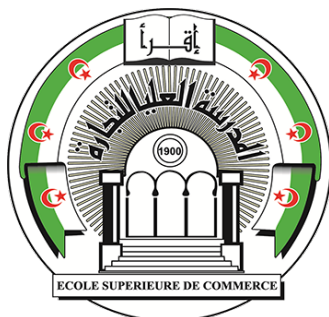


Democratic and Popular Republic of Algeria
Ministry of Higher Education and Scientific Research
Ecole Supérieure de Commerce – Kolea



Theme:

Patterns of financing the micro-businesses

**A study on the Artisan Entrepreneur's perceptions towards the
different financing sources**

Thesis presented and publicly defended by:

Mrs. Manal Merabti

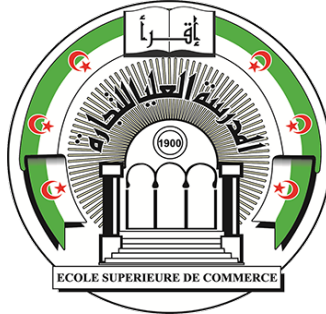
A Thesis Submitted in Partial Fulfillment of the Requirements for Phd's Degree
in Commercial and Financial Sciences

Jury members:

FULL NAME	RANK	UNIVERSITY	ROLE
Mr. BAROUDI Mohamed.	Professor.	ESC.	President
Mme.LAOUDJ Ouardia.	Professor.	EHEC.	Supervisor and Reporter
Mr. HAMMOUTENE Ali.	Professor.	ESC.	Examiner
Mme. RABIA Lamia	Professor.	ESGEN.	Examiner
Mme.ABDELLAOUI Ibtissam.	MCA.	EHEC.	Examiner
Mme.TOURI Rosa.	MCA.	ESC.	Examiner

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Abstract

This thesis investigates the perceptions of artisan entrepreneurs in Algeria regarding various financing patterns and their influence on funding choices. Utilizing the Theory of Planned Behavior (TPB), the research analyzes how attitudes, subjective norms, and perceived behavioral control affect financial decisions, addressing a critical gap in understanding the financial landscape for artisan entrepreneurs.

The empirical analysis employed multi-response logistic regression to test the hypotheses. Findings indicate that attitudes towards formal financial institutions, particularly banks, are generally negative due to mistrust and perceived barriers. In contrast, subjective norms—reflecting peer and social network influences—positively affect openness to diverse funding methods. Perceived behavioral control exhibited a complex relationship, with some entrepreneurs overcoming challenges through informal networks.

A significant conclusion is the predominance of informal financing, such as personal savings and loans from family and friends, which often limits growth potential. The study emphasizes the need for policy interventions, including tailored financial products, financial literacy programs, and simplified access to government-backed loans.

This research contributes to the literature on micro-entrepreneurship by providing actionable insights for improving access to financial resources, thereby enhancing the sustainability and growth of artisan entrepreneurs.

Keywords: Artisan Entrepreneurs, Financing Patterns, Theory of Planned Behavior, Informal Financing, Algeria.

الملخص

تستكشف هذه الأطروحة تصورات رواد الأعمال الحرفيين في الجزائر حول أنماط التمويل المختلفة وتأثيرها على خيارات التمويل. باستخدام نظرية السلوك المخطط (TPB)، يحلل البحث كيفية تأثير المواقف، والمعايير الاجتماعية، والتحكم السلوكي المدرك على القرارات المالية، مع معالجة فجوة حاسمة في فهم المشهد المالي لرواد الأعمال الحرفيين.

استخدم التحليل التجريبي الانحدار اللوجستي متعدد الاستجابات لاختبار الفرضيات. تشير النتائج إلى أن المواقف تجاه المؤسسات المالية الرسمية، وخاصة البنوك، سلبية بشكل عام بسبب انعدام الثقة والحواجز المدركة. على النقيض، تؤثر المعايير الاجتماعية—التي تعكس تأثير الأقران والشبكات الاجتماعية—إيجابياً على الانفتاح على أساليب تمويل متنوعة. أظهر التحكم السلوكي المدرك علاقة أكثر تعقيداً، حيث تمكن بعض رواد الأعمال من تجاوز التحديات عبر الشبكات غير الرسمية.

تُظهر النتيجة الرئيسية هيمنة التمويل غير الرسمي، مثل المدخرات الشخصية والقروض من العائلة والأصدقاء، مما يحد من إمكانات النمو. تؤكد الدراسة على الحاجة إلى تدخلات سياسية، بما في ذلك منتجات مالية مخصصة، وبرامج تعليم مالي، وتبسيط الوصول إلى القروض المدعومة من الحكومة.

تساهم هذه الدراسة في الأدبيات المتعلقة بريادة الأعمال الصغيرة من خلال توفير رؤى قابلة للتطبيق لتحسين الوصول إلى الموارد المالية، مما يعزز استدامة ونمو رواد الأعمال الحرفيين.

الكلمات المفتاحية: رواد الأعمال الحرفيين، أنماط التمويل، نظرية السلوك المخطط، التمويل غير الرسمي، الجزائر.

Dedication

To my wonderful parents, whose love and support have shaped my path; to my sisters and brother, who have always believed in me; and to my two beautiful kids, Safwa and Zakaria, who inspire me every day to reach for my dreams. This journey is for you all, with all my love.

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As I reflect on my PhD journey, I am filled with gratitude for all those who have walked alongside me during this challenging yet rewarding experience. First and foremost, I want to express my deepest appreciation to my supervisor, Prof. Laoudj Ouardia. Your invaluable guidance and unwavering support have been a beacon for me. Your insightful feedback and encouragement have not only shaped my research but have also inspired me to grow academically and personally.

I also extend my heartfelt thanks to my jury members for their thoughtful critiques and diverse perspectives. Your input has been crucial in refining my work, and I am grateful for the time and effort you dedicated to my study.

To my colleagues at the Higher School of Commerce, thank you for being such a supportive and collaborative community. Your camaraderie has made this journey much more enjoyable and fulfilling.

I cannot forget to mention my family, who have been my anchor throughout this process. To my children, Safwa and Zakaria, your joy and laughter have brought light to my most demanding days. To my siblings, your understanding and patience during this hectic period have meant the world to me.

Finally, I would like to acknowledge the institutions and resources that facilitated my research, as well as my friends who provided emotional support and celebrated both my successes and challenges. Each of you has played a significant role in my journey, and I am truly grateful.

Thank you all for being such an important part of this chapter in my life

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General Introduction

Micro-entrepreneurship has gained significant attention in the global economic landscape, particularly in developing economies, where it plays a critical role in poverty alleviation, employment generation, and fostering innovation. Within this broad spectrum, artisan entrepreneurship emerges as a unique and vital subset. Artisan entrepreneurs, characterized by their blend of traditional craftsmanship and entrepreneurial spirit, contribute not only to economic development but also to the preservation of cultural heritage. Despite their significance, one of the most persistent challenges facing artisan entrepreneurs is access to finance—a challenge that can limit their ability to scale and sustain their businesses. This thesis seeks to investigate the perceptions of artisan entrepreneurs toward different financing methods and examine how these perceptions influence their choice of financing patterns.

Financing micro-businesses has long been a central issue in both policy discussions and academic research. While large enterprises often have access to diverse financial sources, micro-enterprises, particularly artisan businesses, frequently operate under financial constraints. Traditional financial systems often fail to accommodate the specific needs of micro-entrepreneurs, leaving them to rely on a combination of internal resources, informal networks, and limited external support. Understanding how these entrepreneurs perceive and approach various financing options is crucial to addressing the structural barriers they face in accessing adequate financial resources.

The core objective of this study is to answer the following research question: To what extent do artisan entrepreneurs' perceptions impact their choice of efficient financing methods? This central question is critical for understanding the decision-making processes of artisan entrepreneurs in relation to the financial tools available to them. It opens the discussion on how personal perceptions, social influences, and perceived control over financial resources shape their choices, thus impacting the sustainability and growth potential of their businesses.

To explore this primary question, the study is framed around three sub-questions:

1. How do attitudes influence artisan entrepreneurs' choice of one financing pattern over another?
2. How do subjective norms affect their decision-making process when selecting financing methods?
3. How does perceived behavioral control influence their ability to choose and secure financing for their ventures?

These questions are examined within the theoretical framework of the Theory of Planned Behavior (TPB), which posits that individual behavior is shaped by three key factors: attitudes, subjective norms, and perceived behavioral control. In the context of artisan entrepreneurship, these factors are particularly relevant in understanding how financial decisions are made. TPB suggests that attitudes toward financing options (e.g., personal preferences or biases), the influence of societal norms (e.g., what is considered acceptable or expected within their social circles), and perceived control over accessing financial resources all contribute to the entrepreneur's ultimate financing choice.

Building on the TPB framework, this study hypothesizes that:

1. Attitudes have a negative influence on artisan entrepreneurs' perceptions toward available financial patterns, suggesting that preconceived notions or biases may discourage them from considering certain financial options.
2. Subjective norms positively influence their perceptions, indicating that societal expectations or peer influences may encourage them to explore a broader range of financing methods.
3. Perceived behavioral control has a negative influence on their perceptions, suggesting that a lack of confidence or perceived barriers may limit their willingness or ability to access certain financial resources.

The empirical focus of this research is on artisan entrepreneurs in Algeria, where the artisan sector plays a pivotal role in the country's cultural and economic fabric. Algeria's artisan entrepreneurs, much like their counterparts globally, face a unique set of challenges, particularly in securing the necessary financing to sustain and grow their businesses. Through a detailed empirical study, this thesis explores how artisan entrepreneurs in Algeria perceive and navigate the available financing options, how they weigh internal versus external sources of funding, and what factors most significantly influence their financial decision-making.

The research methodology involves a combination of qualitative and quantitative approaches, allowing for a comprehensive analysis of artisan entrepreneurs' perceptions. Using structured interviews, surveys, and statistical methods, the study will test the hypotheses and provide insights into the relationship between perceptions and financing choices. This mixed-method approach ensures that the findings are not only grounded in empirical data but also reflective of the real-world complexities that artisan entrepreneurs face.

The findings of this study aim to contribute to both the academic literature on micro-entrepreneurship and the practical policy discussions surrounding the financing of micro-businesses. By focusing on the perceptions of artisan entrepreneurs, this research highlights the psychological and social dimensions that influence financial decision-making, which are often overlooked in traditional economic analyses. Moreover, the study offers policy recommendations that could help create a more supportive financial ecosystem for artisan entrepreneurs, both in Algeria and in similar contexts worldwide.

This thesis is structured as follows:

- **Chapter 1** provides an in-depth analysis of the theoretical foundations of micro-entrepreneurship, focusing on the characteristics, challenges, and importance of micro-businesses, particularly those in the artisan sector.
- **Chapter 2** delves into the various financing sources available to micro-businesses, categorizing them into internal and external sources and offering case studies to illustrate the challenges and opportunities these sources present.
- **Chapter 3** examines the Theory of Planned Behavior in the context of financing decisions, exploring how attitudes, subjective norms, and perceived behavioral control affect artisan entrepreneurs' choices.
- **Chapter 4** focuses on artisan micro-entrepreneurship in Algeria, analyzing the local legal framework, financing mechanisms, and the specific challenges Algerian artisans face.
- **Chapter 5** presents the empirical study, detailing the methodology, data collection, and analysis, followed by a discussion of the results in relation to the hypotheses.

This thesis seeks to advance the understanding of how artisan entrepreneurs perceive and navigate the financing landscape, offering valuable insights for both scholars and policymakers. By identifying the factors that most significantly influence financing decisions, this study aims to provide a foundation for future research and policy development that can better support the financial needs of micro and artisan businesses.

Chapter. I. Micro entrepreneurship business

Preface

In the dynamic and ever-changing global economic landscape, micro entrepreneurship has emerged as a resilient and potent sector, demonstrating significant potential for growth. Characterized by its small scale and diverse range of businesses, this sector has become a crucial contributor to socio-economic development worldwide. Micro businesses, with their ability to stimulate economic growth and generate employment opportunities, have proven to be a dynamic force in fostering entrepreneurship and innovation.

This first chapter embarks on an in-depth exploration of the intriguing world of micro entrepreneurship, with a specific emphasis on micro enterprises and artisan entrepreneurship. The aim is to provide a comprehensive understanding of these entities, elucidate their role within our economies and societies, and delve into the challenges they encounter.

The first section offers a thorough examination of micro enterprises. It discusses their definitions, types, and characteristics, and delves into the multifaceted importance they hold in the globalized marketplace. Furthermore, it explores the enhanced challenges and obstacles encountered in micro business development and presents a refined framework for understanding the stages of micro enterprise development.

The second section shifts the focus to artisan entrepreneurship, a unique blend of artistic passion and business acumen that is transforming the landscape of micro enterprises. This section explores the definitions and historical background of artisan entrepreneurs, the various types of artisan entrepreneurs, and the driving factors behind artisan entrepreneurship.

Through this exploration, we aim to gain a deeper appreciation for the artistry, dedication, and innovation that define artisan entrepreneurs and the vital role they play in preserving cultural heritage and shaping the future of commerce. This chapter serves as a foundation for understanding the potential inherent in micro businesses and the serious measures undertaken by numerous countries and organizations to support and promote these entities. This exploration will provide valuable insights into the vibrant world of micro entrepreneurship and its significant impact on socio-economic development.

I.1. Section one: Microenterprise

In the contemporary global economic milieu, micro businesses have garnered substantial recognition¹. These entities, characterized by their small scale, have been identified as pivotal contributors to a plethora of socio-economic objectives². These objectives encompass facets such as the stimulation of economic growth, the generation of employment opportunities, and the fostering of entrepreneurship^{3,4}. The entrepreneurial spirit, embodied by these micro businesses, is often characterized by its effectiveness, efficiency, flexibility, and propensity for innovation.

Micro businesses also serve as a conduit for income generation, skill acquisition, work experience, and employment⁵. This is particularly pertinent for economically disadvantaged populations, where micro businesses provide a viable pathway for economic upliftment, thereby impacting millions of individuals worldwide⁶.

In light of the potential inherent in micro businesses, numerous countries and organizations have undertaken serious measures to support and promote these entities. These initiatives aim to harness the power of micro businesses to achieve broader economic and social objectives.

The following sections will undertake a comprehensive examination of micro businesses. The objective is to provide an in-depth understanding of these entities, elucidate their role within our economies and societies, and explore the challenges they face. This is why the study of micro enterprises will be discussed in the following subsections.

I.1.1. Definition and types of microenterprises

I.1.1.1. Definition

The concept of micro enterprises has its roots in the late 1970s when Muhammad Yunus established the Grameen Bank in Bangladesh. This initiative, aimed at providing financial

¹ Pofeldt, E. (2022, pp. 9). *Tiny business, big money: Strategies for creating a high-revenue microbusiness*. National Geographic Books.

² Gherhes, C., Williams, N., Vorley, T. and Vasconcelos, A.C. (2016), "Distinguishing micro-businesses from SMEs: a systematic review of growth constraints", *Journal of Small Business and Enterprise Development*, Vol. 23 No. 4, pp. 939-963. <https://doi.org/10.1108/JSBED-05-2016-0075>

³ Armendariz, B., & Morduch, J. (2010, pp. 12). *The Economics of Microfinance*, second edition. MIT Press.

⁴ Rhyne, E. (2001, pp. 15). *Mainstreaming microfinance: How lending to the poor began, grew, and came of age in bolivia*.

⁵ Pofeldt (2022, pp.14).

⁶ Gherhes et al. (2016).

resources to the impoverished, marked the genesis of the idea of micro enterprises. Since then, numerous researchers have endeavored to provide a precise definition for micro enterprises, also known as micro-businesses. However, these definitions vary significantly across different countries, reflecting the diverse stages of development, policy objectives, and administrative structures. As a result, the term “micro-business” has been associated with various other terminologies such as ‘the informal sector’, ‘small-scale enterprise’, and ‘micro-finance’.

The definition of a micro-business can be contingent upon several factors. It may be based on the sector in which the firm operates or on parameters such as the number of employees, annual sales, and total assets. For instance:

- The European Commission defines micro firms as entities with fewer than 10 employees and an annual turnover or a balance sheet total of no more than EUR 2m^{7,8}. This definition is part of the EU’s efforts to provide a clear framework for identifying whether a company is a micro, small, or medium-sized enterprise (SME), which in turn determines its eligibility for EU and national financial and support programs.
- The World Bank characterizes micro-enterprises as those with 10 or fewer employees, total annual sales not exceeding US\$100,000, and total assets capped at US\$100,000^{9,10}. This definition is part of the World Bank’s broader efforts to support small businesses, which are seen as drivers of economic growth and contributors to job creation and global economic development.
- In a broader context, microenterprises defy a singular definition. They encompass a wide array of types and sizes¹¹, ranging from street vendors and carpenters to machine shop operators, seamstresses, and peasant farmers¹². These businesses serve a vital purpose in improving the quality of life for people in developing countries, and generally provide a product or service in their communities.

⁷ *User guide to the SME definition*. (2020, September 3). Publications Office of the EU. https://op.europa.eu/publication/manifestation_identifier/PUB_ET0117660ENC

⁸ Micro-, small- and medium-sized enterprises: Definition and scope. (n.d.). Retrieved February 20, 2024, from <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=LEGISSUM%3An26026&isLegisum=true>

⁹ International Finance Corporation. (2014). EXPERIENCES OF MICROFINANCE INSTITUTIONS SERVING VERY SMALL TO SMALL ENTERPRISES IN LATIN AMERICA: Based on Case Studies in LAC. P: 3. <https://documents1.worldbank.org/curated/en/899171468222870425/pdf/949180WP0Box3800in0LAC0Final0La test.pdf>

¹⁰ *World Bank SME finance*. (2019). World Bank. Retrieved February 20, 2024, from <https://www.worldbank.org/en/topic/sme/finance>.

¹¹ *What is a Microenterprise?* (n.d.). February 20, 2024, from <https://www.gdrc.org/icm/micro/what-is.html>

¹² The Investopedia Team. (2007, July 10). Microenterprise: Definition, types, example. *Investopedia*. February 20, 2024 from <https://www.investopedia.com/terms/m/microenterprise.asp>.

These definitions highlight the diversity of micro-businesses and the important role they play in various economies. They also underscore the need for tailored support and policies that can help these businesses thrive.

The most common variables employed in the definitions across various economies include the number of employees, assets, turnover, capital, and investment. A majority of these countries utilize the number of employees in their definitions, while others rely on parameters such as assets, turnover, capital, and investment.

It is important to note that micro enterprises play a crucial role in the economic fabric of many countries. They are often seen as a catalyst for local economic development, fostering innovation and competitiveness in various sectors¹³.

Micro enterprises are typically characterized by their agility and adaptability, which allows them to respond quickly to changes in the market environment. This flexibility often gives them a competitive edge over larger, more bureaucratic organizations¹⁴.

However, despite their potential, micro enterprises face a number of challenges. These include limited access to finance, lack of managerial skills, and regulatory constraints. These challenges can hinder their growth and development, and addressing them is a key policy concern^{15,16}.

In terms of their contribution to the economy, micro enterprises are significant job creators. They provide employment opportunities for a wide range of individuals, including those who may be excluded from the formal labor market. Moreover, by promoting entrepreneurship, they contribute to the diversification of economic activities and the creation of a dynamic private sector.

¹³ Endris, E., & Kassegn, A. (2022). The role of micro, small and medium enterprises (MSMEs) to the sustainable development of sub-Saharan Africa and its challenges: A systematic review of evidence from Ethiopia. *Journal of Innovation and Entrepreneurship*, 11(1). <https://doi.org/10.1186/s13731-022-00221-8>

¹⁴ Meressa, H. A. (2020). Growth of micro and small scale enterprises and its driving factors: Empirical evidence from entrepreneurs in emerging region of Ethiopia. *Journal of Innovation and Entrepreneurship*, 9(1). <https://doi.org/10.1186/s13731-020-00121-9>

¹⁵ Endris & Kassegn., (2022).

¹⁶ Meressa (2020).

In the context of developing countries, micro enterprises are often seen as a means of poverty alleviation. By providing income-generating opportunities for the poor, they can contribute to reducing poverty and promoting social inclusion¹⁷.

Establishing a clear definition for micro businesses is crucial for several reasons. It allows for the categorization of these entities for the purpose of support programs. Moreover, it facilitates the creation of informational and statistical databases that encompass this category¹⁸, thereby enabling the identification of financial needs and problems, and the formulation of corresponding solutions. This comprehensive understanding of micro businesses forms the foundation for further exploration and analysis in the subsequent sections of this study.

In conclusion, while the definitions of micro enterprises may vary, there is a consensus on their importance in promoting economic growth, employment, and social inclusion. However, more research is needed to fully understand the dynamics of these enterprises and to devise effective policies to support their growth and development.

I.1.2. Types of Microenterprises and micro entrepreneurs

Microenterprises, along with the microentrepreneurs who establish and manage them, constitute a vibrant and multifaceted component of the global economy^{19,20}. Their presence is felt across a broad spectrum of sectors and industries, underscoring the diversity inherent in this segment of the business landscape²¹. This diversity is not merely a reflection of the wide array of products and services they offer, but also of the varied backgrounds, skills, and aspirations of the microentrepreneurs themselves²².

¹⁷ Awang, K.W., Aziz, Y.A., & Samdin, Z. (2015). THE GROWTH OF MICRO, SMALL AND MEDIUM-SIZED HOTEL ENTERPRISES: THE HOTELIERS' PERSPECTIVES.

¹⁸ Malaysia Tourism Promotion Board (MTPB) (2012) Annual Statistical Report, 1970-2004, Tourism Malaysia, <http://www.tourism.gov.my/corporate/research.asp?page=facts-figures>. Retrieved 4 September 2012.

¹⁹ International Labour Organization. (2022). World employment and social outlook: Trends 2022. pp.9. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_443480.pdf

²⁰ Simunaniemi, A.-M., Forsten-Astikainen, R., Hänninen, K. and Muhos, M. (2020), "A Micro-entrepreneur Network as a Community of Practice Boosting Entrepreneurial Activities", Caputo, A. and Pellegrini, M.M. (Ed.) The Entrepreneurial Behaviour: Unveiling the cognitive and emotional aspect of entrepreneurship (Entrepreneurial Behaviour Series), Emerald Publishing Limited, Leeds, pp. 297-310. <https://doi.org/10.1108/978-1-78973-507-920201020>

²¹ Munoz, J. M. S. (2010, pp. 52). Contemporary microenterprise: Concepts and cases. Edward Elgar Publishing.

²² Angeles, I. T., Calara, Ma. S. P., & de Guzman, A. B. (2019). The mediating effect of microfinancing on access to finance and growth of microenterprises: Evidence from the Philippines. Journal of Global Entrepreneurship Research, 9(1). <https://doi.org/10.1186/s40497-019-0150-x>

These microenterprises play a pivotal role in stimulating economic activity at the grassroots level. They are significant generators of employment, often providing livelihood opportunities in regions where traditional industries may be absent or in decline²³. Moreover, they contribute to income generation, not just for the entrepreneurs and their employees, but also for the wider community through the circulation of earnings within the local economy²⁴.

Furthermore, microenterprises have a substantial impact on local economic development. By establishing businesses, microentrepreneurs invest in their communities, fostering economic resilience and contributing to the creation of a vibrant, sustainable local economy²⁵. Their activities can stimulate further economic activity, creating a virtuous cycle of investment, growth, and development²⁶.

The operations of microenterprises span a wide range of sectors and industries, from retail and services to manufacturing and agriculture. This breadth is a testament to the adaptability and resilience of microentrepreneurs²⁷. Faced with the challenges of operating a business on a small scale, they continually innovate, finding new ways to meet the needs and preferences of their customers and to overcome the obstacles they encounter²⁸.

In conclusion, microenterprises and microentrepreneurs, with their diversity, dynamism, and significant contributions to job creation, income generation, and local economic development, represent a vital and vibrant segment of the economy. Their adaptability, resilience, and continual innovation are key drivers of their success and are essential characteristics that enable them to meet the needs of their communities²⁹.

1.1.2.1. Diversity of Microenterprises

Microenterprises encompass a broad spectrum of activities, reflecting the diverse nature of this sector. They can be broadly categorized into three main types: Production, Trading, and

²³ International Labour Organization. (2016, pp. 27). World employment and social outlook. pp59. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_513739.pdf.

²⁴ Angeles et al. (2019).

²⁵ Munoz, (2010, pp. 32).

²⁶ International Labour Organization. (2022, p. 33).

²⁷ Munoz, (2010, pp. 35).

²⁸ Angeles et al. (2019).

²⁹ International Labour Organization. (2022, p. 36).

Services. However, some researchers propose additional categories to capture the full range of microenterprise activities.

- **Production:** These microenterprises are involved in the creation of goods. They may include small-scale manufacturing units, artisanal crafts, bakeries, and more.
- **Trading:** Trading microenterprises engage in the buying and selling of goods. They can range from small retail shops to street vendors.
- **Services:** Service-oriented microenterprises offer various services to individuals and other businesses. Examples include repair services, cleaning services, personal care services, and more.

In addition to these categories, there are many other types of micro-entrepreneurship. For instance, freelancers who offer their skills on a project basis, creative entrepreneurs who leverage their artistic talents to establish businesses, and digital entrepreneurs who operate online businesses.

Microenterprises can be found in almost any industry, from agriculture and manufacturing to retail and digital services. They also have the potential to tap into untapped markets, creating new opportunities for economic activity and employment.

The following table describe the main categories:

Table 1. Diversity of Microenterprises Categorized by Operational Sectors.

Main categories	Production	Trading	Services	Freelancers and contractors	Creative entrepreneurs
Examples	- Carpenters - Shoemakers - Small farmers - Bakery owners and caterers - seamstresses	- Street vendors	-Lawn and landscaping companies -Repair services (Plumbers, Independent mechanics and Machine shop operators) - House cleaners - Personal shopping services - Pet sitters - dry cleaners	- Graphic designers - Writers - Programmers -Photographers - Social media managers	- Artists - Jewelry makers - Clothing designers - Musicians - Furniture makers

Source: Author's efforts adapted from López-Ortega et al³⁰

1.1.2.2. Main Categories

The table serves as a valuable framework for visualizing this heterogeneity. It categorizes microenterprises based on their primary activity (production, trading, and services) and includes subcategories that provide further detail. For instance, the "production" category might encompass "artisanal producers" and "food processors," while the "services" category could include "artisanal service providers" and "independent professionals."

1. Microenterprises in Production : Microenterprises operating in the production sector are a vital part of the economic fabric, particularly in developing regions. These businesses are typically involved in the creation of tangible goods, often requiring specialized skills or

³⁰ López-Ortega, E., Canales-Sanchez, D., Bautista-Godínez, T., & Macías-Herrera, S. (2016). Classification of micro, small and medium enterprises (M-SME) based on their available levels of knowledge. *Technovation*, 47, 59–69. <https://doi.org/10.1016/j.technovation.2015.10.001>

knowledge. The range of activities in this sector is broad, encompassing everything from artisanal crafts to small-scale manufacturing³¹.

For instance, carpenters and shoemakers represent traditional craftspeople who produce custom, often handmade items. Their work requires a high degree of skill and craftsmanship, and their products are typically sold within local or regional markets³². Small farmers, on the other hand, are involved in the production of food and other agricultural products. Despite their small scale, these microenterprises play a crucial role in local food systems and can contribute significantly to food security within their communities.³³

Bakery owners and caterers represent another category of production-oriented microenterprises. These businesses are involved in the food service industry, providing baked goods or catering services to consumers. They often operate within local markets and can play a significant role in local economies³⁴.

These microenterprises contribute to local economies by providing goods that are often tailored to the specific needs and preferences of their communities. They also contribute to job creation and can serve as a stepping stone for individuals to improve their livelihoods³⁵.

Microenterprises in the production sector represent a diverse and dynamic component of the economy. Their activities, while varied, all contribute to local economic development and provide livelihood opportunities for individuals within their communities.

2. Microenterprises in Trading : Microenterprises in the trading sector form a significant part of the economic landscape, particularly in developing regions. These businesses are engaged in the buying and selling of goods, often operating within local markets³⁶.

Street vendors are a common form of trading microenterprises. They sell a variety of goods, from food items to clothing and accessories, often sourced from local producers or

³¹ Riccardo Gervasi, Luca Mastrogiacomo & Fiorenzo Franceschini. (2023). An experimental focus on learning effect and interaction quality in human–robot collaboration. *Production Engineering* 17:3-4, pages 355-380

³² Rupeika-Apoga, R. (2014). Access to finance: Baltic financial markets. *Procedia Economics and Finance*, 9, 181–192.

³³ Angeles et al. (2019).

³⁴ Ernst, E., Kampert, P., Tobin, S., Horne, R., Feist, L., & Sánchez Martínez, M. (2024, pp. 36). World employment and social outlook. ILO.. <http://dx.doi.org/10.54394/hqae1085>

³⁵ Ernst et al. (2024, pp. 36).

³⁶ Pedraza, J. M. (2021). The micro, small, and medium-sized enterprises and its role in the economic development of a country. *Business and Management Research*, 10(1), 33. <https://doi.org/10.5430/bmr.v10n1p33>

wholesalers³⁷. Street vending provides a source of livelihood for many individuals, particularly those who may have limited access to formal employment opportunities³⁸.

Trading microenterprises also include small retail shops that sell a range of products to local consumers. These might include grocery stores, hardware shops, or clothing boutiques. These businesses often serve as important nodes in local supply chains, connecting producers and consumers within a community³⁹.

These businesses play a crucial role in making goods accessible to local communities. They often provide products that are not readily available in larger retail stores, thereby meeting the specific needs of their local customers⁴⁰. In doing so, they contribute to the vibrancy and resilience of local economies.

In conclusion, trading microenterprises, with their diverse activities and significant contributions to local economies, represent a vital segment of the microenterprise landscape. Their operations, which are often closely intertwined with the communities they serve, highlight the important role of microenterprises in fostering local economic development and resilience.

- 3. Microenterprises in Services :** Microenterprises in the service sector form an integral part of the economy, offering a wide array of services to individuals and other businesses. These businesses are characterized by their provision of intangible products, such as time, expertise, or effort, rather than physical goods⁴¹. One category of service-oriented microenterprises includes lawn and landscaping companies^{42,43}. These businesses provide

³⁷ Bhowmik, S., (2005). Street Vendors in Asia: A Review. *Economic and Political Weekly*, 2256-2264.

³⁸ Bhowmik, (2005).

³⁹ Madichie, N.O. and Nkamnebe, A.D. (2010), "Micro-credit for microenterprises? A study of women "petty" traders in Eastern Nigeria", *Gender in Management*, Vol. 25 No. 4, pp. 301-319. <https://doi.org/10.1108/17542411011048173>

⁴⁰ Mead, D. C., & Liedholm, C. (1998). The dynamics of micro and small enterprises in developing countries. *World development*, 26(1), 61-74.

⁴¹ Patwardhan, A. (2018). Financial inclusion in the digital age. In *Handbook of Blockchain, Digital Finance, and Inclusion*, Volume 1 (pp. 57–89). Elsevier. <http://dx.doi.org/10.1016/b978-0-12-810441-5.00004-x>

⁴² Rihn, A. L., Torres, A., Barton, S. S., Behe, B. K., & Khachatryan, H. (2021). Marketing Strategies Used by U.S. Landscape Services Firms. *HortScience horts*, 56(6), 695-708. Retrieved Mar 18, 2024, from <https://doi.org/10.21273/HORTSCI15774-21>

⁴³ Anil, S. K., Florkowski, W. J., Epperson, J. E., & Landry, G. (2001). Factors influencing revenues of the landscape and lawn care companies. *Journal of Environmental Horticulture*, 19(3), 132–136. <https://doi.org/10.24266/0738-2898-19.3.132>

services that enhance the aesthetic appeal and functionality of outdoor spaces for both residential and commercial clients⁴⁴

Repair services, such as those offered by plumbers, independent mechanics, and machine shop operators, represent another category of service-oriented microenterprises⁴⁵. These businesses provide essential maintenance and repair services that keep our homes, vehicles, and machinery running smoothly⁴⁶.

House cleaners, personal shopping services, and pet sitters provide personalized services that cater to the specific needs of individual clients. These businesses often fill a critical gap in the market, providing services that help individuals manage their personal and household responsibilities⁴⁷. Dry cleaners represent another type of service-oriented microenterprise⁴⁸. They provide a specialized service that helps individuals and businesses maintain their professional appearance⁴⁹.

These businesses fill a critical gap in the market by providing specialized services that cater to specific needs within the community. According to the International Labour Organization (2024)⁵⁰, they contribute to the local economy by creating jobs, generating income, and meeting the diverse needs of their customers.

In deduction, service-oriented microenterprises, with their diverse offerings and significant contributions to local economies, represent a vital segment of the microenterprise landscape. Their operations, which are often closely intertwined with the communities they serve, highlight the important role of microenterprises in fostering local economic development and resilience.

4. Freelancers and Contractors : Freelancers and contractors constitute a distinct category within the realm of microentrepreneurs. These individuals are self-employed, offering their

⁴⁴ Munoz, (2010, pp. 66)

⁴⁵ Djeunang Mezafack, R. A., Di Mascolo, M., & Simeu-Abazi, Z. (2021). Systematic literature review of repair shops: Focus on sustainability. *International Journal of Production Research*, 60(23), 7093–7112. <https://doi.org/10.1080/00207543.2021.2002965>

⁴⁶ Vinck, D. (2019). Maintenance and repair work. *Engineering Studies*, 11(2), 153–167. <https://doi.org/10.1080/19378629.2019.1655566>

⁴⁷ Oguzor, U. C., Mbah, P. E., & China, M. A. H. (2020). Studies on the Production and Consumer Acceptability of Eco-Friendly Household Cleaning Products from Locally Available Materials. *Current Journal of Applied Science and Technology*, 39(31), 42–55. <https://doi.org/10.9734/cjast/2020/v39i3130988>

⁴⁸ Ceballos, D. M., Fellows, K. M., Evans, A. E., Janulewicz, P. A., Lee, E. G., & Whittaker, S. G. (2021). Perchloroethylene and dry cleaning: It's time to move the industry to safer alternatives. *Frontiers in Public Health*, 9. <https://doi.org/10.3389/fpubh.2021.638082>

⁴⁹ Igoche, F. O., Sani, G. S., Jerry, J. M., Mabadeje, J. A., & Umar, A. L. (2022). Outsourcing Cleaning Services as an Alternative to In-House Cleaning in an Organization: A Case Study of the Bank of Agriculture (BOA), Bauchi Plaza. *African Journal of Management and Business Research*, 6(1), 120–128. Retrieved from <https://publications.afropolitanjournals.com/index.php/ajmbr/article/view/222>

⁵⁰ Ernst et al. (2024, pp. 69).

specialized skills to various clients on a project-by-project basis⁵¹. This form of entrepreneurship is characterized by a high degree of flexibility and autonomy, with individuals often able to choose the projects they work on, set their own rates, and determine their own working hours⁵².

This category includes a wide range of professions. Graphic designers, for instance, may offer their creative skills to develop visual branding for businesses or design user interfaces for software applications⁵³. Writers may provide content for websites, marketing materials, or technical documentation, while programmers offer their expertise to develop software or build websites^{54,55}. Photographers might be hired to capture images for events or promotional materials, and social media managers could be engaged to manage a company's online presence and engage with its audience^{56,57}. Unlike traditional microenterprises, freelancers and contractors often work remotely, leveraging digital platforms to connect with clients and deliver their services^{58,59}. This mode of operation allows them to work with clients from all over the world, expanding their potential market beyond their immediate geographical location⁶⁰.

5. Creative Entrepreneurs : Creative entrepreneurs are individuals who leverage their artistic talents and creative abilities to establish businesses⁶¹. They often create unique,

⁵¹ Burke, A., Zawwar, I., & Hussels, S. (2019). Do freelance independent contractors promote entrepreneurship? *Small Business Economics*, 55(2), 415–427. <https://doi.org/10.1007/s11187-019-00242-w>

⁵² Baines, S., & Gelder, U. (2003). What is family friendly about the workplace in the home? The case of self-employed parents and their children. *New Technology, Work and Employment*, 18(3), 223–234. <https://doi.org/10.1111/1468-005x.00123>

⁵³ Knapp, M., Sawy, A., & Bögenhold, D. (2021). Independent Contractors, IPros, and Freelancers: New Puzzle Pieces in a Conceptual Jungle. *Journal of Global Entrepreneurship Research*.

⁵⁴ Ibid.

⁵⁵ Chalmers, D., MacKenzie, N. G., & Carter, S. (2021). Artificial Intelligence and Entrepreneurship: Implications for Venture Creation in the Fourth Industrial Revolution. *Entrepreneurship Theory and Practice*, 45(5), 1028–1053. <https://doi.org/10.1177/1042258720934581>

⁵⁶ Ford-Eickhoff, K., & Cress, A. (2021). Photography as business: The wild ride of a young entrepreneur in his new venture. *Entrepreneurship Education and Pedagogy*, 5(1), 150–163. <https://doi.org/10.1177/25151274211006893>

⁵⁷ Silaban, P. H., Chen, W.-K., & Silalahi, A. D. K. (2022, March 23). The use of social media by entrepreneurial and small firms: Systematic literature review. 2022 International Conference on Decision Aid Sciences and Applications (DASA). <http://dx.doi.org/10.1109/dasa54658.2022.9765244>

⁵⁸ Rathnayake, I., Wedawatta, G., & Tezel, A. (2022). Smart contracts in the construction industry: A systematic review. *Buildings*, 12(12), 2082. <https://doi.org/10.3390/buildings12122082>

⁵⁹ Baines, S., & Gelder, U. (2003).

