MINISTRY OF EDUCATION, YOUTH AND SPORT
BUILD BRIGHT UNIVERSITY
SCHOOL OF DOCTORAL STUDIES

PHENG MENGHONG

A MICRO LEVEL STUDY ON THE DETERMINATION FACTORS OF PERFORMANCE OF MICROENTERPRISES IN CAMBODIA

THESIS SUBMITTED FOR THE DEGREE OF
DOCTOR OF BUSINESS ADMINISTRATION

SPECIALIZATION
MANAGEMENT

PHNOM PENH – 2019

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UNDER THE GUIDANCE OF

PROF. (DR.) TAPAS R. DASH

PHNOM PENH – 2019

Declaration

I do hereby declare that except otherwise stated the thesis **"A Micro Level Study on the Determining Factors of the Performance of Microenterprises in Cambodia"** is based on my original work and the same has not been submitted either in part or in full for the award of any other degree of any other University.

Pheng Menghong

BUILD BRIGHT UNIVERSITY

School of Doctoral Studies

Prof. (Dr.) Tapas R. Dash
Supervisor

Certificate

This is to certify that the thesis entitled **"A Micro Level Study on the Determining Factors of the Performance of Microenterprises in Cambodia"** written and submitted by Mr. Pheng Menghong towards the fulfillment of the requirements of the Degree of Doctor of Business Administration in Management to the Build Bright University, Cambodia is a record of genuine research work carried out under my guidance and supervision. The thesis or a part thereof has not been submitted to any other University/ Institution for any research degree.

Tapas R. Dash

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List of Abbreviation

ADB	Asian Development Bank
ASEAN	Association of Southeast Asian Nations
CDC	Council for the Development of Cambodia
CDRI	Cambodia Development Resource Institute
EU	European Union
IFC	International Finance Corporation
NGO	Non-Organization
MSEs	Micro and Small Enterprises
MIDAS	Micro Industries Development Assistant and Services
MPDF	Mekong Project Development Facility
MoC	Ministry of Commerce
MEF	Ministry of Finance
MIME	Ministry of Industry, Mines and Energy
NSDP	National Strategic Development Plan
NIS	National Institute of Statistics
ODCD	Organization for Economic CO-ope4ration and Development
RS	Rectangular Strategy
RGC	Royal Government of Cambodia
SME	Small and Medium Enterprise
SMEs	Small-medium sized enterprises
SPSS	Statistical Package for Social Science
UNDP	United Nations Development Programme
WTO	World Trade Organization

ABSTRACT

Entrepreneurship is widely recognized as a stimulator of economic growth. In developing and poor economies, rural microenterprises create significant job opportunities and contribute towards enhancing the socio-economic conditions of rural population. Thus, the primary rationale to boost the microenterprises lies with the fact to reduce poverty in the rural areas.

In Cambodian context, microenterprises in general and food and beverage enterprises in particular, play constructive roles in generating employment, raising income and alleviating poverty. Though their businesses tend to be very small, yet their contribution towards socio-economic development is widely recognized. So far as the performance of rural microenterprises is concerned, it is highly correlated with several entrepreneurial characteristics, managerial processes and effective support systems. These enterprises in rural areas have been experiencing differences in their performances.

Research related to microenterprises in Cambodia is quite limited, especially most researchers ignored to carry out systematic studies relating to the factors influencing performance of microenterprises at a micro level. To provide a wholistic understanding about the performance of microenterprises, it is important to understand the extent to which the personal characteristics of the entrepreneurs as well as management and marketing factors are

associated with the performance of microenterprises. Considering Takeo province as the area of study, an attempt was made to analyze the role of the government both at the national and provincial level in strengthening the microenterprises in the country. In addition to an analysis of the strengths, weaknesses, opportunities and threats of the selected microenterprises, the study also looked into several constraints and challenges faced by the food and beverages microenterprises in the study area. Thus, a modest attempt has been made in the study to comprehensively understand the various aspects of microenterprises in food and beverage sector at the micro level.

On the basis of the problem statement and need for research, the study has been undertaken to provide answers to the following research questions:

i. What are the socio-economic characteristics of the study area, i.e., Takeo province?
ii. What role the national and provincial governments play in terms of strengthening the microenterprises in Cambodia?
iii. What is the relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area?
iv. What is the level of association between management factors and the performance of the food and beverages microenterprises in Takeo province?

v. What is the level of association between marketing factors and the performance of the food and beverages microenterprises in the study area?

vi. What are the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area?

vii. What are the constraints and challenges faced by the food and beverages microenterprises in Takeo province?

The study has been undertaken with the following objectives:

i. To study the socio-economic characteristics of the study area, i.e., Takeo province;

ii. To analyze the role of national and provincial governments in terms of strengthening the microenterprises in Cambodia;

iii. To determine the relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area;

iv. To examine the association between the management factors with the performance of the food and beverages microenterprises in Takeo province;

v. To assess the association between the marketing factors with the performance of the food and beverages microenterprises in the study are;

vi. To assess the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area;

vii. To analyze the constraints and challenges faced by the food and beverages microenterprises in Takeo province; and

viii. To provide appropriate recommendations for effective performance of the food and beverages microenterprises in the study area.

The study has tested the null hypotheses which are as follows:

Ho 1: There is no significant relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area.

Ho 2: There is no significant association between the management factors and the performance of the food and beverages microenterprises in the study area.

Ho 3: There is no significant association between the marketing factors and the performance of the food and beverages microenterprises in the study area.

To achieve the objectives and test the hypotheses, the study has collected both primary and secondary data. The primary data have been collected through a field survey among the 63 selected food and beverages microenterprises in the study area. For this purpose, a structured questionnaire was prepared and direct personal interview method was

employed. The secondary data have been collected by reviewing both published and unpublished documents gathered from the Ministry of Industry, Mines and Energy (MIME), Ministry of Tourism, Ministry of Planning (MoP) of the Royal Government of Cambodia (RGC) and their respective Provincial Departments along with relevant documents and reports published by the National Institute of Statistics (NIS). Both qualitative as well as quantitative analysis have been carried out on the basis of information collected from the samples. Several statistical tools, such as average, percentage, Lambda (λ), and Gamma (γ) measures of association have been used in the study. The study has also carried out both tabular and graphical analysis to analyze the data collected as per the study objectives.

The study has analyzed the collected information and come up with the results as given below:

First, the study discusses the profile of the study area along with the role played by the government in strengthening the microenterprises in the country. Recently, Cambodia's socio-economic development indicators put it into the lower middle-income category. The study area (Takeo province) has the potentiality to attract investors both within and outside the country as it is well located and having well-developed transportation infrastructure which provides opportunities to access both domestic and international markets. As the economy of Takeo province centers around agricultural farming, fishing, and rice and fruit cropping, rural households in particular depend on agriculture and its related sub-sectors for their livelihoods. Agro-industries

including food-processing industries are considered by government as priority industries.

Second, the RGC has committed itself to the promotion of SMEs through various policy directives. The government continues to improve the business climate for SMEs by focusing on (i) legal and regulatory framework - facilitating registration particularly via the internet system, defining procedures, principles, and certificates of origin for export and import and verification, and adopting a sub-decree on trade facilitation through risk management; (ii) finance - creating financial leasing companies, and strengthening governance and financial reports; (iii) supportive action - promoting innovation and technology, financing the enterprises, and strengthening and widening other supportive services; (iv) integration of SMEs into a global value chain and prevention of all kinds of smuggling.

Third, The Takeo provincial government has committed itself to the promotion of microenterprises through various policy directives: (i) encouragement of the development of microenterprises through the provision of medium and long term finance; (ii) reduction of the registration procedures and start-up processes for enterprise; (iii) promotion of linkages between microenterprises and SMEs; (iv) establishment of a national provincial centre to assist microenterprises enhance their productivity and reduce production cost; (v) establishment of a provincial standard institution to help ensure the quality of provincial domestic products that meets regional and international

standards; (vi) mechanics and tests for the verification of the quality of the products; (vii) strengthening of the legal framework by creating laws on concerned areas such as factories, industrial zones, patents, and inventions.

Fourth, the constructive role played by the government encourages the microenterprises to expand their business in the province. But microenterprises in general and food and beverage enterprises in particular face a number of challenges in the study area. Therefore, a critical analysis is required to understand the extent to which the policies of the government are effective in strengthening the microenterprises in the study area. Of course, this needs a separate policy research.

Fifth, from the field survey it has been revealed that among 63 micro-entrepreneurs, while 11 entrepreneurs (17.5 percent) were female, the remaining 52 entrepreneurs (82.5 percent) were male. Also, a higher percentage (41.3 percent) micro-entrepreneurs have fallen in the age-group of 35-44 years. All the surveyed micro-entrepreneurs were literate and the highest number of respondents (46.1 percent) had completed their education till high school but only four (6.3 percent) had attended vocational training.

Sixth, all the 63 surveyed micro-entrepreneurs had some years of business experience and the highest 34.9 percent (22 of them) had 1 to 4 years of experience. So far as the order of birth is concerned, most of the

micro-entrepreneurs (27, 42.9 percent) were the 1st born in the family, followed by 31.7 percent (20 of them) being the 2nd born.

Seventh, among the surveyed micro-entrepreneurs, 21 of them (33.3 percent) had made a formal business plan before starting their businesses, whereas the remaining 42 entrepreneurs (66.7 percent) had never been involved in creating any kind of a formal business plan. Among 21 entrepreneurs, more than half (12, 57.1 percent) went with effective planning, while seven entrepreneurs (33.3 percent) considered their planning as well done and for the remaining two it was ineffective planning.

Eighth, considering the 12 enterprises involved in effective planning and their sales, five each (41.7 percent) have very high and high level of sales. Only two enterprises (16.7 percent) had medium level of sales. Those with well planning had either high (2, 28.6 percent) or medium level (5, 71.4 percent) sales. The 42 microenterprises (66.7 percent) with no planning had mostly medium level of sales (28, 66.7 percent). Thus, planning contributes to a good level of sales.

Ninth, among the 12 enterprises with effective planning, three of them (25.0%) had medium level of expense and nine (75.0%) had low level of expense. The well-planned firms were four (57.1 percent) who had medium expense, two (28.6 percent) with low expense, and lastly, one (14.3 percent) with very low expense. Those with no planning were the highest in medium

expense (18, 42.9 percent), followed by 10 each (23.3 percent) with high and low expense, and two each (3.2 percent) with very high and very low expense. Thus, to some extent, planning is useful in reducing the level of expense of the microenterprises.

Tenth, the effectively planned microenterprises had very high to low level of profit, with three (25.0 percent) of very high, five (41.7 percent) of high, three (25.0 percent) of medium, and the rest one (8.3 percent) with low level of profit. In contrary, microenterprises with no planning at all, a majority of 22 of them (52.4 percent) had low profit, followed by 17 of them (40.5 percent) with medium profit, and the least 3 firms (7.1 percent) with very low profit. Thus, the effective the planning, the less the microenterprises have lower levels of profit.

Eleventh, among 63 micro-entrepreneurs, only three (4.8 percent) of them each had professionally organized and well organized their business, whereas, the highest 69.8 percent (44) run their business in an unorganized way or without any organizing. Only 20.6 percent (13) enterprises considered their businesses were average organized.

Twelfth, all of three professionally organized firms had very high level of sales (3, 100.0 percent). Well organized microenterprises were three in number (4.76 percent), from which two firms (66.7 percent) had medium sales and one firm (33.3 percent) had high sales. The microenterprises that

had no organization had the highest number of 28 firms (66.7 percent) who had medium sales, followed by 12 firms (28.6 percent) who had low sales, and two firms (4.8 percent) with very low sales. Thus, although not a very strong correlation, but the firms who were more organized had better level of sales.

Thirteenth, all the three firms that were professionally organized had low level of expense (3, 100.0 percent). Among well-organized firms, two (66.7 percent) had medium expense and one (33.3 percent) with low expense. The highest seven average organized firms (53.8 percent) had low expense, five firms (38.5 percent) had medium expense, and one firm (7.7 percent) had very low expense. The firms that had no organizing had a maximum number of 18 firms (42.9 percent) with medium expense, followed by 10 firms (23.8 percent) each with high and low expense, and the least two firms (4.8 percent) with very high and very low expense. Therefore, it is better to carry out organizing function, as those with no organizing can have high expenses.

Fourteenth, professionally organized firms had very high (2, 66.7 percent) and high (1, 33.3 percent) level of profit, whereas two well organized firms (66.7 percent) and one well organized firm (33.3 percent) had low and high profit respectively. Average organized firms were six (46.2 percent) with high profit, followed by four (30.8 percent) with medium profit, two (15.4 percent) with low profit, and one (7.7 percent) with very high profit.

Two of the unorganized firms (100.0 percent) had medium profit. The microenterprises that had no organization had medium (17, 40.5 percent), low (22, 52.4 percent), and very low (3, 7.1 percent) levels of profit. Although not that evident, it can still be said that with better organizing, there lies better profit of the microenterprises.

Fifteenth, Out of all the 63 micro-entrepreneurs, only 14.3 percent (9) had managed their business through effective directing, and 15.9 percent (10) had well directed their business, whereas, the highest 66.7 percent (42) ran their business with no direction and the rest 3.2 percent (2) had ineffective directing. Thus, a smaller number of entrepreneurs felt that their businesses were being directed effectively or well enough.

Sixteenth, with effective directing, four microenterprises (44.4 percent) had very high level of sales, followed by three microenterprises (33.3 percent) who had high sales, and two microenterprises (22.2 percent) who had medium level of sales. The microenterprises that had received well direction had a maximum of six firms (60.0 percent) with medium sales, followed by three firms (30.0 percent) with high sales, and one firm (10.0 percent) with very high sales. The microenterprises that had no direction had medium (28, 66.7 percent), low (12, 28.6 percent), and very low (2, 4.8 percent) sales. Thus, this meant that good direction brings more sales to microenterprises.

Seventeenth, effectively directed microenterprises had seven firms with low level of expense (77.8 percent) and two firms with medium level of expense (22.2 percent). Well directed microenterprises were five (50.0 percent) with low expense, four (40.0 percent) with medium expense, and one (10.0 percent) with very low expense. Microenterprises with no direction were 26 (41.3 percent) with medium expense, followed by 22 (34.9 percent) with low expense, 10 (15.9 percent) with high expense, three (4.8 percent) with very low, and two (3.2 percent) with very high expense. Thus, to some extent, better direction can bring lower expenses.

Eighteenth, considering the level of profit, microenterprises that had effective directing had very high (2, 22.2 percent), high (5, 55.5 percent), and low (2, 22.2 percent) levels of profit. Firms that indulged in well directing were a maximum of four (40.0 percent) with medium profit, followed by three (30.0 percent) with high profit, two (20.0 percent) with low profit, and only one (10.0 percent) with very high profit. The microenterprises with no direction were 22 (52.4 percent) with low, 17 (40.5 percent) with high and 3 (7.1 percent) with very low profit. This shows that good directing can bring high profits to microenterprises.

Nineteenth, amongst the 63 micro-entrepreneurs, majority of them (42, 66.7 percent) have no controlling over their business, whereas, only 17.5 percent (11) of the entrepreneurs had managed their businesses through effective controlling and the rest 12.7 percent (8) of entrepreneurs expressed

that they had well controlled businesses. The remaining 3.2 percent (2) entrepreneurs felt their controlling in business was ineffective.

Twentieth, effective controlling of the microenterprises had very high (5, 45.5 percent), high (4, 36.4 percent), and medium (2, 18.1 percent) level of sales. Well controlled microenterprises were five (62.5 percent) with medium level of sales and three (37.5 percent) with high level of sales. Ineffectively controlled firms were one (50.0 percent) each with high and medium level of sales. Those with no control had medium (28, 66.7 percent), low (12, 28.6 percent), and very low (2, 4.8 percent) level of sales. Thus, the microenterprises that had good control had high level of sales.

Twenty first, effectively controlled microenterprises had mostly low (9, 81.8 percent) and medium (2, 18.2 percent) levels of expense. The five well controlled firms (62.5 percent) had medium expense, followed by two (25.0 percent) with low expense, and one (12.5 percent) with very low expense. The enterprises with no control had a majority of 18 firms (42.9 percent) with medium expense, 10 (23.8 percent) each with high and low expense, and two (4.8 percent) each with very high and very low expense. Thus, with better control of the microenterprises, there is a lower level of expense.

Twenty second, effective controlling of microenterprises led to very high (3, 27.3 percent), high (6, 54.5 percent), medium (1, 9.1 percent), and low (1, 9.1 percent) levels of profit. Well controlled firms were three (37.5

percent) each with medium and low profit, and two (25.0 percent) with high profit. Two of the ineffectively controlled firms (100.0 percent) had medium level of profit. The enterprises that had no controlling function, had medium (17, 40.5 percent), low (22, 52.4 percent), and very low (3, 7.1 percent) levels of profit. Therefore, the controlling function practicing microenterprises had a high positive correlation with their levels of profit.

Twenty third, so far as location of the enterprise is concerned, the highest 68.3 percent (43) of the entrepreneurs felt that their business was in a good location. The remaining 14.3 percent (9) and 17.5 percent (11) of the entrepreneurs considered it in a competitive and bad location respectively.

Twenty fourth, the level of sales depends on the type of location a microenterprise is set in. The competitive location had three enterprises (33.3 percent) with high and low sales, followed by two enterprises (22.2 percent) with medium sales, and one (11.1 percent) with very high sales. Good located microenterprises were 28 (65.1 percent) with medium sales, six (13.9 percent) with low sales, four (9.3 percent) with very high sales, three (7.0 percent) with high sales, and two (4.6 percent) with very low sales. Bad location of the microenterprises led them to have mostly medium sales (6, 54.5 percent). Thus, having a better location may bring higher level of sales.

Twenty fifth, competitively located firms were most with medium expense (4, 44.4 percent), followed by three (33.3 percent) with low expense,

and one (11.1 percent) each for very low and high expense. Good location of the firms led them to have mainly medium expense (16, 37.2 percent), followed by 14 firms (32.6 percent) which had low expense. Badly located microenterprises were the highest six (54.5 percent) with medium expense and five (45.5 percent) with low expense.

Twenty sixth, competitive location of the microenterprises led four of them (44.4 percent) to have low profit, followed by three (33.3 percent) with medium profit, and one (11.1 percent) each with very high and high profit. A good location brought 18 microenterprises (41.9 percent) to have low profit, 15 (34.9 percent) with medium profit, five (11.6 percent) with high profit, three (7.0 percent) with very low profit, and the least two firms (4.7 percent) with very high profit. Badly located firms had medium profit (5, 45.5 percent), low profit (4, 36.4 percent), and high profit (2, 18.2 percent) as well. Thus, the result does not clearly show a good correlation between the location of a microenterprise and the level of profit obtained.

Twenty seventh, so far as the quality of the product/ service is concerned, the highest 46.0 percent (29) of the entrepreneurs felt that it was average, followed by 38.1 percent (24), 11.1 percent (7) and 4.8 percent (3) of them who considered it as good, very good and excellent respectively.

Twenty eighth, microenterprises that produced excellent quality products were a total of three (4.76 percent), of which two (66.7 percent) had medium sales and one (33.3 percent) had very low sales. Firms that had

very good quality products were five (71.4 percent) with medium sales and one (14.3 percent) each with very high and very low sales. Good quality products by microenterprises made them have a maximum of 11 medium level of sales (45.8 percent), followed by seven (29.2 percent) with low sales, four (16.7 percent) with high sales, and two (8.3 percent) with very high sales. Microenterprises that had average quality products were 18 (62.1 percent) with medium sales, followed by five (17.2 percent) with low sales, four (13.8 percent) with high sales, and two (6.9 percent) with very high sales. Thus, the result does not show any relationship between the quality of the products and the level of sales.

Twenty ninth, excellent quality products by microenterprises were two (66.7 percent) with medium expense and one (33.3 percent) with low expense. Very good quality products by firms were a maximum of four (57.1 percent) having medium expense and one (14.3 percent) each having very high, high, and low expense. Enterprises that had good quality products were 10 (41.7 percent) each with medium and low expense, followed by three (12.5 percent) with high expense, and the least one (4.2 percent) with very high expense. Average quality products by firms led them to have a range of medium (10, 34.5 percent), low (34.5 percent), high (20.7 percent), and even very low expense (10.3 percent). Thus, the relationship between the quality of the product of the surveyed microenterprises and their levels of expense was not strong.

Thirtieth, microenterprises that produced excellent quality products had medium (2, 66.7 percent) and low (1, 33.3 percent) levels of profit. Very good quality producers were a maximum of five (71.4 percent) with low profit and one (14.3 percent) each with high and very low profit. Good quality products by firms led them to have medium profit (10, 41.7 percent), low profit (8, 33.3 percent), and two (8.3 percent) each with very high, high, and very low profit. Lastly, 12 of the average quality producers (41.4 percent) had low profit, followed by 11 (37.9 percent) with medium profit, five (17.2 percent) with high profit, and one (3.4 percent) with very high profit. As revealed, microenterprises having lower quality of products also have higher amount of profit which may be due to low price and high volume of sales.

Thirty first, as compared to the competitors' prices, 14.3 percent (9) of the entrepreneurs felt that their price was low, whereas, the remaining 77.8 percent (49) and 7.9 percent (5) considered it as medium and high respectively. Thus, most of the entrepreneurs had medium priced products as compared to their competitors.

Thirty second, microenterprises that produced high priced products were two (40.0 percent) each with medium and very low sales and one (20.0 percent) with low sales. Medium price products of the enterprises had mainly medium (30, 61.2 percent) sales, followed by 11 (22.4 percent) with low sales, seven (14.3 percent) with high sales, and the least one (2.0 percent) with very high sales. Firms with low priced products were four (44.4 percent) each

with very high and medium sales and one (11.1 percent) with high sales. The result shows that high priced products did not have as much sales as the lower priced ones, which is probably due to the income of the people in the province and their demand in the food and beverage industry.

Thirty-three, High priced producers had very high (1, 20.0 percent), high (2, 40.0 percent), medium (20.0 percent), and low (1, 20.0 percent) expense. The firms that produced medium priced products had mostly medium (23, 46.9 percent), followed by low (15, 30.6 percent), high (7, 14.3 percent), very low (3, 6.1 percent), and very high (1, 2.0 percent) expenses. Microenterprises that had low priced products had low (6, 66.7 percent), medium (2, 22.2 percent), and high (1, 11.1 percent) expense.

Thirty-four, microenterprises that made high priced products had medium (1, 20.0 percent), low (3, 60.0 percent), and very low (1, 20.0 percent) profit. The firms that produced medium priced products were 21 (42.8 percent) with low profit, 20 (40.8 percent) with medium profit, six (12.2 percent) with high profit, and two (4.1 percent) with very low profit. Low priced producers had very high (3, 33.3 percent), high (2, 22.2 percent), medium (2.22 percent), and low (2, 22.2 percent) profit. Therefore, higher priced products brought lower profit to microenterprises as compared to lower priced products due to low volume sales and higher cost of operation.

Thirty-five, all of the surveyed entrepreneurs agreed that in some way or the other, they were involved in promoting their product. Majority of the entrepreneurs (30, 47.6 percent) felt that the promotion was effective, followed by 28 entrepreneurs (44.4 percent) who felt that the promotion worked just average. The least 5 entrepreneurs (7.9 percent) said that it was ineffective.

Thirty-six, among the microenterprises that made effective promotion of their products, the highest 18 of them (60.0 percent) had medium sales, followed by five (16.7 percent) with low sales, four (13.3 percent) with very high sales, and the least three firms (10.0 percent) with high sales. Promoting products ineffectively caused three microenterprises (60.0 percent) to have medium sales and two microenterprises (40.0 percent) to have low sales. Average promotion of the products led the enterprises to have a range of very high to very low sales. Thus, promotion benefitted the microenterprises by increasing their level of sales.

Thirty-seven, among the effective promotion microenterprises, 12 microenterprises (40.0 percent) had low expense, 10 enterprises (33.3 percent) had medium expense, six firms (20.0 percent) had high expense, and one (3.3 percent) each had very high and very low expense. Microenterprises with ineffective promotion were four (80.0 percent) with low expense and one (20.0 percent) with high expense. Average promoted products of the microenterprises made them have a majority of medium (16,

57.1 percent), low (6, 21.4 percent), high (3, 10.7 percent), very low (2, 7.1 percent), and very high (1, 3.6 percent) expense. This indicates that the level of expense can vary from firm to firm, without getting affected by the promotion of their products.

Thirty-eight, among the effective making promotion enterprises, the highest 11 microenterprises (36.7 percent) made medium profit, nine enterprises (30.0 percent) with low profit, five firms (16.7 percent) with high profit, three firms (10.0 percent) with very high profit, and two of them (6.7 percent) with very low profit. Ineffective promotion of products by the microenterprises led them to have medium (3, 60.0 percent) and low (2, 40.0 percent) profit. Thus, the result indicates that the level of profit increased with better promotion of the products.

Thirty-nine, on the basis of the Lambda (λ) and Gamma (γ) measures of association, the null hypotheses were tested.

Ho 1: There is no significant association between the personal characteristics of the entrepreneurs and the performance of the food and beverage microenterprises in the study area.

Results:

1. Age of the entrepreneurs significantly influences the sales, expense and profit of enterprises.
2. Education of the entrepreneurs significantly influences the sales, expense and profit of enterprises.

3. Years of experience of the entrepreneurs significantly influence the expense and profit of enterprises.
4. Order of birth of the entrepreneurs significantly influences the expense of the enterprises.

Ho 2: There is no significant association between the management factors and the performance of the food and beverage microenterprises in the study area.

Results:

1. Organizing of business significantly influences the sales of enterprises.
2. Organizing of business does not significantly influence the expense and profit of enterprises.
3. Formal planning, directing and controlling of business do not significantly influence sales, expense and profit of enterprises.

Ho 3: There is no significant association between the marketing factors of the entrepreneurs and the performance of the food and beverage microenterprises in the study area.

Result:

1. The Location of the business, quality of the product, Price of the product and promotion do not significantly influence the sales, expense and profit of the enterprises.

Forty, lack of motivation, lack of differentiation of the product/service, and lack of promotion of the product/service were customer-related challenges that affect the microenterprises in the food and beverage industry.

Among these, lack of motivation as one of the challenges affecting an enterprise had the highest 50 entrepreneurs (79.4 percent) who agreed.

Forty-one, majority of the entrepreneurs agreed that the lack of motivation, training and control as employee-related challenges had an impact on the food and beverage enterprise in the study area. Among these, lack of motivation had the highest 45 respondents (71.4 percent) who agreed.

Forty-two, competitor-related challenges were one of the challenges that the enterprises faced for which a huge amount of capital/finance, strong management, and effective strategic planning is needed. The idea that a huge amount of capital/finance influenced the growth of microenterprises was agreed and strongly agreed by 50.8 percent (32) and 15.9 percent (10) of the respondents respectively.

Forty-three, among the customer-related, employee-related and competitor-related challenges, the customer-related factor was the most important as voted as rank one by 46 percent of the respondents.

Forty-four, so far as constraints of business are concerned, maximum number of micro-entrepreneurs (46, 73.0 percent) ranked the financial constraint as number one. The marketing constraint was given rank two by the highest number of 39 entrepreneurs (61.9 percent). Likewise, most respondents (42, 66.7 percent) had ranked the technological constraint as

number three. Thus, most of the microentrepreneurs in the study felt that the financial, marketing, and technological constraints were the top three issues that their microenterprises faced respectively.

Forty-five, based on the SWOT analysis, while quality of the product was the most important strength, lack of expertise/manpower was the most problematic factor/weaknesses of the microenterprises. The opportunities of the microenterprises were extension to new geographical areas, and innovation and technology developments as against competitive pricing as the main threat of the food and beverage microenterprises.

On the basis of the research, the policy implications and suggestions given by the study are as follows:

First, the Takeo provincial government should motivate and encourage people to establish microenterprises as it supports the livelihoods of the people. Specific motivational videos and success cases of microentrepreneurs should be shown to prospective entrepreneurs through organizing public forums, discussions and meetings.

Second, the government should initiate actions to make samplification of regulations for the microenterprises in terms of registration, licensing, payment of taxes, etc. to encourage people to initiate and expand the micro business.

Third, the provincial government should make provision for vocational and business management training to prospective entrepreneurs to enhance their skills in various business activities including planning, organizing and managing the business as well as marketing their products/services.

Fourth, as education of entrepreneurs influences the performance of microenterprises, both government, NGOs and private sector should consider provisions for expansion of educational facilities to educate more people for carrying out business. A knowledgeable society is required to grab business opportunities.

Fifth, as finance is considered as one of the major constraints of the micro business, financial institutions including banks and MFIs should consider extending loans to the microenterprises at a special interest rate to make their business economically viable and profitable.

Sixth, owing to number of limitations, the government needs to support the microenterprises in terms of technical and laboratory to meet the standard of the products. In addition, the government needs to support in terms of introducing new technology to microenterprises for enhancing the productivity by reducing cost. As such, a number of promotional packages should be extended by the government for expansion of micro business in the country.

Seventh, microenterprises should provide better financial benefits, incentives and supportive environment to reduce the turnover as well as to enhance the productivity of employees.

Eighth, considering the present competitive environment, microenterprises should be more responsive to the needs of the customers. To be more practical, they are required to conduct marketing research, in addition to build a strong customer-relationship.

Ninth, microentrepreneurs should have self-motivation to drive their business and work hard to achieve their success. Hence, they need to have a better understanding of the present competitive market, needs of the customers along with government rules and regulations in carrying out business.

To conclude, the present study is a modest attempt to analyze the role of both national and provincial governments towards strengthening the microenterprises in Cambodia and examine the association between personal characteristics of micro-entrepreneurs, management and marketing factors with the performance of food and beverages microenterprises in the target area. The constraints and challenges faced by the food and beverages microenterprises in the study area have been systematically analyzed along with a SWOT analysis of the selected microenterprises. From policy perspective and strategies, both at macro and micro levels, examining the

association between personal characteristics of micro-entrepreneurs, management and marketing factors with the performance of food and beverages microenterprises in the study area and analyzing the role of government both at the national and provincial level in strengthening the microenterprises in the country are considered to be critical. As research on microenterprises at the provincial level in Cambodia is quite limited, the present study in addition to fulfilling the research gaps, provides appropriate recommendations having implications for practitioners, owners and managers of microenterprises, particularly of the food and beverages microenterprises in the study area for their effective performance.

CHAPTER I

INTRODUCTION

1.1 Background of the Study

In the context of increasing globalization, entrepreneurship is widely recognized as a stimulator of economic growth. By combining existing resources with innovative ideas, entrepreneurs add value through the commercialization of new products, the creation of new jobs, and the building of new firms. With regard to rural entrepreneurship, it has been widely accepted as the key force of economic growth and development, particularly for the developing countries. Therefore, promotions of rural enterprises both by government and non-government organizations are considered on priority basis as these enterprises create job opportunities and contribute towards enhancing the socio-economic conditions of rural population. Thus, in rural areas many people have started micro and small enterprises to make their living meaningful. However, in spite of several efforts made by both government and non-government organizations, as observed, the rural enterprises have been facing several constraints and challenges in their business operations.

In many developing economies in the world, at present, the growth of microenterprise provides most vibrant and growing economic activities (Dash, 2013).[1] Though microenterprise businesses tend to be very small, often employing only single operator and face a number of challenges in different countries in the world, yet their contribution towards socio-economic

[1] T. R. Dash, "Personal and Family Characteristics on Entrepreneurial Behaviour – A Study of Cambodian Rural Micro-Entrepreneurs," *IIMS Journal of Management Science* 4, no. 2 (2013): 205-216.

development is widely recognized. Thus, the urgent need to reduce poverty in the rural areas of the developing world is the primary rationale to boost the microenterprises. However, the propensity to become an entrepreneur is influenced by several socio-cultural and demographic variables and attitudes. The performance of rural enterprise is often highly correlated with several entrepreneurial characteristics, managerial processes and effective support systems – the three dimensions deemed to collectively determine business success (Kanungo, 1998).[2] Successful entrepreneurs and their firms seem to come in different shapes and sizes, but they appear to share some common characteristics, which are related to their personal qualities and integrated management of the firm in the context of a dynamic and competitive business environment (Edralin, 1998).[3] The study by Tata and Prasad (2008)[4] presented a conceptual model of the relationships between gender, social capital configuration, collaborative exchange of the micro entrepreneur and microenterprise performance. Njanja et al. (2010)[5] investigated the management factors affecting performance of micro, small and medium enterprises in Kenya. The results show that the management factors critical to the different categories of enterprises differed in micro, small and medium

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2 R. N. Kanungo, *Entrepreneurship and Innovation* (New Delhi: Sage Publications India Pvt. Ltd., 1998).

3 D. M. Edralin, *Entrepinoy Paths to Successful Entrepreneurship (Philippines: De La Salle University Press, Inc., 1998).*

4 J. Tata & S. Prasad, "Social Capital, Collaborative Exchange and Microenterprise Performance: The Role of Gender," *International Journal of Entrepreneurship and Small Business* 5, no. 3-4 (2008) 373-388.

5 W. L. Njanja, P. Rene & M. Ogutu, "An Investigation into the Effect of Management Factors on Performance of Micro, Small and Medium Enterprises in Kenya," *International Journal of Business and Management* 5, no. 11, 2010: 66-73.

enterprises. Sinha and Sen (2011)[6] examined the key socio-cultural and organizational factors that affect the performance of the microenterprises in the state of Jharkhand, India and the findings of the study showed that only three factors such as age of the enterprise, human capital inputs and management capability influence the performance of the microenterprises. Dash (2013)[7] analyzed the individual and family characteristics of the micro entrepreneurs, and the association between those characteristics with the entrepreneurial behavior of the selected micro entrepreneurs in Cambodia. The empirical results of the study showed significant association between education and organizing skills as well as education and attitude towards work of the selected entrepreneurs. Welsh et al. (2013)[8] in their study on the performance of microenterprises located in Changchun, an industrial city in Northeast China showed that the key management practices, marketing capability, and technology capability of microenterprises in microenterprise zones (MEZOs) do have a positive impact on performance such as sales, net profit, and growth. Thus, a number of factors relating to enterprise, entrepreneur, along with management functions, marketing factors, business environment have been influencing the performance of the microenterprises around the world.

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6 T. Sinha & M. Sen, "Factors Influencing the Performance of Microenterprises in India: A Case Study of Jharkhand," *The IUP Journal of Entrepreneurship Development* 8, no. 1, 2011: 6-20.

7 T. R. Dash, op cit.

8 H.B. Dianne Welsh, M.J. Munoz, S. Deng & V. Peter Raven, "Microenterprise Performance and Microenterprise Zones (MEZOs) in China," Management Decision 51, no. 1, 2013: 25-40.

Cambodia has made substantial progress in its economic reconstruction since 1993. It is an ASEAN member nation and had joined the World Trade Organization (WTO) in 2004. Cambodia's economy grew at almost 10 per cent annually between 1998 to 2008. Although this remarkable growth was interrupted by the global economic downturn in 2008-09, Cambodia staged a strong recovery in 2010 and 2011, with Gross Domestic Product (GDP) growth of 6.0 per cent. The development challenge facing Cambodia is to sustain growth, reduce poverty, and accelerate the completion of the reform agenda. The development needs of Cambodia have shifted from survival mode to a medium-term strategic framework for rapid adjustment and growth supported by sound macro and sectoral policies, and complementary public investment and technical assistance programs. To produce more sustainable, faster and broader growth, the priority of the Cambodian government is now to tackle core governance issues and improve the climate for investment, especially in agriculture. Thus, in the context of Cambodian economy, rural microenterprises play a crucial role in generating employment, income along with alleviating poverty.

1.2 Statement of the Problem

Among various kinds of microenterprises, in the rural context, food and beverage enterprises play an important role in strengthening the economic conditions of the people. In both rich and poor regions of the world, food and beverage enterprises expand their economic opportunities in many ways. From revenues generated by the enterprises worldwide, a large portion of

value flows to farmers involved in raw materials production, local food processing or manufacturing capital investments, both direct and indirect labour, governments as taxes, and local and global investors as dividends (Pfitzer and Krishnaswamy, 2007)[9]. The food and beverage enterprises have a unique role in expanding economic opportunity because it is universal to human life and health. The industry operates at multiple levels in society - families grow crops for their own consumption, communities' trade fresh produce and home-processed goods, local companies transform domestic crops for local markets, and international corporations purchase commodities globally to deliver products across geographies.

Enterprising individuals or groups start new ventures, go through several processes and play critical roles to ensure the success of the venture. Besides number of factors related to the entrepreneur including management capability, the firm and the business environment influence the performance of the microenterprises. As revealed from literature, number of factors related to the entrepreneur including management capability, the firm and the business environment influence the performance of the microenterprises.

