www.ijarp.com ISSN 2456-9992 Page: 01-09

International Journal Advanced Research Publications

Research Article

Volume: 02

Issue: 08

ANALYSING THE EFFECT OF BUSINESS ENVIRONMENTAL CHALLENGES ON THE PERFORMANCE OF WOMEN'S ENTREPRENEURSHIP IN LILONGWE: A STUDY OF BUSINESS WOMEN IN LIKUNI

***Happiness Salema, Josophine Chinoko (Lecture)**

[1]Bachelor of Business Administration,

Department of Business Administration, School of Business Administration.

[2]DMI St. John the Baptist University, Lilongwe Campus.

Article Received: 30 June 2026, Article Revised: 20 July 2026, Published on: 07 August 2026

***Corresponding Author: Happiness Salema**

Bachelor of Business Administration, Department of Business Administration, School of Business Administration.

Doi: https://doi-doi.org/101555/ijarp.4634

ABSTRACT

This study analysed the effect of business environmental challenges—specifically access to finance, infrastructure deficits, and regulatory burdens—on the performance of women entrepreneurs in Likuni, a peri-urban area of Lilongwe, Malawi. The research was guided by four specific objectives: assessing the impacts of financial access, infrastructure quality, and regulatory procedures on business performance, and identifying interventions to enhance the local entrepreneurial ecosystem. A mixed-methods research design was adopted, combining a quantitative cross-sectional survey with qualitative key informant interviews. Utilizing simple random sampling based on Yamane's (1967) formula, a sample of 67 women entrepreneurs was drawn from a target population of 80. Data were collected via structured questionnaires and analysed using SPSS Version 26, employing descriptive statistics, Pearson correlation, and multiple linear regression; qualitative data were analysed thematically.

Findings revealed that 70% of respondents had never accessed formal credit, and access to finance emerged as the strongest positive predictor of business performance ($\beta = 0.638$, $p < 0.001$). Infrastructure deficits, notably the absence of electricity (75% of respondents) and high transport costs (67.2%), severely constrained daily operations and revenue potential. Regulatory burdens contributed to widespread informal operations (83.6%) and served as a significant negative predictor of performance ($\beta = -0.333$, $p = 0.037$). The findings support

Institutional Theory and Social Capital Theory, demonstrating that while formal institutions frequently fail women entrepreneurs, informal social networks function as vital yet limited coping mechanisms. Coordinated policy reforms in financial inclusion, infrastructure development, and regulatory simplification are strongly recommended.

KEYWORDS: Women's Entrepreneurship, Business Environment, Access to Finance, Infrastructure Deficits, Regulatory Burden, Likuni, Malawi.

INTRODUCTION

Women's entrepreneurship is widely recognized as a critical engine of economic growth, job creation, and household poverty reduction across developing economies. In Sub-Saharan Africa, women display some of the highest regional rates of entrepreneurial activity worldwide (African Development Bank, 2021). In Malawi, women-led micro and small enterprises (MSEs) play an indispensable role in sustaining local economies, particularly in peri-urban areas like Likuni in Lilongwe, where trading, food vending, and small-scale services generate primary household incomes.

Despite their vital economic contribution, women entrepreneurs face systemic external constraints that limit business sustainability and expansion. The broader business environment—encompassing financial systems, public infrastructure, and regulatory structures—frequently imposes disproportionate burdens on women. Access to formal credit remains severely constrained due to collateral requirements, gendered asset disparities, and high interest rates (International Finance Corporation, 2019). Simultaneously, infrastructure deficits such as power outages and poor transport networks escalate operating costs, while complex licensing and taxation frameworks incentivize informal operations (UNDP, 2022).

While national-level studies exist, empirical micro-level evidence examining how these environmental forces interact and dictate enterprise performance within peri-urban settings remains sparse. This study addresses this critical gap by investigating the direct impact of business environmental challenges on women-owned enterprises in Likuni, Lilongwe.

Objectives

Main Objective

To analyse the effect of business environmental challenges on the performance of women entrepreneurs in Likuni, Lilongwe.