⁶⁰ Acheamfour, V.K., Kissi, E., Adjei-Kumi, T. and Adinyira, E. (2020), "Review of empirical arguments on contractor pre-qualification criteria", *Journal of Engineering, Design and Technology*, Vol. 18 No. 1, pp. 70-83. <https://doi.org/10.1108/JEDT-03-2019-0067>

⁶¹ Schulte-Holthaus, S. (2018). Entrepreneurship in the Creative Industries. In: Innerhofer, E., Pechlaner, H., Borin, E. (eds) *Entrepreneurship in Culture and Creative Industries*. FGF Studies in Small Business and Entrepreneurship. Springer, Cham. https://doi.org/10.1007/978-3-319-65506-2_7

handmade products, contributing to the diversity and richness of the local cultural and creative landscape⁶².

Artists, as creative entrepreneurs, transform their artistic visions into marketable products or services⁶³. They often grapple with the tension between their creative integrity and the commercial demands of running a business^{64,65}.

Jewelry makers, another category of creative entrepreneurs, often combine their artistic skills with knowledge of materials and market trends to create pieces that are both aesthetically pleasing and commercially viable⁶⁶.

Clothing designers, on the other hand, operate at the intersection of art and commerce. They must balance their creative vision with the practicalities of garment construction, market trends, and consumer demand⁶⁷.

Musicians, too, can be seen as creative entrepreneurs. In addition to creating music, they often need to manage aspects such as recording, promotion, and performance scheduling⁶⁸. While they may engage in activities that could be construed as entrepreneurial, many

⁶² Peters, M. A., & Besley, T. (A. C.). (2008). Academic entrepreneurship and the creative economy. *Thesis Eleven*, 94(1), 88–105. <https://doi.org/10.1177/0725513608093278>

⁶³ Sarkar, S., & Karim, A. M. (2019). Fashion Designers as Entrepreneurs: Investigating the Perception and Challenges. *International Journal of Academic Research in Business and Social Sciences*, 9(12), 661–673.

⁶⁴ Haynes, J., & Marshall, L. (2017). Reluctant entrepreneurs: Musicians and entrepreneurship in the ‘new’ music industry. *The British Journal of Sociology*, 69(2), 459–482. <https://doi.org/10.1111/1468-4446.12286>

⁶⁵ Abreu, M., & Grinevich, V. (2014). Academic entrepreneurship in the creative arts. *Environment and Planning C: Government and Policy*, 32(3), 451–470. <https://doi.org/10.1068/c11144r>

⁶⁶ Brandão, A., Ramos, S., & Gadekar, M. (2021). Artist jewelry designer entrepreneurship: Does it only glitter or is it also gold? *Journal of Research in Marketing and Entrepreneurship*, 23(2), 251–267. <https://doi.org/10.1108/jrme-03-2020-0031>

⁶⁷ Aakko, M., & Niinimäki, K. (2018). Fashion designers as entrepreneurs: Challenges and advantages of micro-size companies. *Fashion Practice*, 10(3), 354–380. <https://doi.org/10.1080/17569370.2018.1507148>

⁶⁸ Haynes & Marshall, (2017).

musicians are reluctant to label themselves as entrepreneurs, reflecting an understanding of entrepreneurialism as driven by profit seeking⁶⁹.

Furniture makers, finally, combine craftsmanship with an understanding of functional design. As entrepreneurs, they must navigate the challenges of sourcing materials, production, marketing, and distribution^{70,71}.

Nevertheless, creative entrepreneurs, with their diverse activities and significant contributions to local economies and cultural landscapes, represent a vital segment of the entrepreneurial landscape. Their operations, which often involve a delicate balance between creative expression and commercial viability, highlight the unique challenges and rewards of entrepreneurship in the creative sector⁷².

It's important to acknowledge that the microenterprise landscape is dynamic and constantly evolving. The rise of the digital economy has opened new avenues for microentrepreneurs, with online platforms facilitating marketing, sales, and communication. Furthermore, growing consumer interest in locally made, sustainable, and artisanal products presents significant opportunities for this sector.

By recognizing the diversity of microenterprises and microentrepreneurs, policymakers and researchers can develop targeted support mechanisms that address their specific needs and challenges. This targeted approach is essential for ensuring the sustainability and flourishing of this distinctive and valuable sector of the economy, particularly for artisanal microentrepreneurs who contribute significantly to cultural preservation and local economic development.

⁶⁹ Pizzolitto, E. (2021). Are musicians entrepreneurs? A preliminary analysis. LIMEN - International Scientific-Business Conference - Leadership, Innovation, Management and Economics: Integrated Politics of Research. <http://dx.doi.org/10.31410/limen.2021.231>

⁷⁰ Roopsing, T., & Nokphromph, N. (2017). Factors affecting creative innovation for entrepreneur in the furniture industry business in Asia. *Asian Journal of Marketing*, 12(1), 12–20. <https://doi.org/10.3923/ajm.2018.12.20>

⁷¹ Ratnasingam, J., Ab Latib, H., Mariapan, M., Othman, K., Amir, M. A., & Choon Liat, L. (2021). Success factors of small and medium enterprises in the Malaysian furniture industry: Discerning the growth of entrepreneurs. *BioResources*, 16(3), 5586–5600. <https://doi.org/10.15376/biores.16.3.5586-5600>

⁷² Della Corte, V., & Del Gaudio, G. (2017). Entrepreneurial creativity: Sources, processes and implications. *International Journal of Business and Management*, 12(6), 33. <https://doi.org/10.5539/ijbm.v12n6p33>

I.2. Section Two : The Characteristics of Microenterprises

Microenterprises are intrinsically different in terms of their organisational characteristics and approach to business challenges and obstacles⁷³. Characterized by their unique attributes, serve as a powerful engine driving economic activity at the local and global level^{74,75}. These dynamic entities, often taking the form of single proprietorships or family businesses⁷⁶, play a vital role in fostering job creation, income generation, and economic inclusion⁷⁷. While some microenterprises operate informally, without formal registration or licensing, many economies recognize their significance and are actively working to integrate them into the formal sector. Despite their potential lack of fixed premises and established financial record-keeping practices, microenterprises contribute significantly to economic growth and diversification.

I.2.1. The Engine of Diversity and Dynamism

Microenterprises engage in a remarkably diverse range of entrepreneurial activities, encompassing service provision, manufacturing, and sales initiatives⁷⁸. This diversity fosters a vibrant and dynamic marketplace, catering to the specific needs of local communities⁷⁹. Their operational flexibility allows them to adapt quickly to changing market trends and consumer preferences, fostering innovation and responsiveness within the broader economy⁸⁰.

I.2.2. Organizational Structures and Job Creation

Microenterprises typically structure themselves in various forms, including sole proprietorships, partnerships, or family enterprises, and typically employ between five to ten people^{81,82}. This structure empowers micro-entrepreneurs, often working alongside their

⁷³ Kuusisto, O., Kääriäinen, J., Hänninen, K., & Saarela, M. (2021). Towards a micro-enterprise-focused digital maturity framework. *International Journal of Innovation in the Digital Economy (IJIDE)*, 12(1), 72-85. p. 2.

⁷⁴ Ekberg, S., & Hedell, J. (2011, pp. 6). Perceived Challenges of Growth in Micro Enterprises. P. 2-3.

<https://www.diva-portal.org/smash/get/diva2:420956/FULLTEXT01.pdf>.

⁷⁵ Varga, János. «Defining the Economic Role and Benefits of Micro, Small and Medium-sized Enterprises in the 21st Century with a Systematic Review of the Literature». *Acta Polytechnica Hungarica* , vol. 18, no 11, 2021.

⁷⁶ Munro, D. (2013, p. 9). A guide to SME financing. Springer.

⁷⁷ Jorge, Morales Pedraza. «The Micro, Small, and Medium-Sized Enterprises and Its Role in the Economic Development of a Country». *Business and Management Research*, vol. Vol. 10, No. 1; 2021, p. 2, URL: <https://doi.org/10.5430/bmr.v10n1p33>.

⁷⁸ Welsh, D.H.B., Munoz, J.M., Deng, S., & Raven, P.V. (2013). Microenterprise performance and microenterprise zones (MEZO) in China. *Management Decision*, 51(1), 1-29.

⁷⁹ Ellis, F. (2000), *Rural Livelihoods and Diversity in Developing Countries*, Oxford University Press, Oxford, .

⁸⁰ Welsh et al. (2013)

⁸¹ Welsh et al. (2013)

⁸² Rajagopal, A. (2021). Understanding Micro and Small Enterprises. In: *Epistemological Attributions to Entrepreneurial Firms*. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-64635-6_1

families, to make independent decisions and shape the direction of their ventures⁸³. Their focus on local markets and close relationships with customers contribute to a strong sense of community engagement⁸⁴. The relatively low barrier to entry for microenterprises fosters job creation and income generation, particularly in underserved communities⁸⁵. Studies by Sharma et al⁸⁶ highlight the potential of microenterprises in empowering rural women entrepreneurs, contributing to economic development and social inclusion^{87,88}.

I.2.3. Challenges and the Power of Adaptation

Despite their undeniable contributions, microenterprises face several challenges⁸⁹. The lack of formal registration and financial transparency can hinder their access to credit and essential resources^{90,91}. Additionally, limited management expertise and a nascent digital presence can restrict their growth potential⁹². However, microenterprises are renowned for their agility and adaptability⁹³. They can leverage their size and flexibility to navigate challenges, seize emerging opportunities, and operate on a seasonal basis when necessary⁹⁴. This resilience allows them to thrive in dynamic environments, as highlighted by Ekberg & Hedell (2011) in their study on perceived challenges of growth in micro-enterprises.

⁸³ Rajagopal et al. (2021)

⁸⁴ Achkar, S. E. (2023, June 23). Micro and small enterprises: Engines of job creation - ILOSTAT. ILO Department of Statistics. <https://ilostat.ilo.org/micro-and-small-enterprises-engines-of-job-creation/>.

⁸⁵ Hassan, T., & Ahmad, B. (2016). The role of micro enterprises in employment and income generation: A case study of Timergara City dir (L) pakistan. *International Journal of Economics & Management Sciences*, 05(02). <https://doi.org/10.4172/2162-6359.1000318>.

⁸⁶ Sharma, A., Dua, S., & Hatwal, V. (2012). Micro enterprise development and rural women entrepreneurship: way for economic empowerment. *Arth Prabhand: A Journal of Economics and Management*, 1(6), 114-127.

⁸⁷ Fiamohe, R., Dedehouanou, S.F.A. & Araar, A. What microfinance schemes for women-owned microenterprises' productivity in rural Benin?. *Small Bus Econ* 62, 1075–1097 (2024). <https://doi.org/10.1007/s11187-023-00796-w>

⁸⁸ Brau, J. C., & Woller, G. M. (2004). Microfinance: A comprehensive review of the existing literature. *The Journal of Entrepreneurial Finance*, 9(1), 1–28. <https://doi.org/10.57229/2373-1761.1074>

⁸⁹ Quingco, J. G., & Leonoras, C. S. (2020). The economic impact, contribution, and challenges of micro business enterprises to the local development. *Philippine Social Science Journal*, 2(2), 107–122. <https://doi.org/10.52006/main.v2i2.84>

⁹⁰ Orser, B. J., Hogarth-Scott, S. and Riding, A. L. (2000), „Performance, firm size, and management problem solving“. *Journal of Small Business Management* 38(4), 42–58.

⁹¹ Ekberg, S., & Hedell, J. (2011, p. 58). Perceived Challenges of Growth in Micro Enterprises. *Jönköping International Business School, Jönköping University*, Master Thesis.

⁹² Weinzimmer, L. G. (1997), „Top management team correlates of organizational growth in a small business context: A comparative study“. *Journal of Small Business Management* 35(3), 1–9.

⁹³ Kuusisto, O., Kääriäinen, J., Hänninen, K., & Saarela, M. (2021). Towards a micro-enterprise-focused digital maturity framework. *International Journal of Innovation in the Digital Economy*, 12(1), 72–85. <https://doi.org/10.4018/ijide.2021010105>

⁹⁴ Kuusisto et al. (2021)

1.2.3.1. The Digital Transformation and a Brighter Future

The digital revolution presents both challenges and opportunities for microenterprises. While some might struggle to embrace new technologies due to resource constraints, others are harnessing the power of online platforms and digital marketing strategies to reach wider audiences and expand their customer base^{95,96}. Research by Piranda et al⁹⁷ explores the potential of online marketing tools like Facebook Marketplace in empowering microenterprises⁹⁸. Financial literacy programs and access to digital tools can further empower micro-entrepreneurs to navigate the complexities of financial management and enhance their overall business acumen^{99,100}. Studies by Ardila et al¹⁰¹ on factors influencing financial literacy among microenterprises highlight the importance of such initiatives¹⁰².

1.2.3.2. Microenterprises and the Informal Economy

Microenterprises, often operating within the informal economy, are a significant part of many economies, especially in developing countries¹⁰³. The informal economy, characterized by its unregulated and unregistered nature, provides a conducive environment for microenterprises to operate with flexibility and adaptability². Despite their informal status, these businesses

⁹⁵ Sukrat, S., & Leeraphong, A. (2023). A digital business transformation maturity model for micro enterprises in developing countries. *Global Business and Organizational Excellence*, 43(2), 149–175.
<https://doi.org/10.1002/joe.22230>

⁹⁶ Fizzanty, T., Maulana, I. (2024). Introduction. In: Fizzanty, T., Maulana, I. (eds) *The Digitalization of Indonesian Small and Medium Enterprises*. Engaging Indonesia. Springer, Singapore.
https://doi.org/10.1007/978-981-97-0029-5_1

⁹⁷ Piranda, D. R., Sinaga, D. Z., & Putri, E. E. (2022). ONLINE MARKETING STRATEGY IN FACEBOOK MARKETPLACE AS A DIGITAL MARKETING TOOL. *JOURNAL OF HUMANITIES, SOCIAL SCIENCES AND BUSINESS (JHSSB)*, 1(3), 1–8. <https://doi.org/10.55047/jhssb.v1i2.123>

⁹⁸ Kovalenko, A., & Kuzmenko, Y. (2020). Online marketing impact on micro-enterprises: An insight through visibility in search engines. *Management & Marketing. Challenges for the Knowledge Society*, 15(1), 38–58. <https://doi.org/10.2478/mmcks-2020-0003>

⁹⁹ Muhamed, N. A., Mat Nor, F., Nawai, N., Shahwan, S., Abu Seman, J., Abdullah, M., Nooh, M. N., & Kamarubahrin, A. F. (2022). Financial literacy module for micro businesses entrepreneur: Systematic literature review. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 12(2). <https://doi.org/10.6007/ijarafms/v12-i2/14119>

¹⁰⁰ OECD, (2018, pp. 9), OECD/INFE Core competencies framework on financial literacy for MSMEs. <https://web-archiv.e.oecd.org/2018-09-21/494517-OECD-INFE-core-competencies-framework-on-financial-literacy-for-MSMEs.pdf>.

¹⁰¹ Ardila, I., Febriaty, H., & Astuti, R. (2021). Factors that Influence the Financial Literacy on Micro Small and Medium Enterprise. *Journal of International Conference Proceedings*, 4(2).
<https://doi.org/10.32535/jicp.v4i2.1234>

¹⁰² Susan, M., Winarto, J. and Gunawan, I. (2023), "Financial Literacy of Micro, Small, and Medium Enterprises: Empirical Study During the Pandemic Period", Barnett, W.A. and Sergi, B.S. (Ed.) *Comparative Analysis of Trade and Finance in Emerging Economies (International Symposia in Economic Theory and Econometrics*, Vol. 31), Emerald Publishing Limited, Leeds, pp. 113-122. <https://doi.org/10.1108/S1571-038620230000031014>

¹⁰³ Hernandez-Trillo, F., Pagan, J.A., Paxton, J. (2005), "Start-up capital, microenterprises and technical efficiency in Mexico", *Review of Development Economics*, Vol. 9 No.3, pp.434-47.

contribute significantly to economic activity and provide livelihoods for a large number of people¹⁰⁴.

In many cases, the informal economy serves as a stepping stone for microenterprises to eventually formalize their operations as their businesses grow. The informal economy is often characterized by a high degree of entrepreneurial activity, with microenterprises playing a key role. These businesses are typically small in scale and operate outside the formal regulatory framework. They are often characterized by low entry and exit barriers, which allows for a high degree of dynamism and flexibility¹⁰⁵.

Microenterprises in the informal economy often serve as a stepping stone for entrepreneurs who lack the resources to enter the formal economy¹⁰⁶. They provide opportunities for income generation and livelihoods for individuals who may otherwise be excluded from the formal labor market¹⁰⁷. In this way, they play a crucial role in poverty reduction and social inclusion.

However, operating in the informal economy also presents challenges for microenterprises. These include lack of access to formal financial services, limited protection under labor laws, and vulnerability to shocks¹⁰⁸. Despite these challenges, microenterprises in the informal economy demonstrate remarkable resilience and adaptability, often innovating and finding creative solutions to overcome these obstacles¹⁰⁹.

1.2.3.3. The Role of Microenterprises in Job Creation

Microenterprises play a pivotal role in job creation, particularly in developing economies¹. They provide a significant source of employment, often for individuals who may struggle to find work in the formal sector, including women, youth, and the economically disadvantaged.

¹⁰⁴ Musara, M., & Nieuwenhuizen, C. (2020). Informal sector entrepreneurship, individual entrepreneurial orientation and the emergence of entrepreneurial leadership. *Africa Journal of Management*, 6(3), 194–213. <https://doi.org/10.1080/23322373.2020.1777817>

¹⁰⁵ Engström, P., & McKelvie, A. (2017). Financial literacy, role models, and micro-enterprise performance in the informal economy. *International Small Business Journal: Researching Entrepreneurship*, 35(7), 855–875. <https://doi.org/10.1177/0266242617717159>

¹⁰⁶ Engström et al. (2017)

¹⁰⁷ Rahou, E. hassania, & Taqi, A. (2021). Informal micro-enterprises: What impact does the business environment have on the decision of formalization? *E3S Web of Conferences*, 234, 00052. <https://doi.org/10.1051/e3sconf/202123400052>

¹⁰⁸ Zastempowski, M. (2022). What Shapes Innovation Capability in Micro-Enterprises? New-to-the-Market Product and Process Perspective. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(1), 59

¹⁰⁹ Kassa, E. T., & Mirete, T. G. (2022). Exploring factors that determine the innovation of micro and small enterprises: the role of entrepreneurial attitude towards innovation in Woldia, Ethiopia. *Journal of Innovation and Entrepreneurship*, 11(26).

By creating jobs, microenterprises contribute to income generation, poverty reduction, and economic growth^{110,111}. They also offer a pathway for individuals to become self-sufficient and contribute to their communities¹¹².

These enterprises are often seen as engines of job creation. They comprise the vast majority of employment in many countries, with the share being over 90 percent of all workers in most countries in Eastern, Central and Western Africa, and South Asia, and more than 80 percent in most countries in Southeast Asia, Central and Western Asia, and the Arab States¹¹³. Even in Europe and other high-income economies, they account for more than half of total employment¹¹⁴.

Microenterprises, particularly fast-growing ones, tend to use more labor-intensive processes compared to larger enterprises, which encourages employment and can lead to more equitable income distribution¹¹⁵. They create employment opportunities and amplify purchasing power, thereby helping raise the overall living standards of the communities they serve.

However, microenterprises also face numerous challenges to their growth and sustainability. These include limited access to finance, capital, markets, digital infrastructure, skills enhancement, and government support^{116,117}. Despite these challenges, microenterprises have shown remarkable resilience, often innovating and finding creative solutions to overcome these obstacles¹¹⁸.

¹¹⁰ Shaw, J. (2004). Microenterprise occupation and poverty reduction in microfinance programs: Evidence from Sri Lanka. *World Development*, 32(7), 1247–1264. <https://doi.org/10.1016/j.worlddev.2004.01.009>

¹¹¹ Hassan & Ahmad, (2016)

¹¹² Kachkar, O., Mohammed, M. O., Md Saad, N., & Kayadibi, S. (2016). Refugee microenterprises: Prospects and challenges. *Journal of Asian and African Social Science and Humanities*.

¹¹³ International Labour Organisation (11 October, 2019). Small businesses and self-employed provide most jobs worldwide and in Asia. https://www.ilo.org/asia/media-centre/news/WCMS_723553/lang--en/index.htm

¹¹⁴ Eurostat. (2023, November 9). 2021: EU micro & small businesses employed 75.8 million. Eurostat. <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20231109-2>

¹¹⁵ Deller, S., & McConnon, J. C., Jr. (2009). Microenterprises and economic growth: A panel study of the US states 1977–1997. *Applied Economics Letters*, 16(13), 1307–1312. <https://doi.org/10.1080/13504850701367361>

¹¹⁶ Remer, L., & Kattilakoski, H. (2021). Microfinance institutions' operational self-sufficiency in sub-Saharan Africa: Empirical evidence. *International Journal of Corporate Social Responsibility*, 6(1). <https://doi.org/10.1186/s40991-021-00059-5>

¹¹⁷ Lensink, R., Mersland, R., Vu, N. T. H., & Zampore, S. (2018). Do microfinance institutions benefit from integrating financial and nonfinancial services? *Applied Economics*, 50(21), 2386–2401. <https://doi.org/10.1080/00036846.2017.1397852>

¹¹⁸ Deller & McConnon, (2009).

1.2.3.4. Microenterprises and Innovation

Despite their size, microenterprises are often at the forefront of innovation¹¹⁹. They are characterized by their ability to adapt and be flexible in response to changing market conditions, which can lead to the generation of new ideas and approaches. This innovative capacity is not only beneficial for the microenterprises themselves but also contributes to the dynamism and resilience of the economies in which they operate.

Microenterprises' innovative capacity is often driven by their need to differentiate themselves in the market and to respond to customer needs. They often innovate by developing new products and services, improving their processes, and finding new ways to reach their customers¹²⁰. These innovations can enhance their competitiveness and enable them to grow and expand¹²¹.

Moreover, microenterprises often play a crucial role in fostering local innovation systems¹²². They can act as catalysts for innovation in their local communities by introducing new products and services, adopting new technologies, and developing new business models¹²³. They can also contribute to the diffusion of innovation by spreading new ideas and practices within their networks.

However, microenterprises also face several challenges in their innovation efforts. These include limited resources, lack of access to technology and knowledge, and regulatory barriers¹²⁴. Despite these challenges, many microenterprises demonstrate remarkable resilience and creativity in their innovation efforts.

1.2.4. The Multifaceted Importance of Microenterprises in the Globalized Marketplace

The contemporary global economy pulsates with a dynamic interplay between diverse actors. While multinational corporations often dominate headlines, a closer examination reveals the

¹¹⁹ Zastempowski, (2022)

¹²⁰ Kassa & Mirete, (2022).

¹²¹ Das, B. (2020). Diffusion of innovations: Theoretical perspectives and empirical evidence. *African Journal of Science, Technology, Innovation and Development*, 14(1), 94–103. <https://doi.org/10.1080/20421338.2020.1814517>

¹²² Ferretti, M., & Parmentola, A. (2015, pp. 12.). *The creation of local innovation systems in emerging countries: The role of governments, firms and universities*. Springer.

¹²³ Hoeffcker, E. (May, 2018). *Local Innovation: what it is and why it matters for developing economies*. MIT Lab Local Innovation Group. New Directions in Innovation Research Working Paper Series. <https://d-lab.mit.edu/sites/default/files/inline-files/Local%20Innovation%20Working%20Paper%2001.pdf>

¹²⁴ da Silva, N. A., Abreu, J. L., Orsolin Klingenberg, C., Antunes Junior, J. A. V., & Lacerda, D. P. (2022). Industry 4.0 and micro and small enterprises: Systematic literature review and analysis. *Production & Manufacturing Research*, 10(1), 696–726. <https://doi.org/10.1080/21693277.2022.2124466>

crucial role played by a seemingly unassuming segment – microenterprises¹²⁵. Defined by their relatively diminutive size, typically employing nine or fewer individuals, microenterprises stand in stark contrast to their large-scale counterparts. However, their inherent advantages, such as agility, responsiveness, and flexibility¹²⁶, empower them to navigate the ever-shifting currents of the marketplace with remarkable dexterity¹²⁷. This subsection delves into the multifaceted importance of microenterprises, meticulously dissecting their diverse contributions to economic expansion, innovation, and individual empowerment. By unveiling the profound impact of these "unassuming giants," we aim to illuminate their critical role in shaping the trajectory of the globalized economic landscape.

1.2.4.1. Economic Powerhouses: Boosting Local Economies

Microenterprises, often overlooked actors within the global economic landscape, serve as crucial pillars supporting local economies^{128,129}. Their presence fosters a vibrant marketplace characterized by healthy competition¹³⁰. This translates to competitively priced goods and a diverse range of specialized services that cater directly to local needs¹³¹. This phenomenon is particularly pronounced in developing countries, where microenterprises frequently constitute the very foundation of the economic ecosystem, providing essential goods and services to a vast segment of the population¹³².

1. Poverty Alleviation and Job Creation: Microenterprises play a pivotal role in tackling the issue of poverty and generating much-needed employment opportunities within their

¹²⁵ OECD (2023, pp. 64), OECD SME and Entrepreneurship Outlook 2023, OECD Publishing, Paris, <https://doi.org/10.1787/342b8564-en>.

¹²⁶ Zastempowski, (2022)

¹²⁷ Angeles, I. T., Calara, Ma. S. P., & de Guzman, A. B. (2019). The mediating effect of microfinancing on access to finance and growth of microenterprises: Evidence from the Philippines. *Journal of Global Entrepreneurship Research*, 9(1). <https://doi.org/10.1186/s40497-019-0150-x>

¹²⁸ Syaifa Noor Ilmiyani, B., & Djamaluddin Djamaluddin, S. (2020). Provision of public goods and services by the government and property tax compliance. *Journal of Indonesian Applied Economics*, 8(2), 35–45. <https://doi.org/10.21776/ub.jiae.2020.008.02.4>

¹²⁹ Tomer, A., Liu, A., Pipa, A. F., McDearman, B., Vey, J. S., Muro, M., & Briggs, X. de S. (2022, June 27). Making local economies prosperous and resilient: The case for a modern Economic Development Administration. Brookings. <https://www.brookings.edu/articles/making-local-economies-prosperous-and-resilient-the-case-for-a-modern-economic-development-administration/>

¹³⁰ Syaifa Noor Ilmiyani & Djamaluddin Djamaluddin, (2020).

¹³¹ Arora, P., & Chong, A. (2018). Government effectiveness in the provision of public goods: The role of institutional quality. *Journal of Applied Economics*, 21(1), 175–196. <https://doi.org/10.1080/15140326.2018.1550593>

¹³² Harvey, J. (1994). The Provision of Goods and Services by the Public Sector. In: *Economics Revision Guide*. Palgrave, London. https://doi.org/10.1007/978-1-349-13313-0_19

communities¹³³. By creating jobs within their social networks, they provide vital livelihoods for a significant portion of the population, especially in developing regions often plagued by limited job prospects¹³⁴. A compelling example of this impact can be found in a 2012 study¹³⁵, which highlights how microfinance institutions supporting microenterprises in Sub-Saharan Africa significantly contributed to a reduction in poverty rates.

2. Provision of Public Goods and Services: Microenterprises act as bridges that fill critical gaps within the market by offering essential goods and services that larger corporations might neglect¹³⁶. This ensures that crucial needs of the community are met, fostering a more inclusive and sustainable economic environment where all members have access to basic necessities.

3. Reduced Inequality: By offering employment and income opportunities, particularly in underserved communities, microenterprises can contribute to reducing economic inequality within a nation^{137,138,139}. These studies suggest that a thriving microenterprise sector can lead to a more equitable distribution of income, fostering greater social and economic stability^{140,141}.

1.2.4.2. Engines of Innovation and Technological Change: Microenterprises as Disruptive Forces

Microenterprises, despite their limited resources, often emerge as surprising engines of innovation and technological change within the global marketplace^{142,143}. Their relatively small

¹³³ Taylor, L. (2011). Growth, development policy, job creation and poverty reduction. *Poor Poverty*, 39–60. <https://doi.org/10.5040/9781849664530.ch-002>.

¹³⁴ Taylor, (2011).

¹³⁵ van Rooyen, C., Stewart, R., & de Wet, T. (2012). The impact of microfinance in sub-saharan africa: A systematic review of the evidence. *World Development*, 40(11), 2249–2262. <https://doi.org/10.1016/j.worlddev.2012.03.012>

¹³⁶ Arora & Chong, (2018).

¹³⁷ Liu, T., Zhu, X., & Cao, M. (2022). Impacts of reduced inequalities on quality education: Examining the relationship between regional sustainability and higher education. *Sustainability*, 14(21), 14112. <https://doi.org/10.3390/su142114112>

¹³⁸ Küfeoğlu, S. (2022). SDG-10: Reduced Inequalities. In: *Emerging Technologies. Sustainable Development Goals Series*. Springer, Cham. https://doi.org/10.1007/978-3-031-07127-0_12

¹³⁹ Chong, A., & Gradstein, M. (2007). Inequality and informality. *Journal of Public Economics*, 91, 159–179.

¹⁴⁰ Liu et al. (2022).

¹⁴¹ Dirrler, P. (2020). The effects of diversity on achieving reduced inequalities. *Regional and Business Studies*, 12(2), 33–46. <https://doi.org/10.33568/rbs.2518>

¹⁴² Gawanmeh, A., Al-Karaki, J.N. (2021). Disruptive Technologies for Disruptive Innovations: Challenges and Opportunities. In: Latifi, S. (eds) *ITNG 2021 18th International Conference on Information Technology-New Generations. Advances in Intelligent Systems and Computing*, vol 1346. Springer, Cham. https://doi.org/10.1007/978-3-030-70416-2_55

¹⁴³ Salahshour Rad, M., Nilashi, M., & Mohamed Dahlan, H. (2017). Information technology adoption: A review of the literature and classification. *Universal Access in the Information Society*, 17(2), 361–390. <https://doi.org/10.1007/s10209-017-0534-z>

size and inherent flexibility empower them to navigate the ever-shifting currents of technology and market trends with remarkable agility¹⁴⁴. The multifaceted ways microenterprises contribute to the innovation landscape as follows:

1. Innovation Powerhouse: Studies suggest that microenterprises can be surprisingly more innovative than their larger counterparts¹⁴⁵. Unlike large corporations burdened by complex hierarchies and risk-averse mindsets, the nimble structure of microenterprises allows for a more dynamic and experimental approach^{146,147}. This agility fosters a culture of innovation, where employees are empowered to experiment with novel ideas and approaches without the constraints of bureaucratic red tape¹⁴⁸. Many research papers (e.g., Tomy and Pardede¹⁴⁹; Skala¹⁵⁰) challenges the traditional perception of microenterprises as less innovative, highlighting their ability to leverage their size and flexibility to develop innovative products and services that cater to niche markets. Other studies explore the concept of "frugal innovation" within microenterprises in emerging economies^{151,152}. This research demonstrates how microenterprises, driven by resource constraints, can develop innovative solutions that are low-cost and cater effectively to the needs of low-income populations.

2. Technological Adoption: Microenterprises are also more likely to embrace and integrate new technologies into their operations^{153,154}. Their inherent agility allows them to act as early

¹⁴⁴ Kreiterling, C. (2023). Digital innovation and entrepreneurship: A review of challenges in competitive markets. *Journal of Innovation and Entrepreneurship*, 12(1). <https://doi.org/10.1186/s13731-023-00320-0>

¹⁴⁵ Chen, J., Yin, X., Fu, X., & McKern, B. (2020). Beyond catch-up: Could China become the global innovation powerhouse? China's innovation progress and challenges from a holistic innovation perspective. *Industrial and Corporate Change*, 30(4), 1037–1064. <https://doi.org/10.1093/icc/dtab032>

¹⁴⁶ Granić, A. Educational Technology Adoption: A systematic review. *Educ Inf Technol* 27, 9725–9744 (2022). <https://doi.org/10.1007/s10639-022-10951-7>

¹⁴⁷ Scott, P. G., & Pandey, S. K. (2000). The influence of red tape on bureaucratic behavior: An experimental simulation. *Journal of Policy Analysis and Management*, 19(4), 615–633. [https://doi.org/10.1002/1520-6688\(200023\)19:4<615::aid-pam6>3.0.co;2-u](https://doi.org/10.1002/1520-6688(200023)19:4<615::aid-pam6>3.0.co;2-u)

¹⁴⁸ Pellegrino, B., & Zheng, G. (2024). Quantifying the impact of red tape on investment: A survey data approach. *Journal of Financial Economics*, 152, 103763. <https://doi.org/10.1016/j.jfineco.2023.103763>

¹⁴⁹ Tomy, S., & Pardede, E. (2018). From uncertainties to successful start ups: A data analytic approach to predict success in technological entrepreneurship. *Sustainability*, 10(3), 602. <https://doi.org/10.3390/su10030602>

¹⁵⁰ Skala, A. (2018). The startup as a result of innovative entrepreneurship. In *Digital Startups in Transition Economies* (pp. 1–40). Springer International Publishing. http://dx.doi.org/10.1007/978-3-030-01500-8_1

¹⁵¹ Shahid, M. S., Hossain, M., Shahid, S., & Anwar, T. (2023). Frugal innovation as a source of sustainable entrepreneurship to tackle social and environmental challenges. *Journal of Cleaner Production*, 406, 137050. <https://doi.org/10.1016/j.jclepro.2023.137050>

¹⁵² Zeschky, M., Widenmayer, B., & Gassmann, O. (2011). Frugal innovation in emerging markets. *Research-Technology Management*, 54(4), 38–45. <https://doi.org/10.5437/08956308x5404007>

¹⁵³ Mosweu, O., Bwalya, K.J.: A multivariate analysis of the determinants for adoption and use of the Document Workflow Management System in Botswana's public sector. *S. Afr. J. Libr. Inf. Sci.* 84(2), 27–38 (2018)

¹⁵⁴ Oyetade, K.E., Zuva, T., Harmse, A. (2020). A Review of the Determinant Factors of Technology Adoption. In: Silhavy, R. (eds) *Applied Informatics and Cybernetics in Intelligent Systems*. CSOC 2020. *Advances in Intelligent Systems and Computing*, vol 1226. Springer, Cham. https://doi.org/10.1007/978-3-030-51974-2_26

adopters, readily adopting new technologies that can provide them with a competitive edge in the marketplace¹⁵⁵. Unlike larger corporations with established infrastructure and potentially high switching costs, microenterprises can adapt to new technologies with greater ease¹⁵⁶. A recent study explores this phenomenon, highlighting how microenterprises in developing countries are increasingly utilizing mobile technologies to enhance their operational efficiency and reach new markets¹⁵⁷.

1.2.4.3. Fostering Global Competitiveness Through Flexibility: The Nimble Giants of the Marketplace

Microenterprises, often overshadowed by their larger counterparts, possess a hidden weapon in the global marketplace – flexibility¹⁵⁸. Unlike large corporations with cumbersome structures, microenterprises can adapt rapidly to fluctuating demands and cater to specific needs in diverse markets with remarkable agility. This agility empowers them to compete effectively on a global scale, contributing to a more dynamic and competitive international economic landscape¹⁵⁹.

1. Adaptability in a Dynamic Marketplace: The global marketplace is characterized by constant flux, with consumer preferences, technological advancements, and economic trends evolving at an ever-increasing pace¹⁶⁰. Microenterprises, with their inherent flexibility, are adept at navigating this dynamic environment. They can quickly adjust their product offerings, pricing strategies, and operational processes to seize emerging opportunities and remain competitive in a globalized world¹⁶¹. A 2019 study explained this concept, highlighting how

¹⁵⁵ Oyetade et al. (2020, p 12)

¹⁵⁶ Peltier, J. W., Zhao, Y., & Schibrowsky, J. A. (2012). Technology adoption by small businesses: An exploratory study of the interrelationships of owner and environmental factors. *International Small Business Journal: Researching Entrepreneurship*, 30(4), 406–431. <https://doi.org/10.1177/0266242610365512>

¹⁵⁷ Soluk, J., Kammerlander, N., & Darwin, S. (2021). Digital entrepreneurship in developing countries: The role of institutional voids. *Technological Forecasting and Social Change*, 170, 120876. <https://doi.org/10.1016/j.techfore.2021.120876>

¹⁵⁸ Malik, O. R. (2008). Adapting to market liberalization: The role of dynamic capabilities, initial resource conditions, and strategic path choices in determining evolutionary fitness of Less Developed Country (LDC) firms. *Journal of International Management*, 14(3), 217–231. <https://doi.org/10.1016/j.intman.2007.10.003>

¹⁵⁹ Malik, (2008).

¹⁶⁰ Eckstein, G., Shrestha, A., Sassenberg, A.-M., & Dwivedi, Y. K. (2023). Marketing agility in volatile, uncertain, complex and ambiguous (VUCA) contexts: A systematic literature review and future research agenda. *Management Review Quarterly*. <https://doi.org/10.1007/s11301-023-00382-0>

¹⁶¹ Global competitiveness report 2020. (2020, December 16, pp. 6). World Economic Forum. <https://www.weforum.org/publications/the-global-competitiveness-report-2020/>

microenterprises in developing countries can leverage their flexibility to adapt to the specific demands of international markets, allowing them to compete effectively with larger firms¹⁶².

