4	3.4
No	78	67.2	112	96.6
Total	116	100.0	116	100.0
Type of Training Received				
Market access	7	17.1		00
Linking women MSEs to Input Suppliers	14	34.1	1	
Technology and product development	8	19.5	3	20
Technical assistance	12	29.3	5	60
Total	41	100.0	41	100

The argument established in this research was that as women entrepreneurs stay more in microfinance programs, in addition to access to more financial loan supports, the clients get greater opportunity to participate in non-financial services like training. The data results in Table 4.11 above reveal that around 3.4% of women entrepreneurs accessed training before the program intervention as compared to 32.8% after the program intervention. In order to measure the statistical difference in access to the training provided and the possibility of more participation because of the clients' long stay in the microfinance service, the Wilcoxon Signed Rank Test was used. The hypothesis proposed, H_1 , was that "significant number of women entrepreneurs owning micro and small business enterprises accessed more training as they stayed a long time as clients of services given by the microfinance institution". The Wilcoxon Signed Rank

Test (2-tailed, $p = 0005$) result (Annexure 5, p. 144) shows that significant number of women entrepreneurs owning micro and small businesses and who were clients of microfinance institutions for a long time have accessed more training options during the program intervention periods.

Even though there was a significant difference in accessing training after program intervention, the great majority (67.2%) of women entrepreneurs still did not access any type of training. This calls for more improvement in provision of non-financial services since these services are important for the performance of women businesses. For those who had accessed training before or after program intervention, a question was asked whether they are aware of the effects of the type of training they obtained including other business development services such as linking to markets, technology and value chains, whether the skill training improved the performance of their business enterprises and whether they were willing to pay for similar training from the market.

The survey data results in Table 4.11 below reveal that among women entrepreneurs who accessed training before program intervention, around 60%, 20% and 20% accessed training in areas of technical assistance, market access and linking women businesses to input supply respectively. After program intervention, 34.1%, 29.3%, 19.5% and 17.1% of women entrepreneurs had accessed training in areas of linking women businesses to input supply, technical assistance, technology and product development and market access respectively. Studies in the area of MSEs and non-financial services show that accessing training alone may not be a sufficient condition to improve the skills they acquired and the awareness on contribution of training for business development may determine its application and the decisions for participation (IFC, 2014, p. 38). In this regard, a significant number of participants were not willing to pay for similar training from the market and this shows that the skill training was not associated with the skills the women require for improving their businesses (68.3%) and the time schedule and arrangement were not convenient for them (31.7%). This result confirms the existing literature that interventions that benefit women need to take into account their practical needs (time, skill, etc.) and strategic needs (demand for contextualization and assessment of the context of target women) (Young, 1993, p. xxx; Filmon, 2009, p. 113).

Table 4.12 Awareness on effects of training & willingness to pay for the training cost

Client's Awareness on Effect of Training on Business Development	Frequency	Percent
Enhance Performance of Business	102	36.3%
Improve Competitiveness and Profitability	48	17.1%
Enhance Business Incomes and Social Security	31	11.0%
Increase Market Access and Outlet	47	16.7%
Contribute to Developing New Marketable Products	31	11.0%
Contribute to Adopting New Technologies	22	7.8%
Total	281	100.0%
Willingness of the Respondent to Pay Training Cost at the Market	Frequency	Percent
Yes	56	48.3
No	60	51.7
Total	116	100.0
Reasons for not Willing to Pay for Similar Training in the Market	Frequency	Percent
It is not associated with the skill training I wanted	41	68.3
The time schedule was not conducive for me	19	31.7
Total	60	100

Respondents were asked whether they were aware of contributions of business development services such as training on their business development. Most women entrepreneurs, as results in Table 4.12 above indicate, believe that training can enhance performance of businesses (36.3%), improve competitiveness and profitability (17.1%), and increase market access and outlet (16.7%). Respondents also reported that training contributes to more income and enhances social security (11%), contributes to developing new and marketable products (11%) and contributes towards adopting new technologies (7.8%). The current survey result varies from the ILO (2007) survey report, a survey conducted in Ghana and Cambodia, in that awareness of BDS is low for many services in developing countries (ILO, 2010, p. VII). The finding from the current study (in Table 4.12 above) confirms that as women's awareness of their business constraints and required skills (BDS services) increases, they take informed decisions over participation in BDS.

Again, respondents were asked whether they were willing to pay for training if it were provided by commercial training institutions in the market. The responses in Table 4.12 above shows that about 51.7% of the women entrepreneurs was unwilling to pay the training cost if the training was to be provided by commercial training institutions in the market. This response was consistent with ILO (2010) report that training and counselling are often among the least purchased services by MSEs owners (ILO, 2002, p. vii). It is also consistent with the finding that women, even in the context of poverty, are not passive agents and with adequate information women decide on what improves

their situation (Sen, 1990, p. 37). In an underdeveloped commercial market of training products and services, compounded with unwillingness to pay the training cost by MSEs owners, the performance of MSEs will remain constrained. If not supported by policy interventions to improving this context, the development and growth of women owned business enterprises will be constrained. The current study confirms this.

Table 4.13 Living house improvement by clients of the MFIs

Improvements to Living House	Response	Before Intervention		After Intervention	
		Frequency	Percent	Frequency	Percent
Improved roof/floor/ walls and utilities	Yes	19	16.4	22	19
	No	97	83.6	94	81
	Total	116	100.0	116	100.0
Expansion of House or Built New	Yes	9	7.8	64	55.2
	No	107	92.2	52	44.8
	Total	116	100.0	116	100.0
Rented Better House for Residence	Yes	16	13.8	56	48.3
	No	100	86.2	60	51.7
	Total	116	100.0	116	100.0

As indicated in Table 4.13 above, respondents were asked about the contribution of microfinance intervention on improvements made to their living house. In this respect, out of the respondents, 16.4% invested in improvement of the floor, roof, walls and utilities in their living house before the intervention as compared to 19% after the intervention. About 7.8% invested on expansion or building new houses before the intervention as compared to 55.2% after the intervention. In terms of renting a better house with better facilities, 13.8% rented better residential units before the intervention as compared to 48.3% after the intervention. In general, the result of the survey with regard to this indicator shows that access to microfinance supports by clients has positively contributed to improvements in their living house (both in renting a house with better facilities and/or improving the living house by renovation or building new units or facilities). This result is consistent with the findings from the study conducted in Guatemala, India & Ghana. These studies show that the microfinance support improves the probability of improvement in housing from 0.038 to 0.070 in the years subsequent to a first microfinance loan (McIntosh, Villaran, & Wydick, 2011, p. 922).

4.3. NON-PARAMETRIC TEST RESULTS

The statistical difference of dichotomous and categorical variables of impact of the microfinance on MSEs owned by women in Addis Ababa (after microfinance

intervention) was measured by a non-parametric test; this test was chosen because it is a non-parametric or distribution-free test. This test was chosen because, in contexts where the precise form of the distribution of the sampled populations is unknown, this test is appropriate (Bryman & Cramer, 2005, p. 144). From these non-parametric tests, the McNemar test and Wilcoxon signed rank test were used to measure the dichotomous and categorical variables specified in this study respectively. The indicators measured and the results of the responses on variables of measurement and observation are presented in the sections below.

4.3.1. Impact of financial services on women owning MSEs in Addis Ababa

The first test was conducted and analysed the impact of microfinance service on the expansion of enterprise and households assets of selected women owning MSEs from Addis Ababa. The value of the asset is specific to the purpose for which an individual plans to use the asset. Assets can be seen as things or possessions or the rights or claims related to property since asset can be concrete or abstract (Barnes, 1996, p. 2). Respondents were asked whether there were changes in the kind of assets they owned and whether improvements were made on their assets including living house before and after the program intervention. The data results showed that there were improvements to the housing units as key assets of the women owning MSEs (see data results in Table 4.13 above). In order to measure the significance of the statistical difference and variation, the McNemar test was used.

The hypothesis, H_1 , proposed was that “significant number of women owning micro and small businesses improved the existing house, made an expansion on the existing house, rented better houses and/or improved utility systems to their living house after the program intervention.” The McNemar test (Annexure 1, p. 143) shows that there is very strong evidence (2-tailed <0.0005) to reject the null hypothesis that a significant number of women owning micro and small businesses improved their living houses by renovating, rented better houses and improving utility systems.

Respondents were also asked about the other type of assets women the respondents owned before and after the program intervention. The data in Table 4.14 reveals that 36.2%, 9.5% and 7.8% of women entrepreneurs owned a bed with a mattress, sofa set and cash savings respectively before program intervention as compared to 72.4%,

26.7% and 70.7% for bed with mattress, sofa set and cash savings in a bank or at home after the program intervention, respectively.

Table 4.14: Household assets and types owned by clients

HH Assets Owned After Intervention	Responses	Before Intervention		After Intervention	
		Frequency	Percent	Frequency	Percent
Cupboard/ Bed with Mattress	Yes	42	36.2	84	72.4
	No	74	63.8	32	27.6
	Total	116	100	116	100
Sofa Set & Related Assets	Yes	11	9.5	31	26.7
	No	105	90.5	85	73.3
	Total	116	100	116	100
Cash Saved at Home or Bank	Yes	9	7.8	82	70.7
	No	107	92.2	34	29.3
	Total	116	100	116	100

The McNemar test was used to measure the statistical difference of the program intervention. The hypothesis, H1, proposed was that “significant number of women entrepreneurs owning micro and small businesses owned also other assets like a cupboard, sofa set and cash savings after program intervention”. As the McNemar test (Annexure 1, p. 143) above shows, there is strong evidence to reject the null hypothesis (2-tailed <0.005) that a significant number of women entrepreneurs owning micro and small businesses owned other assets like a cupboard, sofa set and cash savings after their participation in the program intervention.

The second test was conducted on the impact of the microfinance support on household income of selected women owning MSEs from Addis Ababa. A research conducted in rural Bangladesh on the long-term effect of access to microfinance programs shows that it improves incomes and expenditure, consumption, and therefore lifted many of the participants out of poverty (Khandker & Samad, 2013, p. 4). The study concludes that access to a microfinance loan facility helps women entrepreneurs to improve their businesses as well as the business income. The increase in business income in turn diversifies the household income and helps the household to cover household expenditure. Respondents were asked whether the status and trend of their household income improved in the past 12 months, using three Likert-like scale measurements (increased = 3, unchanged = 2, and decreased = 1).

Table 4.15: Trend of household income for the last 12 months

Household Income Status after the Intervention	Frequency	Percent
Decreased	3	2.6
Unchanged	78	67.2
Increased	35	30.2
Total	116	100.0

The data results in Table 4.15 above reveal that 97.4% of the women entrepreneurs reported that their household income increased or was unchanged for the last 12 months. Only for 2.6% of the respondents did the household income decrease. A one-sample t-test was conducted to measure the mean difference of the trend of household income of women entrepreneurs owning micro and small businesses for the past 12 months. The hypothesis, H_1 , proposed was that “the majority of women entrepreneurs owning micro and small businesses in Addis Ababa rated the trend of household income greater than the mean of 2 points”. One-sample t-test result (Annexure 3, p. 144) shows that the mean rate of the trend of household income for the past 12 months was 2.28 and so there is strong evidence to reject the null hypothesis (2-tailed, $p < 0.0005$) that the majority of women entrepreneurs owning MSEs in Addis Ababa rated the trend of household income greater than the mean proposed, i.e. 2 points.

