

**SUCCESS AND FAILURE FACTORS AMONG
JORDAN MICROFUND FOR WOMEN'S
RECIPIENTS**

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RECIPIENTS**

by

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LIST OF ABBREVIATIONS

AMC	Alahli Microfinance Company
APEC	Asia-Pacific Economic Cooperation
DEF	Development and Employment Fund
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GIZ	German Federal Enterprise for International Cooperation
ICTs	Information and Communication Technologies
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IRB	Institutional Review Board
JWDS	Jordanian Women's Development Society
KIE	Kauffman Index of Entrepreneurship
MEMCC	Tamweelcom and the Middle East Microfinance Company
MENA	Middle East and North Africa
MSEs	Micro and Small-Sized Enterprises
MFIs	Microfinance Institutions
MFW	Microfund for Women
MOPIC	Ministry of Planning and International Cooperation
QIZ	Qualified Industrial Zone
SDGs	Sustainable Development Goals
TEA	Total Early-Stage Entrepreneurship Activity
USAID	United States Agency for International Development
USM	Universiti Sains Malaysia

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**FAKTOR KEJAYAAN DAN KEGAGALAN DALAM KALANGAN
PENERIMA MICROFUND FOR WOMEN DI JORDAN**

ABSTRAK

Sepanjang dekad lalu, pelbagai usaha pembasmian kemiskinan wanita di Jordan dilaksanakan melalui penyediaan kredit mikro dan bantuan perkhidmatan kewangan. Microfund for Women (MFW) salah satu institusi kewangan mikro paling menonjol dan meluas di Jordan. Namun disebalik keunggulannya, sepanjang dekad lalu banyak perusahaan wanita Jordan melalui pembiayaan MFW terhenti disebabkan kadar kegagalan yang tinggi. Wanita Jordan didapati berdepan kadar kegagalan tinggi bagi Perusahaan Mikro dan Kecil (MSE) mereka sehingga menjadi isu penting berikutan lebih 13,000 wanita Jordan dibicarakan akibat tidak membayar pinjaman mikro. Bagi memahami fenomena tersebut lebih lanjut dan mencari kaedah mengatasi isu yang dinyatakan, kajian ini berhasrat mengkaji faktor kejayaan dan kegagalan MSE wanita agar dapat memastikan kemampunan perniagaan mereka, seterusnya memperkasakan golongan ini dari segi ekonomi dan sosial. Dalam kajian kualitatif ini, kaedah temu bual separa berstruktur dengan enam belas soalan terbuka digunakan untuk mengumpul data daripada 24 usahawan wanita yang dibiayai oleh MFW di Amman, Jordan. Kajian ini menemui tiga faktor utama kejayaan dan kegagalan dalam kalangan penerima MFW Jordan iaitu: usahawan wanita, persekitaran di sekeliling usahawan wanita dan institusi kewangan mikro. Kajian ini menyimpulkan pentingnya mewujudkan pangkalan data komprehensif berkaitan usahawan wanita yang akan memandu dalam membangunkan dasar yang diperlukan untuk menggalakkan keusahawanan wanita seterusnya dapat meningkatkan prestasi mereka. Kajian ini juga telah mengemukakan model cadangan mencapai strategi mampan bagi MSE wanita.

SUCCESS AND FAILURE FACTORS AMONG JORDAN MICROFUND FOR WOMEN'S RECIPIENTS

ABSTRACT

Over the past decades, many attempts have been made to alleviate poverty among women in Jordan through providing microcredit and facilitating financial services. Microfund for Women (MFW) is one of the most widespread, and prominent microfinance institutions in Jordan. Despite these exciting facts, many Jordanian women's enterprises funded by MFW have halted during the past decade due to the high rates of failure of these projects. Jordanian women have recently suffered from a high rate of failure in their Micro and Small-sized Enterprises (MSEs), and has gradually become an important issue following the trial of more than 13,000 Jordanian women for non-payment of their micro-loans. In order to understand further on this phenomenon while investigating how to overcome such issues, this study intends to examine the success and failure factors of women's MSEs to ensure the sustainability of their businesses, thereby empowering these women economically and socially. In this qualitative study, a semi-structured interview method with sixteen open-ended questions was used to collect data from 24 women entrepreneurs funded by MFW in Amman, Jordan. This study found three major factors for the success and failure among Jordan MFW's recipients, namely: women entrepreneurs, the environment around women entrepreneurs, and micro-financial institutions. This study concludes with the necessity of establishing a comprehensive database for female entrepreneurs, which will guide in developing the necessary policies to promote women's entrepreneurship and thus improve their performance. This study also presented a proposed model to achieve a sustainable strategy for women's MSEs.