Microenterprises operating in Cambodia have been experiencing differences in their performances. In Cambodian context, research related to

[9] M. Pfitzer & R. Krishnaswamy, *Economic Opportunity Series: The Role of the Food and Beverage Sector in Expanding Economic Opportunity*, Corporate Social Responsibility Initiative Report 20 (Cambridge, MA: Kennedy School of Government, Harvard University, 2007).

micro enterprises is quite limited, especially most researchers ignored to carry out systematic studies relating to the factors influencing performance of microenterprises. As such, it is important to understand the extent to which the personal characteristics of the entrepreneurs as well as management and marketing factors are associated with the performance of microenterprises. Thus, against this backdrop, the present empirical research was carried out in one of the provinces in Cambodia, i.e., in Takeo province.

The Kingdom of Cambodia is located in Southeast Asia, bordering Thailand, Vietnam, Lao PDR and the Gulf of Thailand covering a total area of 181,035 square kilometers. Among the 25 provinces and municipalities, Takeo province is purposively selected for the study due to its proximity to the capital city of Phnom Penh. Located in the south of Cambodia to the west of Bassac River, Takeo borders the provinces of Kampot to the west, Kampong Speu to the northwest and Kandal to the north and east. While its land area is smaller compared to other provinces, Takeo is famous for being the rice bowl of Cambodia. Good soil condition and well-developed irrigation systems have enabled increases in the production volume of agricultural products in the province; not only rice but also cash crops such as corn and vegetables.[10]

Due to the presence of several factors, the province has the potentiality to attract investors both within and outside the country. The

[10] Takeo Province - The Council for the Development of Cambodia (www.cambodiainvestment.gov.kh › wp-content › uploads › 2014/03 › Ta..)

province is well located along with well-developed transportation infrastructure such as roads, railroads and waterways, which provides opportunities to access both domestic and international markets. In addition, the province has abundant agricultural resources in the form of good soil conditions and a well-developed irrigation system. Agro-business industries utilizing abundant agricultural products are considered as having the most potential sector for investment. As the economy of Takeo province centers around agricultural farming, fishing, and rice and fruit cropping, rural households in particular depend on agriculture and its related sub-sectors for their livelihoods. Agro-industries including food-processing industries are considered by government as priority industries to be promoted.[11]

In the context of Cambodian economy, microenterprises in general and food and beverage enterprises in particular play constructive roles in generating employment, raising income and alleviating poverty. Keeping this in mind, it was proposed to take up food and beverage microenterprises to carry out this research. Besides, examining the relationship between several factors and performance of the enterprises, the study proposes to analyze the role of government both at the national and provincial level in strengthening the microenterprises in the country. Along with the strengths, weaknesses, opportunities and threats, the study also looked into several constraints and challenges faced by the food and beverages microenterprises in the study area. Thus, a modest attempt has been made in this study to

[11] Ibid.

comprehensively understand the various aspects of microenterprises in food and beverage sector at the micro level.

1.3 Research Questions

The study seeks to provide answers to the following questions:

i. What are the socio-economic characteristics of the study area, i.e., Takeo province?

ii. What role the national and provincial governments play in terms of strengthening the microenterprises in Cambodia?

iii. What is the relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area?

iv. What is the level of association between management factors and the performance of the food and beverages microenterprises in Takeo province?

v. What is the level of association between marketing factors and the performance of the food and beverages microenterprises in the study area?

vi. What are the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area?

vii. What are the constraints and challenges faced by the food and beverages microenterprises in Takeo province?

1.4 Objectives of the Study

The main objectives of the present study are as follows:

i. To study the socio-economic characteristics of the study area, i.e., Takeo province;

ii. To analyze the role of national and provincial governments in terms of strengthening the microenterprises in Cambodia;

iii. To determine the relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area;

iv. To examine the association between the management factors with the performance of the food and beverages microenterprises in Takeo province;

v. To assess the association between the marketing factors with the performance of the food and beverages microenterprises in the study are;

vi. To assess the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area;

vii. To analyze the constraints and challenges faced by the food and beverages microenterprises in Takeo province; and

viii. To provide appropriate recommendations for effective performance of the food and beverages microenterprises in the study area.

1.5 Hypotheses of the Study

The study seeks to test the following hypotheses:

Ho 1: There is no significant relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area.

Ho 2: There is no significant association between the management factors and the performance of the food and beverages microenterprises in the study area.

Ho 3: There is no significant association between the marketing factors and the performance of the food and beverages microenterprises in the study area.

1.6 Significance of the Study

The present study attempts to analyze the socio-economic characteristics of the Takeo province, which is the area of the study. This helps to understand the context in which at a micro level, the microenterprises are carrying out their businesses. In addition, the study broadly aims to critically analyze the existing plans and policies of both the national and provincial governments relating to the establishment, operation and promotion of microenterprises in the study area. The main focus of the study was to determine the relationship between the personal characteristics of the entrepreneurs, management and marketing factors with the performance of the food and beverages microenterprises in the study area for

decision-making purposes. Further, the study analyzes the main constraints and challenges faced by food and beverage microenterprises, thereby helping the owners and managers of enterprises to develop appropriate strategies and action plans to ensure better performance of their business units.

Though the study was carried out at a micro level, by considering the province as the area of the study, it aims to benefit not only the existing entrepreneurs but also the prospective micro-entrepreneurs in expanding/ establishing food and beverage enterprises to strengthen the socio-economic conditions of the study area. The findings of this study provide relevant information to the academics and prospective researchers, as well as the owners/managers of microenterprises working in the food and beverages sector along with practitioners and governmental agencies in the process of developing appropriate plans and strategies for the growth of enterprises in the study area. Thus, besides operational importance, the study significantly contributes additional knowledge to the researchers and academicians in the related field. In conclusion, the study has both academic and operational importance.

1.7 Scope and Limitations of the Study

The scope of the study is limited to the examination of the relationship of the personal characteristics of the micro entrepreneurs, management and marketing factors with the performance of the microenterprises involved in the food and beverages business. In addition, the study examines the

strengths, weaknesses, opportunities and threats of the microenterprises and analyze the constraints and challenges faced by the food and beverages microenterprises. The role played by both the national and provincial governments in strengthening such enterprises is further looked into by the study. However, the study is not free from certain limitations which are as follows:

i. The present study is confined to one province in Cambodia, i.e., Takeo province. Thus, the study has its own geographical limitation.

ii. Among the presence of a total of 135 registered microenterprises in the province, keeping the importance of food and beverages sector for the rural population in mind, the study has been limited to 63 registered microenterprises involved in food and beverages business only.

iii. The study is confined to the examination of the relationship of personal characteristics of the micro entrepreneurs, management and marketing factors with the performance of the microenterprises. The relationship of other factors with the performance of the microenterprises has not been taken into account in the present study.

iv. While analyzing the constraints and challenges of the enterprises as well as strengths, weaknesses, opportunities and threats, only the food and beverages microenterprises cases in the study area have been taken into consideration.

However, keeping the effort, time and other resource constraints in mind, in spite of several limitations, the study is a modest attempt in this direction.

1.8 Layout of the study

The present study consists of seven chapters as follows:

Chapter 1: The first chapter introduces the topic, which includes background of the study, statement of the problem, research questions, study objectives, hypotheses, significance of the study, scope and limitations of the study.

Chapter 2: A detailed review of both conceptual and empirical literatures has been carried out in the second chapter. More importantly, the chapter includes literature relating to the factors influencing the performance of microenterprises. In addition, strengths, weaknesses, opportunities and threats as well as constraints and challenges faced by the microenterprises have been reviewed in this chapter. Finally, on the basis of previous researches, the research gap has been highlighted in this chapter.

Chapter 3: Chapter three has analyzed the detailed research methodology adopted in the study. Most importantly, the chapter has included type of analysis, type, sources and methods of data

collection, sample design along, statistical tools used in the study along with procedure of data analysis, etc.

Chapter 4: In chapter four a brief discussion has been carried out about the socio-economic characteristics of Cambodia and the province under study (Takeo). In addition, an analysis has been made on the role of both national and provincial governments in terms of strengthening the microenterprises in Cambodia.

Chapter 5: Primary data collected from field survey have been analyzed in this chapter. The chapter focuses on analyzing the association between personal characteristics of micro-entrepreneurs, management and marketing factors with the performance of food and beverages microenterprises in the study area. On the basis of the analysis, the hypotheses set in the study have been tested.

Chapter 6: in the sixth chapter, the constraints and challenges faced by the food and beverages microenterprises in the study area have been systematically analyzed. In addition, the chapter discusses the strengths, weaknesses, opportunities and threats (SWOT) of the selected microenterprises in the study area.

Chapter 7: The last chapter has summarized the main finding of the study. In addition, the chapter has provided appropriate suggestions and recommendations for effective performance of the food and beverages microenterprises in the study area. Along with the scope for further research, at the end of this chapter, a concluding remark is given.

CHAPTER II

REVIEW OF LITERATURE

The main purpose of this chapter is to review the relevant literature relating to the present theme of research. The chapter has made an attempt to review both the conceptual and empirical literature and is divided into four sections. In the first section, the conceptual literature is presented which includes the definition of micro, small and medium enterprises, definition of entrepreneur, definition of entrepreneurship and determinants of performance of microenterprises. The second section discusses the empirical literature which includes the management factors, the marketing factors, other factors and mixed factors influencing the performance of enterprises. The constraints of microenterprises are presented in third section of this chapter and finally the conclusion is given in the last section of this chapter.

2.1 Conceptual Literature

2.1.1 Definition of Micro, Small and Medium Enterprises

A number of terms are used when referring to a microenterprise. These include the term Small-Medium and Micro Sized Enterprises (SMMEs) as in the case in South Africa, Small-medium sized enterprises (SMEs) and, the generic term, small business or small firm. Definitions of these often vary from country to country and, in some cases, even within countries depending on the government agency or economic sector (Nichter & Goldmark, 2005)[12]. According to Pradhan (2004)[13] an enterprise is broadly defined to include any

[12] Simeon Nichter & Lara Goldmark, *Understanding Micro and Small Enterprise Growth* (The United States Agency for International Development, 2005).

[13] K. Pushkar Pradhan, *Rural Urban Relations with Particular Reference to Nepal* (Rural Urban Partnership Programme, MLD/UNDP, 2004).

economic unit engaged in the production and distribution of goods and services. Baily (2007)[14] defined microenterprise as the smallest business in a country operates with the least capital and number of employees. It usually operates within a small geographic area to provide services or goods for the community. Microenterprises are the smallest of the small businesses which employ below 10 and have capital below US$ 50,000. Further according to him, small enterprises are firms of a certain size which fall below a certain criteria (varies from country to country) in terms of their annual turnover, number of employees, and total value of assets. Small enterprises employ between 11 – 50 employees and keep a capital of US$ 50,000 – 250,000. In regard to medium enterprise, it is a company whose human resource falls below a certain limit. Medium enterprises employ between 50 to 100 workers and keep capital between US$ 250,000 – 500,000 (Baily, 2007).[15] Although there are various definitions of micro and small enterprises, these are classified into two types: qualitative and quantitative characteristics of enterprises (Sok, 2009).[16]

2.1.1.1 Qualitative Characteristics

The qualitative definition reflects issues of ownership and (inter) dependence. Being small, within the firm, personal relationships and individual qualities are more important than formal hierarchies and promotion

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14 P. Baily, 'Cambodian Small and Medium Sized: Enterprises: Constraints, Policies and Proposals for Their Development', in Lim, H. (ed.), *SME in Asia and Globalization*, ERIA Research Project Report 2007-5, pp.1-36.

15 *ibid*.

16 Sok Seang, "Success Factors of Cambodian SMEs." Unpublished Doctor of Business Administration thesis, National University of Management (Cambodia: 2009).

systems. Because the firm's own resources are limited, there is at the same time a high dependence on suppliers, banks, accountants, etc., and on appropriate, supportive legislation. Bolton Committee (1971)[17] identified three major characteristics of small business as micro enterprises: Firstly, in economic terms, a small firm is one that has a relatively small share of the market, and is unable to influence the price or quantity of goods or services. Secondly, an essential characteristic of a small firm is that it is managed by its owner or part owner in a personalized way, and not through the medium of a formal management structure. Thirdly, it is also independent in the sense that it does not form part of a larger enterprise and that the owners and managers should be free from outer control in making their principal decisions. In the same way, Mahembe (2001)[18] stated that a firm is regarded as small if it meets the following three criterion: (i) it has a relatively small share of the market place (ii) it is managed by owners, or part owners, in a personalized way and not through the medium of a formalized management structure; and (iii) it is independent, not part of a larger enterprise. An extension to this was further given by Gibson (2001)[19] who discussed some of the Micro and SMEs' qualitative criterion, which are: (i) management and ownership are rarely separate; (ii) control over business operations and decisions reside with one or two persons who are usually family members; (iii) project's equity is not publicly traded; (iv) personal security of the owners is required to secure debt acquisition and repayment; (v) the level and number of formal contractual

17 J. E. Bolton, *Report of the Committee of Inquiry on Small Firms* (Her Majesty's Stationery Office: London, 1971).

18 Edmore Mahembe, *Literature Review on Small and Medium Enterprises' Access to Credit and Support in South Africa*. (Underhill Corporate Solutions, 2001).

19 Brian Gibson, *Definition of Small Business* (Final Report, University of Newcastle, 2001).

relations are kept at a minimum level; and (vi) personal objectives of the owners guide and influence business decisions directly.

2.1.1.2 Quantitative Definitions

There are a variety of ways in which an enterprise's size can be measured including: (i) employment, (ii) turnover, and (iii) total assets. The most commonly used measure is employment, due to its simplicity and the ease of collecting data (McMahan et al., 1994).[20] According to McQuaid (2003)[21] an SME or a microenterprise has to satisfy the criteria for the number of employees and one of the two financial criteria, i.e., either the turnover total or the balance sheet total.

Definition by countries (selected ASIAN nations):

India: In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

1. Manufacturing Enterprises -The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or

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[20] R. G. P. McMahon and A. M. J. Stanger, *The Small Enterprise Financial Objective Function: An Exploratory Study Using Informed Scholarly Opinion* (The Flinders University of South Australia, 1994).

[21] Ronald McQuaid, *Employment and Small and Medium Sized Enterprises (SMEs) in the UK*. (Edinburgh, UK: Employment Research Institute, Napier University, 2003).

character or use. The Manufacturing Enterprise are defined in terms of investment in Plant and Machinery.

2. Service Enterprises -The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 are as under:

Definition by countries				
Asian countries				
Countries	Size	Employees (Number)	Capital (US $ '000)	Turnover (US $ '000)
India[22]	Micro	2 – 9	Manufacturing sector: Does not exceed twenty-five lakh rupees (Rs. 2.5 million/US$ 34,040). Service sector: Does not exceed ten lakh rupees (Rs. 1	

Micro, Small, and Medium Enterprises in India – An Explainer: https://www.india-briefing.com/news/micro-small-medium-enterprises-india-explainer-17887.html/

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			million/US$ 13,617).	
	Small	10 – 49	Manufacturing sector: More than twenty-five lakh rupees but does not exceed five crore rupees (Rs. 50 million/ US$ 680,875). Service sector: More than ten lakh rupees but does not exceed two crore rupees (Rs. 20 million/ US$ 272,350).	
	Medium	50 – 249	Manufacturing sector: More than five crore rupees but does not exceed ten crore rupees (Rs. 100 million/ US$1.3 million). Service sector: More than two crore rupees but does not exceed five crore rupees (Rs. 50 million/ US$	

			680,875).	
	In 2018, the union cabinet of India approved the changes in the classification of MSMEs. Both the manufacturing and services sectors will be classified based on the amount of annual turnover instead of the investment limits, as given below: Micro: a unit where the annual turnover does not exceed Rs 50 million (US$ 680,875); Small: a unit where the annual turnover is more than Rs 50 million (US$ 680,875) but does not exceed Rs 750 million (US$ 10.1 million); and Medium: a unit where the annual turnover is more than Rs 750 million (US$ 10.1 million); rupees but does not exceed Rs 2.5 billion (US$ 33.8 million).			
United Arab Emirates	Micro	< 9		< = AED 9 million
	Small	< 35		< = AED 50 million
	Medium	< 75		< = AED 250 million
Pakistan	Micro	1 – 10		
	Small	11 – 50	Up to Rs. 25 Million	Up to Rs. 250 Million
	Medium	51 – 250		
	Micro	1 – 4		

Japan	Small	Less than 300 employees	Less than 100 million Yen	
	Medium			
Kuwait	Micro		-	
	Small		< 1500000 Kuwaiti Dinar	
	Medium		<500000 Kuwaiti Dinar	

Source: Micro, small and medium enterprise development act, 2010; Ministry of industries production & special initiative, Government of Pakistan, 2010; small and medium enterprises of Japan, 2010.

Definition by countries - ASEAN (selected nations):

Definition by countries				
ASEAN countries				
Countries	Size	Employees (Number)	Capital (US $ '000)	Turnover (US $ "000)
Brunei Darussalam	Micro	1 – 5		
	Small	6 – 50		
	Medium	51 -00		
Indonesia	Micro	3 – Less	< Rp. 50 million	< Rp. 300 million
	Small	5 – 19	< Rp. 50 million < Rp. 500million	< Rp. 300 million

	Medium	20 – 99	< Rp. 500 million < 2.5 billion	< Rp. 2.5 billion, Rp. 50 billion
Lao PDR	Micro	1 – 4	< 100 million kip	<70 million kip
	Small	5 – 19	<400 million kip	<250 million kip
	Medium	20 – 99	<2000 million kip	<1200 million kip
Malaysia	Micro	Less than 5	RM200,000 agriculture RM 250,00 manufacturing RM200,000 services	
	Small	5 – 19	RM200,000 – < 1 million agriculture RM 10 - 25 million manufacturing RM200,000 - < 1 million service	
	Medium	20 – 50 51 – 150 20 – 50	RM 1-5 million agriculture RM 10-25 million manufacturing RM 1 – 5 million services	
	Micro			
	Small	3-25/ 10-50	1milion kyat	annual 2.5

Myanmar				million
	Medium	26-50/ 51-100/	1-5million kyat	annual 25 -10 million
Philippines	Micro	1 – 9	P 3.000.000	
	Small	10 – 99	P 3.000.001 – P15,000,000	
	Medium	100 – 199	P 15,000,001 – P100,000,000	
Singapore	Micro			
	Small	Less than 200	Less than 15 million	
	Medium			
Thailand	Micro	1 – 4	Less than 1 million Baht	
	Small	5 – 19	1 or Less than 20 million Baht	
	Medium	20 – 99	20 – or Less than 140 million Baht	
Vietnam	Micro	Less than 10		
	Small	11 – 50 (<50)	10 VND million	
	Medium	50 – 100	10-50 VND million	

Source: Small and medium enterprise in Brunei Darussalam, 2010; small enterprise development policies in Indonesia, 2007; small development in Lao PDR, 2010;

Definition by countries – AFRICA (selected nations):

Definition by countries				
African countries				
Countries	Size	Employees (Number)	Capital (US $ '000)	Turnover (US $ "000)
Botswana	Micro	< = 5	11000 US $ (60000 P)	
	Small	6 – 25	US $ 11000 (60000 P) and US $ 27000 (15000000 P)	
	Medium	< = 5	27000 US $ (15000000 P) – US $ 900000 (50000000 P)	
Egypt	Micro	< 10	< LE 50000	<LE 5 million
	Small	10 - 100	LE 50000 – LE 5 million	LE 5 - 50 million
	Medium	100 – 1000	LE 5 million – 50 million	LE 50 - 250 million
Kenya	Micro	< = 10	5 million	500000 ksh
	Small	10 – 50	20 million	500000 – 5 million ksh
	Medium	50 – 100		5 – 800 million ksh
Mozambique	Micro	1 – 25		
	Small	25 – 124		
	Medium	125 – 249		

Nigeria	Micro	<= 10	not more than N 1.50 million	
	Small	11 - 100	not more than N 50 million	
	Medium	101 - 300	N50 million	
South Africa		< = 5		
		< = 20		
		< = 50		

Source: Botswana SME, 2010; Kenya Association of Manufacturers, 2010; Small and Medium Industries equity scheme, 2010; SMES definition study, 2010.

Comparison among selected countries

Country/Area	Category of enterprise	Criterion and country's official definition	Measure
China	**Manufacture**		Employment and turnover
	Micro	< 20 employees and < Yuan 3 million	
	Small		
	Wholesale		
	Micro	<5 employees and < Yuan 10 million	
	Small	5-19 employees and Yuan 1-4.99 million	
	Retail		
	Micro	<10 employees and <4.99million	
	Small	10-49 employees and Yuan 1-4.99 million	
	Manufacture		
	Micro	≤Rs 2.5 million	

India	Small	≤Rs 50 million	
	Service		
	Micro	≤Rs 1 million	
	Small	≤Rs 20 million	
European Union	Micro	<10 employees; turnover ≤€2 million or balance sheet total ≤€2 million	Employment turnover or balance sheet total
	Small	<50 employees; turnover ≤€10 million or balance sheet total ≤€10 million	
USA	Micro	<20 employees	
	Small	<20-99 employees	

Source: China Briefing, 2011; Small industries Development Bank of India, 2010; European Union, 2003; Small Business Administration, 2011.

The Case of Cambodia

In order to avoid differing standards in the definition of SMEs, the Cambodia SMEs Sub-committee in July 2005, proposed the following definitions of enterprise size to be applied to all Ministries.

Classification	**Government Definition**	
	Employees	**Assets**
Micro	Less than 10 employees	Less than US$ 50,000
Small	Between 11-50 employees	Between $50,000-$250,000
Medium	Between 51-100 employees	Between $250,000-$500,000

Large	Over 100 employees	Over $500,000

Source: Royal Government of Cambodia, Sub-committee on Small and Medium enterprise.

2.1.2 Definition of Entrepreneur

The word entrepreneur is a derivative of the French verb entreprendre, which means literally, to "undertake" (Kuratko & Hodgetts, 2001).[23] A vast amount of literatures have dealt with the definition of entrepreneurs from different perspectives.

Cantillon (1931)[24] defined an entrepreneur as an individual who assumes a risk by buying at a certain price and selling at an uncertain price and bears the risk caused by price. According to Schumpeter (1934)[25], the entrepreneur is an innovator who implements change within markets as a result of carrying out new combinations. Say (1971)[26] defined an entrepreneur as one who combines land, labor and capital and then produces and sells the product in the market to make profits for him or her after the interest, rent and wages are paid off.

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23 F. Donald Kuratko & Richard M. Hodgetts, *Entrepreneurship: A Contemporary Approach* (Harcout College Publishers, 5th Edition, 2001).

24 R. Cantillon, *Essai sur la Nature du Commerce en General* (MacMillan, London: UK, 1931).

25 J. A. Schumpeter, *The Theory of Economic Development:* An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle (Cambridge, MA.: Harvard University Press, 1934).

26 J. B. Say, *Entrepreneur was a master manufacturer who assigned the value to goods in production* (Koolman, 1803).

Zimmerer and Scarboriough (1996)[27] stated that an entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them. Butler (2006)[28] mentioned that the term entrepreneur typifies an individual attitude of opportunity spotting and the creation and exploitation of business opportunities to create wealth profit – often with the implicit use of innovation, imagination, and risk-taking. The entrepreneur creates and operates the enterprise, and in doing so, displays the characteristics of entrepreneurship. Sharma and Chrisman (2007)[29] maintained the idea that entrepreneurship encompasses acts of organizational creation, renewal, or innovation that occur within or outside an existing organization. According to Hisrich et al. (2008)[30] although each of these definitions views the entrepreneur from a slightly different perspective, they all contain similar notions such as newness, organizing, creating wealth, and risk taking.

2.1.3 Definition of Entrepreneurship

Drucker (1985)[31] stated that entrepreneurship is the act of innovation that involves endowing capacity. Timmons (1989) [32] suggested that

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27 Thomas W. Zimmerer & Norman M. Scarborough, *Essentials of Entrepreneurship and Small Business Management* (Pearson Prentice Hall, 5th ed., 2008).

28 David Butler, *Enterprise Planning and Development: Small Business Start-up, Survival and Growth* (Elsevier Ltd., 1st ed., 2006).

29 P. Sharma, & S. J. J. Chrisman, *Toward reconciliation of the definition issues in the field of corporate entrepreneurship. Entrepreneurship – concepts, theory and perspective* (New York, 2007).

30 Robert D. Hisrich et al., *Entrepreneurship* (McGraw-Hill, 7th ed., 2008).

31 P. F. Drucker, *Innovation and Entrepreneurship*: *Practice and Principle* (New York, USA: Harper Business, 1985).

entrepreneurship is an ability to create and build something from practically nothing. It is initiating, doing, achieving, and building an enterprise or organization, rather than just watching, analyzing, or describing one. It is of sensing an opportunity where others see chaos, contradiction, and confusion. According to Harper (2003)[33] entrepreneurship is critical to enhancing the innovativeness and responsiveness of businesses, to boosting productivity and to improving cost structures and trade performance.

In the same line, Kuratko and Hodgetts (2001) [34] consider entrepreneurship is a process of innovation and new venture creation through four major dimensions, namely individual, organizational, environmental, and process. According to Karl H. Vesper (1990) as cited by Micro Industries Development Assistance and Services (MIDAS) (2009)[35] the overall field of entrepreneurship is the creation of new business ventures by individuals or small groups. Entrepreneurship has been expanded as: (i) structuring of organization through division of labor, (ii) formulating plans and policies to be executed by subordinate, (iii) innovating and (iv) bearing risk.

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32 J. Timmons & S. Stephen, *New Venture Creation* (8th Ed.) (McGraw-Hill, 2009).

33 David A. Harper, *Foundations of Entrepreneurship and Economic Development* (Routledge, 1st ed., 2003).

34 Donald F. Kuratko & Richard M. Hodgetts, *Entrepreneurship: A Contemporary Approach* (Harcout College Publishers, 5th Edition, 2001).

35 Micro Industries Development Assistance and Services *Women Entrepreneurs in SMEs: Bangladesh Perspective* (Sponsored by SME Foundation, 2009).

Hisrich et al. (2008) [36] consider entrepreneurship as a process of creating something new with value by devoting the necessary time and effort, assuming the accompanying financial, psychic, and social risk, and receiving the resulting rewards of monetary and personal satisfaction and independence.

From the above definitions, it is to conclude that entrepreneurship refers to a kind of behavior that includes taking initiative, organizing and reorganizing social and economic mechanisms to turn resources and situations by accepting risk. In addition, entrepreneur refers to a person who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities.

2.1.4 Determinants of Performance of Microenterprises

According to Cambridge Advanced Learner's Dictionary (2008) [37] performance refers to how well a person, machine, etc. does a piece of work or an activity. Furthermore, Ivancevich (2007)[38] viewed performance is the activity to ensure that goals are consistently being met in an effective and efficient manner. While quantitative performance measures are commonly used by large firms such as financial outcome (RoE, RoA, RoI), production (the amount of goods sold, operating expenses ratio), marketing (number of customers), and efficiency, qualitative performance measures discipline level,

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36 Robert D. Hisrich et al., op. cit.
37 *Cambridge Advanced Learner's Dictionary* (3rd Edition, 2008).
38 John M Ivancevich, *Human Resource Management* (Mc Graw-Hill, 10th ed., 2007).

achievement of goals, perceptions of leadership on organizational performance, individual behavior in the organization, and effectiveness (Sarwoko et al., 2013)[39].

Wijewardena (1996)[40] found out that the policy of the government, political stability and peaceful environment in the country, government assistance, and tax incentives are the external factors that influence a microenterprise's success and growth. A study by Wanjikiu (2009)[41] on management strategies affecting the performance of MSMEs in Kenya found out that management is an art or a science that is used to accomplish organizational goals - a process that is followed to achieve what an organization wants to achieve. Thibault (2001)[42] mentioned that personal factors of the owner such as gender, age, education, hours of work per week, previous work, and business dependency influence the performance of business enterprises. Further, research findings by him on internal factors affecting micro and small business showed that the use of technology, business plan, operating location, business structure, and number of full-time employees are the factors influencing the growth of an enterprise.

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39 Endi Sarwoko, et al., "Entrepreneurial Characteristics and Competency as determinants of Business Performance in SMEs," *Journal of Business and Management* 7, 3 (2013): 31-38.

40 H. Cooray, S. Wijewardena, "Factors Contributing to the Growth of Small Manufacturing Firms: Perceptions of Japanese Owner/Managers," *Journal of Enterprising Culture* 4, 4 (1996): 351-361.

41 N.H.W. Wawire, and F M. Nafukho, "Factors affecting the management of women groups' micro and small enterprises in Kakamega District, Kenya", *Journal of European Industrial Training* 34, 2 (2010): 128 – 152.

42 M. Thibault, *Factors Influencing Sales Performance in Small and Medium-Sized Enterprises* (Master Thesis, University of Guelph, Canada, 2001).

Yordanos (2014)[43] indicated the profit for the study on determinants of profit variability among micro and small enterprises (MSEs) in Zambia. Panutporn (2017)[44] used profits as the indication in the study of performance measurement that affects business profits of small and medium-sized enterprises (SMEs) in Khon Kaen province.

2.2 Empirical Literature

2.2.1 Management Factors influencing the Performance of Enterprises

2.2.1.1 Planning

Planning is preparing a sequence of action steps to achieve some specific goals (Zetlin, 1994).[45] Planning can be strategic planning, tactical planning, or contingency planning (Kotler, 2004).[46] Mazzarol (2000)[47] had examined the use of final business planning and its relationship to the business performance. He found from his research that business enterprises with formal business plan had grown with higher level of sales rather than business enterprises without formal planning.

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43 Yordanos Gebremeskel, "Determinants of Profit Variability among Micro and Small Enterprises (MSEs) in Zambia," *International Journal of Economics and Finance* 6, 8 (2014).

44 Panutporn Ruangchoengchum, "Performance Measurement that Affects SMEs Business Profits: Case Study of SMEs in Khon Kaen province," *ABAC Journal* 37, 1 (2017): 26-42.

45 M. Zetlin, (1994). "Off the beaten part: What must new age entrepreneurs do to succeed," *Management Review* 83, 12 (1994): 28-31.

46 *P.* Kotler, *Marketing Management: Planning and Analysis* (Prentice Hall, 2004).

47 Mazzarol, "A Survey of Small Business Owner in Australia," 2010 Retrieved on 11 08 2018 form https://www.researchgate.net/journal/1462-6004_Journal_of_Small_Business_and_Enterprise_Development.

Knowles and White (1995)[48] stated that the success of a business is achieved through planning, commitment, time, nurturing, financing, and positioning to seize opportunities. He recommended that no one should start a business in today's economy without a business plan. According to Seang (2009)[49] lack of a formal business plan had been attributed to high failure rates among small and medium seize enterprises, particularly among new businesses. He asserted that formal business plans had higher level of sale and growth than those that had no formal plan.

Formal planning leads to enhanced sales and profitability for businesses (Ackelsberg & Arlow, 1985).[50] Greater planning sophistication is associated with a growth in sale (Rue & Ibrahim, 1998).[51] According to Seang (2009)[52] various researchers had revealed that firms with structured planning procedures outperform those with non-structured ones. Businesses that take time to write and develop business plans are more successful and capable of surviving and out performing many businesses that choose not to develop business plans. It is likely that these planned out businesses will generate greater sale returns.

2.2.1.2 Organizing

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48 R. Knowles, & D. White, *Issues in Canadian Small Business* (Toronto: Harcourt Brace, Canada, 1995).

49 Sok Seang, op cit.

50 R. Ackelsberg, & P. Arlow, (1985). "Small businesses do plan and it pays off," *Long Range Planning 1*8, 5 (1985): 614- 17.

51 Lesile W. Rue and Nabil A. Ibrahim, "The Relationship Between Planning Sophistication and Performance in Small Businesses," *Journal of Small Business Management* 36, 4 (1998): 24-32.

52 Sok Seang, op cit.

Richard (2003) [53] stated that organizing refers to the way the organization allocates resources, assigns tasks, and goes about accomplishing its goals. Similarly, Koontz & Donnel (2000) [54] mentioned that organizing involves designing and creating an organizational structure, which assists the business to carry out its activities.

Organizing is a function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of the business' objectives. The structure of the organization is the framework within which effort is coordinated. Organizing also involves the designing of individual jobs within the organization (Lamond, D, 2004).[55] It is the process of gearing up to implement decisions that result from the planning process; in other words, it is the establishment of the structure in which the work gets done. Organizing involves delineating tasks and establishing a framework of authority and responsibility for the people who will performs these tasks; that is, building the aforementioned structure. It further involves analyzing the workload, distributing it among employees, and coordinating the activities so that the work proceeds smoothly (Dawson R, 2013).[56] Organizing is the structuring of resources and activities to accomplish objectives efficiently and effectively, leading employees to achieve

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53 B. Richard, *Business & Economics Vocational Business: Training, Developing and Motivating People,* 2003 in http://www.answers.com/topic/management. June 2007.

54 H. Koontz, and O. C. Donnel, *Principles of Management: An analysis of managerial functions.* (New York: McGraw Hill, 2003).

55 D. Lamond, "A Matter of Style: Reconciling Henri and Henry," *Management Decision* 42, 2 (2004): 330–56.

56 R. Dawson, *Secrets of power persuasion* (Englewood Cliffs, NJ: Prentice Hall, 2013).

organizational objectives (O.C. Ferrell, Geoffrey A. Hirt & Linda Ferrell, 2009).[57]

2.2.1.3 Leading/Directing

Directing is a process that involves supervision as in leading the workers to accomplish the goals of the organization (Richard, 2003)[58]. Also, directing means making assignments, assisting workers to carry out the assignments, interpreting organizational policies, and informing workers about how well they perform in the organization (Njanja, 2009).[59]

2.2.1.4 Controlling

A research by Stevenson (2000)[60] showed that setting a performance standard, correcting, and carrying out evaluation activities lead to determining a company's goals and objectives. Controlling is a set of tasks ensuring that the activities of the organization's members are leading the organization toward its goal. It involves evaluation activities that the manager must perform (Njanja, 2009).[61]

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57 O.C. Ferrell, Geoffrey A. Hirt & Linda Ferrell, Business a changing world. (Mc Graw- Hill. Companies, Inc., 2009).

58 B. Richard, *Business & Economics Vocational Business: Training, Developing and Motivating People, 2003* in http://www.answers.com/topic/management, June 2007.

59 W. L. Njanja, P. Rene, and M. Ogutu, *An Investigation into the Effect of Management Factors on Performance of Micro, Small and Medium Enterprises in Kenya*, (University of South Africa, 2009).

60 H. H. Stevenson, *Why Entrepreneurship Has Won* (USASBE National Conference, Coleman White Paper, 2000).

61 W. L. Nianja et al. op. cit.

Controlling ensures that the performance of a business does not deviate from its standards. It consists of three steps, which include: (i) establishing performance standards, (2) comparing actual performance against standards, and (3) taking corrective action when necessary (Lamond, D, 2004).[62] The management functions of planning, organizing, leading, and controlling are widely considered to be the best means of describing a manager's job, as well as the best way to classify accumulated knowledge about the study of management (Lamond, D, 2004).[63]

2.2.2 Marketing Factors influencing the Performance of Enterprises

Balasubramanium (2011)[64] showed from the result of his study that marketing is the tool which brings product to the customer, user, retailer, wholesaler, and to the new geographical area. The factors relating to marketing influence the performance of the microenterprises. Sureshthi (2013) [65] defined marketing as the (i) identification (ii) selection and development (iii) selection of a distribution channel to reach the customer's place, and (iv) development and implementation of a promotional strategy.

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62 D. Lamond, (2004) "A Matter of Style: Reconciling Henri and Henry," *Management Decision* 42, 2 (2004): 330–56.

63 *ibid.*

64 S. K. *Balasubramanian,* "Audience," *journal of Product Innovation Management* 28, 2(2011):204–217.

65 Surehthi, Marketing Mix. Study mode, 2013. Retrieved on 03.2013 form http://www.studymode.com/essays/Marketing-Mix-1484326html.

Thibault (2000)[66] investigated the starting up of business in a rural town with less than a population of 100,000. The result showed that 70 percent of newly-registered businesses were planning to operate as home-based businesses because of its flexibility, convenience, and cost. According to Huoy (2018)[67] and Babajide (2012)[68], the business location has a positive effect on an enterprise's growth because it has its implication for access to markets and on other resources like finance, skilled labor infrastructure, etc.

Ganyaupfu (2013)[69] studied the effects on entrepreneur and enterprise characteristics on the success of small and medium enterprises (SMEs) with 150 participants in the province of Gauteng, South Africa. He found out that location and work experience have significantly influenced the success of SMEs in this respective area.

According to Hong (2012)[70] price is an influencing factor for business growth as in his research near about 50 percent of the participants mentioned that there is a moderate influence of price on business.

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66 M. Thibault, *Business Environment Study* (Business Enterprise Centre, Canada, 2000).