2. Catering to Niche Markets: The global marketplace is not a monolithic entity; it is a complex web of diverse regional and cultural preferences. Microenterprises, with their ability to cater to specific needs and personalize offerings, can effectively tap into niche markets that larger corporations might neglect¹⁶³. This focus on customization allows them to establish a strong foothold within their target markets and build loyal customer bases¹⁶⁴. A 2020 study¹⁶⁵ discusses how microenterprises in the Middle East and North Africa (MENA) region are increasingly targeting niche markets to achieve competitive advantage.

1.2.4.4. Empowering Individuals: Personal Benefits of Micro-Entrepreneurship

While the economic contributions of microenterprises are undeniable, the decision to embark on a micro-entrepreneurial journey is often driven by a confluence of personal and professional aspirations. Microenterprises offer a unique set of advantages that can be highly empowering for individuals¹⁶⁶.

1. Autonomy and Work-Life Balance: Microenterprises often provide their founders with a significant degree of autonomy in managing their businesses^{167,168}. This allows them to make independent decisions, shape the direction of their ventures, and establish work schedules that cater to their individual needs and preferences. For individuals seeking greater control over

¹⁶² Gajanova, L., Nadanyiova, M., & Moravcikova, D. (2019). The use of demographic and psychographic segmentation to creating marketing strategy of brand loyalty. *Scientific Annals of Economics and Business*, 66(1), 65–84. <https://doi.org/10.2478/saeb-2019-0005>

¹⁶³ Toften, K. and Hammervoll, T. (2010), "Niche marketing and strategic capabilities: an exploratory study of specialised firms", *Marketing Intelligence & Planning*, Vol. 28 No. 6, pp. 736-753. <https://doi.org/10.1108/02634501011078138>

¹⁶⁴ Pike, A., Dawley, S., & Tomaney, J. (2010). Resilience, adaptation and adaptability. *Cambridge Journal of Regions, Economy and Society*, 3(1), 59–70. <https://doi.org/10.1093/cjres/rsq001>

¹⁶⁵ Aljuwaiber, A. (2020). Entrepreneurship research in the Middle East and North Africa: Trends, challenges, and sustainability issues. *Journal of Entrepreneurship in Emerging Economies*, 13(3), 380–426. <https://doi.org/10.1108/jee-08-2019-0123>

¹⁶⁶ Åkerlind, G. S. (2005). Academic growth and development - How do university academics experience it? *Higher Education*, 50(1), 1–32. <https://doi.org/10.1007/s10734-004-6345-1>

¹⁶⁷ Badri, S. K. Z., & Panatik, S. A. (2020). The roles of job autonomy and self-efficacy to improve academics' work-life balance. *Asian Academy of Management Journal*, 25(2). <https://doi.org/10.21315/aamj2020.25.2.4>

¹⁶⁸ Khawand, S., & Zargar, P. (2022). Job autonomy and work-life conflict: A conceptual analysis of teachers' wellbeing during COVID-19 pandemic. *Frontiers in Psychology*, 13. <https://doi.org/10.3389/fpsyg.2022.882848>

their professional lives and a better work-life balance, micro-entrepreneurship can be a compelling proposition¹⁶⁹.

2. Lower Barriers to Entry: Compared to larger ventures, microenterprises typically necessitate relatively low initial investments^{170,171}. This makes them an attractive option for individuals with limited financial resources who aspire to become business owners¹⁷². The reduced financial barriers associated with micro-entrepreneurship can empower individuals from diverse backgrounds to pursue their entrepreneurial dreams¹⁷³.

3. Opportunity for Growth and Development: While microenterprises are often characterized by their modest size, they can serve as a springboard for significant growth and development. The skills, experience, and networks gained through micro-entrepreneurship can empower individuals to expand their businesses or pursue new ventures in the future¹⁷⁴. The journey of a micro-entrepreneur can be a transformative one, fostering personal growth, developing valuable business acumen, and paving the way for a successful entrepreneurial career¹⁷⁵.

1.2.5. Enhanced Challenges and Obstacles of Microbusiness Development

This subsection delves into the multifaceted challenges that hinder the growth and development of microbusinesses. These obstacles can be broadly categorized into internal managerial limitations and external environmental constraints¹⁷⁶.

¹⁶⁹ Badri & Panatik, (2020).

¹⁷⁰ Fan, Z., & Zhang, R. (2017). Financial inclusion, entry barriers, and entrepreneurship: Evidence from China. *Sustainability*, 9(2), 203. <https://doi.org/10.3390/su9020203>

¹⁷¹ Page, L. C., & Scott-Clayton, J. (2015, pp. 8). Improving college access in the United States: Barriers and policy responses. *NBER WORKING PAPER SERIES*. <http://www.nber.org/papers/w21781>

¹⁷² Long, B. (2017). Access to Higher Education: Barriers to Enrollment and Choice. In: Shin, J., Teixeira, P. (eds) *Encyclopedia of International Higher Education Systems and Institutions*. Springer, Dordrecht. https://doi.org/10.1007/978-94-017-9553-1_42-1

¹⁷³ Fan & Zhang, (2017).

¹⁷⁴ Modem, R., Lakshminarayanan, S., Pillai, R. and Prabhu, N. (2022), "Twenty-five years of career growth literature: a review and research agenda", *Industrial and Commercial Training*, Vol. 54 No. 1, pp. 152-182. <https://doi.org/10.1108/ICT-04-2021-0030>

¹⁷⁵ Yoruk, E., Johnston, A., Maas, G., & Jones, P. (2022). Conceptualising the transformational power of entrepreneurship from an entrepreneurial ecosystems perspective focusing on environmentally and socially inclusive economic growth. *International Journal of Technological Learning, Innovation and Development*, 14(1/2), 192. <https://doi.org/10.1504/ijtld.2022.121476>

¹⁷⁶ Saukkonen, N., Kirjavainen, J. (2020). Business Environment: Emerging External and Internal Pressures for Sustainable Production. In: Leal Filho, W., Azul, A.M., Brandli, L., Özuyar, P.G., Wall, T. (eds) *Responsible Consumption and Production. Encyclopedia of the UN Sustainable Development Goals*. Springer, Cham. https://doi.org/10.1007/978-3-319-95726-5_1

1.2.5.1. External Environmental Constraints

- a) **Location:** Choosing an optimal location is crucial for microbusinesses to thrive¹⁷⁷. Proximity to customers, suppliers, and competitors all play a role in minimizing operational costs and maximizing customer reach. However, poor location selection can significantly hinder a microbusiness's ability to attract customers and generate sales.
- b) **Government Regulations and Bureaucracy:** Excessive government regulations and complex bureaucratic procedures can be a major hurdle for microbusinesses¹⁷⁸. Trade policies that restrict business activities or lengthy permit acquisition processes can stifle growth and innovation¹⁷⁹. Streamlining regulations and simplifying administrative procedures can create a more favorable environment for microenterprise development¹⁸⁰.
- c) **Marketing Challenges:** Reaching a wider audience effectively is critical for microbusinesses to grow their customer base¹⁸¹. Many microbusinesses, particularly in their initial stages, struggle with marketing strategies, neglecting crucial elements like packaging, sales tactics, and advertising¹⁸². While innovative techniques like influencer, marketing and campus ambassador programs can be effective*, micro-entrepreneurs may lack the resources or knowledge to implement such strategies successfully.

1.2.5.2. Internal Managerial Limitations:

- a) **Limited Technological Adoption:** Technological advancements play a vital role in enhancing business processes and competitiveness¹⁸³. However, many micro-

¹⁷⁷ McCrea, A. M., Zhu, L., & Johansen, M. S. (2021). Managing diversity differently: The external environment and cross-sector differences in diversity management. *Journal of Public Administration Research and Theory*, 32(2), 436–454. <https://doi.org/10.1093/jopart/muab027>

¹⁷⁸ McCrea, A. M., Zhu, L., & Johansen, M. S. (2021). Managing diversity differently: The external environment and cross-sector differences in diversity management. *Journal of Public Administration Research and Theory*, 32(2), 436–454. <https://doi.org/10.1093/jopart/muab027>

¹⁷⁹ Saini, P. (2014, pp.19). *Study of Micro, Small and Medium Enterprises*.

¹⁸⁰ McCrea et al. (2021).

¹⁸¹ Lumbwe, A. K., Anyadiegwu, E. N., & Mbohwa, C. (2018, pp. 3). The impact of location decision on small, micro, and medium enterprises' performance in Johannesburg. In *Proceedings of The International Conference on Industrial Engineering and Operation Management* (pp. 1205-1216).

¹⁸² Morgan, N. A., Whitler, K. A., Feng, H., & Chari, S. (2018). Research in marketing strategy. *Journal of the Academy of Marketing Science*, 47(1), 4–29. <https://doi.org/10.1007/s11747-018-0598-1>

* They are people who have been recruited to represent and talk about a company or organization in a positive way, preferably in front of lots of potential customers. <https://www.expertvoice.com/the-definition-of-brand-ambassador-seen-19/04/2020>

¹⁸³ Granić, A. (2022). Educational Technology Adoption: A systematic review. *Education and Information Technologies*, 27(7), 9725–9744. <https://doi.org/10.1007/s10639-022-10951-7>

entrepreneurs lack awareness of available technologies, hindering their ability to adapt and respond to dynamic market trends¹⁸⁴. This includes not only production technologies but also digital tools for marketing, sales, and financial management¹⁸⁵.

- b) **Financial Constraints:** Access to adequate financing is a major challenge for microbusinesses¹⁸⁶. Lengthy loan processing periods, stringent documentation requirements, and high processing fees imposed by traditional banks can make obtaining credit a major hurdle¹⁸⁷.
- c) **Financial Literacy Deficits:** Limited financial literacy among micro-entrepreneurs can further exacerbate financial challenges¹⁸⁸. A lack of understanding of financial concepts hinders their ability to make sound financial decisions, manage cash flow effectively, and plan for future growth.
- d) **Managerial Competence:** The leadership profile of a microbusiness owner significantly impacts its growth trajectory¹⁸⁹. Entrepreneurial experience, managerial skills, business acumen, and social networks are crucial factors. Furthermore, risk-taking abilities and knowledge of relevant business sectors are essential for navigating challenges and seizing opportunities.
- e) **Gender Bias:** Women entrepreneurs often face additional obstacles due to gender discrimination within the socio-economic environment¹⁹⁰. Unequal access to resources, financing, and business networks can hinder their ability to grow and develop their businesses.
- f) **Additional Considerations:** Research suggests that microbusinesses often underestimate the competitive landscape, overlooking the importance of effective competitive strategies. Limited human resource capabilities within microbusinesses can

¹⁸⁴ SEDA (2016, pp. 7). THE SMALL, MEDIUM AND MICRO ENTERPRISE SECTOR OF SOUTH AFRICA. Bureau of Economics research.
<https://www.seda.org.za/Publications/Publications/The%20Small,%20Medium%20and%20Micro%20Enterprise%20Sector%20of%20South%20Africa%20Commissioned%20by%20Seda.pdf>.

¹⁸⁵ Al Ridho, Y., Puspitaningrum, D. A., & Utami, H. H. (2020, pp. 2). Micro and Small Enterprise (Mse) Development by Using SWOT and Analytical Hierarchy Process Methods Approach (AHP)(Study Case in Tarlac Agricultural University (Tau) Mushroom Production, Malacamp, Tarlac, Phillipines).

¹⁸⁶ Al Ridho et al. (2020, pp. 2).

¹⁸⁷ Whited, T. M., & Wu, G. (2006). Financial constraints risk. *Review of Financial Studies*, 19(2), 531–559.
<https://doi.org/10.1093/rfs/hhj012>

¹⁸⁸ Lusardi, A. (2019). Financial literacy and the need for financial education: Evidence and implications. *Swiss Journal of Economics and Statistics*, 155(1). <https://doi.org/10.1186/s41937-019-0027-5>

¹⁸⁹ Gamarra, P., Giroto, M., & Seguí, L. A. (2019, pp. 22). MANAGERIAL COMPETENCIES IN THE 21ST CENTURY: A BIBLIOGRAPHIC REVIEW OF THE RESEARCH DOMAIN. *EDULEARN Proceedings*.
<http://dx.doi.org/10.21125/edulearn.2019.0970>

¹⁹⁰ Garg, S., & Agarwal, P. (2017, pp. 3). Problems and prospects of woman entrepreneurship—a review of literature. *IOSR Journal of Business and Management*, 19(1), 55-60.

also pose challenges, as they may lack the manpower or expertise to handle specialized tasks.

By acknowledging and addressing these challenges, policymakers, support organizations, and micro-entrepreneurs themselves can work collaboratively to foster a more conducive environment for microbusiness growth and development.

I.2.6. Stages of Microenterprise Development: A Refined Framework

Microenterprises are the lifeblood of local economies, generating employment opportunities, fostering innovation, and contributing to a vibrant business landscape¹⁹¹. However, despite their vital role, these small businesses often face unique challenges as they navigate their growth trajectories¹⁹². Understanding the distinct stages of microenterprise development offers valuable insights for both entrepreneurs and policymakers^{193,194}. For entrepreneurs, this knowledge helps them anticipate critical junctures, prepare for potential roadblocks, and develop effective strategies to navigate each stage successfully¹⁹⁵. Policymakers, equipped with a framework for microenterprise development, can design targeted support programs that cater to the specific needs of microenterprises at different stages, fostering a supportive environment for their long-term success¹⁹⁶. Building upon existing models, this section presents a refined framework for microenterprise development, outlining four distinct stages: the Entrepreneurial Stage, the Start-Up Stage, the Ongoing Business Stage, and the crucial consideration of Potential for Decline or Renewal¹⁹⁷. This framework sheds light on the unique challenges and

¹⁹¹ Thurik, A. R., Audretsch, D. B., Block, J. H., Burke, A., Carree, M. A., Dejardin, M., Rietveld, C. A., Sanders, M., Stephan, U., & Wiklund, J. (2023). The impact of entrepreneurship research on other academic fields. *Small Business Economics*, 62(2), 727–751. <https://doi.org/10.1007/s11187-023-00781-3>

¹⁹² Meressa, H. A. (2020). Growth of micro and small scale enterprises and its driving factors: Empirical evidence from entrepreneurs in emerging region of Ethiopia. *Journal of Innovation and Entrepreneurship*, 9(1). <https://doi.org/10.1186/s13731-020-00121-9>

¹⁹³ Jayachandran, S. (2020). Microentrepreneurship in developing countries. NATIONAL BUREAU OF ECONOMIC RESEARCH. NBER WORKING PAPER SERIES. Working Paper 26661. Retrieved April 8, 2024, from <http://www.nber.org/papers/w26661>

¹⁹⁴ Correia, M. P., Marques, C. S., Silva, R., & Ramadani, V. (2024). Academic entrepreneurship ecosystems: Systematic literature review and future research directions. *Journal of the Knowledge Economy*. <https://doi.org/10.1007/s13132-024-01819-x>

¹⁹⁵ Neumann, T. (2020). The impact of entrepreneurship on economic, social and environmental welfare and its determinants: A systematic review. *Management Review Quarterly*, 71(3), 553–584. <https://doi.org/10.1007/s11301-020-00193-7>

¹⁹⁶ Sony Heru Priyanto & Iman Sandjojo, 2005. "Relationship between entrepreneurial learning, entrepreneurial competencies and venture success: empirical study on SMEs," *International Journal of Entrepreneurship and Innovation Management*, Inderscience Enterprises Ltd, vol. 5(5/6), pages 454-468.

¹⁹⁷ Hardie, B., Highfield, C., & Lee, K. (2020). Entrepreneurship education today for students unknown futures. *Journal of Pedagogical Research*, 4(3), 401–417. <https://doi.org/10.33902/jpr.2020063022>

opportunities encountered at each stage, equipping both entrepreneurs and policymakers with valuable tools to navigate the complex world of microenterprise development¹⁹⁸.

Table 2. Stages and Sub-Stages of Microenterprise Development.

Stages	Sub-stages
The entrepreneurial stage	Idea Generation
	Feasibility Analysis
	Business Planning
	Resource Gathering
The start-up stage	Gestation stage
	Inception stage
	Prototype stage
	Launch/roll-out stage
The ongoing business stage	Expansion stage
	Maturity stage

Source: Author's efforts

1.2.6.1. The Entrepreneurial Stage

The entrepreneurial stage represents the nascent phase of a microenterprise, characterized by the initial ideation and planning processes¹⁹⁹. It is during this critical stage that the entrepreneur cultivates their business concept, conducts market research to assess feasibility and identify potential customers, and crafts a comprehensive business plan.

1.1. Resource Limitations: A key characteristic of the entrepreneurial stage is the limited network and resource base of the nascent microenterprise. Entrepreneurs often rely heavily on

¹⁹⁸ Fiorentino, R., Longobardi, S., & Scaletti, A. (2020). The early growth of start-ups: Innovation matters. Evidence from Italy. *European Journal of Innovation Management*, 24(5), 1525–1546.
<https://doi.org/10.1108/EJIM-02-2020-0057>

¹⁹⁹ Viera, C. (August 2023). How to Write Limitations of the Study (with examples). *AJE*. Retrieved April 8, 2024, from <https://www.aje.com/arc/how-to-write-limitations-of-the-study/>

personal social networks (family and friends) for initial support and may struggle to secure funding or access necessary resources²⁰⁰.

1.2.6.2. The Start-Up Stage

Microenterprises that successfully navigate the initial planning stages enter the start-up phase. This stage is characterized by a strong focus on launching and establishing the business in the marketplace²⁰¹. It is often the most resource-intensive period in a microenterprise's lifecycle, marked by significant investments in getting the business operational and acquiring initial customers. Figure 1 depicts a typical revenue curve for a microenterprise, starting at zero during the initial planning stages and then increasing gradually as the business establishes itself in the market.

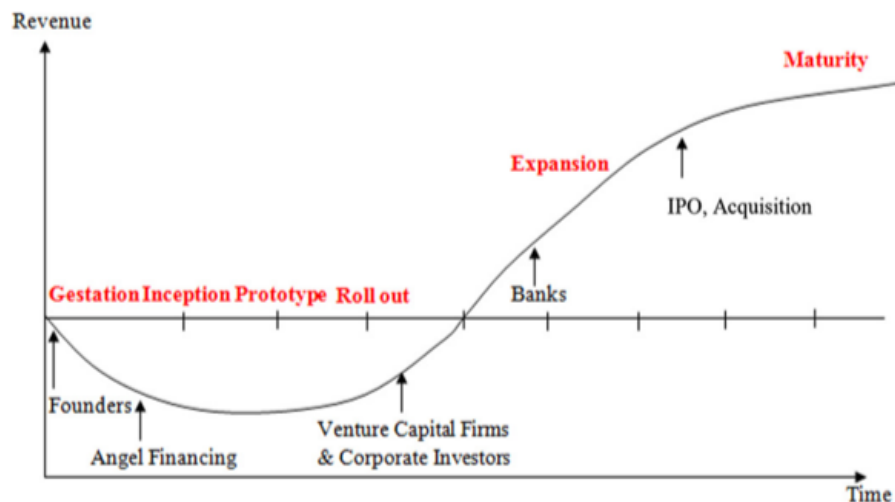


Figure 1. Visualizing the Growth Journey: Key Stages of a Startup's Evolution. **Source:** Kotelnikov (2007)²⁰²

1. Core Activities:

- a) **Securing Funding:** Bootstrapping with personal savings or potentially acquiring initial funding through loans or grants.

²⁰⁰ Cho, D. S., Ryan, P., & Buciuni, G. (2021). Evolutionary entrepreneurial ecosystems: A research pathway. *Small Business Economics*, 58(4), 1865–1883. <https://doi.org/10.1007/s11187-021-00487-4>

²⁰¹ Kumbhat, A., & Sushil. (2018). Development stages and scaling issues of startups. In *Flexible Systems Management* (pp. 3–15). Springer Singapore. http://dx.doi.org/10.1007/978-981-10-8926-8_1

²⁰² Kotelnikov, V. (2007, pp. 8), “Small and medium enterprises and ICT”, Asia-Pacific Development Information Programme. United Nations Development Programme–Asia-Pacific Development Information Programme (UNDP-APDIP). Consulta, Tailandia, 28.

- b) **Business Registration and Legal Compliance:** Obtaining necessary licenses and permits to operate legally within the regulatory framework²⁰³.
- c) **Physical Location:** Securing a physical location (if applicable to the business model) that is strategically chosen to optimize operational efficiency and customer reach.
- d) **Human Resources:** Recruiting and training initial employees (if necessary) to fulfill essential business functions²⁰⁴.
- e) **Marketing and Sales:** Launching marketing and sales efforts to attract customers and generate initial revenue, with a focus on cost-effective strategies due to potential cash flow constraints (as reflected in the initial low revenue phase in figure 1).
- a) **Challenges:** The start-up stage is often fraught with high risks of failure due to several factors²⁰⁵, including:
 - b) **Non-Feasibility of the Business Idea:** If the initial business concept lacks a strong foundation or fails to address a genuine customer need, the microenterprise may struggle to gain traction in the market.
 - c) **Limited Financial Resources:** Microenterprises in the start-up stage typically have limited financial resources, making it crucial to manage cash flow effectively and prioritize expenditures.
 - d) **Lack of Entrepreneurial Skills:** Entrepreneurs may lack the necessary experience or skills in critical areas like financial management, marketing, and operations, which can hinder decision-making and growth.
 - e) **Additional Considerations:**
 - f) During the start-up stage, careful management of cash flow is essential, as expenses are likely to be higher than incoming revenue during the initial phase, as reflected in the graph. Entrepreneurs should prioritize cost-effective marketing strategies and closely monitor customer acquisition costs to ensure financial sustainability.

²⁰³ Mustapha, A. M., Arogundade, O. T., Misra, S., Damasevicius, R., & Maskeliunas, R. (2020). A systematic literature review on compliance requirements management of business processes. *International Journal of System Assurance Engineering and Management*, 11(3), 561–576. <https://doi.org/10.1007/s13198-020-00985-w>

²⁰⁴ Boon, C., Den Hartog, D. N., & Lepak, D. P. (2019). A Systematic Review of Human Resource Management Systems and Their Measurement. *Journal of Management*, 45(6), 2498-2537. <https://doi.org/10.1177/0149206318818718>

²⁰⁵ Birkholz, J. (2022). Do not judge a business idea by its cover: The relation between topics in business ideas and incorporation probability. *The Journal of Technology Transfer*, 48(4), 1327–1358. <https://doi.org/10.1007/s10961-022-09966-6>

1.2.6.3. The Ongoing Business Stage

Microenterprises that survive the initial hurdles progress to the ongoing business stage. Here, the focus shifts towards growth, stability, and long-term sustainability²⁰⁶.

1. Key Activities:

- a) **Market Expansion:** Implementing strategies to expand the customer base and market share, potentially through product diversification or entering new markets.
- b) **Operational Efficiency:** Scaling operations efficiently to meet production or service delivery needs while maintaining cost-effectiveness.
- c) **Financial Stability:** Developing and implementing strategies to maintain financial stability and profitability through effective financial management practices.
- d) **Network Building:** Strengthening networks and building strategic alliances with other businesses or industry associations to access resources, knowledge sharing, and collaboration opportunities²⁰⁷.

2. Challenges: The ongoing business stage presents its own set of challenges, including:

- a) **Increased Competition:** Microenterprises may face intensified competition from established businesses or new entrants in the marketplace, requiring them to continuously adapt and innovate.
- b) **Market Dynamics:** Difficulty adapting to changing consumer trends, technological advancements, or economic fluctuations can hinder growth and necessitate strategic adjustments.
- c) **Innovation:** The need for continuous innovation to stay ahead of the curve and maintain a competitive edge is crucial for long-term success in the ongoing business stage.

I.3. Section Three: Artisans' micro entrepreneurship

The growing economic and social significance of artisan entrepreneurship has captured the imagination of researchers, entrepreneurs, and policymakers alike. These individuals, who seamlessly blend artistic passion with business acumen, are transforming the microenterprise landscape. Recent studies have highlighted the remarkable resilience of artisan businesses

²⁰⁶ Battistoni, E., Bonacelli, A., Colladon, A. F., & Schiraldi, M. M. (2013). An analysis of the effect of operations management practices on performance. *International Journal of Engineering Business Management*, 5, 44. <https://doi.org/10.5772/56919>

²⁰⁷ O N, A., & Sonwaney, V. (2019). Enhancing operational efficiency by optimizing working capital management of manufacturing firms. *International Journal of Recent Technology and Engineering (IJRTE)*, 8(3), 2695–2705. <https://doi.org/10.35940/ijrte.c4953.098319>

during economic downturns. This resilience underscores the strength and potential for long-term success that artisan entrepreneurs bring to the table.

In this section, we will embark on a comprehensive exploration of the fascinating world of artisan entrepreneurs. We'll delve into the rich history of artisanry, tracing its roots back to the earliest civilizations. We will then dissect the defining characteristics of these individuals, unpacking the unique blend of artistic talent, business acumen, and cultural preservation that sets them apart. Finally, we will examine the challenges and opportunities that lie ahead for this dynamic force within the microenterprise landscape. Through this exploration, we will gain a deeper appreciation for the artistry, dedication, and innovation that define artisan entrepreneurs and the vital role they play in preserving cultural heritage and shaping the future of commerce.

I.3.1. Definitions and History background of artisan entrepreneurs

I.3.1.1. Defining the Artisan Entrepreneur

While a universally accepted definition of the artisan entrepreneur remains elusive, several key characteristics set them apart from both traditional artisans and traditional entrepreneurs²⁰⁸. These individuals occupy a captivating space at the crossroads of art and commerce. Driven by a deep passion for their craft and a burning desire to translate artistic vision into reality, they possess a unique blend of artistic talent and entrepreneurial spirit²⁰⁹. Unlike traditional artisans, who may focus solely on creation without venturing into the business world, artisan entrepreneurs are not content with simply crafting beautiful objects²¹⁰. They actively engage in the business aspects of their craft, developing skills in marketing, finance, and business management to build a sustainable and thriving venture. This fusion of creative passion and business acumen allows them to carve a niche in the microenterprise landscape, fostering the preservation of traditional skills while injecting a dose of innovation and market awareness.

- **The Fusion of Craft and Commerce:** At the heart of the artisan entrepreneur lies a deep passion for their craft. This passion extends beyond mere technical proficiency; it's a driving force that motivates them to create meaningful and aesthetically pleasing products²¹¹. Profit is certainly a

²⁰⁸ Ratten, V. (2022), "Artisan Entrepreneurship: An Overview", Ratten, V., Jones, P., Braga, V. and Parra-López, E. (Ed.) *Artisan Entrepreneurship*, Emerald Publishing Limited, Leeds, pp. 1-12. <https://doi.org/10.1108/978-1-80262-077-120221001>

²⁰⁹ Tweneboah-Koduah, I., & Adusei, C. (2016). Entrepreneurship determinants of artisans/craftsmen in Kumasi metropolis, Ghana. *American Journal of Industrial and Business Management*, 06(02), 163–175. <https://doi.org/10.4236/ajibm.2016.62016>

²¹⁰ Thomas, Z. (2020). Between art and commerce: Women, business ownership, and the arts and crafts movement*. *Past & Present*, 247(1), 151–196. <https://doi.org/10.1093/pastj/gtz071>

²¹¹ Yonan, M. (2011). Toward a fusion of art history and material culture studies. *West 86th: A Journal of Decorative Arts, Design History, and Material Culture*, 18(2), 232–248. <https://doi.org/10.1086/662520>

consideration, but it's often intertwined with the desire to share their artistic vision and connect with customers who appreciate handcrafted goods²¹².

- **High Degree of Manual Skill:** Artisan entrepreneurs are not simply business owners; they are highly skilled craftspeople. Their expertise comes from years of dedicated practice, often honed through traditional apprenticeships or passed down through family lineages²¹³. These specialized manual skills allow them to create intricate and unique pieces that stand out from mass-produced goods. The intricate details, subtle variations, and inherent imperfections in their work become hallmarks of authenticity and artistry, setting their products apart in a world saturated with uniformity.
- **The Entrepreneurial Mindset:** While deeply rooted in tradition and artistic expression, artisan entrepreneurs are not averse to innovation. They possess a well-developed entrepreneurial spirit that allows them to effectively manage their ventures. This includes skills in marketing, finance, and strategic planning, all crucial for navigating the complexities of running a successful business. Their ability to adapt to evolving market trends and customer preferences allows them to not only preserve their craft but also ensure its sustainability in a dynamic economic environment²¹⁴.
- **Cultural Custodians and Transmitters:** Artisan entrepreneurs play a vital role in cultural preservation. Through their work, they act as custodians of traditional skills and aesthetics, ensuring the continuation of this cultural heritage for future generations²¹⁵. By actively practicing and teaching their craft, they bridge the gap between past and present. This transmission of knowledge not only safeguards these traditions from disappearing but also fosters a sense of community and cultural identity²¹⁶.

1.3.1.2. Historical Background of Artisanry

The practice of artisanry boasts a rich and extensive history, predating the notion of entrepreneurship by millennia. Artisans have served as the backbone of societies for centuries, functioning as skilled craftspeople who transform raw materials into functional and often

²¹² Thomas, (2020).

²¹³ Massing, N., & Schneider, S. L. (2017). Degrees of competency: The relationship between educational qualifications and adult skills across countries. *Large-Scale Assessments in Education*, 5(1).
<https://doi.org/10.1186/s40536-017-0041-y>

²¹⁴ Passingham, R. (2008). Manual skill. In *What is special about the human brain?* (pp. 81–100). Oxford University Press. <http://dx.doi.org/10.1093/acprof:oso/9780199230136.003.0004>

²¹⁵ Matthew P. Lynch & Andrew C. Corbett (2023) Entrepreneurial mindset shift and the role of cycles of learning, *Journal of Small Business Management*, 61:1, 80-101, DOI: 10.1080/00472778.2021.1924381

²¹⁶ Daspit, J. J., Fox, C. J., & Findley, S. K. (2021). Entrepreneurial mindset: An integrated definition, a review of current insights, and directions for future research. *Journal of Small Business Management*, 61(1), 12–44.
<https://doi.org/10.1080/00472778.2021.1907583>

aesthetically pleasing objects²¹⁷. Their work is far more than just mere production; it's a deep-rooted practice imbued with tradition and cultural significance.

- **Early Traces of Artisanry:** Evidence of artisanry stretches back to the earliest civilizations. Archaeological discoveries reveal intricate pottery, woven textiles, and metalwork crafted thousands of years ago. These artifacts illustrate the ingenuity and technical expertise of early artisans, showcasing their ability to utilize readily available materials to create tools, utensils, and objects of adornment that served both practical and symbolic purposes²¹⁸.
- **The Rise of Guilds and the Transmission of Knowledge:** As societies evolved, so did the practice of artisanry. During the Middle Ages, artisans often formed guilds – associations that regulated specific crafts and safeguarded trade secrets. These guilds played a crucial role in transmitting knowledge and skills through apprenticeships²¹⁹. Young apprentices would learn the intricacies of a particular craft under the tutelage of a master artisan, ensuring the continuation of traditional techniques and artistic styles across generations²²⁰.
- **Artisanry:** The work of artisans is deeply embedded within the cultural fabric of societies. Traditional crafts often reflect the specific materials, techniques, and artistic expressions of a particular region or community²²¹. For example, Japanese pottery traditions like Raku and Kintsugi are not only functional objects but also embody aesthetic philosophies and cultural values. This deep connection between craft and culture allows artisanry to serve as a powerful link between past and present, transmitting cultural heritage through generations and fostering a sense of identity within communities.
- **The Evolution of Artisanry:** The concept of artisanry has not remained static throughout history. With the advent of industrialization, mass production methods

²¹⁷ Noetstaller, R. (1995). Historical Perspective and Key Issues of Artisanal Mining (pp. 1–8). International Roundtable on Artisanal Mining organized by the World Bank.

<https://www.delvedatabase.org/uploads/resources/Noetstaller-WB-1995-Historical-perspectives.pdf>

²¹⁸ Skibo, J. M., Malainey, M. E., & Kooiman, S. M. (2016). Early pottery in the North American Upper Great Lakes: Exploring traces of use. *Antiquity*, 90(353), 1226–1237. <https://doi.org/10.15184/aqy.2016.169>

²¹⁹ de la Croix, D., Doepke, M., & Mokyr, J. (2017). Clans, guilds, and markets: Apprenticeship institutions and growth in the preindustrial economy. *The Quarterly Journal of Economics*, 133(1), 1–70. <https://doi.org/10.1093/qje/qjx026>

²²⁰ De Munck, B. (2020). Apprenticeship, Guilds, and Craft Knowledge. In: Jalobeanu, D., Wolfe, C. (eds) *Encyclopedia of Early Modern Philosophy and the Sciences*. Springer, Cham. https://doi.org/10.1007/978-3-319-20791-9_247-1

²²¹ Fischer, E. F. (2019). Quality and inequality: Creating value worlds with Third Wave coffee. *Socio-Economic Review*, 19(1), 111–131. <https://doi.org/10.1093/ser/mwz044>

threatened the livelihoods of many traditional artisans. However, artisanry has not only survived but also adapted²²². Today, we see a renewed interest in handcrafted goods, with artisan entrepreneurs leveraging technology and innovation to connect with a global audience while maintaining their commitment to traditional skills and artistic expression²²³.

1.3.1.3. The Rise of the Artisan Entrepreneur

The modern landscape of commerce has witnessed a fascinating phenomenon: the rise of the artisan entrepreneur²²⁴. This unique breed of individual embodies a beautiful blurring of lines, where the age-old tradition of craft seamlessly merges with the forward-thinking spirit of entrepreneurship²²⁵. No longer are artisans solely focused on the meticulous creation of objects; they are now transforming their passion for craft into viable and thriving businesses.

This shift can be attributed to a confluence of factors that have empowered artisans to step beyond the workshop and embrace the marketplace. Here, we explore some of the key drivers behind this exciting development:

- **The Yearning for Authenticity:** Consumers today are increasingly seeking a departure from the uniformity and mass production that dominate the market. They crave unique and authentic products that tell a story, embody cultural heritage, and possess a distinct artistic value. Artisan goods fulfill this desire perfectly²²⁶. Each handcrafted piece is imbued with the artisan's skill, creativity, and often, a rich cultural heritage. Owning an artisan product becomes more than just a purchase; it's a connection to the maker, the tradition, and the story behind the object.
- **The Democratization of Commerce:** Technological advancements have played a crucial role in empowering artisans²²⁷. The rise of online platforms and social media has dismantled the traditional barriers to entry in the marketplace. Artisans can now bypass gatekeepers and reach a global audience directly. They can showcase their work, connect with potential customers, and

²²² Hubbe, M.A., & Bowden, C.W. (2009, pp. 12). HANDMADE PAPER: A REVIEW OF ITS HISTORY, CRAFT, AND SCIENCE. Bioresources, 4, 1736-1792.

²²³ Davis, E. A. (1999). Metamorphosis in the culture market of niger. American Anthropologist, 101(3), 485–501. <https://doi.org/10.1525/aa.1999.101.3.485>

²²⁴ Hasanah, U., Sukoco, B. M., Supriharyanti, E., & Wu, W.-Y. (2023). Fifty years of artisan entrepreneurship: A systematic literature review. Journal of Innovation and Entrepreneurship, 12(1). <https://doi.org/10.1186/s13731-023-00308-w>

²²⁵ Pret, T. and Cogan, A. (2019), "Artisan entrepreneurship: a systematic literature review and research agenda", International Journal of Entrepreneurial Behavior & Research, Vol. 25 No. 4, pp. 592-614. <https://doi.org/10.1108/IJEBr-03-2018-0178>

²²⁶ Kemal, S., & Gaskell, I. (1999). Performance and authenticity in the arts. Cambridge University Press. pp 1-12.

²²⁷ Livshits, I., Mac Gee, J. C., & Tertilt, M. (2016). The democratization of credit and the rise in consumer bankruptcies. The Review of Economic Studies, 83(4), 1673–1710. <https://doi.org/10.1093/restud/rdw011>

build a loyal following, all from their studios. This newfound accessibility has transformed the way artisans operate, allowing them to build successful businesses without the limitations of the past²²⁸.

- **A Shift in Values:** There's a growing appreciation for sustainability, ethical production, and supporting local communities. Artisan entrepreneurs often champion these values²²⁹. They frequently source their materials locally, employ traditional techniques that are kinder to the environment, and contribute to the economic vitality of their communities²³⁰. This resonates with today's consumers, who are increasingly making purchasing decisions based on ethical considerations.

I.3.2. Type of artisan entrepreneurs

The world of artisan entrepreneurship thrives at the intersection of passion, skill, and opportunity. Delving into the motivations that drive individuals to embark on this path is essential for fostering and nurturing this vibrant sector²³¹. Research suggests a multifaceted model, where a unique interplay of three key elements shapes the decision to become an artisan entrepreneur: the characteristics and aspirations of the individual themselves, the internal strengths and structure of their venture, and the external environment that provides support and fosters growth²³². By understanding these interwoven forces, we can empower aspiring artisans, strengthen existing businesses, and celebrate the enduring legacy of craftsmanship. While research on specific types of artisan entrepreneurs remains nascent, existing frameworks offer valuable insights into the diverse motivations and characteristics that define this unique group²³³. Here, we delve into two key classification systems:

I.3.2.1. Classification by business development and risk tolerance

This framework categorizes artisan entrepreneurs based on their primary goals and risk tolerance within the business landscape.

