WOMEN ENTREPRENEURSHIP AND GROWTH OF SMES IN BUKAVU TOWN- DEMOCRATIC REPUBLIC OF CONGO

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Abstract - The Small and Medium sized Enterprises (SMEs) play a significant role in all economies. They help to create the majority of jobs and account for over 50% of Gross Domestic Product (GDP) in most countries. This contribution has an effect on the economic and social well-being ofan environment and also impacts a country's growth. Indeed, the growth of SMEs is the result of a veritable management decision where entrepreneurship remains a key component. It is recognized that both men and women entrepreneurs play a significant role in the growth of firms managed by them. The sector of women entrepreneurship depends both on the situation of women and the place of entrepreneurship in a society. It is recognized as a source of economic growth insufficiently exploited and took an important place in most of industrialized countries and also the specific characteristics (micro enterprise) in developing countries. Nowadays, firms under women management are increasing quickly in Bukavu town. Despite the raising number of SMEs in Bukavu town and their contribution in the economy of the town, women entrepreneurs face the limited access to adequate financial resources because of discrimination and gender issues. Women entrepreneurs are also facing the insufficient human and social capital necessary to facilitate the growth of their SMEs. Given these multiple problems, the present study aims to find whether SMEs managed by women show growth and explains the relationship between women entrepreneurship and the growth of SMEs in Bukavu town in the Republic of Cong. Data used in this study were collected from women entrepreneurs of SMEs in Bukavu town using a structured questionnaire based on previous studies. The collected data was analyzed by using descriptive statistics and the Binomial Logistic Regression.
The finding confirms that SMEs managed by women show a positive growth in sales (turnover) and a low growth of employment. The woman as an entrepreneur had a positive and significant relationship with the activity sector and a negative and significant relationship with growth in turnover. In addition, women entrepreneurs also showed insufficient social capital and financial resources needed to grow their business.

Keywords - SME, Women Entrepreneur, Growth of SME, Bukavu Town

I. INTRODUCTION

The Small and Medium sized Enterprises (SMEs) play a significant role in all economies. They help to create the majority of jobs and account for over 50% of Gross Domestic Product (GDP) in most countries (France Pearson, 2007; Bouazza, 2015). This significant contribution has an effect on the economic and social well-being of its environment (Balemba, Malaika and Mashali, 2013). Thus they play an essential role in the dynamism and economic development of a region and it is important to prove their importance in modern and advanced economies, as well as in developing countries.

To grow, SMEs rely on several development levels and opportunities offered by their environment (CGPME and KPMG, 2012). It is important to raise the importance of the SMEs growth, since this is the basis of their role in an economy and the growth is considered a normal, inevitable progression that can have a direct impact on an economy for many years (Janssen 2011). The growth is complex, multidimensional, heterogeneous phenomenon, difficult to predict and measure, which can be manifested in different ways (Haguma, 2015); it is also considered a key predictor of the firm's and the critical to the continuation of the business performance.

II. LITERATURE REVIEW

Many studies show that women's involvement in entrepreneurship is essential to the growth of a country and these women are a necessary economic strength. The increase in female entrepreneurial participation rates in the world, reflects both a change in attitudes and morals, and changing economic realities that woman's work consideration has gone beyond the domestic sphere and it is oriented on market sphere (Charmes, 1996). However, the literature on women entrepreneurship treats both the situation of women in society and the role of entrepreneurship in the same society as related areas. So the place and success of women entrepreneurs must be looked as it depends on cultural and environmental factors (Viviane B. et al., 2005).

The growth of firms owned by women is said to depend on the motivation of these women, their initial characteristics, their objectives, their risk aversion to the state, their relationship with institutions supporting women entrepreneurship (Charmes, 1996; Viviane B. et al, 2005). In addition, characteristics of the leader of a business owned by a woman is said to influence the firm's growth through initial training, experience, motivation, personality and networking (Gueguen, 2010).

Women entrepreneurs face challenges when they are developing and managing their activities and many of those challenges remain even after the establishment and growth of their business. A number of barriers women entrepreneurs face, affects the development and growth of the company including the lack of knowledge, skills they need to grow their businesses (Subhash and Sunita, 2007). Several studies show that with equal business opportunities to men, women have more difficulty obtaining funding for their business when compared to their male counterpart and therefore they have more difficulty developimg their projects (Viviane et al., 2005). Thus, funding remains a major problem for SMEs run by women as far as those run by men and impacts the level of creation and the effective operation of their business (Thione, 2006; Balemba, Lukuitshi and Mashali, 2013). However, as women begin to venture into entrepreneurship, studies have found that there is this little time, they lack role models and therefore they lack experience to adequately and fully develop their businesses. Studies have also found that women entrepreneurs lack the necessary networks and that the social networks and social capital they have, are different from men and so they have less access to the means, to aid and necessary key information to create and manage their businesses (Malika, 2001; Swithina and Smith-Hunter, 2009).

III. DATA COLLECTION AND SAMPLING

Data collection was performed using the survey technique. The survey was sent to potential participants in three towns of Bukavu in the Republic of Congo and lasted one month from the period 11 August to 13 September 2016. The data was collected based on a structured questionnaire which is inspired by research and information from previous studies done on women entrepreneurs and the objectives in our study. We administered questionnaires to 120 women leaders of SMEs in Bukavu town chosen in the four sectors constituting our target population. A questionnaire was submitted to each participant, willing participants completed the survey in person, or on their own and returned after completion. A total of 102 questionnaires were completed and their findings were analyzed and summarized for this study.