67 S. Huoy, *A study on Factors Influencing the Performance of Micro and Small Enterprises in Svay Rieng Province, Cambodia* (Unpublished Ph.D. Thesis, Build Bright University, 2018).

68 A. Babajide, "Effects of Microfinance on Micro and Small Enterprises (MSEs) Growth in Nigeria," *Asian Economic and Financial Review* 2, 3 (2012): 463-477.

69 E. Ganyaupfu, "Entrepreneur and Firm Characteristics Affecting Success of Small and Medium Enterprises (SMEs) in Gauteng Province," International Journal of Innovative Research in Management 9, 2 (2013).

70 Kao K. Hong, *Factors influencing Sale Performance of Small and Medium Enterprises*. (Unpublished Ph.D. Thesis, Build Bright University, 2012).

Yauyipz (2010)[71] in his research found out that the quality of product is very important in manufacturing for the consumer and company. Because production safety management in company reduces unwanted accidents and produce recall, and increases safety and quality of the products. Razu (2010)[72] believed that the quality of product is a concern for the customers as they value their money and always prefer good quality of products.

Coy et al. (2007)[73] examined factors contributory to the success of enterprises by investigating internal and external factors of 265 Pakistani small business owners located in Karachi, Pakistan. The result showed that the factors that influenced the business enterprises included product quality, hard work, customer service, attention to customer needs, communication skills, interpersonal skills, and business connections.

Raghunathan & Kunnathar (2000)[74] examined factors affecting the adoption of new technology on business performance. According to them, new technology can increase productivity, performance, and profit of a business, and reduce the amount of skilled labor required, lead-time,

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71 Yauyipz, Product Safety. *StudyMode.com*. Retrieved 10, 2010, from http://www.studymode.com/essays/Product-Safety-458185.html

72 Razu, Consumers' Perception on product Quality and Brand Dilution on Various Segments of Tobacco Industry in Bangladesh – An Empirical Study, Studymode.com. Retrieved 11, 2010, from http://www.studymode.com/essays/Consumers%E2%80%99-Perception-On-Product-Qaulity-And-460178.html.

73 S. Coy, M. Shipley, K. Omer, & R. Khan, "Factors contributory to success: A study of Pakistan's small business owners," Journal of Developmental Entrepreneurship 12, 2 (2007): 181-198.

74 T. S. Raghunathan, and A. Kunnathar, "Factors affecting the adoption of advanced manufacturing technology in small firms," *SAM Advanced Management Journal* 56, 2(2000), 14-21.

inventories needed, accidents, and work stoppages. Technology can bring information, promotion, production into public, and make production growth faster (Bhavani, 2016).[75] Technology has become an integral part of the daily operations of many businesses today. Firms that have adopted new technologies, experience improved performance in areas of production output, reduce lead time, and enjoy greater profits (Seang, 2009).[76]

According to Kwan and Hee (1999)[77], a company that provides high customer quality service wins customer loyalty, keeps customer longer, and earns more income. Hong (2012)[78] said that the customer factor strongly influences sales performance of an enterprise as two-third of the respondents in his study believed it. By considering 90 respondents in Kumasi Metropolis, Ghana, Nimoh et al. (2011)[79] found out that customers and employees influenced the performance of business enterprises.

Higher satisfaction can keep customers loyal. Customers' loyalty boosts profit and growth of any organization. This comprehensive experience can turn customers into enthusiastic fans for all organizations (Boulding, et al.,

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75 T. A. Bhavani, Dynamic Business Environments: What These Mean for Indian Small Enterprises, in *Micro and Small Enterprises in India: Era of Reforms*, Keshab Das (Ed), 2016: 27-45.

76 Sok Seang op. cit.

77 W. Kwan, and T. J. Hee, "Measuring service QUALITY IN Singapore Retail Banking: A Gap Analysis and Segmentation Approach," *Singapore Management Review*, 16 (1994):1-24.

78 Kao Kev Hoang, op cit.

79 F. Nimoh, K. Agyekum, & E. Aduamah, "Factors Influencing the Performance of Entrepreneurs in the Kumasi Metropolis of Ghana," *International Journal of Pure and Applied Sciences and Technology* 3,2 (2011): 128-140.

1993).[80] Customer service is the process of providing services to customers before, during, and after purchase. The process of customer service is a series of activities on awareness and interaction between employees and customers, which is dependent on the employees as they have to adjust with the characteristics of each customer. This customer service is also commonly known as the cultural business of many organizations (Boulding, 1993).[81]

Building customers' loyalty will give huge volume sales revenues to enterprises. So, maintaining the existing customers means maintaining the income. Based on the survey on 183 executives, Hong (2012)[82] revealed that 70 percent agreed that the factors challenging the success of their sales force was expanding the relationship with their existing customers, 45 percent said that the successful factor was defining the most effective sales message, 39 percent said that it was sales force automation, and 37 percent said that it was building a database of qualified prospects. Huoy (2018)[83] had done a study on the factors influencing the performance of micro and small enterprises with 60 business enterprises in Svay Rieng province, Cambodia. 67 percent of the respondents agreed on poor customer relationship and difficulties in handling the business as a major constraint of success.

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80 W. Boulding, A. Kalra, R. Staelin, and Valarie A. Zeithaml, "A Dynamic Process Model of Service Quality: From Expectations to Behavioural Intentions," Journal of Marketing Research 30 (1993): 7-27.

81 Ibid.

82 Kao K. Hong, op cit.

83 S. Huoy, op cit.

Smith et al., (2017)[84] agreed that competitor identification is a key task for managers as enterprises scan their competitive terrain, shoring up their defenses against likely attacks, and respond with strategies. The research by Hong (2012)[85] on comparative analysis of small and medium enterprises in Phnom Penh, Cambodia revealed the sale volume of business enterprises, which were decreasing due to many competitors in the market. He found out that 50 percent of the participants had the opinion of moderate influence of competition on sales performance. Through analyzing the competitors, a marketing strategy has to be created by an enterprise that will generate an asset or skills that its competitors do not have, which will provide a distinct and enduring competitive advantage.

Bhattacharya et al., (2012)[86] supported the idea that employee is the key factor that generates performance. Thus, employers need to have a good relationship with their employees, motivate them, and satisfy their needs to bring success to the business. In the same way, Hong (2012)[87] stated that the employee factor has a strong and positive impact on the sales performance of a business. In order for an organization to be successful, it must continuously ensure the satisfaction of its employees (Berry, 1997).[88] The happier the workers, the more satisfied they are. Besides, a satisfied

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84 K. G. Smith, C. M. Grimm, & M. J. Gannon, *Dynamics of Competitive Strategy* (Newbury Park, CA: Sage, 1992).

85 Kao Kev Hoang, op cit.

86 C. B. Bhattacharya, S. Sen, & D. Korschun, "Using corporate social responsibility to win the war for talent," *MIT Sloan Management Review* 49 (2012): 37-44.

87 Kao K. Hong, op cit.

88 L. M. Berry, *Psychology at Work* (San Francisco: McCraw Hill Companies Inc., 1997).

worker is also a productive worker and an organization with more satisfied employees tends to be more effective (Robbins & Judge, 2007).[89]

Satisfied workers deliver good quality service to customers, which indirectly increases customer satisfaction. Customer satisfaction is essential in building long-term, profitable relationships, ultimately leading to customer loyalty and repeat purchases from the business. David (2017)[90] revealed that the benefits of employee satisfaction through positive effects on the workplace included: (i) less turnover – employees usually stay in a job longer when they are satisfied and enjoy the work they are performing, (ii) less absenteeism - employees who are happy at work, look forward to coming in and are less likely to call in sick or arrive late to work, (iii) more pride in the work performed – workers who are satisfied in their job typically take more pride in the final outcome and it tends to be more accurate and completed, (iv) handle pressure situations and provide better customer service – an employee who is satisfied at work, tends to be able to adjust to any problems that arise and are more willing to make changes and take trainings when needed.

According to Stallworth and Kleiner (1996)[91], an organization's physical layout is designed around employee needs in order to maximize productivity

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89 S. P. Robbins, & T. A, Judge, *Organizational Behavior* (New Jersey: Prentice-Hall (12th Ed.), 2007).

90 David Iwata, *The importance of Employee Satisfaction: Benefits of Employee Satisfaction* (Community college district, Los Angeles, 2017).

91 J. O. E. Stallworth, & B. H. Kleiner, "Recent developments in office design," *Journal of Facilities* 14, ½ (1996): 34-42.

and satisfaction. Employees would prefer to work in an organization which can provide better physical comfort and convenience. With a better environment, the unsatisfied feeling of the employees can be reduced. According to Robbins (2001) [92], working conditions will influence job satisfaction as employees are concerned with a comfortable physical work environment.

2.2.3 Other Factors influencing the Performance of Enterprises

Politico-legal factor: Tandon (2014)[93] stated that the political system, including the stability of the government, economic policies of the government, and trade policies are very important to businesses. Mon's (2013) [94] study on Singapore showed that the government of Singapore provides social welfare service to hotel industries through the establishment of the Singapore hotel association, so that their members will have a discount when accessing equipment and products.

A study by Wawire & Nafukho (2009)[95] studied the main factors that affect the management of the Women Groups' Micro and Small Enterprises (MSEs) in Kakamega district and Africa in general. The study found that

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92 S. P. Robbins, op cit.

93 S. Tandon, "Public Distribution system Reforms and Consumption in Chhattisgarh: A Comparative Empirical Analysis," *Economic & Political Weekly* 49, 8 (2014): 74-81.

94 S. Mon, Political. Studymode.com. Retrieved 12, 2013, from http://www.studymode.com/course-notes/Political-45968571.html.

95 N.H.W. Wawire, & F. M. Nafukho, "Factors affecting the management of women groups' micro and small enterprises in Kakamega District, Kenya," *Journal of European Industrial Training* 34, 2 (2010): 128 – 152.

political, financial, administrative, managerial, traditional, and cultural factors affect management in Woman Groups' MSEs.

Working space factors: Maulabakhsh (2014)[96] believed that a good working space provides high success to enterprises. Because a good working space is convenient for working, it provides a good working condition and helps in better communication among all departments.

A study by Huoy (2018)[97] on factors influencing the performance of micro and small enterprises in Svay Rieng province, Cambodia revealed that 76.7 percent of the respondents agreed that their current working place is not convenient and this affects the growth of their business.

Infrastructural/Transportation factors: Infrastructure brings services and products door to door faster, flexibly, with less risk of damage in transit, saving in packing costs, and less cost in total. A study by Hong (2012)[98] showed that transportation is very important for doing business. On his survey on business enterprises, 41.19 percent respondents viewed infrastructure as having a strong influence on sales performance.

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96 Abdul, Raziq, & Raheela Maulabakhsh, "Impact of Working Environment on Job Satisfaction," *Procedia Economics and Finance* 23 (2015): 717 – 725.

97 S. Huoy, op cit.

98 Kao K. Hong, op cit.

Finance: Finance is the tool to sustainable business growth. In their study, (Gray, Coooley, and Lutabingwa, 1997[99]; kiggundu, et al., 1988)[100] in Nigeria showed that microenterprises tend to lack capital to start or even expand their businesses. A study by Mazzue & Nayeem (2008)[101] on SMEs in Bangladesh from five sub-sectors and by using the Varimax Normalization Method with a questionnaire form of survey showed that financing, lack of technically skilled worker, and government regulation are factors that influence enterprises. Similarly, lack of financial capital, inappropriate government structure, and poor infrastructure as well as corruption are considered as critical factors generating failure or success in enterprises (Naqvi, 2011).[102]

2.2.4 Mixed Factors influencing the Performance of Enterprises

Several studies carried out in different countries reveal that instead of a single factor, a group of factors influenced the performance of the microenterprises. Woodruff and Zenteno (2007)[103] surveyed more than 6000 self-employed workers and micro-enterprise owners in 44 urban areas of Mexico. They worked to find out the impact of attachment to migration networks on the level of capital investment, capital-output ratio, sales, and

99 K. R. Gray, W. Cooley, & J. Lutabingwa, "Small-Scale Manufacturing in Kenya," *Journal of Small Business Management* 35 (1997).

100 M. N. Kiggundu, Africa. In R. Nath (Ed.), *Comparative Management* (Cambridge: Ballinger, 1988:169-243).

101 Mazzue & Nayeem, Constraints to SMEs: A Rotated Factors Analysis Approach. (University Library of Munich: Germany, 2008). Retrieved from https://ideas.repec.org/p/pra/mprapa/26135.html.

102 S. Naqvi, "Critical Success and Failure Factors of Entrepreneurial Organizations: Study of SMEs in Bahawalpur," *Journal of Public Administration and Governance* 1, 2 (2011).

103 Christopher Woodruff & Rene Zenteno, "Migration networks and microenterprises in Mexico," Journal of Development Economics 82, 2 (2007): 509-528.

profits of micro-enterprises. The results show that migration is linked with higher investment levels and profits, but not higher sales. This is the most in the sectors of automobiles, tools, and inventories. Firms in high-capital sectors have higher investment, sales, and profits when attached to migration networks, indicating that this attachment reduces capital constraints in those sectors. Cahn (2008)[104] qualitatively investigated two separate groups of Samoan micro-entrepreneurs: one who embedded culture with micro-enterprise, and the other who did not mix culture and business. Normally, in indigenous societies, economic activities are strongly linked to culture, creating a community-oriented entrepreneurship with diverse outcomes. Thus, a majority of the Samoan people blend their culture with their business and this influences their livelihood, the risks and vulnerability they face, the way of work of the people as a group, the characteristics of the micro-enterprises and their success and sustainability. On the other hand, the enterprises that did not mix the two had tension and this could further affect the success and sustainability of the businesses. Masakure, et al. (2009)[105] assessed the financial performance of Ghanaian micro-enterprises by checking with the resource-based theory of firm, which is to see if firm-specific resources lead sector and market-wide effects in explaining micro-enterprise performance according to the theory. While firm-specific resources jointly affected the enterprises' performance, sector and market factors also impacted the firms

[104] Miranda Cahn, "Indigenous Entrepreneurship, Culture and Micro-enterprise in the Pacific Islands: Case Studies from Samoa," Entrepreneurship & Regional Development: An International Journal 20,1 (2008).

[105] Oliver Masakure, Spencer Henson, John Cranfield, "Performance of Microenterprises in Ghana: A resource-based view," Journal of Small Business and Enterprise Development 16, 3 (2009): 466-484.

to an extent. This means that the interaction between the micro-enterprises, sector and market factors all together explain the performance of enterprises.

Gulyani and Talukdar (2010)[106] studied 1755 informal household micro-enterprises in Nairobi to see how they deal with poverty and living conditions of the slums. Indeed, these micro-enterprises are helping the local people overcome their poor living conditions by alleviating poverty. The micro-enterprises performing better are positively correlated to their sales area, time in, and the sector in which they are operating, but residential tenure and infrastructure access also have impact them. A study by Janda (2013)[107] was based on the key factors influencing the profitability of 300 rural micro-enterprises in the food-processing sector in rich and poor provinces of Poland, which was centered around the Polish EU accession in 2004. It was unfolded that the EU accession did not have any major effect on the micro-entrepreneurs and that EU related factors did not have much to do with the profitability of these firms. Instead, it was seen that the success of these micro-enterprises lied with their owners, managers, and enterprises characteristics, which are: age and risk-taking ability of the stakeholders, location of the firm in a competitive area, size of the enterprise (whether a sole trader or family business), technological advancements, and quality

106 Sumila Gulyani & Debabrata Talukdar, "Inside Informality: The Links Between Poverty, Microenterprises, and Living Conditions in Nairobi's Slums," *World Development* 38, 12 (2010): 1710-1726.

107 Karel Janda, Gordon Rausser, Wadim Strielkowski, "Determinants of Profitability of Polish Rural Micro-Enterprises at the Time of EU Accession," Eastern European Countryside 19, 1 (2013): 177-217.

verification of the products of the micro-enterprises. Spillian, et al. (2013)[108] examined the role of market orientation on firm performance of Ghanaian micro-enterprises. They interviewed 347 Ghanaian micro-enterprises personally and using the MARKOR scale, they saw a good measure of market orientation of these firms. The results show that market orientation had a significant positive impact on the performance of these Ghanaian micro-enterprises. However, other unmeasured factors had an effect on the performance of these firms as well.

Munoz, et al. (2015) [109] had worked on 151 Malaysian micro-enterprises and found that key management activities had direct influence on their performance and entrepreneurial orientation. First, although performance was not that affected, it was only influenced if any by financing or government support. Managerial capabilities and sales and profit, securing finances, and government financing had a moderate relationship. Thus, this shows that management leads to the success of a business and there is a strong need for training programs to assist micro-enterprises. A study by Alom, et al. (2016)[110] on the success factors that affect the performance of microenterprises in Malaysia was carried out with 253 Malaysian

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108 John E. Spillian, Ali Kara, Domfeh Obed King, Michael A. McGinnis, "Market Orientation and Firm Performance: An Empirical Analysis of Ghanaian Microenterprises," Journal of Global Marketing 26, 5 (2013): 258-272.

109 J. Mark Munoz, Dianne H. B. Welsh, Sow Hup Chan, & Peter V. Raven, "Microenterprises in Malaysia: A preliminary study of the factors for management success," *International Entrepreneurship and Management Journal* 11, 3 (2015): 673-694.

110 Fardous Alom, Moha Asri Abdullah, Abdul Rashid Moten, & S.M. Ferdous Azam, "Success factors of overall improvement of microenterprises in Malaysia: An empirical study," *Journal of Global Entrepreneurship Research* 6 (2016).

microenterprises using descriptive statistics and multiple regression analysis. The results revealed that certain entrepreneurial and enterprise characteristics and economic factors such as the age of the entrepreneurs, education, business training, demand for the product/service, possibility of business expansion, and sufficiency of finance positively affect the microenterprises' overall performance. Contrastingly, competition and the age of the enterprises have negative effects. Khan (2017)[111] revealed the marketing capabilities of informal microenterprises in Bangkok, Thailand, by studying 42 street food vendors and 52 customers. The vendors felt cheaper pricing and quicker food delivery were their strong points, whereas the customers said it was their convenient location, flexible business hours, ability to fulfill customer food requirements and cooking demonstration that was their unique selling point in making them competitive and distinct from formal restaurants.

2.3 Constraints of Microenterprises

Entrepreneurship development has always been encountered with different challenges and barriers in spite of its significant contribution in terms of sustainable employment, poverty reduction and economic development. Based on the data collected from Ugandan micro and small enterprises (MSEs), Ishengoma and Kappel (2008)[112] revealed that MSEs' growth potential is negatively affected by limited access to productive resources

[111] E. Khan, "An investigation of marketing capabilities of informal microenterprises," *International Journal of Sociology and Social Policy* 37, ¾ (2017): 186-202.

[112] E. K. Ishengoma, & R. T. Kappel, *Business Constraints and Growth Potential of Micro and Small Manufacturing Enterprises in Uganda*. GIGA Working Paper No. 78, 2008.

(finance and business services), high taxes and lack of market access. Bowen et al., (2009)[113] worked on finding out why small and micro-enterprises in Kenya mainly failed in the first few months of start-up. They looked into management of business challenges by 198 firms in the Central Business District in Nairobi City, and found that these firms face various challenges: competition from both small and large firms, lack of credit access, availability of cheaper imported goods, insecurity as in not much collateral, and debt collection. Therefore, these firms normally engage in certain strategies such as fair pricing, discounts, special offers, increasing the variety of goods and services, superior customer service, and improving the quality of service delivery. Also, it has been found that training and education has caused a rise in their business success. Through a descriptive research, Mehta (2013)[114] found that micro, small and medium enterprises in India face a number of problems including absence of adequate and timely financial support, limited knowledge, non-availability of suitable technology, low production capacity, high cost of credit, ineffective marketing strategy, lack of skilled manpower, lack of access to global markets, and inadequate infrastructure facilities.

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113 Michael Bowen, Makarius Morara, Samuel Mureithi, "Management of Business Challenges Among Small and Micro Enterprises in Nairobi-Kenya," *KCA Journal of Business Management* 2,1 (2009): 16-31.

114 M. C. Mehta, "Challenges and Opportunities in Micro, Small and Medium Enterprises in India," 2nd International Conference on *Management, Humanity and Economics* (ICMHE'2013), May 6-7, 2013 Kuala Lumpur (Malaysia), 134-136

Considering the case of both men and women entrepreneurs in Golestan province in Iran, the research of Gorji et al. (2012)[115] found that financial constraints were the main barrier to entrepreneurship. Further, organizational barriers, followed by environmental and individual barriers, showed greatest impact in men, whereas, all three barriers have the same impact on independent entrepreneurship in women. Sarker and Palit (2014)[116] by emphasizing women entrepreneurship towards economic prosperity identified eight key factors critical for women entrepreneurial success in Khulna region, Bangladesh such as access to technology, interpersonal skill, business feature, training and motivation, social security and freedom, assistance and easy regulation, family support and quality assurance, and risk encountering. Chong and Luyue (2014)[117] investigated the challenges of financing startups in China from three perspectives, namely financing difficulties of Chinese small and medium sized enterprises (SMEs), the plight of venture capital (VC) in China and the financing difficulties of Chinese graduates' entrepreneurship.

2.4 Conclusion

The review of literature shows the presence of various factors which influence the performance of microenterprises in different countries. These

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115 M. Gorji, S. Siami, A. Khozain, & M. N. Nezamabad, "The Survey of Barriers to Individual Entrepreneurship and their Priority in Men and Women," *International Journal of Research in Management* 2, 2 (2012): 97-107.

116 S. Sarker, & M. Palit, "Determinants of Success Factors of Women Entrepreneurs in Bangladesh- A Study Based on Khulna Region," *Business and Economic Research* 4, 2 (2014): 237-250.

117 Z. Chong, & Z. Luyue, "The Financing Challenges of Startups in China," *International Business and Management* 9, 2 (2014): 130-137.

factors are mainly personal characteristics of the entrepreneur, management factors (planning, organizing, directing and controlling), marketing, finance, infrastructural, supportive, technological, etc. Further, microenterprises face a number of constraints in their operations. In Cambodia, limited studies have been carried out at micro level (provincial level) to know the extent to which personal, management and marketing factors influence the performance of microenterprises, particularly food and beverage enterprises along with the constraints they face in their operation. Thus, in this context, the present study has made an attempt to fill up the gap in this direction by considering one of the provinces, i.e., Takeo province as the study area.

CHAPTER III

RESEARCH METHODOLOGY

The research methodology applied in this research has been analyzed in the present chapter. Most importantly, the chapter begins with the type of analysis, types and sources of data, sample size, sampling method, and data gathering procedure. It then presents the statistical tools used to analyze the data and test the hypotheses. This is followed by an explanation on the coverage of the study and finally, the procedure of analyzing the data.

3.1 Type of Analysis

In the present research both quantitative and qualitative analysis have been carried out as per the objectives of the study. The qualitative analysis has been undertaken to examine the role of the national and provincial governments in terms of strengthening the microenterprises in Cambodia along with assessing the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area. In addition, the constraints and challenges faced by the selected food and beverages microenterprises in the Takeo province have been qualitatively analyzed in this chapter. To examine the association between personal characteristics of the entrepreneurs, management and marketing factors with the performance of the selected food and beverages microenterprises, both qualitative and quantitative analysis have been carried out. Further, to discuss the socio-economic characteristic of the study area, i.e., Takeo province, both qualitative and quantitative analysis have been done.

3.2 Types and Sources of Data

For the purpose of the study, data have been collected from both primary and secondary sources. The primary data have been collected through a field survey among the selected food and beverages microenterprises in the study area. For this purpose, a structured questionnaire was prepared and direct personal interview method was employed. The primary data have been collected from all the entrepreneurs of 63 registered microenterprises. Moreover, additional information were gathered through personal discussions with the owners of the enterprises. Both the published and unpublished data from secondary sources have been gathered. These sources were the Ministry of Industry, Mines and Energy (MIME), Ministry of Tourism, Ministry of Planning (MoP) of the Royal Government of Cambodia (RGC) and their respective Provincial Departments along with relevant documents and reports published by the National Institute of Statistics (NIS). In addition, relevant information were collected from journals, magazines and other web sources.

3.3 Sample/ Universe Size

For the purpose of the present study, among 25 Provinces and Municipalities, Takeo province has been purposively selected due to its proximity to the capital city of Phnom Penh. Moreover, the province has the potentiality to attract investors both within and outside the country due to its abundant agricultural resources in the form of good soil conditions and a well-developed irrigation system. The province has a total of 10 districts

comprising of 100 communes[118]. As per the official statistics (MIME, 2013), in total, the province had 181 registered enterprises comprising of micro, small, medium and large enterprises of which 135 (74.6 percent) were the microenterprises. Further, among the total, the highest number, i.e., 96 enterprises (53 percent) were involved in food and beverage business. Among all the enterprises carrying out food and beverage business, there were 63 microenterprises (66 percent), 18 small enterprises (19 percent), 8 medium enterprises (8 percent) and 7 large enterprises (7 percent). To carry out the study, all the micro enterprises involved in food and beverage business in the province were taken into account. The food and beverage microenterprises in different districts of the province are given in Table 3.1:

Table 3.1

Number of Food and Beverages Microenterprises in Different Districts in Takeo Province

Sl. No.	**Name of the District**	**Number of Food and Beverages Microenterprises**
1	Angkor Borei	4 (6.3)
2	Bati	19 (30.2)
3	Borei Cholsar	-
4	Kaoh Andaet	-
5	Kiri Vong	5 (7.9)
6	Krong Doun Kaev	16 (25.4)

[118] www.takeoprovince.com

7	Prey Kabbas	3 (4.8)
8	Samraong	1 (1.6)
9	Tram Kak	7 (11.1)
10	Treang	8 (12.7)
Total		**63 (100.0)**

Note: i. Figures in the parentheses indicate percentage to total.

ii. Among 10 districts in the province, two districts do not have food and beverages microenterprises.

Source: General Registered List of Enterprises (2013), Ministry of Industry, Mines and Energy (MIME), Department of Industry, Mines and Energy, Takeo province.

3.4 Sampling/ Census Method

The study has taken all the microenterprises involved in food and beverages business in the province. Thus, among 96 enterprises involved in food and beverage business, 63 were microenterprises, and all these enterprises covering eight districts in the province have been taken into consideration. Thus, census method has been employed in this study.

3.5 Data Gathering Procedure

To carry out the proposed study, both the primary and secondary data have been used. The primary data have been collected through a field survey among all the 63 registered food and beverages microenterprises in the study area. For this purpose, a structured questionnaire has been prepared, and

direct personal interview method was employed in collecting the primary data from the entrepreneur/ owner or the manager of the selected enterprises. In addition, through discussions the background of the entrepreneurs and other relevant information relating to the performance of the microenterprises have been gathered. At the beginning, a pilot test was conducted to refine the questionnaire before administrating to the respondents. The questionnaire was tested with the potential respondents to make it relevant and suitable to the study. The structured questionnaire includes several questions relating to the characteristics of the microenterprises, entrepreneurial profile, management factors, marketing factors along with the performance of the enterprises indicated by levels of sales, expense and profits.

Besides primary data, relevant secondary published and unpublished data have been gathered from the Ministry of Industry, Mines and Energy (MIME) of the Royal Government of Cambodia (RGC) and Provincial Department. In addition, the Statistical Yearbook of Cambodia, relevant documents and reports published by the National Institute of Statistics (NIS), Ministry of Planning (MoP) of the Royal Government of Cambodia and the relevant publications of the World Bank, Asian Development Bank (ADB), United Nations Development Programme (UNDP), etc. were referred. These information have been gathered from several sources through a well prepared format.

3.6 Statistical Tools

Data collected for the purpose of the study was further processed and tabulated keeping the objectives of the study in mind. The interrelationship among the data forms the basis for tabulation. Simple statistical calculations, such as average and percentage have been carried out for the purpose of analysis. In addition, to accomplish the objectives of the study and test the hypotheses, relevant statistical tools were employed.

In order to determine the level of association between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area (indicated by sales, expenses and profits), Lambda (λ) measures of association has been used.

The Lambda (λ) measure of association is expressed as:

$$\lambda = \frac{(E_1 - E_2)}{E_1}$$

Where,

$E_1 = N_{\text{total}} - N_{\text{mode of dependent variable}}$

$E_2 = \sum (N_{\text{category}} - N_{\text{mode of category}})$

Where,

N_s = Number of same order pairs

N_d = Number of inverse order pairs

To know the association between management and marketing factors with the performance of the microenterprises in the study area (indicated by sales, expenses and profits), Gamma (γ) measures of association has been used.

The Gamma (γ) measure of association is expressed as:

$$\gamma = \frac{\left(N_s - N_d\right)}{\left(N_s + N_d\right)}$$

Where,

N_s = Number of same order pairs

N_d = Number of inverse order pairs

By using the above measure the hypotheses formulated in the study have been tested.

3.7 Coverage of the Study

The proposed study has considered all the registered food and beverages microenterprises (63) covering in eight districts in the Takeo province. Thus, none of the microenterprises has been left out for the purpose of gathering primary information.

As per the objectives of the study, data relating to personal characteristics of the entrepreneurs such as gender, age, education, vocational training attended, years of experience in business, birth order in the family have been gathered. Similarly, under the management factors data relating to planning, organizing, directing and controlling, and for marketing factors data relating to business location, quality of product/ service, price of the product, promotion of the product, expense on promotion, etc. have been gathered. In considering the performance of the enterprises, data relating to level of sales, expense and profits have been taken into account. Thus, the focus of the study was to examine the association between personal characteristics of the micro-entrepreneurs, management and marketing factors with the performance of the selected microenterprises.

3.8 Procedure of Analyzing Data

For the purpose of analyzing the data, both tabular and graphical analyses have been carried out. Both published and unpublished secondary data collected from several sources have been further compiled, processed and tabulated taking the objectives of the study into account.

The Statistical Package for Social Sciences (SPSS) and MS Excel were used to process the data. The Lambda (λ) and Gamma (γ) measures of association have been carried out to test the null hypotheses formulated in the study.

To conclude, the study has used both primary and secondary data, and besides qualitative analysis, it has used quantitative analysis. The study has also used the Lambda (λ) and Gamma (γ) measures of association, and finally, the results of the study have been presented through tables and graphs.

CHAPTER IV

PROFILE OF THE STUDY AREA AND ROLE PLAYED BY THE GOVERNMENT IN STRENGTHENING THE MICROENTERPRISES

A modest attempt has been made in this chapter to analyze the profile of the study area along with the role played by the government in strengthening the microenterprises in the country. For this purpose, the chapter is broadly divided into five sections. The first section of the chapter presents a brief profile of the Kingdom of Cambodia, whereas in the second section the profile of the study area, i.e., Takeo province has been discussed. In the third and fourth sections, the role played by the Royal Government and Provincial authorities in strengthening the micro, small and medium enterprises are respectively discussed. Finally, the conclusion of the discussion is given in the last section of the chapter.

4.1 Brief Profile of the Kingdom

The Kingdom of Cambodia is one of the least developed South East Asian countries bordering Thailand, Vietnam, Lao PDR and the Gulf of Thailand covering a total area of 181,035 square kilometers. Cambodia's current economic status is much better than what it was in 1979. Its economy today is a product of a continuous policy transformation from a "centrally planned" to a "market-oriented" economy that favours investment, trade and private sector development. Today Cambodia has made substantial progress in its economic reconstruction. It is an ASEAN member nation and had joined the World Trade Organization (WTO) in 2004. Its socio-economic development indicators put it into the lower middle-income category.

The policy reforms along with the end of civil conflict and political stability have fostered dramatic economic growth averaging 7.8 percent between 1994 and 2010, which lifted per capita income and changed the economic structure from an agrarian economy to a more balanced mix of agriculture, industry, and services (CDRI, 2012). [119] Cambodia is a predominantly rural and agricultural country. The growth of the economy is driven by textile and construction industries, tourism and agriculture; the strategically important energy sector relies on thermal and hydropower generation. The main growth factors for the future will be a pro-export policy and export diversification encouraging a transition to higher value-added light manufacturing and textile production. Like other ASEAN members, Cambodia has joined the ASEAN Economic Community (AEC); while the market integration process is a fairly positive development from the government's perspective, it is a source of concern from the perspective of micro, small and medium-sized businesses (SMEs) with their limited capacities, low productivity and lack of finance and technologies.

Cambodia has met the Cambodian Millennium Development Goals (CMDGs). It has made sustainable progress in the education sector. In spite of this, access to inclusive, good quality education for all is a necessary factor for enduring, inclusive and sustainable growth. Cambodia's strategic development document is "Rectangular strategy – Phase -III (following up on

[119] Cambodia Development Resource Institute. *Annual Development review 2011 – 2012* (Phnom Penh: Cambodia, 2012).

"Rectangular Strategies – Phases I and II") which confirms the country 's commitment to the SDGs.

The Cambodian government's main development priorities include:[120]

i. Development of physical infrastructure (transport systems; electrification; water sources).
ii. Capacity building and development of human resources (strengthening education, science and technology and technological training; prompting health and nutrition, developing social protection and enhancing gender equality);
iii. Development of agriculture, including forestry and fisheries (improving productivity and diversification; promoting livestock farming and aquaculture; land reform and mine clearance; sustainable management of natural resources).
iv. Development of the private sector and employment (promoting investment and business; promoting the development of SMEs and the development of the banking and financial sector).

So far the demographic profile is concerned, the population ratio of male and female living in Cambodia is gradually changing year by year. While the male population has increased from 48.2 percent in 1998 to 49.1 percent in 2017, the female population has decreased from 51.8 percent in 1998 to 50.9 percent in 2017 in the population ratio. However, the population ratio of

[120] Rectangular Strategy Phase III and "National Strategic Development Plan 2014 – 2015."

2013 did not follow this trend as the male population decreased a bit to 48.5 percent and the female population increased slightly to 51.5 percent as compared to the previous years. In general, the male population has grown from 5,511 to 7,784, which is a 41.2 percent increase, whereas the female population has increased at a slower rate of 36.1 percent from 5,926 to 8,065. Moreover, the population ratio of male to female in 2014 and 2015 is the same with 49.0 percent male and 51.0 percent female population. Similarly, it is the exact in 2016 and 2017 with 49.1 percent male and 50.9 percent female in the total population. Nonetheless, there is still a greater number of females in Cambodia (Table 4.1.1).

Table 4.1.1
Population by sex of Cambodia 1998-2017
(Measured or estimated)

(in thousands)

Year	Male population	Female population	Total population
Census 1998	5,511 (48.2)	5,926 (51.8)	11,438 (100.0)
Census 2008	6,516 (48.6)	6,880 (51.4)	13,396 (100.0)
CIPS 2013	7,122 (48.5)	7,555 (51.5)	14,677 (100.0)
CSES 2014	7,436 (49.0)	7,748 (51.0)	15,184 (100.0)
CSES 2015	7,542 (49.0)	7,863 (51.0)	15,405 (100.0)
CSES 2016	7,668	7,959	15,626

	(49.1)	(50.9)	(100.0)
CSES 2017	7,784 (49.1)	8,065 (50.9)	15,848 (100.0)

Note: Figures in the parentheses indicate percentage to respective row total population.

Source: Complied form Cambodia Socio-Economic Survey (2017, 2016, 2015), National Institute of Statistics, Ministry of Planning.

In regard to the literacy, the pattern of the rate of literacy has been changing in Cambodia. In 2015, the total rate of literacy was 78.0 percent, whereas it had increased to 82.3 percent in 2016, but it fell down to 80.3 percent in 2017. The rural area's literacy rates remain lower than the urban area's (except Phnom Penh's) literacy rate, i.e., in 2015, it was 74.4 percent in rural Cambodia, whereas it was 86.1 percent in urban Cambodia, 79.5 and 86.6 percent in rural and urban Cambodia respectively in 2016, and 77.3 percent in the rural area and 85.1 percent in the urban area of Cambodia in 2017. Coming to the gender differences, the male population always stays more literate than the female population both in the rural and urban areas, thus being more literate in total. A thing to mark is that the difference in the literacy between male and female has been approximately 7 to 8 percent, i.e., 7.5 percent more male than female were literate in 2015, the difference grew to 7.9 percent in 2016, and in the year 2017, it was 7.3 percent. However, a total of 20 percent of Cambodia's population still remain illiterate (Table 4.1.2).

Table 4.1.2

Literacy among Population (6 years and above) in Cambodia 2015-2017

(in percent)

Domain	Year	Men	Women	Total
Cambodia	2017	84.0	76.7	80.3
	2016	86.3	78.4	82.3
	2015	81.7	74.5	78.0
Urban area (Except Phnom Penh)	2017	88.7	81.8	85.1
	2016	89.8	83.6	86.6
	2015	90.5	82.0	86.1
Rural area	2017	81.3	73.4	77.3
	2016	84.1	75.2	79.5
	2015	78.4	70.7	74.4

Source: Compiled from Cambodia Socio-Economic Survey (2017, 2016, 2015), National Institute of Statistics, Ministry of Planning.