Specific Objectives

1. To examine the effect of access to finance on the performance of women entrepreneurs in Likuni, Lilongwe.
2. To assess how infrastructure challenges (electricity, transport, and market facilities) influence the performance of women-owned businesses in Likuni.
3. To analyse the impact of regulatory procedures (licensing, taxation, and informal fees) on the performance of women entrepreneurs in Likuni.
4. To identify strategies and interventions to improve the business environment and enhance the performance of women's entrepreneurship in Likuni.

Literature Review

Access to Finance

Formal financial inclusion remains a substantial obstacle for women micro-entrepreneurs in Sub-Saharan Africa. Ebiyamu and Kaudza-Masina (2023) demonstrated through Malawi's Fifth Integrated Household Survey that female borrowers receive loan amounts averaging 22% lower than male borrowers due to collateral deficits and lower formal financial literacy. Nguimkeu (2025) highlighted that formal banks routinely exclude informal, women-dominated micro-enterprises due to a lack of documented credit histories. Micro-level studies in Lilongwe confirm that start-ups face exorbitant interest rates and institutional bias (Batizani & Nayeja, 2024), forcing reliance on Village Savings and Loans Associations (VSLAs) (FinScope, 2023).

Infrastructure Deficits

Inadequate public utilities severely compress enterprise profitability. The Malawi Confederation of Chambers of Commerce and Industry (MCCCI, 2022) reported that over 70% of Malawian businesses cite unreliable electricity and road networks as major operational bottlenecks. Ndala (2024) observed that power outages disproportionately harm women operating in perishable sectors (e.g., catering and food preparation) by spoiling inventory and restricting operating hours. Furthermore, Chirwa and Chilonda (2021) quantified that female entrepreneurs spend 20% to 30% more time and capital on transport relative to male peers due to poor road connectivity and reliance on public transit.

Regulatory Burdens and Informality

Cumbersome registration processes and high licensing fees suppress business formalization (Nguimkeu, 2025). High administrative overhead and informal fees charged by municipal authorities push micro-entrepreneurs into informal operations (MCCCI, 2022). Although operating informally offers short-term relief from compliance costs, it creates a "poverty trap" where unregistered firms cannot access bank financing, commercial tenders, or legal protections.

Theoretical Framework

Institutional Theory (North, 1990): Posits that economic performance is shaped by formal rules (laws, banking policies) and informal norms (gender roles). Unfavorable formal institutional frameworks impose excessive transaction costs, driving small businesses into informality.

Social Capital Theory (Bourdieu, 1986; Coleman, 1988): Explains how social ties, trust, and community groups (e.g., VSLAs) serve as essential social capital. Women leverage social capital to mitigate formal credit exclusion, though social capital alone cannot substitute for physical infrastructure or large-scale growth capital.

Research Methodology

Research Design and Setting

The study employed a mixed-methods, cross-sectional descriptive and explanatory research design. Quantitative survey data provided statistical measurement of variables, while qualitative Key Informant Interviews (KIIs) provided contextual depth. The research was conducted in Likuni, a busy peri-urban trading centre in Lilongwe, Malawi.

Target Population, Sampling, and Sample Size

Target Population: N = 80 active women entrepreneurs operating within Likuni Trading Centre.

Sampling Technique: Simple random sampling using a lottery method to eliminate selection bias.

Sample Size Determination: Calculated using the Yamane (1967) formula with a 5% margin of error (e = 0.05):

$$n = \frac{N}{1+N(e)^2} = \frac{80}{1+80(0.05)^2} =\approx 67$$

Data Collection and Analysis

Data were gathered using structured primary questionnaires and qualitative interview guides. Questionnaires were pilot-tested (n = 7) to ensure construct reliability (Cronbach's alpha ≥

0.70). Quantitative data were processed using SPSS Version 26. Statistical tools included frequencies, percentages, Pearson correlation, and Multiple Linear Regression modeling:

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e}$$

Where Y = Business Performance, X_1 = Access to Finance, X_2 = Infrastructure Quality, and X_2 = Regulatory Environment.