CHAPTER 1

INTRODUCTION

This thesis aims to study the micro and small-sized enterprises (MSEs) program introduced by the Jordanian government known as Microfund for Women (MFW) to improve their income. This chapter discusses the research background, problem statement, objectives, and research questions. The operational definition, scope, limitation, significance of the research, and thesis organization are also included in this first chapter.

Economic growth and living standard improvement of the poor are closely linked to achieving the Sustainable Development Goals (SDGs) (Klapper et al., 2016), specifically in the domain of fighting against poverty and all its forms among societies. This goal could be done by enhancing human productivity and providing the necessary capabilities to enable opportunities and benefits (Klapper et al., 2016). Provisioning small investment opportunities and facilitating access to them are among the most prominent ways to promote local economies and standards of living at both macro and micro levels. Therefore, governments have shifted focus towards enhancing the concept of small business in their economic strategies, as it is strongly related to the achievement of sustainable development goals for individuals (Tonis, 2015).

Recently, many countries worldwide have become increasingly dependent on the role of small businesses to contribute and support their economy by local production (Singh et al., 2008; Sutter et al., 2019). As a result, these businesses make up 95 percent of all companies worldwide. Significantly, small businesses have contributed to poverty reduction by providing between 40 to 60 percent of global employment opportunities and supporting the gross domestic product (GDP) of

developing countries (Beck et al., 2005; Bruton et al., 2013; Alvarez et al., 2015; Sutter et al., 2019), including Jordan.

1.1 Research Background

The phenomenon of poverty is among the most crucial challenges facing human existence (Hulme & McKay, 2005; Alkire et al., 2019; Alkire & M.E., 2019). Eradicating this phenomenon remains the most significant challenge for governments and the international community. Despite the success of international efforts to reduce the number of people living in extreme poverty from 1.9 billion in 1990 to 836 million in 2015, there are still millions of people around the globe struggling to meet the minimum requirements for life (FAO, 2019).

World Bank data show that 800 million people lived on less than \$1.25 a day in 2015, with many barriers to access to sufficient potable water, food, and sanitation (FAO, 2019). These statistics reflect steady but slow progress on eradicating poverty, raising concerns about achieving the goal of ending poverty and pointing to the need for increased pro-poor investments. However, in terms of gender, women are directly and extensively affected by poverty compared to men. This phenomenon occurs because of several factors related to educational, cultural, and social issues (Belle & Doucet, 2003; Yuan-Chiao et al., 2020; Robin, 2020).

In September 2015, the UN General Assembly adopted the 17 Sustainable Development Goals (SDGs) and 169 associated Targets. Goal 1 is concerned with ending poverty in all its forms everywhere. Target 1.1 aims to eradicate extreme poverty by 2030 for all people and calls for decreasing the rate of people living in poverty in all its dimensions (target 1.2) (United Nations, 2015).

Women constitute the majority of the poor due to social disadvantage and inequality, such as low wages, lack of decent work, unpaid care work, and gender inequality at work (Haughton & Khandker, 2009; Kevin & Deborah 2018; Robin, 2020). Furthermore, women face significant constraints in increasing their productivity because of the negligence of the decision-makers to the women's needs in designing anti-poverty policies (Coulter, 2009; Eurostat, 2020). This requires a search for solutions to address social-cultural determinants and the dynamics of power and dominance between women and men in poor households. Social doctrine continues to be based on the idea that men are breadwinners and women are dependents (Al-Zoubi, 2014).

Jordan is a patriarchal society with norms that label women lacking power and autonomy and inferior. The patriarchal norms are deeply entrenched in the consciousness of Jordanian society, which has hindered the active participation of women in the economy (Jakobsh, 2004). The women are generally subjugated to a secondary position and play a subordinate role. Furthermore, the laws enacted in Jordan are also based on cultural norms that perpetuate patriarchal stereotypes. Such a gender bias leads to inequitable gender participation in the public sphere (EBRD-IDLO, 2019). One woman entrepreneur described the perils of women in Jordan as they are unable to give nationality to their children (EBRD-IDLO, 2019). This reflects the inequitable footing in a patriarchal society such as Jordan. However, one previous study noted that women could defy patriarchal culture by secretly growing and managing their production network. In this way, women create economic independence in a patriarchal society (Al-Dajani et al., 2019).

In estimating poverty rates in Jordan, the government used the same method as the World Bank method to estimate global poverty rates. The absolute poverty rate in Jordan for all the population stood at 14.4 percent in 2010, which increased to 15.7 percent in 2018, whereas this poverty rate is only for Jordanians, meaning that more than 1 million Jordanian live below the poverty line (World Bank, 2015). The economic participation of women in poor which is one of the main reasons for poverty among women in Jordan. The labor force participation dropped to 13.2 percent in 2016 (Amer, 2018). Statistics from the Jordanian Department of Statistics indicate that the poverty rate among individuals by sex in 2017 was 7.4 percent for females and 6.9 percent for males. While the overall poverty rate in the same year was 14.3 percent (Department of Statistics, 2018).