²²⁸ Ahi, A. A., Sinkovics, N., & Sinkovics, R. R. (2022). E-commerce policy and the global economy: A path to more inclusive development? *Management International Review*, 63(1), 27–56. <https://doi.org/10.1007/s11575-022-00490-1>

²²⁹ Cappiali, T. M. (2023). A paradigm shift for a more inclusive, equal, and just academia? Towards a transformative-emancipatory pedagogy. *Education Sciences*, 13(9), 876. <https://doi.org/10.3390/educsci13090876>

²³⁰ Arar, K., Chen, D. (2021). The Future of Higher Education: A New Paradigm Shift Addressing Students' Diversity. In: van't Land, H., Corcoran, A., Iancu, DC. (eds) *The Promise of Higher Education*. Springer, Cham. https://doi.org/10.1007/978-3-030-67245-4_55

²³¹ Hasanah et al. (2023)

²³² Rashid, S., & Ratten, V. (2020). Commodifying skills for survival among artisan entrepreneurs in Pakistan. *International Entrepreneurship and Management Journal*, 17(3), 1091–1110. <https://doi.org/10.1007/s11365-020-00688-5>

²³³ Pret & Cogan, (2019).

- **Lifestyle Entrepreneurs:** These individuals prioritize creative freedom and a fulfilling work-life balance over profit maximization. Their passion for their craft drives them to create unique pieces, often catering to niche markets²³⁴. They might prioritize direct sales channels like local markets or online platforms with a focus on customer interaction and storytelling. Financial stability is important, but their entrepreneurial endeavors are primarily motivated by the intrinsic rewards of artistic expression and a self-directed work environment²³⁵.
- **Idealists:** For this group, cultural preservation and social impact are paramount. Their businesses are driven by a desire to maintain traditional skills, promote ethical production practices, and contribute to the economic well-being of their communities²³⁶. They might actively participate in fair-trade initiatives, source materials locally, and prioritize environmentally sustainable practices. Their approach to entrepreneurship is not solely focused on financial gain, but rather on achieving a positive social impact through their craft²³⁷.
- **Business-oriented entrepreneurs:** Driven by a strong entrepreneurial spirit, these individuals prioritize building a scalable and profitable business. They readily embrace technological advancements to streamline production and marketing, aiming to reach a wider audience through online marketplaces and strategic partnerships²³⁸. Their decision-making processes are guided by market trends and the potential for growth, with a focus on developing a sustainable and financially successful venture²³⁹.
- **Late-Developers:** These individuals transition into artisan entrepreneurship later in life, perhaps following retirement or a career shift. Their motivations might stem from a desire for financial security after retirement, a second career driven by renewed passion,

²³⁴ Jones, P., Ratten, V., & Hayduk, T. (2020). Sport, fitness, and lifestyle entrepreneurship. *International Entrepreneurship and Management Journal*, 16(3), 783–793. <https://doi.org/10.1007/s11365-020-00666-x>

²³⁵ Ivanycheva, D., Schulze, W. S., Lundmark, E., & Chirico, F. (2023). Lifestyle entrepreneurship: Literature review and future research agenda. *Journal of Management Studies*. <https://doi.org/10.1111/joms.13000>

²³⁶ Thompson, J. (2018, January 29). What business you should start, based on your personality type: Part 2 - Artisans and guardians. *True You Journal*. <https://www.truity.com/blog/what-business-you-should-start-based-your-personality-type-part-2-artisans-and-guardians>

²³⁷ Kerr, S. P., Kerr, W., & Xu, T. (2017). Personality traits of entrepreneurs: A review of recent literature. *National Bureau of Economic Research*. <http://dx.doi.org/10.3386/w24097>

²³⁸ Soares, M.d.C. and Perin, M.G. (2020), "Entrepreneurial orientation and firm performance: an updated meta-analysis", *RAUSP Management Journal*, Vol. 55 No. 2, pp. 143-159. <https://doi.org/10.1108/RAUSP-01-2019-0014>

²³⁹ Grable, J.E. (2016, pp. 22). Financial Risk Tolerance. In: Xiao, J. (eds) *Handbook of Consumer Finance Research*. Springer, Cham. https://doi.org/10.1007/978-3-319-28887-1_2

or the opportunity to utilize existing skills acquired through hobbies²⁴⁰. Their entrepreneurial efforts may prioritize flexibility and risk mitigation, with a focus on achieving a comfortable and fulfilling work-life balance²⁴¹.

1.3.2.2. Classification by artisan values

This framework focuses on the core values that guide an artisan entrepreneur's approach to their craft and business^{242,243,244}.

- **Amateurs:** Driven by a love for their craft and a desire for personal expression, amateurs create high-quality work primarily for their own satisfaction. They might participate in local craft shows or sell occasional pieces, but financial gain is not their primary concern. Their focus lies on honing their skills, experimenting with techniques, and pushing the boundaries of their creativity.
- **Craftsmen:** Technical mastery and the creation of high-quality, functional objects are the hallmarks of this category. Their dedication lies in preserving traditional techniques and upholding the time-honored practices of their craft. They might prioritize meticulous attention to detail, adherence to specific styles or materials, and the creation of heirloom-quality pieces that are built to last.
- **Entrepreneurs:** This group is primarily motivated by building a successful business around their craft. They excel at marketing, branding, and financial management, viewing their craft as a means to achieve commercial success. Their focus is on developing marketable products, identifying target audiences, and building a sustainable business model. While they remain passionate about their craft, their entrepreneurial spirit drives them to translate their skills into a thriving venture.

It is important to note that these classifications are not mutually exclusive. Many artisan entrepreneurs exhibit characteristics from multiple groups. The specific blend of motivations, skillsets, and priorities within an individual defines their unique approach to artisan entrepreneurship. Understanding these different typologies offers valuable insights into the

²⁴⁰ Tittel, A., & Terzidis, O. (2020). Entrepreneurial competences revised: Developing a consolidated and categorized list of entrepreneurial competences. *Entrepreneurship Education*, 3(1), 1–35. <https://doi.org/10.1007/s41959-019-00021-4>

²⁴¹ Fillis, I. (2004). The Internationalizing Smaller Craft Firm. *International Small Business Journal: Researching Entrepreneurship*, 22(1), 57–82. <https://doi.org/10.1177/0266242604039481>.

²⁴² Hasanah et al. (2023).

²⁴³ Pret & Cogan, (2019).

²⁴⁴ Salmony, F. U., & Kanbach, D. K. (2021). Personality trait differences across types of entrepreneurs: A systematic literature review. *Review of Managerial Science*, 16(3), 713–749. <https://doi.org/10.1007/s11846-021-00466-9>

diverse landscape of artisan entrepreneurs and the multifaceted forces that shape their endeavors.

I.3.3. Driving factors of artisan entrepreneurship

The world of artisan entrepreneurship thrives at the intersection of passion, skill, and opportunity. Delving into the motivations that drive individuals to embark on this path is essential for fostering and nurturing this vibrant sector. Research suggests a multifaceted model, where a unique interplay of three key elements shapes the decision to become an artisan entrepreneur: the characteristics and aspirations of the individual themselves, the internal strengths and structure of their venture, and the external environment that provides support and fosters growth²⁴⁵. By understanding these interwoven forces, we can empower aspiring artisans, strengthen existing businesses, and celebrate the enduring legacy of craftsmanship.

I.3.3.1. Individual determinants of entrepreneurship:

This category focuses on the inherent characteristics and motivations of the artisan themselves. Key factors influencing entrepreneurial pursuit include^{246,247}:

- **Passion and Creativity:** A deep love for their craft and a strong desire for creative expression are fundamental drivers for artisan entrepreneurs. This intrinsic motivation fuels their dedication and perseverance in establishing and running their ventures.
- **Entrepreneurial Skills and Aptitudes:** While artistic talent is essential, artisan entrepreneurs also require a certain level of business acumen to navigate the complexities of running a venture. Skills in marketing, finance, and basic business management are crucial for success.
- **Risk Tolerance and Self-Efficacy:** The ability to manage risk and a strong belief in one's capabilities are essential for navigating the uncertainties inherent in starting a business. Artisan entrepreneurs need to be comfortable with taking calculated risks and possess the confidence to navigate challenges.

I.3.3.2. Firm determinants of entrepreneurship:

This category examines the internal characteristics of the artisan enterprise itself that influence its viability and growth potential²⁴⁸.

²⁴⁵ Hoyte, C. (2018). Artisan entrepreneurship: A question of personality structure? *International Journal of Entrepreneurial Behavior & Research*, 25(4), 615–632. <https://doi.org/10.1108/ijebr-02-2018-0099>

²⁴⁶ Selmi, I., & Haddad, S. (2013). Individual determinants of entrepreneurship. In *Encyclopedia of Creativity, Invention, Innovation and Entrepreneurship* (pp. 913–916). Springer New York. http://dx.doi.org/10.1007/978-1-4614-3858-8_218

²⁴⁷ Olivari, J. (2016). Entrepreneurial traits and firm innovation. *Eurasian Business Review*, 6(3), 339–360. <https://doi.org/10.1007/s40821-016-0060-6>

²⁴⁸ Selmi and Haddad, (2013).

- **Craft Specialization and Product Uniqueness:** Artisan entrepreneurs who possess a unique skillset or create differentiated products have a greater competitive advantage. Specialization allows them to cater to niche markets and command premium prices.
- **Business Model and Innovation:** The way an artisan entrepreneur structures their business and their ability to innovate are critical factors for success. This encompasses aspects like pricing strategies, marketing channels, and the adoption of new technologies to streamline operations.
- **Financial Management and Resource Acquisition:** Effective financial management practices and the ability to secure resources are essential for sustaining the business. This includes managing cash flow, securing funding for growth, and utilizing resources efficiently.

1.3.3.3. Environmental determinants of entrepreneurship

This category explores the external factors present in the surrounding ecosystem that impact the likelihood and success of artisan entrepreneurship^{249,250}.

- **Government Support and Policies:** Supportive government policies, such as access to microloans, training programs, and subsidies for artisans, can significantly encourage entrepreneurial activity.
- **Market Access and Distribution Channels:** Easy access to markets and efficient distribution channels are crucial for reaching customers and generating sales. This includes online platforms, participation in craft fairs, and partnerships with retailers.
- **Social and Cultural Context:** A supportive cultural environment that values traditional crafts and local production fosters a climate conducive to artisan entrepreneurship. This includes appreciation for artisanal goods and a strong sense of community pride surrounding local crafts.

By understanding these multifaceted driving forces, policymakers, support organizations, and aspiring artisan entrepreneurs can develop strategies to nurture and propel this dynamic sector forward.

Conclusion

This chapter presents a comprehensive exploration into the realm of micro entrepreneurship, with a particular emphasis on micro enterprises and artisan entrepreneurship. It elucidates the definitions, types, and characteristics of these entities, and underscores their multifaceted

²⁴⁹ Onileowo, T. T. (2024). Exploring the influence of government policy on entrepreneurship development. *British Journal of Multidisciplinary and Advanced Studies*, 5(1), 198–211. <https://doi.org/10.37745/bjmas.2022.0421>

²⁵⁰ Faria, J. R., Ogura, L., Prado, M., & Boudreaux, C. J. (2023). Government investments and entrepreneurship. *Small Business Economics*, 61(4), 1657–1670. <https://doi.org/10.1007/s11187-023-00743-9>

importance in the globalized marketplace. The chapter also delves into the enhanced challenges and obstacles that micro businesses face in their development and presents a refined framework for understanding the stages of micro enterprise development.

The focus then shifts to artisan entrepreneurship, a unique blend of artistic passion and business acumen that is currently transforming the micro enterprise landscape. The chapter explores the definitions, historical background, types, and driving factors of artisan entrepreneurship.

The chapter underscores the importance of understanding the multifaceted driving forces of artisan entrepreneurship, including individual, firm, and environmental determinants. By understanding these forces, policymakers, support organizations, and aspiring artisan entrepreneurs can develop strategies to nurture and propel this dynamic sector forward.

Overall, this chapter serves as a foundation for understanding the potential inherent in micro businesses and the serious measures undertaken by numerous countries and organizations to support and promote these entities. It sets the stage for the subsequent chapters, which will delve deeper into the specific aspects of micro entrepreneurship and artisan entrepreneurship. Through this exploration, we aim to gain a deeper appreciation for the artistry, dedication, and innovation that define artisan entrepreneurs and the vital role they play in preserving cultural heritage and shaping the future of commerce. This exploration will provide valuable insights into the vibrant world of micro entrepreneurship and its significant impact on socio-economic development.

Chapter. II. Artisan's micro-businesses financing sources

Preface

The heart of a vibrant community often beats within the studios and workshops of artisan micro-businesses. These small ventures, driven by the creative spirit of their owners, transform raw materials into a dazzling display of human ingenuity. From bespoke furniture and handcrafted jewelry to mouthwatering delicacies and immersive experiences, artisan micro-businesses enrich communities with unique expressions of artistry and a strong sense of local identity.

However, the path from artistic vision to a flourishing business necessitates more than just passion and a knack for crafting beautiful objects. A crucial, yet often overlooked element, is the strategic acquisition of financial resources. Securing the necessary capital acts as the bridge that allows an artisan to translate artistic vision into the realm of sustainable business success. While traditional funding streams readily available to established companies may remain out of reach, the resourceful artisan entrepreneur possesses a toolkit specifically suited to their unique needs.

This chapter delves into the various financing strategies available to navigate the often-challenging financial landscape of artisan micro-businesses. Section 1 explores the foundation of any successful financial plan - internal financing sources. We'll examine strategies like bootstrapping and highlight their role in fostering independence and creative control. Section 2 then expands the horizon by exploring external financing options. From traditional banks and government-backed programs to alternative avenues like crowdfunding and microlending, this section equips readers with a comprehensive understanding of the diverse options available. However, unlike internal financing, external sources often involve relinquishing some degree of control and potentially incurring debt obligations. A thorough evaluation of each option alongside a well-developed business plan is crucial before securing external funding.

Finally, Section 3 bridges the gap between theory and practice by showcasing real-world case studies. We'll delve into the inspiring stories of Tierra Fuego and Batch & Bake, artisan micro-businesses that strategically leveraged various financing avenues to overcome financial hurdles and propel their ventures towards success. By examining these real-world blueprints for success, aspiring artisan entrepreneurs can glean valuable insights on how to bridge the financial gap and navigate the exciting yet challenging landscape of micro-business financing.

Ultimately, this chapter aims to empower artisan entrepreneurs with the knowledge and tools necessary to make informed financial decisions. By understanding and strategically utilizing a combination of internal and external financing strategies, artisan micro-businesses can ensure the continued vibrancy and artistic expression that defines their vital role within the economic and cultural landscape.

II.1. Section One: Internal Sources

Unlike their larger counterparts, artisan micro-businesses navigate a distinct financial landscape. Traditional funding streams readily available to established companies may remain out of reach. Yet, this doesn't spell limitations for the resourceful artisan entrepreneur. By deliberately leveraging a robust toolkit of internal financing sources, they can lay the groundwork for sustainable growth while preserving the very essence of their craft^{251,252}. This section delves into these internal resources, highlighting their role in fostering independence and control over decision-making. This empowers the artisan to maintain their creative vision and ensure the integrity of their unique artistic expression throughout the business journey.

II.1.1. Personal Savings and Bootstrapping

II.1.1.1. *Bootstrapping with Personal Savings:*

Personal savings are the lifeblood of many artisan micro-businesses. This approach offers the unparalleled advantage of complete ownership and control. Artisans leverage their accumulated savings to fund initial expenses, from acquiring high-quality raw materials and essential tools to setting up a dedicated workspace²⁵³. The absence of external investors eliminates the need for complex justifications or approvals, fostering a sense of independence and creative freedom. This allows artisans to experiment, refine their craft, and establish a unique brand identity without external pressure.

However, the limitations of relying solely on personal savings must be acknowledged. Often, starting a micro-business requires more capital than an individual might readily have available. This can hinder initial growth and restrict the artisan's ability to invest in essential equipment, marketing strategies, or expanding production capabilities. Additionally, using personal savings

²⁵¹ Nguyen, B., & Canh, N. P. (2020). Formal and informal financing decisions of small businesses. *Small Business Economics*, 57(3), 1545–1567. <https://doi.org/10.1007/s11187-020-00361-9>

²⁵² Fadil, N. and St-Pierre, J. (2021), "Growing SMEs and internal financing: the role of business practices", *Journal of Small Business and Enterprise Development*, Vol. 28 No. 7, pp. 973-994. <https://doi.org/10.1108/JSBED-11-2019-0375>

²⁵³ Singh, M., Dhir, S., & Mishra, H. (2022). Synthesizing research in entrepreneurial bootstrapping and bricolage: A bibliometric mapping and TCCM analysis. *Management Review Quarterly*, 74(1), 487–520. <https://doi.org/10.1007/s11301-022-00308-2>

exposes the entrepreneur's personal assets to potential business risks. Should the venture encounter financial difficulties, the entrepreneur's personal finances could be jeopardized²⁵⁴.

II.1.1.2. Strategies for Maximizing the Use of Personal Savings:

Despite the inherent limitations, artisans can employ various strategies to optimize the use of personal savings, a process often referred to as bootstrapping. This approach emphasizes resourcefulness and creativity. The following tactics can be employed by artisans to maximize their personal savings^{255,256}:

- **Optimization of Existing Assets:** Artisans can minimize initial investment needs by leveraging existing skills and resources. For instance, establishing a dedicated workspace within a home studio or adapting tools already in possession for the craft.
- **Adoption of Multifunctional Tools and Equipment:** Investing in tools and equipment that serve multiple purposes can reduce overall spending and streamline the production process.
- **Exploration of Alternative Materials:** Conducting research into cost-effective, high-quality alternative materials can help maintain the integrity of the final product without incurring excessive costs.
- **Engagement in Barter Systems and Collaborations:** Developing relationships with other artisans or local businesses can be beneficial. Bartering skills or services can help acquire necessary resources without a cash outlay. Collaborating on marketing efforts or production processes can also yield mutual benefits.

By adopting these strategies, artisans can effectively maximize the use of their personal savings while mitigating some of the inherent limitations. This approach fosters a resourceful and adaptable mindset, setting the stage for future growth and success.

²⁵⁴ Lwesya, F., & Mwakalobo, A. B. S. (2023). Frontiers in microfinance research for small and medium enterprises (SMEs) and microfinance institutions (MFIs): A bibliometric analysis. *Future Business Journal*, 9(1). <https://doi.org/10.1186/s43093-023-00195-3>

²⁵⁵ Eriana Astuty, Ivan Diryana Sudirman & Rudy Aryanto (2024) Sustainable resilience strategy: unleash the micro-businesses's potential in the digitalization and sustainability era, *Cogent Business & Management*, 11:1, 2313672. <https://doi.org/10.1080/23311975.2024.2313672>

²⁵⁶ Ribeiro, J. P. C., Duarte, F., & Gama, A. P. M. (2022). Does microfinance foster the development of its clients? A bibliometric analysis and systematic literature review. *Financial Innovation*, 8(1). <https://doi.org/10.1186/s40854-022-00340-x>

II.1.2. Friends and Family

While friends and family can be a source of emotional support and encouragement for a new artisan business, relying on them for financial investment is generally **not recommended**. Here's why:

II.1.2.1. *Risks to Relationships:*

- **Misunderstood Risks:** Friends and family members may not fully comprehend the inherent risks involved in starting a business²⁵⁷. This can lead to unrealistic expectations and potential resentment if the venture encounters challenges.
- **Strained Relationships:** Financial difficulties are a major stressor on any relationship. If the business struggles, it can strain personal bonds with friends and family²⁵⁸.

II.1.2.2. *Financial Considerations:*

- **Informal Agreements:** Friends and family loans are often informal, lacking the legal clarity of a formal loan. This can lead to confusion and disagreements down the road²⁵⁹.
- **Limited Capital:** The amount of funding typically available from friends and family might not be sufficient to meet the needs of a growing artisan business²⁶⁰.

²⁵⁷ Lee, S., & Persson, P. (2016). Financing from family and friends. *Review of Financial Studies*, 29(9), 2341–2386. <https://doi.org/10.1093/rfs/hhw031>

²⁵⁸ Bertrand, M., Johnson, S., Samphantharak, K., & Schoar, A. (2008). Mixing family with business: A study of Thai business groups and the families behind them. *Journal of Financial Economics*, 88(3), 466–498. <https://doi.org/10.1016/j.jfineco.2008.04.002>

²⁵⁹ Nguyen & Canh, (2020, pp. 14)

²⁶⁰ Yang, F., Ye, X., Huang, W., & Zhao, X. (2023). The impacts on informal financing strategy of small and micro enterprises by interest rate risks and public health emergencies. *International Entrepreneurship and Management Journal*, 19(4), 1673–1705. <https://doi.org/10.1007/s11365-023-00872-3>

II.1.2.3. Alternatives to Consider:

Despite the potential drawbacks, some situations might make friends and family a viable option. The following should be prioritized if the alternatives are considered^{261,262,263}:

- **Open Communication:** Discuss the business plan, potential risks, and repayment terms openly and honestly.
- **Formal Agreements:** Even for a small loan, have a lawyer draft a formal agreement outlining expectations and responsibilities.
- **Maintain Professional Boundaries:** Treat the friends and family as investors, not personal ATMs. Separate personal relationships from business interactions.

II.1.3. Credit Societies

The term "Credit Societies" might not be widely used in modern business finance within the United States. Here are two alternative financing options for artisan micro-businesses that offer similar benefits:

II.1.3.1. Microloans:

Microlending institutions specialize in providing small loans, typically ranging from \$500 to \$50,000, to entrepreneurs who might not qualify for traditional bank loans²⁶⁴. These institutions often offer additional support services such as business development workshops and mentorship programs²⁶⁵. The Aspen Institute's Microsolutions Center reports that over 161 microlenders operate in the United States alone^{266,267}.

²⁶¹ Lynn, T., Rosati, P. (2021). New Sources of Entrepreneurial Finance. In: Soltanifar, M., Hughes, M., Göcke, L. (eds) Digital Entrepreneurship. Future of Business and Finance. Springer, Cham. https://doi.org/10.1007/978-3-030-53914-6_11

²⁶² Coronel-Pangol, K., Heras-Tigre, D., Jiménez Yumbra, J., Aguirre Quezada, J., & Mora, P. (2023). Microfinance, an alternative for financing entrepreneurship: Implications and trends-bibliometric analysis. *International Journal of Financial Studies*, 11(3), 83. <https://doi.org/10.3390/ijfs11030083>

²⁶³ OECD (2015, pp. 30), "The challenges and benefits of alternative finance for SMEs", in *New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264240957-4-en>.

²⁶⁴ Lwesyia & Mwakalobo, (2023).

²⁶⁵ Ribeiro et al. (2021)

²⁶⁶ Girardo, M & Edgcomb, E., (2011, pp. 16). Key data on the scale of microlending in the US. The Aspen Institute. <https://www.aspeninstitute.org/publications/key-data-scale-microlending-us/>

²⁶⁷ Fracassi, C., Garmaise, M. J., Kogan, S., & Natividad, G. (2016). Business Microloans for U.S. Subprime Borrowers. *Journal of Financial and Quantitative Analysis*, 51(1), 55–83. doi:10.1017/S0022109016000144

II.1.3.2. Community Development Financial Institutions (CDFIs):

CDFIs are mission-driven financial institutions that provide financial products and services to underserved communities. This can include loans, business accounts, and financial education programs. Many CDFIs have a strong focus on supporting small businesses and entrepreneurs²⁶⁸.

These alternative financing options offer artisans access to capital while potentially providing valuable business development support. It's important to compare loan terms, interest rates, and eligibility requirements from different microlenders and CDFIs to find the best fit for the specific needs.

II.1.4. Bootstrapping

Beyond simply relying on personal savings, bootstrapping elevates the concept of financial resourcefulness to a strategic art form²⁶⁹. Here, the artisan entrepreneur dons the hat of a resourceful pioneer, leveraging their **creativity and ingenuity** to minimize initial investment and maximize efficiency²⁷⁰. This approach thrives on a "make do with what you have" mentality, fostering a spirit of adaptability that is crucial for navigating the often-unpredictable initial stages of micro-business development.

II.1.4.1. Strategies for the Bootstrapping Artisan:

- **Embrace Multifunctionality:** Instead of a dedicated workshop filled with specialized equipment, the bootstrapping artisan seeks **multifunctional tools and equipment**. A single tool might serve multiple purposes in the production process, reducing overall spending and streamlining operations. For example, a woodworker might utilize a handheld powercarving tool for both rough shaping and delicate detail work, eliminating the need for separate tools for each stage²⁷¹.

²⁶⁸ Smith, G., Newon, J., Zielenbach, S., & Duda, S. (2008, pp. 5). Collaborators or Competitors? Exploring the Relationships between Community Development Financial Institutions and Conventional Lenders in Small Business Finance. U.S. Department of the Treasury, CDFI Fund – Research Initiative. <https://www.cdfifund.gov/sites/cdfi/files/documents/relationships-between-community-development-financial-institutions-and-conventional-lenders-in-small-business-finance.pdf>

²⁶⁹ Singh et al. (2024)

²⁷⁰ Rutherford, M.W., Coombes, S.M., & Mazzei, M.J. (2012). THE IMPACT OF BOOTSTRAPPING ON NEW VENTURE PERFORMANCE AND SURVIVAL: A LONGITUDINAL ANALYSIS. *Frontiers of entrepreneurship research*, 32, 4.

²⁷¹ Endris, E., & Kassegn, A. (2022). The role of micro, small and medium enterprises (MSMEs) to the sustainable development of sub-Saharan Africa and its challenges: A systematic review of evidence from Ethiopia. *Journal of Innovation and Entrepreneurship*, 11(1). <https://doi.org/10.1186/s13731-022-00221-8>

- **Resourceful Material Acquisition:** Bootstrapping does not equate to sacrificing quality. Artisans can explore **alternative, high-quality materials** that are more cost-effective than traditional options. This might involve researching local suppliers, repurposing salvaged materials, or even negotiating bulk discounts. For instance, a textile artist could experiment with using naturally dyed wool scraps instead of purchasing pre-dyed fabrics, reducing material costs while potentially creating unique and sustainable products²⁷².
- **The Power of Barter and Collaboration:** The artisan community thrives on a spirit of collaboration. Bootstrapping entrepreneurs can leverage this by **bartering skills or services** with other artisans or local businesses²⁷³. A potter might barter a set of handcrafted mugs for carpentry work needed to build display shelves for their upcoming market event. Additionally, collaborating with other artisans on marketing efforts or production processes can further optimize resource allocation and reach.
- **The Digital Marketing Revolution:** Gone are the days of expensive advertising campaigns. The artisan entrepreneur has a powerful resource at their fingertips “the **digital world**”²⁷⁴. Social media platforms, online marketplaces, and even content creation through blogs or video tutorials can be leveraged to showcase their work, connect directly with customers, and build a loyal following. This not only minimizes marketing costs but also allows for targeted audience engagement and brand storytelling²⁷⁵.

By embracing these bootstrapping strategies, the artisan entrepreneur not only stretches their financial resources but also cultivates a **deep understanding of their business operations**. This self-reliance fosters a keen eye for efficient resource allocation and a problem-solving mindset – invaluable assets for navigating the challenges and opportunities that lie ahead on the path to success.

II.1.5. Retained Earnings

Retained earnings are the fruits of the artisan's labor, a self-sustaining financial mechanism fueled by the success of their venture. As the business generates sales and turns a profit, a

²⁷² Endris & Kassegn, (2022).

²⁷³ Bieniek, M. (2021). Bartering: Price-Setting newsvendor problem with barter exchange. *Sustainability*, 13(12), 6684. <https://doi.org/10.3390/su13126684>

²⁷⁴ Cham, T.-H., Cheah, J.-H., Memon, M. A., Fam, K.-S., & László, J. (2022). Digitalization and its impact on contemporary marketing strategies and practices. *Journal of Marketing Analytics*, 10(2), 103–105. <https://doi.org/10.1057/s41270-022-00167-6>

²⁷⁵ Pascucci, F., Savelli, E., & Gistri, G. (2023). How digital technologies reshape marketing: Evidence from a qualitative investigation. *Italian Journal of Marketing*. <https://doi.org/10.1007/s43039-023-00063-6>

portion of those earnings can be strategically reinvested back into the micro-business²⁷⁶. This approach, known as retained earnings, fosters organic growth and the gradual accumulation of capital, paving the way for future expansion and innovation²⁷⁷.

II.1.5.1. Investing in Growth

Retained earnings empower the artisan to make strategic investments that propel the business forward. Here are some ways artisans can leverage these reinvested profits:

- **Upgrade Equipment and Technology:** Investing in new equipment or improved technologies can significantly enhance production efficiency and product quality²⁷⁸. For example, a glassblower might utilize retained earnings to purchase a state-of-the-art furnace, allowing them to create larger and more intricate pieces while simultaneously reducing production time.
- **Expand Production Capacity:** As demand for the artisan's work grows, retained earnings can be used to increase production capabilities. This might involve acquiring additional equipment, expanding the workspace, or hiring skilled assistants. A growing production capacity allows the artisan to meet customer demand without sacrificing quality or lead times²⁷⁹.
- **Fueling Marketing and Brand Awareness:** Investing in strategic marketing initiatives is crucial for reaching new audiences and expanding the customer base. Retained earnings can be used to develop a compelling brand identity, launch targeted online advertising campaigns, or participate in industry trade shows and events²⁸⁰. By

²⁷⁶ Jansen, K., Michiels, A., Voordeckers, W., & Steijvers, T. (2022). Financing decisions in private family firms: A family firm pecking order. *Small Business Economics*, 61(2), 495–515. <https://doi.org/10.1007/s11187-022-00711-9>

²⁷⁷ Gajdosikova, D., Valaskova, K., & Durana, P. (2022). Earnings management and corporate performance in the scope of firm-specific features. *Journal of Risk and Financial Management*, 15(10), 426. <https://doi.org/10.3390/jrfm15100426>

²⁷⁸ Subawa, N.S., Basmantra, I.N., Utami, N.P.R., Mimaki, C.A. (2024). Leveraging Social Media Marketing and Brand Awareness for Enhancing Purchase Intention in the Food and Beverage Industry Post-COVID-19. In: Alareeni, B., Hamdan, A. (eds) *Technology and Business Model Innovation: Challenges and Opportunities*. ICBT 2023. Lecture Notes in Networks and Systems, vol 924. Springer, Cham. https://doi.org/10.1007/978-3-031-53998-5_33

²⁷⁹ Coad, A., Domnick, C., Flachenecker, F., Harasztosi, P., Janiri, M. L., Pal, R., & Teruel, M. (2021). Capacity constraints as a trigger for high growth. *Small Business Economics*, 59(3), 893–923. <https://doi.org/10.1007/s11187-021-00558-6>

²⁸⁰ Subawa, N.S., Basmantra, I.N., Utami, N.P.R., Mimaki, C.A. (2024). Leveraging Social Media Marketing and Brand Awareness for Enhancing Purchase Intention in the Food and Beverage Industry Post-COVID-19. In: Alareeni, B., Hamdan, A. (eds) *Technology and Business Model Innovation: Challenges and Opportunities*. ICBT 2023. Lecture Notes in Networks and Systems, vol 924. Springer, Cham. https://doi.org/10.1007/978-3-031-53998-5_33

investing in marketing, the artisan can ensure their work is seen by the right audience and their brand story resonates with potential customers²⁸¹.

- **Product Development and Innovation:** Retained earnings provide the fuel for creativity and exploration. Artisans can utilize these reinvested funds to experiment with new designs, materials, or product lines, fostering innovation and keeping their offerings fresh and exciting for customers²⁸². This continuous improvement ensures the artisan's work remains relevant and competitive in the marketplace²⁸³.

II.1.6. Inventory Management

For artisan entrepreneurs, efficient inventory management goes beyond simply keeping track of stock²⁸⁴. It's a strategic tool that unlocks a hidden source of internal financing – **freed-up capital**. By meticulously **forecasting demand** and minimizing the burden of excess inventory, artisans can significantly **improve cash flow**, a critical lifeblood for any micro-business.

II.1.6.1. Just-in-Time for Growth

One effective inventory management technique for artisan businesses is the **just-in-time (JIT)** approach²⁸⁵. This strategy focuses on acquiring raw materials and supplies only when they are needed for immediate production. This minimizes the amount of capital tied up in stock, freeing up resources for other crucial areas²⁸⁶. For instance, a ceramicist who utilizes JIT; instead of purchasing a large bulk of clay upfront, they might order materials based on confirmed customer orders or upcoming craft fair participation. This reduces the risk of obsolescence or spoilage of materials, particularly for perishable or trend-driven crafts.

²⁸¹ Chen, J., Zhang, Y., Cai, H., Liu, L., Liao, M., & Fang, J. (2024). A comprehensive overview of micro-influencer marketing: Decoding the current landscape, impacts, and trends. *Behavioral Sciences*, 14(3), 243. <https://doi.org/10.3390/bs14030243>

²⁸² Kruachottikul, P., Dumrongvute, P., Tea-makorn, P., Kittikowit, S., & Amrapala, A. (2023). New product development process and case studies for deep-tech academic research to commercialization. *Journal of Innovation and Entrepreneurship*, 12(1). <https://doi.org/10.1186/s13731-023-00311-1>

²⁸³ Zastempowski, M. (2022). What shapes innovation capability in micro-enterprises? New-to-the-Market product and process perspective. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(1), 59. <https://doi.org/10.3390/joitmc8010059>

²⁸⁴ Panigrahi, R. R., Shrivastava, A. K., & Kapur, P. K. (2024). Impact of inventory management practices on the operational performances of SMEs: Review and future research directions. *International Journal of System Assurance Engineering and Management*. <https://doi.org/10.1007/s13198-023-02216-4>

²⁸⁵ Rajam Ramaswamy, N., Selladurai, V., & Gunasekaran, A. (2002). Just-in-time implementation in small and medium enterprises. *Work Study*, 51(2), 85–90. <https://doi.org/10.1108/00438020210418818>

²⁸⁶ Gherhes, C., Williams, N., Vorley, T. and Vasconcelos, A.C. (2016), "Distinguishing micro-businesses from SMEs: a systematic review of growth constraints", *Journal of Small Business and Enterprise Development*, Vol. 23 No. 4, pp. 939-963. <https://doi.org/10.1108/JSBED-05-2016-0075>

II.1.6.2. *Benefits of Streamlined Inventory:*

The positive impact of efficient inventory management goes beyond freeing up capital. Here's how it empowers artisan businesses^{287,288}:

- **Enhanced Cash Flow:** Reduced inventory translates into **improved cash flow**. This allows the artisan to invest in higher quality materials that elevate their products, potentially commanding premium prices. Additionally, it allows for greater flexibility in responding to sudden changes in customer demand or market trends.
- **Increased Profitability:** Reduced carrying costs associated with excess inventory translates directly to **increased profitability**. Less storage space is required, and the risk of damaged or outdated inventory is minimized. This allows the artisan to focus on the core business of creating beautiful and unique products.
- **Improved Efficiency:** Streamlined inventory management encourages a more **organized and efficient production process**. Artisans can easily identify necessary materials and avoid delays caused by missing stock items. This fosters a smoother workflow and allows for a quicker turnaround time on customer orders.
- **Greater Innovation:** By freeing up capital and fostering a more efficient production process, artisans have the **flexibility to explore new product lines** or experiment with innovative materials. This allows them to stay ahead of the curve and maintain a competitive edge in the marketplace.

II.1.7. Bootstrapping the workspace

Artisan micro-businesses often possess a unique advantage – the **resourcefulness** of the entrepreneur themselves²⁸⁹. This translates into the ability to **leverage existing skills and assets** to minimize initial investment needs^{290,291}. Here is how artisans can turn their existing resources into a springboard for success:

²⁸⁷ Panigrahi et al. (2024)

²⁸⁸ Endris & Kassegn, (2022)

²⁸⁹ Singh, M., Dhir, S., & Mishra, H. (2022). Synthesizing research in entrepreneurial bootstrapping and bricolage: A bibliometric mapping and TCCM analysis. *Management Review Quarterly*, 74(1), 487–520. <https://doi.org/10.1007/s11301-022-00308-2>

²⁹⁰ Jeffrey Liker and Thomas Y. Choi . (2004, December 1). Building deep supplier relationships. *Harvard Business Review*. <https://hbr.org/2004/12/building-deep-supplier-relationships>

²⁹¹ Zhang, T., Gerlowski, D., & Acs, Z. (2021). Working from home: Small business performance and the COVID-19 pandemic. *Small Business Economics*, 58(2), 611–636. <https://doi.org/10.1007/s11187-021-00493-6>

- **The Home Studio Advantage:** Many artisans can establish a dedicated workspace within their homes. This eliminates the significant overhead costs associated with renting a commercial studio space. A spare room, garage, or even a designated corner can be transformed into a functional and inspiring creative haven^{292,293}.
- **The Multi-Tool Master:** Artisans don't always need a specialized workshop filled with expensive equipment. By being resourceful, they can utilize **readily available tools and adapt them for their craft**. A simple drill might become a multi-purpose tool for drilling, shaping, and even polishing with the right attachments. Investing in **versatile tools** reduces overall spending and streamlines the production process²⁹⁴.
- **Building Supplier Relationships:** Artisans often cultivate strong relationships with local suppliers over time. Leveraging these existing connections can offer significant benefits. Suppliers might be willing to offer **flexible payment terms** or **bulk discounts** based on established trust and consistent business²⁹⁵. These relationships can ease cash flow challenges and ensure a reliable source of high-quality materials.

By strategically utilizing their existing assets, artisans can not only reduce initial investment needs but also foster a sense of **resourcefulness and adaptability**. This mindset becomes invaluable as the business grows and navigates new challenges. However, internal financing sources often have limitations. The next section will explore various **external financing options** available to artisan micro-businesses, allowing them to unlock the capital necessary for significant growth and expansion.