The labour force consists of "economically active" persons: those with employment and those who are unemployed but are looking for a job. In 2016 and 2017, the labour force participation rate in Cambodia was about 84 percent, whereas it was 82.7 percent in 2015. The employment rate of working age population aged 15-64 years was about 84 percent in 2016 and 2017. However, it was 82.6 percent in 2015. According to the international definition, the total unemployment rate in Cambodia is very low. While, in 2017, about 0.1 percent of the labour force was unemployed, it was 0.2 percent in 2016 (Table 4.1.3).

Table 4.1.3

Population and Labour Force Aged (15-64 years) in Cambodia 2015 – 2017

(in thousands)

Labour force	Year		
	2015	2016	2017
Total population	15,405	15,626	15,848
Total working age population	10,113	10,265	10,416
Labour force	8,359	8,624	8,779
Total employed people	8,353	8,608	8,766
Total unemployed people	8	16	13
Labour force participation rate (%)[i]	82.7	84.0	84.3
Employment rate (%)[ii]	82.6	83.9	84.2
Unemployment rate (%)[iii]	0.1	0.2	0.1

Note: i. Labour force participation rate: The labour force in relation to the working age population (15 – 64 years).

ii. Employment rate: The share of the employed in relation to the working age population.

iii. Unemployment rate: The unemployment in relation to the labour force.

Source: Compiled from Cambodia Socio-Economic Survey (2017, 2016, 2015), National Institute of Statistics, Ministry of Planning.

In 2017 and 2016, the share of employment in service sector was about 37 percent, whereas it was around 33 percent in 2015. The share of employment in agriculture sector in 2015 was about 42 percent, which has

decreased significantly in the subsequent years. Over the study period, i.e., 2015 to 2017, the share of employment (around 26 percent) in industrial sector remains almost same (Table 4.1.4).

Table 4.1.4

Employed Population Aged (15-64 years) by Industrial Sector (main occupation) in Cambodia 2015 – 2017

(in thousands)

Industrial sector (main occupation)	Year		
	2015	2016	2017
Employed population	8,352	8,608	8,766
Agriculture (Primary)	3,466 (41.5)	3,130 (36.4)	3,242 (37.0)
Industry (Secondary)	2,130 (25.5)	2,291 (26.6)	2,300 (26.2)
Service (Tertiary)	2,748 (32.9)	3,187 (37.0)	3,222 (36.8)
Total	8,352 (100.0)	8,608 (100.0)	8,766 (100.0)

Note: i. In some cases, the total number does not tally as a combination of three sectors due to non-response and don't know answers.

ii. Figures in the parentheses indicate percentage to respective column total.

Source: Compiled from Cambodia Socio-Economic Survey (2017, 2016, 2015), National Institute of Statistics, Ministry of Planning.

4.2 Brief Profile of the Study Area (Takeo)

Takeo province is one among the 25 provinces and cities in Cambodia. Located in the South of Cambodia to the West of Bassac River, Takeo borders

the provinces of Kampot to the West, Kampong Speu to the Northwest and Kandal to the North and East. At its South lies Vietnam. As of 2019, Takeo has nine districts, one municipality, 97 communes, three sangkats, and 1,119 villages.[121] The main tourist attractions are Phnom Chisor (a mountain top that has temple ruins), and Phnom Da and Angkor Borei (ancient sites from the 6th century). Additionally, the province is mainly wet area, thus there are plenty of rice fields and agricultural plantations. While its land area is smaller compared to other provinces, Takeo is famous for being the rice bowl of Cambodia. Good soil condition and well-developed irrigation systems have enabled increases in the production volume of agricultural products in the province; not only rice but also cash crops such as corn and vegetables.[122]

Due to the presence of several factors, the province has the potentiality to attract investors both within and outside the country. The province is well located along with well-developed transportation infrastructure such as roads, railroads and waterways, which provides opportunities to access both domestic and international markets. In addition, the province has abundant agricultural resources in the form of good soil conditions and a well-developed irrigation system. Agro-business industries utilizing abundant agricultural products are considered as having the most potential sector for investment. As the economy of Takeo province centers around agricultural farming, fishing, and rice and fruit cropping, rural

121 Cambodia Gazetteer, http://db.ncdd.gov.kh/gazetteer/view/index.castle

122 Takeo Province - The Council for the Development of Cambodia (www.cambodiainvestment.gov.kh › wp-content › uploads › 2014/03 › Ta..)

households in particular depend on agriculture and its related sub-sectors for their livelihoods. Agro-industries including food-processing industries are considered by government as priority industries to be promoted.[123]

So far, the demographic profile of the province is concerned, the total population of Takeo province had increased by 2.29 percent from 1,003,189 in 2015 to 1,026,201 in 2018, in which the male population has grown by 2.5 percent from 486,338 to 498,512, and the female population by 2.1 percent from 516,851 to 527,689. Although the female to male ratio is higher, there is a slight more number of male in the population in 2018 as compared to 2015 i.e., the ratio of female in 100 male population in 2015 was 106.27, whereas it was 105.85 in 2018. The number of families in Takeo are also growing as there were 212,959 families in 2015, 216,041 families in 2016, 218,594 families in 2017, and 221,736 families in 2018, which is an increase of 4.12 percent from 2015 to 2018 (Table 4.2.1).

Table 4.2.1

Demographic Characteristics of Takeo Province, 2015 – 2018

Variable	2015	2016	2017	2018
Total population	1,003,189 (100.0)	1,007,121 (100.0)	1,014,473 (100.0)	1,026,201 (100.0)
Total male population	486,338 (48.5)	488,278 (48.5)	495,593 (48.9)	498,512 (48.6)
Total female population	516,851 (51.5)	518,843 (51.5)	518,880 (51.1)	527,689 (51.4)

123 *ibid*

Ratio of female in 100 male population	106.27	106.26	104.70	105.85
Number of family	212,959	216,041	218,594	221,736

Note: Figures in the parentheses indicate percentage to respective total population.

Source: Compiled from the Socio-Economic Survey (2019), Takeo, Department of Planning.

As per the 2011 Economic census, the total number of establishments of Takeo was 31,997 while the total number of persons engaged showed 70,796 persons. It accounts for 6.3 percent of the total number of establishments of the country and for 4.2 percent of the total number of persons engaged which means that Takeo's share of the persons engaged contribute directly to the production of goods and services is considerably smaller than that of its population. In other way, it can be said that the degree of concentration on the province is smaller in terms of economic activities than in population. In addition, the total amount of annual sales was 288 million US dollars, while that of annual expenses was 230 million US dollars. The former accounted for 2.3 percent of the total amount of annual sales while the latter indicated 2.1 percent of the total amount of annual expenses (Table 4.2.2).

Table 4.2.2

Number of Establishments, Persons Engaged, Amount of Annual Sales and Expenses

Place	Number of	Number of	Amount of	Amount of

	establishments	persons engaged	annual sales (million USD)	annual expenses (million USD)
Cambodia	505,134	1,673,390	12,678	10,979
Takeo	31,997	70,796	288	230
% to Cambodia	6.3	4.2	2.3	2.1

Source: Compiled from the Economic Census of Cambodia 2011, Provincial Report, 21 Takeo Province, NIS, Ministry of Planning, 2013.

Among the 10 districts, the highest number of establishments (6039, 18.9 percent) was found in Prey Kabbas district followed by 5,712 number of establishments (17.9) in Bati district. Borei Cholsar district represented the lowest number of establishments, i.e., 681 (2.1 percent of the total province). While considering the number of persons engaged in these establishments, the highest number (12,372, 17.5 percent) was found in Bati district followed by 11,733 people (16.6 percent) in Prey Kabbas district. Though Krong Doun Kaev district had less than half of the number of establishments as compared to Prey Kabbas and Bati districts, but the amount of annual sales (million USD) of this district was more than double (58 million USD) as compared to Prey Kabbas district (24 million USD). Though the number of establishments in Bati district was much more than the Tram Kak district establishments, but both had the same amount of annual sales i.e., 45 million USD. So far amount of annual expenses (million USD) is concerned, the highest amount was found in Krong Doun Kaev district (50 million USD) or 21.7 percent of the total province (Table 4.2.3).

Table 4.2.3

District-wise Number of Establishments, Persons Engaged, Amount of Annual Sales and Expenses in Takeo Province

District	Number of establishments	Number of persons engaged	Amount of annual sales (million USD)	Amount of annual expenses (million USD)
Angkor Borei	1,062 (3.3)	2,540 (3.6)	9 (3.1)	7 (3.0)
Bati	5,712 (17.9)	12,372 (17.5)	45 (15.6)	36 (15.7)
Borei Cholsar	681 (2.1)	1,609 (2.3)	12 (4.2)	9 (3.9)
Kiri Vong	2,770 (8.7)	5,723 (8.1)	30 (10.4)	24 (10.4)
Kaoh Andaet	993 (3.1)	2,160 (3.1)	8 (2.8)	6 (2.6)
Prey Kabbas	6,039 (18.9)	11,733 (16.6)	24 (8.3)	19 (8.3)
Samraong	4,520 (14.1)	10,609 (14.9)	26 (9.0)	20 (8.7)
Krong Doun Kaev	2,822 (8.8)	7,316 (10.3)	58 (20.1)	50 (21.7)
Tram Kak	4,378 (13.7)	9,400 (13.3)	45 (15.6)	33 (14.3)
Treang	3,020 (9.4)	7,334 (10.4)	30 (10.4)	25 (10.9)
Takeo Province	31,997 (100.0)	70,796 (100.0)	288 (100.0)	230 (100.0)

Note: Figures in the parentheses indicate percentage to respective total column.

Source: Compiled from the Economic Census of Cambodia 2011, Provincial Report, 21 Takeo Province, NIS, Ministry of Planning, 2013.

So far ownership of establishment is concerned, the percentage of establishments classified as 'individual proprietor' indicates 95.0 percent in Takeo and 93.7 percent in Cambodia. Individual proprietor refers to the proprietor, or own account worker not registered at the Ministry of Commerce or Provincial Department of Commerce, while 'Sole proprietor' refers to the proprietor registered at the above places. The proportions of 'Sole proprietor', 'Partnership, company and cooperative', 'State-owned organization', and 'NGO', were very small in number, and are smaller in Takeo as compared to the country (Table 4.2.4).

Table 4.2.4

Number and Percentage of Establishment by Ownership

Types of ownership	Place		Concentration rate (% of province to Cambodia)
	Cambodia	**Takeo**	
Individual proprietor	473,197 (93.7)	30,398 (95.0)	6.4
Sole proprietor	12,027 (2.4)	592 (1.9)	4.9
Partnership, company & Cooperative	4,405 (0.9)	120 (0.4)	2.7
State-owned organization	9,119 (1.8)	534 (1.7)	5.9
NGO	1,114	10	0.9

	(0.2)	(0.0)	
Others	5,272 (1.0)	343 (1.1)	6.5
Total	505,134 (100.0)	31,997 (100.0)	6.3

Note: Figures in the parentheses indicate percentage to respective total column.

Source: Compiled from the Economic Census of Cambodia 2011, Provincial Report, 21 Takeo Province, NIS, Ministry of Planning, 2013.

Considering the district-wise ownership of establishments, it is revealed that the percentages of establishments for 'individual proprietor' showed more than 90.0 percent in all districts except Tram Kak (88.8 percent) district. The highest percentage of 'individual proprietor' (97.2 percent) was found in Samraong district. Though Tram Kak district had lowest percentage of establishments for 'individual proprietor' but it had highest with 7.1 percent for 'Sole proprietor'. Borei Cholsar had highest percentages of 'Partnership, company and cooperative' with 1.5 percent and 'State-owned organization' with 4.4 percent. Thus, it is revealed from the table that in all districts including the province, the establishment for 'individual proprietor' was the highest and except in one district, in all other nine districts the percentages of establishments for 'individual proprietor' was more than 90.0 percent. Therefore, the presence of individual proprietor means the proprietor, or own account worker not registered at the Ministry of Commerce or Provincial Department of Commerce was found more in all districts including the province (Table 4.2.5).

Table 4.2.5

District-wise Percentage of Number of Establishments by Ownership in Takeo Province

District	Individual proprietor	Sole proprietor	Partnership, company & Cooperative	State-owned organization	NGO	Others	Total
Angkor Borei	95.5	0.2	0.6	2.5	-	1.2	100.0
Bati	97.1	0.7	0.1	1.2	0.0	0.9	100.0
Borei Cholsar	91.5	0.6	1.5	4.4	0.1	1.0	100.0
Kiri Vong	93.9	1.3	0.5	2.4	-	1.8	100.0
Kaoh Andaet	95.5	0.2	0.2	2.4	-	1.7	100.0
Prey Kabbas	97.1	1.1	0.3	1.0	0.0	0.5	100.0
Samraong	97.2	0.1	0.3	1.5	0.0	0.9	100.0
Krong Doun Kaev	93.6	4.3	0.3	1.0	0.0	0.8	100.0
Tram Kak	88.8	7.1	0.6	2.1	0.1	1.3	100.0
Treang	95.4	0.1	0.5	2.5	0.0	1.5	100.0
Takeo Province	95.0	1.9	0.4	1.7	0.0	1.1	100.0

Note: Figures indicate percentage to respective total row.

Source: Compiled from the Economic Census of Cambodia 2011, Provincial Report, 21 Takeo Province, NIS, Ministry of Planning, 2013.

4.3 Role of the Government in Promoting Microenterprises

The Royal Government of Cambodia through its continuous efforts has been successful in rebuilding Cambodia from a state of near total destruction

till its successful state at which it is now. It has vigorously fostered the achievement of rapid socio-economic progress to lift the poor out of poverty and place the nation firmly on a path of sustained economic growth.

Cambodia's SMEs have more limited access to information than bigger companies and struggle with increasingly complex regulations and standards. These distortions largely explain Cambodian SMEs' very limited participation in regional market integration. The majority of Cambodian SMEs remain informal and their contribution to export sectors is particularly small in comparison with other countries with the same GDP.

The government of Cambodia has committed itself to the promotion of SMEs[124] through the following policies: (i) encourage the development of SMEs, especially through the provision of medium and long-term finance; (ii) suppress smuggling; (iii) reduce registration procedures and start-up processes for companies; (iv) facilitate export-import activities by simplifying procedures such as licensing and other letters of permission; (v) support newly –established industries for an appropriate period of time; (vi) promote the linkage between SMEs and large enterprises; (vii) establish a national centre for productivity to assist SMEs enhance their productivity and reduce production costs; (viii) establish a national standards institution to help ensure the quality of domestic products to meet regional and international standards,

[124] Royal Government of Cambodia. *The rectangular Strategy for Growth, Employment, Equity and Efficiency in Cambodia.* (First Cabinet Meeting of The Third Legislature of the National Assembly at the office of the Council of Ministers, 2004).

(ix) establish national laboratories for physics, chemistry, micro-biology, mechanics and tests for quality and criteria of products; (x) strengthen mechanisms for the protection of industrial intellectual property rights to prevent illegal copying, recreation and illegal use of new techniques and technology; (xi) promote vocational/skills training, both domestic and overseas; (xii) expand and accelerate the "one-village one-product" program; and (xiii) strengthen the legal framework by creating laws on concerned areas such as: factories, industrial zones, patents and inventions, measurements and industrial safety.

The Ministry of Commerce (MOC)[125] has taken action to reform the commercial registration procedures for SMEs. The timeline required for the commercial registration has been reduced from 2 - 3 weeks to only one week. The documentation required to register a SME has been reduced. The requirements to report criminal convictions and reconfirming address of the company are no longer needed. The capital requirement in the form of a Bank Deposit for commercial registration has been reduced from 20 million riels to 4 million riels. The administrative fee for commercial registration has also been reduced to USD 177.00.

[125] Royal Government of Cambodia. *National Strategic Development Plan: For Growth, employment, Equity and Efficiency to reach Cambodia millennium Development goals*, 2013.

The strategic objective of the Royal Government of the Fourth Legislature[126] was to upgrade SMEs, especially to improve business climate through enhanced regulatory framework, promote innovation and technology, increase access to finance, strengthen and expand related support services, and integrate of SMEs into global value chains.

The RGC achieved remarkable progress through strengthened governance[127] – (i) developing industrial standards, (ii) adopting accounting and financial standards to increase SMEs' access to finances, (iii) supporting priority activities with tax incentives on inputs, and building institutional capacity particularly with the establishment of the National Productivity Centre and Industrial laboratory centre.

The strategic objective of the RGC was (i) to continue promoting further diversification of the industrial base through the encouragement of investments in new high value added, (ii) to focus on more creative and more competitive industries, in particular assembly, electronics, (iii) to promote further development of SMEs and handicrafts and expand industries into rural areas for economic growth, creating jobs and incomes for the rural population, (iv) to focus on the development and management of extractive industries with high accountability for transforming its potential into another source for the growth of Cambodia's economy.

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126 Royal Government of Cambodia. "*Rectangular Strategy" for growth, employment, equity and efficiency phase III of the Royal Government of Cambodia of the fifth legislature of the National Assembly*, 2013.

127 *ibid.*

In pursuing the objective, the RGC[128] focuses on formulating industrial development policy based on two key approaches: (i) expansion of the industrial base supported by increased attractiveness of Cambodia to investors and investment promotion including the modernization of SMEs; and (ii) improved connectivity with regional production networks to integrate with and move up the global value chains.

Updating the SMEs' Development Framework[129] will make it consistent with- (i) the industrial development policy aimed at enhancing SMEs' capacity to link with large enterprises; (ii) forming a cluster while promoting entrepreneurship, productivity, creativity, innovation, and specialization through the introduction and implementation of a comprehensive package of supporting measures, (iii) including cluster, enhanced technology transfer, increased access to finance, strengthened technical standards, (iv) establishing business development counselling centres, (vi) promoting "one village one product" movement and improving regulatory framework as well as strengthened institutional coordination.

Aligning private sector development and investment policies along with the SME and industrial development policy will be done by promoting the adoption of Law on Special Economic Zones, thus encouraging investment in industrial clusters and industrial parks. Promoting industrial corridor development along the main national roads, linking key economic poles in

128 *ibid*.
129 *ibid*.

Cambodia, and connecting the Cambodian economy with the neighbouring countries is carried out particularly through the economic corridor development framework in GMS and ASEAN.

The RGC[130] continues to improve the business climate for small and medium enterprises by focusing on four main aspects: (i) legal and regulatory framework - facilitating registration particularly via the internet system, defining procedures, principles, and certificates of origin for export and import and verification, and adopting a sub-decree on trade facilitation through risk management; (ii) finance - creating financial leasing companies, and strengthening governance and financial reports; (iii) supportive action for small and medium enterprises - promoting innovation and technology, financing the enterprises, and strengthening and widening other supportive services; (iv) integration of small and medium enterprises into a global value chain and prevention of all kinds of smuggling.

The implementation of RGC's[131] prioritised policies focuses on achieving the following four objectives: (i) creation of a good business environment for the development of the industry and manufacturing sector, (ii) promotion and development of the SMEs, (iii) development of the private sector and

130 Royal Government of Cambodia. *"Rectangular Strategy" for growth, employment, equity and efficiency phase II.* (First Cabinet Meeting of the Fourth Legislature of the National Assembly at the Office of the Council of Ministers, Phnom Penh, Cambodia, 2008).

131 Royal Government of Cambodia. *National Strategic plan development: For Growth, employment, equity and efficiency to reach Cambodia millennium development goals*, 2013.

attraction toward investment, (iv) growth of the human resource and technology transfer.

4.4 Role of the Provincial Government in Promoting Microenterprises

Takeo's provincial government has committed itself to the promotion of microenterprises[132] through the following policies: (i) encouragement of the development of microenterprises through the provision of medium and long term finance, (ii) reduction of the registration procedures and start-up processes for enterprise, (iii) promotion of linkages between microenterprises and SMEs, (iv) establishment of a national provincial centre to assist microenterprises enhance their productivity and reduce production cost, (v) establishment of a provincial standard institution to help ensure the quality of provincial domestic products that meets regional and international standards. (vi) mechanics and tests for the verification of the quality of the products, (vii) strengthening of the legal framework by creating laws on concerned areas such as factories, industrial zones, patents, and inventions.

The policies and strategies are directed to provide a comfortable way to every enterprise through:

- ✓ tax incentive
- ✓ The National Productivity Centre and Industrial Laboratory Centre

[132] Royal Government of Cambodia. *Cambodia Industrial Development Policy 2015-2025: Market Orientation and Enabling Environment for Industrial Development, Council of Ministers at its plenary meeting,* Council of Ministers, 06 March, 2015.

- ✓ legal and regulatory framework
- ✓ finance
- ✓ supportive action for small and medium enterprises
- ✓ integration of small and medium enterprises into a global value chain, etc.
- ✓ promotion of the establishment of microenterprises and strengthening of their competitiveness

The government recently announced establishment of an SME bank with initial capital of USD 100 million, entrepreneurship funds with a budget of USD 5 million a year, and SME tax incentives for six priority sectors, related to agro-industry and food production and processing. Support to SMEs also forms part of the Prime Minister's recently announced reform programme, which includes the following priorities:

1. Water production and supply
2. Agricultural and agro-industrial production
3. Food production and processing
4. Manufacturing goods for export
5. Manufacturing goods for domestic consumption, waste processing, and producing goods for tourism
6. Manufacturing of final products or semi-final products, parts and components, or accessories to supply to other manufacturers;
7. Innovative research and development of information technology; and
8. Development of SMEs clusters

4.5 Conclusion

Both the national and provincial governments have greatly influenced the development and performance of microenterprises in Cambodia, especially in Takeo province. First, the Royal Government of Cambodia has been working on improving the business climate through enhanced regulatory framework, promotion of innovation and technology, increased access to finance, strengthen and expanded related support services, and integration of SMEs into global value chains. Next, the Takeo Provincial authority willing to reduce production costs, promote innovation, adopt new technology, implement training to improve skills, and create provincial standard institutions to ensure product quality that conforms with regional and international standards. Thus, the productive role played by the government encourages the microenterprises to expand their business in the study area.

CHAPTER V

DETERMINING FACTORS OF THE PERFORMANCE OF MICROENTERPRISES

The present chapter discusses the results obtained from primary data collected through a field survey. The focus of the chapter is to examine the association between personal characteristics of micro-entrepreneurs, management and marketing factors with the performance of the microenterprises. Thus, on this basis, the chapter is broadly divided into five sections. The first section analyses the profile of the micro-entrepreneurs by considering their gender, age, education, vocational training attended, years of experience in business, and birth order in the family. In the second section, an analysis has been carried out on the management factors of the enterprises by broadly considering planning, organizing, directing and controlling functions. In this section, an analysis has been done considering each of the management factor such as planning, organizing, directing and controlling with sales, expense and profit of the microenterprises. The third section discusses the marketing factors of the enterprises by considering business location, quality of product/ service, price of the product and promotion of the product. In this section, an analysis has been done considering each of the marketing factor such as business location, quality of product/ service, price of the product and promotion with sales, expense and profit of the microenterprises The association between these factors with the performance of the enterprises has been analyzed in the fourth section. This section also includes the testing of hypotheses formulated in the study. Finally, in the last section, the conclusion is drawn from the analysis of the study.

5.1 Profile of the Micro-Entrepreneurs

To analyze the profile of 63 micro-entrepreneurs, data relating to their gender, age, education, vocational training attended, years of experience in business, and birth order in the family have been gathered. Based on the given data, the following analysis has been carried out:

5.1.1 Gender and Age of the Micro-Entrepreneurs

Primary data collected from the field survey show that among 63 micro-entrepreneurs, while 11 entrepreneurs (17.5 percent) were female, the remaining 52 entrepreneurs (82.5 percent) were male. Thus, a higher percentage of male entrepreneurs was found in the survey. Further, in the male category, the highest 44.2 percent belonged to the 35-44 age-group followed by 21.2 percent in the age-group of 25-34. In the female category, 27.3 percent each belonged to 25-34, 35-44 and 45-54 age-groups. In total, it has been revealed that a higher percentage, i.e., 41.3 percent micro-entrepreneurs have fallen in the age-group of 35-44 years. Thus, the presence of higher number of young entrepreneurs in the age-group of 35-44, and particularly male entrepreneurs were found in the survey. This is shown in Table 5.1.1, Figure 5.1.1 and Figure 5.1.1 (A).

Table 5.1.1

Distribution of Micro-entrepreneurs by Gender and Age-groups

Sl. No.		Age-group of Micro Entrepreneurs						
		18-24	25-34	35-44	45-54	55-64	65 &	

	Gender	years	Years	Years	Years	Years	above Years	Total
1	Male	1 (1.9)	11 (21.2)	23 (44.2)	4 (7.7)	10 (19.2)	3 (5.8)	52 (82.5)
2	Female	1 (9.1)	3 (27.3)	3 (27.3)	3 (27.3)	1 (9.1)	- (0.0)	11 (17.5)
3	Total	2 (3.2)	14 (22.3)	26 (41.3)	7 (11.2)	11 (17.5)	3 (4.8)	63 (100.0)

Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.1.1

Distribution of Micro-Entrepreneurs by Gender

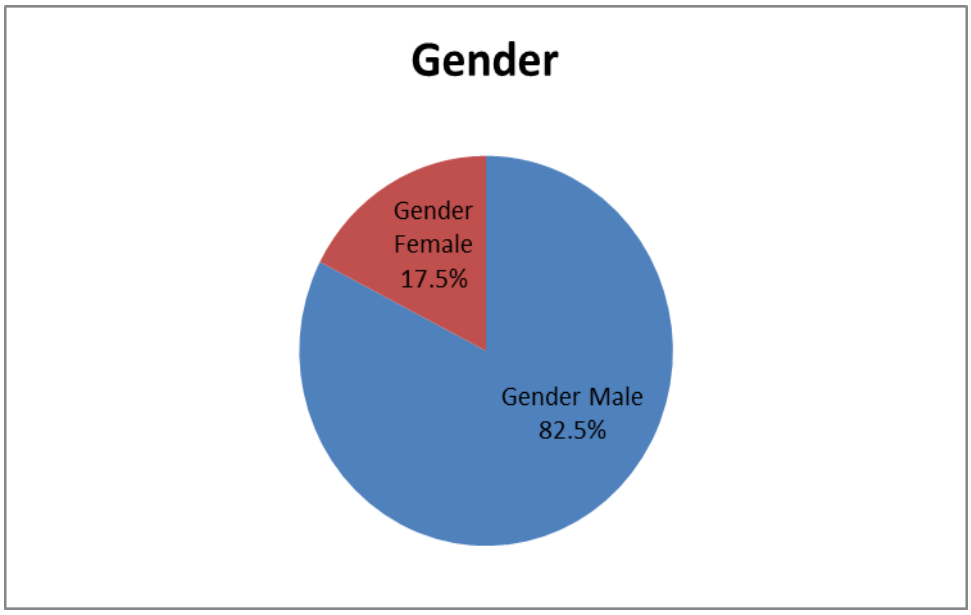
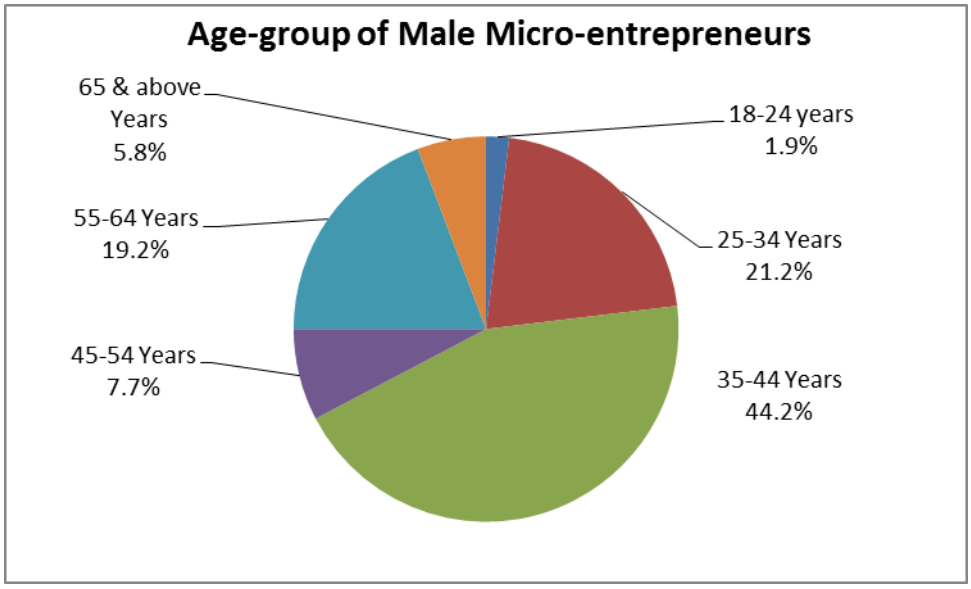


Figure 5.1.1 (A)

Age-group wise Distribution of Male Micro-entrepreneurs



5.1.2 Gender and Level of Education of the Micro-Entrepreneurs

Among the 63 surveyed micro-entrepreneurs, consisting of 11 female (17.5 percent) and 52 male (82.5 percent) respondents, all of them were literate (Table 5.1.2). Thus, they had completed different levels of education such as primary, secondary, high school, and university levels (Table 5.1.3 and Figure 5.1.2). Majority of the male entrepreneurs (27, 51.9 percent) had pursued their education till high school, followed by 14 of them (26.9 percent) had solely completed their secondary level of education. Coming to the female entrepreneurs, most of them (5, 45.5 percent) had done secondary schooling, followed by 3 of them (27.2 percent) with primary schooling. The lowest level of education pursued by both the male (7.7 percent) and female (9.1 percent) entrepreneurs was the university level. Thus, the highest

number of respondents (46.1 percent) had completed their education till high school, consisting of more male entrepreneurs in the survey.

Table 5.1.2

Gender and Education of the Micro-entrepreneurs

Sl. No.	Gender	Education		Total
		Literate	Illiterate	
1	Male	52 (100.0)	-	52 (82.5)
2	Female	11 (100.0)	-	11 (17.5)
3	Total	63 (100.0)	-	63 (100.0)

Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Table 5.1.3

Gender and Educational Levels of the Micro-entrepreneurs

Sl. No.	Gender	Education Level				Total
		Primary	Secondary	High School	University	
1	Male	7 (13.5)	14 (26.9)	27 (51.9)	4 (7.7)	52 (82.5)

2	Female	3 (27.2)	5 (45.5)	2 (18.2)	1 (9.1)	11 (17.5)
3	Total	10 (15.9)	19 (30.2)	29 (46.0)	5 (8.0)	63 (100.0)

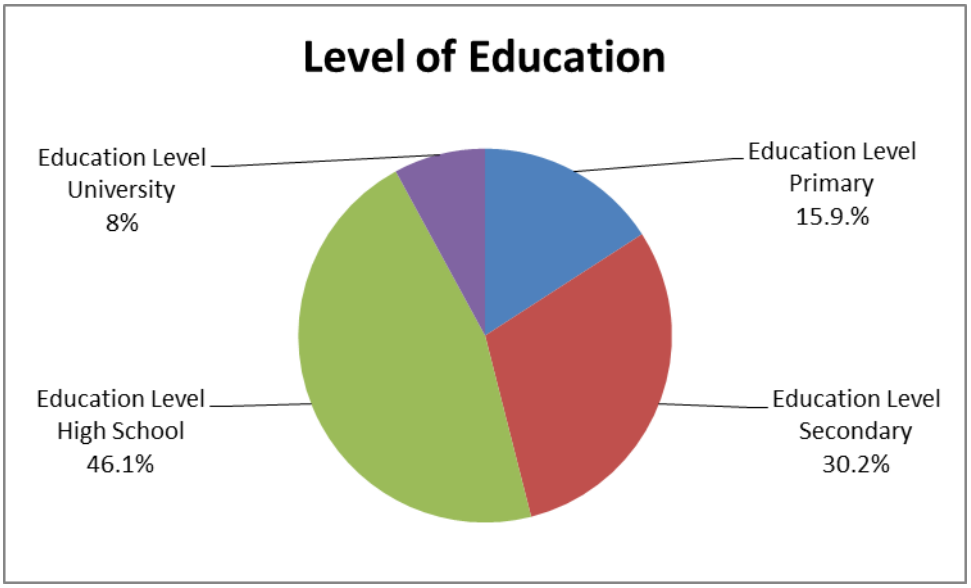
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.1.2

Level of Education of the Micro-Entrepreneurs



5.1.3 Gender and Vocational Training of the Micro-Entrepreneurs

In the study, while only 4 micro-entrepreneurs (6.3 percent) had attended vocational training, the remaining 59 micro-entrepreneurs (93.7 percent) had never attended any sort of vocational training. These 4 micro-entrepreneurs belonged to the male category. This is shown in Table 5.1.4 and Figure 5.1.3. The trainings attended by them were rice field course (2 entrepreneurs), juice processing (1 entrepreneur), and other (1 entrepreneur). Thus, this reveals that majority of the respondents had no vocational training.

Table 5.1.4

Gender and Vocational Training of the Micro-entrepreneurs

Sl. No.	Gender	Vocational Training		Total
		Attend	Not Attend	
1	Male	4 (7.7)	48 (92.3)	52 (82.5)
2	Female	-	11 (100.0)	11 (17.5)
3	Total	4 (6.3)	59 (93.7)	63 (100.0)

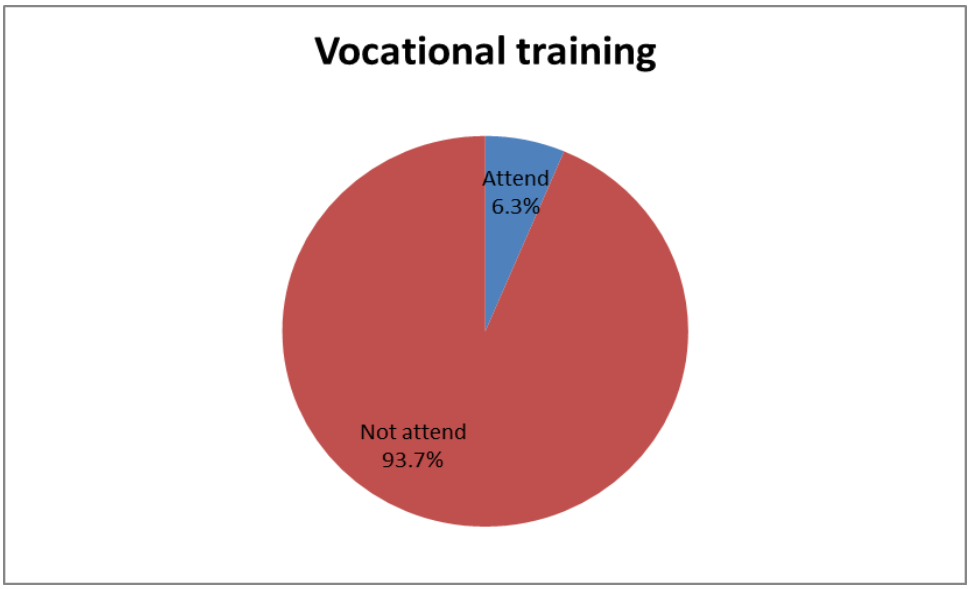
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.1.3

Attendance of Micro-Entrepreneurs in Vocational Training



5.1.4 Gender and Years of Experience of the Micro-entrepreneurs in the Present Business

As revealed, all the surveyed micro-entrepreneurs had some years of experience in their business. In male category, while the highest 36.5 percent (19) had 5 to 9 years of experience, in the female category, the highest 45.5 percent (5) had more than 15 years of experience. Amongst both the male and female entrepreneurs, the highest 34.9 percent (22 of them) had 1 to 4 years of experience, followed by 31.7 percent (20 of them) had 5 to 9 years of experience. This is shown in Table 5.1.5 and Figure 5.1.4.

Table 5.1.5

Gender and Years of Experience of the Micro-entrepreneurs in the Present Business

Sl. No.	Gender	Years of Experience in the Present Business				Total
		1-4 Years	5-9 Years	10-14 Years	Over 15 Years	
1	Male	18 (34.6)	19 (36.5)	5 (9.6)	10 (19.2)	52 (82.5)
2	Female	4 (36.4)	1 (9.1)	1 (9.1)	5 (45.5)	11 (17.5)
3	Total	22 (34.9)	20 (31.7)	6 (9.5)	15 (23.8)	63 (100.0)

Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.1.4

Years of Experience of the Micro-Entrepreneurs

5.1.5 Gender and Birth Order in the Family of the Micro-entrepreneurs

Among the 63 micro-entrepreneurs, most of them (27, 42.9 percent) were the 1st born in the family, followed by 31.7 percent (20 of them) being the 2nd born. The same trend was followed in the male category that is 44.2 percent (23) and 30.8 percent (16) in the 1st and 2nd birth order respectively. In the female category, an equal percentage of 36.4 percent (4) were the 1st and 2nd born in their families. Thus, majority of the respondents were 1st born male entrepreneurs. This is shown in Table 5.1.6 and Figure 5.1.5.