The third test conducted was on the impact of microfinance institutions on financing the child care and child education of selected women owning the MSEs from Addis Ababa. A study conducted by Khandker and Samad (2013) shows that investment in human capital has long-term social and economic impacts on business enterprises operated by owners (Khandker & Samad, 2013, p. 4). Educational achievement of members of households is one of the key indicators for a country’s development and an improvement in formal education is a useful explanatory variable in measuring improvements in individual living standards and achievements of the human capital of nations. Measures of education are conducted by using child education (as a measure of human capital development) and education and training of the individual owning MSEs (as a measure of skill). The empirical results, for instance conducted by Khandker and Samad, suggest that, in line with the theoretical literature, education confers significant competitive edges in the labour market and wage advantages to individuals in the engagements (Khandker & Samad, 2013, p. 4). An educated person is not likely to be poor in relative terms and child education refers to sustainable options to human development and poverty reduction (Lipton & Ravallion, 1995, p. 1431). Consequently, an individual with improved education has a better job opportunity in the labour market as compared to low-educated counterparts (Kabeer, 2005, p. 138). The

skills gained in improved education make an individual fit to assume jobs, deliver quality outputs and improve productivity as well as better compete under various circumstances that can perplex the illiterate. Thus, in the aggregate, studies confirm that the greater the attainment in schooling, the greater the stock of human capital in society and the greater the increases in national productivity and economic growth as well as individual access to dividends of the change (Kabeer, 2005, p. 138; Lipton & Ravallion, 1995, p. 1431). Studies also show that frequency of access to microfinance loans helps women entrepreneurs to modify their businesses, generate more business income and create more ability to invest in self and child education (IFC, 2014, p. 30). The impact of microfinance loan on education in this study was measured by improvements in children educational levels, reduced dropout, child enrolment in a childcare facility and the ability of the selected women owning MSEs to cover costs related to school uniforms, education, childcare facilities and health fees.

Data was collected on the situation of children below five in households of the selected respondents who were asked whether they had sent children below five to childcare or whether they are given childcare at home by non-family members.

Table 4.16. Use and financing child care for children below five by clients

Use Childcare Facilities	Before Intervention		After Intervention	
	Frequency	Percent	Frequency	Percent
Yes	62	53.4	113	97.4
No	54	46.6	3	2.6
Total	116	100.0	116	100.0
Source of Finance for Child Care Fees	Frequency	Percent	Frequency	Percent
Self-saving	59	50.9	3	2,6
Business Income	33	28.4	86	74.1
Wage & Salary	24	20.7	25	23.3
Total	116	100.0	116	100.0

The data results in Table 4.16 above reveal that 97.4% of women entrepreneurs give care for children below five years old either in childcare facilities or give care by non-family members after the program intervention as compared to 53.4% before the program intervention. In order to measure the statistical difference of the number of women entrepreneurs owning micro and small businesses that took their children below five to childcare or arrange non-family members for childcare, a Wilcoxon Signed Rank Test was conducted. The hypothesis, H_1 , proposed was that “a significant number of women entrepreneurs owning MSEs took children below five to childcare or arranged childcare at home by non-family members after the program intervention”. The Wilcoxon Signed Rank Test result (Annex 5, p. 144) shows that there is strong evidence to reject

the null hypothesis (2-tailed <0.0005 .) that a significant number of women entrepreneurs took their children below five years old to childcare or arranged childcare at home by non-family members after the program intervention.

Again, a question was asked to respondents about the source of finance to cover childcare. The data results in Table 4.16 reveal that around 74.1% of women entrepreneurs selected from MSEs owners from Addis Ababa financed their childcare cost from their business income after program intervention as compared to the 28.4% who finance the childcare costs of their children before the intervention. Also 2.6% and 23.3% of the respondents financed their childcare costs from self-saving and wages (salary) respectively as compared to 59% and 20.7% respectively before the program intervention. In order to measure the statistical difference of the number of women entrepreneurs owning micro and small businesses who arranged childcare and financing the costs of the childcare from business income, a Wilcoxon Signed Rank Test was conducted. The hypothesis, H_1 , proposed was that “a significant number of women entrepreneurs owning micro and small businesses financed their childcare costs from their business income after the program intervention”. The Wilcoxon Signed Rank Test result (Annexure 5, p. 144) shows that there is strong evidence to reject the null hypothesis (2-tailed <0.0005 .) that a significant number of women entrepreneurs financed childcare from business income after the program intervention.

The impact of the microfinance intervention on education was also measured by observing the average number of students sent to school by the selected women MSEs owners after the program intervention. The data results in Table 4.17 below reveal that the average number of children school aged 5-17 that were sent to school was 1.7 and 1.82 before and after the program intervention respectively. On average almost half (0.85) of the school aged children in households of selected women owning MSEs in Addis Ababa were not sent to school before the program intervention as compared to (0.02) after the program intervention.

Table 4.17: Average number of school age 5-17 sent to school

# of School Age Children Sent to School	Value (N)	Mean	Std. Dev.	Minimum	Maximum
# of school-age children at Home Before	116	1.70	.771	0	5
# of school-age children at Home After	116	1.82	.809	1	5
Children Sent to School Before	116	.84	.764	0	3
Children Sent to School After	116	1.78	.803	1	5
Children Not Sent to School Before	116	.85	.971	0	3
Children Not Sent to School After	116	.02	.131	0	1

The statistical difference of the number of students sent to school after the program intervention was measured and tested using the paired sample test. The hypothesis, H_1 , proposed was that “significant numbers of school aged children between 5-17 years old were sent to school after the program intervention”. The paired sample test results (Annexure 3, p. 144) show that there is very strong evidence to reject the null hypothesis (2-tailed <0.0005 , 95% confidence interval, $t = -9.601$) that, on average, significant numbers of children school aged 5-17 were sent to school after the program intervention.

Again, selected women owning MSEs from Addis Ababa were asked about the highest-grade level of their children who completed a certain level per the education policy of the country, before and after the program intervention.

Table 4.18: Highest child educational attainment and client’s ability to cover all uniform Costs

Attainment of Schooling of Client’s Children	Before Intervention		After Intervention	
	Frequency	Percent	Frequency	Percent
Can’t read and write	19	16.3	2	1.7
Primary Schooling	60	51.7	29	25.0
Secondary Schooling	31	26.8	59	50.9
TVET & Tertiary Schooling	6	5.2	26	22.4
Total	116	100.0	116	100.0
Ability of Client’s to Cover Child Uniform Costs	Frequency	Percent	Frequency	Percent
Yes	15	12.9	116	100.0
No	101	87.0	0	0
Total	116	100.0	116	100.0

The data results in Table 4.18 above reveal that the children of 16.3% of women entrepreneurs’ selected for this study could not read and write before the program intervention as compared to 1.7% after the program intervention. Also the children of 51.7% and 26.8% of women entrepreneurs selected for this study completed primary and secondary education levels respectively before the program intervention as compared to 29% and 59% after the program intervention. After program intervention also children (aged above 17 years) of 22.7% of women MSEs owners selected for this study participated in in TVET and tertiary schooling as compared to 5.2% before the program intervention. The statistical difference about the level of education attained after program intervention was measured by conducting a Wilcoxon Signed Ranks Test. The hypothesis, H_1 , proposed for the test was that “a significant number of children of women owning MSEs and selected for this study had registered the highest level of education after the program intervention”. The Wilcoxon signed rank test result (Annexure 5, p. 144) indicates that 111 children have had registered positive

educational rank after program intervention. A statistical test was also conducted on student performance in terms of attainment registered and the role of the microfinance in contributing to financing the uniform costs of the children of women owning MSEs in Addis Ababa after the program intervention. The data results (see data results in Table 4.18 above) of the respondents on this issue confirmed that 100% (all) of women entrepreneurs questioned were able to cover school uniforms of students in their households after the program intervention as compared to only 12.9% before the program intervention.

The Wilcoxon signed rank test result (Annexure 5, p. 144) also shows that there is strong evidence to reject the null hypothesis (2-tailed <0.0005 ,) that a significant number of children had registered highest results in their education after the program intervention.

The test results above indicated the impact of microfinance on education by observing the ability of the selected women owning MSEs from Addis Ababa to cover uniform expenses for all students attending school from the household. The statistical difference of the ability to purchase uniform for students in the school was measured by the Wilcoxon paired rank test. The hypothesis, H_1 , proposed was that “significant numbers of women entrepreneurs owning micro and small businesses were able to cover uniform expenses for students”. The McNemar test result (Annexure 1, p. 143) shows that there is strong evidence to reject the null hypothesis (2-tailed <0.0005 ,) that a significant number women entrepreneurs owning micro and small businesses were able to cover uniform expenses for all students in school from their households. The above finding concerning children education is consistent with the finding of rural Bangladesh microcredit participants that income from rural microcredit borrowing can empower women by expanding opportunities for investment in children’s education and health (Alam, 2012, p. 1164).

The impact of the microfinance loan on the health situation of households was also measured and tested. Studies show that improvements in income at household level have an effect on the improvements in the health of household members (Bleakley, 2010, p. 284) although this result is debatable in terms of gender and other social categories of difference manifesting in the household. The more an individual enjoys improved health the more she is usually motivated as well to resume a productive enterprise that would develop resilience of firms in the context of shocks (Filmon 2009, p. 143). In extreme situations, motivated and healthy labour could sell their labour or

migrate to areas where jobs are available to avert stress (deprivation) and thus health is a form of human capital and input to production (Bleakley, 2010, p. 284); since healthy individuals tend to be more productive than unhealthy individuals.

The argument is that increased loan size enables women entrepreneurs to smoothly finance their businesses, generate income and address financial shortages in their enterprises on the one hand and invest in the health of their household members on the other hand. The enhancement of the business expansion and outputs (leading to more income) can enable women entrepreneurs to pay health expenses. Even though the size of household health expenditure depends on the condition of the household members' well-being or sickness, the treatment for ill individuals depends on the ability to cover health expenses at individual as well as household levels.

Table 4.19. Experience of visiting health station, covering expenses & source of finance

Family Members Visited Health Stations This Year	Frequency	Percent
Yes	63	54.3
No	53	45.7
Total	116	100.0
Able to Cover All Household Medical expenses	Frequency	Percent
Yes	59	93.7
No	4	6.3
Total	63	100.0
Source of Finance in Covering Household Medical expenses	Frequency	Percent
Businesses Income	46	73.0
Saving, Salary, Wages & Others	14	22.2
Microfinance Loan	3	4.8
Total	63	100.0

The data results (Table 4.19 above) reveals that 54.3% of women entrepreneurs' family members visited health stations in the past 12 months and 93.7% of them covered the medical expenses. The statistical difference of the number of women entrepreneurs owning micro and small businesses who were able to cover household medical expenses was measured using a chi-square. The hypothesis, H_1 , proposed was that "a significant number of family members of women owning micro and small businesses visited health stations and were able to cover medical expenses". The chi-square test results (in Annexure 4, p. 170) show that there is strong evidence to reject the null hypothesis ($P < 0.005$) that a significant number of women entrepreneurs whose family members visited the health centre were able to cover health expenses of their household members. Also for those respondents whose family members visited health stations, a question was asked to identify the source of finance to cover medical

expenses. The data results (in Table 4.19 above) reveal that 73% of women entrepreneurs covered medical expense from their business income and 22.2% covered the health expenses from savings, salary, wages and related sources. The rest (4.8%) covered the household members' health expenses from microfinance loans.

The impact of microfinance program intervention on improvements in consumption in the households of women owning MSEs were also tested. Studies show that until the mid-sixties the cause and manifestation of nutrition problems of individuals were analysed as protein deficiency, mainly the deficiency of food – dietary diversity, quality and quantity of food intake (Dasgupta, 1983, p. 1238). The impact of microfinance loans on the cost of smoothing food shortages is as important as their impact on enterprise growth and development (Emran, Robano & Smith, 2009, p. 10). An acceptable level of food consumption includes the intake in terms of variety and sufficient amount of food. Food consumption patterns affect family health and productivity, and disparities in income and price elasticity of food items purchased (Emran et al., 2009, p. 135). The argument is that increased cumulative loan amount taken by women entrepreneurs helps them to improve their diet and that of the members of the household.