Women often do not have equal access to productive inputs, as statistics show that women own only 15 percent of land worldwide (Kieran et al., 2015). Here emerged another critical factor to improve poor women's economic standing by increasing women's access to and controlling the land to empower women by producing food and growing income. These promising strategies meet the international community's commitment to closing the gender gap (Damiano, 2017; Schwab, 2018).

Lately, women's entrepreneurship has become the main interest of researchers and policymakers, with policies aiming at women's entrepreneurship development based on efforts to support equal status and social inclusion (Coulter, 2009). The need to solve this problem was envisaged through the creation of jobs for women, both in terms of women's self-employment and creating new jobs for others.

Over the past decades, there have been many attempts to lift women out of poverty (Khatun & Kabir, 2014), as they have been considered one of the most vulnerable populations worldwide. Most of these attempts have found that supporting women in productive investments in agriculture, livestock, and crafts fields, as providing suitable livelihood opportunities, is the superior way to meet the needs of women in general and women in rural communities in specific (Duflo, 2012). Recently, many governments have tended to adopt a more effective and widespread way to reduce women's poverty through providing microcredit and facilitating financial services that enable poor women who have no access to the formal banking system to set up their small businesses (Malhotra et al., 2002; Himusie, 2019). Indeed, supporting women to have their work and improve their livelihoods is vital for reducing poverty and attaining broader development goals (Klapper et al., 2016). The performance and effectiveness of micro and small enterprises owned by women play a fundamental role in achieving societal well-being and developing societies by providing job opportunities, innovation and wealth (Shakeel et al., 2020; Mozumdar et al., 2020).

Although poverty reduction and shared prosperity can only be achieved with the full economic participation of both men and women (Tonis, 2015), across the world, entrepreneurship prevalence rates tend to be lower among women than men are. In Jordan, the population has increased by nearly 87 percent over a decade (Saymeh & Abu Orabi, 2013). The Kingdom's population in 2004 was 5.1 million, increasing by 4.4 million to reach 9.5 million in 2015. Meanwhile, Jordan is a very young country where 70 percent of the population is under 30 years of age (UN, 2019).

Coupled with the dramatic increase in Jordan's population and irregular urbanization, the country suffers from a severe shortage of natural resources. Moreover, Jordan suffers from high unemployment rates and low participation of women in the labor force. Small enterprises in Jordan employ 31 percent of the workforce. In comparison, the average jobs provided by these projects in the Middle East and North Africa are approximately 28 percent, and 33 percent in developing countries. In comparison, it is 45 percent in the countries of the Organization for Economic Cooperation and Development (OECD) (World Bank, 2016). This shows that small businesses are critical factors for Jordan's economic advancement and development.

As a result of the limited natural resources and young structure of the Jordanian society, Jordan has focused on investing in and developing its human resources as a solution to those problems. One of these strategy outputs was to allow women to launch their small enterprises. However, these enterprises faced several difficulties. This comes from the lack of internal resources for micro-enterprises and their weak ability to compete in global markets, and the lack of managerial skills for the financiers of these enterprises. These factors limit the ability of these enterprises to survive and grow (EBRD, EIB, World Bank, 2016), notably in terms of failed sustainability. In Jordan, almost hundreds of thousands of women have the potential to contribute more fully to their economies but are unable or fail to do so. Women's participation in economic activity was only 13.2 percent in 2016, while the rate of unemployment among Jordanian women was about 24.1 percent in the same year (DoS, 2018). The development and growth of local and global economies are closely related to encouraging the participation of females in the labor force and improving their economic conditions (Duflo, 2012). According to the International Monetary Fund

(2017), it is estimated that Jordan's GDP could be risen by around 45 percent by closing the gender labor gap in the country. Despite the importance of women's participation in economic activity, there are no clear reasons that explain the failure of women's projects in Jordan, in conjunction with the absence of accurate statistics to determine the proportions of projects that did not achieve sustainability and continuity.

Over the past two decades, Jordan has been pioneering in women's microfinance, which has strengthened the confidence of Jordanian women to move beyond the concept of housework and engage in commercial and development business by facilitating microloans to the woman who does not have access to official banks (Corsi et al., 2006).

Many institutions provide financial support services for MSEs in Jordan. Jordan's microfinance sector includes credit providers structured as quasi-governmental organizations, non-government organizations (NGOs), non-profit companies, for-profit companies and financial institutions. The largest microfinance providers are registered as non-profit companies. MFW is one of the most popular non-profit companies in Jordan, along with Tamweelcom, Middle East Microcredit Company, National Microfinance Bank, and FINCA (MIX, Sanabel, & CGAP, 2009).