II.2. Section Two: External Sources

While internal financing sources offer a strong foundation for bootstrapping a micro-business, significant growth often necessitates exploring **external financing options**. This section delves into various external sources that artisan entrepreneurs can leverage to propel their businesses to the next level. It's crucial to remember that unlike internal financing, external sources typically involve **relinquishing some degree of control** and potentially incurring **debt**

²⁹² Zhang et al. (2021)

²⁹³ Kreiterling, C. (2023). Digital innovation and entrepreneurship: A review of challenges in competitive markets. *Journal of Innovation and Entrepreneurship*, 12(1). <https://doi.org/10.1186/s13731-023-00320-0>

²⁹⁴ Lwesya & Mwakalobo, (2023)

²⁹⁵ Jamaluddin, F., & Saibani, N. (2021). Systematic literature review of supply chain relationship approaches amongst business-to-business partners. *Sustainability*, 13(21), 11935. <https://doi.org/10.3390/su132111935>

obligations. A thorough evaluation of each option alongside a well-developed business plan is essential before securing external funding.

II.2.1. Governmental Banks and Loan Programs

Government-backed banks and loan programs serve as a cornerstone of financial inclusion within the micro-business landscape, offering a vital avenue for resource-constrained artisan enterprises to secure capital for growth and sustainability²⁹⁶. These institutions, established and supported by government entities, function to bridge the gap between traditional lenders and fledgling businesses that might not meet the stringent creditworthiness criteria of commercial banks. By providing loans with favorable interest rates and flexible repayment structures, government-backed banks and loan programs empower artisan micro-businesses to overcome a significant hurdle in their entrepreneurial journeys²⁹⁷. This subsection delves into the operational characteristics and potential benefits of such programs, drawing upon prominent examples within the United States context.

II.2.1.1. Rationale for Government Intervention

The rationale for government intervention in the financial services sector, specifically through the establishment of loan programs for micro-businesses, stems from a multifaceted economic and social agenda²⁹⁸. Firstly, by fostering the creation and growth of small businesses, particularly in underserved communities, these programs contribute to job creation and economic development at the local and national levels²⁹⁹. Secondly, a vibrant micro-business ecosystem fosters innovation and diversification within the marketplace, promoting healthy competition and potentially leading to the development of unique and niche products or services³⁰⁰. Finally, from a social perspective, access to capital empowers artisans, many of whom might operate within the informal economy, to formalize their businesses, fostering financial inclusion and contributing to a more equitable economic landscape.

²⁹⁶ Lwesya & Mwakalobo, (2021)

²⁹⁷ Adobas, A., Dela Cruz, A., Vigonte, F., & Abante, M. V. (2024). Government interventions and msme development: Policies, impact and future directions. SSRN Electronic Journal. <https://doi.org/10.2139/ssrn.4752444>

²⁹⁸ Adobas et al. (2024)

²⁹⁹ Crawford, J., Cui, Z.-Y. A., & Kewley, D. (2023). Government finance, loans, and guarantees for small and medium enterprises (SMEs) (2000–2021): A systematic review. *Journal of Small Business Management*, 1–31. <https://doi.org/10.1080/00472778.2023.2246061>

³⁰⁰ Yang et al. (2023)

II.2.1.2. Operational Characteristics of Government-Backed Loan Programs:

Government-backed loan programs typically exhibit a distinct set of characteristics that differentiate them from traditional commercial loans. These characteristics are specifically designed to cater to the unique needs and challenges faced by micro-businesses^{301,302}:

- **Relaxed Credit Requirements:** Recognizing the limited financial history and collateral availability of micro-businesses, government-backed programs often have less stringent credit score requirements compared to commercial banks. This allows artisans with a strong business plan and demonstrable creative talent to access much-needed capital.
- **Favorable Interest Rates:** Government-backed loans often come with interest rates that are subsidized or below market rates. This significantly reduces the financial burden on the borrower, allowing them to invest a greater portion of their revenue into business growth.
- **Flexible Repayment Terms:** Understanding the potentially variable cash flow inherent in artisan businesses, government-backed programs may offer extended loan terms or flexible repayment schedules. This financial flexibility allows artisans to manage their cash flow more effectively and reinvest profits back into their craft.
- **Technical Assistance and Support:** In many instances, government-backed loan programs are not solely financial instruments. They may also provide access to technical assistance workshops, mentorship opportunities, or business development resources. This holistic approach equips artisans with not only the capital but also the knowledge and skills necessary to navigate the complexities of running a successful micro-business.

II.2.1.3. Examples of Prominent Programs in the United States:

Within the United States, several noteworthy government-backed loan programs cater specifically to the needs of small businesses, including artisan micro-enterprises. Here are two illustrative examples:

- **Small Business Administration (SBA):** The SBA stands as a preeminent government agency offering a comprehensive suite of loan programs specifically designed for small

³⁰¹ Kiros, Y. (2023). Loan repayment performance and its determinants: Evidence from micro and small enterprises operating in Dire-Dawa, Ethiopia. *Journal of Innovation and Entrepreneurship*, 12(1). <https://doi.org/10.1186/s13731-023-00271-6>

³⁰² Crawford et al. (2023)

businesses^{303,304}. These programs encompass a spectrum of needs, from initial working capital to financing for expansion and equipment acquisition. Of particular interest to artisan micro-businesses are the following SBA loan programs:

- **Microloan program:** This program offers loans up to \$50,000 specifically designated for working capital needs. These funds can be used to purchase essential materials, tools, or marketing resources³⁰⁵.
- **7(a) loan program:** This versatile program provides financing for a broader range of business needs, including equipment purchases, real estate acquisition, or debt refinancing. Loan amounts can vary significantly depending on the specific needs of the business³⁰⁶.
- **U.S. Department of Agriculture (USDA):** The USDA, through its Rural Development agency, offers a variety of loan programs specifically targeted at businesses operating in rural communities³⁰⁷. These programs are designed to stimulate economic development and job creation in these areas. A program of particular interest to rural artisans is:
 - **Rural Business Development Grants program:** This program offers a combination of grants and loan guarantees to support economic development and job creation in rural areas³⁰⁸. These funds can be used for a variety of purposes, including the purchase of equipment, expansion of facilities, or the development of marketing initiatives.

II.2.2. Private Banks and Lenders

While government-backed programs offer a valuable entry point for securing capital, private banks and lenders represent an alternative source of external financing for established artisan micro-businesses³⁰⁹. These institutions often cater to a broader range of financial needs

³⁰³ U.S. Small Business Administration. (2024). *7(a) loans*. Retrieved May 13, 2024, from <https://www.sba.gov/funding-programs/loans/7a-loans>

³⁰⁴ Treece, K. (2024, March 19). What is an SBA 7(a) loan, and how do you get one? Forbes. <https://www.forbes.com/advisor/business-loans/sba-7a-loan/>

³⁰⁵ Pallardy, C. (2023, July 20). What is an SBA microloan, and how does it work? Investopedia. <https://www.investopedia.com/what-is-an-sba-microloan-7552644>

³⁰⁶ Treece, (2024).

³⁰⁷ USDA. (2024). Grants and loans. Retrieved May 13, 2024, from <https://www.usda.gov/topics/farming/grants-and-loans>

³⁰⁸ Rural business development grants. (2014, December 30). Rural Development. <https://www.rd.usda.gov/programs-services/business-programs/rural-business-development-grants>

³⁰⁹ Ribeiro et al. (2022)

compared to government programs, offering a wider variety of loan products specifically tailored to business growth and expansion³¹⁰.

II.2.2.1. Advantages of Private Lenders:

- **Diverse Loan Products:** Private banks and lenders frequently offer a more extensive selection of loan products beyond basic working capital loans. This can include lines of credit, which provide ongoing access to capital as needed, or equipment loans specifically designed to finance the acquisition of essential machinery or tools. This diversity allows artisans to choose the financing option that best aligns with their specific business goals³¹¹.
- **Potentially Larger Loan Amounts:** Compared to government-backed programs with limitations on loan amounts, private lenders might be able to offer larger financing options. This can be crucial for artisans seeking capital for significant investments, such as expanding their production capacity or establishing a dedicated retail space.

II.2.2.2. Considerations for Utilizing Private Lenders:

- **Stringent Qualification Criteria:** Unlike government programs designed for entrepreneurs with limited financial history, securing loans from private lenders often necessitates a strong credit score and a demonstrably successful track record³¹². Artisans with limited credit history or a nascent business may find it challenging to qualify for financing from private institutions³¹³.
- **Comprehensive Business Plan:** Private lenders typically require a well-developed and comprehensive business plan that outlines the artisan's vision, market analysis, financial projections, and repayment strategy³¹⁴. This document serves as a crucial tool for convincing the lender of the business's viability and potential for success³¹⁵.
- **Collateral Requirements:** Many loans from private lenders are secured by collateral, meaning the borrower pledges an asset (such as equipment or real estate) to guarantee

³¹⁰ Yang et al. (2023)

³¹¹ Nguyen & Canh, (2021)

³¹² Endris & Kassegn, (2020)

³¹³ Gherhes et al. (2016)

³¹⁴ Welter, C., Scrimshire, A., Tolonen, D., & Obrimah, E. (2021). The road to entrepreneurial success: Business plans, lean startup, or both? *New England Journal of Entrepreneurship*, 24(1), 21–42. <https://doi.org/10.1108/neje-08-2020-0031>

³¹⁵ Haag, A. B. (2013). Writing a successful business plan. *Workplace Health & Safety*, 61(1), 19–29. <https://doi.org/10.1177/216507991306100104>

repayment³¹⁶. In the event of default, the lender may seize the collateral. This can be a significant risk for artisans, particularly those with limited assets. It's crucial to weigh the potential benefits of a larger loan against the risk of losing valuable assets³¹⁷.

II.2.2.3. Interest Rates and Loan Terms:

Interest rates and loan terms offered by private lenders can vary considerably depending on several factors³¹⁸:

- **Loan Product:** Different loan products, such as lines of credit versus equipment loans, typically come with varying interest rates and repayment structures.
- **Borrower's Creditworthiness:** A strong credit history signifies a lower risk to the lender and generally translates into more favorable interest rates and terms.
- **Market Conditions:** Overall economic conditions can influence interest rates offered by private lenders.

II.2.3. Institutional Credit and Microlending

Beyond the established landscape of traditional banks and lenders lies a vibrant ecosystem of alternative financing options specifically tailored to the needs of micro-businesses. This subsection delves into two prominent avenues – microlending institutions and crowdfunding platforms – that offer artisan entrepreneurs valuable pathways to secure external capital.

II.2.3.1. Microlending:

Microlending institutions (MFIs) stand as specialized financial entities that bridge the gap between traditional lenders and micro-businesses. Recognizing the unique challenges faced by

³¹⁶ Lwesya & Mwakalobo, (2023)

³¹⁷ Gopal, M. (2021, pp. 70). "How Collateral Affects Small Business Lending: The Role of Lender Specialization," Working Papers 21-22, Center for Economic Studies, U.S. Census Bureau.
<https://manasagopal.com/files/jmp.pdf>

³¹⁸ Lwesya & Mwakalobo, (2023)

entrepreneurs with limited financial resources or unconventional business models, MFIs offer^{319,320,321,322,323,324}:

- **Smaller Loan Amounts:** Microlending caters to the specific needs of micro-businesses by providing loans typically ranging from \$500 to \$50,000. These targeted amounts align perfectly with the initial working capital or equipment acquisition needs of many artisan enterprises.
- **Flexible Qualification Criteria:** Unlike traditional banks with stringent credit score requirements, MFIs often possess a more flexible approach to loan qualification. This can be particularly beneficial for artisans who might have limited credit history but possess a demonstrably viable business concept and a strong track record of artistic achievement.
- **Supportive Ecosystem:** Many MFIs extend their services beyond simply providing capital. They might offer business development workshops, mentorship programs, or financial literacy training. This holistic approach empowers artisans with not only the financial resources but also the knowledge and skills necessary to navigate the complexities of business ownership.

II.2.3.2. Crowdfunding

Crowdfunding platforms leverage the collective power of the online community to democratize access to capital. Entrepreneurs can present their business ideas and products to a vast pool of

³¹⁹ Ribeiro et al. (2023)

³²⁰ Volkmann, C., Fichter, K., Klofsten, M., & Audretsch, D. B. (2019). Sustainable entrepreneurial ecosystems: An emerging field of research. *Small Business Economics*, 56(3), 1047–1055. <https://doi.org/10.1007/s11187-019-00253-7>

³²¹ Belitski, M., Guenther, C., Kritikos, A. S., & Thurik, R. (2021). Economic effects of the COVID-19 pandemic on entrepreneurship and small businesses. *Small Business Economics*, 58(2), 593–609. <https://doi.org/10.1007/s11187-021-00544-y>

³²² Roux, M., Chowdhury, S., Kumar Dey, P., Vann Yaroson, E., Pereira, V., & Abadie, A. (2023). Small and medium-sized enterprises as technology innovation intermediaries in sustainable business ecosystem: Interplay between AI adoption, low carbon management and resilience. *Annals of Operations Research*. <https://doi.org/10.1007/s10479-023-05760-1>

³²³ Angeles, I. T., Calara, Ma. S. P., & de Guzman, A. B. (2019). The mediating effect of microfinancing on access to finance and growth of microenterprises: Evidence from the Philippines. *Journal of Global Entrepreneurship Research*, 9(1). <https://doi.org/10.1186/s40497-019-0150-x>

³²⁴ Varadarajan, S., Koh, J. H. L., & Daniel, B. K. (2023). A systematic review of the opportunities and challenges of micro-credentials for multiple stakeholders: Learners, employers, higher education institutions and government. *International Journal of Educational Technology in Higher Education*, 20(1). <https://doi.org/10.1186/s41239-023-00381-x>

potential investors, fostering a unique fundraising opportunity. This approach holds particular promise for artisan micro-businesses with^{325,326,327};

- **Strong Online Presence:** A well-established online presence showcasing the artisan's craft and artistic vision is crucial for attracting the attention of potential crowdfunding investors. Utilizing social media platforms and building a loyal online following can significantly enhance the success of a crowdfunding campaign³²⁸.
- **Engaged Customer Base:** Existing customers who resonate with the artisan's brand and story are more likely to contribute to a crowdfunding campaign. By fostering a strong customer connection, artisans can cultivate a base of enthusiastic supporters willing to invest in their creative endeavors³²⁹.

II.2.3.3. Choosing the Optimal Path

The ideal external financing option for an artisan micro-business is a function of several key considerations^{330,331}:

- **Stage of Development:** Is the business in its initial stages seeking seed capital, or is it looking to expand operations and requires a larger financing sum?
- **Funding Needs:** A clear understanding of the specific amount of capital required is crucial for selecting an appropriate financing option.
- **Creditworthiness:** The entrepreneur's credit history can influence their eligibility for certain financing options.

³²⁵ Deng, L., Ye, Q., Xu, D., Sun, W., & Jiang, G. (2022). A literature review and integrated framework for the determinants of crowdfunding success. *Financial Innovation*, 8(1). <https://doi.org/10.1186/s40854-022-00345-6>

³²⁶ Mora-Cruz, A., & Palos-Sanchez, P. R. (2023). Crowdfunding platforms: A systematic literature review and a bibliometric analysis. *International Entrepreneurship and Management Journal*, 19(3), 1257–1288. <https://doi.org/10.1007/s11365-023-00856-3>

³²⁷ Camilleri, M. A., & Bresciani, S. (2022). Crowdfunding small businesses and startups: A systematic review, an appraisal of theoretical insights and future research directions. *European Journal of Innovation Management*. <https://doi.org/10.1108/ejim-02-2022-0060>

³²⁸ Wiggins, C. D. (2022). Online customer engagement: A practical exploration of antecedents and metrics for new content marketers. *SN Business & Economics*, 2(2). <https://doi.org/10.1007/s43546-021-00186-y>

³²⁹ Chandler, G. N., McLeod, M. S., Broberg, J. C., McKelvie, A., & DeTienne, D. R. (2023). Customer engagement patterns and new venture outcomes. *Small Business Economics*. <https://doi.org/10.1007/s11187-023-00843-6>

³³⁰ Alexander W. Bartik, Marianne Bertrand, Zoë B. Cullen, Edward L. Glaeser, Michael Luca, and Christopher Stanton. (2020, April 13). A way forward for small businesses. *Harvard Business Review*. <https://hbr.org/2020/04/a-way-forward-for-small-businesses>

³³¹ Sharma, S. K., Ilavarasan, P. V., & Karanasios, S. (2023). Small businesses and FinTech: A systematic review and future directions. *Electronic Commerce Research*, 24(1), 535–575. <https://doi.org/10.1007/s10660-023-09705-5>

- **Comfort with Equity:** Crowdfunding often involves offering some form of equity in the business to investors. Artisans must weigh the potential benefits of acquiring capital against the potential dilution of ownership control.

By carefully evaluating these factors and potentially seeking guidance from financial advisors or mentors, artisan entrepreneurs can navigate the diverse landscape of alternative financing options and secure the most suitable funding to propel their creative ventures towards long-term success.

II.3. Section Three: Real-World Examples of Artisan Micro-Business Financing

The vibrant world of artisan micro-businesses thrives on the ingenuity and passion of its entrepreneurs. These creative individuals transform raw materials into beautiful objects, delicious foodstuffs, or captivating experiences. However, translating artistic vision into a flourishing business requires more than just talent. Securing the necessary capital to fuel growth and expansion is a critical hurdle for many artisan micro-businesses^{332,333}.

This subsection delves beyond theoretical financing options, presenting two real-world blueprints for success, highlighting how real artisan micro-businesses leveraged various financing options to cultivate success. We will explore the case studies of Tierra Fuego³³⁴ and Batch & Bake, artisan micro-businesses that strategically leveraged various financing avenues to cultivate long-term success. These two examples offer valuable insights for aspiring artisan entrepreneurs, demonstrating how to bridge the financial gap and navigate the exciting yet challenging landscape of micro-business financing.

II.3.1. Case Study 1: Tierra Fuego - From Farmers Market to National Recognition with Kiva

Tierra Fuego, founded by husband-and-wife team Gabriela and Javier Lopez, started in 2010 as a humble stall at a local farmers market in Albuquerque, New Mexico. Their unique, handcrafted leather goods, infused with traditional Latin American designs, quickly garnered a

³³² Hasanah, U., Sukoco, B. M., Supriharyanti, E., & Wu, W.-Y. (2023). Fifty years of artisan entrepreneurship: A systematic literature review. *Journal of Innovation and Entrepreneurship*, 12(1). <https://doi.org/10.1186/s13731-023-00308-w>

³³³ Pret and Cogan, (2019)

³³⁴ Harris, Tom; Turner, Sarah; Morris, James; Sakharova, Anastasiia; Guerra, Omar; Carvallo, Juan Pablo; Rough, Daniella. (2024, pp. 7). *Tierra del Fuego Case Study Capacity Expansion Analysis*. Golden, CO: National Renewable Energy Laboratory. NREL/TP-7A40-88156. <http://www.nrel.gov/docs/fy24osti/88156.pdf>

loyal following. However, expanding beyond the farmers market required an influx of capital³³⁵.

Traditional banks deemed Tierra Fuego too small for a loan. However, Gabriela and Javier discovered Kiva, a non-profit organization focused on microlending. Through Kiva's online platform, Tierra Fuego connected with a global network of micro-investors who provided a collective loan of \$15,000. This crucial funding allowed them to purchase high-quality leather hides, invest in professional branding materials, and participate in regional trade shows.

Tierra Fuego's story exemplifies the power of microlending. The flexibility and community-driven approach of Kiva provided Gabriela and Javier with the resources they needed to take their business to the next level. Their success story on the Kiva platform further attracted media attention, leading to features in national publications and a surge in online sales. Today, Tierra Fuego operates a thriving online store alongside their farmers market presence, and their leather goods are sold in select boutiques across the country.

II.3.2. Case Study: Back to the Roots - From College Project to Nationwide Success with SBA Loan

Back to the Roots started as a college project focused on a simple question: “Can gourmet mushrooms be grown on spent coffee grounds?” After successfully growing one bucket of oyster mushrooms on recycled coffee grounds, Alejandro and Nikhil realized they were onto something big³³⁶.

However, to transform their college project into a viable business, they needed capital. They turned to the Small Business Administration (SBA) and secured a \$50,000 SBA loan. This funding enabled them to invest in research and development, scale up their production, and launch their first product - a DIY mushroom farm kit³³⁷.

The SBA loan was instrumental in helping Back to the Roots get off the ground. It provided Alejandro and Nikhil with the capital they needed to scale their operations and transition from a college project to a thriving business. Today, Back to the Roots has expanded its product line

³³⁶ Calderon, J., and Bagadia, N., (2015). Back to the roots ventures (BTTR). Berkeley Haas Case Series. Retrieved May 16, 2024, from <https://cases.haas.berkeley.edu/2015/07/bttr/>

³³⁷ Calderon and Bagadia (2015).

to include a range of indoor gardening kits and is stocked in thousands of stores across the U.S., including Home Depot, Whole Foods, and Costco.

This story highlights the effectiveness of government-backed programs for small businesses. The SBA loan provided Alejandro and Nikhil with the capital needed to scale their operations and transition from a college project to a thriving business. Back to the Roots continues to flourish, offering a range of indoor gardening kits, attracting a steady stream of customers, and solidifying its position within the U.S. market³³⁸.

Conclusion

This chapter has undertaken a comprehensive examination of the multifaceted financing landscape available to artisan micro-businesses. Through a critical analysis of both internal and external financing options, alongside considerations for their effective utilization, this chapter has established a valuable framework for artisan entrepreneurs navigating the financial complexities associated with their creative ventures.

The enduring success of an artisan micro-business is demonstrably contingent upon not only the artistic talent of its owner but also their strategic acquisition and effective deployment of financial resources. The diverse financing options explored within this chapter, encompassing bootstrapping techniques, government-backed loan programs, and alternative financing avenues like crowdfunding and microlending, offer a spectrum of possibilities tailored to address the unique needs of each venture. A meticulous evaluation of these options, coupled with a well-defined business plan and a nuanced understanding of critical financial considerations such as the stage of business development and the entrepreneur's risk tolerance, empowers artisan entrepreneurs to make informed financial decisions. Through such strategic decision-making, they can effectively bridge the financial gap that separates artistic vision from the tangible reality of a flourishing business.

However, the field of financing strategies for artisan micro-businesses is inherently dynamic and subject to continuous evolution. As advancements in financial technology reshape the financial services landscape and the needs of artisan entrepreneurs adapt to meet the demands of the market, the emergence of novel financing options is a distinct possibility. This necessitates a sustained commitment to ongoing research and education within the artisan

³³⁸ Calderon and Bagadia. (2015).

micro-business community. By fostering a culture of continuous learning and exploration, we can empower these ventures to not only thrive but also contribute significantly to the economic and cultural vibrancy of their communities. Ultimately, this chapter serves as a springboard for further exploration, encouraging continued research into the evolving landscape of micro-business financing and its impact on the success of artisan ventures. By equipping these creative entrepreneurs with the knowledge and tools necessary to navigate the financial aspects of their businesses, we can ensure the continued flourishing of the vibrant world of artisan micro-businesses.

Chapter. III. Theory of Planned Behavior

Preface

Securing appropriate financing is a critical yet often challenging endeavor for artisan micro-entrepreneurs. These decisions hold significant weight, influencing not only the immediate operational capacity of the business but also its long-term growth trajectory. Understanding the factors that shape these financing choices is paramount in fostering a supportive financial ecosystem for artisan micro-businesses³³⁹.

This chapter explores the Theory of Planned Behavior (TPB) as a robust framework for analyzing artisan micro-business financing decisions³⁴⁰. The TPB posits that intention to engage in a specific behavior (in this case, choosing a particular financing option) is influenced by three key constructs: attitudes, subjective norms, and perceived behavioral control. By delving into these constructs, the TPB offers valuable insights into the rationale behind the financing choices made by artisan micro-entrepreneurs³⁴¹.

However, acknowledging the limitations of any theoretical framework is crucial. This chapter also explores potential avenues for future research that can extend our understanding of artisan micro-business financing decisions. By examining the influence of personal traits, environmental factors, and cultural variations, future research can refine the TPB framework and inform the development of even more effective support systems for artisan micro-entrepreneurs³⁴².

Ultimately, this chapter aims to bridge the gap between theoretical understanding and practical application. By illuminating the factors that influence financing decisions, the TPB empowers stakeholders to design targeted interventions that equip artisan micro-entrepreneurs with the knowledge and confidence necessary to navigate the complexities of financing and make informed choices that fuel the sustainable growth of their businesses.

³³⁹ Harati, M. A. (2021, pp. 4). MICROBUSINESSES: EXPANDING PATHWAYS TO ECONOMIC OPPORTUNITY. Georgetown University. PhD thesis. Retrieved from https://repository.library.georgetown.edu/bitstream/handle/10822/1062275/Harati_georgetown_0076M_14927.pdf?sequence=1. Accessed 28/05/2024.

³⁴⁰ Lewis, P. D. (2021, July 14). How to include microbusinesses in economic growth strategies. Brookings. Retrieved from <https://www.brookings.edu/articles/how-to-include-microbusinesses-in-economic-growth-strategies/>. Accessed 28/05/2024.

³⁴¹ Sutton, S. (2007). Theory of planned behaviour. In S. Ayers, A. Baum, C. McManus, S. Newman, K. Wallston, J. Weinman, & R. West (Eds.), *Cambridge Handbook of Psychology, Health and Medicine* (pp. 223–228). chapter, Cambridge: Cambridge University Press.

³⁴² Armitage, C. J., & Christian, J. (Eds.) (2004, pp. 8). *Planned behaviour: The relationship between human thought and action*. Transaction Publishers.

III.1. Section One: Definition and Components of the Theory of Planned Behavior

The Theory of Planned Behavior (TPB) exerts its explanatory power through three core constructs that act as the building blocks for understanding and predicting intentional behaviors, such as those related to financing decisions in artisan micro-businesses (Ajzen, 1991). This section delves into a detailed analysis of each construct, exploring its unique role and its nuanced influence within the context of artisan entrepreneurs navigating the complexities of financial planning.

III.1.1. Definition

The Theory of Planned Behavior (TPB) stands as a prominent social cognitive model conceived by Icek Ajzen in 1985³⁴³. Unlike models that focus on automatic or habitual behaviors, the TPB delves into the realm of intentional behaviors³⁴⁴. These deliberate actions require conscious effort and planning on the part of the individual³⁴⁵. In the context of artisan micro-businesses, financing decisions exemplify such intentional behaviors. Entrepreneurs must carefully consider various financing options, weigh potential benefits and drawbacks, and ultimately choose a course of action that aligns with their business goals and risk tolerance³⁴⁶. Figure 1 is a schematic representation of the theory.

³⁴³ Ajzen, I. (1985). From intentions to actions: A theory of planned behavior. In Kuhl, J. & Beckman, J. (Eds.), *Action-Control: From Cognition to Behavior* (pp. 11 – 39)

³⁴⁴ Ajzen, I., & Schmidt, P. (2020). Changing Behavior Using the Theory of Planned Behavior. In M. S. Hagger, L. D. Cameron, K. Hamilton, N. Hankonen, & T. Lintunen (Eds.), *The Handbook of Behavior Change* (pp. 17–31). chapter, Cambridge: Cambridge University Press.

³⁴⁵ Ajzen, I. (1991). The theory of planned behavior. *Organizational behavior and human decision processes*, 50 (2), 179-211.

³⁴⁶ Sutton, (2007).

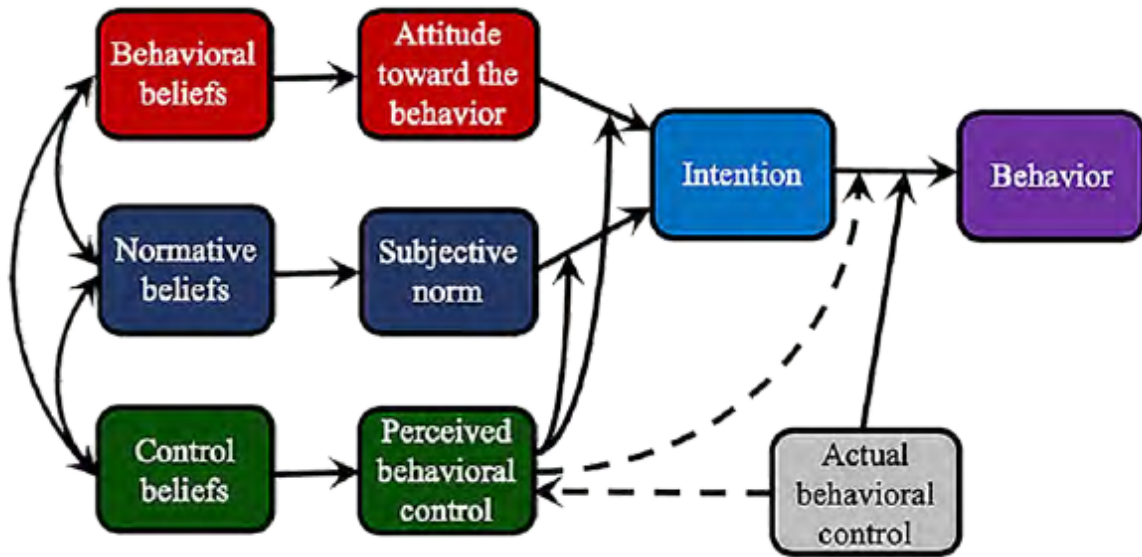


Figure 2. Graphical depiction of the theory of planned behavior. **Source :** Ajzen³⁴⁷.

The core tenet of the TPB lies in the proposition that a person's behavioral intention serves as the immediate determinant of their actual behavior³⁴⁸. This intention is not a fleeting thought but rather a well-considered decision to engage in a specific behavior³⁴⁹. The TPB posits that three key constructs influence this behavioral intention:

1. **Attitude:** This construct refers to an individual's evaluation (positive or negative) of the specific behavior in question³⁵⁰. In the context of artisan micro-business financing, an entrepreneur's attitude towards utilizing a loan can significantly affect their decision-making process³⁵¹. A positive attitude might be fueled by the belief that a loan will provide the necessary capital to invest in new equipment, expand production capabilities, or launch a marketing campaign – ultimately leading to increased sales and business growth. Conversely, a negative attitude might stem from the fear of incurring debt, concerns about high-interest rates, or a lack of confidence in managing loan repayment obligations. Understanding these underlying attitudes towards various financing options is crucial for

³⁴⁷ Ajzen, I. (2019). Theory of planned behavior diagram. Retrieved from <https://people.umass.edu/ajzen/tpb.diag.html>. Accessed 28/05/2024.

³⁴⁸ Ajzen, (1991).

³⁴⁹ Bosnjak, M., Ajzen, I., & Schmidt, P. (2020). The theory of planned behavior: Selected recent advances and applications. *Europe's Journal of Psychology*, 16(3), 352–356. <https://doi.org/10.5964/ejop.v16i3.3107>

³⁵⁰ Ajzen, & Schmidt, (2020).

³⁵¹ Sabah, S. (2016). Entrepreneurial intention: Theory of planned behaviour and the moderation effect of start-up experience. In *Entrepreneurship - Practice-Oriented Perspectives*. InTech. <http://dx.doi.org/10.5772/65640>

stakeholders who aim to support artisan entrepreneurs in making informed financial decisions³⁵².

2. **Subjective Norm:** This construct reflects the perceived social pressure to engage in or abstain from a particular behavior³⁵³. For artisan entrepreneurs, the subjective norm can be shaped by various social influences within their environment. Witnessing successful peers within the artisan community utilize loans for business expansion can create a positive subjective norm, encouraging the entrepreneur to consider similar financing strategies³⁵⁴. Alternatively, family members who hold traditional views on debt or friends who have encountered difficulties with loan repayment might exert a negative subjective norm, pressuring the entrepreneur to explore alternative financing avenues. Understanding these social influences and their impact on the subjective norm can help policymakers and support organizations develop targeted educational programs or mentorship initiatives that address potential misconceptions or anxieties surrounding financing options³⁵⁵.
3. **Perceived Behavioral Control:** This construct captures an individual's belief in their ability to successfully perform the targeted behavior³⁵⁶. In the context of financing decisions for artisan micro-businesses, perceived behavioral control could significantly influence the entrepreneur's willingness to pursue specific options. Entrepreneurs with high-perceived behavioral control might feel confident navigating the loan application process, understanding loan terms and repayment schedules, and possessing the necessary financial literacy to manage debt effectively. This confidence can lead them to explore a wider range of financing options, including traditional bank loans or even complex financial instruments. Conversely, entrepreneurs with low perceived behavioral control might feel overwhelmed by the application process, intimidated by complex financial terminology, or lack the confidence to manage debt responsibly. This can make them hesitant to pursue loans and potentially limit their access to essential capital. By addressing these limitations in perceived behavioral control, financial institutions can develop simplified loan application processes, offer financial literacy workshops, or collaborate with support

³⁵² Ajzen, I. & Fishbein, M. (2005). The influence of attitudes on behaviour. In Albarracín, D.; Johnson, B.T.; Zanna M.P. (Eds.), *The handbook of attitudes*, Lawrence Erlbaum Associates.

³⁵³ Ajzen, (1991, pp. 58).

³⁵⁴ Mfazi, S., & Elliott, R. M. (2022). The Theory of Planned Behaviour as a model for understanding Entrepreneurial Intention: The moderating role of culture. *Journal of Contemporary Management*, 19(1), 1–29. <https://doi.org/10.35683/jcm20123.133>

³⁵⁵ Bosnjak et al. (2020)

³⁵⁶ Ajzen, (1991, pp. 181).

organizations to provide targeted guidance to artisan entrepreneurs, ultimately empowering them to make informed financing decisions³⁵⁷.

III.1.2.Limitations of the TPB

It is important to acknowledge that the TPB, while offering a valuable framework for understanding intentional behaviors, does not account for all potential influences on decision-making³⁵⁸. Unforeseen circumstances, such as economic downturns or personal challenges, can significantly affect an entrepreneur's ability to follow through on their initial intentions. Additionally, individual personality traits, risk tolerance levels, and experiences can also play a role in shaping financial decisions. Future research can explore how the TPB framework can be adapted to incorporate these additional factors and provide a more comprehensive understanding of financing decisions in the context of artisan micro-businesses³⁵⁹.

In conclusion, the Theory of Planned Behavior offers a valuable lens through which we can examine the factors influencing artisan entrepreneurs' decisions regarding financing strategies. By understanding the interplay between attitudes, subjective norms, and perceived behavioral control, stakeholders can better support these creative individuals in navigating the complexities of financial planning and securing the necessary resources to fuel the growth and flourishing of their unique ventures.

³⁵⁷ Armitage, C.J.; Conner, M. (2001). "Efficacy of the theory of planned behavior: a meta-analytic review". *British Journal of Social Psychology*. 40 (4): 471–499. doi:10.1348/014466601164939. PMID 11795063. S2CID 28044256.

³⁵⁸ Ajzen, (1991, pp. 50).

³⁵⁹ Harati, (2021, pp. 21)

III.1.3. Attitudes and Financing Options:

III.1.3.1. *Loan Financing:*

Entrepreneurs might hold a positive attitude towards loans if they perceive them as a pathway to acquiring the necessary capital for crucial investments in equipment, inventory, or marketing initiatives. This positive attitude can be further strengthened by the belief that loans offer a structured repayment plan, promoting financial discipline and long-term business growth³⁶⁰. Conversely, a negative attitude towards loans might stem from anxieties surrounding high-interest rates, the fear of potential debt burden, or a lack of understanding of loan terms and repayment obligations³⁶¹.

III.1.3.2. *Self-Financing:*

Entrepreneurs might have a positive attitude towards self-financing, particularly those who value independence and control over their business decisions³⁶². They might believe that self-financing, through personal savings or reinvested profits, fosters a sense of self-reliance and allows them to avoid the complexities and potential constraints associated with external financing options. However, a negative attitude towards self-financing can arise if the entrepreneur lacks the necessary personal savings or faces limitations in generating sufficient profits for reinvestment, hindering their ability to achieve desired growth goals³⁶³.

III.1.3.3. *Alternative Financing Options:*

The TPB framework can also be applied to examine attitudes towards alternative financing options like crowdfunding or microlending³⁶⁴. Entrepreneurs might view crowdfunding favorably if they see it as an opportunity to leverage the power of their community to secure capital while potentially gaining valuable brand exposure³⁶⁵. Conversely, concerns about the "all-or-nothing" nature of some crowdfunding platforms or the potential limitations on the amount of capital raised could lead to a negative attitude towards this option. Similarly,

³⁶⁰ Urueña-Mejía, J. C., Gutierrez, L. H., & Rodríguez-Lesmes, P. (2023). Financial inclusion and business practices of microbusiness in Colombia. *Eurasian Business Review*, 13(2), 465–494. <https://doi.org/10.1007/s40821-022-00231-2>

³⁶¹ Urueña-Mejía et al. (2023).

³⁶² Louise Gullifer Ignacio Tirado Murat Sultanov Maria Bonilla Juarez. (n.d, pp. 3) https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/gullifer_tirado_bonilla_msme_powerpoint_revised_14.3.pdf. Accessed 28/05/2024.

³⁶³ Nguyen, B., & Canh, N. P. (2020). Formal and informal financing decisions of small businesses. *Small Business Economics*, 57(3), 1545–1567. <https://doi.org/10.1007/s11187-020-00361-9>

³⁶⁴ Kriss, R., & Chen, O. (2017, June 27). Alternative lending: What it is, best companies. NerdWallet. <https://www.nerdwallet.com/article/small-business/small-business-loans-alternative-lending>. Accessed 28/05/2024.

