

Challenges for Afghan Women Led Small and Medium Enterprises and Suggested Solutions: A Thematic Analysis

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Abstract

The purpose of this research paper is to explore challenges women-owned small and medium enterprises currently face in Kabul, Afghanistan and means overcome these challenges. For achieving the said objectives author applied constructed open ended questions to develop themes evolving research question. The author conducted interview from 16 women-led small and medium enterprises, then through Attride-Stirling method, went through all stages started from transformation of information to cods for the purpose of basic, organizational and global themes. Major findings suggest that the main challenges of women small and medium enterprises are Lack of financial resources and support, none-availability of specific market and platform for business development in Afghanistan, high bureaucracy in government procedures and documentations for business registration and taxation. Besides, social and environmental barriers always exist due to lack of education and family support as well as gender discriminations. Similarly factors such as political, economic and instability is can have their adverse effect on business development in country. This report presents some possible solutions like governmental relaxation in procedures and documentations. Study further recommends the government to provide facilitation of business incubation center, low interest business loan, entrepreneurship training programs to improve women small and medium enterprises.

JEL Classifications: Mo, M1

Keywords: Small and medium enterprises, women challenges, Organization development

Introduction

In current economic world, small and medium enterprises (SMEs) play a major role in innovation and jobs creation. Women also have been successful in breaking limitations of their homes by entering into different type of professions, one of those professions is entrepreneurship. Women entrepreneurs in small and medium enterprises have proved to be on par with their men counterparts Chinomona, E., & Maziriri, E. T. (2015).

There are several factors like personal motivations and hard work, socio culture factors, business environment support, personal qualities and family background, economic independency, social status, achievements, high confidence and courage for women to initiate their own businesses and part remain WSMEs (aka women small and medium enterprises) (Parvin, L., Jinrong, J., & Rahman, M. W., 2012).

1.1 Problem Statement

Official statistics suggests that half of 35 million Afghanistan population are female however, only 3% of afghan women entrepreneurs are registered with government (MoIC, 2018). Less number of women participation in business sector indicates that start of business is highly challenging to women in this country. This further asserts that growth and development of WSMEs is prone to challenges similarly. Therefore, the aim for conducting this research is to find out the factors which can be challenges for women in SMEs and also the possible solutions which can reduce these challenges and help women to publish their own business and move independently.

1.2 Research Question

- What are the current problems and challenges faced by Women Entrepreneurs in Afghanistan?

1.3 Research Objective

- To find out the problems and challenges of Afghan female entrepreneurs.
- To find out the solution for challenges and problems female entrepreneurs face.

2. Literature Review

2.1 Small and Medium Enterprises

SMEs are those enterprises which have small and medium size, for having small and medium size company there are some requirements, and those requirements divided in two groups of qualitative and quantitative attributes.

Using quantitative attributes include average of employment, annual turnover which amongst asset value is the most improvement. as far as qualitative attributes are concerned there are some important aspects which SME firms should possess. These include how the firm is dominated by an entrepreneur and if it has a network of personal contacts with customers (suppliers) and relative openness to them, enterprise services (produce) in accordance with individual customer, not formalized

organizational structure, contacts between the management company and co-workers are close and informal, fast response to changes in the environment, separate type of financial management, small market share, economic and legal independence, activities of small and medium enterprises is often associated with a single product or a poorly diversified (Matejun, 2014).

2.2 Women Small and Medium Enterprises

The small and medium sized companies owned by women called women small and medium enterprises. Women entrepreneurs are those women who initiate, manage, and owns at least 50% of company ownership (Mwobobia, 2012). WED project defines the women enterprises which have following specifications, women have more than 50% ownership, women manage the business and women are the business decision makers (Richardson, Howarth and Finnegan, 2004).

2.3 Major Challenges Women led SME's Face

Existing literature highlights factors such as lack of financial support and access to international market, lack of managerial skills and lack of government support. In addition to these challenges, WSMEs encounter some social and political barriers as well. Following sections list a detail discussion of each factor.