Microfund for Women, which is a private non-profit company registered under the Ministry of Industry and Trade that operates under the umbrella of the Central Bank of Jordan, aims to help women to have their own development projects and enable them to settle down their incomes, reorient themselves and their families and raise their standard of living (Betz & Frewer, 2016). MFW has enabled radical changes in the standard of living of many women and poor families through small businesses managed and marketed by women.

Currently, more than 140,000 women have benefited from MFW, served by over 60 branches across Jordan. The projects funded by MFW are diversified to include small projects, such as agricultural and livestock projects, food products made from natural and organic materials and various handicraft and manual products (Betz & Frewer, 2016; MFW, 2019).

Small businesses account for a substantial share of economic activity in Jordan. In 2011, 98 percent of all enterprises were MSEs, 66 percent with less than 19 employees. Small businesses provide nearly 71 percent of total job opportunities in the private sector, where MSEs provide 33 percent and MSEs provide 39 percent. Generally, small businesses contribute about 40 percent of GDP and account for 45 percent of total exports. The Jordanian microfinance strategy was updated in 2011 to achieve a more comprehensive approach toward financial inclusion. Since mid-2013, the Central Bank of Jordan (CBJ) has taken the lead in the regulation and supervision of the microfinance sector to move ahead with new regulations in line with international best practices (Betz & Frewer, 2016).

1.2 Problem Statement

The current evidence suggests that there is vertical and horizontal gender segregation in the economic sector of Jordan. This segregation is reflected in women's lower salaries (Husseini, 2010). The wage gap is around 83 percent in Jordan compared to other countries. According to World Bank (2004), eliminating gender segregation would enhance women's wages by 112 percent. The limited opportunities for women in the labor force open an avenue of entrepreneurship in Jordan (El Kharouf et al., 2014). Modern global economic development includes women entrepreneurship, making the economy dynamic and innovative (Singh & Belwal, 2007; Orhan & Scott,

2007). A report of the World Bank also stated that promoting women's entrepreneurship in the MENA region is vital for economic growth. According to another DOS (2013) report, women in Jordan own only 15-16 percent of businesses.

The issue of the salary gap amongst Jordanians can be reduced via women's participation in entrepreneurship. However, women's failure in entrepreneurship increases the unemployment rate among Jordanian women and thus increases the poverty level in the economy. Despite government actions, many women's micro and small enterprises suffered from hindrances to their continuity, which led to their failure due to the inability of the entrepreneurs to amortize their costs and pay off their debts (Franco & Haase, 2009; EBRD, EIB, World Bank, 2016). According to Kasoolu et al. (2019), the national estimate of unemployment for Jordanian women rose from 20.9 percent in 2008 to 26.9 percent in 2018. This was the fifth-highest female unemployment rate among 188 countries. In the same context, the female labor force participation rate in Jordan (15 percent) is also the fourth lowest in the world. Despite these facts and the importance of entrepreneurship to achieve economic independence and social change for women and their families, during the same aforementioned period, the number of small businesses that failed in Jordan increased, contributing to the high unemployment rate among Jordanian women.

Like other countries that focus on women as the targeted group for microcredits financing specifically for micro and small business purposes, the loans provided through microcredits have helped to raise the income of Jordanian women. However, the income is not sustainable, and the women entrepreneurs are unable to repay the loan. Ultimately, the objective of microcredits is lost and women entrepreneurs bear the burden of indebtedness (Schiff et al., 2015). Besides, the earnings generated from women-owned enterprises are insignificant that it is used to pay interest rather than

reinvest in the firms (Forrester & Neville 2021). One another study investigated the issues pertaining to loan repayments. It was found that modes of loan repayment, such as weekly or twice a week are problematic (Mokhtar et al., 2019).

MFW is one of the most oldest, widespread, and prominent microfinance institutions in Jordan and is recognized as a pioneer microfinance institution in the Arab World (Microfund, 2021). Despite these exciting facts, many Jordanian women's enterprises funded by MFW have halted during the past decade due to the high rates of failure of these projects.

Although there is not much research and studies to define the reasons for women's entrepreneurship failure in Jordan, in addition to the lack of statistics on the number of women's enterprises that failed to achieve sustainability (Al-Mahrouq, 2010), specifically in MFW, the number of women who have been called for judicial action because of their inability to pay microcredit loans indicates that the problem is critical. In 2019, around 13,000 women from different micro fund institutions were unable to pay off their loans; 43 percent of them were convicted of less than US\$1,500 (TJT, 2019).

Economic growth and living standard improvement of the poor are closely linked to achieving the Sustainable Development Goals (SDGs), specifically in the domain of fighting against poverty and all its forms among societies. This goal could be done by enhancing human productivity and providing the necessary capabilities to enable opportunities and benefits. Provisioning small investment opportunities and facilitating access to them are among the most prominent ways to promote local economies and standards of living at both macro and micro levels. Therefore, the research field perspective focuses on enhancing the concept of women

entrepreneurship, especially in micro and small-sized enterprises, in order to achieve economic development and sustainable livelihood for Jordanian women.