Table 5.1.6

Gender and Birth Order in the Family

Sl. No.	Gender	Birth order in the family						Total
		1st born	2nd born	3rd born	4th born	5th born	Over 5th born	
1	Male	23 (44.2)	16 (30.8)	5 (9.6)	1 (1.9)	2 (3.8)	5 (9.6)	52 (82.5)
2	Female	4 (36.4)	4 (36.4)	1 (9.1)	-	2 (18.2)	-	11 (17.5)
` 3	Total	27 (42.9)	20 (31.7)	6 (9.5)	1 (1.6)	4 (6.3)	5 (7.9)	63 (100.0)

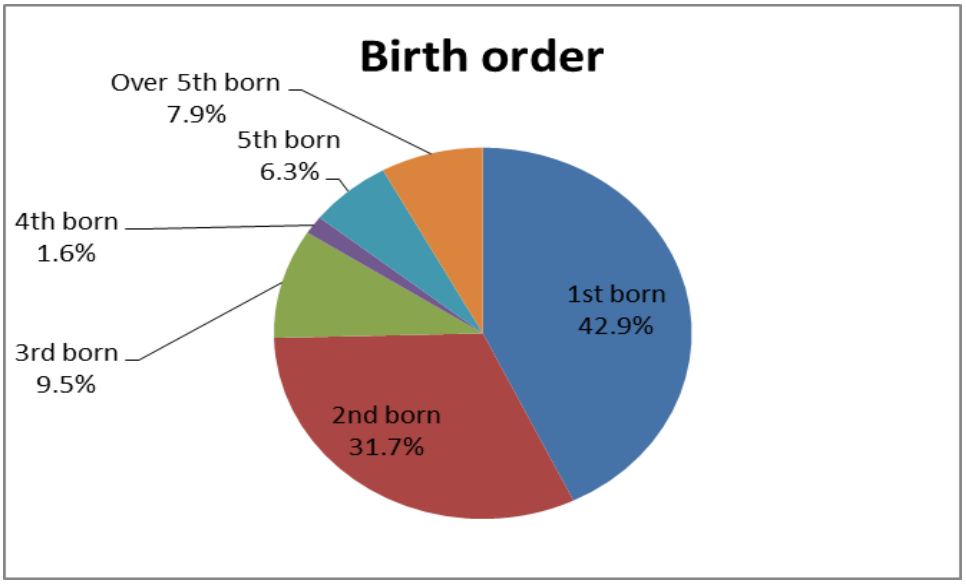
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.1.5

Birth Order of the Micro-Entrepreneurs in their Families



5.2 Management Factors of the Enterprises

For the success of an enterprise, management factors such as effective planning, organizing, directing and controlling are required to be taken care of. Data on these areas have been collected to carry out the following analysis:

5.2.1 Planning the Business

Out of the 63 micro-entrepreneurs, 21 of them (33.3 percent) had made a formal business plan before starting their businesses, whereas the

remaining 42 entrepreneurs (66.7 percent) had never been involved in creating any kind of a formal business plan. More than half of the male respondents (35, 67.3 percent) and female respondents (7, 63.6 percent) had not indulged in making a formal business plan. Thus, the result reveals that most of them had not made a formal business plan before setting up their enterprises (Table 5.2.1 and Figure 5.2.1).

Table 5.2.1

Formal Business Plan

Sl. No.	Gender	Formal business plan		Total
		Yes	No	
1	Male	17 (32.7)	35 (67.3)	52 (82.5)
2	Female	4 (36.4)	7 (63.6)	11 (17.5)
3	Total	21 (33.3)	42 (66.7)	63 (100.0)

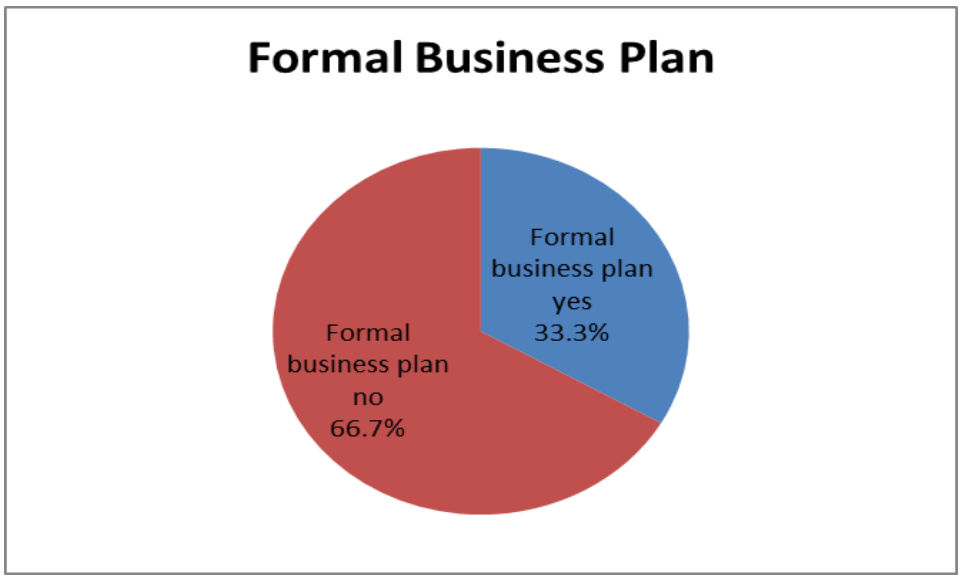
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.2.1

Micro-Entrepreneurs with a Formal Business Plan



5.2.1 (A) Perception of the Micro-entrepreneurs on the Effectiveness of the Business Plan

The 21 entrepreneurs who had made a business plan perceived their planning as either effective, well, or ineffective. Out of a total of 17 male respondents with a business plan, 10 (58.8 percent) of them thought their planning was effective. Similarly, from 4 female entrepreneurs, 2 of them (50 percent) thought to have done effective planning. A total of only 2 entrepreneurs (9.5 percent) thought to have done ineffective planning. Thus, more than half of the entrepreneurs (12, 57.1 percent) went with effective planning, following 7 entrepreneurs (33.3 percent) with well planning. This is shown in Table 5.2.1 (A) and Figure 5.2.1 (A).

Table 5.2.1 (A)

Perception on Effectiveness of the Formal Business Plan

Sl. No.	Gender	Plan for business			Total
		Effective Planning	Well Planning	Ineffective Planning	
1	Male	10 (58.8)	6 (35.3)	1 (5.9)	17 (81.0)
2	Female	2 (50.0)	1 (25.0)	1 (25.0)	4 (19.0)
3	Total	12 (57.1)	7 (33.3)	2 (9.5)	21 (100.0)

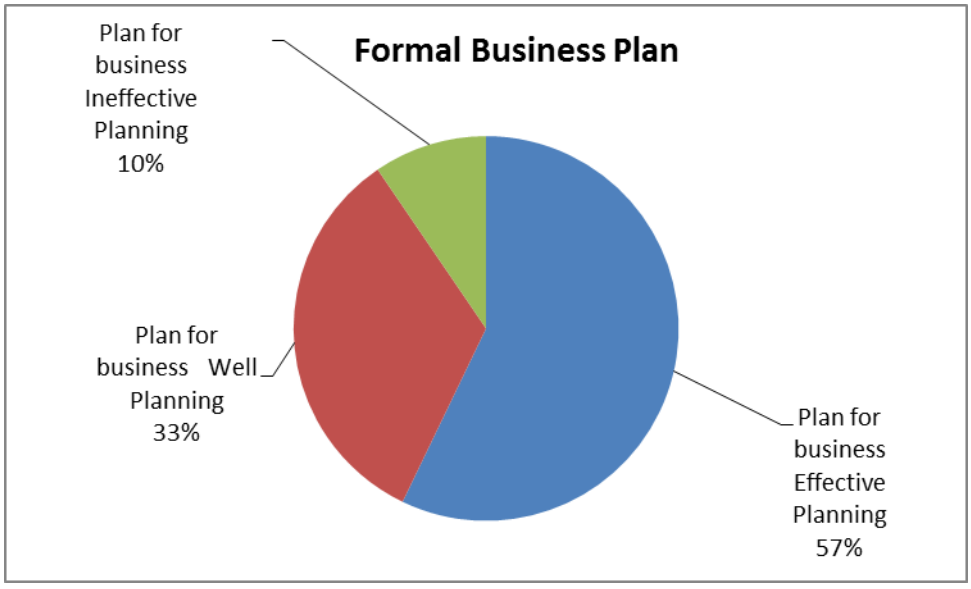
Note: (i) Figures in the total parentheses indicate percentage to column total (21).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (17) and female (4) respectively.

Source: Field survey data and own computation.

Figure 5.2.1 (A)

Perception on Effectiveness of the Formal Business Plan



5.2.1 (B) Planning Function and Performance (Sales) of Microenterprises

Among the 63 food and beverage microenterprises in the study area, only 21 (33.3 percent) had done planning, which was either effective, well, or ineffective. Looking into the enterprises involved in effective planning and their sales, five each (41.7 percent) have very high and high level of sales. Only two enterprises (16.7 percent) had medium level of sales and none of them had low or very low level of sales. Those with well planning had either high (2, 28.6 percent) or medium level (5, 71.4 percent) sales. The two microenterprises (3.17 percent) that had done ineffective planning had one enterprise (50.0 percent) with high and one enterprise (50.0 percent) with medium level of sales. Moreover, the 42 microenterprises (66.7 percent) with no planning had mostly medium level of sales (28, 66.7 percent), followed by low (12, 28.6 percent), and very low (2, 4.8 percent) level of sales (Table 5.2.1 -B). They did not have very high or high sales. Therefore, it seems that planning contributes to a good level of sales.

Table 5.2.1 (B)

Planning Function and Performance (Sales) of Microenterprises

Management Factor (Planning function)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
Effective Planning	05 (41.7)	05 (41.7)	02 (16.7)	-	-	12 (100.0)

Well Planning	-	02 (28.6)	05 (71.4)	-	-	07 (100.0)
Ineffective Planning	-	01 (50.0)	01 (50.0)	-	-	02 (100.0)
No Planning	-	-	28 (66.7)	12 (28.6)	02 (4.8)	42 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.1 (C) Planning Function and Performance (Expense) of Microenterprises

Out of all the microenterprises who were involved in planning activities (21, 33.3 percent), 12 enterprises (19.0 percent) had performed with effective planning, out of which three of them (25.0%) had medium level of expense and nine (75.0%) had low level of expense. None had very high, high, or very low expense. Next, well planned firms were four (57.1 percent) who had medium expense, two (28.6 percent) with low expense, and lastly, one (14.3 percent) with very low expense. They did not have very high and high expense either. The microenterprises who carried out ineffective planning had one enterprise (50.0 percent) with medium expense and one enterprise (50.0 percent) with low expense. Those with no planning were the highest in medium expense (18, 42.9 percent), followed by 10 each (23.3 percent) with high and low expense, and two each (3.2 percent) with very

high and very low expense (Table 5.2.1-C). Thus, to some extent, planning is useful in reducing the level of expense of the microenterprises.

Table 5.2.1 (C)

Planning Function and Performance (Expense) of Microenterprises

Management Factor (Planning function)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
Effective Planning	-	-	03 (25.0)	09 (75.0)	-	12 (100.0)
Well Planning	-	-	04 (57.1)	02 (28.6)	01 (14.3)	07 (100.0)
Ineffective Planning	-	-	01 (50.0)	01 (50.0)	-	02 (100.0)
No Planning	02 (4.8)	10 (23.3)	18 (42.9)	10 (23.8)	02 (4.8)	42 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.1 (D) Planning Function and Performance (Profit) of Microenterprises

The microenterprises with planning had various levels of profit. Those who had effectively planned had very high to low level of profit, with three

(25.0 percent) of very high, five (41.7 percent) of high, three (25.0 percent) of medium, and the rest one (8.3 percent) with low level of profit. Well planned microenterprises had three (42.9 percent) each for high and low profit and one (14.3 percent) with medium profit. Both of the two microenterprises (3.17 percent) who had ineffectively planned had medium level of profit (100.0 percent). Coming to the microenterprises with no planning at all, a majority of 22 of them (52.4 percent) had low profit, followed by 17 of them (40.5 percent) with medium profit, and the least 3 firms (7.1 percent) with very low profit. The result shows that the effective the planning, the less the microenterprises have lower levels of profit.

Table 5.2.1 (D)

Planning Function and Performance (Profit) of Microenterprises

Management Factor (Planning function)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
Effective Planning	03 (25.0)	05 (41.7)	03 (25.0)	01 (8.3)	-	12 (100.0)
Well Planning	-	03 (42.9)	01 (14.3)	03 (42.9)	-	07 (100.0)
Ineffective Planning	-	-	02 (100.0)	-	-	02 (100.0)
No Planning	-	-	17 (40.5)	22 (52.4)	03 (7.1)	42 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.2 Organizing the Business

The micro-entrepreneurs chose if their businesses were professionally organized, well organized, average organized, or unorganized. The maximum number of male (36, 69.2 percent) and female (8, 72.7 percent) respondents said their business were unorganized. Only 2 male entrepreneurs (3.8 percent) each said their business were running in a professionally organized manner or it was well organized. Also, 1 female (9.1 percent) each said their business was either professionally, well or average organized. Thus, among 63 micro-entrepreneurs, only 4.8 percent of them (3) either professionally organized or well organized their business, whereas, the highest 69.8 percent (44) run their business in an unorganized way (Table 5.2.2 and Figure 5.2.2).

Table 5.2.2

Perception on Organizing the Enterprises

Sl. No.	Gender	Business Organization				Total
		Professionally Organized	Well Organized	Average Organized	Unorganized	
1	Male	2 (3.8)	2 (3.8)	12 (23.1)	36 (69.2)	52 (82.5)
2	Female	1 (9.1)	1 (9.1)	1 (9.1)	8 (72.7)	11 (17.5)
3	Total	3 (4.8)	3 (4.8)	13 (20.6)	44 (69.8)	63 (100.0)

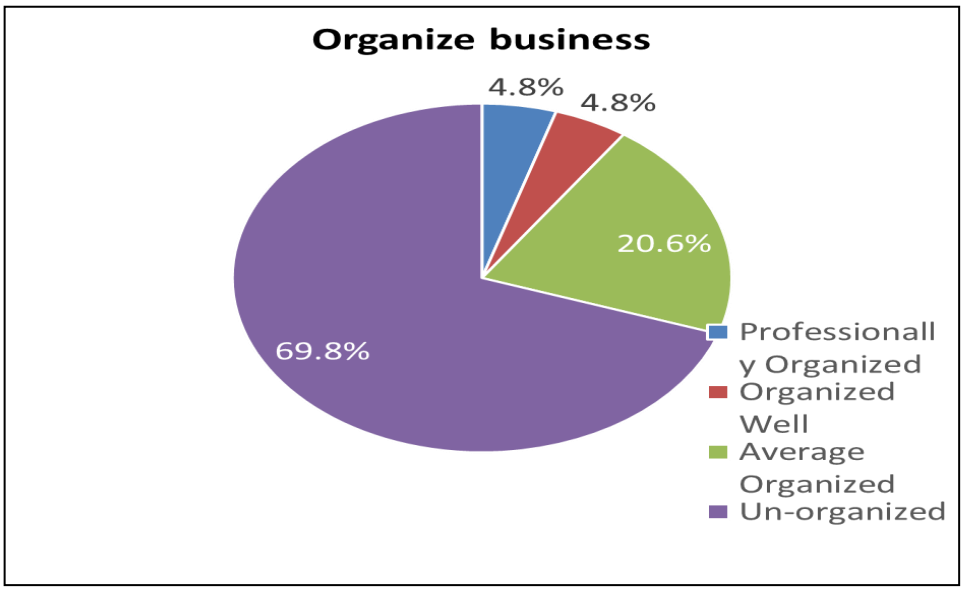
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.2.2

Perception on Organizing the Enterprises



5.2.2 (A) Organizing Function and Performance (Sales) of Microenterprises

The organizing function had some relationship with the level of sales of the 63 microenterprises. All of the professionally organized firms had very high level of sales (3, 100.0 percent). Well organized microenterprises were three in number (4.76 percent), from which two firms (66.7 percent) had medium sales and one firm (33.3 percent) had high sales. The average organized firms had a maximum of six enterprises (46.2 percent) with high sales, followed by five (38.5 percent) with medium sales, and two firms (15.4 percent) with very high sales. The microenterprises that were unorganized

had one firm (50.0 percent) each for high and medium sales. Lastly, the microenterprises that had no organization had the highest number of 28 firms (66.7 percent) who had medium sales, followed by 12 firms (28.6 percent) who had low sales, and two firms (4.8 percent) with very low sales (Table 5.2.2 -A). Thus, although not a very strong correlation, but the firms who were more organized had better level of sales.

Table 5.2.2 (A)

Organizing Function and Performance (Sales) of Microenterprises

Management Factor (Organizing)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
Professionally organized	3 (100.0)	-	-	-	-	03 (100.0)
Well organized	-	01 (33.3)	02 (66.7)	-	-	03 (100.0)
Average organizing	02 (15.4)	06 (46.2)	05 (38.5)	-	-	13 (100.0)
Unorganized	-	01 (50.0)	01 (50.0)	-	-	02 (100.0)
No organized	-	-	28 (66.7)	12 (28.6)	02 (4.8)	42 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.
Source: Own computation.

5.2.2 (B) Organizing Function and Performance (Expense) of Microenterprises

Out of the three firms that were professionally organized, all of them had low level of expense (3, 100.0 percent). Well organized firms were two (66.7 percent) who had medium expense and one (33.3 percent) with low expense. The highest seven average organized firms (53.8 percent) had low expense, five firms (38.5 percent) had medium expense, and one firm (7.7 percent) had very low expense. One unorganized microenterprise (50.0 percent) each had medium and low expense. Finally, the firms that had no organizing had a maximum number of 18 firms (42.9 percent) with medium expense, followed by 10 firms (23.8 percent) each with high and low expense, and the least two firms (4.8 percent) with very high and very low expense (Table 5.2.2 -B). Therefore, it is better to carry out organizing function, as those with no organizing can have high expenses.

Table 5.2.2 (B)

Organizing Function and Performance (Expense) of Microenterprises

Management Factor (Organizing)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
Professionally organized	-	-	-	03 (100.0)	-	03 (100.0)
Well organized	-	-	2 (66.7)	01 (33.3)	-	03 (100.0)
Average	-	-	5	07	01	13

organizing			(38.5)	(53.8)	(7.7)	(100.0)
Unorganized	-	-	01 (50.0)	01 (50.0)	-	02 (100.0)
No organized	02 (4.8)	10 (23.8)	18 (42.9)	10 (23.8)	02 (4.8)	42 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.2 (C) Organizing Function and Performance (Profit) of Microenterprises

Professionally organized firms had very high (2, 66.7 percent) and high (1, 33.3 percent) level of profit, whereas two well organized firms (66.7 percent) and one well organized firm (33.3 percent) had low and high profit respectively. Average organized firms were six (46.2 percent) with high sales, followed by four (30.8 percent) with medium sales, two (15.4 percent) with low sales, and one (7.7 percent) with very high sales. Two of the unorganized firms (100.0 percent) had medium profit. The microenterprises that had no organization had medium (17, 40.5 percent), low (22, 52.4 percent), and very low (3, 7.1 percent) levels of profit (Table 5.2.2 -C). Although not that evident, it can still be said that with better organizing, there lies better profit of the microenterprises.

Table 5.2.2 (C)

Organizing Function and Performance (Profit) of Microenterprises

Management Factor (Organizing)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
Professionally organized	02 (66.7)	01 (33.3)	-	-	-	03 (100.0)
Well organized	-	01 (33.3)	-	02 (66.7)	-	03 (100.0)
Average organizing	01 (7.7)	06 (46.2)	04 (30.8)	02 (15.4)	-	13 (100.0)
Unorganized	-	-	02 (100.0)	-	-	02 (100.0)
No organized	-	-	17 (40.5)	22 (52.4)	03 (7.1)	42 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.3 Directing the Business

Out of all the 63 micro-entrepreneurs, only 14.3 percent (9) had managed their business through effective directing, and 15.9 percent (10) had well directed their business, whereas, the highest 66.7 percent (42) ran their business with no direction and the rest 3.2 percent (2) had ineffective directing. In the male and female categories, 15.4 percent (8) and 9.1 percent (1) of the entrepreneurs respectively had expressed that their business were effectively directed. However, the largest 67.3 percent (35) male and 63.6 percent (7) respondents said that their businesses were

running with no direction. Thus, a smaller number of entrepreneurs felt that their businesses were being directed effectively or well enough. This is shown in Table 5.2.3 and Figure 5.2.3.

Table 5.2.3

Perception on Directing the Business

Sl. No.	Gender	Directing the Business				Total
		Effective	Well	Ineffective	No	
1	Male	8 (15.4)	8 (15.4)	1 (1.9)	35 (67.3)	52 (82.5)
2	Female	1 (9.1)	2 (18.1)	1 (9.1)	7 (63.6)	11 (17.5)
3	Total	9 (14.3)	10 (15.9)	2 (3.2)	42 (66.7)	63 (100.0)

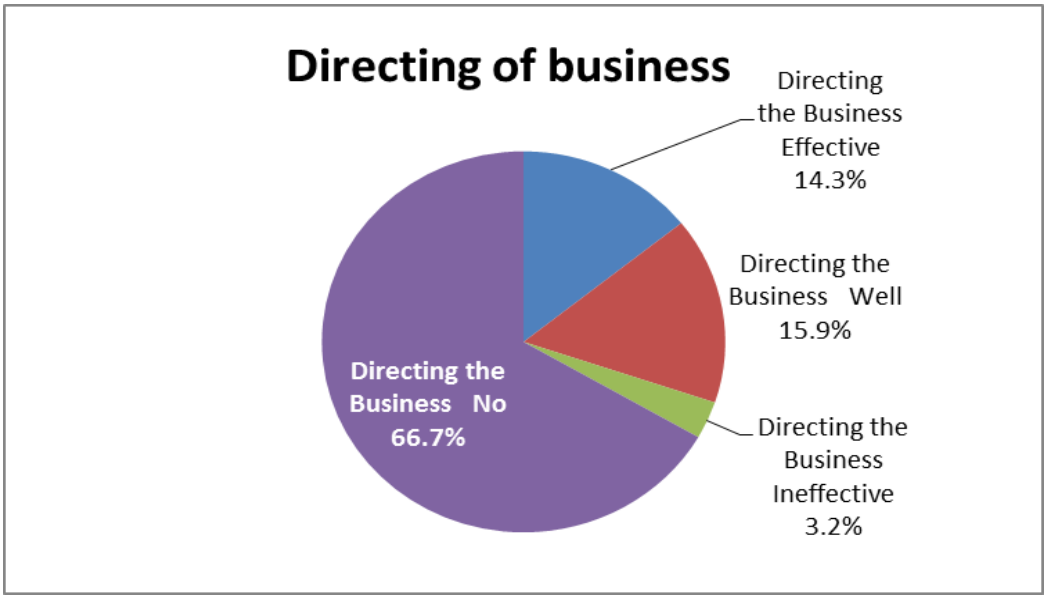
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.2.3

Perception on Directing the Business



5.2.3 (A) Directing the Business and Performance (Sales) of Microenterprises

With effective directing, four microenterprises (44.4 percent) had very high level of sales, followed by three microenterprises (33.3 percent) who had high sales, and two microenterprises (22.2 percent) who had medium level of sales. The microenterprises that had received well direction had a maximum of six firms (60.0 percent) with medium sales, followed by three firms (30.0 percent) with high sales, and one firm (10.0 percent) with very high sales. Two of the ineffectively directed firms (100.0 percent) had high sales. Next, the microenterprises that had no direction had medium (28, 66.7 percent), low (12, 28.6 percent), and very low (2, 4.8 percent) sales (Table 5.2.3 – A). This meant that good direction brings more sales to microenterprises.

Table 5.2.3 (A)

Directing Function and Performance (Sales) of Microenterprises

Management Factor (Directing)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
Effective directing	04 (44.4)	03 (33.3)	02 (22.2)	-	-	09 (100.0)
Well directing	01 (10.0)	03 (30.0)	06 (60.0)	-	-	10 (100.0)
Ineffective directing	-	02 (100.0)	-	-	-	02 (100.0)
No Direction	-	-	28 (66.7)	12 (28.6)	02 (4.8)	42 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.3(B) Directing the Business and Performance (Expense) of Microenterprises

Effectively directed microenterprises had seven firms with low level of expense (77.8 percent) and two firms with medium level of expense (22.2 percent). Well directed microenterprises were five (50.0 percent) with low expense, four (40.0 percent) with medium expense, and one (10.0 percent) with very low expense. Next, ineffectively directed microenterprises were a total of two (100.0 percent) with medium level of expense. Microenterprises with no direction were 26 (41.3 percent) with medium expense, followed by 22 (34.9 percent) with low expense, 10 (15.9 percent) with high expense,

three (4.8 percent) with very low, and two (3.2 percent) with very high expense (Table 5.2.3 -B). Thus, to some extent, better direction can bring lower expenses.

Table 5.2.3 (B)

Directing Function and Performance (Expense) of Microenterprises

Management Factor (Directing)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
Effective directing	-	-	02 (22.2)	07 (77.8)	-	09 (100.0)
Well directing	-	-	04 (40.0)	05 (50.0)	01 (10.0)	10 (100.0)
Ineffective directing	-	-	02 (100.0)	-	-	02 (100.0)
No Direction	02 (4.8)	10 (23.8)	18 (42.9)	10 (23.8)	02 (4.8)	42 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.3(C) Directing the Business and Performance (Profit) of Microenterprises

Coming to the level of profit, microenterprises that had effective directing had very high (2, 22.2 percent), high (5, 55.5 percent), and low (2, 22.2 percent) levels of profit. Firms that indulged in well directing were a maximum of four (40.0 percent) with medium profit, followed by three (30.0

percent) with high profit, two (20.0 percent) with low profit, and only one (10.0 percent) with very high profit. Next, two of the ineffectively directed firms (100.0 percent) had medium profit, and the microenterprises with no direction were 22 (52.4 percent) with low, 17 (40.5 percent) with high and 3 (7.1 percent) with very low profit (Table 5.2.3 -C). This shows that good directing can bring high profits to microenterprises.

Table 5.2.3 (C)

Directing Function and Performance (Profit) of Microenterprises

Management Factor (Directing)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
Effective directing	02 (22.2)	05 (55.5)	-	02 (22.2)	-	09 (100.0)
Well directing	01 (10.0)	03 (30.0)	04 (40.0)	02 (20.0)	-	10 (100.0)
Ineffective directing	-	-	02 (100.0)	-	-	02 (100.0)
No Direction	-	-	17 (40.5)	22 (52.4)	03 (7.1)	42 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.4 Controlling the Business

Amongst the 63 micro-entrepreneurs, majority of them (42, 66.7 percent) said to have no effective control over their business, of which there

were both the highest number of male (35, 67.3 percent) and female (7, 63.6 percent) respondents. Additionally, a total of 2 respondents (3.2 percent) felt ineffective control. Only 17.5 percent (11) of the entrepreneurs had managed their businesses through effective controlling and the rest 12.7 percent (8) of entrepreneurs expressed that they had well controlled businesses. Thus, a smaller number of respondents, i.e., 9 male (17.3 percent) and 2 female (18.2 percent) considered their business to be effectively controlled (Table 5.2.4 and Figure 5.2.4).

Table 5.2.4

Perception on Controlling the Business

Sl. No.	Gender	Controlling the Business				Total
		Effective	Well	Ineffective	No	
1	Male	9 (17.3)	7 (13.5)	1 (1.9)	35 (67.3)	52 (82.5)
2	Female	2 (18.2)	1 (9.1)	1 (9.1)	7 (63.6)	11 (17.5)
3	Total	11 (17.5)	8 (12.7)	2 (3.2)	42 (66.7)	63 (100.0)

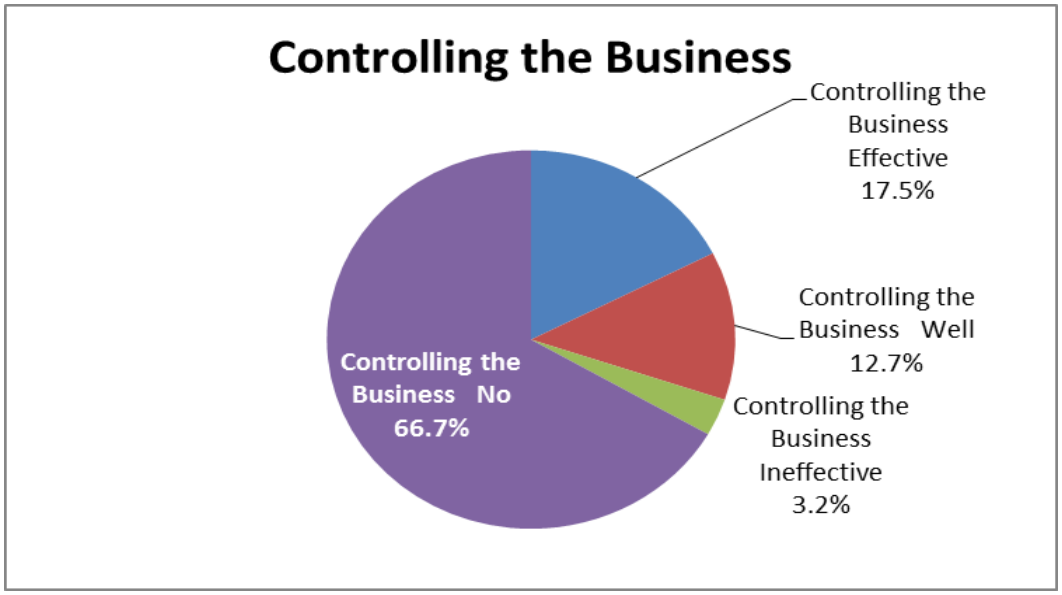
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.2.4

Perception on Controlling the Business



5.2.4 (A) Controlling the Business and Performance (Sales) of Microenterprises

With regard to the management factor of controlling, effective controlling of the microenterprises had very high (5, 45.5 percent), high (4, 36.4 percent), and medium (2, 18.1 percent) level of sales. Well controlled microenterprises were five (62.5 percent) with medium level of sales and three (37.5 percent) with high level of sales. Ineffectively controlled firms were one (50.0 percent) each with high and medium level of sales. Those with no control had medium (28, 66.7 percent), low (12, 28.6 percent), and very low (2, 4.8 percent) level of sales (Table 5.2.4 -A). The result shows that the microenterprises that had good control had high level of sales.

Table 5.2.4 (A)

Controlling Function and Performance (Sales) of Microenterprises

Management Factor (Controlling)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
Effective controlling	05 (45.5)	04 (36.4)	02 (18.1)	-	-	11 (100.0)
Well controlling	-	03 (37.5)	05 (62.5)	-	-	08 (100.0)
Ineffective controlling	-	01 (50.0)	01 (50.0)	-	-	02 (100.0)
No Controlling	-	-	28 (66.7)	12 (28.6)	02 (4.8)	42 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.4 (B) Controlling the Business and Performance (Expense) of Microenterprises

Effectively controlled microenterprises had mostly low (9, 81.8 percent) and medium (2, 18.2 percent) levels of expense. The five well controlled firms (62.5 percent) had medium expense, followed by two (25.0 percent) with low expense, and one (12.5 percent) with very low expense. Ineffectively controlling of enterprises led to one (50.0 percent) each for medium and low levels of expense. Lastly, the enterprises with no control had a majority of 18 firms (42.9 percent) with medium expense, 10 (23.8 percent) each with high and low expense, and two (4.8 percent) each with very high and very low

expense (Table 5.2.4 -B). Thus, this indicates that with better control of the microenterprises, there is a lower level of expense.

Table 5.2.4 (B)

Controlling Function and Performance (Expense) of Microenterprises

Management Factor (Controlling)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
Effective controlling	-	-	02 (18.2)	09 (81.8)	-	11 (100.0)
Well controlling	-	-	05 (62.5)	02 (25.0)	01 (12.5)	08 (100.0)
Ineffective controlling	-	-	01 (50.0)	01 (50.0)	-	02 (100.0)
No Controlling	02 (4.8)	10 (23.8)	18 (42.9)	10 (23.8)	02 (4.8)	42 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.2.4(C) Controlling the Business and Performance (Profit) of Microenterprises

Effective controlling of microenterprises led to very high (3, 27.3 percent), high (6, 54.5 percent), medium (1, 9.1 percent), and low (1, 9.1 percent) levels of profit. Well controlled firms were three (37.5 percent) each with medium and low profit, and two (25.0 percent) with high profit. Two of the ineffectively controlled firms (100.0 percent) had medium level of profit. The enterprises that had no controlling function, had medium (17, 40.5

percent), low (22, 52.4 percent), and very low (3, 7.1 percent) levels of profit (Table 5.2.4 -C). Therefore, the controlling function practicing microenterprises had a high positive correlation with their levels of profit.

Table 5.2.4 (C)

Controlling Function and Performance (Profit) of Microenterprises

Management Factor (Controlling)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
Effective controlling	03 (27.3)	06 (54.5)	01 (9.1)	01 (9.1)	-	11 (100.0)
Well controlling	-	02 (25.0)	03 (37.5)	03 (37.5)	-	08 (100.0)
Ineffective controlling	-	-	02 (100.0)	-	-	02 (100.0)
No Controlling	-	-	17 (40.5)	22 (52.4)	03 (7.1)	42 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3 Marketing Factors

This section is based on marketing factors that are important to all enterprises such as the business location, quality of product/ service, price of the product, promotion of the product, expense on promotion, etc. Based on the data collected, the following analysis has been carried out:

5.3.1 Business Location

The location of the businesses of the micro-entrepreneurs as selected by them was either competitive, good, or bad. Most male (38, 73.1 percent) and female (5, 45.5 percent) respondents said that their business was located in a good place. Therefore, the highest 68.3 percent (43) of the entrepreneurs felt that their business was in a good location. The remaining 14.3 percent (9) and 17.5 percent (11) of the entrepreneurs considered it in a competitive and bad location respectively. This is shown in Table 5.3.1 and Figure 5.3.1.

Table 5.3.1

Perception on the Location of the Business

Sl. No.	Gender	Location of the Business			Total
		Competitive Location	Good Location	Bad Location	
1	Male	5 (9.6)	38 (73.1)	9 (17.3)	52 (82.5)
2	Female	4 (36.4)	5 (45.5)	2 (18.2)	11 (17.5)
3	Total	9 (14.3)	43 (68.3)	11 (17.5)	63 (100.0)

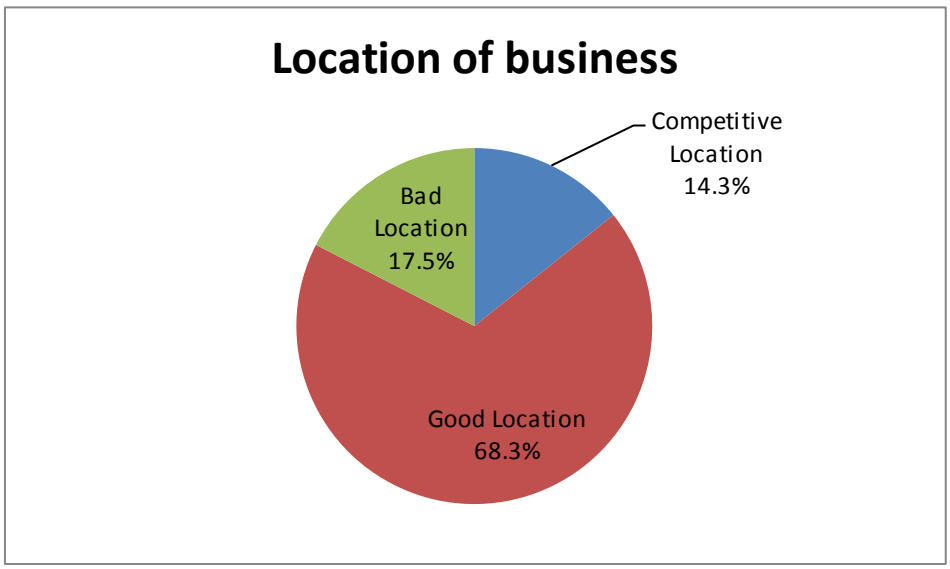
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.3.1

Perception on the Location of the Business



5.3.1(A) Business Location and Performance (Sales) of Microenterprises

The level of sales can depend on the type of location a microenterprise is set in. The competitive location had three enterprises (33.3 percent) with high and low sales, followed by two enterprises (22.2 percent) with medium sales, and one (11.1 percent) with very high sales. Good located microenterprises were 28 (65.1 percent) with medium sales, six (13.9 percent) with low sales, four (9.3 percent) with very high sales, three (7.0 percent) with high sales, and two (4.6 percent) with very low sales. Bad location of the microenterprises led them to have mostly medium sales (6, 54.5 percent), followed by three (27.3 percent) with low sales, and two (18.1 percent) with high sales (Table 5.3.1 – A). Thus, having a better location may bring higher level of sales.