³⁶⁵ Issa, E. E., & Anthony, L. (2017, December 5). Crowdfunding for business: What you need to know. NerdWallet. <https://www.nerdwallet.com/article/small-business/crowdfunding>

microlending might be viewed positively as a way to access smaller loans with potentially more flexible repayment structures. However, anxieties surrounding high-interest rates or concerns about the reputation of certain microlending institutions could create a negative attitude towards this option³⁶⁶.

III.1.4. Subjective Norms

The second core construct, **subjective norm**, refers to the perceived social pressure to engage in or abstain from a specific behavior³⁶⁷. In the context of artisan micro-business financing, this construct captures the influence of social circles and the broader community on the entrepreneur's financing decisions³⁶⁸.

III.1.4.1. *Social Circles and Financing Decisions:*

- **Peers and Mentors:** Entrepreneurs are likely to be influenced by the financing practices of their peers within the artisan community. If successful artisans within their network have utilized loans to achieve business growth, this can create a positive subjective norm, encouraging the entrepreneur to consider similar financing strategies. Conversely, if the entrepreneur witnesses peers struggling with loan repayment or facing challenges with traditional financial institutions, this can create a negative subjective norm, pushing them to explore alternative financing avenues. Mentors with experience in navigating financing options can also exert a significant influence on the entrepreneur's subjective norm³⁶⁹.
- **Family and Friends:** The opinions and expectations of family and friends can also shape the subjective norm. Entrepreneurs who receive encouragement and support from family members who view loans as a viable tool for business growth might feel a positive subjective norm towards exploring this option. However, family members holding traditional views on debt or friends who have encountered difficulties with loan repayment might create a negative subjective norm, pressuring the entrepreneur to prioritize self-financing or explore alternative options³⁷⁰.

³⁶⁶ Treece, K. (2023, January 26). Alternative lending for small businesses. Forbes. <https://www.forbes.com/advisor/business-loans/alternative-financing/>. Accessed 29/05/2024.

³⁶⁷ Ajzen, (1991)

³⁶⁸ Lieber, E. M. J., & Skimmyhorn, W. (2018). Peer effects in financial decision-making. *Journal of Public Economics*, 163, 37–59. <https://doi.org/10.1016/j.jpubeco.2018.05.001>

³⁶⁹ Lieber & Skimmyhorn, (2018, pp. 9).

³⁷⁰ Roberts, P. W., & Wortham, D. D. (2018). The Macro Benefits of Microbusinesses. *Stanford Social Innovation Review*. <https://doi.org/10.48558/3HTN-DE14>

III.1.4.2. *Community Influence*

The influence of the broader community also plays a role in shaping subjective norms. Entrepreneurs operating within a supportive ecosystem that actively promotes access to financing options, such as workshops on loan applications or partnerships with microlending institutions, might feel a positive subjective norm towards utilizing these resources. Conversely, an environment lacking in financial literacy programs or with limited access to traditional financing options can create a negative subjective norm, potentially hindering the entrepreneur's ability to explore these avenues³⁷¹.

III.1.4.3. *Addressing Challenges and Harnessing Positive Influences*

Understanding the power of subjective norms is crucial for stakeholders aiming to support informed financing decisions. Financial institutions can develop targeted outreach programs tailored to artisan communities, addressing common concerns and highlighting success stories of entrepreneurs who have utilized loans effectively³⁷². Support organizations can collaborate with artisans to organize workshops and educational sessions on various financing options, fostering a knowledge-based environment that empowers entrepreneurs to navigate these choices with confidence³⁷³.

III.1.5. Perceived Behavioral Control: Confidence in the Face of Complexity

The third core construct, **perceived behavioral control**, refers to an individual's belief in their ability to successfully perform the targeted behavior³⁷⁴. In the context of financing decisions, this construct captures the entrepreneur's confidence in navigating the complexities of securing and managing financing³⁷⁵.

Below are some factors that shapes the Perceived Behavioral Control:

³⁷¹ Lieber & Skimmyhorn, (2018, pp. 9).

³⁷² Tran, Q. N., Phung, T. M. T., Nguyen, N. H., & Nguyen, T. H. (2023). Financial knowledge matters entrepreneurial decisions: A survey in the COVID-19 pandemic. *Journal of the Knowledge Economy*. <https://doi.org/10.1007/s13132-023-01137-8>

³⁷³ Yang et al. (2023)

³⁷⁴ Ajzen, (1991)

³⁷⁵ Angeles, I. T., Calara, Ma. S. P., & de Guzman, A. B. (2019). The mediating effect of microfinancing on access to finance and growth of microenterprises: Evidence from the Philippines. *Journal of Global Entrepreneurship Research*, 9(1). <https://doi.org/10.1186/s40497-019-0150-x>

1. **Financial Literacy:** Entrepreneurs with a strong foundation in financial literacy are likely to have higher perceived behavioral control³⁷⁶. Understanding loan terms, repayment structures, and basic financial concepts can empower them to confidently navigate the application process, assess risks and benefits, and ultimately choose the financing option best suited to their business needs^{377,378}. Conversely, a lack of financial literacy can significantly diminish perceived behavioral control, leading to feelings of overwhelm and hesitation when exploring financing options³⁷⁹.
2. **Experience with Financing:** Prior experience with securing and managing loans can significantly boost an entrepreneur's perceived behavioral control³⁸⁰. Having successfully navigated the loan application process in the past fosters a sense of confidence in their ability to repeat the process effectively. However, negative past experiences with loans, such as encountering difficulties with repayment, can erode perceived behavioral control and create anxieties about pursuing future financing³⁸¹.
3. **Complexity of Financing Options:** The perceived complexity of various financing options can also influence perceived behavioral control³⁸². Traditional bank loans with intricate application procedures and complex financial terms might appear daunting to entrepreneurs with limited financial literacy, leading to lower perceived behavioral control. Conversely, simpler financing options, such as microloans with streamlined

³⁷⁶ John, O. I. (2022). Financial literacy and financial performance of micro, small and medium enterprises in Lagos City, Nigeria. *The International Journal of Business & Management*.
<https://doi.org/10.24940/theijbm/2022/v10/i10/bm2210-026>

³⁷⁷ Susan, M., & Djajadikerta, H. (2017). Understanding financial knowledge, financial attitude, and financial behavior of college students in Indonesia. *Advanced Science Letters*, Vol.23(9), pp.8762-8765.

³⁷⁸ Mouna, A., & Anis, J. (2017). Financial literacy in Tunisia: Its determinants and its implications on investment behavior. *Research in International Business and Finance*, Vol.39, pp.568-577.

³⁷⁹ Musthafa, I., Handra, H., Bachtiar, N., Taifur, W. D., & Ariyanto, E. (2023). FINANCIAL LITERACY AND PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES: A LITERATURE REVIEW. *MARGINAL JOURNAL OF MANAGEMENT ACCOUNTING GENERAL FINANCE AND INTERNATIONAL ECONOMIC ISSUES*, 3(1), 287–303. <https://doi.org/10.55047/marginal.v3i1.956>

³⁸⁰ Glisovic, J, and Martinez, M. (2012, pp. 6). Financing Small Enterprises: What Role for Microfinance Institutions?. Focus Note 81. Washington, D.C.: CGAP, July. <https://www.cgap.org/sites/default/files/CGAP-Focus-Note-Financing-Small-Enterprises-What-Role-for-Microfinance-Jul-2012.pdf>

³⁸¹ Glisovic, J, and Martinez, M. (2012, pp. 12)

³⁸² Franquesa, J. and Vera, D. (2021), "Small business debt financing: the effect of lender structural complexity", *Journal of Small Business and Enterprise Development*, Vol. 28 No. 3, pp. 456-474.
<https://doi.org/10.1108/JSBED-01-2020-0013>

application processes, can appear more manageable, thereby increasing perceived behavioral control^{383,384}.

III.1.6. Enhancing Perceived Behavioral Control for Informed Decisions

By addressing these factors, stakeholders can play a vital role in enhancing perceived behavioral control among artisan entrepreneurs. Financial institutions can develop simplified loan application processes, offer clear explanations of loan terms, and provide dedicated loan officers who can guide entrepreneurs through the process. Support organizations can organize workshops on loan applications, financial literacy training, and mentorship programs that connect entrepreneurs with experienced individuals who can address their concerns and provide practical guidance³⁸⁵.

The three core constructs of the TPB - attitudes, subjective norms, and perceived behavioral control - offer a powerful framework for understanding the nuanced factors influencing artisan entrepreneurs' financing decisions. By recognizing the multifaceted nature of attitudes, the significant influence of social circles and the broader community, and the importance of perceived.

³⁸³ Mapunda, M.A., Tambwe, M.A. (2023). The Impact of Access to Finance on the Micro-enterprises' Growth in Emerging Countries Towards Sustainable Industrialization. In: Aigbavboa, C., *et al.* Sustainable Education and Development – Sustainable Industrialization and Innovation. ARCA 2022. Springer, Cham. https://doi.org/10.1007/978-3-031-25998-2_78

³⁸⁴ Angeles et al. (2019)

³⁸⁵ Li, Y., Xu, Z., & Xu, F. (2018). Perceived control and purchase intention in online shopping: The mediating role of self-efficacy. *Social Behavior and Personality: An International Journal*, 46(1), 99–105. <https://doi.org/10.2224/sbp.6377>

III.2. Section Two: Applications of the TPB to Artisan Micro-Business Financing

While traditional models in psychology often focus on predicting general behaviors, they might fall short when it comes to understanding the intricacies of intentional behaviors, those that require conscious planning and effort³⁸⁶. This is particularly true in the realm of financial decision-making, where entrepreneurs carefully weigh risks, assess options, and ultimately choose a course of action aligned with their business goals. The Theory of Planned Behavior (TPB) emerges as a powerful lens through which we can examine the factors influencing these deliberate choices, specifically within the context of artisan micro-business financing decisions³⁸⁷.

This section delves into the specific application of the TPB framework in understanding and predicting how artisan entrepreneurs navigate the complexities of financing their ventures. By exploring the interplay of attitudes, subjective norms, and perceived behavioral control, we can gain valuable insights into the thought processes and motivations that shape their critical financing decisions. Ultimately, this understanding can inform the development of targeted interventions and support systems that empower these creative individuals to make informed financial choices and propel their businesses towards sustainable growth.

III.2.1. Beyond Intentions: Unveiling the "Why" Behind Artisan Choices with TPB

While traditional models in psychology often focus on predicting general behaviors, they might fall short when it comes to understanding the intricacies of **intentional behaviors**. These are behaviors that require conscious planning and effort, such as the critical financial decisions faced by artisan micro-entrepreneurs³⁸⁸. When it comes to financing their businesses, artisans carefully evaluate various options, weigh potential benefits and drawbacks, and ultimately choose a strategy aligned with their unique goals and risk tolerance. This is precisely where the **Theory of Planned Behavior (TPB)** emerges as a powerful lens³⁸⁹.

³⁸⁶ Duarte, P., e Silva, S. C., Mangei, I., & Dias, J. C. (2024). Exploring ethical consumer behavior: A comprehensive study using the ethically minded consumer behavior-scale (EMCB) among adult consumers. *International Review on Public and Nonprofit Marketing*. <https://doi.org/10.1007/s12208-024-00404-x>

³⁸⁷ Laukkanen, M. (2022), "What lies behind entrepreneurial intentions? Exploring nascent entrepreneurs' early belief systems", *International Journal of Entrepreneurial Behavior & Research*, Vol. 28 No. 9, pp. 177-197. <https://doi.org/10.1108/IJEBr-08-2021-0625>

³⁸⁸ Nguyen and Canh, (2021)

³⁸⁹ Duarte et al. (2024)

The TPB offers a robust framework for dissecting the "why" behind these intentional financing decisions. Based on recent studies^{390,391} the TPB delves into the interplay of three core constructs that influence an individual's planned behavior:

- **Attitudes:** This construct captures an artisan's overall evaluation (positive or negative) of specific financing options. For instance, an artisan might hold a positive attitude towards self-financing due to the sense of autonomy and control it offers. Conversely, anxieties surrounding debt repayment or a lack of understanding of loan terms could lead to a negative attitude towards loans³⁹².
- **Subjective Norms:** This construct reflects the perceived social pressure to utilize or avoid particular financing options. Witnessing successful peers within the artisan community leverage crowdfunding to achieve growth can create a positive subjective norm, encouraging the entrepreneur to explore similar avenues. On the other hand, family members who hold traditional views on debt or friends who have encountered difficulties with loan repayments might exert a negative subjective norm, pressuring the entrepreneur towards alternative financing strategies.
- **Perceived Behavioral Control:** This construct refers to an artisan's belief in their ability to navigate the complexities of securing and managing financing. Entrepreneurs with a strong foundation in financial literacy and prior experience with loans are likely to have higher perceived behavioral control. Conversely, a lack of financial literacy or negative past experiences can significantly diminish perceived behavioral control, leading to feelings of overwhelm and hesitation when exploring financing options³⁹³.

By delving into these core constructs, the TPB provides a comprehensive framework for understanding the rationale behind artisan micro-entrepreneurs' financing decisions. This understanding is crucial for stakeholders who aim to develop targeted support systems and educational programs that empower these creative individuals to make informed financial choices and propel their businesses towards long-term success.

³⁹⁰ Duarte et al. (2024)

³⁹¹ Sun, W. (2019). Toward a theory of ethical consumer intention formation: Re-extending the theory of planned behavior. *AMS Review*, 10(3–4), 260–278. <https://doi.org/10.1007/s13162-019-00156-6>

³⁹² Lewis, (July, 2021)

³⁹³ Chris Drew. (2023, June 11). Perceived behavioral control: Definition and examples. <https://helpfulprofessor.com/perceived-behavioral-control/>. Accessed 29/05/2024.

III.2.2.A Spectrum of Beliefs: How Attitudes Shape Artisan Financing Decisions

Moving beyond simple intentions, the TPB sheds light on the role of attitudes in shaping artisan micro-entrepreneurs' financing choices. Attitudes, as defined within the TPB framework, represent an individual's overall evaluation – positive, negative, or somewhere in between – of a specific behavior. In this context, the "behavior" refers to choosing a particular financing source for their business³⁹⁴.

Understanding these attitudes is crucial because they significantly influence an artisan's willingness to explore and ultimately select a financing option that aligns with their unique goals and risk tolerance³⁹⁵.

Artisan entrepreneurs do not simply hold blanket positive or negative views towards financing options³⁹⁶. Their attitudes exist on a spectrum, influenced by a multitude of factors:

- **Perceived Benefits and Risks:** An artisan might hold a generally positive attitude towards loans if they perceive them as a pathway to acquiring capital for crucial investments. However, this positive view might be tempered by anxieties surrounding high-interest rates or the fear of potential debt burden³⁹⁷.
- **Value Placed on Control:** Attitudes can also be shaped by the value an entrepreneur places on control over their business decisions³⁹⁸. Those who prioritize autonomy might have a positive attitude towards self-financing through personal savings or reinvested profits. Conversely, concerns about limitations in generating sufficient profits for reinvestment could create a negative attitude towards this option³⁹⁹.

³⁹⁴ Kuhnen, C. M., & Knutson, B. (2011). The Influence of Affect on Beliefs, Preferences, and Financial Decisions. *Journal of Financial and Quantitative Analysis*, 46(3), 605–626. doi:10.1017/S0022109011000123

³⁹⁵ Pandya, Dr. B. (2011). The role of micro finance institutions in economic development and problems of micro finance lending in global era. *Indian Journal of Applied Research*, 3(2), 17–22. <https://doi.org/10.15373/2249555x/feb2013/8>

³⁹⁶ Beenish Shameem and Saleem Mushtaq. "Role of Micro Finance Institutions in Skill Development of Micro Entrepreneurs in UAE: An Exploratory Study." *J Entrepren Organiz Manag* 10 (2021): 325

³⁹⁷ Juventud, W. M., Matigas, E. A. O., Himongala, J., Galla, M. R., & Abiol, M. J. D. (2023). Perceived credit risk of micro finance loans among micro-enterprises business in Población Iligan City. *International Journal of Multidisciplinary: Applied Business and Education Research*, 4(10), 3697–3702. <https://doi.org/10.11594/ijmaber.04.10.22>

³⁹⁸ Arran, R., (2023). Behavioral finance: The psychology behind financial decision-making. *Business Studies Journal*, 15(5), 1-2.

³⁹⁹ MILNE, G. & CLARK, P., (2018, April 12). Three big ideas to support artisan businesses and the creative economy. The Aspen Institute. <https://www.aspeninstitute.org/blog-posts/three-big-ideas-support-artisan-businesses-creative-economy/>. Accessed 01/06/2024.

- **Understanding of Financing Structures:** A lack of knowledge about specific financing options, such as loan terms or repayment structures, can lead to negative attitudes and hesitation towards exploring these avenues. Conversely, financial literacy programs or interactions with financial advisors can equip artisans with the knowledge necessary to develop more positive and informed attitudes towards various financing options⁴⁰⁰.

By recognizing the multifaceted nature of attitudes, stakeholders can develop targeted interventions. Financial institutions can create educational materials that address common concerns and highlight the potential benefits of loans. Support organizations can offer workshops on financial literacy and different financing options, empowering artisans to make informed decisions based on a comprehensive understanding of the available choices.

III.2.3. The Power of the Artisan Network: How Social Circles Influence Financing Choices

Beyond individual attitudes, the TPB acknowledges the significant influence of social circles on decision-making through the concept of subjective norms. Subjective norms represent the perceived social pressure to engage in or abstain from a specific behavior. In the context of financing artisan micro-businesses, this translates to the pressure to utilize or avoid particular financing options due to social influences within the artisan community^{401,402}.

Artisans are likely to be heavily influenced by the financing practices of their peers within the artisan network. This concept aligns with the idea of social proof, where individuals look towards the actions of others to inform their own decisions⁴⁰³. Here's how social circles can influence financing choices:

- **Role Models and Mentorship:** Witnessing successful artisans within their circle leverage bank loans to achieve significant growth can create a positive subjective norm, encouraging the entrepreneur to explore similar loan options. Conversely, witnessing peers struggle with loan repayments or facing challenges with traditional financial institutions can create a negative subjective norm, pushing the entrepreneur to prioritize

⁴⁰⁰ Glisovic, J, and Martinez, M. (2012, pp. 12)

⁴⁰¹ Crowley, C. (2019). Artisan Entrepreneurial Behaviour: A Research Agenda. In: McAdam, M., Cunningham, J.A. (eds) Entrepreneurial Behaviour. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-04402-2_11

⁴⁰² Hasanah et al. (2023)

⁴⁰³ MacCoun, R. J. (2012). The burden of social proof: Shared thresholds and social influence. *Psychological Review*, 119(2), 345–372. <https://doi.org/10.1037/a0027121>

alternative financing avenues⁴⁰⁴. Mentors with experience in navigating financing options can also exert a significant influence. A respected mentor who successfully utilized microlending to finance their business growth can serve as a powerful role model, shaping the entrepreneur's perception of this financing option⁴⁰⁵.

- **Family and Friends:** The influence extends beyond the immediate professional circle. The opinions and expectations of family and friends can also play a role in shaping subjective norms. Artisans who receive encouragement and support from family members who view crowdfunding as a viable financing tool might feel a positive subjective norm towards exploring this option. On the other hand, family members holding traditional views on debt or friends who have encountered difficulties with loan repayments might create a negative subjective norm, pressuring the entrepreneur towards self-financing or alternative options with potentially lower perceived risks⁴⁰⁶.

Understanding these social influences is crucial for stakeholders aiming to support informed financing decisions among artisans. By creating a supportive community environment, that encourages knowledge sharing and open discussions about financing options, stakeholders can empower artisans to make informed choices independent of social pressures.

III.2.4. The Role of Perceived Behavioral Control

While attitudes and social circles undoubtedly influence financing choices, the TPB goes a step further by considering an artisan's perceived behavioral control. This construct refers to an individual's belief in their ability to successfully navigate the complexities of securing and managing financing⁴⁰⁷. In essence, it captures their confidence in maneuvering the process from application to repayment. Some **factors shapes the Perceived Behavioral Control:**

- **Financial Literacy:** Entrepreneurs with a strong foundation in financial literacy are likely to have higher perceived behavioral control⁴⁰⁸. Understanding loan terms,

⁴⁰⁴ Gilchrist, A. (2009). Community networks: Their significance and value. In *The well-connected community* A networking approach to community development (pp. 1–22). Policy Press.
<http://dx.doi.org/10.1332/policypress/9781847420565.003.0001>

⁴⁰⁵ Xu, S., Li, W., & Zhang, W. (2021). The Dynamics of Social Capital: Examining the Reciprocity between Network Features and Social Support. *Journal of Computer-Mediated Communication*, 26(6), 362–383.
<https://doi.org/10.1093/jcmc/zmab014>

⁴⁰⁶ Lee, S., & Persson, P. (2016). Financing from family and friends. *Review of Financial Studies*, 29(9), 2341–2386. <https://doi.org/10.1093/rfs/hhw031>

⁴⁰⁷ Ajzen, (1991).

⁴⁰⁸ Sulistianingsih, H., & Santi, F. (2023). Does SME's financing decisions follow pecking order pattern? The role of financial literacy, risk preference, and home bias in SME financing decisions. *Cogent Business & Management*, 10(1). <https://doi.org/10.1080/23311975.2023.2174477>

repayment structures, and basic financial concepts can empower them to confidently navigate the application process, assess risks and benefits, and ultimately choose the financing option best suited to their business needs⁴⁰⁹. Conversely, a lack of financial literacy can significantly diminish perceived behavioral control, leading to feelings of overwhelm and hesitation when exploring financing options⁴¹⁰.

- **Experience with Financing:** Prior experience with securing and managing loans can significantly boost an artisan's perceived behavioral control⁴¹¹. Having successfully navigated the loan application process in the past fosters a sense of confidence in their ability to repeat the process effectively. However, negative past experiences with loans, such as encountering difficulties with repayment, can erode perceived behavioral control and create anxieties about pursuing future financing.
- **Complexity of Financing Options:** The perceived complexity of various financing options can also influence perceived behavioral control⁴¹². Traditional bank loans with intricate application procedures and complex financial terms might appear daunting to entrepreneurs with limited financial literacy, leading to lower perceived behavioral control. Conversely, simpler financing options, such as microloans with streamlined application processes, can appear more manageable, thereby increasing perceived behavioral control⁴¹³.
- **Enhancing Confidence for Informed Decisions:**
 - By addressing these factors, stakeholders can play a vital role in enhancing perceived behavioral control among artisan entrepreneurs. Here's how this translates into practical support:
 - **Financial Literacy Programs:** Offering workshops on loan applications, financial management, and basic financial concepts equips artisans with the knowledge and skills necessary to navigate various financing options, ultimately boosting their perceived behavioral control⁴¹⁴.

⁴⁰⁹ Diptyana, P., Rokhmania, N., & Herlina, E. (2022). Financial literacy, digital literacy and financing preferences role to micro and small enterprises' performance. *IJEED (International Journal of Entrepreneurship and Business Development)*, 5(2), 346–358. <https://doi.org/10.29138/ijebed.v5i2.1785>

⁴¹⁰ Angeles et al. (2019)

⁴¹¹ Ajzen, I. (2002). Perceived behavioral control, self-efficacy, locus of control, and the theory of planned behavior1. *Journal of Applied Social Psychology*, 32(4), 665–683. <https://doi.org/10.1111/j.1559-1816.2002.tb00236.x>

⁴¹² Yang et al. (2023)

⁴¹³ Nguyen and Canh, (2021)

⁴¹⁴ Diptyana et al. (2022).

- **Simplified Application Processes:** Financial institutions can develop streamlined loan application processes with clear instructions and readily available support to reduce perceived complexity and increase perceived behavioral control among artisans⁴¹⁵.
- **Mentorship Programs:** Connecting artisans with experienced entrepreneurs or financial advisors can provide valuable guidance and address specific concerns, fostering a sense of confidence in their ability to navigate financing options.

By empowering artisans with knowledge, streamlining processes, and fostering a supportive environment, stakeholders can contribute to a more confident decision-making landscape when it comes to financing artisan micro-businesses.

III.2.5. Beyond Theory: Empowering Artisans through TPB-driven Interventions

The TPB's value extends far beyond theoretical understanding. By illuminating the interplay between attitudes, subjective norms, and perceived behavioral control, it equips stakeholders with valuable insights to develop targeted interventions that empower informed decision-making among artisan micro-entrepreneurs when it comes to financing their businesses⁴¹⁶.

III.2.5.1. Case Study

Consider the Navajo Nation Economic Development Division's (NNEDD⁴¹⁷) loan programs for Navajo artisans. Understanding the specific financial needs of this community through the lens of the TPB allows the NNEDD to tailor their programs more effectively⁴¹⁸.

- **Addressing Attitudes:** Workshops debunking myths about loans and highlighting success stories of artisans who utilized loans for growth can cultivate positive attitudes towards financing options offered by the NNEDD.
- **Leveraging Social Norms:** Inviting successful loan recipients to share their experiences at community events or featuring them in informational brochures can create positive subjective norms, encouraging others to consider similar financing avenues.

⁴¹⁵ Seppala, E. (2018, October 15). Microloans for businesses: How to get them. Merchant Maverick. <https://www.merchantmaverick.com/small-business-microloan/>. Accessed 01/06/2024.

⁴¹⁶ Hasanah et al. (2023)

⁴¹⁷ 2024 Navajo Nation artisan & small business grants. (2024, February 20). Navajo Nation Division of Economic Development. <https://navajoeconomy.org/small-business-development/financial-assistance/2024-artisan-small-business-grants/>. Accessed 01/06/2024

⁴¹⁸ Financing, loans & grants. (2024, March 4). Navajo Nation Division of Economic Development. <https://navajoeconomy.org/small-business-development/financial-assistance/>. Accessed 01/06/2024

- **Enhancing Perceived Behavioral Control:** The NNEDD can partner with financial literacy organizations to offer loan application workshops specifically designed for artisans. This can equip them with the knowledge and skills necessary to navigate the application process with confidence, boosting their perceived behavioral control. Additionally, the NNEDD can streamline their application process and offer mentorship programs connecting artisans with experienced loan recipients, further fostering confidence in navigating the financing options available.

The NNEDD's approach exemplifies the practical application of the TPB. By understanding the unique challenges and decision-making processes of artisan entrepreneurs, stakeholders across sectors can develop targeted interventions to⁴¹⁹:

- Address misconceptions and anxieties through financial literacy programs.
- Foster supportive communities that encourage open discussions about financing.
- Collaborate with financial institutions to simplify application processes.
- Offer mentorship programs connecting artisans with experienced individuals.

By implementing these strategies informed by the TPB framework, stakeholders can empower artisan micro-entrepreneurs to make informed financing choices, ultimately propelling their businesses towards long-term success.

⁴¹⁹ 2024 Navajo Nation artisan & small business grants. (2024, February 20).

III.3. Section Three: Considerations and Future Research Directions

The application of the Theory of Planned Behavior (TPB) to artisan micro-business financing provides a robust framework for understanding the complex dynamics of financing decisions. However, there are several considerations and potential directions for future research⁴²⁰.

III.3.1. Nuances of Artisan Financing Decisions

The TPB offers a powerful lens for understanding artisan financing choices. However, its focus on cognitive factors leaves room for exploring the interplay between the TPB's core constructs and **psychological predispositions** of the entrepreneur⁴²¹. Future research can delve into **personality traits** like risk tolerance and entrepreneurial self-efficacy⁴²². Artisans with a high tolerance for risk might be more receptive to loan options despite potential debt burdens, aligning with a positive attitude towards such financing. Conversely, lower risk tolerance could lead to a preference for self-financing or alternative options perceived as less risky, potentially affecting their subjective norms and perceived behavioral control⁴²³.

Furthermore, the TPB framework can be enriched by considering the influence of the **broader environmental context**⁴²⁴. Economic downturns can restrict access to traditional loans, pushing artisans towards less desirable financing avenues. Conversely, economic prosperity might make loans more attractive, potentially altering artisans' attitudes towards debt-based financing. Additionally, government regulations and policies can shape the financing landscape. The existence of targeted grant programs or streamlined loan application processes can introduce new possibilities and influence subjective norms within the artisan community⁴²⁵.

By acknowledging these psychological and environmental factors alongside the TPB's core constructs, future research can paint a more nuanced picture of artisan financing decisions. This deeper understanding can inform the development of **holistic support systems** that consider

⁴²⁰ Hasanah et al. (2023)

⁴²¹ Velmurugan, R., Thirumalaisamy, R., Paquibut, R., Abouraia, M. (2024). An Integrated Framework for the Financial Sustainability and Entrepreneurial Success of Micro, Small, and Medium Enterprises. In: Awwad, B. (eds) *The AI Revolution: Driving Business Innovation and Research*. Studies in Systems, Decision and Control, vol 525. Springer, Cham. https://doi.org/10.1007/978-3-031-54383-8_19

⁴²² Crowley, (2019)

⁴²³ Subagyo, S., Surindra, B., Artantri, M., & Ernestivita, G. (2023). The role of entrepreneurial education, risk tolerance and self efficacy on entrepreneurial intention of university students during digital transformation and industrial revolution 4.0 Era. *Proceedings of the 2nd Lekantara Annual Conference on Public Administration, Literature, Social Sciences, Humanities, and Education, LePALISSHE 2022, 29 October 2022, Malang, East Java, Indonesia*. <http://dx.doi.org/10.4108/eai.29-10-2022.2334029>

⁴²⁴ Khedhaouria, A., Gurău, C., & Torrès, O. (2014). Creativity, self-efficacy, and small-firm performance: The mediating role of entrepreneurial orientation. *Small Business Economics*, 44(3), 485–504. <https://doi.org/10.1007/s11187-014-9608-y>

⁴²⁵ Ahlin, B., Drnovšek, M., & Hisrich, R. D. (2013). Entrepreneurs' creativity and firm innovation: The moderating role of entrepreneurial self-efficacy. *Small Business Economics*, 43(1), 101–117. <https://doi.org/10.1007/s11187-013-9531-7>

not only the cognitive aspects of decision-making but also the individual characteristics of the entrepreneur and the dynamic environment they operate within.

III.3.2. The TPB through a cultural lens

The TPB's strength lies in its adaptability across cultures⁴²⁶. However, a deeper understanding requires examining how cultural values influence the core constructs (attitudes, subjective norms, and perceived behavioral control) within the context of artisan financing decisions⁴²⁷. Here, cross-cultural research offers a valuable lens^{428,429,430}.

III.3.2.1. Cultural Values Shaping Decision-making:

One key area of exploration lies in the influence of cultural values on the TPB constructs. Cultures that emphasize collectivism, where group needs are paramount, might exhibit stronger subjective norms. Artisans might be more likely to choose financing options endorsed by their communities or follow the practices of respected peers. In contrast, individualistic cultures might place a greater emphasis on personal autonomy, potentially leading to decisions driven by individual attitudes and risk tolerance.

III.3.2.2. Financial Literacy and the Perception of Control:

Another crucial aspect is the interplay between cultural norms and perceived behavioral control. Cultures with limited access to financial education or resources might lead to a lower perceived ability to navigate financing options. Conversely, cultures with strong financial literacy programs can empower artisans with knowledge and confidence, boosting their perceived control. This can further influence their attitudes towards specific financing options.

III.3.2.3. Debt and Cultural Beliefs:

Cultural attitudes towards debt can significantly impact artisans' perspectives on loan-based financing. Cultures with a strong aversion to debt might lead to negative attitudes towards loans, even if they offer attractive terms. Conversely, cultures where debt is viewed as a tool for

⁴²⁶ Cano, C.R. (2013). Cultural Differences in Values/Ethics and Decision-Making. In: Idowu, S.O., Capaldi, N., Zu, L., Gupta, A.D. (eds) Encyclopedia of Corporate Social Responsibility. Springer, Berlin, Heidelberg. https://doi.org/10.1007/978-3-642-28036-8_429

⁴²⁷ Pret & Cogan, (2018).

⁴²⁸ Hasanah et al. (2023)

⁴²⁹ Charfeddine, L., Umlai, M. I., & El-Masri, M. (2024). Impact of financial literacy, perceived access to finance, ICT use, and digitization on credit constraints: Evidence from Qatari MSME importers. Financial Innovation, 10(1). <https://doi.org/10.1186/s40854-023-00557-4>

⁴³⁰ Diptyana et al. (2022).

growth might lead to a more positive perception, influencing artisans' willingness to explore these financing avenues.

These cultural nuances, cross-cultural research can illuminate the diverse tapestry of influences shaping artisan financing decisions. This knowledge can then be used **to tailor interventions and support systems** that resonate with the specific cultural contexts of artisan micro-entrepreneurs. For instance, culturally sensitive financial literacy programs or workshops on navigating loan applications within a specific cultural framework can empower artisans from diverse backgrounds to make informed financing choices aligned with their cultural values and business goals.

III.3.3. Long-Term Influences on Financing Decisions

The TPB has primarily been applied through cross-sectional studies, offering a valuable starting point⁴³¹. However, these studies capture a single snapshot in time. To gain a deeper understanding of the evolving nature of artisan financing decisions, future research can benefit from **longitudinal studies**. These studies track artisans over time, capturing how the interplay between TPB constructs and financing choices changes as their businesses develop and the surrounding environment evolves.

III.3.3.1. *The Evolving Entrepreneur:*

Longitudinal studies can shed light on how an artisan's **risk tolerance and self-efficacy** transform over time. As a business grows and experiences success, an entrepreneur's initial risk aversion might decrease, making them more receptive to financing options that involve debt. Conversely, encountering financial difficulties could lead to a heightened risk aversion, influencing future financing decisions. Similarly, an entrepreneur's **perceived behavioral control** might evolve as their business matures. Initial anxieties about navigating loan applications or managing repayments could diminish with experience, leading to a more positive attitude towards these financing avenues⁴³².

III.3.3.2. *A Dynamic Environment:*

Longitudinal studies can also capture the impact of a **shifting business environment** on financing decisions. Changes in economic conditions, such as a recession or a boom period, can influence the availability and attractiveness of different financing options. Similarly, evolving

⁴³¹ Coronel-Pangol, K., Heras-Tigre, D., Jiménez Yumbla, J., Aguirre Quezada, J., & Mora, P. (2023). Microfinance, an alternative for financing entrepreneurship: Implications and trends-bibliometric analysis. *International Journal of Financial Studies*, 11(3), 83. <https://doi.org/10.3390/ijfs11030083>

⁴³² Basu, A. (2023, January 17). How sustainability, community and profitability interact in artisan businesses. *Forbes*. <https://www.forbes.com/sites/forbesbusinesscouncil/2023/01/17/how-sustainability-community-and-profitability-interact-in-artisan-businesses/>

government regulations or the emergence of new financial technologies might introduce entirely new financing possibilities, prompting artisans to re-evaluate their initial choices⁴³³. By following artisans over time, longitudinal studies can reveal how these dynamic factors interact and influence the long-term financing strategies of artisan micro-businesses. This deeper understanding can inform the development of **adaptable support systems**. For instance, providing ongoing financial literacy workshops or mentorship programs can equip artisans with the knowledge and skills to navigate the evolving financing landscape throughout the various stages of their business growth.

III.3.4.From Theory to Actionable Interventions

The TPB's value extends beyond theoretical understanding. By illuminating the interplay between attitudes, subjective norms, and perceived behavioral control, it equips stakeholders with a powerful tool to develop targeted interventions that empower informed decision-making among artisan micro-entrepreneurs when it comes to financing their businesses⁴³⁴.

III.3.4.1. *Designing Interventions for Impact:*

Future research can delve into the practical application of the TPB framework by focusing on the development and testing of impactful interventions:

- **Enhancing Financial Literacy:** Workshops and educational programs tailored to address misconceptions around financing options can cultivate positive attitudes towards debt-based financing or alternative financial tools. These programs can equip artisans with the knowledge and skills necessary to assess risks and benefits, ultimately fostering more informed financial choices⁴³⁵.
- **Shifting Subjective Norms:** Interventions can leverage the power of social influence. Partnering with community leaders or successful artisans who have utilized financing effectively can create positive role models and foster a supportive environment where exploring diverse financing options is encouraged⁴³⁶. Social media campaigns or

⁴³³ Segares, M. (2021). Crochet microentrepreneurs and technology: A collective case study. *Craft Research*, 12(2), 275–293. https://doi.org/10.1386/crre_00053_1

⁴³⁴ Angeles et al. (2019)

⁴³⁵ Wong, A., Holmes, S., & Schaper, M. T. (2018). How do small business owners actually make their financial decisions? Understanding SME financial behaviour using a case-based approach. *Small Enterprise Research*, 25(1), 36–51. <https://doi.org/10.1080/13215906.2018.1428909>

⁴³⁶ Tran, Q. N., Phung, T. M. T., Nguyen, N. H., & Nguyen, T. H. (2023). Financial knowledge matters entrepreneurial decisions: A survey in the COVID-19 pandemic. *Journal of the Knowledge Economy*. <https://doi.org/10.1007/s13132-023-01137-8>

community workshops featuring successful loan recipients can further normalize the use of financing for business growth⁴³⁷.

- **Boosting Perceived Behavioral Control:** Interventions can address anxieties related to navigating financing processes. Developing streamlined loan application processes with clear instructions and readily available support can reduce perceived complexity⁴³⁸. Mentorship programs connecting artisans with experienced loan recipients can provide valuable guidance and address specific concerns, fostering confidence in their ability to secure financing^{439,440}.