Therefore, in order to understand ineptly how women entrepreneurs can sustain their businesses, an investigation of the success and failure factors of these women entrepreneurs that received micro funds is crucial. This study will specifically focus on the women entrepreneurs that were the recipients of MFW.

1.3 Research Objectives

Generally, this study aims to understand Jordanian women's experiences with small businesses and their capabilities to develop small-scale enterprises they are involved in. By determining the success and failure factors that affect these businesses. Specific objectives in this study are as follows:

1. To identify the success factors of women micro and small-sized enterprises (MSEs) funded by Microfund for Women (MFW).
2. To identify the failure factors of women micro and small-sized enterprises (MSEs) funded by Microfund for Women (MFW).
3. To propose a framework for the success and failure factors of MFW recipients.

1.4 Research Questions

All the objectives outlined above were answered through the following research questions. For objective number one, to identify the success factors of women's MSEs funded by MFW, the research question was; what are the success factors of women's MSEs funded by MFW?

For objective number two, to identify the failure factors of women's MSEs funded by MFW. The research question was; what are the failure factors of women's MSEs funded by MFW?

For objective number three, to propose a framework for the success and failure factors of MFW recipients. The research question was; what is the proposed framework for the success and failure factors of MFW recipients? The summary of research objectives and research questions following as Table 1.1.

Table 1.1: Summary of the Research Objectives and Research Questions

Objectives	Research Questions
1. To identify the success factors of women's micro and small-sized enterprises (MSEs) funded by Microfund for Women (MFW)	1.1 What are the success factors of women's MSEs funded by MFW?
2. To identify the failure factors of women's micro and small-sized enterprises (MSEs) funded by Microfund for Women (MFW)	2.1 What are the failure factors of women's MSEs funded by MFW?
3. To propose a framework for the success and failure factors of MFW recipients	3.1 What is the proposed framework for the success and failure factors of MFW recipients?

1.5 Operational Definition

This sub-topic focuses on four operational definitions. The four operational definitions are micro, small and medium-sized enterprises (MSMEs), Women Enterprise, Microfund for Women (MFW), poverty, small business success, and small business failure. These four definitions are essential to avoid confusion among readers, and that terms are widely used in this study.

1.5.1 Microfund for Women (MFW)

In this study, MFW is a private non-profit company that operates under the umbrella of the Central Bank of Jordan (CBJ) and registered under the Ministry of Industry and Trade. MFW started in Jordan in 1994 as a pilot-lending program by Save the Children organization. After that, in 1996, it became a local NGO, known as the Jordanian Women's Development Association (JWDS), which aimed to provide access to poor women to credit mechanisms and test group lending feasibility. In 1999, MFW was registered as a non-profit company (MFW, 2019).

For now, MFW is the largest non-profit MFI to empower poor women entrepreneurs. Its network has increased from 54 branches in 2016 to 60 in May 2018 and holds an estimated micro-credit market share of 35 percent. MFW was the first MFI to be licensed by the CBJ. MFW offers 11 credit products and is gradually building in-house capacity for client and staff training (Swiss Capacity Building Facility, 2018).

MFW's mission is to provide financial and non-financial services to poor entrepreneurial women to empower them economically and socially and help them achieve a better quality of life. To achieve this goal, MFW offers many unique programs in the Arab world. For its role as the leader in microfinance amongst the Arab nations, MFW was awarded the Excellence in Leadership Award from the Women's World Banking and the German Federal Enterprise for International Cooperation (GIZ) award (Caputo et al., 2016).

1.5.2 Micro and Small-Sized Enterprises (MSEs)

One of the main challenges in analyzing MSE data is the absence of a universal definition of what constitutes an MSE. A number of efforts aim to streamline and harmonize MSE definitions (Organization for Economic Cooperation and Development, 2004). The most common definitions used by regulators for MSEs are based on the number of employees, sales and/or loan size. The most common among the three is the number-of-employees criterion (Ardic et al., 2011).

In 1996, The EU commission defined the term small businesses as organizations employing fewer than 250 people. In order to define a business as MSE, it should be divided into three parts; employee and independence criteria must be met, and either the turnover or the criteria for the balance sheet must be met (Deep et al., 2008).