Table 4.20: Trend of food dietary (improvements) by clients

Food and Dietary Trend in the Past One Year	Frequency	Percent
Worsened	3	2.6
Unimproved	48	41.4
Improved	65	56.0
Total	116	100.0
Dietary of HH Improved after Intervention		
	Frequency	Percent
Able to buy more cereal foodstuffs	18	27.7
Able to buy more vegetable items	27	41.5
Able to buy more animal products like meat, fish, eggs	20	30.8
Total	65	100.0

The data results in Table 4.20 above reveals that 56.0% of women entrepreneurs who participated in this survey have improved diets as compared to 44% who reported that their food consumption status was not improved (unimproved and worsened). A one-sample test was conducted to measure the statistical difference of women entrepreneurs owning micro and small businesses who reported the improvement in diet in their households. A one-sample test was also conducted to measure the mean difference of the trend of food diet in the past one year (1= worsened, 2 = unimproved, 3 = improved). The hypothesis, H1, was proposed that “a significant number of selected women entrepreneurs owning micro and small businesses in Addis Ababa rated the

trend of food diet for the last one year greater than the mean, 2 points.” The results of the one-sample t-test (Annexure 3, p. 144) shows that the mean rate of the trend of food diet of women entrepreneurs owning micro and small businesses for the last one year in Addis Ababa was 2.5 (rounded up). There is strong evidence to reject the null hypothesis (2-tailed, $p < 0.0005$, 95% confidence level) that the improvements in the trend of food diet for the last one year was greater than the 2 point mean stated.

For those respondents who replied on diet improvement, these respondents were asked what caused the improvement of food diet reported. The data results (in Table 4.19 above) reveals that 41.5% of women entrepreneurs were able to buy more vegetable food items, 30.8% were able to buy more animal products like meat, fish, eggs and 27.7% were able to buy more cereal food items. For those that replied that their dietary worsened, a question was asked as to why it was worsened. Out of those whose food and dietary had worsened, around 66.7% of women entrepreneurs were unable to buy food items for some period and 33.3% of them were unable to buy animal or vegetable products due to lack of money.

4.3.2. Impact of non-financial services on business enterprises

The first non-financial business development services observed was skill training; proponents of microfinance consider economic empowerment as an entry point and roadmap towards overall empowerment (IFC, 2014, p. 32). One of the mechanisms to attain economic empowerment and liberation from exclusionary institutional constraints is via providing financial services, including running MSEs for those unable to access formal financial services. Access to loans provides insurance – enabling use of cash balances to increase business resources, output, sales and turnover as well as financing critical personal expenses from the profits or wages; enterprise success for the poor and excluded leads to increased profits, incomes and consumption (IFC, 2014, p. 34). The basic rationales of supporting MSEs operated by the poor women are redistribution of income, eradication of poverty and unemployment (Das, 2012, p. 168). Moreover, entrepreneurship in the MSEs sector is considered and empirically proved to be the solution to the problem of unemployment and resource utilization that derive their living from this sector. The success of the MSEs sector and the appropriate support to this sector triggers the overall wealth creation and inclusion of the poor in the economy (Das, 2012, p. 168).

In a circumstance where deep-rooted inequality has persisted between men and women, ensuring equitable income distribution requires considerable policy commitment and action; this is noted in the amended MSEs development policy document of Ethiopia enacted in 2011 (p. 54). Lack of business skills and information, limited exposure to the market network, a limited resource base, educational illiteracy, low levels of confidence, low propensity to take risks and cultural barriers hamper women entrepreneurs owning MSEs from competing with their counterparts and therefore demand policy support – both financial and non-financial services. Ample empirical evidence shows that women owned and operated businesses have low capital and profits (ILO 2004 as cited in IFC, 2014, p. 19). Moreover, lack of business skills and knowledge are some of the constraints which hinder micro and small women-owned business activities. The study conducted in the Vaal Triangle region of Gauteng Province in South Africa revealed that viability in MSEs was constrained by difficulty in securing loans and training (Worku, 2016, p. 134); thus creates more challenge for women to succeed in business as compared to men (Hazudin, Kader, Tarmuji, Ishak, & Ali, 2015, p. 436) and this support dynamics improved enterprise economic activities of women that own enterprises.

Table 4.21.: Trends changes to business activities and enterprise in the last 12 Months

Changes in Enterprise Economic Activities Starting Last Year	Frequency	Percent
Yes	30	25.9
No	86	74.1
Total	116	100.0
Types of Change to the Business Enterprise	Frequency	Percent
Expanded Size and Products of the Enterprise	16	53.3
Improved Quality of Products	11	36.7
Started a New Enterprise	3	10.0
Total	30	100.0

The data results in Table 4.21 above reveal that around 25.9% of women entrepreneurs had made changes to their business enterprises and the rest (74.1%) did not make changes to their business enterprises in the past one year. The question was asked for the women entrepreneurs who reported change to their business in the past 12 months about the types of changes made to the enterprise as well as the enterprise's economic activities. The data results in Table 4.21 reveal that among women entrepreneurs who had made changes to their businesses in the year before, 53.3% expanded the enterprise capacity of production and added new products to the output list, about 36.7% improved the quality of the products and the rest (10%) started new business enterprises.

Another issue observed were the trends of investment and improvements in income of the business enterprises owned by women selected for this study from Addis Ababa. Studies show that injecting capital (investment to business) can produce compound and sustainable effects on individuals, households and the greater economy in general; however, women entrepreneurs and their enterprises often don't build substantial businesses; instead, they are seen to have limited business vision other than earning monetary income (ILO 2004 cited in IFC, 2014, p. 19). This ILO study also found that many of the women in the study appeared to be reluctant about growing their businesses over time (IFC, 2014, p. 65). Other empirical studies associate this to the theories of MSEs growth – categorizing the theorization into “survivalist” and “growth-oriented” MSEs. The survivalist MSEs are those initiated by the poor to provide basic needs of the households – often seen in the informal economy and most of the participants in the survivalist category are poor women (Tesfaye, 2016, p. 10). The growth-oriented ones refer to MSEs that manifest growth and development – in terms of injecting capital, expanding product list, securing new markets and sale outlets, and initiating new techniques of production and packaging, etc. (Tesfaye 2012, p. 45).

The data results in Table 4.21 below reveal that 30.2% of women entrepreneurs have injected capital into their business enterprises by purchasing small tools/accessories, (12.9%) have purchased big tools/machinery and equipment, 4.3% invested in structures and facilities in marketing sites and the rest (52.6%) did not invest any capital. From the empirical lessons above, the 52.6% of MSEs owned by the women selected for this study from Addis Ababa are likely to be in the survivalist category while the rest (47.4%) are likely to be in the growth-oriented categories of the MSEs owned by women selected for this study from Addis Ababa.

Table 4.22: Trends of change in business investment and income over the past 12 months

Investment Made Over the Past 12 Months to the Business	Frequency	Percent
None	61	52.6
Invested on Small Tools / Accessories	35	30.2
Invested on Big Tools / Machinery / Equipment	15	12.9
Invested in Structures in Marketing Site (Shop)	5	4.3
Total	55	100.0
Trend of Businesses Income Over the Last Two Years	Frequency	Percent
Decreased	20	17.2
No Change	42	36.2
Increased	54	46.6
Total	116	100.0

The trend of the income of the MSE businesses owned by women selected for this study from Addis Ababa in the past two years was observed using a three levels Likert scale like measurement (Increased = 3, no change = 2, and decreased = 1). The survey data results in Table 4.22 above reveal that 46.6% of the respondents reported that the trend of business income in the past two year increased substantially or increased. For 17.2% of the respondents, the income in the past two years has decreased and for the rest (36.2%) of the respondents, the income in the last two years remained unchanged. The statistical difference of the trend of business income of respondents in the past two years was measured using the one-sample t- test. The hypothesis, H_1 , proposed was that “for micro and small businesses owned by women entrepreneurs in Addis Ababa, there has been an increasing trend of business income in the past two years and this increase is greater than the mean, 3 points”. The one-sample t-test result (Annexure 3, p. 144) shows that the mean rate of the trend of business income in the past two years was 3.5 (rounded up). Therefore there is strong evidence to reject the null hypothesis (2-tailed, $p < 0.0005$, 95% confidence level) that the trend of business income of women entrepreneurs owning micro and small businesses for the two years was greater than the average (3) in Addis Ababa.

4.3.3. Impact on decision-making power of women business-owners

The study observed the role of women owning MSES in Addis Ababa in deciding over issues related to house rent, bank savings and loan utilization to measure the improvements in the decision-making power of the business owners selected for this study. When a poor woman, who *a priori* lacks self-confidence and fears risk of borrowing as well, borrows a small amount of money to invest in her own little business, economic empowerment begins. Women who own and manage their own MSEs know their business best regarding how to invest the first loan money and succeed, both in repaying and in improving the business (De Gobbi et al., 2005, p. 16). Women who participate in the microfinance service gradually develop confidence to participate in decision making of loan utilization and large expenditures. Studies over the outcomes of women empowerment from a given program intervention analyse empowerment as a continuum – a change built from one step of improvement to another (Babington, 1999, p. 1441). The study conducted in Tanzania indicated that women who are members of MFIs have more control over savings, incomes, decision-making power, self-esteem and greater freedom of mobility (Kratzer & Kato, 2013, p. 31). The study documented in

Bangladesh using logistic regression analysis showed that women that get microfinance support have greater control over resources and have higher decision-making power (Murshid, 2018, p. 1). The ILO study (2007), in Ethiopia, also showed that most women entrepreneurs make the decisions about their businesses; about 69% in microenterprises and 61% in small enterprises make decisions over their business enterprises. The rest, 31% from microenterprises and 39% from the small enterprises, decide together with their spouses. Interestingly a higher proportion of women owning MSEs selected for the ILO (2010) study reported that the women made all decisions in regards to the utilization of business money (about 76% in microenterprises and 83% of small enterprises). While the rest 24% from microenterprises and 17% from small enterprises decided issues together with their spouses (ILO, 2010, p. 48).

Sen (1990) also indicated that in order to stabilize relationships, reduce conflict and avoid violence, married women use transparency as trust building and a household level cooperation strategy (Sen, 1990, p. 37). By doing so women used these strategies to minimize any elements of suspicion in their relationships with their husbands; otherwise, spouse might restrict woman's movements or working hours (ILO, 2007, p. 46). This implementation of these strategies also builds the women empowerment continuum by the fact that as women businesses grow, improve income and household well-being, including that of the husband, the relationship builds on more trust leading to the growth of cooperation, understanding, more freedom for women and more growth of the business. The data summary on the issues explained above is presented below.