Table 5.3.1 (A)

Location and Performance (Sales) of Microenterprises

Marketing Factor (Location)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
Competitive location	01 (11.1)	03 (33.3)	02 (22.2)	03 (33.3)	-	09 (100.0)
Good location	04 (9.3)	03 (7.0)	28 (65.1)	06 (13.9)	02 (4.6)	43 (100.0)
Bad location	-	02 (18.1)	06 (54.5)	03 (27.3)	-	11 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.1(B) Business Location and Performance (Expense) of Microenterprises

Competitively located firms were most with medium expense (4, 44.4 percent), followed by three (33.3 percent) with low expense, and one (11.1 percent) each for very low and high expense. Good location of the firms led them to have mainly medium expense (16, 37.2 percent), followed by 14 firms (32.6 percent) which had low expense, nine enterprises (20.9 percent) with high expense, and two (4.6 percent) each with very high and very low expense. Badly located microenterprises were the highest six (54.5 percent) with medium expense and five (45.5 percent) with low expense (Table 5.3.1 - B). The result indicates that more competitively located microenterprises had slightly higher expense than other firms.

Table 5.3.1 (B)

Location and Performance (Expense) of Microenterprises

Marketing Factor (Location)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
Competitive location	-	01 (11.1)	04 (44.4)	03 (33.3)	01 (11.1)	09 (100.0)
Good location	02 (4.6)	09 (20.9)	16 (37.2)	14 (32.6)	02 (4.6)	43 (100.0)
Bad location	-	-	06 (54.5)	05 (45.5)	-	11 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.1 (C) Business Location and Performance (Profit) of Microenterprises

Competitive location of the microenterprises led four of them (44.4 percent) to have low profit, followed by three (33.3 percent) with medium profit, and one (11.1 percent) each with very high and high profit. None had very low profit. Next, a good location brought 18 microenterprises (41.9 percent) to have low profit, 15 (34.9 percent) with medium profit, five (11.6 percent) with high profit, three (7.0 percent) with very low profit, and the least two firms (4.7 percent) with very high profit. Badly located firms had medium profit (5, 45.5 percent), low profit (4, 36.4 percent), and high profit (2, 18.2 percent) as well (Table 5.3.1 -C). Therefore, the result does not show a good correlation between the location of a microenterprise and the level of profit obtained.

Table 5.3.1 (C)

Location and Performance (Profit) of Microenterprises

Marketing Factor (Location)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
Competitive location	01 (11.1)	01 (11.1)	03 (33.3)	04 (44.4)	-	09 (100.0)
Good location	02 (4.7)	05 (11.6)	15 (34.9)	18 (41.9)	03 (7.0)	43 (100.0)
Bad location	-	02 (18.2)	05 (45.5)	04 (36.4)	-	11 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	3 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.2 Quality of the Product/Service

So far as the quality of the product/ service is concerned, the highest 46.0 percent (29) of the entrepreneurs felt that it was average, followed by 38.1 percent (24), 11.1 percent (7) and 4.8 percent (3) of them who considered it as good, very good and excellent respectively. While in the male category, the highest 48.1 percent (25) considered the quality as average, in the female category, the highest 45.5 percent (5) considered the quality as good. However, none of the female and the least number of male entrepreneurs felt that their product/service was of excellent quality, and none of the respondents said that their product/ service was of poor quality (Table 5.3.2 and Figure 5.3.2).

Table 5.3.2

Perception on the Quality of the Product/Service

Sl. No.	Gender	Quality of the Product/Service					Total
		Excellent	Very Good	Good	Average	Poor	
1	Male	3 (5.8)	5 (9.6)	19 (36.5)	25 (48.1)	-	52 (82.5)
2	Female	-	2 (18.2)	5 (45.5)	4 (36.4)	-	11 (17.5)
3	Total	3 (4.8)	7 (11.1)	24 (38.1)	29 (46.0)	-	63 (100.0)

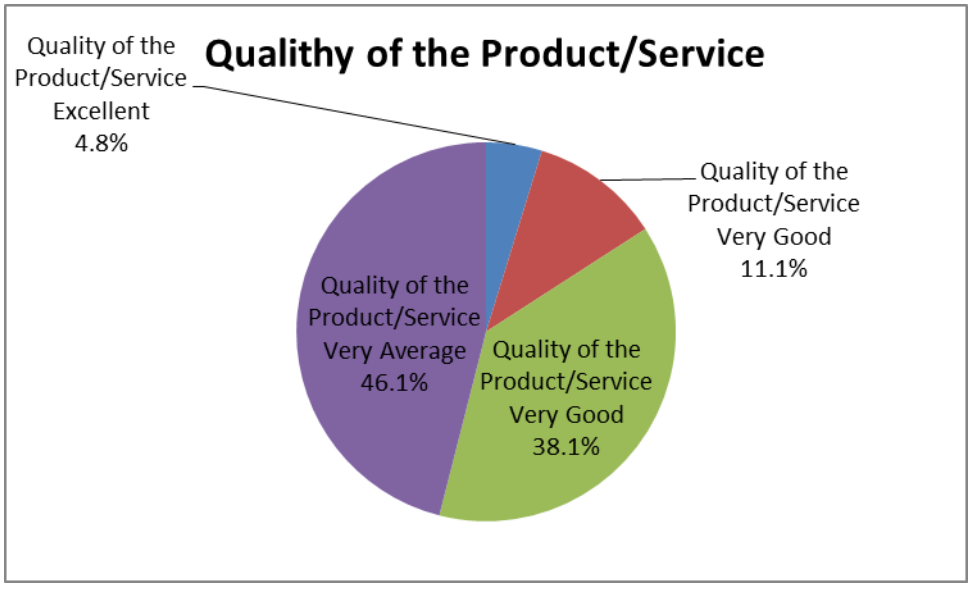
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.3.2

Perception on the Quality of the Product/Service



5.3.2 (A) Quality of the Product/Service and Performance (Sales) of Microenterprises

The quality of the products by the microenterprises and their level of sales were looked into. First, microenterprises that produced excellent quality products were a total of three (4.76 percent), of which two (66.7 percent) had medium sales and one (33.3 percent) had very low sales. Firms that had very good quality products were five (71.4 percent) with medium sales and one (14.3 percent) each with very high and very low sales. Good quality products by microenterprises made them have a maximum of 11 medium level of sales (45.8 percent), followed by seven (29.2 percent) with low sales, four (16.7 percent) with high sales, and two (8.3 percent) with very high sales. Microenterprises that had average quality products were 18 (62.1 percent) with medium sales, followed by five (17.2 percent) with low sales, four (13.8 percent) with high sales, and two (6.9 percent) with very high sales (Table 5.3.2 – A). This result does not really show any relationship between the quality of the products and the level of sales, as different quality products can be demanded by consumers with different incomes from various niche.

Table 5.3.2 (A)

Quality of product and Performance (Sales) of Microenterprises

Marketing Factor (Quality)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
Excellent quality	-	-	02 (66.7)	-	01 (33.3)	03 (100.0)
Very good	01	-	05	-	01	07

quality	(14.3)		(71.4)		(14.3)	(100.0)
Good quality	02 (8.3)	04 (16.7)	11 (45.8)	07 (29.2)	-	24 (100.0)
Average quality	02 (6.9)	04 (13.8)	18 (62.1)	05 (17.2)	-	29 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.2 (B) Quality of the Product/Service and Performance (Expense) of Microenterprises

Excellent quality products by microenterprises were two (66.7 percent) with medium expense and one (33.3 percent) with low expense. Very good quality products by firms were a maximum of four (57.1 percent) having medium expense and one (14.3 percent) each having very high, high, and low expense. Enterprises that had good quality products were 10 (41.7 percent) each with medium and low expense, followed by three (12.5 percent) with high expense, and the least one (4.2 percent) with very high expense. Average quality products by firms led them to have a range of medium (10, 34.5 percent), low (34.5 percent), high (20.7 percent), and even very low expense (10.3 percent) as shown in Table 5.3.2 -B. Thus, the relationship between the quality of the product of the surveyed microenterprises and their levels of expense was not strong either.

Table 5.3.2 (B)

Quality of product and Performance (Expense) of Microenterprises

Marketing Factor (Quality)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
Excellent quality	-	-	02 (66.7)	01 (33.3)	-	03 (100.0)
Very good quality	01 (14.3)	01 (14.3)	04 (57.1)	01 (14.3)	-	07 (100.0)
Good quality	01 (4.2)	03 (12.5)	10 (41.7)	10 (41.7)	-	24 (100.0)
Average quality	-	06 (20.7)	10 (34.5)	10 (34.5)	03 (10.3)	29 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.2 (C) Quality of the Product/Service and Performance (Profit) of Microenterprises

Microenterprises that produced excellent quality products had medium (2, 66.7 percent) and low (1, 33.3 percent) profit. Very good quality producers were a maximum of five (71.4 percent) with low profit and one (14.3 percent) each with high and very low profit. Good quality products by firms led them to have medium profit (10, 41.7 percent), low profit (8, 33.3 percent), and two (8.3 percent) each with very high, high, and very low profit. Lastly, 12 of the average quality producers (41.4 percent) had low profit, followed by 11 (37.9 percent) with medium profit, five (17.2 percent) with high profit, and one (3.4 percent) with very high profit (Table 5.3.2 – C).

Therefore, the table shows that microenterprises having lower quality of products also have higher amount of profit. This may be due to low price and high volume of sales.

Table 5.3.2 (C)

Quality of product and Performance (Profit) of Microenterprises

Marketing Factor (Quality)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
Excellent quality	-	-	02 (66.7)	01 (33.3)	-	03 (100.0)
Very good quality	-	01 (14.3)	-	05 (71.4)	01 (14.3)	07 (100.0)
Good quality	02 (8.3)	02 (8.3)	10 (41.7)	08 (33.3)	02 (8.3)	24 (100.0)
Average quality	01 (3.4)	05 (17.2)	11 (37.9)	12 (41.4)	-	29 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.3 Price of the Product/Service

As compared to the competitors' prices, while 14.3 percent (9) of the entrepreneurs felt that their price was low, the remaining 77.8 percent (49) and 7.9 percent (5) considered it as medium and high respectively. In both the male and female categories, the highest 75.0 percent (39) and 90.9 percent (10) of the entrepreneurs thought their price was medium. However, the least number of 5 male entrepreneurs (9.6 percent) and none of the

female entrepreneurs felt that their price was high. Thus, most of the entrepreneurs (49, 77.8 percent) had medium priced products as compared to their competitors. This is shown in Table 5.3.3 and Figure 5.3.3.'

Table 5.3.3

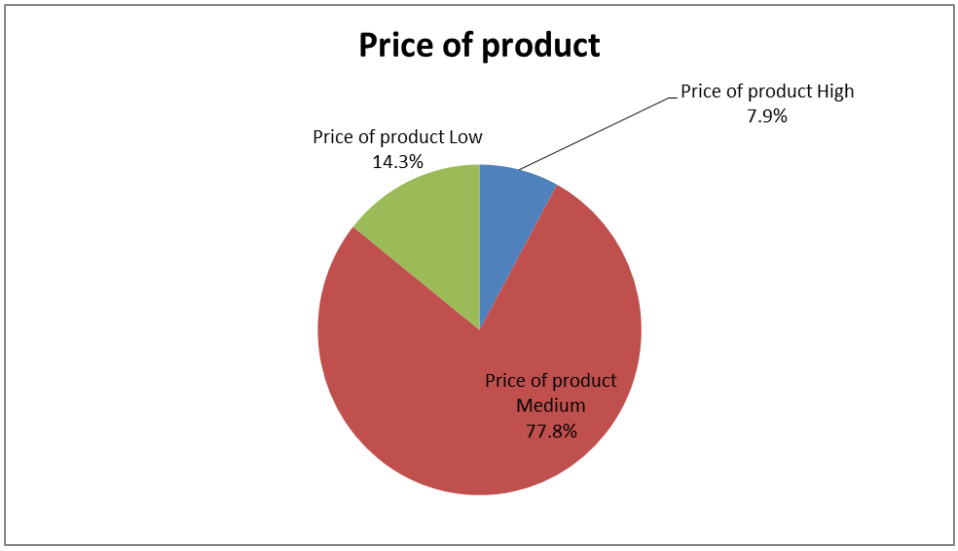
Perception on the Price of the Product/Service as compared to the Competitors

Sl. No.	Gender	Price of the Product/Service as compared to the Competitors			Total
		High	Medium	Low	
1	Male	5 (9.6)	39 (75.0)	8 (15.4)	52 (82.5)
2	Female	-	10 (90.9)	1 (9.1)	11 (17.5)
3	Total	5 (7.9)	49 (77.8)	9 (14.3)	63 (100.0)

Note: (i) Figures in the total parentheses indicate percentage to column total (63).
(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.
Source: Field survey data and own computation.

Figure 5.3.3

Perception on the Price of the Product/Service



5.3.3 (A) Price of the Product/Service and Performance (Sales) of Microenterprises

The microenterprises that produced high priced products were two (40.0 percent) each with medium and very low sales and one (20.0 percent) with low sales. Medium price of the products of the enterprises had mainly medium (30, 61.2 percent) sales, followed by 11 (22.4 percent) with low sales, seven (14.3 percent) with high sales, and the least one (2.0 percent) with very high sales. Firms with low priced products were four (44.4 percent) each with very high and medium sales and one (11.1 percent) with high sales (Table 5.3.3 -A). The result shows that high priced products did not have as much sales as the lower priced ones, which is probably due to the income of the people in the small province of Takeo and their demand in the food and beverage industry.

Table 5.3.3 (A)

Price of product and Performance (Sales) of Microenterprises

Marketing Factor (Price)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
High price	-	-	02 (40.0)	01 (20.0)	02 (40.0)	05 (100.0)
Medium price	01 (2.0)	07 (14.3)	30 (61.2)	11 (22.4)	-	49 (100.0)
Low price	04 (44.4)	01 (11.1)	04 (44.4)	-	-	09 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.3 (B) Price of the Product/Service and Performance (Expense) of Microenterprises

High priced producers had very high (1, 20.0 percent), high (2, 40.0 percent), medium (20.0 percent), and low (1, 20.0 percent) expense. Next, the firms that produced medium priced products had mostly medium (23, 46.9 percent), followed by low (15, 30.6 percent), high (7, 14.3 percent), very low (3, 6.1 percent), and very high (1, 2.0 percent) expenses. Microenterprises that had low priced products had low (6, 66.7 percent), medium (2, 22.2 percent), and high (1, 11.1 percent) expense (Table 5.3.3 – B). Thus, as the price of the products were higher, it seems with a high cost their expenses were higher as well.

Table 5.3.3 (B)

Price of product and Performance (Expense) of Microenterprises

Marketing Factor (Price)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
High price	01 (20.0)	02 (40.0)	01 (20.0)	01 (20.0)	-	05 (100.0)
Medium price	01 (2.0)	07 (14.3)	23 (46.9)	15 (30.6)	03 (6.1)	49 (100.0)
Low price	-	01 (11.1)	02 (22.2)	06 (66.7)	-	09 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.3 (C) Price of the Product/Service and Performance (Profit) of Microenterprises

Microenterprises that made high priced products had medium (1, 20.0 percent), low (3, 60.0 percent), and very low (1, 20.0 percent) profit. The firms that produced medium priced products were 21 (42.8 percent) with low profit, 20 (40.8 percent) with medium profit, six (12.2 percent) with high profit, and two (4.1 percent) with very low profit. Low priced producers had very high (3, 33.3 percent), high (2, 22.2 percent), medium (2.22 percent), and low (2, 22.2 percent) profit (Table 5.3.3 -C). Therefore, greater priced products can bring lower profit to microenterprises as compared to lower priced products.

Table 5.3.3 (C)

Price of product and Performance (Profit) of Microenterprises

Marketing Factor (Price)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
High price	-	-	01 (20.0)	03 (60.0)	01 (20.0)	05 (100.0)
Medium price	-	06 (12.2)	20 (40.8)	21 (42.8)	02 (4.1)	49 (100.0)
Low price	03 (33.3)	02 (22.2)	02 (22.2)	02 (22.2)	-	09 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.4 Promotion of the Product

All of the surveyed 63 entrepreneurs agreed that in some way or the other, they were involved in promoting their product. Most of the male entrepreneurs (27, 51.9 percent) said that the promotion of their product was effective, whereas, most of the female entrepreneurs (8, 72.7 percent) felt that it was average. Majority of the entrepreneurs (30, 47.6 percent) felt that the promotion was effective, followed by 28 entrepreneurs (44.4 percent) who felt that the promotion worked just average. The least 5 entrepreneurs (7.9 percent) who said that it was ineffective were all male, as none of the female respondents thought that the promotion of their product was ineffective. Thus, most of the entrepreneurs agreed that the promotion of products was effective. This is shown in Table 5.3.4 and Figure 5.3.4.

Table 5.3.4

Perception on the Effectiveness of the Promotion

Sl. No.	Gender	Effectiveness of the Promotion			Total
		Effective	Ineffective	Average	
1	Male	27 (51.9)	5 (9.6)	20 (38.5)	52 (82.5)
2	Female	3 (27.3)	-	8 (72.7)	11 (17.5)
		30	5	28	63

3	Total	(47.6)	(7.9)	(44.4)	(100.0)

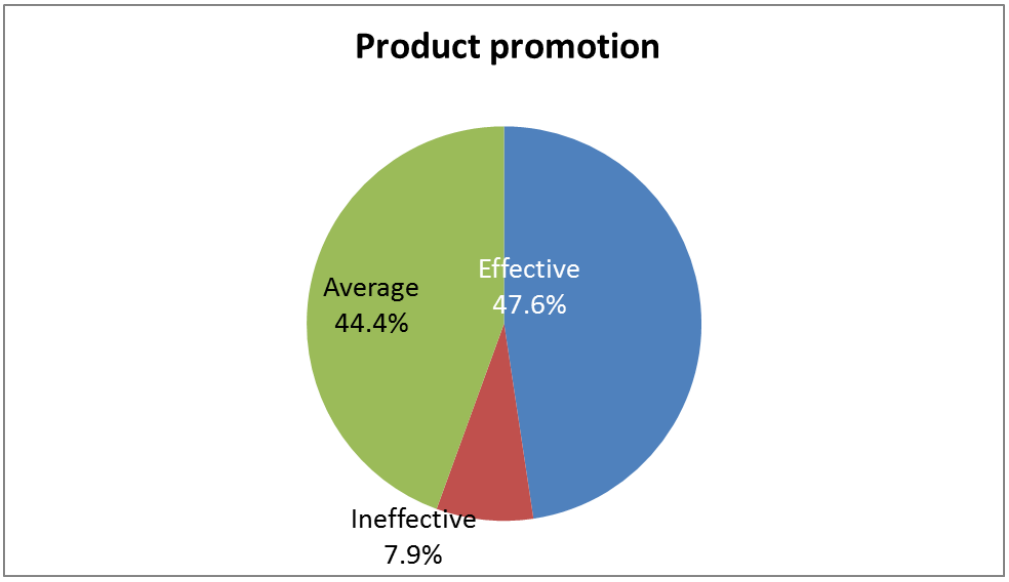
Note: (i) Figures in the total parentheses indicate percentage to column total (63).

(ii) Figures in the parentheses of male and female rows indicate percentage to total male (52) and female (11) respectively.

Source: Field survey data and own computation.

Figure 5.3.4

Perception on the Effectiveness of the Promotion



5.3.4 (A) Promotion and Performance (Sales) of Microenterprises

Taking into account the microenterprises that indulged in effective promotion of their products, the highest 18 of them (60.0 percent) had medium sales, followed by five (16.7 percent) with low sales, four (13.3 percent) with very high sales, and the least three firms (10.0 percent) with high sales. Promoting products ineffectively caused three microenterprises

(60.0 percent) to have medium sales and two microenterprises (40.0 percent) to have low sales. Average promotion of the products led the enterprises to have a range of very high to very low sales, with the maximum (15, 53.6 percent) being medium, followed by five (17.9 percent) each for high and low, two (7.1 percent) for very low, and one (3.6 percent) with very high sales (Table 5.3.4 – A). Thus, promotion actually benefitted the microenterprises by increasing their level of sales.

Table 5.3.4 (A)

Promotion and Performance (Sales) of Microenterprises

Marketing Factor (Promotion)	Level of Sales					
	Very High	High	Medium	Low	Very Low	Total
Effective promotion	04 (13.3)	03 (10.0)	18 (60.0)	05 (16.7)	-	30 (100.0)
Ineffective promotion	-	-	03 (60.0)	02 (40.0)	-	05 (100.0)
Average promotion	01 (3.6)	05 (17.9)	15 (53.6)	05 (17.9)	02 (7.1)	28 (100.0)
Total	05 (7.9)	08 (12.7)	36 (57.1)	12 (19.0)	02 (3.2)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.4 (B) Promotion and Performance (Expense) of Microenterprises

With effective promotion, 12 microenterprises (40.0 percent) had low expense, 10 enterprises (33.3 percent) had medium expense, six firms (20.0 percent) had high expense, and one (3.3 percent) each had very high and

very low expense. Microenterprises with ineffective promotion were four (80.0 percent) with low expense and one (20.0 percent) with high expense. Average promoted products of the microenterprises made them have a majority of medium (16, 57.1 percent), low (6, 21.4 percent), high (3, 10.7 percent), very low (2, 7.1 percent), and very high (1, 3.6 percent) expense (Table 5.3.4 – B). This indicates that the level of expense can vary from firm to firm, without getting affected by the promotion of their products.

Table 5.3.4 (B)

Promotion and Performance (Expense) of Microenterprises

Marketing Factor (Promotion)	Level of Expense					
	Very High	High	Medium	Low	Very Low	Total
Effective promotion	01 (3.3)	06 (20.0)	10 (33.3)	12 (40.0)	01 (3.3)	30 (100.0)
Ineffective promotion	-	01 (20.0)	-	04 (80.0)	-	05 (100.0)
Average promotion	01 (3.6)	03 (10.7)	16 (57.1)	06 (21.4)	02 (7.1)	28 (100.0)
Total	02 (3.2)	10 (15.9)	26 (41.3)	22 (34.9)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.3.4 (C) Promotion and Performance (Profit) of Microenterprises

The marketing factor of effective promotion had the highest 11 microenterprises (36.7 percent) make medium profit, nine enterprises (30.0 percent) with low profit, five firms (16.7 percent) with high profit, three firms (10.0 percent) with very high profit, and two of them (6.7 percent) with very

low profit. Ineffective promotion of products by the microenterprises led them to have medium (3, 60.0 percent) and low (2, 40.0 percent) profit. Firms that had average promotion made mainly low (15, 53.7 percent), followed by medium (9, 32.1 percent), high (3, 10.7 percent), and very low (1, 3.6 percent) profit (Table 5.3.4 -C). Thus, the result indicates that the level of profit increased with better promotion of the products by the 63 microenterprises (100.0 percent).

Table 5.3.4 (C)

Promotion and Performance (Profit) of Microenterprises

Marketing Factor (Promotion)	Level of Profit					
	Very High	High	Medium	Low	Very Low	Total
Effective promotion	03 (10.0)	05 (16.7)	11 (36.7)	09 (30.0)	02 (6.7)	30 (100.0)
Ineffective promotion	-	-	03 (60.0)	02 (40.0)	-	05 (100.0)
Average promotion	-	3 (10.7)	9 (32.1)	15 (53.7)	01 (3.6)	28 (100.0)
Total	03 (4.8)	08 (12.7)	23 (36.5)	26 (41.3)	03 (4.8)	63 (100.0)

Note: Figures in the parentheses indicate percentage to row total.

Source: Own computation.

5.4 Factors Influencing the Performance of Microenterprises – Testing of Hypotheses

To analyze the factors influencing the performance of the microenterprises, the study has taken into account the personal characteristics of the micro-entrepreneurs, management factors and

marketing factors of the business. The performance of the enterprises has been measured in terms of the level of sales, level of expense and level of profit of the enterprises.

Hypothesis Testing

Ho1: There is no significant association between the personal characteristics of the entrepreneurs and the performance of the food and beverage microenterprises in the study area.

Personal Characteristics & Performance Indicators	Lambda Value (λ)	Interpretation	Level of Significance	Findings	Rejected	Not Rejected
Gender and Sales	0.000	No association	-	-		√
Gender and Expense	0.027	Weak positive association	.873	Not significant		√
Gender and Profit	0.027	Weak positive association	.739	Not significant		√
Age and Sales	0.333	Weak positive association	0.032	Significant	√	
Age and Expense	0.432	Weak positive association	0.001	Highly Significant	√	
Age and Profit	0.514	Positive association	0.000	Highly Significant	√	
Education and Sales	0.259	Weak positive association	0.045	Significant	√	
Education and Expense	0.162	Weak positive association	0.076	Significant	√	

Education and Profit	0.243	Weak positive association	0.076	Significant	√	
Vocational Training and Sales	0.000	No association	-	-		√
Vocational Training and Expense	0.000	No association	-	-		√
Vocational Training and Profit	0.000	No association	-	-		√
Years of Experience and Sales	0.148	Weak positive association	0.200	Not Significant		√
Years of Experience and Expense	0.351	Weak positive association	0.022	Highly Significant	√	
Years of Experience and Profit	0.270	Weak positive association	0.079	Significant	√	
Order of Birth and Sales	0.037	Weak positive association	0.313	Not Significant		√
Order of Birth and Expense	0.135	Weak positive association	0.088	Significant	√	
Order of Birth and Profit	0.081	Weak positive association	0.563	Not Significant		√

Based on the findings of the study in terms of the personal characteristics of the entrepreneurs, the following can be concluded:

1. Age of the entrepreneurs significantly influences the sales, expense and profit of enterprises.
2. Education of the entrepreneurs significantly influences the sales, expense and profit of enterprises.
3. Years of experience of the entrepreneurs significantly influence the expense and profit of enterprises.
4. Order of birth of the entrepreneurs significantly influences the expense of the enterprises.

Ho 2: There is no significant association between the management factors and the performance of the food and beverage microenterprises in the study area.

Management Factors & Performance Indicators	**Gamma Value** (γ)	**Interpretation**	**Level of Significance**	**Findings**	**Rejected**	**Not Rejected**
Formal Business Plan and Sales	0.000	No association	1.000	Not Significant		√
Formal Business Plan and Expense	0.108	Weak positive association	0.368	Not Significant		√
Formal Business Plan and Profit	0.108	Weak positive association	0.243	Not Significant		√

Organizing Business and Sales	0.308	Weak positive association	0.081	Significant	√	
Organizing Business and Expense	0.111	Weak positive association	0.653	Not Significant		√
Organizing Business and Profit	0.308	Weak positive association	0.137	Not Significant		√
Directing Business and Sales	0.308	Weak positive association	0.306	Not Significant		√
Directing Business and Expense	0.222	Weak positive association	0.137	Not Significant		√
Directing Business and Profit	0.231	Weak positive association	0.306	Not Significant		√
Controlling Business and Sales	0.231	Weak positive association	0.461	Not Significant		√
Controlling Business and Expense	0.333	Weak positive association	0.306	Not Significant		√
Controlling Business and Profit	0.231	Weak positive association	0.242	Not Significant		√

Based on the findings of the study in terms of the management factors, the following can be concluded:

1. Organizing of business significantly influences the sales of enterprises.
2. Organizing of business does not significantly influence the expense and profit of enterprises.
3. Formal planning, directing and controlling of business do not significantly influence sales, expense and profit of enterprises.

Ho 3: There is no significant association between the marketing factors of the entrepreneurs and the performance of the food and beverage microenterprises in the study area.

Marketing Factors	**Gamma Value** (γ)	**Interpretation**	**Level of Significance**	**Findings**	**Rejected**	**Not Rejected**
Location of Business and Sales	0.037	Weak association	0.654	Not Significant	-	√
Location of Business and Expense	0.000	No association	-	-	-	-
Location of Business and Profit	0.027	Weak positive association	0.739	Not Significant	-	√
Quality of Product and Sales	0.000	No association	-	-	-	-
Quality of	0.000	No association	-	-	-	-

Product and Expense						
Quality of Product and Profit	0.081	Weak positive association	0.511	Not Significant		√
Price of Product and Sales	0.000	No association	1.000	No Significant		√
Price of Product and Expense	0.135	Weak positive association	0.125	Not Significant		√
Price of Product and Profit	0.027	Weak positive association	0.654	Not Significant		√
Promotion and Sales	0.000	No association	-	-		-
Promotion and Expense	0.162	Weak positive association	0.234	Not significant		√
Promotion and Profit	0.081	Weak positive association	0.547	Not significant		√

Based on the findings of the study in terms of the marketing factors, the following can be concluded:

1. The Location of the business, quality of the product, Price of the product and promotion do not significantly influence the sales, expense and profit of the enterprises.

5.5 Conclusion

The chapter attempts to analyze the factors that influence the performance of the microenterprises in the study area. For this purpose, personal characteristics of the entrepreneurs, management factors and marketing factors of the microenterprises have been taken into account. The performance of the enterprises has been measured in terms of the level of sales, expense and profit of the enterprises. By using the statistical measures of Lambda and Gamma, factors influencing the performance of microenterprises have been measured. The results show that among the personal characteristics of the entrepreneurs, the age, education and years of experience of the entrepreneurs significantly influenced the sales, expense and profit of the enterprises. However, there was no significant association between gender and vocational training with the performance of the enterprises. Regarding the management factors, planning, directing and controlling the business did not significantly influence the sales, expense and profit of the enterprises. While organizing the business significantly influenced the sales of enterprises, it did not have any significant influence on the expense and profit of the enterprises. Considering the marketing factors, the location of the enterprise, quality, price and promotion of the product did not significantly influence the sales, expense and profit of the enterprises. Thus, for the food and beverage microenterprises in the study area, marketing factors do not have any influence on their performance. The result of the study would help the entrepreneurs, managers, and policy makers at micro

level in designing appropriate plans and strategies for the promotion of the microenterprises in the study area.

CHAPTER VI

CHALLENGES AND CONSTRAINTS OF MICROENTERPRISES

The main objective of this chapter is to analyze the challenges and constraints faced by the food and beverage microenterprises in the study area. In addition, the SWOT analysis has been carried out in this chapter by considering the study microenterprises. For this purpose, the chapter is divided into four sections. While the first section discusses the challenges faced by the food and beverage microenterprises, in the second section, the constraints of the enterprises were discussed. In the third section of the chapter, the SWOT analysis has been presented. Finally, the last section provides the conclusion of this chapter.

6.1 Challenges of the Microenterprises

6.1.1 Customer-related Challenges

Customer-related challenges were one of the challenges amongst those that create an impact on a microenterprise. These were lack of motivation, lack of differentiation of the product/service, and lack of promotion of the product/service. Lack of motivation as one of the challenges affecting an enterprise had the highest 50 entrepreneurs (79.4 percent) who agreed, followed by 7 entrepreneurs (11.1 percent) who disagreed, and 3 entrepreneurs (4.8 percent) of both who strongly disagreed and strongly agreed. None of them went for the option of neither agree nor disagree. Similarly, lack of differentiation of the product/service was the second most challenging factor with a majority of 40 respondents (63.5 percent) who agreed, 11 respondents (17.5 percent) who disagreed, 6 respondents (9.5 percent) who strongly agreed, 4 respondents (6.3 percent) who neither

agreed nor disagreed, and the least 2 of them (3.2 percent) who strongly disagreed. Coming to lack of promotion of the product/service, the maximum number of 33 respondents (52.4 percent) agreed with the view, 17 entrepreneurs (27.0 percent) disagreed, 7 of them (11.1 percent) strongly agreed, and 3 respondents each strongly disagreed and neither agreed nor disagreed. Thus, most of the respondents agreed that lack of motivation, lack of differentiation of the product/service, and lack of promotion of the product/service were challenges that affect the microenterprises in the food and beverage industry. This is shown in Table 6.1.1.

Table 6.1.1

Opinion of Micro-Entrepreneurs on Customer-related Challenges

Sl. No.	Customer-related Challenges	SDA	DA	N	AG	SA	Total
1	Lack of motivation	3 (4.8)	7 (11.1)	-	50 (79.4)	3 (4.8)	63 (100.0)
2	Lack of differentiation of the product/service	2 (3.2)	11 (17.5)	4 (6.3)	40 (63.5)	6 (9.5)	63 (100.0)
3	Lack of promotion of the product/service	3 (4.8)	17 (27.0)	3 (4.8)	33 (52.4)	7 (11.1)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.1.2 Employee-related Challenges

Employee-related challenges affected enterprises as it meant lack of motivation, lack of training, and lack of control. Lack of motivation had the highest 45 respondents (71.4 percent) who agreed, followed by 6 entrepreneurs (9.5 percent) each who disagreed and strongly agreed, and the least 3 respondents (4.8 percent) each who strongly disagreed and neither agreed and nor disagreed. A majority of 42 entrepreneurs (66.7 percent) agreed to the factor of lack of training in having an impact on an enterprise, followed by 15 entrepreneurs (23.8 percent) who disagreed, and 3 (4.8 percent) of each who strongly disagreed and strongly agreed. None of the respondents said that neither agreed nor disagreed. Coming to the lack of control, the maximum number of 45 respondents (71.4 percent) agreed, 8 respondents (12.7 percent) disagreed, 4 respondents (6.3 percent) strongly agreed, and 3 respondents each strongly disagreed and neither agreed nor disagreed. Thus, majority of the entrepreneurs agreed that the lack of motivation, training and control had an impact on the food and beverage enterprise in the study area. This is shown in Table 6.1.2.

Table 6.1.2

Opinion of Micro-Entrepreneurs on Employee-related Challenges

Sl. No.	Employee-related Challenges	SDA	DA	N	AG	SA	Total
1	Lack of motivation	3 (4.8)	6 (9.5)	3 (4.8)	45 (71.4)	6 (9.5)	63 (100.0)
2	Lack of training	3 (4.8)	15 (23.8)	-	42 (66.7)	3 (4.8)	63 (100.0)
3	Lack of control	3 (4.8)	8 (12.7)	3 (4.8)	45 (71.4)	4 (6.3)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.1.3 Competitor-related Challenges

Competitor-related challenges were one of the challenges that the enterprises faced for which a huge amount of capital/finance, strong management, and effective strategic planning is needed. The idea that a huge amount of capital/finance influenced the growth of microenterprises was agreed and strongly agreed by 50.8 percent (32) and 15.9 percent (10) of the respondents respectively, whereas, 20.6 percent (13) of the respondents disagreed to this, and 6.3 percent (4) of the respondents each strongly

disagreed and neither agreed nor disagreed. 76.2 percent (48) of the respondents agreed, 9.5 percent (6) disagreed, 7.9 percent (5) strongly agreed, and only 3.2 percent (2) each strongly disagreed and neither agreed nor disagreed to the fact that strong management increases the competitiveness of an enterprise. 63.5 percent (40) of the respondents agreed that effective strategic planning makes an enterprise competitive, followed by 14 entrepreneurs (22.2 percent) who disagreed, 8 entrepreneurs (12.7 percent) who strongly agreed, and one entrepreneur (1.6 percent) who strongly disagreed. None of the respondents neither agreed nor disagreed to this. The data is shown in Table 6.1.3.

Table 6.1.3

Opinion of Micro-Entrepreneurs on Competitor-related Challenges

Sl. No.	Competitor-related Challenges	SDA	DA	N	AG	SA	Total
1	Huge amount of capital/finance	4 (6.3)	13 (20.6)	4 (6.3)	32 (50.8)	10 (15.9)	63 (100.0)
2	Strong management	2 (3.2)	6 (9.5)	2 (3.2)	48 (76.2)	5 (7.9)	63 (100.0)
3	Effective strategic planning	1 (1.6)	14 (22.2)	- -	40 (63.5)	8 (12.7)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.1.4 Ranking the Challenges influencing the Microenterprises

The micro-entrepreneurs ranked the challenge factors that affect the success of microenterprises from one to three, with one being the most important and three being the least important of all the factors. Based on the findings, the customer-related factor was the most important factor as voted as rank one by 46 percent of the respondents (29). This was followed by 33.3 percent (21) of the respondents and 28.6 percent (18) of the respondents who said that employee-related factors and competitor-related factors respectively were the most important. In the case of rank two, the percentage of respondents who opted for employee-related, customer-related, and competitor-related factors were 42.9, 31.7 and 30.2 percent respectively. On the other hand, 41.3 percent of the respondents had given rank three to competitor-related factors, followed by 23.8 percent who said it was employee-related, and 22.2 percent for customer-related factors. Thus, most of the respondents felt that customer-related challenges were the most crucial amongst all of the challenges. This is shown in Table 6.1.4.