Data Analysis and Interpretation

Demographic Profile of Respondents (n = 67**)**

Age Distribution: 26–35 years (42%), 36–45 years (25%), 18–25 years (15%), 46–55 years (12%), $55+$ years (6%).

Marital Status: Married (65.7%), Single (22.4%), Widowed (7.5%), Divorced (4.5%).

Education Level: Primary (37.3%), Secondary (31.3%), Tertiary (26.9%), None (4.5%).

Business Type: Retail (74.6%), Services (19.4%), Manufacturing/Processing (6.0%).

Operating Location: Market Stall (62.7%), Mobile Vending (16.4%), Roadside (10.4%), Home-based (7.5%), Other (3.0%).

Descriptive Analysis by Research Objective

Objective 1: Access to Finance

Loan Application Status: Only 30% (n = 20) had ever applied for a formal bank loan. 50% (n = 34) had never applied, and 20% (n = 13) declined to answer, reflecting an effective formal financial exclusion rate of 70%.

Primary Financial Constraints: Lack of financial information (13.4%), stringent collateral demands (4.5%), excessive interest rates (4.5%), and perceived lender discrimination (3.0%).

Objective 2: Infrastructure Deficits

Electricity Access: 75% of enterprises lacked an electrical connection at their premises. Among the 25% with access, 70% rated the supply as unreliable or only intermittently available.

Operational Impact: Infrastructure failure caused reduced operating hours (26.9%), customer loss (19.4%), and inflated operational overhead (16.4%).

Transport Barriers: High transport costs (67.2%) and poor road network conditions (56.7%) severely hindered stock procurement.

Regulatory Environment

Registration Status: 83.6% of businesses operated as unregistered informal entities; only 16.4% were formally registered.

Reasons for Informality: Exorbitant registration costs (33.9%), lack of procedural awareness (10.7%), administrative complexity (3.6%), and informal fee demands (3.6%).

Perception of Regulation: 58.2% stated government regulations directly erode profitability.

FINDINGS

Correlation Analysis

Pearson correlation coefficients (n = 62) revealed significant associations with Business Performance:

Variable	Business Performance	Access to Finance	Infrastructure	Regulatory Environment
Business Performance	1.000	—	—	—
Access to Finance	0.558	1.000	—	—
Infrastructure	0.322	0.245	1.000	—
Regulatory Burden	-0.398	-0.312	-0.287	1.000

$p < 0.05$, $p < 0.01$, $p < 0.001$

Regression Model Summary

Model Predictor	Unstandardized Coefficients (β)	Std. Error	t-value	p-value
(Constant)	2.092	0.114	18.35	< 0.001
Access to Finance (X_1)	0.638	0.153	4.17	< 0.001
Infrastructure Quality (X_2)	0.102	0.204	0.50	0.620
Regulatory Burden (X_3)	-0.333	0.156	-2.13	0.037

Model Statistics: $R^2 = 0.311$, Adjusted $R^2 = 0.260$, $F = 8.45$, $p < 0.001$, $n = 62$.

Key Analytical Takeaways

Access to Finance is the single strongest positive driver of enterprise success $\beta = 0.638$, $p < 0.001$). Expanding capital access directly boosts sales and growth.

Regulatory Burden exerts a statistically significant negative impact on business performance ($\beta = -0.333$, $p = 0.037$), confirming that high compliance costs and red tape suppress profitability.

Infrastructure Deficits present strong descriptive challenges (75% power deficit), though infrastructure was not statistically significant within the multi-variable regression model ($\beta = 0.102$, $p = 0.620$).

Qualitative Synthesis: Interviews highlighted a cycle of self-exclusion from banking, shortened business days due to darkness, regulatory fatalism, and domestic care burdens that further limit business hours for 65.7% of married entrepreneurs.

Recommendations

Recommendations for Policy Makers

Ministry of Trade: Establish decentralized, low-cost registration hubs and temporary fee waivers to transition peri-urban businesses into the formal sector.