Table 4.23: Principal decision maker in households of Clients

	Before Intervention		After Intervention	
	Frequency	Percent	Frequency	Percent
On renting business premise				
Self	16	13.8	24	20.7
Husband	54	46.6	12	10.3
Husband & You	46	39.7	80	68.9
Total	116	100.0	116	100.0
Principal decision-maker in bank savings				
Self	22	19.0	33	28.5
Husband	57	49.1	16	13.8
Husband & You	37	31.9	67	57.7
Total	116	100.0	116	100.0
Principal decision-maker in loan utilization				
Self			20	17.2
Husband			54	46.6
Husband and You			27	23.3
Total			116	100.0

Respondents, women owning the MSEs selected for this study, were asked who the principal decision-maker was on issues of running the business enterprises, bank savings and loan utilization in the household. The data results (Table 4.23) reveal that around 20.7% of women entrepreneurs were the principal decision-makers to rent homes after program intervention as compared to 13.1% before the intervention. Also the percentage of women who had joint decision-making power to rent homes increased from 39.7% before the program intervention to 68.9% after the program intervention. The interesting data result from this survey is that before the program intervention 46.6% of issues related to running the business, i.e. the women's own business, were principally decided by the husband but this reduced to 10.3% after the program intervention. Similarly, 19% of women entrepreneurs were principal decision-makers with regards to bank savings before the program intervention, which has increased to 28.5% after program intervention. Again, women who had joint decision-making power regarding bank savings increased from 31.9% before the program intervention to 57.7% after the program intervention. The other interesting data result from this survey is that before the program intervention 49.1% of issues related to bank savings of women and their businesses were principally decided by the husband but this reduced to 13.8% after the program intervention.

The statistical difference of the decision-making power of women entrepreneurs owning micro and small businesses after program intervention was measured using the Wilcoxon signed ranks test. The hypothesis, H_1 , proposed was that there is "a significant difference in the number of respondents who exercised better decision-making power on running the business, on bank savings and utilization of loans after the program intervention". The Wilcoxon signed ranks test (Annexure 5, p. 144) shows that the evidence failed to reject the null hypothesis (2-tailed >0.05 ,) that women are not significant in terms of number of women entrepreneurs that are the principal decision-makers with regards to house rent, and bank savings, whereas there is evidence to reject the null hypothesis (2_tailed < 0.05) that a significant number of women entrepreneurs were the principal decision-makers regarding the utilization of loans. Unlike this finding, the research conducted in North Ethiopia reveals the complexities of microfinance processes, and argues that current microfinance practice does not facilitate women's participation in accessing financial services (Geleta, 2016, p. 91).

The improvements in the role of women MSEs Owners on their participation at community level issues were observed to analyse the empowerment of women outside

the realm of households (at community levels). Microfinance impact was analysed using its effect on business income – but attitudinal effects of microfinance on individuals was found to be equally profound as well as in the community through microfinance and microenterprise development (De Gobbi et al., 2005, p. 3). Thus there is available evidence on the effects of access by women to microfinance services in strengthening the economic control and increasing the confidence in and active participation of women in community issues and influence of institutional processes that negatively affect their interests – individually and as groups - including in interventions that are intended to benefit women (Hancock 2007, p. 26). Studies also confirm that through time and changes in the empowerment continuum, women entrepreneurs develop the capability to participate, including in political issues in the society and empower themselves to be involved in decision making processes at the community level (Chant, 2007, p. 34).

Table 4.24: Role of women owning MSEs in the community after intervention

Participation in Community Development	Before Intervention		After Intervention	
	Frequency	Percent	Frequency	Percent
As Development Committee Member	11	9.5	32	27.6
Attending Meetings when Invited	62	53.4	74	63.8
Never Participated in Community Level Efforts	43	37.1	10	8.6
Total	116	100.0	116	100

The data results in Table 4.24 above reveal that 27.6% of women entrepreneurs participated in community development committee member efforts after the program intervention as compared to 9.5% before the program intervention. Again, women entrepreneurs who participated in community development efforts when invited increased from 53.4% before the program intervention to 63.8% after the program intervention. Also women entrepreneurs who never participated in community level efforts decreased from 37.1% before the program intervention to 8.6% after the program intervention. The statistical difference of the role of women entrepreneurs owning micro and small businesses in their roles at community level was measured using Wilcoxon Signed Rank Test. The hypothesis, H_1 , proposed was that “the role of women entrepreneurs owning micro and small businesses in the community increased significantly after the program intervention.” The Wilcoxon signed ranks test (Annexure 5, p. 170) indicates that there is strong evidence to reject the null hypothesis (2-tailed $P < 0.0005$) that the role of women entrepreneurs owning micro and small businesses in the community has increased significantly after the program intervention.

4.4. REGRESSION DATA RESULT ANALYSIS AND DISCUSSION

An impact study is a complex issue and requires a variety of tools and methods to yield a good insight towards understanding it and substantiate it with triangulated evidence. The choice of analytic tool is based on the nature of the data, research type and questions (Blaikie, 2003, p. 47). In the previous section, the impact of microfinance services before and after the program intervention was measured using descriptive data results and low level inferential statistical analyses. This section measures the impact of microfinance services after program intervention using the logit regression on three different dependent variables. In this research, binary logit regression model was used for dummy variables and ordinal logit regression model was used for ordinal outcome variables.

The preceding sections emphasised the descriptive and empirical analysis of the impact of microfinance services on assets, income, expenditure and decision-making power of women entrepreneurs owning MSEs. In order to measure the statistical difference of the impact of microfinance services received by MSEs clients before and after the microfinance program intervention, McNemin and Wilcoxon Signed Rank's tests were used for dichotomous and categorical variables respectively. The inferential statistics in the next sections were analysed using Binomial and Ordinal Logit Regression Model for dummy and ordinal variables. This model was used to estimate the likelihood of the impact of the loan on outcome variables. The hypotheses proposed for the statistical tests were that being a member (client) of microfinance institutions for two and above years and receiving the loan twice and above enables women entrepreneurs owning micro and small businesses to create more assets, generate more income, develop better ability to cover household expenditure and improve the decision-making power of women at household level as this enables women to play a greater role on their community level. In addition to this, the study also tested the hypothesis that being a member of microfinance institutions for two and above years and accessing loans twice and above allows women entrepreneurs owning micro and small businesses to investment in businesses. In order to present the tests along with dependent and explanatory variables, indicators were identified in the area of impact on improvements in assets, incomes, financing health, education and training costs, improvements in food and diet, decision-making power of the client woman and improvements in business investment.

4.4.1. Assumptions of the estimation and coding

In order to differentiate between predictor/explanatory and outcome variables, the assumptions made about the direction of influence and the time ordering of the variables should be decided (Blaikie, 2003, p. 118). In this research, it may be argued that business investment is dependent on the cumulative amount of loan taken, educational level of women entrepreneurs, legal structure of businesses and access to training, holding other factors constant. That is, business investment is considered as an outcome variable and cumulative amount of loan taken, educational level of entrepreneurs, legal structure of business and access to training were considered as independent (predictor/explanatory) variables. Also, household income and expenditure were taken as dependent (outcome) variables and the cumulative amount of loan taken was considered as an independent (predictor/explanatory) variable, holding other factors constant. The variables chosen above are based on the assumptions that: (1) as women entrepreneurs access more loans, they are more likely to invest in businesses; (2) as the educational level of women entrepreneurs increases, they are more likely to invest in businesses; (3) trained women entrepreneurs can acquire better businesses management skills and are more likely to invest in businesses; (4) legally licenced women businesses are more likely to invest in businesses; and, (5) as women entrepreneurs access more cumulative loan amounts, they are more likely to spend on food expenditure and more likely to increase their household income. Thus:

- Women entrepreneurs who made any investment in past two year are coded as “1”, “0” otherwise;
- Women entrepreneurs with higher education, beginning with high school and above are coded as “1”, “0” otherwise;
- Women entrepreneurs who received or accessed training for one or more days are coded as “1”, “0” otherwise;
- Women businesses that have issued legal licences are coded as “1”, “0” otherwise; and,
- Women entrepreneurs who received cumulative loan values of more than ETB 80,000 are coded as “1”, “0” otherwise.

On the basis of the above assumptions and codes, binomial logistic regression as equivalent to multiple regression but has dummy outcome variables as opposed to metric outcome variables in the case of multiple regression, was used in this study. The

predictor variables in this regression model are either categorical or metric. The regression model predicts to which of the two categories a person is likely to belong, given the information contained in the predictor variables (Blaikie, 2003, p. 154). Binomial logistic regression therefore best fits to estimate the likelihood of dummy response outcomes in my current impact study. The ordinal logistic regression is applied for the three Likert-like scale variable measures to estimate the likelihood to score higher cumulative household income and food expenditure after the program intervention. According to Pampel (2000) the effects of independent variables in the logit regression have multiple interpretations that include the probability, odds and odds ratio (Pampel, 2000, p. 15).

4.4.2. Impact of microfinance on investment of women-owned businesses

The binomial logistic regression analysis results (Annexure 7, p. 145) indicate that the model compared with no predictors is adequate ($p < 0.0005$), 30.8% of total variability of the investment made by women owning MSEs is explained by the cumulative amount of loan taken, age of business, access to training and holding business license, other factors constant. Also about 78.4% of variables in the model are correctly predicted. The odds of investing in businesses in the past twelve months was positive or higher for women entrepreneurs who received a cumulative loan amount above ETB 80,000, accessed training and held a legal business licence. The implication of the data results is that, as the age of businesses increases by one year, the odds of investing in businesses is lower for women entrepreneurs owning MSEs.

The coefficient cumulative amount of loan taken is positive (3.2), as the data result in Table 4.24 above indicates, and this implies that the odds of investing in businesses is higher for women entrepreneurs who received a cumulative loan amount greater than ETB 80,000. This means the odds of investing in businesses is 25.1 (rounded) times higher for women entrepreneurs who received a cumulative loan amount of greater than ETB 80,000 as compared to those who have received a cumulative amount of loan below ETB 80,000. The study undertaken in Kenya indicated that microfinance has positive effects on growth of MSEs. The majority of the respondents indicated that microfinance has enabled them to expand businesses and assets (Ngugi & Kerongo, 2014, p. 138). As micro and small businesses owner women access a greater amount of loan, there is positive impact on business investment, expansion and growth.

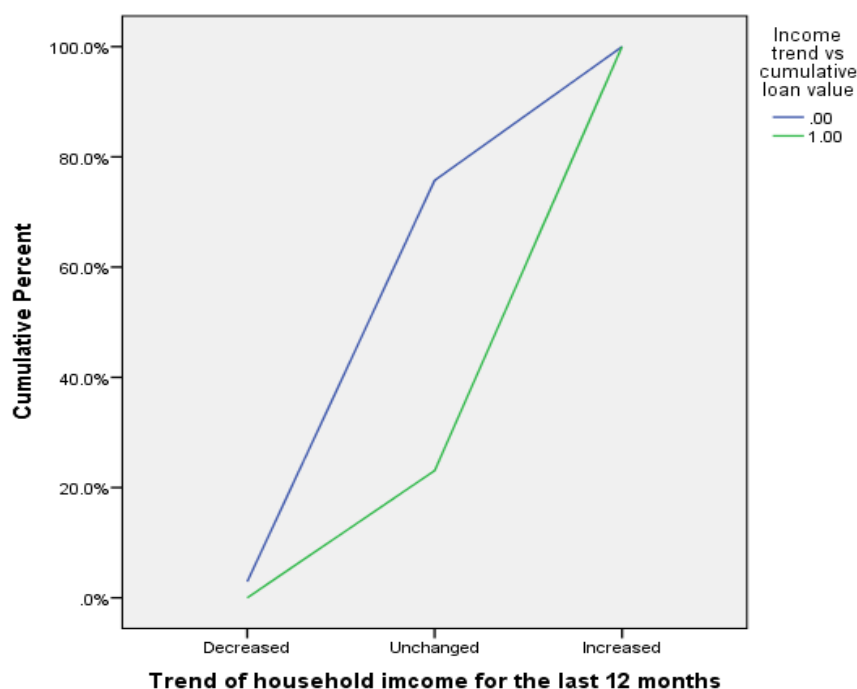
Business expansion and investment enhances job creation. The research conducted in small firms in Bulgaria indicated that microcredit has very positive effects on job creation. Firms that get microcredit service have on average 2.5 (or 33 percent) more employees in two years (matched non-participants). This strong effect related to loan size threshold necessary for positive impacts to unfold and the effects are largest for the smallest firms (Erhardt, 2017, p. 75).