Analysis of different MSEs definitions worldwide based on the number of employees reveals that it is very difficult to arrive at a commonly accepted definition of MSEs. Depending on the country and industry, business size, assets and products, the definitions will continue to vary (Muriithi, 2017). For instance, in Canada, the term small business refers to businesses with fewer than 500 employees. In Germany, a small business has a limit of 250 employees, while in Belgium; it has a limit of 100 employees. In New Zealand, a small business has 19 employees or fewer. In the United States, a small business is defined as a business with fewer than 100 employees, while those with fewer than 500 employees as a medium-sized businesses (Katua, 2014). In developing countries, a business with more than 100 employees is termed as large, while a small business could have one to five employees (Muriithi, 2017). For instance, in Azerbaijan, the term small business refers to businesses with a maximum of five employees, while in Sudan, less than ten employees and less than 16 in Liberia (Ardic et al., 2011).

In Asia-Pacific Economic Cooperation (APEC) economies, the definition of a small business also varies but is generally most based on the number of employees. Small business commonly employs 100 to 500 people. However, the vast bulk of small businesses, comprising around 70 percent, employ five people or less or are run by self-employed individuals (Liu, 2008). Table 1.2 shows the definitions of small businesses according to Falkena et al. (2001).

Table 1.2: Broad Definitions of Small businesses in the National Small Business Act

Enterprise size	Employees Number	Annual turnover
Micro	Less than 5	Less than 150,000
Very small	Less than 10 to 20 depending on the industry	Less than 200,000 to 500,000 (depending on industry)
Small	Less than 50	Less than 2 million to 25 million (depending on industry)
Medium	Less than 100 to 200 depending on the industry	Less than 4 million to 50 million (depending on industry)

Source: Falkena et al. (2001)

According to the World Bank definitions, the following countries categorize the size of their small business using the number of employees' indicator is presented in Table 1.3.

Table 1.3: Standard Definitions of Micro, Small and Medium Enterprise across MENA

Country	Source	Micro	Small	Medium	GNI per Capita (\$)	Income Group	Micro, Small and Medium Enterprise per 1,000 population
Egypt	UNCDF	1-4	5-14	15-49	1,240	Lower Middle	26.8
Lebanon	MET	*0-9	10-49	50-99	3,760	Upper Middle	47.2
Oman	MONE	0-5	6-20	21-100	9,070	Upper Middle	2.9
Jordan	DOS	1-4	5-19	20-99	2,190	Lower Middle	26.8
United Arab Emirates	HSBC	*0-9	10-49	50-499	19,420	High	34.2
Tunisia	UNIDO	<10	10-49	50-99	2,080	Lower middle	0.9

Source: MSMEs Database – World Bank – January 2007

Note: Although it is not possible to have a micro-enterprise with zero employees, the range has been displayed within the table as provided by the source itself.

There is no single standard definition of micro and small enterprises. In MENA countries, the main criterion for categorizing micro and small enterprises is the number of employees. According to (USAID, 2007), the Jordanian Prime Ministry as a national standardized definition to be used among all relevant governmental institutions in endorsed the industrial definition. The definition is as follows;

1. Micro-sized enterprises are those employing between 1 and 9 employees and/or have a registered capital of less than \$42,300
2. Small enterprises employ between 10 to 49 employees and have a registered capital of more than \$42,300
3. Medium enterprises employ between 50 to 249 employees and have a registered capital of more than \$42,300.

This thesis uses operational definition by the Jordanian Department of Statistics (DoS), which identify MSE as any enterprises are those employing between 1 and 19 employees (DoS, 2021).

1.5.3 Women Enterprise

Women enterprise defines as any enterprise organized and managed by any woman or a group of women, usually with considerable initiative and risk. However, the term 'women-owned business' is often used relative to government contracting (Sharma, 2013).

International Finance Corporation (IFC) has defined women enterprises as firms where women hold more than 51 percent ownership or stake or where women own between 26 to 50 percent in a business that has a woman Chief Executive Officer (CEO) or Chief Operating Officer (COO) and which received loans between \$10,000 to \$1 million or \$2 million at origination (IFC, 2014).

In the United Kingdom, researchers have applied a strict definition that women-owned businesses are entirely owned and operated by women, whether they are by one or more women. In contrast, it is widely recognized that most enterprises rely on women's participation as partners, owners, or labor providers to a family-owned enterprise. Giving such a definition to women-owned businesses enables researchers to distinguish them from businesses merely reliant on women's participation. (Carter & Shaw, 2006). In this study, a women's enterprise is owned and organized by one woman or a group of women.

The status of women-owned enterprises is poor in Jordan. The lack of economic opportunities limits the participation of women in the workforce to just 15 percent, a negligible proportion of entrepreneurship and soaring unemployment of 23 percent. Only 19 percent of the firms are co-owned by women, and the number of firms with women as the top manager is not even 3 percent in Jordan (Ait Ali Silmane et al., 2020). Conversely, the women-owned business is rare, informal, and seasonal with low productivity. The lack of economic opportunities for women has a detrimental impact on the Jordanian economy. The fundamental labor market indicators for Jordan are shown in Figure 1.1 below. These dismal numbers reflect the considerable gender gap in the Jordanian economy.