Reserve Bank of Malawi & Financial Institutions: Mandate alternative credit-scoring mechanisms, collateral-free credit lines, and group guarantee frameworks tailored for women.

Ministry of Energy & Local Councils: Deploy off-grid solar micro-grids across Likuni Trading Centre to power market stalls.

Recommendations for Development Partners & NGOs

Expand financial literacy, record-keeping, and business management training delivered directly through existing VSLAs.

Link mature informal credit groups directly to formal microfinance institutions (MFIs) for tier-two expansion capital.

Recommendations for Women Entrepreneurs

Engage in financial literacy training to build formal documentation and creditworthiness.

Form consolidated business associations to pool transport costs, bulk-purchase goods, and gain collective bargaining power.

CONCLUSION

This study demonstrates that business environmental challenges—specifically limited financial access, high regulatory burdens, and infrastructure deficits—exert a profound influence on women's entrepreneurship in Likuni, Lilongwe. Access to finance stands as the paramount determinant of business growth, while excessive regulatory hurdles actively push enterprises into informality and depress profit margins. Addressing these challenges requires integrated policy interventions that combine simplified registration, off-grid infrastructure solutions, and tailored financial products to build a more supportive business environment for women entrepreneurs in peri-urban Malawi.

REFERENCES

1. African Development Bank. (2021). *African economic outlook 2021: From debt resolution to growth – The road ahead for Africa*. African Development Bank Group.
2. Batizani, T., & Nayeja, J. (2024). Systemic financial challenges for start-ups in Lilongwe, Malawi. *Malawi Journal of Business and Economics*, 8(2), 45–63.
3. Bourdieu, P. (1986). The forms of capital. In J. Richardson (Ed.), *Handbook of theory and research for the sociology of education* (pp. 241–258). Greenwood Press.
4. Chirwa, E. W. (2008). Effects of gender on the performance of micro and small enterprises in Malawi. *Development Southern Africa*, 25(3), 347–362.
5. Chirwa, E. W., & Chilonda, P. (2021). Infrastructure and market access constraints in Malawi's agribusiness sector. *Journal of Development Perspectives*, 15(2), 67–84.
6. Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology*, 94, S95–S120.
7. Ebiyamu, E. N., & Kaudza-Masina, G. (2023). Effect of gender on access to loans in Malawi. *Asian Journal of Economics, Business and Accounting*, 23(9), 1–11.
8. Field, A. (2018). *Discovering statistics using IBM SPSS Statistics* (5th ed.). Sage Publications.
9. FinScope Malawi. (2023). *Consumer survey report*. National Statistical Office of Malawi.
10. Global Entrepreneurship Monitor. (2022). *Women's entrepreneurship report*. GEM Consortium.
11. International Finance Corporation. (2019). *MSME finance gap: Assessment of Malawi*. International Finance Corporation.
12. International Labour Organization. (2011). *Women in business and management: Gaining momentum*. ILO Publications.
13. Kothari, C. R. (2004). *Research methodology: Methods and techniques* (2nd ed.). New Age International Publishers.

14. Malawi Confederation of Chambers of Commerce and Industry. (2022). *Business climate survey report*. MCCCI.
15. Ndala, R. (2024). Infrastructure deficits and women entrepreneurs in Malawi. *African Journal of Infrastructure Development*, 9(2), 34–49.
16. Neba, S., & Michael, T. (2024). Access to finance and women entrepreneurs in Sub-Saharan Africa. *Journal of Finance and Development*, 18(3), 201–219.
17. Nguimkeu, P. (2025). *Entrepreneurship in Africa: Laying the groundwork for success*. Brookings Institution.
18. North, D. C. (1990). *Institutions, institutional change, and economic performance*. Cambridge University Press.
19. Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson.
20. Schumpeter, J. A. (1934). *The theory of economic development*. Harvard University Press.
21. United Nations Development Programme. (2022). *Malawi human development report*. UNDP.
22. World Bank. (2020). *Women, business and the law 2020*. World Bank Publications.
23. Yamane, T. (1967). *Statistics: An introductory analysis* (2nd ed.). Harper and Row.