III.3.4.2. Measuring Success and Adapting Strategies:

The effectiveness of these interventions should be rigorously evaluated. This can involve tracking changes in artisans' attitudes, subjective norms, and perceived behavioral control, as well as their actual financing decisions and business outcomes⁴⁴¹. Through continuous monitoring and adaptation, stakeholders can refine their interventions to ensure they remain relevant and impactful in the evolving landscape of artisan micro-business financing⁴⁴².

By integrating the TPB framework with practical interventions, stakeholders can empower artisan micro-entrepreneurs to make informed financing choices that propel their businesses towards long-term success. This collaborative approach can transform the TPB from a theoretical model into a powerful driver of positive change within the artisan community.

⁴³⁷ Hasanah et al. (2023)

⁴³⁸ Angeles et al. (2019)

⁴³⁹ Crowley, (2019, pp. 5)

⁴⁴⁰ Vamvaka, V., Stoforos, C., Palaskas, T., & Botsaris, C. (2020). Attitude toward entrepreneurship, perceived behavioral control, and entrepreneurial intention: Dimensionality, structural relationships, and gender differences. *Journal of Innovation and Entrepreneurship*, 9(1). <https://doi.org/10.1186/s13731-020-0112-0>

⁴⁴¹ Vodde, R., & Gallant, J. P. (2002). BRIDGING THE GAP BETWEEN MICRO AND MACRO PRACTICE: LARGE SCALE CHANGE AND A UNIFIED MODEL OF NARRATIVE—DECONSTRUCTIVE PRACTICE. *Journal of Social Work Education*, 38(3), 439–458. <http://www.jstor.org/stable/23043789>

⁴⁴² Cull, R., Demirgüç-Kunt, A., & Morduch, J. (2018). The microfinance business model: Enduring subsidy and modest profit. Published by Oxford University Press on behalf of the World Bank. <http://dx.doi.org/10.1596/32775>

Conclusion

This chapter has endeavored to illuminate the intricacies of artisan micro-business financing decisions through the lens of the Theory of Planned Behavior (TPB). By dissecting the interplay between attitudes, subjective norms, and perceived behavioral control, the TPB offers a valuable framework for understanding the rationale behind these critical choices. This knowledge empowers stakeholders to develop targeted interventions that address misconceptions, foster supportive social environments, and enhance artisans' confidence in navigating financing options.

However, the pursuit of a comprehensive understanding necessitates acknowledging the limitations of the TPB framework. Future research can delve deeper by exploring the influence of **psychological predispositions** such as risk tolerance and entrepreneurial self-efficacy on financing decisions. Additionally, the **broader environmental context**, encompassing economic conditions and regulatory environments, warrants further investigation. Furthermore, cross-cultural studies hold immense potential in revealing how cultural values **shape the TPB constructs** and ultimately influence financing choices within diverse artisan communities.

By employing **longitudinal research designs**, future studies can capture the **dynamic interplay** between TPB constructs, financing decisions, and the evolving business environment over time. This deeper understanding can inform the development of **adaptable support systems** that equip artisans with the knowledge and skills necessary to make informed financing choices throughout the various stages of their business growth.

In conclusion, the TPB offers a springboard for comprehending artisan micro-business financing decisions. However, acknowledging its limitations and embracing future research directions that explore **psychological factors, environmental influences, and cultural variations** is crucial. By adopting a holistic approach that integrates theoretical understanding with practical interventions, stakeholders can empower artisan micro-entrepreneurs to navigate the complexities of financing and propel their businesses towards long-term sustainability. Ultimately, this collaborative effort can foster a vibrant and thriving artisan micro-business ecosystem.

Chapter. IV. Artisan Entrepreneurship in Algeria

Preface

Artisan entrepreneurship has always played a central role in Algeria's cultural and economic fabric. Rooted in centuries of craftsmanship, the sector is not only a means of economic subsistence but also a vital part of the country's identity. This chapter aims to explore how artisan entrepreneurship has evolved historically, assess its current status, and evaluate its impact on local economies and communities.

The first section provides a historical overview, tracing the development of artisanal activities in Algeria from traditional handicrafts to modern-day practices. It also outlines the current landscape of the sector, identifying the types of crafts that are prevalent today and highlighting the distribution of artisans across various regions in the country. This section seeks to underline the socio-economic role of artisans, who are often at the forefront of local economic development, job creation, and cultural preservation.

In the second section, the focus shifts to the financial challenges and opportunities artisans face. Access to funding remains a significant barrier for many, particularly for those in rural areas with limited financial infrastructure. This section explores both traditional and modern financial sources available to artisans, such as government grants and micro-financing, while also delving into the barriers artisans encounter when trying to access finance. It further discusses the crucial role played by government programs and non-governmental organizations (NGOs) in offering financial support and market access to help artisans grow their businesses.

Finally, the third section explores the broader economic and social impact of artisan entrepreneurship. This includes its role in contributing to local economic development, preserving cultural heritage, and promoting social empowerment, with a particular emphasis on gender inclusion. Additionally, this section examines how the artisan sector is closely linked to Algeria's growing tourism industry, as handcrafted goods are not only sought after by tourists but also serve as a representation of the country's rich cultural heritage.

IV.1. Section One: Overview of Artisan Entrepreneurship in Algeria

This section provides a comprehensive overview of artisan entrepreneurship in Algeria, setting the stage for a deeper exploration of the sector. We begin with a historical examination, tracing the evolution of artisanal activities from their ancient origins, where artisans played a crucial role in local economies, to their adaptation during the French colonial period and subsequent resurgence post-independence. This historical perspective highlights the resilience and adaptability of the sector.

Next, we explore the contemporary landscape of artisan entrepreneurship in Algeria. This includes an analysis of the diverse range of crafts practiced today, from pottery and textiles to metalwork and leather goods, and their geographical distribution across the country. Urban areas, in particular, serve as hubs for these activities due to higher market demand and better access to resources.

Finally, we delve into the socio-economic impact of artisan entrepreneurship in Algeria. The sector is a significant contributor to local economies and job creation, especially in rural areas. It also plays a vital role in preserving Algeria's cultural heritage, with traditional crafts reflecting the rich cultural diversity and history of the nation. Moreover, the artisanal sector has empowered many, particularly women, through initiatives that provide financial support and promote entrepreneurship.

IV.1.1. Historical Context: The evolution and history of artisanal activities in Algeria

Artisan entrepreneurship in Algeria has a rich and diverse history, deeply rooted in the country's cultural heritage⁴⁴³. The artisanal sector has evolved over the years, adapting to changing socio-economic conditions while preserving traditional crafts and techniques. The evolution of artisanal activities in Algeria can be traced back to ancient times when artisans played a crucial role in the local economy, providing essential goods and services to their communities⁴⁴⁴.

In the pre-colonial era, Algerian artisans were renowned for their skills and craftsmanship¹. They produced a wide range of goods, from pottery and textiles to metalwork and leather goods,

⁴⁴³ Hasanah et al. (2023)

⁴⁴⁴ Hasanah et al. (2023)

which were traded locally and across the Mediterranean. Artisans were respected members of their communities, and their crafts were often passed down from generation to generation⁴⁴⁵.

During the French colonial period, which began in 1830 and lasted until 1962, the artisanal sector underwent significant changes⁴⁴⁶. The French introduced new technologies and production methods, which had a profound impact on traditional crafts. Around 1918, training in skilled labor was enforced in French Algeria and limited to industrial professions. The roles of mechanics, electricians, construction workers, and miners were privileged over artisans⁴⁴⁷.

Despite these challenges, the artisanal sector managed to survive and adapt. After Algeria gained independence in 1962, there was a renewed interest in traditional crafts as symbols of national identity and cultural heritage. The government implemented various measures to support artisans, including training programs, financial incentives, and the establishment of cooperatives⁴⁴⁸.

In recent years, the artisanal sector has continued to evolve in response to changing market conditions and consumer preferences. Many artisans have embraced modern technologies and marketing strategies, while others have sought to preserve traditional crafts and techniques⁴⁴⁹. Today, artisan entrepreneurship in Algeria is a dynamic and vibrant sector, contributing to the country's economic development and cultural richness⁴⁵⁰.

IV.1.2. Current Landscape: Present-day status, types of crafts, and the distribution of artisans across the country

Algeria, classified as an upper-middle-income country, has a population of over 34 million and a per capita GDP (PPP) of roughly US\$7100 in 2009. The backbone of the economy is the hydrocarbons sector, contributing to nearly half of the GDP, about 80% of government revenues, and 95% of exports. However, compared to most countries in the MENA region,

⁴⁴⁵ Neumann, T. (2020). The impact of entrepreneurship on economic, social and environmental welfare and its determinants: A systematic review. *Management Review Quarterly*, 71(3), 553–584.
<https://doi.org/10.1007/s11301-020-00193-7>

⁴⁴⁶ Yas, B. (2021, December 11). Traditional craftsmanship and modernity in Algeria — Dune Magazine. Dune Magazine. <https://www.dunemagazine.net/articles/traditional-craftsmanship-and-modernity-in-algeria>

⁴⁴⁷ Yas, (2021)

⁴⁴⁸ Touiti, M. (2015). Strategies of the employment sector to support entrepreneurial initiatives. *Journal of the performance of Algerian institutions*, Akli Mohand Oulhadj University, Bouira, issue 7

⁴⁴⁹ Rincon, L. (2023, July 5). Fostering an entrepreneurial ecosystem in Algeria. The Hague Academy. <https://thehagueacademy.com/news/fostering-an-entrepreneurial-ecosystem-in-algeria/>

⁴⁵⁰ Tagadla, H. (2022). Sociocultural Challenges For Women Entrepreneurs In Algerian Society. *Elementary Education Online*, 22(4), 48–58. Retrieved from <https://ilkogretim-online.org/index.php/pub/article/view/7493>

Algeria's business climate is less favorable, resulting in competitiveness issues. In the 2009–10 Global Competitiveness Index, Algeria was ranked 83rd out of 133 countries, making it one of the weakest performers in the MENA region⁴⁵¹. The Heritage Foundation's 2010 Index of Economic Freedom labeled Algeria's economy as "mostly unfree", and it was ranked 136th out of 183 countries in the World Bank's Doing Business 2010 survey⁴⁵². Despite these obstacles, Algeria is establishing the foundations for a transition to a market-oriented economy⁴⁵³. However, the private sector is still small, and the government retains control over large segments of economic activity⁴⁵⁴.

Today, the artisanal sector in Algeria is vibrant and diverse, encompassing a wide range of crafts from pottery and textiles to metalwork and leather goods. These crafts are not only a source of income for the artisans but also a significant part of Algeria's cultural heritage⁴⁵⁵.

Artisans are distributed across the country, with significant concentrations in urban areas where there is a higher demand for their products. This distribution is influenced by various factors, including the availability of raw materials, market access, and the artisans' skills and expertise.

However, despite the sector's potential, artisans face numerous challenges. These include access to finance, market access, and the preservation of traditional crafts in the face of modernization. Access to finance is particularly challenging for artisans who often lack the necessary collateral or credit history to secure loans from traditional financial institutions⁴⁵⁶.

In response to these challenges, the Algerian government has adopted a policy of youth employment, granting loans to young entrepreneurs to create their own businesses. This initiative has provided much-needed financial support to artisans, enabling them to invest in their businesses and expand their operations.

⁴⁵¹ The World Bank. (2009, pp. 45). Doing business in Algeria. <http://dx.doi.org/10.1596/978-0-8213-7961-5>

⁴⁵² ECONOMIC FREEDOM COUNTRY PROFILE. (2023). Index of economic freedom: Algeria | The Heritage Foundation. Retrieved July 5, 2024, from <https://www.heritage.org/index/pages/country-pages/algeria>

⁴⁵³ Bank of Algeria. (2015, pp. 2). <https://www.bank-of-algeria.dz/pdf/inclusion7.pdf>

⁴⁵⁴ World Bank Group. (2023, January 4). Algerian economy: Staying the course for transition. World Bank Group. <https://www.worldbank.org/en/news/press-release/2023/01/04/algerian-economy-staying-the-course-for-transition>

⁴⁵⁵ Entrepreneurship in Algeria. (2013). GEM Global Entrepreneurship Monitor. Retrieved July 5, 2024, from <https://www.gemconsortium.org/economy-profiles/algeria>

⁴⁵⁶ World Bank Group. (2024, May 22). Algeria: Investing in data key for diversified growth. World Bank Group. <https://www.worldbank.org/en/news/press-release/2024/05/22/algeria-investing-in-data-key-for-diversified-growth>

This policy has also encouraged artisans, including women, to venture into entrepreneurship. Women artisans, in particular, have benefited from this initiative, gaining financial independence and contributing to the economic development of their communities⁴⁵⁷.

While the artisanal sector in Algeria faces numerous challenges, it also presents significant opportunities. With the right support and resources, artisans can overcome these challenges and thrive in their entrepreneurial journeys.

IV.1.3. Socio-Economic Impact: Contributions to local economies, employment generation, and cultural significance

The artisanal sector makes significant contributions to the Algerian economy. It provides employment opportunities for a large number of people, particularly in rural areas where job opportunities may be limited⁴⁵⁸. This is especially important in a country like Algeria, where unemployment rates remain high despite improvements in the economy⁴⁵⁹.

In addition to its economic impact, the artisanal sector also plays a crucial role in preserving Algeria's cultural heritage. The unique crafts produced by Algerian artisans are a reflection of the country's rich cultural diversity and history. These crafts not only contribute to the local economy but also help to preserve traditional skills and knowledge for future generations⁴⁶⁰.

Despite the improving economy, Algeria is experiencing a high rate of unemployment, including amongst young graduates. This has motivated the state to adopt a policy of youth employment, by granting them loans, in order to create their own businesses. These initiatives have provided much-needed financial support to artisans, enabling them to invest in their businesses and expand their operations⁴⁶¹.

⁴⁵⁷ Khadri, T., (2023). Analyzing the phenomenon of entrepreneurship in Algeria through some socio-economic indicators. *Management & Economic Research Journal*, 5(4), 191-199.
<https://www.asjp.cerist.dz/en/article/237723>

⁴⁵⁸ Ghiat, B. (2014). Social Change and Women Entrepreneurship in Algeria. *Faculty of Business Economics and Entrepreneurship*, 2(1), 90-100

⁴⁵⁹ Porter, G. D. (2019, March 6). Political instability in Algeria. Council on Foreign Relations.
<https://www.cfr.org/report/political-instability-algeria>

⁴⁶⁰ Porter, (2019)

⁴⁶¹ Tagadla, (2022).

These factors have encouraged graduated women to venture into entrepreneurship businesses. Women artisans, in particular, have benefited from these initiatives, gaining financial independence and contributing to the economic development of their communities.

The artisanal sector in Algeria has a significant socio-economic impact, contributing to local economies, generating employment, preserving cultural heritage, and empowering women. Despite the challenges, with the right support and resources, artisans can thrive and make a significant contribution to the socio-economic development of Algeria.

IV.2. Section Two: Financial Challenges and Opportunities for Artisans

In this section, we explore the financial landscape for Algerian artisans, highlighting both the challenges they face and the opportunities available to them. Artisans in Algeria often rely on a blend of traditional and modern financial sources to fund their enterprises. Traditional sources include personal savings, loans from family and friends, and informal moneylenders, which are frequently the initial avenues artisans turn to for capital due to their accessibility and minimal formal requirements. Modern financial sources, such as microfinance institutions, banks, and online crowdfunding platforms, also play a crucial role in supporting artisans, although these come with their own set of challenges.

This section will delve into the specific financial obstacles artisans encounter, such as lack of credit history, collateral requirements, high-interest rates, and limited financial literacy. These barriers can significantly hinder artisans' ability to secure necessary funding, impacting their business growth and sustainability.

Furthermore, we will examine the efforts by the Algerian government and non-governmental organizations (NGOs) to mitigate these financial challenges. Initiatives such as government loans for young entrepreneurs and business training programs provided by NGOs aim to improve access to financial resources and enhance the skills of artisans. Despite these efforts, substantial challenges persist, underscoring the need for continued support to equip artisans with the necessary skills and resources to thrive in their entrepreneurial endeavors.

IV.2.1. Access to Funding: Traditional and modern financial sources available to artisans

In Algeria, artisans have access to a diverse array of financial sources, encompassing both traditional and modern mechanisms. Traditional sources of funding primarily include personal

savings, contributions from family and friends, and informal moneylenders⁴⁶². These methods often represent the initial recourse for artisans seeking capital to initiate or expand their businesses due to their accessibility and the absence of formal requirements⁴⁶³.

Personal assets frequently serve as the foundational capital for many artisans, reflecting a reliance on accumulated savings or the liquidation of personal property. Financial support from family and friends constitutes another crucial network, leveraging trust and personal relationships to circumvent the complexities and formalities associated with institutional borrowing⁴⁶⁴. Additionally, traditional practices such as Zakat and Sadaqa play significant roles in the financial ecosystem for artisans. Zakat, a mandatory form of almsgiving in Islam, is distributed to support the needy, including entrepreneurs in financial distress, while Sadaqa represents voluntary charity that can also provide artisans with essential funds.

The concept of Waqf, involving the endowment of property or assets for religious or charitable purposes, serves as another traditional mechanism supporting artisans⁴⁶⁵. Certain waqf institutions in Algeria extend financial assistance or resources to artisans, thus facilitating their entrepreneurial endeavors. Moreover, local and regional associations frequently offer support through grants, low-interest loans, or other financial aid programs aimed at promoting local crafts and cultural heritage⁴⁶⁶.

Modern financial sources encompass microfinance institutions, banks, and online crowdfunding platforms, each providing distinct advantages and targeting different needs within the artisan community. Microfinance institutions are particularly significant, offering small loans without the necessity for substantial collateral⁴⁶⁷. Notable institutions in Algeria include:

⁴⁶² THAROUMA, S. (2022, 12 31). STATE OF PLAY, DEFINITIONS AND CHALLENGES OF FINANCIAL INCLUSION IN ALGERIA. *Administrative And Financial Sciences Review*, 06(02), pp. 369-379. Retrieved 01/18, 2023, from <https://www.asjp.cerist.dz/en/downArticle/495/6/2/20962319>.

⁴⁶³ CGAP. (2006, pp. 11). *Microfinance in Algeria: Opportunities and Challenges*. Ministry of Finance Deputy Minister for Financial Reform. https://www.findevgateway.org/sites/default/files/publications/files/mfg-en-paper-microfinance-in-algeria-opportunities-and-challenges-jun-2006_0.pdf

⁴⁶⁴ Belhadi, O., & Bouakkaz, N. (2021). Assessing the Social Performance of Microfinance institutions in Algeria: A case study of the National Agency for Microcredit Management. *مجلة دراسات وأبحاث اقتصادية في الطاقات المتجددة*, 8(2), 613–590.

⁴⁶⁵ Laallam, A., Kassim, S., Engku Rabiah Adawiah bt Engku Ali, & Buerhan Saiti. (2021). Waqf in Algeria: Its historical exploration from Ottoman to post-independence era. *Journal of Islamic Thought and Civilization*, 11(1), 132–158. <https://doi.org/10.32350/jitc.111.08>

⁴⁶⁶ Zuki, Mazrul Shahir Md. "Waqf and its Role in Socio-Economic Development." *ISRA International Journal of Islamic Finance* 4, no. 2 (2012): 173-178. doi:<https://pdfs.semanticscholar.org/5755/ec25c5924bb1fa2ac49a874e713f646d4ad4.pdf>

⁴⁶⁷ Beztouh, D. (2020). Islamic finance and its strengths for the development of SMEs in Algeria. *التكامل الاقتصادي*, 8(2), 365–354.

1. Microfinance Institutions

Microfinance institutions are particularly significant, offering small loans without the necessity for substantial collateral. These institutions are designed to support individuals and small businesses that may not have access to traditional banking services. They play a crucial role in promoting financial inclusion and economic development.

2. Fonds National de Promotion des Activités Artisanales et Touristiques (FNPAAT)

The FNPAAT is a notable institution in Algeria that supports artisans through financial assistance and training programs. It has granted numerous aids to artisans, thereby facilitating their entrepreneurial endeavors. The FNPAAT is recognized for the quality of service it provides to its partners, with its main strengths lying in the quality of its services, the extent of its training offer, and the density of partnerships it has forged with various economic actors⁴⁶⁸.

3. Agence Nationale de Soutien à l'Emploi des Jeunes (ANSEJ)

The ANSEJ, also known as the National Agency for Youth Employment Support, is a significant institution in Algeria that provides loans and support to young entrepreneurs. It manages a credit fund specifically designed for business creation. This fund is instrumental in providing the necessary financial resources for young entrepreneurs to start their businesses.

In addition to providing financial support, ANSEJ also participates in public employment services. These services aim to match job seekers with employers, provide career counseling, and offer training programs to enhance employability. This dual role of providing financial support and employment services makes ANSEJ a comprehensive support system for young entrepreneurs in Algeria⁴⁶⁹.

ANSEJ has been instrumental in creating jobs and supporting economic activity in Algeria². By providing financial resources and employment services, it helps young entrepreneurs overcome barriers to entry, fosters innovation, and contributes to economic diversification². This aligns with Algeria's broader economic goals of reducing unemployment, promoting entrepreneurship, and diversifying the economy⁴⁷⁰.

⁴⁶⁸ Amina. (2015, August 23). Fonds national de promotion des activités de l'artisanat traditionnel 2.400 aides accordées aux artisans. *Algerie360*. <https://www.algerie360.com/fonds-national-de-promotion-des-activites-de-lartisanat-traditionnel-2-400-aides-accordees-aux-artistes/>

⁴⁶⁹ Ministry of finance (n.d.). DISPOSITIF ANSEJ. <https://www.mf.gov.dz/index.php/fr/grands-dossiers/115-dispositif-ansej>

⁴⁷⁰ ANSEJ (Agence Nationale de Soutien à l'Emploi des Jeunes). (2019, February 9). *Consulat Algerie Lyon Site Officiel | Office Du Tourisme et Des Congrès Du Grand Lyon*. <https://www.consulatalgerie-lyon.org/economie-jeune-php/>

Furthermore, ANSEJ has evolved over time to better serve the needs of young entrepreneurs. For instance, it has expanded its services to include not only financial support but also training and development programs¹. These programs are designed to equip young entrepreneurs with the necessary skills and knowledge to successfully run their businesses. This holistic approach to supporting young entrepreneurs underscores ANSEJ's commitment to fostering a vibrant and dynamic entrepreneurial ecosystem in Algeria⁴⁷¹.

4. Agence Nationale de Gestion du Microcrédit (ANGEM)

The ANGEM, also known as the National Agency for the Management of Microcredit, is a key institution in Algeria that focuses on microcredit services. It is particularly beneficial for women and disadvantaged groups, providing them with access to financial resources that they might not otherwise have⁴⁷².

ANGEM's microcredit services are designed to support individuals and small businesses that may not have access to traditional banking services. These services play a crucial role in promoting financial inclusion and economic development⁴⁷³.

One of the notable aspects of ANGEM is its social performance. The agency's services are adapted to target clients, taking into account their specific needs and circumstances. This client-focused approach ensures that the financial services provided by ANGEM are accessible and beneficial to a wide range of individuals and businesses⁴⁷⁴.

Moreover, ANGEM's services contribute to improving clients' social and political capital¹. By providing financial resources and support, ANGEM enables its clients to overcome financial barriers, foster economic growth, and improve their social standing. This, in turn, contributes to broader social and economic development in Algeria⁴⁷⁵.

5. Caisse Nationale d'Assurance Chômage (CNAC)

The CNAC, also recognized as the National Unemployment Insurance Fund, is a pivotal entity in Algeria that extends financial assistance and resources, thereby catalyzing business creation and growth⁴⁷⁶. Incepted in 1994, the CNAC is an Algerian public institution of social security operating under the aegis of the Ministry of Labor, Employment, and Social Security.

⁴⁷¹ Ministry of finance. <https://www.mf.gov.dz/index.php/fr/grands-dossiers/115-dispositif-ansej>

⁴⁷² ANGEM. (n.d.). National Agency for Management of Microcredit. Retrieved July 20, 2024, from <https://angem.dz/en/home.php>

⁴⁷³ Bulzar, Shabha & Lulggar, Rusa. (2019). Le microcrédit à travers le dispositif angem et son impact en Algérie. *Journal of Finance and Accounting Studies*•Vol. 10, no. 10, pp.103-116. <https://search.emarefa.net/detail/BIM-1061932>

⁴⁷⁴ Bulzar, Shabha & Lulggar, Rusa. (2019).

⁴⁷⁵ Bulzar, Shabha & Lulggar, Rusa. (2019).

⁴⁷⁶ https://www.cnac.dz/site_cnac_new/Web%20Pages/Fr/FR_Accueil.aspx. Retrieved July 20, 2024

The CNAC's primary responsibility is to provide compensation to employees who have lost their jobs due to economic circumstances. It administers a credit fund expressly designed for the inception of businesses. This fund plays a crucial role in furnishing the requisite financial resources for entrepreneurs to kick-start their ventures⁴⁷⁷.

Beyond providing financial assistance, the CNAC also partakes in public employment services. These services strive to connect job seekers with potential employers, offer career guidance, and deliver training programs to boost employability. This dual functionality of offering financial assistance and employment services positions the CNAC as a comprehensive support mechanism for entrepreneurs in Algeria.

The CNAC has been instrumental in job creation and bolstering economic activity in Algeria. By dispensing financial resources and employment services, it aids entrepreneurs in surmounting entry barriers, spurring innovation, and contributing to economic diversification. This is in alignment with Algeria's overarching economic objectives of curtailing unemployment, fostering entrepreneurship, and diversifying the economy⁴⁷⁸.

Over time, the CNAC has evolved to better cater to the needs of entrepreneurs. For instance, it has broadened its services to encompass not just financial support but also training and development programs. These programs are tailored to equip entrepreneurs with the necessary skills and knowledge to successfully manage their businesses. This comprehensive approach to supporting entrepreneurs underscores the CNAC's commitment to nurturing a vibrant and dynamic entrepreneurial ecosystem in Algeria⁴⁷⁹.

6. Fonds National d'Appui à la Création de l'Entreprise (FNAC)

Established by executive decree n° 98-355 on November 10, 1998, the Fonds National d'Appui à la Création de l'Entreprise (FNAC) is a notable Algerian public institution supervised by the Minister in charge of Professional Training. FNAC's primary objective is to offer financial aid and resources to promote business creation and development⁴⁸⁰.

FNAC manages a dedicated credit fund for new business ventures, providing essential financial resources for entrepreneurs. The institution is recognized for its high-quality services, extensive training offerings, and strong partnerships with various economic actors. Besides financial support, FNAC emphasizes continuous training and development,

⁴⁷⁷ présentation de la caisse national d'assurance chômage. Retrieved July 20, 2024, from <http://www.cnac.dz/default.aspx?id=88>.

⁴⁷⁸ Derbal, S. & Benlamoudi, D. (2018). The Policy Of Supporting The Craft's Enterprise In Algeria. Journal of Administrative and Financial Sciences, University of El Oued. Algeria, number 02, Issue 0

⁴⁷⁹ Derbal, S. & Benlamoudi, D. (2018).

⁴⁸⁰ Description FNAC – MFEP. (n.d.). Retrieved July 20, 2024, from <https://www.mfep.gov.dz/fr/ministere/structures-deconcentrees/etablissements-de-soutien/description-fnac/>

providing pedagogical and technical assistance to companies, organizations, and individuals. This dual focus on financial aid and training positions FNAC as a comprehensive support system for entrepreneurs^{481,482}.

FNAC has significantly contributed to job creation and economic activity in Algeria. By offering financial resources and training services, it helps entrepreneurs overcome entry barriers, spur innovation, and contribute to economic diversification. This aligns with Algeria's goals of reducing unemployment, fostering entrepreneurship, and diversifying the economy. FNAC's evolution over time reflects its commitment to meeting the changing needs of entrepreneurs, reinforcing its role as a cornerstone of Algeria's entrepreneurial ecosystem⁴⁸³.

7. Institut National de Développement de la Formation Continue (INDEFOC)

The Institut National de Développement de la Formation Continue (INDEFOC), or the National Institute for the Development of Continuing Education, is a crucial entity in Algeria dedicated to ongoing training and development. INDEFOC allocates funds for programs designed to enhance artisans' skills, providing them with the necessary knowledge to manage their businesses successfully⁴⁸⁴.

Beyond financial assistance, INDEFOC offers pedagogical and technical support to various entities, including companies, organizations, and individuals, to foster and promote continuing education. This dual role of financial support and training services positions INDEFOC as a comprehensive support mechanism for artisans⁴⁸⁵.

INDEFOC has played a pivotal role in job creation and economic activity in Algeria by providing financial resources and training services. This helps artisans overcome entry barriers, foster innovation, and contribute to economic diversification, aligning with Algeria's broader economic objectives. Over time, INDEFOC has expanded its services to include not just financial support but also extensive training and development programs,

⁴⁸¹ Algeria Invest. (2022, January 11). Les structures d'appui à la création d'entreprises en Algérie: Quels enjeux et quels rôles pour les jeunes diplômés porteurs de projets. Algérie Invest. <https://www.algerieinvest.dz/les-structures-dappui-a-la-creation-dentreprises-en-algerie-quels-enjeux-et-quels-roles-pour-les-jeunes-diplomes-porteurs-de-projets/>

⁴⁸² Fonds de soutien des startups : Un appui financier pour une économie créatrice de richesse. (n.d.). Retrieved July 20, 2024, from <https://www.startup.dz/fonds-de-soutien-des-startups-un-appui-financier-pour-une-economie-creatrice-de-richeesse/>

⁴⁸³ Dicharry, E. (2014, October 10). FNAC : 60 ans de commerce culturel. Les Echos. <https://www.lesechos.fr/2014/10/fnac-60-ans-de-commerce-culturel-311526>

⁴⁸⁴ <http://www.indefoc.dz/index.php>. Accessed 20 July 2024

⁴⁸⁵ <http://indefoc.dz/index.php/qui-sommes-nous/presentation>. Accessed 20 July 2024

underscoring its commitment to nurturing a dynamic entrepreneurial ecosystem in Algeria⁴⁸⁶.

Islamic banks, adhering to Sharia principles, offer alternative financial products that prohibit interest (riba) and instead utilize profit-sharing arrangements, lease-to-own options, and other Sharia-compliant mechanisms. Institutions such as Al Baraka Bank and Salam Bank in Algeria provide these financial services, aligning with the cultural and religious values of many artisans^{487,488}. Traditional banks, including the Banque Nationale d'Algérie (BNA) and Crédit Populaire d'Algérie (CPA), also provide loans, though these typically require collateral and carry higher interest rates, thus posing accessibility challenges for some artisans⁴⁸⁹.

Furthermore, online crowdfunding platforms like Zoomaal and Cotizi have emerged as innovative funding sources. These platforms enable artisans to raise capital from a broad audience in exchange for rewards such as handcrafted products or unique experiences⁴⁹⁰. This method can be particularly effective for artisans with a strong social media presence and distinctive product offerings.

Despite the availability of these various funding sources, artisans in Algeria encounter significant challenges in accessing them. Geographical disparities mean that artisans in urban areas have better access to financial institutions and services compared to their rural counterparts, who face logistical and infrastructural barriers. Additionally, a lack of awareness about the full range of financial options further impedes their ability to secure necessary funding. Traditional banks' collateral requirements and complex application processes also limit accessibility, particularly for artisans lacking substantial assets or financial acumen.

To address these challenges, it is imperative to enhance financial literacy among artisans through targeted training programs that improve their understanding of financial products and services⁴⁹¹. Expanding the reach of microfinance institutions and associations to rural and

⁴⁸⁶ <http://www.indefoc.dz/index.php>. Accessed 20 July 2024

⁴⁸⁷ Bendehina, M., & Zirar, S. (2019). Basel III and Algerian banks: Field study A sample of Algerian banks. 120. *مجلة اقتصاديات المال والأعمال*. <https://doi.org/10.37170/1986-000-009-027>

⁴⁸⁸ Ali, A. H., & Aissaoui, S. B. (2024). The impact of Islamic finance on Financial Inclusion Evidence from Algeria. 194–180. *مجلة الدراسات التجارية والاقتصادية المعاصرة*, 17(1).

⁴⁸⁹ Kebir, I. B., & Salhi, T. (2022). The Algerian public banks in the era of the digital transformation. *المجلة الدولية للاقتصاد*, 5(2), 93–107.

⁴⁹⁰ Eric Reidy, (26 March, 2015). Why crowdfunding isn't easy in North Africa. Wamda. Retrieved July 16, 2024, from <https://www.wamda.com/index.php/2015/03/why-crowdfunding-isnt-easy-north-africa>

⁴⁹¹ Lusardi, A., & Messy, F.-A. (2023). The importance of financial literacy and its impact on financial wellbeing. *Journal of Financial Literacy and Wellbeing*, 1(1), 1–11. doi:10.1017/flw.2023.8

underserved areas is essential, as is simplifying access to funds by reducing collateral requirements and streamlining application processes. Promoting the use of crowdfunding platforms through digital literacy programs and marketing support can also facilitate greater access to capital. Finally, leveraging Islamic finance products that align with the artisans' cultural and religious values can provide a more inclusive financial environment, supporting the broader economic development of the artisan sector in Algeria.

IV.2.2. Barriers to Finance: Common financial challenges faced by artisans

Artisans in Algeria face several financial challenges. One of the primary challenges is the lack of credit history. Without a substantial credit history, artisans often find it difficult to secure loans from traditional financial institutions⁴⁹².

Another significant challenge is the requirement for collateral. Many artisans do not have the necessary assets to offer as collateral, making it even more difficult for them to access loans⁴⁹³.

High-interest rates also pose a significant barrier to finance for artisans. The high cost of borrowing can deter artisans from seeking loans and can lead to financial strain if loans are taken⁴⁹⁴.

In addition to these financial challenges, artisans often struggle with financial literacy. A lack of understanding of financial concepts and systems can make it difficult for artisans to navigate complex financial systems and make informed decisions about their businesses⁴⁹⁵.

Other challenges faced by artisans in Algeria include language barriers, customs delays, protectionist trade policies, and complicated business start-up processes⁴⁹⁶. These challenges

⁴⁹² Abdi, F., Bouchetara, M., Gahlam, N., & Rafik, M. M. (2023, December 22). FINANCIAL LITERACY'S IMPACT ON DECISION-MAKING PROCESS: AN EXPLORATORY STUDY IN ALGERIA. Unknown. https://www.researchgate.net/publication/378342360_FINANCIAL_LITERACY%27S_IMPACT_ON_DECISION-MAKING_PROCESS_AN_EXPLORATORY_STUDY_IN_ALGERIA

⁴⁹³ Intelligence, G. L. (2024, April 25). Navigating Algeria's Import and Export Regulations. Generis Global Legal Services. <https://generisonline.com/navigating-algerias-import-and-export-regulations/>

⁴⁹⁴ Tihal, W. (2023). Breaking Barriers: Challenges of Integrating Content and Language in Algerian Higher education. Algerian Scientific Journal Platform.

⁴⁹⁵ OUARTI, C., & Belaachi, A. (2024). Assessing Financial Inclusion in Algeria: An Analysis of Key Indicators and Pillars.495-472 ,(1)14 , Abaad Iktissadia Review. <https://www.asjp.cerist.dz/en/article/249290>

⁴⁹⁶ Abdi, F., Bouchetara, M., Gahlam, N., & Rafik, M. M. (2023, December 22). FINANCIAL LITERACY'S IMPACT ON DECISION-MAKING PROCESS: AN EXPLORATORY STUDY IN ALGERIA. Unknown. https://www.researchgate.net/publication/378342360_FINANCIAL_LITERACY%27S_IMPACT_ON_DECISION-MAKING_PROCESS_AN_EXPLORATORY_STUDY_IN_ALGERIA

can further complicate the financial landscape for artisans and can hinder their ability to establish and grow their businesses⁴⁹⁷.

IV.2.3. Government and NGO Support: Overview of government initiatives, grants, and support from non-governmental organizations aimed at facilitating financial access for artisans

The Algerian government has long recognized the vital role of the artisan sector in economic development and cultural preservation. Consequently, several government bodies and initiatives have been established to provide financial support, training, and resources to artisans, fostering their business growth and sustainability^{498,499}.

8. Government Support

Several government institutions in Algeria play a significant role in supporting artisans⁵⁰⁰. These include:

The Fonds National de Promotion des Activités Artisanales et Touristiques (FNPAAT) supports artisans through financial aid and extensive training programs, focusing on the promotion and enhancement of traditional craft activities. This initiative helps artisans by providing the financial resources necessary to sustain and grow their businesses, ensuring that they can access markets and improve their product quality, thus boosting the sector's overall economic contribution⁵⁰¹.

The Agence Nationale de Soutien à l'Emploi des Jeunes (ANSEJ) provides comprehensive support to young entrepreneurs, including those in the artisan sector, through loans, grants, and skill development programs. This agency aims to reduce unemployment and stimulate economic activity by enabling young artisans to start and expand their businesses. By offering both financial assistance and business training, ANSEJ helps young artisans overcome entry barriers and enhances their capacity to manage successful enterprises⁵⁰².

⁴⁹⁷ YAHIAOUI, N. E. H. (2022). Analysing Financial Literacy Differences Among Algerian Young Students Using Financial Knowledge, Behavior and Attitude. *ForumFor Economic Studies and Research Journal* ,(1)6 , 585-568. <https://www.asjp.cerist.dz/en/article/191038>

⁴⁹⁸ Allali, S., Guechi, M., Berkane, I. (2022). Digital Payments in Algeria: Requirements for Modernization After the Covid-19 Pandemic. *Journal of Economic Integration*. Vol: 10 - N°: 04, pp. 438-457.