Again, the coefficient for holding a business licence is positive (1.3) and this implies that the odds of investing in businesses is higher for those women enterprises that hold legal business licences. The odds of investing in businesses is 3.7 (rounded) times higher for those women entrepreneurs that hold a business licence as compared to those who do not hold business licences. Finally, the coefficient for access to training is also positive (1.7) and this implies that the odds of investing in businesses is higher for women entrepreneurs that accessed business development service (training). Thus the odds of investing in businesses is 5.7 (rounded) times higher for women entrepreneurs who accessed business development services (training) as compared to those who did not have access to any business training. Contrary to these variables, the coefficient of age of businesses is negative (-.91) and this implies that the odds of investing in businesses is lower for a unit increase of age of the business under operation from start-up. The odds of investing in businesses is 0.40 times lower for a business enterprise when its years of operation increased by one year.

4.4.3. Impact of microfinance on household income

The trend of household income in the past twelve months was seen as an outcome variable using three Likert-like scales. A loan is categorized into two groups: cumulative loan amounts above ETB 80,000 which is coded as “1” and the amounts below ETB 80000 which is coded as “0”, and is used as a reference category when measuring the likelihood of higher cumulative income trends in the two groups.

Figure 4.1: Cumulative household income trend of the two groups



As we can see from the indicative graph (Figure 4.3), the data results indicate a higher percentage of micro and small business owning women entrepreneurs that received a cumulative loan amount below ETB 80,000. They have reported that the trend of household income was unchanged or decreased in the last twelve months, as compared to women entrepreneurs who have received a cumulative loan amount above ETB 80,000. The data is consistent with the survey finding on the role of microfinance on household income in Malaysia. The multinomial logistic regression results reveal that it has a positive impact on household income of women borrowers who spent three years in the scheme (Samer et al., 2015, p. 721).

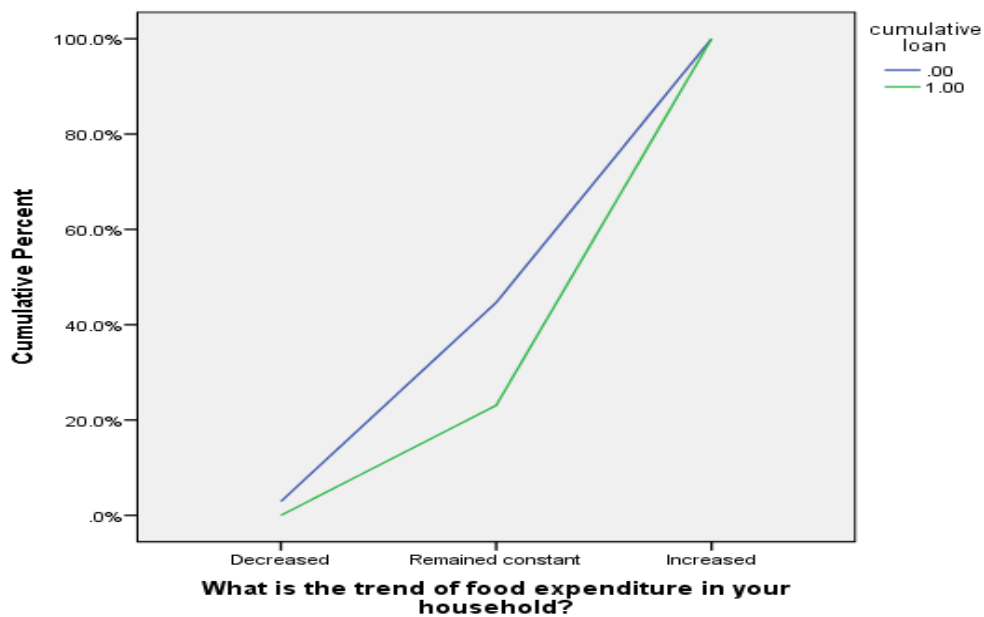
The statistical significance difference in trend of household income between the two groups was measured using ordinal logistic regression. The model is significantly fits the non-predictors test ($p < 0.0005$), adequacy ($p = 0.846$) and the parallel lines assumption is satisfied ($p = 0.785$). The ordinal regression analysis result (Annexure 7, p. 145) indicates that women entrepreneurs who receive a cumulative loan amount below ETB 80,000 were less likely (-2.4, rounded up) to score higher cumulative income trends. This means women entrepreneurs owning micro and small businesses who have received a cumulative loan amount below ETB 80,000 are more likely to score less cumulative score (unchanged and decreased) in terms of business income in the past twelve months as compared to women entrepreneurs who have received a

cumulative loan amount more than ETB 80,000. The coefficient is also significant ($p=0.001$) in predicting this relationship.

4.4.4. Impact of microfinance on household expenditure of women entrepreneurs

The trend of food expenses in the last twelve months was assumed as another indicator to predict the outcome (impact of microfinance on the trend of improvements in food expenditure) using a three Likert-like scale.

Figure 4.2: emulative trend of food expenditure for two groups



As we can see from the indicative graph (in Figure 4.2 above), a higher percentage of women entrepreneurs owning micro and small business enterprises who received cumulative loan amounts below ETB 80,000 have reported that the trend of household food expenditure in the twelve months has remained constant or decreased, as compared to women entrepreneurs who have received a cumulative loan amount above ETB 80,000.

Even though the model does not fit against the non-predictors test ($p = .12$), it is adequate to predict the estimation ($p= 0.6$ rounded up), and the parallel lines assumption is satisfied ($p = 0.6$ rounded up). Ordinal regression analysis of trend of food expenses in the past twelve months, as the results in Annexure 7 (p. 145) indicate, women entrepreneurs who received cumulative loan amounts below ETB 80,000 were less likely (-1.0 rounded up) to score higher cumulative income trends as compared to women entrepreneurs who received the cumulative loan amounts above ETB80,000,

but the coefficient is insignificant ($p=0.14$ rounded up). Evidence from available in sub-Saharan Africa indicated that micro-credit and micro-savings have impact on income, savings, expenditure, and the accumulation of assets of the poor at one hand and on the non-financial outcomes on the other hand (van Rooyen et al., 2012, p. 2249).

4.1.5. Constraints of women-owned micro and small businesses

Micro and small businesses owner respondents were asked about three main factors that hinder the development and expansion of their MSEs.

Table 4.25: Constraints of MSEs owned by women clients

Constraints of Women-owned MSEs	Responses	Percent
Lack of Raw Materials or High Raw Materials Cost	29	9.1
High Government Tax	26	8.2
Lack of Capital	57	18.0
High Competition	40	12.6
Lack of Production and Selling Premises	98	30.9
Lack of Businesses Network/ Market Network/	2	0.6
Lack of Businesses Skill	65	20.5
Total	317	100.0

The data results in Table 4.25 above reveal that lack of production and selling premises (86.7%) was rated as the main constraints of businesses development and expansion of MSEs owned by women entrepreneurs in Addis Ababa. Also, lack of business skill (57.5%) and lack of capital (50.40%) are the second and third constraints of women in the sector. The challenges above also indicate that MSEs owned by women in Addis Ababa are categorized under survivalist enterprises – that means the MSEs employed by women are pursued as response to the critical poverty condition of these women and their families in the city.

CHAPTER FIVE

KEY FINDING, CONCLUSION AND RECOMMENDATIONS

5.1. INTRODUCTION

The purpose of this study was to assess whether access to microfinance services has impacted on the development of micro and small businesses owned by women in Addis Ababa. The findings also revealed the institutional approaches of the microfinance institutions and the gender insensitive frameworks that do not consider the gender gaps and disparities of women. The impacts were measured by observing improvements in assets, income, consumption, and increase in decision making power of women and businesses investment. Policy concerns that address women disparity in the business sector were also addressed.

This study assumed that any microfinance intervention attempt has an impact on the clients, their households and businesses. Micro loans accessed from microfinance institutions positively affect or modify the businesses and the businesses in turn generate income that helps women entrepreneurs to finance household income, consumption and improve business investment. The positive changes at individual level include improved decision-making power and improvements in community participation of the micro and small business owner women entrepreneurs. The positive impact on the household may include improved household assets, income and expenditure. Accessing microfinance could result in businesses change and improvement as well. In this research, business improvement was measured by investment in business (any tools purchased for businesses) and change in businesses was measured by new product development, or improving product quality or selling in new markets and the like. The general guiding hypothesis was that being a member of microfinance institutions for two and above years and receiving the loan twice and above enables women entrepreneurs owning MSEs to create more assets, increase household income and expenditure, invest in businesses and hold greater decision-making power at household and community levels. In addition to this key hypothesis, there are about 21 specific hypotheses that were statistically tested and presented in the previous chapters.

A structured survey questionnaire was administered to collect primary data from 120 randomly selected participants from three randomly selected microfinance institutions once at a time. Variables with extreme value items were excluded to avoid the estimation biases.

To measure the impact of program intervention, inferential statistics were used to evaluate the significant difference of the impact of program interventions before and after the intervention. To measure the impact of program intervention for the last one or two years on income and expenditure, logit regression was conducted by categorizing the cumulative loan received by clients below and above ETB 80,000. Findings from the inferential statistics and empirical analysis were supported by in-depth interviews and content data sets.

The unit of measurement in this study is individuals, households and enterprises (businesses). The characteristics of each unit of measurement were highlighted in the document. The respondent's age, educational level, marital status, religion, prior work experience, access to training and trade fair were seen under the individual socio-demographic characteristics of the respondents. Age of the business, frequency of loan received, access to working premises, location of the business premises, the existence of a business strategic plan, source of finance for the business, the existence of a business licence, structure of the business, loan sufficiency, loan usage and sector of the business were seen under business characteristics. Under household characteristics, size of the family was addressed. Impact on assets, education, health, food, decision-making, and community participation were measured using inferential statistics by comparing changes before and after the program intervention. Logit regression analysis was used to measure the trend of income, expenditure and businesses investment of MSEs owned by women in Addis Ababa. The study identified four specific objectives that focus on impact on individual client level, household level, enterprise level and policy level changes related to financial and non-financial services received by MSEs owned by women in Addis Ababa.

The researcher tried to address each of the four objectives in the research. Before reporting on the findings under each objective, demographic, businesses and household characteristics of the respondents are presented below.

5.2. SOCIO-DEMOGRAPHIC, HOUSEHOLD AND BUSINESS CHARACTERISTICS

Most of the respondents were above the age category of 25 years. This implies the questions over the inclusion of economically active age groups (18 – 25) from the services of these microfinance institutions.

There exists positive correlation between age of the respondent and cumulative amount of loan taken. That is, as the age of the respondent increases, the cumulative amount of loan taken increases. This implies that for unemployed women, as family responsibility increases, the tendency to engage in business activity and accessing a micro loan to finance their businesses increases to support their family from the businesses income.

The respondents who participated in technical and vocational training or in college and university graduate level learning remains low (only 21%) – yet technical and vocational training is critical for productivity of MSEs. In this study, the findings show that there exists a negative correlation between cumulative amount of loan taken and level of education. This means that as the level of education increases, the tendency to access a cumulative loan amount decreases. This likely indicates the low level and probability of educated people in Ethiopian in general and women in particular to become entrepreneurs in Addis Ababa. Concerning religious and marital status most women owning the MSEs were Orthodox Christian and slightly greater than 1 in 2 were married. Concerning prior work experience of the business owners, the majority of women entrepreneurs acquired one or more type of skills before the commencement of their current businesses.