Table 6.1.4

Ranking the Challenges influencing the Microenterprises

Sl. No.	Challenges	Ranks			Total
		1	2	3	
1	Employee-related Factors	21 (33.3)	27 (42.9)	15 (23.8)	63 (100.0)
2	Customer-related Factors	29 (46.0)	20 (31.7)	14 (22.2)	63 (100.0)
3	Competitor-related Factors	18 (28.6)	19 (30.2)	26 (41.3)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

Source: Field survey data and own computation.

6.2 Constraints of the Microenterprises

6.2.1 Political-Legal Constraints

Political-legal constraints were one of the constraints amongst those that affect an enterprise. These were unreasonable profit tax, bureaucracy in company registration and licensing, lack of government support, political intervention, and lack of accessibility to information relevant to the business. The highest number of 35 respondents (55.7 percent) agreed that their profit tax is unreasonable, followed by 12 respondents (19.1 percent) who strongly agreed, 8 respondents (12.7 percent) who disagreed, and 4 respondents each

(6.4 percent) who strongly disagreed and neither agreed nor disagreed. Bureaucracy in company registration and licensing had the maximum number of respondents (29, 46.0 percent) who disagreed that this was a problem, followed by 25 respondents (39.7 percent) who agreed, and 3 respondents (4.8 percent) each who strongly disagreed, neither agreed nor disagreed, and strongly agreed. Coming to the lack of government support, a majority of 42 respondents (66.7 percent) agreed, 10 of them (15.9 percent) disagreed, 5 (7.9 percent) strongly disagreed, 4 (6.3 percent) strongly agreed, and least number of 2 respondents (3.2) neither agreed nor disagreed. The highest number of 39 respondents (61.9 percent) agreed that there was political intervention, followed by 15 of them (23.8 percent) who disagreed, 4 entrepreneurs (6.3 percent) strongly disagreed, 3 respondents (4.8 percent) strongly agreed, and 2 respondents (3.2 percent) neither agreed nor disagreed. Lastly, 37 respondents (58.7 percent) agreed that there was a lack of accessibility to information relevant to the businesses, whereas 15 respondents (23.8 percent) disagreed, 6 respondents (9.5 percent) strongly agreed, 3 respondents (4.8 percent) neither agreed nor disagreed, and 2 entrepreneurs (3.2 percent) strongly disagreed. Thus, as a higher number of entrepreneurs strongly agreed and agreed to the lack of government support, this is the most crucial factor that restricts a business according to them (Table 6.2.1).

Table 6.2.1

Opinion of Micro-Entrepreneurs on Political-Legal Constraints

Sl. No.	Political-Legal Constraints	SDA	DA	N	AG	SA	Total
1	Unreasonable Profit tax	4 (6.3)	8 (12.7)	4 (6.3)	35 (55.6)	12 (19.0)	63 (100.0)
2	Bureaucracy in company registration and licensing	3 (4.8)	29 (46.0)	3 (4.8)	25 (39.7)	3 (4.8)	63 (100.0)
3	Lack of government support	5 (7.9)	10 (15.9)	2 (3.2)	42 (66.7)	4 (6.3)	63 (100.0)
4	Political intervention	4 (6.3)	15 (23.8)	2 (3.2)	39 (61.9)	3 (4.8)	63 (100.0)
5	Lack of accessibility to information relevant to the business	2 (3.2)	15 (23.8)	3 (4.8)	37 (58.7)	6 (9.5)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.2 Work Space Constraints

The work space constraints consisted of the absence of own premises, inconvenience of current working place, and high house rent. The highest number of 41 entrepreneurs (65.1 percent) agreed that the absence of own premises was a problem, followed by 11 entrepreneurs (17.5 percent) who disagreed, 6 entrepreneurs (9.5 percent) who strongly agreed, and 5 of them (7.9 percent) who strongly disagreed. None of them had neither agreed nor disagreed. More than half of the respondents (32, 50.8 percent) had agreed that the current working place was inconvenient, however, 13 respondents (20.6 percent) disagreed, followed by 11 (17.5 percent) who strongly agreed, 5 (7.9 percent) who strongly disagreed, and 2 (3.2 percent) who neither agreed nor disagreed. Similarly, a majority of the entrepreneurs (43, 68.3 percent) agreed that the house rent was very high, followed by 10 entrepreneurs (15.9 percent) who strongly agreed, 4 entrepreneurs (6.3 percent) who disagreed, and 3 respondents (4.8 percent) each who strongly disagreed and neither agreed nor disagreed. Thus, a higher number of entrepreneurs agreed and strongly agreed to the inconvenience of the working place and the very high house rent in causing maximum constraint to their business. This is shown in Table 6.2.2.

Table 6.2.2

Opinion of Micro-Entrepreneurs on Work Space Constraints

Sl. No.	Work Space Constraints	SDA	DA	N	AG	SA	Total

1	Absence of own premises	5 (7.9)	11 (17.5)	-	41 (65.1)	6 (9.5)	63 (100.0)
2	Inconvenience of current working place	5 (7.9)	13 (20.6)	2 (3.2)	32 (50.8)	11 (17.5)	63 (100.0)
3	Very high house rent	3 (4.8)	4 (6.3)	3 (4.8)	43 (68.3)	10 (15.9)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.3 Technological Constraints

In the case of technological constraints, lack of appropriate machinery and equipment, lack of skills to handle new technology, lack of money to acquire new technology, and the inability to select proper technology were the issues that the microenterprises faced. Lack of appropriate machinery and equipment had the highest number of 40 respondents (63.5 percent) who agreed that it was a problem, followed by 12 respondents (19.0 percent) who disagreed, 5 respondents (7.9 percent) who strongly disagreed, and 3 respondents (4.8 percent) each who strongly agreed and neither agreed nor disagreed. Likewise, lack of skills to handle new technology had a majority of 41 respondents (65.1 percent) who agreed to it, followed by 10 respondents

(15.9 percent) who disagreed, 5 respondents (7.9 percent) who strongly disagreed, 4 respondents (6.3 percent) who neither agreed nor disagreed, and 3 respondents (4.8 percent) who strongly agreed. Lack of money to acquire new technology had the maximum number of 40 entrepreneurs (63.5 percent) who agreed, 10 entrepreneurs (15.9 percent) both who disagreed and strongly agreed, and 3 entrepreneurs (4.8 percent) who strongly disagreed. None of the respondents had neither agreed nor disagreed. The inability to select proper technology had a majority of 30 respondents (47.6 percent) who disagreed, followed by 20 respondents (31.7 percent) who agreed, 5 respondents (7.9 percent) each who strongly disagreed and strongly agreed, and 3 respondents (4.8 percent) who neither agreed nor disagreed. Thus, most of the micro-entrepreneurs agreed that these particular factors were technological constraints in their microenterprises. This is shown in Table 6.2.3.

Table 6.2.3

Opinion of Micro-Entrepreneurs on Technological Constraints

Sl. No.	Technological Constraints	SDA	DA	N	AG	SA	Total
1	Lack of appropriate machinery and equipment	5 (7.9)	12 (19.0)	3 (4.8)	40 (63.5)	3 (4.8)	63 (100.0)
2	Lack of skills to handle new	5 (7.9)	10 (15.9)	4 (6.3)	41 (65.1)	3 (4.8)	63 (100.0)

	technology						
3	Lack of money to acquire new technology	3 (4.8)	10 (15.9)	-	40 (63.5)	10 (15.9)	63 (100.0)
4	Inability to select proper technology	5 (7.9)	30 (47.6)	3 (4.8)	20 (31.7)	5 (7.9)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.4 Infrastructural Constraints

Infrastructural constraints consisted of power interruptions, insufficient and interrupted water supply, lack of business development services, lack of sufficient and quick transportation services, and lack of appropriate dry waste and sewerage systems. Power interruptions had the highest number of 39 respondents (61.9 percent) who agreed that it was a problem, followed by 15 respondents (23.8 percent) who strongly agreed, 6 respondents (9.5 percent) who disagreed, and 3 respondents (4.8 percent) who strongly disagreed. None of them neither agreed nor disagreed to this. Likewise, insufficient and interrupted water supply had a majority of 42 respondents (66.7 percent) who agreed to it, followed by 10 respondents (15.9 percent) who disagreed, 5 respondents (7.9 percent) who strongly agreed, 3 respondents (4.8 percent)

both who strongly disagreed and neither agreed nor disagreed. Lack of business development services had the maximum number of 30 entrepreneurs (47.6 percent) who disagreed, 21 entrepreneurs (33.3 percent) who agreed, 5 entrepreneurs (7.9 percent) who strongly disagreed, 4 entrepreneurs (6.3 percent) who neither agreed nor disagreed, and 3 entrepreneurs (4.8 percent) who strongly agreed. The lack of sufficient and quick transportation services had a majority of 43 respondents (69.3 percent) who agreed, followed by 10 respondents (15.9 percent) who disagreed, 5 respondents (7.9 percent) who strongly agreed, 3 respondents (4.8 percent) who strongly disagreed, and 2 respondents (3.2 percent) who neither agreed nor disagreed. Lastly, the lack of appropriate dry waste and sewerage systems had 33 entrepreneurs (52.4 percent) who disagreed, 22 (34.9 percent) who agreed, 5 (7.9 percent) who strongly disagreed, 3 (4.8 percent) who strongly agreed, and no entrepreneurs who neither agreed nor disagreed. Thus, most of the micro-entrepreneurs agreed that these particular factors were infrastructural constraints in their microenterprises. This is shown in Table 6.2.4.

Table 6.2.4

Opinion of Micro-Entrepreneurs on Infrastructural Constraints

Sl. No.	Infrastructural Constraints	SDA	DA	N	AG	SA	Total
1	Power interruptions	3 (4.8)	6 (9.5)	-	39 (61.9)	15 (23.8)	63 (100.0)

2	Insufficient and interrupted water supply	3 (4.8)	10 (15.9)	3 (4.8)	42 (66.7)	5 (7.9)	63 (100.0)
3	Lack of business development services	5 (7.9)	30 (47.6)	4 (6.3)	21 (33.3)	3 (4.8)	63 (100.0)
4	Lack of sufficient and quick transportation services	3 (4.8)	10 (15.9)	2 (3.2)	43 (69.3)	5 (7.9)	63 (100.0)
5	Lack of appropriate dry waste and sewerage systems	5 (7.9)	33 (52.4)	-	22 (34.9)	3 (4.8)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.5 Marketing Constraints

In the case of marketing constraints, inadequate market for the products, difficulty in looking for new markets, lack of demand, lack of market information, absence of relationship with marketing research organization, lack of promotion to attract potential users, and poor customer relationship

and handling were the issues that the microenterprises faced. First, 47.6 percent (30) of the respondents agreed that there is inadequate market for their products, 22.2 percent (14) of the respondents strongly agreed, 14.3 percent (9) disagreed, and 7.9 percent (5) each strongly disagreed and neither agreed nor disagreed. Second, 58.7 percent (37) of the respondents agreed that there is difficulty in looking for new markets, 17.5 percent (11) of the respondents strongly agreed, 14.3 percent (9) disagreed, 6.3 percent (4) strongly disagreed, and 3.2 respondents (2) neither agreed nor disagreed. Coming to the lack of demand, 55.6 percent (35) of the entrepreneurs agreed, 23.8 percent (15) disagreed, 11.1 percent (7) strongly disagreed, and 4.8 percent (3) each neither agreed nor disagreed and strongly agreed. The lack of market information had the highest 55.6 percent (35) who agreed, 20.6 percent (13) who disagreed, 11.1 percent (7) who strongly disagreed, 7.9 percent (5) who strongly agreed, and 4.8 percent (3) who neither agreed nor disagreed. Absence of relationship with marketing research organization had a majority of 52.4 percent (33) who disagreed, 23.8 percent (15) who agreed, 9.5 percent (6) who strongly disagreed, 7.9 percent (5) who strongly agreed, and 6.3 percent (4) who neither agreed nor disagreed. Lack of promotion to attract potential users had the highest 46.0 percent (29) who disagreed, 39.7 percent (25) who agreed, 6.3 percent (4) who strongly disagreed, 4.8 percent (3) who strongly agreed, and the least 3.2 percent (2) who neither agreed nor disagreed. Poor customer relationship and handling had the maximum 68.3 percent (43) who agreed, 15.9 percent (10) who disagreed, 6.3 percent (4) both who strongly disagreed and strongly agreed,

and the least 3.2 percent (2) who neither agreed nor disagreed. Thus, most of the micro-entrepreneurs considered difficulty in looking for new markets as the most crucial factor amongst all the other marketing constraints. This is shown in Table 6.2.5.

Table 6.2.5

Opinion of Micro-Entrepreneurs on Marketing Constraints

Sl. No.	Marketing Constraints	SDA	DA	N	AG	SA	Total
1	Inadequate market for the products	5 (7.9)	9 (14.3)	5 (7.9)	30 (47.6)	14 (22.2)	63 (100.0)
2	Difficulty in looking for new markets	4 (6.3)	9 (14.3)	2 (3.2)	37 (58.7)	11 (17.5)	63 (100.0)
3	Lack of demand	7 (11.1)	15 (23.8)	3 (4.8)	35 (55.6)	3 (4.8)	63 (100.0)
4	Lack of market information	7 (11.1)	13 (20.6)	3 (4.8)	35 (55.6)	5 (7.9)	63 (100.0)
5	Absence of relationship with marketing research organization	6 (9.5)	33 (52.4)	4 (6.3)	15 (23.8)	5 (7.9)	63 (100.0)
6	Lack of promotion to attract potential users	4 (6.3)	29 (46.0)	2 (3.2)	25 (39.7)	3 (4.8)	63 (100.0)

7	Poor customer relationship and handling	4 (6.3)	10 (15.9)	2 (3.2)	43 (68.3)	4 (6.3)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.6 Financial Constraints

Financial constraints consisted of an inadequate number of credit institutions, lack of financial management skills, shortage of working capital, high collateral requirement from lending institutions and banks, and complicated loan application procedures. The highest number of 31 entrepreneurs (49.2 percent) disagreed that there are inadequate number of credit institutions, followed by 20 entrepreneurs (31.7 percent) who agreed, 8 entrepreneurs (12.7 percent) who strongly agreed, 4 entrepreneurs (6.3 percent) who strongly disagreed, and no entrepreneurs neither agreed nor disagreed. Lack of financial management skills had the maximum number of 35 entrepreneurs (55.6 percent) who agreed, followed by 13 entrepreneurs (20.6 percent) who disagreed, 10 entrepreneurs (15.9 percent) who strongly agreed, 4 entrepreneurs (6.3 percent) who strongly disagreed and the least number of 1 entrepreneur (1.6 percent) who neither agreed nor disagreed. Shortage of working capital had a majority of 35 respondents (55.6 percent)

who agreed, 15 entrepreneurs (23.8 percent) who disagreed, 7 entrepreneurs (11.1 percent) who strongly agreed, 4 entrepreneurs (6.3 percent) who strongly disagreed, and 2 entrepreneurs (3.2 percent) who neither agreed nor disagreed. More than half of the respondents (45, 71.4 percent) agreed that a high collateral was required from lending institutions and banks, followed by 19.0 percent (12) who disagreed, and the least 9.5 percent (6) who strongly agreed. However, none of the entrepreneurs strongly disagreed, or neither agreed nor disagreed with this. Complicated loan application procedures had the highest number of 25 entrepreneurs (39.7 percent) who disagreed, 22 entrepreneurs (34.9 percent) who agreed, 11 entrepreneurs (17.5 percent) who strongly disagreed, 3 entrepreneurs (4.8 percent) who strongly agreed, and 2 entrepreneurs (3.2 percent) who neither agreed nor disagreed. Thus, a majority of the micro-entrepreneurs said that high collateral requirement from lending institutions and banks was a constraint to their business (Table 6.2.6).

Table 6.2.6

Opinion of Micro-Entrepreneurs on Financial Constraints

Sl. No.	Financial Constraints	SDA	DA	N	AG	SA	Total
1	Inadequate number of credit institutions	4 (6.3)	31 (49.2)	-	20 (31.7)	8 (12.7)	63 (100.0)
2	Lack of financial management skills	4 (6.3)	13 (20.6)	1 (1.6)	35 (55.6)	10 (15.9)	63 (100.0)
3	Shortage of working	4	15	2	35	7	63

	capital	(6.3)	(23.8)	(3.2)	(55.6)	(11.1)	(100.0)
4	High collateral requirement from lending institutions and banks	-	12 (19.0)	-	45 (71.4)	6 (9.5)	63 (100.0)
5	Complicated loan application procedures	11 (17.5)	25 (39.7)	2 (3.2)	22 (34.9)	3 (4.8)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.7 Managerial Constraints

Coming to managerial constraints, lack of clear duties and responsibilities among employees, poor organization and ineffective communication, lack of well-trained and experienced employees, lack of low cost and accessible training facilities, and lack of strategic business planning were the different issues that the microenterprises faced. The highest 47.6 percent (30) of the entrepreneurs agreed that the lack of clear duties and responsibilities among the employees was a constraint, followed by 23.8 percent (15) who strongly agreed, 19.0 percent (12) who disagreed, 6.3 percent (4) who strongly disagreed, and the least 3.2 percent (2) who neither

agreed nor disagreed. Poor organization and ineffective communication had more than half of the entrepreneurs (40, 63.5 percent) who agreed, followed by 17.5 percent (11) who strongly agreed, 9.5 percent (6) who disagreed, 6.3 percent (4) who strongly disagreed, and the lowest 3.2 percent (2) who neither agreed nor disagreed. Lack of well-trained and experienced employees had a maximum of 55.6 percent of the respondents (35) who agreed, whereas 31.7 percent (20) disagreed, 4.8 percent (3) each strongly disagreed and neither agreed nor disagreed, and 3.2 percent (2) strongly agreed. More than half of the respondents (37, 58.7 percent) agreed that the lack of low cost and accessible training facilities was a problem to them, followed by 25.4 percent (16) who disagreed, 12.7 percent (8) who strongly agreed, 3.2 percent (2) who strongly disagreed, and none of them neither agreed nor disagreed. Lack of strategic business planning as agreed by 74.6 percent of the respondents (47) was an issue, however, 22.2 percent (14) had disagreed, and 3.2 percent (2) strongly agreed. None of the respondents had strongly disagreed, or neither agreed nor disagreed. Although these five factors were constraints in the microenterprises, the total largest number of the entrepreneurs in the study that agreed and strongly agreed that poor organization and ineffective communication was the most problematic factor (Table 6.2.7).

Table 6.2.7

Opinion of Micro-Entrepreneurs on Managerial Constraints

Sl. No.	Managerial Constraints	SDA	DA	N	AG	SA	Total
1	Lack of clear duties and responsibilities among employees	4 (6.3)	12 (19.0)	2 (3.2)	30 (47.6)	15 (23.8)	63 (100.0)
2	Poor organization and ineffective communication	4 (6.3)	6 (9.5)	2 (3.2)	40 (63.5)	11 (17.5)	63 (100.0)
3	Lack of well-trained and experienced employees	3 (4.8)	20 (31.7)	3 (4.8)	35 (55.6)	2 (3.2)	63 (100.0)
4	Lack of low cost and accessible training facilities	2 (3.2)	16 (25.4)	-	37 (58.7)	8 (12.7)	63 (100.0)
5	Lack of strategic business planning	-	14 (22.2)	-	47 (74.6)	2 (3.2)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.8 Entrepreneurial Constraints

Entrepreneurial constraints such as lack of motivation and drive, lack of tolerance to work hard, lack of persistence and courage, lack of entrepreneurship training, and lack of information to exploit business opportunities restricted microenterprises from growing. 47 respondents (74.6 percent) agreed that lack of motivation and drive was a problem, followed by 8 respondents (12.7 percent) who disagreed, 3 respondents (4.8 percent) each who neither agreed nor disagreed and strongly agreed, and 2 respondents (3.2 percent) who strongly disagreed. Lack of tolerance to work hard had the exact number of entrepreneurs in each section as the lack of motivation and drive. Lack of persistence and courage had the highest number of 36 entrepreneurs (57.1 percent) who agreed, followed by 24 entrepreneurs (38.1 percent) who disagreed, 2 entrepreneurs (3.2 percent) who strongly agreed, only 1 entrepreneur (1.6 percent) who strongly disagreed, and no entrepreneur had neither agreed nor disagreed. Lack of entrepreneurship training had 41 entrepreneurs (65.1 percent) who agreed, 12 entrepreneurs (19.0 percent) who disagreed, 4 entrepreneurs (6.3 percent) both who strongly disagreed and strongly agreed, and 2 entrepreneurs (3.2 percent) who neither agreed nor disagreed. Lack of information to exploit business opportunities had a maximum number of 34 entrepreneurs (54.0 percent) who disagreed, followed by 20 entrepreneurs (31.7 percent) who agreed, 5 entrepreneurs (7.9 percent) who strongly disagreed, 4 entrepreneurs (6.3 percent) who strongly agreed, and none of them had neither agreed nor disagreed. Thus, the highest number of

entrepreneurs in total who had agreed and strongly agreed said that lack of motivation and drive and lack of tolerance to work hard were the most crucial constraints out of all of them. This is shown in Table 6.2.8.

Table 6.2.8

Opinion of Micro-Entrepreneurs on Entrepreneurial Constraints

Sl. No.	Entrepreneurial Constraints	SDA	DA	N	AG	SA	Total
1	Lack of motivation and drive	2 (3.2)	8 (12.7)	3 (4.8)	47 (74.6)	3 (4.8)	63 (100.0)
2	Lack of tolerance to work hard	2 (3.2)	8 (12.7)	3 (4.8)	47 (74.6)	3 (4.8)	63 (100.0)
3	Lack of persistence and courage	1 (1.6)	24 (38.1)	-	36 (57.1)	2 (3.2)	63 (100.0)
4	Lack of entrepreneurship training	4 (6.3)	12 (19.0)	2 (3.2)	41 (65.1)	4 (6.3)	63 (100.0)
5	Lack of information to exploit business opportunities	5 (7.9)	34 (54.0)	-	20 (31.7)	4 (6.3)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.2.9 Ranking the Constraints influencing the Microenterprises

The business owner of each microenterprise ranked all the constraints they faced from one to eight, with one being the most important and eight being the least important. Based on the result, the maximum number of micro-entrepreneurs (46, 73.0 percent) ranked the financial constraint as number one out of all the other constraints. The marketing constraint was given rank two by the highest number of 39 entrepreneurs (61.9 percent). Likewise, most respondents (42, 66.7 percent) had ranked the technological constraint as number three. A majority of 33 respondents (52.4 percent) considered the managerial constraint as rank four. The work space constraint was given rank five by the maximum number of 32 respondents (50.8 percent). The entrepreneurial constraint was number six as ranked by 28 entrepreneurs (44.4 percent). Rank seven was given to the infrastructural constraint by 26 respondents (41.3 percent). A majority of 25 respondents (39.7 percent) ranked the political-legal factors as the least number of eight. Thus, most of the micro-entrepreneurs in the study felt that the financial, marketing, and technological constraints were the top three issues that their microenterprises faced respectively (Table 6.2.9).

Table 6.2.9

Ranking the Constraints influencing the Microenterprises

Sl. No.	Constraints	Ranks								Total
		1	2	3	4	5	6	7	8	
1	Political-Legal	4	6	3	4	4	4	13	25	63

		(6.3)	(9.5)	(4.8)	(6.3)	(6.3)	(6.3)	(20.6)	(39.7)	(100.0)
2	Work Space	4 (6.3)	2 (3.2)	2 (3.2)	5 (7.9)	32 (50.8)	6 (9.5)	5 (7.9)	7 (11.1)	63 (100.0)
3	Technological	1 (1.6)	4 (6.3)	42 (66.7)	5 (7.9)	2 (3.2)	7 (11.1)	1 (1.6)	1 (1.6)	63 (100.0)
4	Infrastructural	3 (4.8)	3 (4.8)	2 (3.2)	9 (14.3)	7 (11.1)	6 (9.5)	26 (41.3)	7 (11.1)	63 (100.0)
5	Marketing	1 (1.6)	39 (61.9)	3 (4.8)	2 (3.2)	7 (11.1)	2 (3.2)	7 (11.1)	2 (3.2)	63 (100.0)
6	Financial	46 (73.0)	3 (4.8)	2 (3.2)	3 (4.8)	2 (3.2)	2 (3.2)	2 (3.2)	3 (4.8)	63 (100.0)
7	Managerial	2 (3.2)	1 (1.6)	2 (3.2)	33 (52.4)	3 (4.8)	7 (11.1)	4 (6.3)	11 (17.6)	63 (100.0)
8	Entrepreneurial	3 (4.8)	5 (7.9)	5 (7.9)	3 (4.8)	4 (6.4)	28 (44.4)	6 (9.5)	9 (14.3)	63 (100.0)

Note: Figures in the parentheses of rows indicate percentage to row total (63).

Source: Field survey data and own computation.

6.3 SWOT Analysis

6.3.1 Strength

The business owner of each microenterprise was asked to rank the strength of each factor. Based on the findings, quality of the products was the most important factor as 79.4 percent (50) and 7.9 percent (5) of the respondents strongly agreed. Good customer service/reputation was the second most important factor as 76.2 percent (48) and 7.9 percent (5) of the

respondents agreed and strongly agreed respectively. This was followed by strong team capability, valuable assets and good knowledge, skills and attitude, adequate cash flow to sustain, differentiated product/service from competitors, and good database of prospects/customers (Table 6.3.1).

Table 6.3.1

Strengths of the Microenterprises in the Study Area

No.	Factors	SDA	DA	N	AG	SA	Total
1	Good customer service/reputation/ creative solution	3 (4.8)	5 (7.9)	2 (3.2)	48 (76.2)	5 (7.9)	63 (100.0)
2	Quality of product	3 (4.8)	4 (6.3)	1 (1.6)	50 (79.4)	5 (7.9)	63 (100.0)
3	Strong team capability	3 (4.8)	10 (15.9)	2 (3.2)	43 (68.3)	5 (7.9)	63 (100.0)
4	Good database of prospects/customers	3 (4.8)	35 (55.6)	-	20 (31.7)	5 (7.9)	63 (100.0)
5	Valuable assets	2 (3.2)	15 (23.8)	3 (4.8)	37 (58.7)	6 (9.5)	63 (100.0)
6	Good knowledge, skills and attitude	2 (3.2)	16 (25.4)	2 (3.2)	37 (58.7)	6 (9.5)	63 (100.0)
7	Differentiated product/service from	4 (6.3)	24 (38.1)	2 (3.2)	30 (47.6)	3 (4.8)	63 (100.0)

	competitors						
8	Adequate cash flow to sustain	7 (11.1)	13 (20.6)	2 (3.2)	36 (57.1)	5 (7.9)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.3.2 Weakness

Among the weaknesses, lack of expertise/man power was the most problematic factor of the microenterprises as 66.7 percent (42) of the respondents agreed and 22.3 percent (14) of the respondents strongly agreed. The second most critical factor of the microenterprises was lack of knowledge, skills and attitude of the staffs as agreed and strongly agreed by 71.6 percent (45) and 7.9 percent (5) of the respondents respectively. This was followed by lack of experience, outdated technology/ systems, and lack of new ideas (Table 6.3.2).

Table 6.3.2

Weaknesses of the Microenterprises in the Study Area

No.	Factors	SDA	DA	N	AG	SA	Total
1	Lack of new ideas		35	2	20	6	63

		-	(55.7)	(3.2)	(31.7)	(9.6)	(100.0)
2	Lack of experience	3 (4.8)	15 (23.8)	2 (3.2)	25 (39.7)	18 (28.6)	63 (100.0)
3	Outdated technology/ systems	4 (6.4)	20 (31.8)	5 (8.0)	25 (39.7)	9 (14.3)	63 (100.0)
4	Lack of expertise/man power	1 (1.6)	6 (9.6)	-	42 (66.7)	14 (22.3)	63 (100.0)
5	Lack of knowledge, skills and attitude of staffs	1 (1.6)	10 (15.9)	2 (3.2)	45 (71.6)	5 (7.9)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.3.3 Opportunities

Coming to the opportunities for the microenterprises, extension to new geographical areas and innovation and technology developments were the options that a majority of 30 (47.7 percent) respondents agreed and 20 (31.8 percent) strongly agreed and the highest 41 (65.2 percent) agreed and 9 (14.3 percent) strongly agreed to respectively. The next factor was new

products, followed by product development by R&D, market demand, strategic alliances and partnerships, and new niche markets (Table 6.3.3).

Table 6.3.3

Opportunities of the Microenterprises in the Study Area

No.	Factors	SDA	DA	N	AG	SA	Total
1	New niche markets	12 (19.0)	23 (36.8)	5 (7.9)	20 (21.8)	3 (4.8)	63 (100.0)
2	New products	7 (11.1)	7 (11.2)	3 (4.8)	43 (68.4)	3 (4.8)	63 (100.0)
3	Extension to new geographical area	6 (9.6)	5 (8.0)	2 (3.2)	30 (47.7)	20 (31.8)	63 (100.0)
4	Product development by R&D	5 (8.0)	10 (15.9)	3 (4.8)	42 (66.8)	3 (4.8)	63 (100.0)
5	Innovation & technology development	6 (9.5)	7 (11.2)	-	41 (65.2)	9 (14.3)	63 (100.0)
6	Market demand, strategic alliances and partnerships	5 (8.0)	31 (49.2)	2 (3.2)	19 (30.2)	6 (9.6)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.3.4 Threats

In the case of threats, competitive pricing was the main issue of the microenterprises as 79.5 percent (50) of the respondents agreed and 6.4 percent (4) of the respondents strongly agreed. The next factors were key staffs turnover and competitors' new products and innovation where 66.8 percent (42) of the entrepreneurs agreed and 9.5 percent (6) of the entrepreneurs strongly agreed and 65.2 percent (41) of the respondents agreed and 11.2 (7) of the respondents strongly agreed to respectively. They were followed by the environment effect and then the new competitors (Table 6.3.4).

Table 6.3.4

Threats of the Microenterprises in the Study Area

No.	Factors	SDA	DA	N	AG	SA	Total
1	New competitors	5 (7.9)	31 (49.2)	2 (3.2)	17 (27.0)	8 (12.7)	63 (100.0)
2	Competitive pricing	4 (6.4)	3 (4.8)	2 (3.2)	50 (79.5)	4 (6.4)	63 (100.0)
3	Competitors' new products and innovation	2 (3.2)	11 (17.5)	2 (3.2)	41 (65.2)	7 (11.2)	63 (100.0)

4	Environmental effect	5 (7.9)	15 (23.8)	2 (3.2)	33 (52.4)	8 (12.7)	63 (100.0)
5	Key staffs turnover	6 (9.5)	6 (9.6)	3 (4.8)	42 (66.8)	6 (9.5)	63 (100.0)

Note: (i) Figures in the parentheses of rows indicate percentage to row total (63).

(ii) SDA = Strongly Disagree, DA = Disagree, N = Neither agree nor disagree, AG = Agree, SA = Strongly Agree

Source: Field survey data and own computation.

6.4 Conclusion

The present chapter attempts to analyse the challenges and constraints of food and beverage microenterprises in the study area. For this purpose, three important challenges relating to customer, employee and competitor were taken into consideration. As revealed, most of the respondents agreed that lack of motivation, lack of differentiation of the product/service, and lack of promotion of the product/service were customer-related challenges that affect the microenterprises in the food and beverage industry. Similarly, majority of the entrepreneurs agreed that the lack of motivation, training and control as employee-related challenges had an impact on the food and beverage enterprise in the study area. Competitor-related challenges were one of the challenges that the enterprises faced for which a huge amount of capital/finance, strong management, and effective

strategic planning is needed. As felt by most of the respondents, customer-related challenges were the most crucial amongst all of the challenges.

Considering the constraints, a higher number of entrepreneurs felt that the lack of government support as the most crucial factor that restricts a business. Under the work space constraint, a higher number of entrepreneurs agreed and strongly agreed to the inconvenience of the working place and the very high house rent in causing maximum constraint to their business. Among various factors under the technological constraints, lack of money to acquire new technology was the most important challenge of the microenterprises. Under the infrastructural constraints, lack of sufficient and quick transportation services was the most important constraint. Most of the micro-entrepreneurs considered difficulty in looking for new markets as the most crucial factor amongst all the other marketing constraints. A majority of the micro-entrepreneurs felt that high collateral requirement from lending institutions and banks as an important constraint to their business. For managerial constraints, largest number of entrepreneurs felt that poor organization and ineffective communication as the most problematic factor. Highest number of entrepreneurs had agreed that lack of motivation and drive and lack of tolerance to work hard were the most crucial constraints under the entrepreneurial constraints out of all of them. Finally, most of the microentrepreneurs in the study felt that the financial, marketing, and technological constraints were the top three issues that their microenterprises faced respectively.

Considering the SWOT analysis, while quality of the product was the most important strength, lack of expertise/man power was the most problematic factor/weaknesses of the microenterprises. The opportunities of the microenterprises were extension to new geographical areas, and innovation and technology developments as against competitive pricing as the main threat of the food and beverage microenterprises. Thus, to overcome the challenges, microenterprises need to have a systematic planning and well-planned strategy. This would help them to grab the opportunities in the market.

CHAPTER VII

MAIN FINDINGS, POLICY IMPLICATIONS AND CONCLUSION

The purpose of the present chapter is to summarize the main findings of the study. Further, the chapter presents the policy implications, scope for further research and conclusion. For this purpose, the chapter is divided into three sections. The first section deals with the main findings of the study. The policy implications and suggestions are placed in the second section, and in the third section of the chapter, the scope for further research along with the conclusion of the study is presented.

7.1 Main Findings of the Study

Rural entrepreneurship has been widely accepted as the key force of economic growth and development. Promotions of rural enterprises both by government and non-government organizations are considered on priority basis as these enterprises create job opportunities and contribute towards enhancing the socio-economic conditions of rural population. Though rural microenterprises are tended to be very small, yet their contribution towards socio-economic development is widely recognized in the developing world. Further, among various kinds of microenterprises, in the rural context, food and beverage enterprises play an important role in strengthening the economic conditions of the people.

In Cambodian context, microenterprises in general and food and beverage enterprises in particular, play constructive roles in generating employment, raising income and alleviating poverty. However, these enterprises in rural areas have been experiencing differences in their

performances. Against this backdrop, the present study mainly attempts to measure the extent to which several factors such as the personal characteristics of the entrepreneurs, management and marketing factors are associated with the performance of microenterprises. Considering Takeo province as the study area, the study has analyzed the role of the government both at the national and provincial level in strengthening the microenterprises in the country. Along with the strengths, weaknesses, opportunities and threats, the study also looked into several constraints and challenges faced by the food and beverages microenterprises in the study area. Thus, a modest attempt has been made in the study to comprehensively understand the various aspects of microenterprises in food and beverage sector at the micro level.

In **chapter one**, the background of the study, problem statement, research questions, study objectives, hypotheses, significance of the study along with scope and limitations of the study have been presented.

The study has attempted to provide answers to the following research questions:

i. What are the socio-economic characteristics of the study area, i.e., Takeo province?
ii. What role the national and provincial governments play in terms of strengthening the microenterprises in Cambodia?

iii. What is the relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area?

iv. What is the level of association between management factors and the performance of the food and beverages microenterprises in Takeo province?

v. What is the level of association between marketing factors and the performance of the food and beverages microenterprises in the study area?

vi. What are the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area?

vii. What are the constraints and challenges faced by the food and beverages microenterprises in Takeo province?

The study has been undertaken with the following objectives:

i. To study the socio-economic characteristics of the study area, i.e., Takeo province;

ii. To analyze the role of national and provincial governments in terms of strengthening the microenterprises in Cambodia;

iii. To determine the relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area;

iv. To examine the association between the management factors with the performance of the food and beverages microenterprises in Takeo province;

v. To assess the association between the marketing factors with the performance of the food and beverages microenterprises in the study are;

vi. To assess the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area;

vii. To analyze the constraints and challenges faced by the food and beverages microenterprises in Takeo province; and

viii. To provide appropriate recommendations for effective performance of the food and beverages microenterprises in the study area.

The hypotheses which have been tested in the study are as follows:

Ho 1: There is no significant relationship between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises in the study area.

Ho 2: There is no significant association between the management factors and the performance of the food and beverages microenterprises in the study area.

Ho 3: There is no significant association between the marketing factors and the performance of the food and beverages microenterprises in the study area.

The study broadly aims to critically analyze the existing plans and policies of both the national and provincial governments relating to the establishment, operation and promotion of microenterprises in the study area. The main focus of the study is to determine the relationship between the personal characteristics of the entrepreneurs, management and marketing factors with the performance of the food and beverages microenterprises for decision-making purposes. Further, the study analyzes the main constraints and challenges faced by food and beverage microenterprises, thereby helping the owners and managers of enterprises to develop appropriate strategies and action plans to ensure better performance of their business units.