2.3.1 Lack of Financial Support

In a study done in Bangladesh on women SME's it was found that women face lack of financial support to start and improve their businesses. According to this study Bangladesh government try to encourage women to involve in SME, for this reason with help of banks, financial institutes and MFIs government provide credits for their startup however, there is lack of integration among various supportive organizations and lack of communal efforts to have sustainable benefits. Study further explore that WSMES face lack of free loans, traditional technology, none availability of skilled and trained man power as major challenges. There should be policies and its proper implementations for women enterprises development, these actions will not only contribute significantly to national economy but will economically and socio-culturally empower women assisting in their gender role liberalization (Parvin, Jinrong and Rahman, 2012).

2.3.2 Lack of Access to International Market

Access to international market is another major challenge. According to Kazmito (2014), the government and other partners should offer financial facilities with less interest rates, and also encourage female entrepreneurs to have access on date technology and try to meet international market standards and demands through seminars and trainings on entrepreneurship, and build networks for export and import of goods. Government should encourage SMEs to play their role in helping improve the economy of Tanzania and improve the country's Gross Domestic Product.

2.3.3 Management Deficiencies

Dumbo and Chadamoyo (2012) states that the SMEs in the craft face a plethora of management deficiencies which automatically contributes to the poor performance and growth of these female- owned firms. The poor performance of managers and business owners along with poor performance from key management areas like marketing, production, finance and human resources causes the poor planning, organizing, leading and controlling of companies and their failure at the end.

2.3.4 Overlapping of Responsibilities, Lack of Education and Male Dominate Society

Researchers claim that family issues such as giving proper time and fulfilling family capabilities are the main issues confronted by them (Rao and Ganesh, 2011). Another inquiry supported the findings that women are mainly impelled to be the home makers (Roomi and Parrot, 2008).

2.3.5 Lack of Government Support

Female entrepreneurs still have problem due to the lack of government support (Singh and Belwal, 2008). Business formed by women are sometimes very small scale and may not even be registered with the government (Tambunan, 2009); this may happen due to complex registration procedures. Most governments are putting efforts into encouraging female entrepreneurship but many women are unaware of these schemes to promote their businesses (Itani, 2011). However, this situation is not true for all women, those who are well-informed they are looking for supportive programs to can utilize these opportunities for their business growth (Farr-Wharton and Brunetto, 2007).

2.3.6 Psychological Constraint

Recent studies show that psychological constraints also play important role on creation of barriers for women entrepreneurs. Because of the fear of failure entrepreneurial females are less inclined toward start of own businesses (Halkais, 2011). In Afghanistan this factor is significantly high, according to research conducted by GEM (), 27.7% of business activities in Afghanistan do not even get started because of their fear of failure (for both males and females). However, literature show some women are less risk averse and like to take risks and start their business and try their best (Mordj, 2010).

2.3.7 Social and Culture Barriers

Women entrepreneurs face restrictions based on cultural values and social norms and don't have equal rights of participation in society, in one hand the women literacy level is low, and they don't have the proper skills and education to can be productive in other hand the certain legal provisions and legislative systems prevent women to have their own property (husbands will have legal ownership of business and property) these factors can be barriers for women business development (Estevez, 2011).

3. Research Methodology

Following sections outlines the nature of study, research philosophy and research approach.

3.1 Nature of the study

The nature of the study is qualitative and descriptive, to gain more information and go in depth of the study, open ended interview questions were developed based on literature review and attempt all of them to have proper and real information about challenges face by WSME and suggested solution for those challenges in Kabul, Afghanistan.

3.2 Research Philosophy

This research philosophy is interpretivism because here the researchers as the social actors conducted the research based on the developed interest to interpret each element of research purpose and collected all information from related people who are involved in situation in order to have real and specific data from those individuals that can be interpreted and transformed to the information very well.

3.3 Research Approach

Research approach is Inductive, because it is qualitative, and researcher started the research from a specific observation to broader generalization and theories. The study includes descriptive discussion of data, here in this study the data is the answer from open ended questions and all factors and variables written in descriptive format and this study describe all characteristics interest in situation and shows their relations, here researchers are using the data and information more descriptive.