A significant number of micro and small business owner women entrepreneurs accessed training after the program intervention as compared to before the program intervention. However, the majority of women entrepreneurs still did not access any training after the program intervention. The survey data reveals that out of women entrepreneurs who accessed training before the program intervention, most accessed technical assistance, market access and linking women businesses to input supply. After the program intervention, women business owners accessed training technology and product development and market access. It seems that the percentage of women entrepreneurs who accessed training in different areas increased after the program intervention. Most women entrepreneurs believe that training can enhance performance of businesses, improve competitiveness and profitability as well as increase market

access and outlet. The survey result varies from the ILO (2002) report in that awareness of BDS is low for many services in developing countries like Ghana and Cambodia (ILO, 2002, p. VII). However, very few women entrepreneurs believe that the training has no effect on business development.

Regarding household characteristics, the average family size was 5.21 with a standard deviation of 1.32. Maximum and minimum numbers in the family were eight and two respectively. On average, around two people were economically dependent at household level that may consume the return from businesses. Regarding the business characteristics, the average age of micro and small women businesses and the number of years clients stayed in the program was 8.53 and 7.27 respectively.

Most microfinance institutions had micro and small business owner women clients who may have had the chance to access microloans after their engagement in business services. Concerning production and selling premises, most MSEs owned by women operated their businesses at home with space or without space. Micro and small business enterprise owning women viewed accessing production and selling premises from city governments as nepotism and lack of concern for women empowerment in action. Unavailability of conducive production and working premises force micro and small business owner women to operate in risky, unstable and unsafe locations.

Micro and small businesses owned women entrepreneurs have limited market sources in the area where their businesses commenced and the operation cost is high for MSEs. The association between cost and production/selling premise is statistically significant and positive in affecting market networks.

The study also indicated that a significant number of micro and small businesses owner women entrepreneurs developed strategic plans after program intervention. The existence of a business strategic plan helped MSEs owned women entrepreneurs to efficiently allocate the resources for long and short time business development goals. The major source of business start-up capital in Addis Ababa was loans from microfinance institution (46.3%). The reason may be due to the sample frame taken from microfinance institutions, which embraces microfinance clients. Other sources of businesses start-up capital include personal savings and informal sources of finance.

Women entrepreneurs holding legal business licences after the program intervention positively affected MSEs owned by women as compared to 4.3% holding the licence before the program intervention. The finding shows that a significant number of micro

and small business owner women entrepreneurs held a legal licence after the program intervention. Concerning business structure, women entrepreneurs owned businesses were mostly sole or individual and partnership-driven ones after the program intervention.

The majority of the women owned MSEs were engaged in the manufacturing, consumption items and services sectors. The micro and small business owner women are mainly engaged in an area that demands low skill and capital. Such a sector is what gender scholars call a “feminized sector”. Women indicated that loan taken to date was not sufficient to conduct their businesses and in businesses such as trade, retail, manufacturing, services and housing. The proceeding sections present the findings of the study along each specific research objective.

5.3. THE RESEARCH OBJECTIVES AND FINDINGS

5.3.1. Research Objective 1 – MF impact on assets, income and expenditure

The impact of a microfinance loan was analysed on indicators of household assets, income, and expenditure of women owning MSEs in Addis Ababa.

First, the impact on house expansion, renting a better house and improving the sanitary systems of living houses were observed and measured. The McNemar test indicates that a significant number of women entrepreneurs owning MSE improved their living house, a proxy measure of household assets, after the program intervention; therefore the impact is positive. A significant number of respondents also improved their cash savings after the program intervention. One-sample T-test conducted on the association between microfinance loan and household income also indicated significant positive improvement after the program intervention. Again, the ordinal logit regression result also confirmed the improvements in the trend of household income for the past 12 months for women owning MSEs. Women who received the cumulative loan to the value of more than Birr 80,000 had secured higher cumulative incomes.

The Wilcoxon test on impact of microfinance loan on child welfare showed significant improvements – the women owning MSEs improved their childcare and financing the costs of childcare after the program intervention. The source of the finance of the childcare was from the business income. The paired sample test also confirmed the

significance on the impact of the microfinance loan on child education – children between 5-17 years old were sent to school after the program intervention.

Also the education level (in terms of grades completed) and performance (in terms of high grades) of students of women owning MSEs and those that accessed microfinance loan have improved. The McNemar test shows that, after the program intervention, a significant number of respondents were able to cover the uniform expenses of their children. Therefore financial services provided by the microfinance institutions positively improved the level of education at household level. Again, the ordinal logit regression result also confirmed the improved trends of the education expense of women owning MSEs who received a cumulative loan above Birr 80,000 for the past 12 months.

The cumulative loan received from microfinance institutions impacted on the health care of household members too. The chi-square test result confirmed a significant impact on household members visiting health stations and also was able to cover medical expenses of household members after the program intervention. The descriptive data also revealed that seven in ten of the women entrepreneurs covered medical expenses from business income and from the microfinance loans. The improvements in MSE business income enabled the women to smoothly finance the health expenses of the women and their household members.

The impact on food and diet was also observed and measured. The one-sample T-test result confirmed that the trend of improvements in food and diet improved in the last one year in Addis Ababa. The significant number of MSEs owning women entrepreneurs in Addis Ababa has improved their food and dietary trends for the last one year after the program intervention. The main reason stated for the dietary improvement was the ability to buy more food items and dietary diversity such as vegetables (two in five), animal products like fish and eggs (three in five) and the ability able to buy more cereals (three in five). Ordinal regression analysis results also confirmed that the trend of food expense in the past one year has improved and women entrepreneurs who received a cumulative loan amount more than Birr 80000 improved their food and diets because of the changes in the increasing trends of household incomes.

5.3.2. Research Objectives 2 – MF impact on business, and decision-making

The impact of microfinance on business investment decisions was observed by using data on reduction in workloads and decision-making power of MSEs owner women in Addis Ababa. The impact of the microfinance loan on the MSEs of women shows that a significant number of women entrepreneurs have made an investment on their enterprises after the program intervention. The change in the business enterprises of women owning MSEs was measured by expansion in enterprise size, introduction of new products, improvements in quality of products, expanding to new enterprises and selling products in new market outlets. These indicators are also the factors that contribute to business development. The data in this study revealed that about three in five of the women entrepreneurs owning MSEs have made investments in their businesses after the program intervention.

The one-sample t-test result also confirmed that the mean business income of the women owning MSEs in the past two years was improved.

The ordinal regression result confirmed higher impact for women entrepreneurs who received a total loan amount greater than Birr 80,000. This was confirmed by the higher odds ratio in regard to injecting new finance to existing MSEs investments. The odds ratio measures the likelihood of impact from the microfinance services. The association from the ordinal regression results is positive and these women have taken business development training and have secured legal licences for their businesses.

The odds ratio shows that the odds of investing in businesses is 25.1 times higher for women owning MSEs and who have received a cumulative loan value greater than ETB 80,000 i.e. after the program intervention. The odds ratio also shows that women owning MSEs who secured legal licences for their businesses are 3.7 times higher in investing in their enterprises while those who participated in BDS training are 5.7 times higher for investing in their businesses as compared to those who did not secure business licences and participate in the BDS training. This implies that the higher total amount of loan taken, the existence of a legal structure for businesses and accessing business management training skills, women entrepreneurs owning MSEs invested more on their businesses after the program intervention. However, the age of the businesses is negatively associated with the odds ratio of investing in their businesses after the program intervention.

Regarding the impact on decision-making power of women owning MSEs at household level, the Wilcoxon Signed Rank test result confirms that a significant number of women entrepreneurs have become principal decision makers on how to use the loan, renting a house and bank savings at the household level after the intervention. Regarding the decision making power at community level, participation in community issues as an individual and as a committee member was observed. The Wilcoxon test result shows that the role of women entrepreneurs in the community increased significantly after program intervention in that women became members of community committees. Regarding the reduction in workload of women, after the program intervention women improved their living house (facilities and utilities) and this has improved their workload at household level – by substituting woman labour and saving energy and time.

5.3.3. Research Objective 3 – Micro Finance approaches on gender disparity

The study examined the financial and non-financial approaches of microfinance institutions to ensuring the targeting of women owning MSEs in their program supports and the approaches of microfinance and stakeholder institutions in place for addressing gender disparity in entry to business enterprises; improve the performance of MSEs owned by women and expand women entrepreneur options in Addis Ababa.

The key indicators of financial support measurement were the tools of loan services from which the analysis focused on size of loan, the interest rate, the amount of the service charge, the rate of insurance premium payment and the terms of repayment applied in each microfinance institution. In terms of the loan size Addis disburses 700 ETB, Vision ETB 4000 and Special microfinance ETB 5000. The minimum loan amount supplied by all microfinance institutions is very small to conduct business in Addis Ababa. Regarding the loan type and the interest rate, the practices vary from 10% to 24% in three microfinance institutions. All microfinance institutions use a flat rate interest method that incurs high interest cost on clients compared to a declining rate.

Regarding the service charge, Addis and Vision microfinance institutions deduct 2% of services charge from the total disbursable amount at the time of loan payment and that reduces the amount of money received by the clients. The insurance payment rate ranges from 1% to 2.5% of total loan amount in three microfinance institutions. Regarding the repayment terms of the selected microfinance institutions, the registered minimum repayment term was six months in all the microfinance institutions except for

eight months at the Vision microfinance institution for men. Similarly, all microfinance institutions set 36 months maximum repayment term, except for Vision microfinance institution which set 24 months for men. The facts and figures on the tools of loan services confirms that the short repayment terms by all microfinance institutions exert pressure on women entrepreneurs owning MSEs to meet the repayment conditions and this further discourages women in their choice of microfinance loans.

5.3.4. Research Objective 4 - National policies and attentions

The review of documents and analysis of the contents of programs of the selected microfinance institutions show that these institutions do not have financial policy designed to address the disparity of women owned MSEs in Addis Ababa. The Women and Children Affairs Bureau also does not have guidelines and intervention audit mechanisms that can help different institutions to channel financial and non-financial resources to women entrepreneurs owning MSEs and in delivering the responsibilities of building the capacities of women and their MSE businesses in Addis Ababa. There is no women-focused special policy implementation and accountability mechanisms and strategies in all the selected microfinance institutions in Addis Ababa. In order to reach these concluding statements, the availability of strategic and annual plans, business development services, financial services and the location of the business, the working premise and infrastructure were observed and the evidence was analysed.

Regarding strategic and annual plans, no special attention was given in the strategic and annual plan in all selected institutions to ensure policy coherence in terms of addressing women disparity in businesses and supporting MSEs women entrepreneurs owning MSEs in the development of the country. Regarding the BDS, the majority of women entrepreneurs owning MSEs were not given any kind of business development services (skill training on business development and product marketing) in Addis Ababa. Moreover, the women data regarding business development services was unavailable in Addis Ababa. Also no special attention was given to women entrepreneurs owning MSEs in terms of special affirmative measures in targeting them as participants in training and skill development programs.

Regarding financial services, in almost all the selected microfinance institutions there is no special financial policy/program to address women entrepreneurs owning MSEs as well as to address factors that constitute women disparity in the businesses sector.

In terms of location of working premises, around two in five of the respondents operate their businesses in their own homes. The remaining respondents operate their businesses on open space in market areas, streets or moving from place to place. Only around one in ten of the respondents operate from permanent buildings. In this respect, women lack appropriate premises to operate businesses in Addis Ababa (Stevenson & St-Onge, 2005, p. 50).

The microfinance institutions and the stakeholders have not made affirmative efforts to enable respondents to have access to production and selling premises. Studies also show that most Ethiopian MSEs lack premises and facilities to produce and sell, but women entrepreneurs quite often report harassment by the police when attempting to conduct their business on street corners. In addition to these factors, capital shortages, inadequate/uncertain markets and high taxes remain major constraints to expand MSEs in Ethiopia in general and for women MSEs owners in Addis Ababa in particular.