Chapter two of the study has made both conceptual and empirical reviews of relevant literatures. In the first section, the conceptual literature is presented which includes the definition of micro, small and medium enterprises, definition of entrepreneur, definition of entrepreneurship and determinants of performance of microenterprises. The second section discusses the empirical literature which includes the management factors, the marketing factors, other factors and mixed factors influencing the performance of enterprises. The constraints of microenterprises are presented in third section of this chapter.

The review of literature shows various factors such as personal characteristics of the entrepreneur, management factors (planning, organizing, directing and controlling), marketing, finance, infrastructural, supportive, technological, etc. which influence the performance of microenterprises in different countries. In addition, microenterprises face a number of constraints in their operations. As limited studies have been carried out at the micro level (provincial level) to know the extent to which personal, management and marketing factors influence the performance of microenterprises, particularly food and beverage enterprises along with the constraints they face in their operation, an attempt has been made in this study to fill up the gap in this direction.

In **chapter three**, the methodology adopted in the study in detail has been presented. This includes type of analysis carried out in the study, type and source of data, sample design, procedure of data gathering, statistical tools, coverage of the study and procedure of analyzing data.

i. Both qualitative and quantitative analysis have been carried out in the study. The qualitative analysis has been undertaken to examine the role of the national and provincial governments in terms of strengthening the microenterprises in Cambodia along with assessing the strengths, weaknesses, opportunities and threats (SWOT) of the food and beverages microenterprises in the study area. In addition, the constraints and challenges faced by the selected food and beverages microenterprises in the Takeo province have been qualitatively

analyzed. The association between personal characteristics of the entrepreneurs, management and marketing factors with the performance of the selected food and beverages microenterprises have been analyzed in both qualitative and quantitative manner.

ii. The study has used both primary and secondary data. The primary data have been collected through a survey among the 63 selected food and beverages microenterprises in the study area. For this purpose, a structured questionnaire was prepared and direct personal interview method was employed. The secondary data used in this study have been collected by reviewing both published and unpublished documents and reports gathered from the Ministry of Industry, Mines and Energy (MIME), Ministry of Tourism, Ministry of Planning (MoP) of the Royal Government of Cambodia (RGC) and their respective Provincial Departments along with relevant documents and reports published by the National Institute of Statistics (NIS).

iii. The study has purposively selected Takeo province due to its proximity to the capital city of Phnom Penh. Moreover, the province has the potentiality to attract investors both within and outside the country due to its abundant agricultural resources in the form of good soil conditions and a well-developed irrigation system. The province had 181 registered enterprises comprising of micro, small, medium and large of which 135 (74.6 percent) were the microenterprises. Further, among the total, 96 enterprises (53 percent) were involved in food and beverage business. Among these 96 enterprises, 63 were the

microenterprises (66 percent). To carry out the study, all the 63 microenterprises involved in food and beverage business in the province were taken into account.

iv. To meet the purpose of the study, primary data have been collected through a field survey among the 63 registered food and beverages microenterprises in the study area. For this purpose, a structured questionnaire has been prepared, and direct personal interview method was employed in collecting the primary data from the entrepreneur/ owner or the manager of the selected enterprises. The structured questionnaire includes several questions relating to the characteristics of the microenterprises, entrepreneurial profile, management factors, marketing factors along with the performance of the enterprises indicated by levels of sales, expense and profits. In addition, through discussions the background of the entrepreneurs and other relevant information relating to the performance of the microenterprises have been gathered. The secondary data for the purpose of the study have been collected from both published and unpublished records and reports as mentioned above.

v. Several statistical tools have been used for data analysis and testing the hypotheses. Besides, average and percentage, to determine the level of association between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises (indicated by sales, expenses and profits), Lambda (λ) measures of association has been used. Like-wise, to know the

association between management and marketing factors with the performance of the microenterprises in the study area (indicated by sales, expenses and profits), Gamma (γ) measures of association has been used.

vi. The study has carried out both tabular and graphical analysis to analyze the data. Thus, data collected from primary sources further have been compiled, processed and tabulated keeping the objectives of the study in mind.

Chapter four has analyzed the profile of the study area along with the role played by the government in strengthening the microenterprises in the country. To-day, Cambodia has made substantial progress in its economic reconstruction. Its socio-economic development indicators put it into the lower middle-income category. The study area (Takeo province) has the potentiality to attract investors both within and outside the country as it is well located and having well-developed transportation infrastructure which provides opportunities to access both domestic and international markets. The province has abundant agricultural resources in the form of good soil conditions and a well-developed irrigation system. Agro-business industries utilizing abundant agricultural products are considered as having the most potential sector for investment. As the economy of Takeo province centers around agricultural farming, fishing, and rice and fruit cropping, rural households in particular depend on agriculture and its related sub-sectors for

their livelihoods. Agro-industries including food-processing industries are considered by government as priority industries.

Cambodian SMEs have limited participation in regional market integration. The government of Cambodia has committed itself to the promotion of SMEs through various policy directives. The RGC continues to improve the business climate for SMEs by focusing on (i) legal and regulatory framework - facilitating registration particularly via the internet system, defining procedures, principles, and certificates of origin for export and import and verification, and adopting a sub-decree on trade facilitation through risk management; (ii) finance - creating financial leasing companies, and strengthening governance and financial reports; (iii) supportive action - promoting innovation and technology, financing the enterprises, and strengthening and widening other supportive services; (iv) integration of SMEs into a global value chain and prevention of all kinds of smuggling.

The Takeo provincial government has committed itself to the promotion of microenterprises through various policy directives: (i) encouragement of the development of microenterprises through the provision of medium and long term finance; (ii) reduction of the registration procedures and start-up processes for enterprise; (iii) promotion of linkages between microenterprises and SMEs; (iv) establishment of a national provincial centre to assist microenterprises enhance their productivity and reduce production cost; (v) establishment of a provincial standard institution to help ensure the

quality of provincial domestic products that meets regional and international standards; (vi) mechanics and tests for the verification of the quality of the products; (vii) strengthening of the legal framework by creating laws on concerned areas such as factories, industrial zones, patents, and inventions. Thus, the productive role played by the government encourages the microenterprises to expand their business in the study area.

In **chapter five**, the association between personal characteristics of micro-entrepreneurs, management and marketing factors with the performance of the microenterprises have been examined. The main findings of the chapter are as follows:

i. Among 63 micro-entrepreneurs, while 11 entrepreneurs (17.5 percent) were female, the remaining 52 entrepreneurs (82.5 percent) were male. Thus, a higher percentage of male entrepreneurs was found in the survey. Similarly, a higher percentage (41.3 percent) micro-entrepreneurs have fallen in the age-group of 35-44 years. Thus, the presence of higher number of young entrepreneurs in the age-group of 35-44, and particularly male entrepreneurs were found in the survey.

ii. All the micro-entrepreneurs in the study were literate. The highest number of respondents (46.1 percent) had completed their education till high school, consisting of more male entrepreneurs in the survey. Among female entrepreneurs, most of them (5, 45.5 percent) had done secondary schooling

iii. Among 63 micro-entrepreneurs, only four (6.3 percent) had attended vocational training, and the remaining 59 micro-entrepreneurs (93.7 percent) had never attended any sort of vocational training. Thus, as revealed, majority of the respondents had no vocational training.

iv. All the surveyed micro-entrepreneurs had some years of experience in their business. In male category, while the highest 36.5 percent (19) had 5 to 9 years of experience, in the female category, the highest 45.5 percent (5) had more than 15 years of experience. In total, the highest 34.9 percent (22 of them) had 1 to 4 years of experience.

v. Among the 63 micro-entrepreneurs, most of them (27, 42.9 percent) were the 1st born in the family, followed by 31.7 percent (20 of them) being the 2nd born. The same trend was followed in the male category, i.e., 44.2 percent (23) and 30.8 percent (16) in the 1st and 2nd birth order respectively. In the female category, an equal percentage of 36.4 percent (4) were the 1st and 2nd born in their families.

vi. Out of the 63 micro-entrepreneurs, 21 of them (33.3 percent) had made a formal business plan before starting their businesses, whereas the remaining 42 entrepreneurs (66.7 percent) had never been involved in creating any kind of a formal business plan. Thus, most of them had not made a formal business plan before setting up their enterprises.

vii. The 21 entrepreneurs who had made a business plan perceived their planning as either effective, well, or ineffective. While more than half of the entrepreneurs (12, 57.1 percent) went with effective planning, seven entrepreneurs (33.3 percent) considered their planning as well done.

viii. Looking into the 12 enterprises involved in effective planning and their sales, five each (41.7 percent) have very high and high level of sales. Only two enterprises (16.7 percent) had medium level of sales and none of them had low or very low level of sales. Those with well planning had either high (2, 28.6 percent) or medium level (5, 71.4 percent) sales. The 42 microenterprises (66.7 percent) with no planning had mostly medium level of sales (28, 66.7 percent). Thus, planning contributes to a good level of sales.

ix. Among the 12 enterprises with effective planning, three of them (25.0%) had medium level of expense and nine (75.0%) had low level of expense. The well-planned firms were four (57.1 percent) who had medium expense, two (28.6 percent) with low expense, and lastly, one (14.3 percent) with very low expense. Those with no planning were the highest in medium expense (18, 42.9 percent), followed by 10 each (23.3 percent) with high and low expense, and two each (3.2 percent) with very high and very low expense. Thus, to some extent, planning is useful in reducing the level of expense of the microenterprises.

x. The effectively planned microenterprises had very high to low level of profit, with three (25.0 percent) of very high, five (41.7 percent) of high, three (25.0 percent) of medium, and the rest one (8.3 percent) with low level of profit. In contrary, microenterprises with no planning at all, a majority of 22 of them (52.4 percent) had low profit, followed by 17 of them (40.5 percent) with medium profit, and the least 3 firms (7.1 percent) with very low profit. The result shows that the effective the planning, the less the microenterprises have lower levels of profit.

xi. Among 63 micro-entrepreneurs, only 4.8 percent of them (3) each had professionally organized and well organized their business, whereas, the highest 69.8 percent (44) run their business in an unorganized way or without organizing. Only 20.6 percent (13) enterprises considered their businesses were average organized.

xii. The organizing function had some relationship with the level of sales of the microenterprises. As revealed, all of the professionally organized firms had very high level of sales (3, 100.0 percent). Well organized microenterprises were three in number (4.76 percent), from which two firms (66.7 percent) had medium sales and one firm (33.3 percent) had high sales. The microenterprises that had no organization had the highest number of 28 firms (66.7 percent) who had medium sales,

followed by 12 firms (28.6 percent) who had low sales, and two firms (4.8 percent) with very low sales. Thus, although not a very strong correlation, but the firms who were more organized had better level of sales.

xiii. Out of the three firms that were professionally organized, all of them had low level of expense (3, 100.0 percent). Well organized firms were two (66.7 percent) who had medium expense and one (33.3 percent) with low expense. The highest seven average organized firms (53.8 percent) had low expense, five firms (38.5 percent) had medium expense, and one firm (7.7 percent) had very low expense. The firms that had no organizing had a maximum number of 18 firms (42.9 percent) with medium expense, followed by 10 firms (23.8 percent) each with high and low expense, and the least two firms (4.8 percent) with very high and very low expense. Therefore, it is better to carry out organizing function, as those with no organizing can have high expenses.

xiv. While professionally organized firms had very high (2, 66.7 percent) and high (1, 33.3 percent) level of profit, the microenterprises that had no organization had medium (17, 40.5 percent), low (22, 52.4 percent), and very low (3, 7.1 percent) levels of profit. Although not that evident, it can still be said that with better organizing, there lies better profit of the microenterprises.

xv. Out of all the 63 micro-entrepreneurs, only 14.3 percent (9) had managed their business through effective directing, and 15.9 percent (10) had well directed their business, whereas, the highest 66.7 percent (42) ran their business with no direction and the rest 3.2 percent (2) had ineffective directing. Thus, a smaller number of entrepreneurs felt that their businesses were being directed effectively or well enough.

xvi. With effective directing, four microenterprises (44.4 percent) had very high level of sales, followed by three microenterprises (33.3 percent) who had high sales, and two microenterprises (22.2 percent) who had medium level of sales. The microenterprises that had no direction had medium (28, 66.7 percent), low (12, 28.6 percent), and very low (2, 4.8 percent) sales which means that good direction brings more sales to microenterprises.

xvii. Effectively directed microenterprises had seven firms with low level of expense (77.8 percent) and two firms with medium level of expense (22.2 percent). Well directed microenterprises were five (50.0 percent) with low expense, four (40.0 percent) with medium expense, and one (10.0 percent) with very low expense. Microenterprises with no direction were 26 (41.3 percent) with medium expense, followed by 22 (34.9 percent) with low expense, 10 (15.9 percent) with high expense, three (4.8 percent) with very low, and two (3.2 percent) with very

high expense. Thus, to some extent, better direction can bring lower expenses.

xviii. Microenterprises that had effective directing had very high (2, 22.2 percent), high (5, 55.5 percent), and low (2, 22.2 percent) levels of profit. Firms that indulged in well directing were a maximum of four (40.0 percent) with medium profit, followed by three (30.0 percent) with high profit, two (20.0 percent) with low profit, and only one (10.0 percent) with very high profit. The microenterprises with no direction were 22 (52.4 percent) with low, 17 (40.5 percent) with high and 3 (7.1 percent) with very low profit which shows that good directing can bring high profits to microenterprises.

xix. Amongst the 63 micro-entrepreneurs, majority of them (42, 66.7 percent) have no controlling over their business, whereas, only 17.5 percent (11) of the entrepreneurs had managed their businesses through effective controlling and the rest 12.7 percent (8) of entrepreneurs expressed that they had well controlled businesses. The remaining 3.2 percent (2) entrepreneurs felt their controlling in business was ineffective.

xx. Effective controlling of the microenterprises had very high (5, 45.5 percent), high (4, 36.4 percent), and medium (2, 18.1 percent) level of sales. Well controlled microenterprises were five (62.5 percent) with medium level of sales and three (37.5 percent) with high level of sales. Those with no control had

medium (28, 66.7 percent), low (12, 28.6 percent), and very low (2, 4.8 percent) level of sales. Thus, the microenterprises that had good control had high level of sales.

xxi. Effectively controlled microenterprises had mostly low (9, 81.8 percent) and medium (2, 18.2 percent) levels of expense. The five well controlled firms (62.5 percent) had medium expense, followed by two (25.0 percent) with low expense, and one (12.5 percent) with very low expense. The enterprises with no control had a majority of 18 firms (42.9 percent) with medium expense, 10 (23.8 percent) each with high and low expense, and two (4.8 percent) each with very high and very low expense. Thus, with better control of the microenterprises, there is a lower level of expense.

xxii. Effective controlling of microenterprises led to very high (3, 27.3 percent), high (6, 54.5 percent), medium (1, 9.1 percent), and low (1, 9.1 percent) levels of profit. In contrary, the enterprises that had no controlling function, had medium (17, 40.5 percent), low (22, 52.4 percent), and very low (3, 7.1 percent) levels of profit. Therefore, the controlling function practicing microenterprises had a high positive correlation with their levels of profit.

xxiii. The location of the businesses of the micro-entrepreneurs as selected by them was either competitive, good, or bad. The highest 68.3 percent (43) of the entrepreneurs felt that their

business was in a good location. The remaining 14.3 percent (9) and 17.5 percent (11) of the entrepreneurs considered it in a competitive and bad location respectively.

xxiv. The level of sales can depend on the type of location a microenterprise is set in. The competitive location had three enterprises (33.3 percent) with high and low sales, followed by two enterprises (22.2 percent) with medium sales, and one (11.1 percent) with very high sales. Good located microenterprises were 28 (65.1 percent) with medium sales, six (13.9 percent) with low sales, four (9.3 percent) with very high sales, three (7.0 percent) with high sales, and two (4.6 percent) with very low sales. Bad location of the microenterprises led them to have mostly medium sales (6, 54.5 percent). Thus, having a better location may bring higher level of sales.

xxv. Competitively located firms were most with medium expense (4, 44.4 percent), followed by three (33.3 percent) with low expense, and one (11.1 percent) each for very low and high expense. Good location of the firms led them to have mainly medium expense (16, 37.2 percent), followed by 14 firms (32.6 percent) which had low expense. Badly located microenterprises were the highest six (54.5 percent) with medium expense and five (45.5 percent) with low expense. The result indicates that more competitively located microenterprises had slightly higher expense than other firms.

xxvi. The competitive location of the microenterprises led four of them (44.4 percent) to have low profit, followed by three (33.3 percent) with medium profit, and one (11.1 percent) each with very high and high profit, whereas, badly located firms had medium profit (5, 45.5 percent), low profit (4, 36.4 percent), and high profit (2, 18.2 percent). Therefore, the result does not show a good correlation between the location of a microenterprise and the level of profit obtained.

xxvii. So far as the quality of the product/ service is concerned, the highest 46.0 percent (29) of the entrepreneurs felt that it was average, followed by 38.1 percent (24), 11.1 percent (7) and 4.8 percent (3) of them who considered it as good, very good and excellent respectively.

xxviii. Microenterprises that produced excellent quality products were a total of three (4.76 percent), of which two (66.7 percent) had medium sales and one (33.3 percent) had very low sales. Firms that had very good quality products were five (71.4 percent) with medium sales and one (14.3 percent) each with very high and very low sales. Good quality products by microenterprises made them have a maximum of 11 medium level of sales (45.8 percent), followed by seven (29.2 percent) with low sales, four (16.7 percent) with high sales, and two (8.3 percent) with very high sales. Microenterprises that had average quality products were 18 (62.1 percent) with medium sales, followed by five

(17.2 percent) with low sales, four (13.8 percent) with high sales, and two (6.9 percent) with very high sales. Thus, the result does not show any relationship between the quality of the products and the level of sales.

xxix. Excellent quality products by microenterprises were two (66.7 percent) with medium expense and one (33.3 percent) with low expense. Very good quality products by firms were a maximum of four (57.1 percent) having medium expense and one (14.3 percent) each having very high, high, and low expense. Enterprises that had good quality products were 10 (41.7 percent) each with medium and low expense, followed by three (12.5 percent) with high expense, and the least one (4.2 percent) with very high expense. Average quality products by firms led them to have a range of medium (10, 34.5 percent), low (34.5 percent), high (20.7 percent), and even very low expense (10.3 percent). Thus, the relationship between the quality of the product of the surveyed microenterprises and their levels of expense was not strong.

xxx. Microenterprises that produced excellent quality products had medium (2, 66.7 percent) and low (1, 33.3 percent) profit. Very good quality producers were a maximum of five (71.4 percent) with low profit and one (14.3 percent) each with high and very low profit. Good quality products by firms led them to have medium profit (10, 41.7 percent), low profit (8, 33.3 percent),

and two (8.3 percent) each with very high, high, and very low profit. Lastly, 12 of the average quality producers (41.4 percent) had low profit, followed by 11 (37.9 percent) with medium profit, five (17.2 percent) with high profit, and one (3.4 percent) with very high profit. As revealed, microenterprises having lower quality of products also have higher amount of profit which may be due to low price and high volume of sales.

xxxi. As compared to the competitors' prices, 14.3 percent (9) of the entrepreneurs felt that their price was low, whereas, the remaining 77.8 percent (49) and 7.9 percent (5) considered it as medium and high respectively. Thus, most of the entrepreneurs had medium priced products as compared to their competitors.

xxxii. The microenterprises that produced high priced products were two (40.0 percent) each with medium and very low sales and one (20.0 percent) with low sales. Medium price products of the enterprises had mainly medium (30, 61.2 percent) sales, followed by 11 (22.4 percent) with low sales, seven (14.3 percent) with high sales, and the least one (2.0 percent) with very high sales. Firms with low priced products were four (44.4 percent) each with very high and medium sales and one (11.1 percent) with high sales. The result shows that high priced products did not have as much sales as the lower priced ones, which is probably due to the income of the people in the province and their demand in the food and beverage industry.

xxxiii. High priced producers had very high (1, 20.0 percent), high (2, 40.0 percent), medium (20.0 percent), and low (1, 20.0 percent) expense. The firms that produced medium priced products had mostly medium (23, 46.9 percent), followed by low (15, 30.6 percent), high (7, 14.3 percent), very low (3, 6.1 percent), and very high (1, 2.0 percent) expenses. Microenterprises that had low priced products had low (6, 66.7 percent), medium (2, 22.2 percent), and high (1, 11.1 percent) expense. Thus, as the price of the products were higher, it seems with a high cost their expenses were higher as well.

xxxiv. Microenterprises that made high priced products had medium (1, 20.0 percent), low (3, 60.0 percent), and very low (1, 20.0 percent) profit. The firms that produced medium priced products were 21 (42.8 percent) with low profit, 20 (40.8 percent) with medium profit, six (12.2 percent) with high profit, and two (4.1 percent) with very low profit. Low priced producers had very high (3, 33.3 percent), high (2, 22.2 percent), medium (2.22 percent), and low (2, 22.2 percent) profit. Therefore, higher priced products brought lower profit to microenterprises as compared to lower priced products.

xxxv. All of the surveyed 63 entrepreneurs agreed that in some way or the other, they were involved in promoting their product. Majority of the entrepreneurs (30, 47.6 percent) felt that the promotion was effective, followed by 28 entrepreneurs (44.4

percent) who felt that the promotion worked just average. The least 5 entrepreneurs (7.9 percent) said that it was ineffective. Thus, most of the entrepreneurs agreed that the promotion of products was effective.

xxxvi. Among the microenterprises that made effective promotion of their products, the highest 18 of them (60.0 percent) had medium sales, followed by five (16.7 percent) with low sales, four (13.3 percent) with very high sales, and the least three firms (10.0 percent) with high sales. Promoting products ineffectively caused three microenterprises (60.0 percent) to have medium sales and two microenterprises (40.0 percent) to have low sales. Average promotion of the products led the enterprises to have a range of very high to very low sales. Thus, promotion benefitted the microenterprises by increasing their level of sales.

xxxvii. With effective promotion, 12 microenterprises (40.0 percent) had low expense, 10 enterprises (33.3 percent) had medium expense, six firms (20.0 percent) had high expense, and one (3.3 percent) each had very high and very low expense. Microenterprises with ineffective promotion were four (80.0 percent) with low expense and one (20.0 percent) with high expense. Average promoted products of the microenterprises made them have a majority of medium (16, 57.1 percent), low (6, 21.4 percent), high (3, 10.7 percent), very low (2, 7.1

percent), and very high (1, 3.6 percent) expense. This indicates that the level of expense can vary from firm to firm, without getting affected by the promotion of their products.

xxxviii. Among the effective making promotion enterprises, the highest 11 microenterprises (36.7 percent) made medium profit, nine enterprises (30.0 percent) with low profit, five firms (16.7 percent) with high profit, three firms (10.0 percent) with very high profit, and two of them (6.7 percent) with very low profit. Ineffective promotion of products by the microenterprises led them to have medium (3, 60.0 percent) and low (2, 40.0 percent) profit. Thus, the result indicates that the level of profit increased with better promotion of the products.

xxxix. On the basis of the Lambda (λ) and Gamma (γ) measures of association, the null hypotheses were tested. While Lambda (λ) measures of association has been used to determine the level of association between the personal characteristics of the entrepreneurs and the performance of the food and beverages microenterprises, the Gamma (γ) measures of association has been used to know the association between management and marketing factors with the performance of the microenterprises in the study area indicated by sales, expenses and profits.

Ho1: There is no significant association between the personal characteristics of the entrepreneurs and the performance of the food and beverage microenterprises in the study area.

Based on the findings of the study in terms of the personal characteristics of the entrepreneurs, the following have been concluded:

1. Age of the entrepreneurs significantly influences the sales, expense and profit of enterprises.
2. Education of the entrepreneurs significantly influences the sales, expense and profit of enterprises.
3. Years of experience of the entrepreneurs significantly influence the expense and profit of enterprises.
4. Order of birth of the entrepreneurs significantly influences the expense of the enterprises.

Ho 2: There is no significant association between the management factors and the performance of the food and beverage microenterprises in the study area.

Based on the findings of the study in terms of the management factors, the following can be concluded:

1. Organizing of business significantly influences the sales of enterprises.
2. Organizing of business does not significantly influence the expense and profit of enterprises.
3. Formal planning, directing and controlling of business do not significantly influence sales, expense and profit of enterprises.

Ho 3: There is no significant association between the marketing factors of the entrepreneurs and the performance of the food and beverage microenterprises in the study area.

Based on the findings of the study in terms of the marketing factors, the following can be concluded:

1. The Location of the business, quality of the product, Price of the product and promotion do not significantly influence the sales, expense and profit of the enterprises.
2. The important challenges relating to customer, employee and competitor were taken into consideration in the study. Lack of motivation, lack of differentiation of the product/service, and lack of promotion of the product/service were customer-related challenges that affect the microenterprises in the food and beverage industry. Among these, lack of motivation as one of the challenges affecting an enterprise had the highest 50 entrepreneurs (79.4 percent) who agreed.
3. Majority of the entrepreneurs agreed that the lack of motivation, training and control as employee-related challenges had an impact on the food and beverage enterprise in the study area. Among these, lack of motivation had the highest 45 respondents (71.4 percent) who agreed.
4. Competitor-related challenges were one of the challenges that the enterprises faced for which a huge amount of capital/finance, strong

management, and effective strategic planning is needed. The idea that a huge amount of capital/finance influenced the growth of microenterprises was agreed and strongly agreed by 50.8 percent (32) and 15.9 percent (10) of the respondents respectively. Among the three factors, the customer-related factor was the most important factor as voted as rank one by 46 percent of the respondents.

5. Considering the constraints, the business owner of each microenterprise ranked all the constraints they faced. Accordingly, maximum number of micro-entrepreneurs (46, 73.0 percent) ranked the financial constraint as number one. The marketing constraint was given rank two by the highest number of 39 entrepreneurs (61.9 percent). Likewise, most respondents (42, 66.7 percent) had ranked the technological constraint as number three. Thus, most of the microentrepreneurs in the study felt that the financial, marketing, and technological constraints were the top three issues that their microenterprises faced respectively.
6. Taking into account the SWOT analysis, while quality of the product was the most important strength, lack of expertise/manpower was the most problematic factor/weaknesses of the microenterprises. The opportunities of the microenterprises were extension to new geographical areas, and innovation and technology developments as against competitive pricing as the main threat of the food and beverage microenterprises.

7.2 Policy Implications and Suggestions

The previous section of the present chapter has recapitulated the major findings of the study and based on the findings; this section provides policy measures for ensuring effective performance of the food and beverages microenterprises in the study area.

i. The Takeo provincial government should motivate and encourage people to establish micro business as it supports the livelihoods of people. Specific motivational videos and success cases of microentrepreneurs should be shown to prospective entrepreneurs through organizing public forums, discussions and meetings.

ii. Simplification of regulation for the microenterprises should be done by the government in terms of registration, licensing, payment of taxes, etc. to encourage people to initiate and expand the business.

iii. Government should make provision for vocational and business management training to prospective entrepreneurs to enhance their skills in various business activities including planning, organizing and managing the business as well as marketing their products/services.

iv. As education of entrepreneurs influences the performance of microenterprises, both government, NGOs and private sector should consider provisions for expansion of educational facilities to educate more people for carrying out business.

v. Considering financial constraint as the major constraint of the microenterprises, financial institutions including banks and MFIs should consider providing loans to the microenterprises at a special interest rate to make their business economically viable and profitable.

vi. The government needs to support the microenterprises in terms of technical and laboratory to meet the standard of the products. In addition, the government needs to support in terms of introducing new technology to microenterprises for enhancing the productivity by reducing cost.

vii. The microenterprises should motivate their employees by providing better financial benefits, incentives and conducive environment to reduce the turnover. This would also help to raise the productivity of employees.

viii. The microenterprises should be more responsive to the needs of the customers by conducting market research. In addition, they are required to build a strong customer-relationship. This is very important to enhance their market share in the light of the present competition from several quarters.

ix. Microentrepreneurs should have self-motivation to drive their business and work hard to achieve their success. Hence, they need to have a better understanding of the present competitive market, needs of the customers along with government rules and regulations in carrying out business.

7.3 Scope for further Research and Concluding Remarks

On the basis of the limitations of the present study as mentioned in chapter one, the scope for further research is presented below:

i. Keeping the importance of the study in mind, this study should be extended to other provinces in the country in future. Further, a comparative study may be considered in the future by taking into account the case of similar countries in ASEAN region.

ii. To examine the association between the personal characteristics of the entrepreneurs, management factors and marketing factors with the performance of the food and beverages microenterprises in the study area, 63 registered microenterprises involved in food and beverages business have been taken into account. However, the study could have provided better results, if the size of the sample would have been much larger by including the unregistered enterprises.

iii. The study has been confined to the examination of the relationship of personal characteristics of the micro entrepreneurs, management and marketing factors with the performance of the microenterprises. In future, the relationship of other factors with the performance of the microenterprises may be taken into account.

iv. While analyzing the constraints and challenges of the enterprises as well as strengths, weaknesses, opportunities and threats, only the food and beverages microenterprise cases in

the study area have been taken into consideration. In future, similar studies may be considered with other types of microenterprises.

Thus, the limitations of the present study have provided the insights for further research in this field.

On the whole, a modest attempt has been made in the present study to discuss the socio-economic characteristics of Cambodia and the province under study (Takeo) along with the role of both national and provincial governments towards strengthening the microenterprises in Cambodia. In addition, the study has focused on examining the association between personal characteristics of micro-entrepreneurs, management and marketing factors with the performance of food and beverages microenterprises in the target area. Further, the constraints and challenges faced by the food and beverages microenterprises in the study area have been systematically analyzed in the study. Finally, the strengths, weaknesses, opportunities and threats (SWOT) of the selected microenterprises in the study area have been discussed. Thus, as the microenterprises in general and food and beverage enterprises in particular play constructive roles in generating employment, raising income and alleviating poverty, the present study assumes quite significance. In Cambodian context, examining the association between personal characteristics of micro-entrepreneurs, management and marketing factors with the performance of food and beverages microenterprises in the study area and analyzing the role of government both at the national and

provincial level in strengthening the microenterprises in the country are considered to be critical. From policy perspective and strategies, both at macro and micro levels, research towards understanding the extent to which several factors influence the performance of microenterprises assumes significance. The ultimate aim of this study was to provide appropriate recommendations for effective performance of the food and beverages microenterprises in the study area. Thus, the findings of the study have implications for practitioners, especially, for owners and managers of microenterprises for ensuring a better performance of their enterprises by developing appropriate strategies keeping in mind the local environment.

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ANNEX

BUILD BRIGHT UNIVERSITY

Institute of Graduate Studies

Graduate School of Business Management

DBA Program

QUESTIONNAIRE

Dear Respondent,

I am a doctoral student (DBA) of Build Bright University. I am conducting a research on "***A Micro Level Study on the Determining Factors of the Performance of Microenterprises in Cambodia***". I am focusing on Microenterprises in Takeo province, Cambodia. Please provide me necessary information relating to your business with regard to the theme of research.

I would like to confirm you that the information to be provided by you will be kept confidential and only used for the academic purposes. Your identity along with response will not be published or released to anyone.

Thank you in advance for your kind cooperation and time to answer the questions.

Sincerely,

Mr. Pheng Menghong

PART 1: Personal Data (PROFILE OF THE ENTRERENEUR)

1.1 Name of the Entrepreneur ……..

1.2 Gender Male ☐ Female ☐

1.3 Age at the present (years) ……...

1.4 Level of Education

Literate ☐ Illiterate ☐

Primary ☐ Secondary ☐ High School ☐ University ☐

1.5 Vocational training attended (if any): Name of the Training: ……

Duration: …… Year: ……..

1.6 Age at which business was started ……year

1.7 Year of experience in the present business: ……years

1.8 Birth order in the family 1st born ☐ 2nd born ☐ 3rd born ☐

4th born ☐ Specify ……

PART 2: Management of the Enterprise

2.1 Do you make plan for your business?

Yes ☐ No ☐

2.2 Did you write a formal business plan before opening your business?

1. Yes ☐

2. No ☐

2.3 How is the plan of your business?

Effective planning ☐ Well planning ☐ Ineffective planning ☐

2.4 How do you organize your business?

Professionally organized ☐ Well organized ☐

Average organized ☐ Unorganized ☐

2.5 How do you direct and lead your business?

Effectively ☐ Well ☐ Ineffectively ☐

2.6 How do you control your business?

Effectively ☐ Well ☐ Ineffectively ☐

PART 3: Marketing of the Enterprise

3.1 What is the location of your business?

Competitive location ☐ Good location ☐ Bad location ☐

3.2 What is the quality of your product/service?

Excellent ☐ Very good ☐ good ☐ Average ☐ Poor ☐

3.3 What is the price of your product as compared to the competitors?

High ☐ Medium ☐ Low ☐

3.4 Do you make promotion of your business: Yes ☐ No ☐

3.5 If yes, your promotion is? Effective ☐ Ineffective ☐ Average ☐

PART 4: Strengths, Weaknesses, Opportunities and Threats (SWOT) of Microenterprises

Please check the number of each line that best reflects the SWOT to your firm and its success

Note: 1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, 5 = strongly agree

4.1 Strengths

Good customer service/reputation/creative solution	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Quality product	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Strong team capability	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Good database of prospects/customers	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Valuable Assets	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Good Knowledge, skills and attitude	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Product/service is differentiated from competitors	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Adequate cash flow to sustain	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

4.2 Weaknesses

Lack of new ideas	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Lack of experiences	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Out dated Technology/systems	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Lack of expertise/manpower	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Lack of knowledge, skills and attitude for staffs	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

4.3 Opportunities

New niche markets	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
New Product	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Extend to new geographical area	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Product Development, R&D	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Innovation & Technology development	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Market demand, Strategic alliances, partnerships 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

4.4 Threats

New competitors	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Competitive pricing	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Competitor's new products and innovation	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Environmental effect	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Key staff turnover	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐

PART 5: Challenges and Constraints of Microenterprises

5.1 Challenges that affect to the success Microenterprises

Please check the number of each line that best reflects the challenge to your firm and its success

Note: 1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, 5 = strongly agree.

Employee Factors

Lack of motivation	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Lack of training	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Lack of control	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐

Customer Factors

Lack of motivation	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Lack of differentiate for the product/service	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐
Lack of promotion for the product/service	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐

Competitor Factors

Huge amount of Capital/Finance	1 ☐	2 ☐	3 ☐	4 ☐	5 ☐

Strong management	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Effective strategic plan	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

5.2 Constraints that affect to the success Microenterprises

Please check the number of each line that best reflects the constraint to your firm and its success

Note: 1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, 5 = strongly agree.

Politico-legal factors

Unreasonable profit tax	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Bureaucracy in company registration and licensing	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Lack of government support	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Political intervention	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Lack of accessible information relevant to my business	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Working space factors

Absence of own premises	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Current working place is not convenient	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Very high house rent	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Technological factors

Lack of appropriate machinery and equipment	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Lack of skills to handle new technology	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Lack of money to acquire new technology	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Inability to select proper technology	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Infrastructural factors

Power interruptions	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐
Insufficient and interrupted water supply	1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of business development services 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of sufficient and quick transportation service 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of appropriate dry waste and sewerage system 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Marketing factors

Inadequate market for my product 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Searching new market is so difficult 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of demand forecasting 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of market information 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Absence of relationship with marketing research organization 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of promotion to attract potential users 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Poor customer relationship and handling 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Financial factors

Inadequacy of credit institutions 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of cash management skills 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Shortage of working capital

High collateral requirement from lending institutions and banks 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Loan application procedures are too complicated 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Managerial factors

Lack of clear duties and responsibility among employees 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Poor organization and ineffective communication 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of well trained and experienced employees 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of low cost and accessible training facilities 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of strategic business planning 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Entrepreneurial factors

Lack of motivation and drive 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of tolerance to work hard 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of persistence and courage for one failure 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of entrepreneurship training 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Lack of information to exploit business opportunities 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

Which of the following constraints is the most important to you? Rank these constraints with one been the most important constraint?

Constraints Rank

Politico-legal factors _____

Working space factors _____

Technological factors _____

Infrastructural factors _____

Marketing factors _____

Financial factors _____

Managerial factors _____

Entrepreneurial factors _____

PART 6: Present Performance of the Enterprise

6.1 Level of Sales Very High ☐ High ☐ Medium ☐ Low ☐ Very Low ☐

6.2 Level of Expense Very High ☐ High ☐ Medium ☐ Low ☐ Very Low ☐

6.3 Level of Profit Very High ☐ High ☐ Medium ☐ Low ☐ Very Low ☐

Business Name: _____

Address: N0:_____ Str. _____ Village: _____

Commune:_____District:_____Province:____

_____Respondent Name:_____

Position: _____ Phone Number: _____

Additional Comments: _____