Jordan's entrepreneurship sector has been evolving over the past decade resulting in the growing participation of women entrepreneurs. According to the Global Entrepreneurship Monitor (GEM) report, Jordan's female-to-male ratio for Total Entrepreneurship Activity (TEA) went from 26 percent in 2016 to 59 percent in 2019, improving around 127 percent in only three years. Jordan has also developed gender-friendly policies for women to access credit equally, sign contracts, register a business, and open a bank account the same way as men. This evolution has been reflected in Jordan's outstanding score of 100 out of 100 in the entrepreneurship indicator as measured by the World Bank's Women, Business, and the Law (WBL) report.

Women enterprise in this thesis uses operational definition by Sharma (2013), which is any enterprise organized and managed by any woman or a group of women, usually with considerable initiative and risk.

Basic Labor Market Indicators			
	World	MENA	Jordan
FEMALE / MALE labor force participation rate (% of female/male population ages 15-64; modeled ILO estimate)	53.0 / 80.4	21.7 / 77.3	15.1 / 67.2
FEMALE / MALE unemployment (% of female/male labor force; modeled ILO estimate)	5.4 / 4.6	17.8 / 7.8	22.9 / 13.2
FEMALE / MALE youth unemployment rate (% ages 15-24; modeled ILO estimate)	14.7 / 12.2	38.9 / 22.8	54.7 / 32.5
Firms with female top manager (% of firms; 2013 Jordan, 2018 World & MENA)	17.9	5.4	2.4
Account at financial institution or with mobile-money- service provider, FEMALE / MALE (% age 15+, 2017)	64.8 / 72.3	38.0 / 56.8	26.6 / 56.3

Source: World Development Indicators. Data retrieved November 2019. Unless other year noted, year of reference is 2019.

Figure 1.1: World Development Indicators

1.5.4 *Gharimat* for Women

Although many women entrepreneurs face the risk of prosecution due to being unable to pay their debts and turning into *Gharimat*, MFW also took the action of voluntarily closing court cases for all defaulting female clients. As for the failure sample in this study, all of them had failed before 2020 and as shown in the period of the study (1.6.1(b)). Therefore, they were able to pay their loans to MFW before conducting the study.

Gharimat is a Jordanian term used to describe women who borrow funds to support their families and are unable to repay the obligation. These funds are often used to cover their economic or living needs, to finance small projects to improve their personal income, or support their spouse or family. *Gharimat* term appeared in 2017 when many women were being pursued by law for not paying their debts to MFIs. In 2019, the King of Jordan began a campaign to support 5,672 *gharimat* whose loans do

not exceed JD 1,000 each. At the time, 30 of these women were incarcerated for unpaid debts (The Jordan Times, 2019). As a contribution toward resolving the crisis, MFW also voluntarily closed court cases for all defaulting female clients who had an outstanding balance below JD 1,000. This amounted to 3,750 women, with a balance of nearly JD 1.1 million (Tanmeyah, 2020).

The program of *gharimat* for women was launched to rescue indebted women and cancel their warrant documents. The purpose of this initiative was to ensure that women who borrowed money from micro-credit institutions and their businesses were not up and running due to some factors. The government bails out such indebted women. The UNDP has also played a vital role in linking *gharimat* to access effective remedies and speedy justice to indebted women in Amman communities. Besides that, the UNDP has also provided training to women for social entrepreneurship as well as low-interest loans to enable them to start their social enterprises (United Nations, 2021). Streamlining *gharimat* on the basis of Amanah Ikhtiar Malaysia can really support women's entrepreneurship and provide maximum opportunities to alleviate poverty among women in Jordan.

As for the *gharimat* issue to microfinance institutions (except MFW), there are ongoing studies and government efforts to reduce the problem, the latest of which was subjecting financing institutions to the supervision of the Jordanian Central Bank to monitor the financial system for microfinance institutions. The Ministry of Islamic affairs has allocated a share from the Zakat Fund to solve the *gharimat* issue, noting that the Zakat Fund paid off the debts of 7,325 women until March 2021 (Jordan News Agency, 2021).

Gharimat has become a public issue in Jordanian street during the past few years. It was necessary to look deeper into this phenomenon and understand the reasons for it to rescue indebted women and cancel their warrant documents, as a short-term goal and avoid this phenomenon in the future.

1.5.5 Small Business Success

Many researchers have discussed the definition of women's success based on two terms; firms' level and individual level (Maseda et al., 2021; Turban et al., 2019; Tabassum & Nayak, 2021; Vantilborgh et al., 2015). Some researchers, such as Parasuraman et al. (1996), stated that studies of successful outcomes primarily indicate the organizations' level rather than the individual level. However, others like Zhang and Bruning (2011) discussed that the organization level usually reflects its owner's level. Therefore, this study focused on measuring women's entrepreneurs' success at an individual level by supposing that successful entrepreneurs indirectly reflect the success of their business.