5.3.5. Research Objective 4 - Constraints of women-owned MSEs

The constraints of women-owned MSEs and policy alternatives in redressing the disparity (gender gaps of women) in the MSE businesses sector in Addis Ababa were assessed. Constraints hindering the development and expansion of MSEs owned by women in Addis Ababa are lack of raw material, working premises (production and sales), business networks and markets and business skills. In addition, high government taxation, inappropriate competition from large enterprises and lack of capital were constraints of MSEs in Addis Ababa. Out of these constraints, the key factors are lack of business skill, lack of working premises, lack of capital and inappropriate competition from large companies. The lack of production and selling premises is the main constraint for the development and expansion of businesses owned by women entrepreneurs while lack of business skills and lack of capital constitute the second and third main constraints for women-owned business development and expansion.

5.4. SUGGESTIONS AND RECOMMENDATIONS

The findings of the study show that women entrepreneurs who own MSEs have the potential as economic promoters to maintain a better family life and prove their agency

as economic actors. In both survivalist and growth-oriented MSEs, women entrepreneurs strive to sustain and support their families while also working to expand their business enterprises. As observed, positive impacts were registered at household, business and individual levels on most of the indicators. In Addis Ababa, the women unemployment rate was more than double compared to men. The number of women residents is higher compared to men residents in Addis Ababa. Job opportunities and the new jobs created in the economy are very limited in absorbing the work force in Addis Ababa. The historical inequality among men and women as well as discriminatory policy frameworks perpetuates the gender gaps (women were discriminated against by gender insensitive frameworks and practices). The Ethiopian constitution calls for affirmative measures for women; the national women development policy and strategy gives due attention to women's economic empowerment in Ethiopia. The Ethiopian National MSEs Development Strategy focuses on the development of MSEs as the base for medium and large industry development of the nation, though it does not identify survivalist and growth-oriented MSEs as policy focus and resourcing. This policy also boasts of being pro-poor in nature and targets the excluded sections from the formal labour force. However, it does not implement affirmative actions that benefit women and redress the historical inequalities of women, though putting a women agenda at the centre of economic development helps not only women, but also family, society and the economy.

Besides this, the national policies and strategies that target women were not effectively implemented in respective institutions such as the Ethiopian Women Policy and the Ethiopian Women's Development Package. Therefore, from the findings and the conclusions above, the study recommends the following for better results to be registered in future interventions.

5.4.1. Improving institutions, policy, strategy and planning

Most of the respondents were above the age category of 25. This implies that microfinance institutions may exclude economically active work members (18-25) due to collateral requirements. If these age categories are excluded, it may contribute to the persistence of women's dependence on men, exclusion from economic benefits and may lead to overall subordination and discrimination in societies. This is one of the focus areas that need government intervention in terms of designing affirmative

schemes and maintain inclusive microfinance services for all economically active women in the city. Government support is relatively low for women entrepreneurs in the MSEs sectors. One of the support areas, for instance, is TVET and skills training. The percentage of technical and vocational training, college and university graduate women entrepreneurs is low. Women participants in the TVET training need to be encouraged and government work on this skill development is needed since TVET and skill training enhances the performance of MSEs. The other support area is working premises for production and selling. These are the main constraints of MSEs.

Most of the MSEs owned by women were located in residential houses, open markets, streets and by moving from one place to another. Government tries to avail production and working premises for MSEs owners – but no affirmative framework is in place to benefit women and reduce their historical inequalities. Working premise related costs are high and drain the capital for house renting, reversing business decline, facilitating market networking and accessing raw materials. In this respect, the number of branches especially for NGO and private affiliated microfinance institutions should be expanded to enhance the accessibility of financial services to larger numbers of women. It is essential for all responsible institutions to design women-focused institutions, institutional systems, policies and strategies by putting women issues at the centre of the agenda and women as key actors. Addressing the women's agenda in respective institutions may help the coherency of national and sectorial policies as well as implementation and evaluation of results. In this respect, government must design approaches to implement in a manner that benefits all citizens. Sources of finance, the responsible organ to carry out the responsibility, the integration of different organizations and the evaluation methods are essential.

The national MSEs development strategy document advocates that general attention be paid to women. However, the strategy must critically include the affirmative actions granted to women in general and women entrepreneurs owning MSEs in particular in areas of financing, training and skill development, provision of production and selling premises, promotion of market networking and the accomplishment of the overall long and short time objectives. Otherwise, it may be very difficult for interventions to abolish the historical legacy of inequality and discrimination suffered by women. In this respect, gender mainstreaming is needed by the institutions of women and the stakeholders working on women empowerment. Addis Ababa Women and Children Affairs Bureau is

expected to design the guidelines that help the respective institutions to channel the financial and non-financial resources to women entrepreneurs who own MSEs.

Microfinance institutions are expected to design women focused policies and strategies to address the bottlenecks that limit women entrepreneurs who own MSEs in accessing financial services. These may include designing loan programs allocated or percentage of loan portfolios dedicated to women-owned micro and small businesses other than women enterprises development programs funded by UN, or any NGO programs. Designing technical and management assistance and training to micro and small business owner women entrepreneurs before and after loan disbursement, and consultancy and counselling programs specifically for micro and small business owner women entrepreneurs enhances their visibility while also ensuring the proper targeting and representation of beneficiaries from historically excluded categories and supported by the 1995 Constitution of Ethiopia. The institutions and stakeholders that use both MFIs and MSEs in particular in designing schemes for reporting challenges of micro and small women-owned businesses to policy makers and special financial services schemes to help micro and small owner women entrepreneurs. The special schemes include reducing the minimum compulsory saving requirements, adjustment of the collateral requirement or collateral free loans, women focused insurance schemes to minimize or avoid vulnerability and failure of women micro and small businesses, women focused loan terms and a flexible repayment system, and women's legal advisory services.

5.4.2. Bringing MSEs agenda to the centre

Ethiopia's Growth and Transformational Plan II, GTP II, paid due attention to women economic, political and social development. Based on the National Growth and Transformation Plan, institutions in their own sectors and areas of influence are expected to design national micro and small women business development strategies (by engage all stakeholders) and by giving women the opportunity to access intervention benefits equally – now and in the future. These may include, among the others, designing women MSEs supportive national strategies and policy, establishing a national forum on women micro and small business development and setting agendas to be addressed, indicating the responsibility and accountability of different stakeholders including private sector, government and non-governmental organizations and

periodically evaluate the accomplishment of the pre-set action plan. The recommendations in this sub section also refer to creating awareness on the contribution of women economic empowerment, identifying different cultural barriers to women owners of MSEs and designing the way to address the challenges by bringing together all stakeholders, integrating available resources to minimize or avoid resource duplication, designing the national strategy on women businesses management capacity building programs and designing national women MSEs marketing, input supply, technology development and experience sharing strategy to network women businesses. To implement these recommendations and review the benefits obtained from national women business strategy implementation and to ensure that women are actually benefitting from any program intervention, there must be a national strategy that guides financial institutions to target women business enterprises and clearly articulate MSEs, woman's business issues and the demands that need a political intervention and push for them to be set as policy agenda.

5.5. AREA FOR FURTHER STUDY

The areas for further research are as follows. Participation in business training and related non-financial has positive impact on the business development of MSEs owned by women. However, further research is required to measure the contribution of specific types of training for specific types of business investment and expansion. The finding also showed that, as the cumulative amount of loan received by clients increased, the likelihood of investing in businesses also increased for women entrepreneurs owning MSEs. However, further study is needed to measure the marginal effect of the additional cumulative loan received on the business investment by women entrepreneurs owning MSEs. In this study the results (descriptive and inferential statistical tests) reveal that as the age of businesses increase (starting its entry to markets), the tendency to invest in businesses decreases. Therefore, further study is needed to justify why it decreases in comparison with men entrepreneurs owning MSEs in Addis Ababa.

The results in this study were substantiated from cross sectional data on the impacts at household levels. Further study is needed to track the impact of microfinance intervention on business development and expansion using longitudinal household and business level indicators. Also the impact that was registered on household income as

well as expenditure on health, education and food/diet were positive and this has positive implications for poverty reduction. However, studies that evaluate the effect on poverty reduction must include other dimensions of poverty and the use of appropriate poverty research methodologies – such study needs further research.

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ANNEXURES

ANNEXURE 1: MCNEMAR STATISTICAL TEST RESULTS

Variables	N	Chi-Square	Asymp. Sig.
Improved existing roof/ or floor/ or walls	116	.138	.710
Expanded house	116	49.424	.000
Rented better house	116	30.420	.000
Improved/ water sanitation and electrical system	116	62.645	.000
Bed with mattress before and after program intervention	116	31.130	.000
Sofa set before and after program intervention	116	9.500	.002
Cash saved at home (bank) before & after intervention	116	71.014	.000
Client's covering school uniform expenses after program	75	58.017	.000
a. McNemar Test	b. Continuity Corrected		

ANNEXURE 2: PEARSON CORRELATION RESULTS

Variables		Total loan amount	Respondent's Age	Client stay in the program
Cumulative amount of loans taken	Pearson Correlation	1	.222*	-
	Sig. (2-tailed)		.016	-
	N	116	116	-
Age of respondents	Pearson Correlation	.222*	1	-
	Sig. (2-tailed)	.016		
	N	116	116	-
*. Correlation is significant at the 0.05 level (2-tailed).				
Cumulative amount of loans taken	Pearson Correlation	1	-.102	-
	Sig. (2-tailed)		.276	-
	N	116	116	-
Level of Education	Pearson Correlation	-.102	1	-
	Sig. (2-tailed)	.276		
	N	116	116	-
Cumulative amount of loans taken	Pearson Correlation	1	.455**	.410**
	Sig. (2-tailed)		.000	.000
	N	116	116	116
Age of the business enterprise	Pearson Correlation	.455**	1	.587**
	Sig. (2-tailed)	.000		.000
	N	116	116	116
Client access to MFI in Years	Pearson Correlation	.410**	.587**	1
	Sig. (2-tailed)	.000	.000	
	N	116	116	116
**. Correlation is significant at the 0.01 level (2-tailed).				

ANNEXURE 3: PAIRED SAMPLE T-TEST RESULTS

Variables	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Conf. Interval	
					Lower	Upper
Cost of premises after intervention	19.95	47	.000	3.708	3.33	4.08
Household income trend over 12 months	48.67	115	.000	2.276	2.18	2.37
Dietary trend over 12 months	49.58	115	.000	2.534	2.43	2.64
Business income trend over 12 months	35.99	115	.000	3.483	3.29	3.67
Children in school after intervention ¹	-9.60	115	.000	-.931	-1.123	-.739

ANNEXURE 4: CHI-SQUARE TEST RESULTS

Variable	df	Chi-Square	Asymp. Sig.
Cover household medical expenses after program	1	48.016a	.000
a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 31.5.			