3.4 Method

Research Method was qualitative because the study indicates cause and effects and all variables and factors are known but, in this study, all combined and show phenomena related to quality and here the statistic numbers didn't use all are in textual form.

3.5 Instrumentation and Operationalization

This study conducted through questioner of open ended questions and then transfer those answer in specific format for analysis.

3.6 Population

Population for this research is women entrepreneurs who have Small and medium size businesses in Kabul, the women who are active in different sectors like Handicrafts, garments, dried fruit, food processing, Saffron and jewelers.

3.7 Sample Size

For this study researchers visited 16 business women which have SMEs in Kabul, Afghanistan and asked them 10 different open-ended questions from individuals who were identified to have sufficient information on WSMEs in Kabul.

3.8 Data Collection Procedure

For this study researchers prepared open ended interview questions based on two main research questions and asked interview questions from women in SMEs, the attempt was to collect information from specific sample to get idea about all population.

3.8.1 Primary Data

Primary data for this study is the answers which are collected through open ended questions of questionnaire from women small and medium sized enterprises.

3.8.2 Secondary Data

Secondary data for this study is the review of reliable sources like books and academic articles which are more related to this topic.

3.9 Method of Data Analysis

The data analysis method used in this study is Attride-Stirling, and researchers went through all stages started from transformation of information to its format and coding of answers and making basic themes, organizational themes and global themes and at the end interpretation of data.

This study has one research question and through it researcher want to achieve two objectives.

What are the current problems and challenges faced by Women Entrepreneurs in Afghanistan?

For analyzing the research question, researcher analyzed each interview question and after analysis the respondent's answers researcher find out the basic themes. And those main questions were:

1. What are the current obstacles facing by women SMEs in the Kabul, Afghanistan?
2. What threats are facing by the Afghan Women SMEs?
3. How socio-cultural factor affect the growth of SMEs owned by women in Afghanistan?
4. How financial access can be a barrier for SMEs owned by women?
5. Do you have your family support, when you are doing business?
6. Which factors encouraged you to start your own business? Any economic problem?
7. What prospects, signifies the possible improvement of the women SMEs in the country?
8. What do you think the government should put in place to solve the problem affecting Women SMEs in Afghanistan?
9. How today's Developments can be a solution for Afghan women SMEs?
10. What do you think about solutions for those factors which are a challenge for your business?

4. Analysis and Findings

Table 4.1 summarizes the result of open ended questionnaire raised in relation to the first research objective. On the basis of interview researcher presented basic, organizing and global themes. There were four organizing theme i.e. lack of resource and opportunities, government procedures and documentation, social and environmental barriers & political, economic and security instabilities were core challenges of SME based on Women.

Table 4.1: Theme of Organization Situation Analysis

Basic Themes	Organizing Themes	Global Themes
1. Export, Import problems 2. Financial problems 3. Market unavailability problems 4. Unavailability of work place 5. Loan with high interest rate	Lack of Resource and opportunities	
6. Lack of government support 7. Government complex procedures 8. Taxation and reporting problems 9. Lack of production resources 10. Competition of foreign products 11. Lack of awareness about women products	Government procedures and documentation	Organization Situation Analysis
12. Lack of business skills 13. Gender inequality and discrimination problems 14. Lack of related education background 15. Men dominated Environment 16. Socio-cultural problems 17. Lack of family support	Social and Environment Barriers	
18. Security Instability problems 19. Bad economic condition of people 20. Bad political situation 21. Lack of promotion for women products	Politic, Economic and security instability	