Masuo et al. (2001) determined success in terms of the financial and economic measurement that includes return on sales, survival rates, assets, and employee earnings. The non-financial measures that they defined were personal development, personal achievement, and customer satisfaction. On the other hand, Paige and Litrell (2002) define success through intrinsic criteria, which refers to freedom, independence, and controlling a person's own future, while the outer outcomes refer to an increase in financial returns and wealth.

Many women described success subjectively, such as reputation, ability to balance work and family, contribution to the community, freedom to choose the daily activity, and the quality of life they achieve. Furthermore, Nieman et al. (2003) said

that successful woman entrepreneur is those who have more than between five to thirty employees, run their business longer than two years, and make a profit and expand their business. In the current research, women-owned businesses will be considered successful if they have achieved the business criteria for a successful business, as Nieman et al. (2009) outlined. This criterion categorized successful woman entrepreneurs as those who run their business longer than two years and make a profit and expand their business.

1.5.6 Small Business Failure

Decades after the emergence of the concept of small businesses, many researchers and scholars attempted to develop a framework that explains the term ‘failure of small businesses’ (Justino, 2015; Arasti et al., 2014; Ackah & Vuvor, 2011). Failure of small businesses means they are unable to survive the first year in the market and fail due to lack of availability of funds, bankruptcy, loss of funds from creditors, disrupted business operations and sometimes on medical groups (Watson, 2003).

According to Arasti et al. (2014), changes in corporate legislation, greater worldwide rivalry, and technological, product, as well as manufacturing advancements have all put significant strain on business management. MSEs encounter common hurdles, regardless of the country in which they operate, that impede their performance as well as survival rate. In addition, despite special benefits such as flexibility or adaptability, they face lots of challenges and disadvantages when compared to larger corporations. These flaws necessitate unique policy responses.

However, a failing firm is one that must sell or liquidate for preventing any losses or payments to creditors, or one that is unable to earn a profit (Gaskill et al., 1993). Pretorius (2009) analyzed the different definitions of business failure and proposed a

universal definition for such a phenomenon, stating that a venture fails whenever it involuntarily seems unable to help attract debt or the equity funding to counter its decline; as a result, it can no longer operate under its current ownership or management (Pretorius, 2009).

According to Justino (2015), many small business owners are unfamiliar with business operating systems as well as lack financial or management expertise. These abilities are critical to a company's success and also its viability. However, because most small firms are run by one person, it is critical that the businessman has the requisite business knowledge or the primary skills essential to set up a business, or makes a serious and consistent effort to obtain these abilities.

According to Ackah & Vuvor (2011), SMEs from all around the world encounter numerous problems in their daily operations. MSEs were asked to rank the biggest challenge they face in running and growing their operations. A key barrier was thought to be a lack of or insufficient access to finance. This indicates that, among all the issues that MSEs encounter in their operations, such as competitiveness, high utility bills, and infrastructure, the absence of financing facilities was seen as the most significant barrier by the participants.

Small business is categorized as privately owned, limited number of employment, limited revenue and not overpowering business. Besides, it can be clustered under MEMEs (Justino, 2015); in this study, small businesses refer to the micro and small businesses owned by females. Although some definitions have been formulated by some schools of thought to provide a better context, there is still no precise definition of the term. Pretorius (2009) claims that understanding business failure presents a substantial theoretical test and that no one universal definition exists.

In this subtitle of the second chapter, this research presented a number of findings and conclusions that previous researchers have reached.

According to Titus (2008), failure emerges when the firm cannot achieve its duties to the stakeholders (owners, employees, suppliers, and customers). This argument defines the concept of failure by stopping the enterprise's operation because of significant capital losses, thus failing to achieve its goals, and ultimately halted. Peacock (2004) claims that there are several definitions that explain the word 'failure' when it is projected into the context of small business. He sees that the company falls within the sphere of failure when it receives an investment rate return that is inadequate to cover its expenses. However, the scarcity of necessary financial data that required making calculations about the profitability of small businesses prevents accurate results.

On the other hand, Honjo (2000) notes that some companies continue to trade whilst achieving low rates of return. However, when compared to the return rate, a business is considered to have "failed" if it meets one of the following criteria:

1. Bankruptcy standard: if the company owner believes that he is legally bankrupt and he is going to face liquidation and/or insolvency.
2. Loss Cutting standard: if the owner sells the company or its assets with losses to avoid further losses.
3. Earnings standard: If the company has a consistent return on capital less than the return on similar investments.
4. Solvency standard: if the company owner voluntarily withdraws from investment, leaving behind unpaid financial commitments, in order to avoid creditors' loss or avoid bankruptcy as a result of procedures such as attachment, foreclosure or execution.