ANNEXURE 5: WILCOXON (RANK) TEST RESULTS

Variables	Z	Asymp. Sig. (2-tailed)			
Received training (business development services) after program	-5.831b	.000			
Prepared written strategic business plan up on start of business	-3.317b	.001			
Have licence after program intervention	-4.105b	.000			
Children get care at home by non-family members after program	-6.604b	.000			
Source of finance for childcare after program intervention	-4.955b	.000			
Highest grade level Attained by Children before & after program	-9.360b	.000			
Decision-maker on Renting House	-.952b	.341			
Decision-maker on Bank Saving	-1.521b	.128			
Decision-maker on Loan Utilization (negative rank)	-3.147b	.002			
Client Women's Role in the Community (positive rank)	5.507b	.000			
a. Wilcoxon Signed Ranks Test b. Based on negative or positive ranks					
R Test Variable	N	Mean Rank	Sum of Ranks	Ties	Total
Highest grade level attained by children (-ve rank)	0a	0.00	0.00	5c	116
Highest grade level attained by children (+ve rank)	111b	56.00	6216.00		
a. Highest grade level your children has completed after program intervention < Highest grade level your children has completed before program intervention					
b. Highest grade level your children has completed after program intervention > Highest grade level your children has completed before program intervention					
c. Highest grade level your children has completed after program intervention = Highest grade level your children has completed before program intervention					

¹ A paired difference of mean = -.931, Standard error mean = .097, standard deviation = 1.04, 95% Confidence Interval of the Difference of upper bound = -.739 and lower bound = -1.123 for pair 1.

ANNEXURE 6: ODDS RATIO (REGRESSION TEST RESULTS)

The Odds of Business Investment		B	S.E.	Wald	df	Sig.	Exp (B)	95% C.I. for EXP(B)	
								Lower Bound	Upper Bound
Step 1 ^a	Total Loan Amount	3.222	.874	13.60	1	.000	25.07	4.523	138.907
	Business Age	-.911	.662	1.896	1	.169	.402	.110	1.471
	Businesses Licence	1.312	.586	5.020	1	.025	3.715	1.179	11.711
	Training	1.736	1.247	1.938	1	.164	5.677	.493	65.414
	Constant	-1.416	.632	5.018	1	.025	.243		

a. Variable(s) entered on step 1: cumulative loan, age of businesses, licence, and training.
Nagelkerke R Square 30.8%, correctly predicted percentage 78.4%, model coefficient <0.0005

ANNEXURE 7: LOGISTIC REGRESSION RESULTS

Household income trend Parameter Estimates		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[Income trend = 1]	-5.866	.894	43.018	1	.000	-7.619	-4.113
	[Income trend = 2]	-1.208	.659	3.362	1	.067	-2.499	.083
Location	[total loan amount =.0]	-2.347	.697	11.326	1	.001	-3.714	-.980
	[total loan amount =1]	0a	.	.	0	.	.	.
Link function: Logit. Goodness-of-Fit 0.846, Model Fitting Information p<0.0005, parallel line assumptions 0.785								
Threshold	[Trend food exp = 1]	-4.559	.874	27.225	1	.000	-6.271	-2.846
	[Trend food exp = 2]	-1.218	.660	3.405	1	.065	-2.511	.076
Location	[cumulative loan =.00]	-1.005	.689	2.132	1	.144	-2.355	.344
	[cumulative loan =1.00]	0a			0			
Link function: Logit. a. This parameter is set to zero because it is redundant. b. Goodness-of-Fit 0.59 Model Fitting Information p=.12 parallel line assumptions 0.59								

ANNEXURE 8: WOMEN OWNED MSEs SURVEY QUESTIONNAIRE

Women owned MSEs Survey Questionnaire: The purpose of this questionnaire is to collect data that will enable the researcher to find out the impact of microfinance and non-financial program interventions on women-owned MSEs at individual, household and enterprises level. Moreover, information concerning availability of working place and market outlets will be assessed. The research is purely for academic purposes. You were randomly selected for the survey. The researcher assures you that the information you will give will be treated as confidential and will be used for the purpose of the study only. Please kindly answer the questions below. We request your cooperation in order to make this research successful.

Thank you

Part I. Demographic and socio-economic status marriage

Individual Level: Basic Information

S. No.	Questions	Codes	Responses	
Demographic individual level information				
1	How old are you?	write in number		
2	Religion	1) Orthodox Christian 2) Protestant Christian 3) Catholic 4) Muslim 5) other/ specify		
3	Marital status	Married with spouse Unmarried Widowed Divorced		
4	What is the highest-grade level you obtained?	Highest grade in terms of Number of years in school		
Family basic information (# of persons living with you & share same food)				
5	How many persons in your household (live with you & share same food)	Number of persons less than 15		
		Number of persons from 15-64		
		Number of persons above 64		
Enterprises level basic information				
6	What is the age of the business enterprise you own (work for)?	write age in years		
7	Did your business issue businesses licence	(1) Yes (2) No		
(Answer as required about the questions below before & after program)			Before	After
8	What is the structure of your business	(1) Sole or individual ownership (2) Partnership (3) Cooperatives (4) Private limited Company (5) Share company		

		(6) Other (Please specify) -----		
9	What is the sector of the business you are engaging in?	(1) Construction (contracture, mining, etc.) (2) Manufacturing (processing, textile etc.) (3) Service (hairdressing, restaurants etc.) (4) Trade and commerce (supply, etc.) (5) Urban agriculture (dairy, poultry etc.) (6) Others/ specify -----		
10	What was the source Initial finance to start businesses? (Multiple answers are possible)	(1) Personal savings (2) Financed by Spouse (3) Informal sources (Eqqub, Relatives) (4) Inheritance (5) Loan from informal money lenders (6) Microfinance institutions (7) Remittance (8) Aid money (9) Others/specify		
Access to loan, and repayment information				
11	# of years the clients stayed in program	write number of year in program		
12	Loan cycle	write in number (e.g. 2 years)		
13	Amount of first (initial) loan	write in ETB		
14	Amount of last loan	Write in ETB		
15	Total amount of loan taken	Write in ETB		
16	Is the loan amount sufficient to perform your business?	(1) Yes (2) No		
Loan Utilization			Before	after
17	How did you use the last loan you received from micro-finance institution	(1) Expand businesses activities (trade, etc.) (2) Household consumption (food, etc.) (3) Give the money to your spouse (4) Keep the money at hand for emergency (5) Repay other debt (6) Use for house purchase or renovation (7) Use for ceremonies, like wedding, etc. (8) Others/specify -----		
18	Loan repayment			
Impact on asset				
19	Can you please tell me the kind of assets you own	(1) Cupboard/Bed with mattress (2) Sofa set and related assets (3) Cash save at home or bank (4) Others/specify -----		
20	Did you make any repairs, improvements, additions, or build new house to your home?	(1) Yes (2) No		
21	If yes for Q20 above, which of the following improvements have you made on your house?	(1). Improved roof/floor/walls, utilities (2). Expansion of house (built room, etc.) (3). Rented better house for residential (4). Improved utilities (water, etc.) (5). Others/specify		
Impact on household Income				
22	How was the trend of household income for last 12 months	(1) Decreased (2) Unchanged (3) Increased		
Impact on Education				
23	Do you have children in your household below school age of five years?	(1) Yes (2) No		
24	If yes for Q23, have you taken the children to	(1) Yes		

	child-care or volunteer child care at your home?	(2) No		
25	If so, what is the source of finance to cover childcare (from business income, fixed salary income, etc....)	(1) ----- (2) ----- (3) -----		
			Before	after
26	How many children in your household are school-aged (5-17 years)?	Write in number		
26	Number of Children sent to school	Write in number		
27	Number of children not sent to school	Write in number		
28	What is the highest grade level any of your children has completed?	Highest grade in terms of # of years in school		
29	Are you able cover child uniforms cost for all the students in the school	(1).Yes (2). No		
	Impact on Health		Before	after
30	Did one or more family member visit health stations for the 12 months?	(1).Yes (2). No		
31	If yes, were you able to cover your household medical expenses	(1).Yes (2). No		
32	If you are able to cover health expenses, what was the source of finance in covering household medical expense?	(1) Business income (2) Saving, salary, wage (3) Microfinance loan (4) Others (specify) -----		
33	What is the trend of health expenditure in past 12 months in your household	(1). Decreased (2). Unchanged (3). Increased		
34	Impact on food			
35	How was the trend of your food and dietary in the twelve months	(1). Decreased (2). Unchanged (3). Increased		
36	If your dietary improved, what contributed to the improvement?	(1) ----- (2) ----- (3) -----		
	Impact on Enterprises			
37	Where is the location of your business establishment?	(1) Living home or attached to it (2) Permanent building out of compound (3) On open space (as sale place) (4) On open street or Mobile(as sale place) (5) Others/specify.....		
38	Ownership of Working premises	(0). Government----- (1). Private -----		
39	How do you feel the cost of working premises	(1). Very high cost (2). High cost (3). Remained constant (4). Low cost (5). Very low cost		
		Observation	Before	After
40	During the last 12 months, Did you made any change on enterprise activity?	(1) Yes (2) No		
41	If the answer is yes, which of the following changes you made on enterprises activities	(1) Expanded size & product (2) Added new products (3) Improved quality of products (4) Started a new enterprise (5) Sold in new markets/locations (6) Others/specify		
42	During the last 12	(1). Invested on small tools		

	months, did you purchase or invest in any of the following assets for your enterprise activity?	(2). Invested on assets (etc.) (3). Invested on tools (machine, etc.) (4). Purchased transportation means (5). Invested in a storage structure (6). Invested market structures; (7). Purchased major equipment (8). Others/specify		
43	What is the trend of the income of your businesses over the last 2 years?	(1) Decreased (2) Unchanged (3) Increased		
44	What was your market source when you commenced your business: (you may tick more than one)?	(1). In my business start site (2). In AA different sub-cities (3). In different regions) (4). International (5). Others, please specify) ----		
Impact on decision making				
45	Who makes decision on renting businesses premises?	(1) Self (2) Husband (3) Husband and you (4) Relatives (grandparents, etc.) (5) Others (Specify)		
46	Who is the principal decision-maker over the loan utilization?	(1). Self (2). Husband (3). Husband and you (4). Relatives (grandparents, etc.) (5). Other, specify		
47	Who is the principal decision-maker in bank saving	(1). Self (2). Husband (3). Husband and you (4). Relatives (grandparents, etc.) (5). Other, specify		
48	Which of the following represents your role in the community? (Multiple answers possible)	(1) As community committee member (2) Attended meetings when invited (3) Never participate in the community (4) Others (specify) -----		
Business Development Services				
49	Has the businesses received any business development services or training for a day or over an extended period?	(1).Yes (2). No		
50	If the answer is yes, indicate the type of BDS you received (Multiple answers possible)	(1) Market access (2) Link MSEs to input suppliers (3) Technology-product development (4) Technical assistances (5) Packaging & advertising (6) Others/specify.....		
51	What do you think the contributions of business development service (training) to you businesses? (multiple answers possible)	(1). Improved business performance; (2). Improved competition & profitability (3). Improved business incomes (4). Increased market access & outlet (5). Contributed to new products (6). Adopted new technology (7). Does not have any effects, (8). Others specify -----		
52	Are you willing pay if training is given	(1).Yes		

	by commercial market?	(2). No		
53	What are the reasons for not willing to pay for similar Training cost at market (multiple answers possible)	(1) No association with skill training; (2) Time schedule not conducive (3) No money to pay training cost (4) I don't have information on training (5) Commercial training centre is far (6) Others, specify		
54	Did you prepare a written strategic business plan	1. Yes 0. No		
55	If the answer for NO 94 is no, especially after program intervention, can you please tell the reason for the non-existence? (multiple answers are possible)	(1). Lack of skill for strategic businesses plan preparation (2). I do not understand the contribution of strategic plan (3). It consumes time and scarce resource (4). Businesses can survive without strategic plan (5). I do not understand the concept of strategic plan (6). Others/specify		
56	Which of these skills did you possess at the commencement of your business? (Multiple answers)	(1) Legal, sales, and Marketing (2) Technical/production/operational (3) Financial & accounting management (4) Managerial/administration (5) Others/specify		
57	Indicate three major constraints of marketing for your business	(1) ----- (3) ----- (4) -----		