IV. RESULTS

The research indicates that the age of the majority of women entrepreneurs is between 20 and 45 years, either. Further, the women entrepreneurs in Bukavu town entered entrepreneurship at a young age, after not encounter any viable opportunities in the mainstream labor market after graduation. In addition, the majority of women entrepreneurs in Bukavu town are married, approxiamtely 62.7%. This is identical with the results found by Smith-Hunter and Leone (2010) whose study looked at women entrepreneurs in Brazil. Based on the high rate of marriage of the women in entrepreneurs and their age range of between 20 to 45 years old, once can infer that women are moving into entrepreneurship to make a due contribution and solution to the income and expenses of their household and to be independent.

The results also indicate that more than half of women entrepreneurs are working in general trade sector, approximately 57.8%. This high rate of women entrepreneurs in general trade sector is justified by the fact that this sector is much more developed and does not require a lot of skills to enter into. Those results are confirmed in other studies like Robichaud and Egbert (1992) conducted in Ontario, Canada, and in another study conducted, in two regions of southern India such as Tamil Nadu and Kerala by Malika (2001) and a study in Kenya conducted by Sedina and Orpha (2013). All of the preceding studies showed the majority of women entrepreneurs operating in the general trade sector. Only 23.5% of women are in the Pharmaceuticals sector; 10.8% are in the garage and workshop sector, and finally 7.8% are in the Hotels and Bars sector.

These SMEs further showed that 3.9% were created between 1980 and 1990; 5.9% between 1990 and 2000; 44.1% between 2000 and 2010 and 46.1% between 2010 and 2016 with an average age of 8 years. This one indicates that the majority of SMEs owned by women are young enterprises in Bukavu town, women are now starting to exercise activities once reserved for men. However, most of these SMEs use equity to finance their activities, or 69.6%, while only 30.4% use hybrid capital. This characterizes the lack of financial resources of SMEs as equity is not sufficient to them to grow their business. The results further showed the women entrepreneurs primarily used funds from their husbands (for the majority of women who are married). In addition, the results showed that startup funds were sufficient and the women entrepreneurs often chose not to use other sources of funding. The results also found that the women entrepreneurs were averse to risk, which can be assumed to be related to difficulties in access to credit, interest rates that were often very high compared to the average expected profitability from the business. Thus most women entrepreneurs in Bukavu finance the growth of their SMEs through reinvestment of profit resulting from their previous activities.

The results also indicated that 56.9% of the women have a secondary education level; 28.4% have undergraduate education level, 11.8% have a bachelor degree and only 2.9% have a primary education level. This shows that over half of women entrepreneurs in Bukavu town have a good education level, allowing

them to improve their competence and ability by facilitating the identification and capture the opportunities offered by their environment. It also speaks to their ability in addressing threats and master all transactions tied to their entrepreneurial activities and then having knowledge in the activity sector in which they operate. These results are identical with results found by Balemba, Lukuitshi and Muhindo (2014) in Bukavu town and those by Kalpana (2016) and contrary to the results found by Hassan and Mugambi (2013) in Garissa in Kenya. Thus, 66.7% have already done a similar work to the current study. These results are contrary to the results found by Malika (2001) and Hassan and Mugambi (2013) that indicated that women entrepreneurs have a weak education level.

Our research indicates that women entrepreneurs in Bukavu town are still experiencing important social capital networks that can allow them to have access to credit, to have the resources to grow their businesses, to create their firms by having all the information about the area in which they wish to operate. Approximately half of the women entrepreneurs (53.9%) gave themselves the idea to create their enterprises, while 26.5% were encouraged to enter into entrepreneurship by their spouse in order to contribute to the household income. These results are similar with the study of Balemba, Lukuitshi and Muhindo (2014). The study also found that 42.2% of women entrepreneurs are moving in entrepreneurship to support the family, 33.3% of them entered in entrepreneurship because of unemployment and only 14.7% pursued it to be independent. Therefore, the reason to move into entrepreneurship is the main motivator pushing women to grow their activities and thus provide part of the solution to poverty reduction in their environment.

It was also shown that 61.8% of these women entrepreneurs have at least one family member who is an entrepreneur. This result is identical with those of Malika (2001), Robert and Alicia (2008), Shukuru (2016) and contradictory to that of Smith -Hunter and Leone (2010). This could indicate that the majority of women can benefit from the emotional or financial support of entrepreneurial learning by working in family members' enterprises when they are young. This is further evidenced by the results that showed that 72.5% of women are associated with entrepreneurial activities in their youth, which can foster an interest in them to move in entrepreneurship.

Our investigations indicate that about 102 SMEs surveyed, only 30.4% have hired at least one employee. This low rate of job creation is due to the fact that SMEs managed by women often resort to family workforce. Thus women usually create jobs for their families even for their spouse. Further, 55% showed a robust growth of their turnover over a period of 5 years between 2011 and 2016, while 40.8% of them showed a stagnation of employment and 30.2% showed a stagnation of sales. This high rate of stagnation is explained by the fact that during the period of our study, the creation of jobs and turnover growth is not proportional in different sectors due to cyclical fluctuations. There are sectors activities which are more developed than others and SMEs that located in those sectors are experiencing rapid growth in turnover compared to the others. Such is the case of general trade, hotels and bars sectors in which the majority of SMEs showed a better growth. Less developed sectors show a very low growth due to a slow development of their sector. Such was the case of pharmacies, garages and workshops sectors.

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