Source: Author's compilation

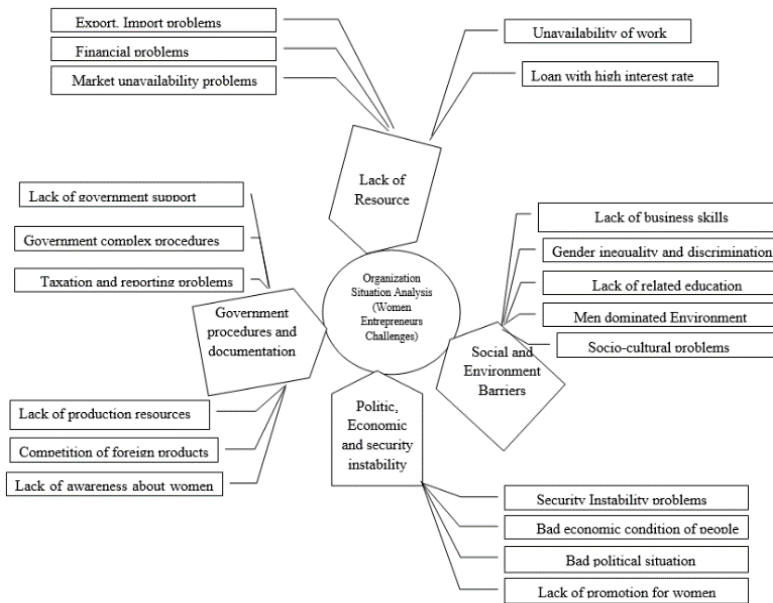
Table 4.1: Theme Organization Development

Basic Themes	Organizing Themes	Global Themes
1. Facilitation of import & export 2. Provision of work place 3. Cooperation among SMEs 4. Categorization of the Women SMEs to Sector 5. Making of Business Incubations 6. Encouraging other women from other provinces 7. Provider of loan with less interest	Business Development	
8. Capital Venture given from foreign companies 9. Relaxation on paying tax 10. Provision of training, equal rights in programs and market 11. Government provide shops for women 12. Make standardization, enhancing domestic product quality 13. Development of ANSA 14. There should be National and International Exhibitions 15. Women Participation in public procurement procedures 16. Preparing a standard WSME Strategy 17. Providing of simplify guidelines 18. Security stability 19. Promotion programs for national products 20. Stop Import of products	Government Facilitation	Organization Development
21. Improving creativity and innovation 22. Digital marketing 23. Having online sales services 24. Fellowship program for exchanging ideas with other countries	Technology Innovation	

The table i.e. 4.2 shows the result of open ended questionnaire distributed related to second research objective. On the basis of interview researcher presented basic, organizing and global themes. There were three organizing theme i.e. Business development, government facilitation and technology innovation are few ways to overcome challenges faced by women in SME.

Figure 4.1 The figure shows the result of open ended questionnaire distributed related to first research objective. On the basis of interview researcher presented basic, organizing and global themes. There were four organizing theme i.e. lack of resource and opportunities, government procedures and documentation, social and environmental barriers & political, economic and security instabilities were core challenges of SME based on Women. This is a graphical representation of first research objective.

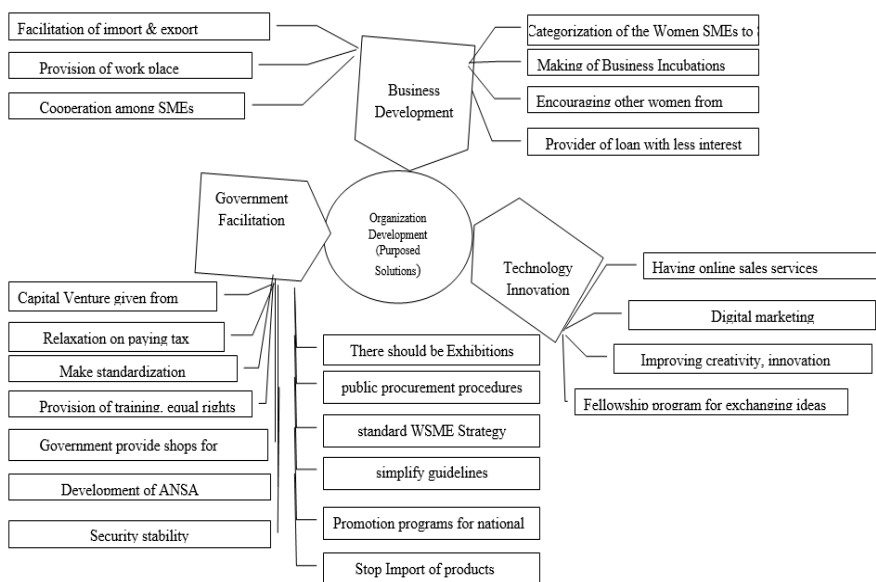
Figure 4.1: Women entrepreneur’s challenges



Source: Author’s compilation

Figure 4.2 The table shows the result of open ended questionnaire distributed related to second research objective. On the basis of interview researcher presented basic, organizing and global themes. There were three organizing theme i.e. Business development, government facilitation and technology innovation are few ways to overcome challenges faced by women in SME. This is a graphical representation of second research objective.

Figure 4.2: Proposed Solutions



Source: Author's compilation

5. Discussion on Result

Result of this study shows that women entrepreneurs in Afghanistan face many challenges and problems such as lack of resources and opportunities, lack of government support and complication of government procedure and documentation, social and environment barriers as well as political, Economic and security instability which affect their productivity level and growth. The result of studies from region countries like African countries, Arabic Countries, Afghanistan, India, Pakistan shows the same result and introduce similar challenging factors for women entrepreneurs in these countries, this implies that women entrepreneurs in developing countries face many challenges and problems and it create negative mindset for them about business field and those women start their business cannot grow in that the extend men do. Government should support female entrepreneurs and try to take some steps like facilitation on government procedures and documentation, help them to show their innovations and creativities to business world, and develop their personal and professional capacities and capabilities, it will help them to grow.

5.2 Conclusion

To conclude the findings of this study based on one research questions on challenges posed to women entrepreneurs, it is found that women face different type of obstacles when they are doing their business which have negative impact on their business development. One the main obstacle is lack of access to financial resources, entrepreneurs need money for starting and running operations of business furthermore, banks provide loan with

complex procedures and high interest rate which is an addition to overall challenges.

Women in Afghanistan live in men dominated society and they are dependent on men, this makes competition very tough to as they don't have the society and family support. Lots of socio-cultural barriers demotivate them and the work hard but still they can develop, because they face gender inequality, gender discrimination and they cannot get enough education as required to improve skill.

Similarly, there are many rules and regulations in business sector and women should pass all those documentations and procedures like business registration, taxation, reporting but women have limitations like knowledge of doing things and going to different places it causes to women get help of other people to clear governmental procedures and because of these limitation they cannot start export and import too and their business are limited in national base.

Political sphere also has its adverse effect on women businesses because in Afghanistan the political and economic situation is not stable and the reason is bad security situation in country, the demand for women made products, furthermore abundance of are imported products makes compilation for manufacturing women-owned SMEs. Finally, women do not have specific space in the market a platform to work and find their valuable customers.

5.3 Recommendations

Based on second objective researcher asked about solutions about those factors which are barriers for them and they suggested some recommendations along with recommendations from researcher side we can point it out as below:

- There should be some programs to can help WSMEs with their business development like facilitation in export and import procedures, providing a secure work place for them to work and access to market and customers, there should be incubation centers for women to help them and all these can happen with help of financial support and there should be financial institutes to provide loans with less interest rate and simple procedures for women.
- Government should support WSMEs to develop and be part of economic development of country, through a proper WSMEs strategy government can provide relaxation in their procedure and documentations like registration, reporting and taxation, government can organize exhibitions in national and international base it will be helpful for women to get contracts and find customers, there should be some awareness programs for national program then people can get mindset about national products and its qualities.

- Women need improvement and they have to be part of this developed business world and they need to get related educations, like digital marketing, financial management, business plan and proposal writing courses and try to be part of these online and digital markets then they can compete with other business people and develop their businesses.

5.4 Implication for Future Researches

This study is limited to Kabul, other researcher can do research in other provinces and also research can be done based on different sectors to find out the challenging factors for women entrepreneurs in different sectors, if researchers go through each sectors then the data will be more accurate, specific and clear which sector has more challenges.

Researches when do researches in a part like women entrepreneur's challenges they should visit and collect data from authorized governmental and non-governmental department too to make their data more accurate and standard.

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