⁴⁹⁹ Dash, M., & Mishra, M. (2021). Problems of handicraft artisans: An overview. *International Journal of Managerial Studies and Research*, 9(5). <https://doi.org/10.20431/2349-0349.0905004>

⁵⁰⁰ Adel, F. & Guendouz, A. (2015). La gouvernance des politiques publiques en faveur de l'artisanat en Algérie, *essai d'analyse sur la longue période. Marché et organisations*, 24, 103-125. <https://doi.org/10.3917/maorg.024.0103>

⁵⁰¹ Ministère du tourisme et de l'artisanat, <http://www.mta.gov.dz>. Accessed 20 July 2024

⁵⁰² Agence nationale de soutien et d'emploi des jeunes. www.ansej.dz. Accessed 20 July 2024

The Agence Nationale de Gestion du Microcrédit (ANGEM) focuses on microcredit services, particularly targeting women and disadvantaged groups. This agency plays a significant role in promoting financial inclusion and empowering small-scale artisans by providing accessible financial resources and tailored training programs. ANGEM's initiatives are designed to address the unique challenges faced by these groups, helping them build sustainable businesses and improve their economic status⁵⁰³.

The Caisse Nationale d'Assurance Chômage (CNAC) offers financial aid to unemployed individuals aiming to start their businesses, including those in the artisan industry. This support includes loans and grants to help mitigate the financial risks associated with new business ventures. By providing both financial resources and employment services, CNAC facilitates job creation and supports economic diversification, aligning with Algeria's broader economic objectives⁵⁰⁴.

The Fonds National d'Appui à la Création de l'Entreprise (FNAC) provides financial and advisory support to new enterprises, including those in the artisan sector, to foster business creation and development. This fund is instrumental in offering the necessary capital and guidance to help entrepreneurs navigate the business landscape. FNAC's comprehensive approach includes continuous training and development programs to equip artisans with essential business skills and knowledge⁵⁰⁵.

The Institut National de Développement de la Formation Continue (INDEFOC) prioritizes ongoing training and development for artisans, providing funds for programs aimed at enhancing their skills and business acumen. This institution ensures that artisans stay competitive by keeping them updated with the latest industry trends and best practices. The institute's dual role of financial support and training services significantly contributes to the professional development of artisans, promoting a dynamic entrepreneurial ecosystem⁵⁰⁶.

9. Non-Government Support

In addition to government support, several non-governmental organizations (NGOs) are also working in Algeria to support artisans. These NGOs provide a range of services, including business training, market access, and financial support⁵.

⁵⁰³ Derbal, S. & Benlamoudi, D. (2018).

⁵⁰⁴ https://www.cnac.dz/site_cnac_new/Web%20Pages/Fr/FR_Accueil.aspx. Retrieved July 20, 2024

⁵⁰⁵ Dicharry, E (2014)

⁵⁰⁶ <http://www.indefoc.dz/index.php>. Accessed 20 July 2024

Traditional practices such as Zakat and Waqf also play significant roles in the financial ecosystem for artisans. Zakat, a mandatory form of almsgiving in Islam, is distributed to support the needy, including entrepreneurs in financial distress, while Waqf, involving the endowment of property or assets for religious or charitable purposes, serves as another traditional mechanism supporting artisans⁵⁰⁷.

Despite these initiatives, many artisans continue to face challenges in accessing necessary resources. They often work in isolated environments without adequate business skills, market access, or financial tools. The artisan sector remains fragmented and under-resourced, necessitating more efforts to provide artisans with the skills and resources to navigate the financial landscape successfully. This includes enhancing financial literacy through targeted training programs, expanding the reach of microfinance institutions to rural and underserved areas, simplifying access to funds by reducing collateral requirements, and promoting crowdfunding platforms through digital literacy programs and marketing support⁵⁰⁸.

IV.3. Section Three: The Economic and Social Impact of Artisan Entrepreneurship in Algeria

Artisan entrepreneurship is a critical driver of socio-economic development in Algeria. The artisan sector plays a vital role in job creation, cultural preservation, and social empowerment, particularly in rural and underdeveloped areas. This section will explore how artisan entrepreneurship contributes to local economic development, helps preserve Algeria's rich cultural heritage, and fosters social empowerment, with a particular focus on gender inclusion. It will also discuss how the sector attracts tourism, further boosting local economies.

IV.3.1. Contribution to Local Economic Development

Artisan entrepreneurship significantly contributes to the local economies of Algeria, especially in rural regions where economic opportunities are often limited. Artisans produce goods such as pottery, textiles, and leather products, which are sold in local markets and, increasingly, in

⁵⁰⁷ Razak, S.H.A. (2020), "Zakat and waqf as instrument of Islamic wealth in poverty alleviation and redistribution: Case of Malaysia", *International Journal of Sociology and Social Policy*, Vol. 40 No. 3/4, pp. 249-266. <https://doi.org/10.1108/IJSSP-11-2018-0208>

⁵⁰⁸ The Aspen Institute, (December 2012). *The Alliance for Artisan Enterprise: Bringing Artisan Enterprise to Scale*. <https://www.aspeninstitute.org/wp-content/uploads/files/content/images/Concept%20Paper%20AAE%20-%20FINAL.pdf>

urban centers and tourist hubs. According to recent studies^{509, 510}, the artisan sector not only creates jobs but also fosters entrepreneurship and sustains traditional industries. Artisans are integral to the informal economy, contributing to economic resilience by providing livelihood opportunities for individuals with limited access to formal employment.

Artisans often rely on local raw materials, which promotes the use of indigenous resources and supports related industries. Moreover, the artisanal sector in Algeria has become a key player in micro-enterprise development, with government programs such as the Agence Nationale de Soutien à l'Emploi des Jeunes (ANSEJ) providing financial support for young entrepreneurs⁵¹¹. The creation of small businesses in the artisan sector has stimulated local economies by generating income and fostering self-sufficiency, particularly in rural areas where other industries are scarce⁵¹².

IV.3.2. Preservation of Cultural Heritage

The artisan sector in Algeria is closely tied to the preservation of the country's rich cultural heritage. Traditional crafts, such as pottery from Kabylie, intricate weaving from the Sahara, and metalwork from the coastal cities, serve as cultural symbols that connect Algerians to their history and identity. The preservation of these crafts is essential for maintaining the country's diverse cultural legacy⁵¹³.

Artisan entrepreneurship ensures that these traditional techniques are passed down from one generation to the next. This is particularly important in the face of globalization, which threatens to homogenize cultural practices. According to research from ASJP⁵¹⁴, artisans serve as the custodians of cultural heritage, with their crafts representing more than just economic value. They are embodiments of historical traditions, often embedded with symbolic meaning that reflects the values and beliefs of Algerian communities. Support from both government and

⁵⁰⁹ KORSO TLEMSANI, I., & BELKHARROUBI, H. (2021). « L'évaluation des politiques publiques : concept, méthodes et analyse du cas de l'Agence nationale de soutien à l'emploi des jeunes (ANSEJ) ». *Revue algérienne d'économie et gestion*, 15(1), 999-1018. <https://www.asjp.cerist.dz/en/article/160122>

⁵¹⁰ Bouhellala, souad. (2024). The role of entrepreneurship support bodies in Algeria in supporting local development. 546-526, (2)6, *مجلة بحوث الإدارة والاقتصاد*. <https://www.asjp.cerist.dz/en/article/247056>

⁵¹¹ Boudia, M. F., Boudia, M. F., & Benachenhou, S. M. (2008). LA CONTRIBUTION DU DISPOSITIF ANSEJ AU DEVELOPPEMENT DE L'ENTREPRENARIAT. *les cahiers du mecas*, 4(1), 184-192. <https://www.asjp.cerist.dz/en/article/9696>

⁵¹² KABENE, A. (2022). Artisanat en Algérie : éléments d'ancrage historique et dynamiques actuelles de valorisation. Illustration par le cas de la wilaya de Tizi-Ouzou. *les cahiers du mecas*, 18(1), 257-269. <https://www.asjp.cerist.dz/en/article/191279>

⁵¹³ Gassa, A., & Benguettaf, A. (2024). The role of Algerian traditional industries and crafts in strengthening the cultural identity of Algerian society. 326-310, (4)9, *افاق للعلوم*. <https://www.asjp.cerist.dz/en/article/253543>

⁵¹⁴ benguettaf, ahmed, ARIBI, A., & BARKAT, M. (2022). The Impact of Entrepreneurship Support Policies on Women's Economic Empowerment in Algeria. 823-813, (2)13, *مجلة الاقتصاد الجديد*. <https://www.asjp.cerist.dz/en/article/200934>

non-governmental organizations (NGOs) helps sustain these practices by providing training and resources for artisans, ensuring that these crafts continue to thrive despite modern challenges⁵¹⁵.

IV.3.3. Social Empowerment and Gender Inclusion

Artisan entrepreneurship has had a profound impact on social empowerment in Algeria, particularly for women and marginalized groups. Women artisans are especially prevalent in sectors such as weaving and textile production. The sector provides women with a means to achieve financial independence, improve their social status, and contribute to household incomes. According to Dakhane ⁵¹⁶, women-led artisan businesses are becoming increasingly common in rural areas, where formal employment opportunities are limited.

These businesses not only empower women economically but also foster community collaboration. Artisan cooperatives, which bring together groups of women to work collectively, have proven successful in improving productivity and providing social support. Through these cooperatives, women gain access to training, financial resources, and markets that would otherwise be inaccessible to them. The social capital generated by these networks helps women overcome the barriers of traditional gender roles, making artisan entrepreneurship a tool for gender inclusion and equality in Algeria⁵¹⁷.

IV.3.4. The Role of Artisan Entrepreneurship in Promoting Tourism

The artisan sector plays a crucial role in attracting tourism to Algeria. Visitors are often drawn to the unique, handcrafted goods produced by Algerian artisans, which serve as authentic souvenirs that represent the cultural richness of the country. Markets in cities like Algiers, Constantine, and Tlemcen are known for their vibrant displays of local craftsmanship, providing tourists with a direct connection to Algerian culture⁵¹⁸.

According to Elbachir ⁵¹⁹, artisan products such as traditional rugs, jewelry, and ceramics are not only aesthetically appealing but also serve as important cultural artifacts. Tourists value these items because they offer a tangible connection to Algeria's history and traditions⁵²⁰. The

⁵¹⁵ Benguettaf et al. (2022)

⁵¹⁶ DAKHANE, H. (2024). Best sectors to promote women's entrepreneurship in Algeria as a means of establishing sustainable development. 31-10, (1)6, مجلة ابن خلدون للإبداع والتنمية. <https://www.asjp.cerist.dz/en/article/244404>

⁵¹⁷ Ammar, K. & Bentalha, S., (2023). Female entrepreneurship in Algeria: between challenges and ways of development, based on international experiences. Family and Society Journal. Volume11 / Issue: 01/ 2023 Pages: 393 – 416. <https://www.asjp.cerist.dz/en/downArticle/236/11/1/230144>

⁵¹⁸ Gassa, A., & Benguettaf, A. (2024). The role of Algerian traditional industries and crafts in strengthening the cultural identity of Algerian society. 326-310, (4)9, افاق للعلوم. <https://www.asjp.cerist.dz/en/article/253543>

⁵¹⁹ Elbachir, S. (2019). Artisanat et Tourisme : Un lien interdépendant. -193, (1)4, مجلة الدراسات الاقتصادية المعاصرة. <https://www.asjp.cerist.dz/en/article/96111>

⁵²⁰ Gassa & Benguettaf, (2024).

promotion of artisanal crafts through tourism has, in turn, boosted local economies, as tourist spending on handmade goods supports artisan businesses⁵²¹. Moreover, the increasing visibility of Algerian crafts on the global stage, through both physical markets and online platforms, has helped to expand the reach of artisan products beyond the local market, further enhancing their economic value⁵²².

Conclusion

Artisan entrepreneurship in Algeria is not only a contributor to local economies but also a guardian of the country's rich cultural heritage. Through the production of traditional crafts, artisans play a pivotal role in both preserving cultural identities and driving socio-economic development, particularly in rural areas where other forms of employment are limited. Their contributions to job creation and community development are invaluable, making the sector an essential part of Algeria's economic fabric.

Despite the economic benefits, artisans in Algeria continue to face significant financial barriers, particularly in terms of accessing capital and market opportunities. The support provided by government initiatives and NGOs is crucial for overcoming these obstacles, but further efforts are needed to ensure that artisans receive the resources and opportunities they require to thrive in an increasingly competitive market.

Moreover, the social empowerment of marginalized groups, especially women, through artisan entrepreneurship demonstrates the sector's potential to foster inclusivity and economic independence. Artisan entrepreneurship also plays a vital role in promoting Algeria's tourism industry, attracting visitors who seek authentic, handcrafted products that reflect the nation's cultural depth.

As highlighted in this chapter, addressing the challenges faced by artisans and building on their strengths will be essential for securing the future of artisan entrepreneurship in the country.

⁵²¹ Marketing reality / بن علي ا. & بنيت ي. (2021). واقع تسويق المنتجات التقليدية من وجهة نظر الحرفي . دراسة بإقليم تاغيت السياحي جديد الاقتصاد, 16(1), 178-157. <https://www.asjp.cerist.dz/en/article/175119>

⁵²² laoudj, ouardia. (2023). Intellectual Property: A strategic lever for the commercialization of innovative traditional craft products in Algeria. 553-535, 6(2), *المجلة الدولية للاداء الاقتصادي*. <https://www.asjp.cerist.dz/en/article/235269>

Chapter. V. The Empirical Study

Preface

This chapter applies the theoretical frameworks established in earlier sections to explore how artisan entrepreneurs make financial decisions.

The study addresses key research questions about the influence of attitudes, subjective norms, and perceived behavioral control on financing choices. Utilizing a mixed-methods approach, it combines quantitative data from surveys with qualitative insights from interviews, providing a comprehensive view of the financial landscape for artisan entrepreneurs.

Key findings reveal significant trends in how these entrepreneurs perceive and utilize various financing sources. The analysis highlights the predominance of informal financing, the impact of social networks, and the barriers encountered in accessing formal financial support. These insights contribute to the literature on micro-entrepreneurship and inform policy recommendations to enhance the financial sustainability of artisan businesses.

By presenting rigorous statistical analysis alongside detailed case studies, this chapter underscores the financial challenges and opportunities faced by artisan entrepreneurs, ultimately contributing to their growth and success in a competitive marketplace.

V.1. Section One : Field Study Procedures

After completing the theoretical aspect, which is the ground from which the researcher proceeds in his study, where we identified the problem of the study posed the problem and learned about its variables. However, it is not enough on its own if the applied aspect does not support it, which is a necessary step in any field study. It is the baseline of the study, through which the questions raised can be answered. This is done by converting the qualitative results into quantitative statistical results. In this chapter, we will try to clarify the most important field procedures that we followed in this study in order to obtain scientific results that can be trusted and considered objective results that can be tested again. What distinguishes any scientific research is the extent of its scientific topics, and the latter can only be achieved if the researcher follows an accurate and objective scientific methodology in his study.

V.1.1. Pilot study

Haidar Abdul Karim⁵²³ mentioned that many researchers, before settling on the research plan and implementing it, resort fully to the so-called exploratory study, which is conducted on a limited number of individuals, and the researcher expects through it to achieve the following objectives:

- Ensure the feasibility and conduct the study that the researcher wishes to carry out, and in this procedure save time and effort before proceeding to make a final decision.
- The exploratory study provides the researcher with initial feedback on the validity of the research hypotheses to be tested, providing the researcher with the opportunity to make appropriate adjustments to them.
- The exploratory study enables the researcher to show the efficiency of the research procedures, in terms of the ability of the research tools that they will use in the process of measuring the variables of the study.

By conducting the exploratory study, the researcher is able to investigate the obstacles and obstacles that will hinder the implementation of the original study procedures, and then the researcher is able to find appropriate solutions to the problems and obstacles expected to arise when conducting the original study, and with this work, the researcher is working to save his time and effort, and this leads him to make real efforts in designing, implementing and evaluating the study (p.427).

V.1.1.1. *Sample of the pilot study*

The sample is part of the study population from which the field data are collected, and it is part of the whole, so it is a certain percentage of the members of the indigenous community that allows us to generalize the results of the study to the total community⁵²⁴.

We selected a simple random sample where Morris indicates that it is the sample that means drawing by chance between the research elements⁵²⁵.

V.1.1.2. *Limits of the exploratory study*

- **Time limits:** This study was conducted during the period from May to August in the year 2024.

⁵²³ Haidar, Abdul Karim (2017), Educational Research Methods, 1st Edition, Debono Center for Thinking Education, Jordan Retrieved from : <https://cutt.us/5pDc2>.

⁵²⁴ Zarwati, R. (2002, pp. 191). Exercises on the methodology of scientific research in the social sciences. 4Algeria. Dar Al-Hawma.

⁵²⁵ Morris, Engers. (2010, pp. 304). Methodology of Scientific Research in the Humanities, translated by : Bouzidi Sahraoui et al. Algeria. Casbah House for Distribution and Publishing.

- **Spatial limits:** This study was conducted on small business owners operating in Algiers, the capital, and the Wilaya of Tipaza. The study focused on targeting artisan entrepreneurs who were presenting their products at summer artisanal expositions.

V.1.1.3. *Characteristics of the survey sample*

The survey sample consisted of artisan-entrepreneurs. We will describe the survey sample according to some personal data as shown in the table below.

Table 3. Characteristics of the survey study sample by gender and field

		The Domain		Total
		Traditional and traditional craftsmanship	The handicraft. industry to produce materials	
Count				
sex	Male	8	11	19
	Female	5	16	21
	Total	13	27	40

Source: From the output of the spss program

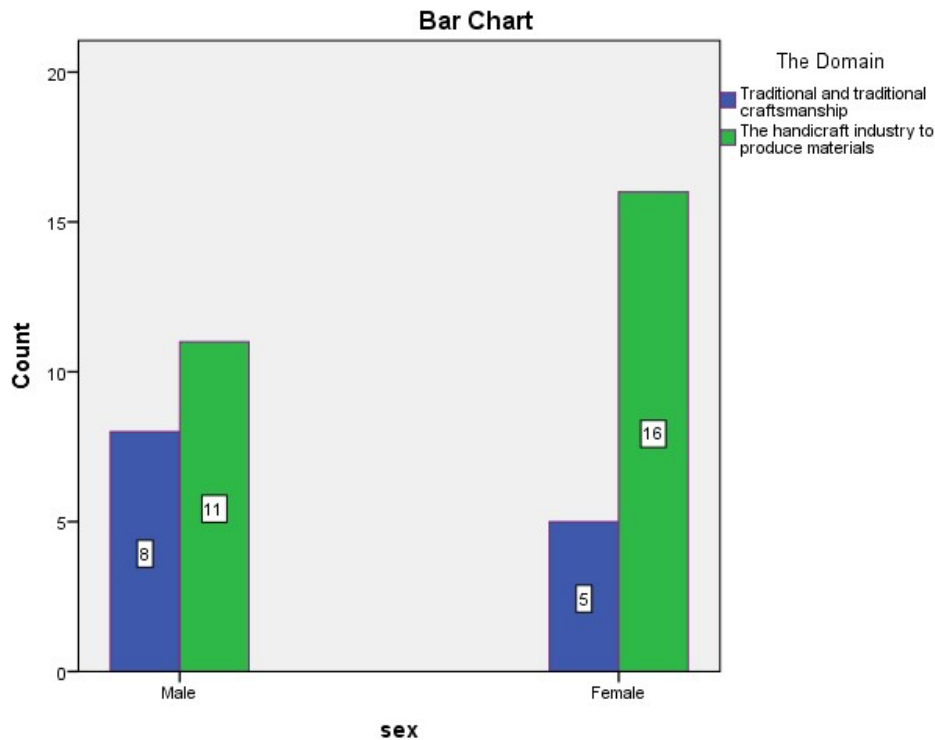


Figure 3. Represents the characteristics of the survey sample by gender and field. **Source:** From the output of the spss program

Table 3 and Figure 3 characterize the sample of the exploratory study, which consists of 40 artisan-entrepreneurs, categorized by gender and field of work. The number of females was greater than males, with 21 females compared to 19 males. In terms of the field of work, 27 project owners worked in handicrafts focused on material production, while 13 others were in the field of traditional handicrafts. Notably, 16 of the females were engaged in material production, representing the largest share.

Table 4. Characteristics of the pilot study sample by age and years of experience

Count		Business Experience				Total
		Less than 1 year	1 to 5 years	6 to 10 years	More than 10 years	
Age	30	1	4	0	0	05
	30	1	1	05	3	10
	50	0	0	6	10	16
	50-60 and plus	0	1	0	8	9
Total		2	6	11	21	40

Source: From the output of the spss program

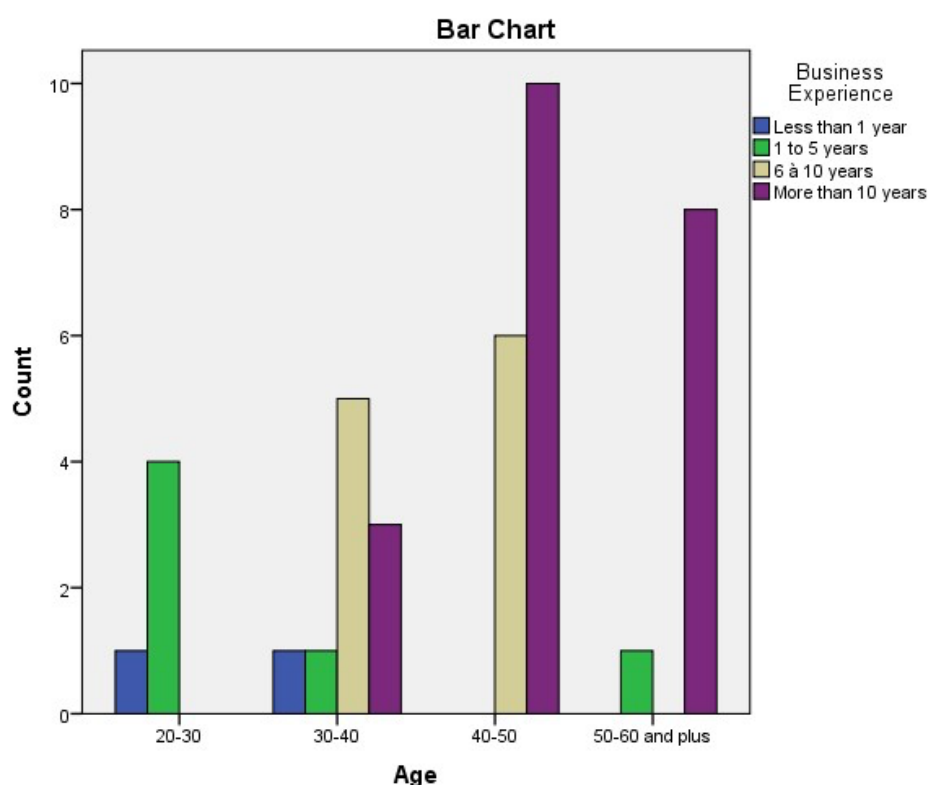


Figure 4. Represents the characteristics of the survey study sample by age and experience. **Source:** From the output of the spss program

Table 4 and Figure 4 characterize the sample of the survey study, consisting of 40 artisan-entrepreneurs, categorized by age and years of work experience. The largest group was composed of individuals with more than 10 years of experience, totaling 21 individuals. Of these, 10 were aged between 40 and 50 years, and 8 were over 50 years old. In second place, there were 11 individuals with 6 to 10 years of experience, 6 of whom were aged between 40 and 50 years, and 5 were between 30 and 40 years old. In third place, 6 individuals had 1 to 5 years of experience, followed by the group with the least experience, consisting of 2 individuals under the age of 40.

Table 5. Shows the quantification of the sample

Variables	Quantification	Significance of the estimate
Gender	1	Male
	2	Female
Age	1	20-30
	2	30-40
	3	40-50
	4	More than 50years
Educational Level	1	No Level
	2	Primary
	3	Secondary
	4	Higher Education
Work Experience	1	Less than 1 year
	2	01 to 05 years
	3	From 06 to 10years
	4	More than 10years
Scope of work	1	Traditional and Traditional Crafts
	2	Manufacture of handicrafts for the production of materials
	3	Handicraft Services
Number of employees	1	Working alone
	2	From 01 to 03 workers
	3	03 to 05 workers
Financial resources	1	Own Assets
	2	Friends and Family
	3	Banks
	4	NESDA (ENSEJ)
	5	Angem
	6	Artisan fund
	7	Associations
	8	government aid

Source: From the output of the spss program

Table 5 presents the quantitative estimates assigned during the coding process in the SPSS program. Each variable was given a quantitative value. For the gender variable, we used 01 for males and 02 for females, followed by the other variables as shown in the table above.

V.1.2. Study tools

After reviewing several studies related to the research topic, we built questions about the study variables divided into three axes:

1. The axis of attitude towards 07 questions.
2. Subjective standards axis of 06 questions.
3. Perceived Behavioral Control Axis of 04 questions.

Method of Correcting Survey Questions:

The sample members respond to the statements in the questionnaire by placing an (x) on one of the answers in front of each statement.

Table 6. Representing the scores of the questionnaire questions

Answers	Not important at all	Not important	Null	Important	Very important
Grades	1	2	3	4	5

Source: Prepared by the student

Table 6 represents the scores of the questionnaire questions, where the items are dotted based on a five-point scale from (1 to 5), according to the five-point Likert scale.

Questionnaire Psychometric Characteristics

V.1.3. Validity of the questionnaire

Validity is one of the things that are required in the tool to show the extent to which each of its statements is able to measure what it is designed to measure, and to verify the validity of the tool and to know the validity of its use.

V.1.3.1. Content validity

Content validity, also known as "the validity of the arbitrators," is a concept discussed by **Musa Al-Nabhan**, who emphasizes the importance of arbitration in measurement tools. He explains that developers of measurement instruments often present their measurement statements to panels of arbitrators to assess the strength and appropriateness of the statements in measuring a particular trait. These arbitrators may provide varying feedback, reflecting

different levels of understanding of the trait being measured, the intellectual school to which they belong, or the degree of interest each arbitrator has in the tool and its subject matter⁵²⁶. EBEL pointed out that the apparent validity of the questionnaire based on arbitrators or observers is of considerable weight, especially if these arbitrators are experienced and understandable⁵²⁷.

After designing the questionnaire, it was presented to a number of professors and specialists.03 Arbitrators from the following universities: The School of Higher Commercial Studies (EHEC Algiers), Higher School of Management and Digital Economy Algiers. (See the appendix number ...).

V.1.3.2. Internal Consistency Validity:

To find out this type of validity, the questionnaire was applied to the respondents of the survey study. Through the results obtained from the responses of the respondents, the correlation coefficient of the questions with the axes to which each question belongs was calculated. The following is a breakdown of the Pearson correlation coefficient of the items with the axes to which they belong, which are as follows:

Table 7. Correlation Coefficient of attitude Axis Questions with the Total Score of the Axis

N	items	Correlation coefficient	sig
01	I always care about having a financial support for my project	0.20	0.21
02	I do not care about knowing the differences of any loans or credits offered	0.45	**0.00
03	to know that many institutions with many credits makes unclear view about these loans	0.50	**0.00
04	I do not care about details when borrowing a credit or loans	0.53	**0.00
05	I do not think that most artisans know about these financial credits	0.71	**0.00
06	There is a lack of awareness about having an artisanal credit	0.48	**0.00
07	I think being supported is most important to me to choose a credit for my project	0.65	**0.00

⁵²⁶ Yob, Nadia, Mustafa ,Al-Zaqai.(2017, pp. 172). Validity of Arbitration: A Evaluative Approach, Journal of Human Development, November 2017, Issue 08,pp. 167-187.

⁵²⁷ Al-Tariq, Ali, Saeed, Ahmed. (1997, pp. 133). Leadership Psychology. Sana 'a Abbad Center -Republic of Yemen.

Table 8. Correlation coefficient of the questions of the subjective norms axis with the total score of the axis

N	items	Correlation coefficient	sig
1	I do care about interest when borrowing a credit	0.24	0.13
2	Most artisans look for credit with interest free	0.74	**0.00
3	I really care when an artisan advises me about borrowing a credit	0.42	**0.00
4	I think I will borrow the most known credit	0.59	**0.00
5	I do not believe in borrowing from any kind of artisanal credits	0.62	**0.00
6	Most artisanal credits should have a Facilitating condition for artisans	0.75	**0.00

Table 9. Coefficient of Correlation of Perceived Behavioral Control Questions with the Total Score of the Axis

N	items	Correlation coefficient	sig
1	I will try to get a credit when I find some Facilitating condition from the institution	0.74	0.00* *
2	Many institutions do not prioritize to make their financial credit operations easy for the artisans	0.52	0.00* *
3	The more known credit the more impact I will have to benefit a particular artisanal credit	0.90	0.00* *
4	I think there is a great effort from the financial institutions to make their artisan's financial credits more known among artisans	0.73	0.00* *

Source: spss output

Each of the tables indicates from 7 To Table 9 To the validity of the internal consistency of the questionnaire axes, this type of validity is concerned with the internal analysis of the test itself, which collects information about the content of the test, the processes used in responding to its vocabulary, and the correlations between the test vocabulary⁵²⁸. Where we

⁵²⁸ Abu 'Alam, radjaa. (2006, pp. 459). Research Methods in Psychological and Educational Sciences, 5th Edition. Egypt. Publishing for universities.

calculated the correlation coefficients for each statement with its axis, so table 7 Related to the axis of attitude, its correlation coefficients are acceptable, ranging from 0.45 to 0.71 and statistically significant at the significance level of 0.01, except for the first statement, which was not significant and had a weak coefficient.

As shown in Table 8 The coefficients of the items of the subjective norms axis, which were from 0.42 to 0.75, are statistically significant at the significance level of 0.01, and most of the items are statistically significant at the significance level of 0.01, except for the first phrase, which was not significant and had a weak coefficient of 0.24.

As indicated in Table 9 has good and strong correlation coefficients, and it is also a statistical function, where the least of which is the second statement with a coefficient of "0.52" and the largest of which is the third statement with a coefficient of:0.90 It is all statistically significant at the significance level of 0.01. In this regard⁵²⁹, emphasizes that the average distance correlation coefficients should not be less than 0.30.

From what was presented in the previous tables, we say that the questionnaire has an acceptable internal consistency.

V.1.3.3. Questionnaire validity:

Persistence refers to "the consistency of the results of the questionnaire, if we obtain similar scores when applying the same test to the same group two different times, we infer their consistency"⁵³⁰.

We calculated the stability of the questionnaire statements in this study by the method of extracting the Cronbach's alpha coefficient.

V.1.3.4. Alpha Cronbach validity Calculation

Table 10. Alpha Cronbach Validity calculation

Themes	The first axis	The second axis	The third axis	Total score of the questionnaire
Reliability coefficient	0.68	0.73	0.70	0.74

⁵²⁹ Tigza, Amhamed. (2009, pp. 682). The logical structure of Cronbach's thousandth coefficient and its accuracy in estimating stability in light of the assumptions of measurement models. Journal of King Saud University for Educational Sciences and Islamic Studies. Issue(21).pp.637-688. Retrieved from: <https://jes.ksu.edu.sa/sites/jes.ksu.edu.sa/files/0021-03-01.pdf>

⁵³⁰ Abu 'Alam, radjaa. (2010, pp. 466) .Research Methods in Psychological and Educational Sciences. Cairo. Egypt.University Publishing House.

Number of items	03	03	04	10

Source: spss output

Table 10 presents the results of applying the questionnaire to the survey sample. The **Cronbach's alpha coefficient** was used in the statistical package program to measure the reliability of the questionnaire. After removing several unstable items, the stability coefficients ranged from **0.68 to 0.73**. The overall stability of the questionnaire reached **0.74**, which is considered a good coefficient. Based on this, we can conclude that the questionnaire is reliable and suitable for application to the study sample. **Awad (1998)** notes that when the stability coefficient is between **+0.70 and +0.90**, it indicates high reliability. If the coefficient is below **0.70**, it is considered low, indicating a lack of stability (p. 55).

V.1.4. Methodology of the study

In our study, we followed this descriptive approach, as Bashir Saleh Al-Rashidi defines it as a set of research procedures that are integrated to describe the phenomenon based on the collection, classification and analysis of facts and data accurately and adequately in order to reach results and generalizations about the phenomenon in question⁵³¹.

It is also known that the descriptive approach takes several types, including: the descriptive survey approach, the comparative causal descriptive approach, the sequential descriptive approach, and the correlational descriptive approach...Etc. In our study, we relied on the descriptive relational approach, and this is in order to study the correlation between the variables. Al-Assaf also defines the descriptive relational approach, saying that it is "the kind of research methods by which it is possible to know whether there is a relationship between two or more variables, and then to know the degree of that relationship"⁵³².

V.1.4.1. Baseline Study Sample:

The method of intentional sampling was adopted, in which the researcher is free to choose the sample according to the nature of his research, so that this selection achieves the goal of the study⁵³³. The sample amounted to **(207)** small business owners, representing 30% of the artisans from the governorate of Algiers and Tipaza.

V.1.4.2. Basic Sample Characterization

The core study sample consisted of 207 small business owners, and we will characterize the core sample according to some personal data as shown in the table below.

⁵³¹ Al-Rashidi, Bashir, Saleh. (2000, pp. 59). Methods of educational research. Kuwait. Dar the modern book.

⁵³² Al-Assaf, Saleh, bin Hamad. (1995, pp. 261). Introduction to Research in Behavioral Sciences, Riya Z. Obeikan Library.

⁵³³ Durr, Muhammad. (2017). Themost important curricula, samples and tools of scientific research. Al-Hikma Journal for Educational and Psychological Studies, June 2017, pp. 325-309.

Table 11. Characteristics of the core study sample by gender and level of study

Count		Educational level			Total
		Primary school	Secondary school	Higher education	
sex	Male	16	23	48	87
	Female	12	36	72	120
Total		28	59	120	207

Source: spss output

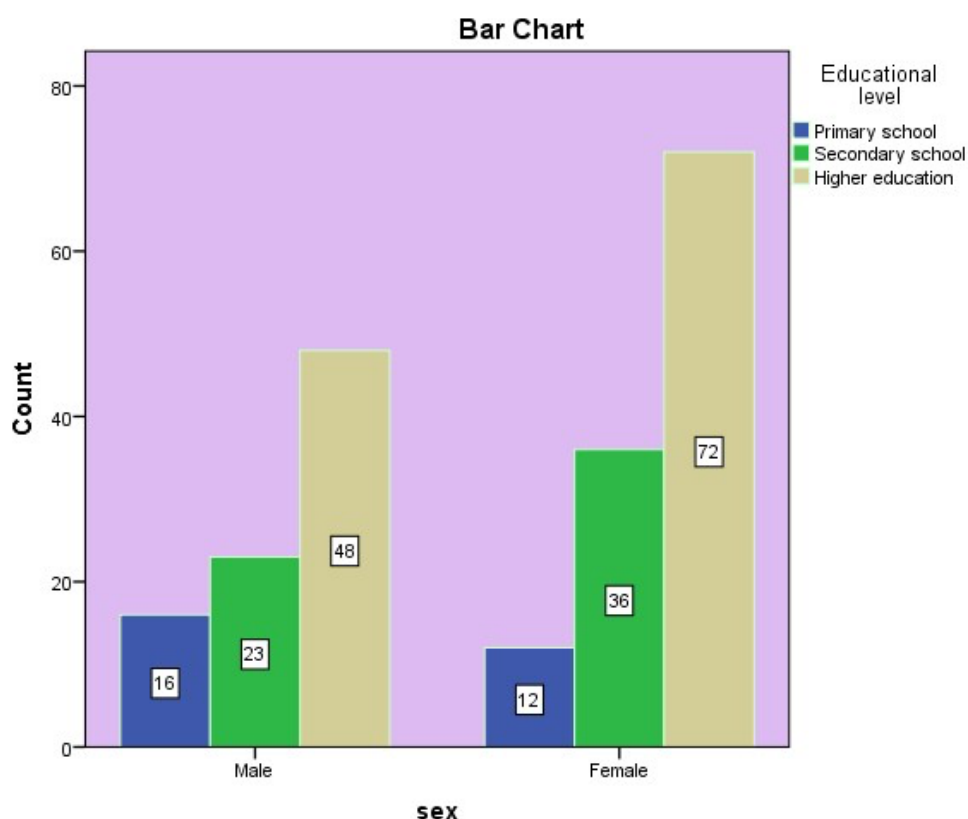


Figure 5. Represents the characteristics of the survey study sample by gender and level of study.

Source: From the output of the spss program

Table 11 and Figure 5 characterize the basic study sample of 207 small business owners according to gender and academic level. The number of females was greater than males, with 120 females compared to 87 males. In terms of academic level, 72 business owners had higher education, while 48 had secondary education. Among those with secondary education, there were 36 females and 23 males, totaling 59 individuals. At the primary education level, there were 16 males compared to 12 females.

Table 12. Characteristics of the core study sample by professional experience.

Count	Frequency	Percent	Cumulative Percent
Less than 1 year	8	3.9	3.9
1 to 5 years	48	23.2	27.1
6 to 10 years	55	26.6	53.6
More than 10 years	96	46.4	100.0
Total	207	100.0	

Source: From the output of the spss program

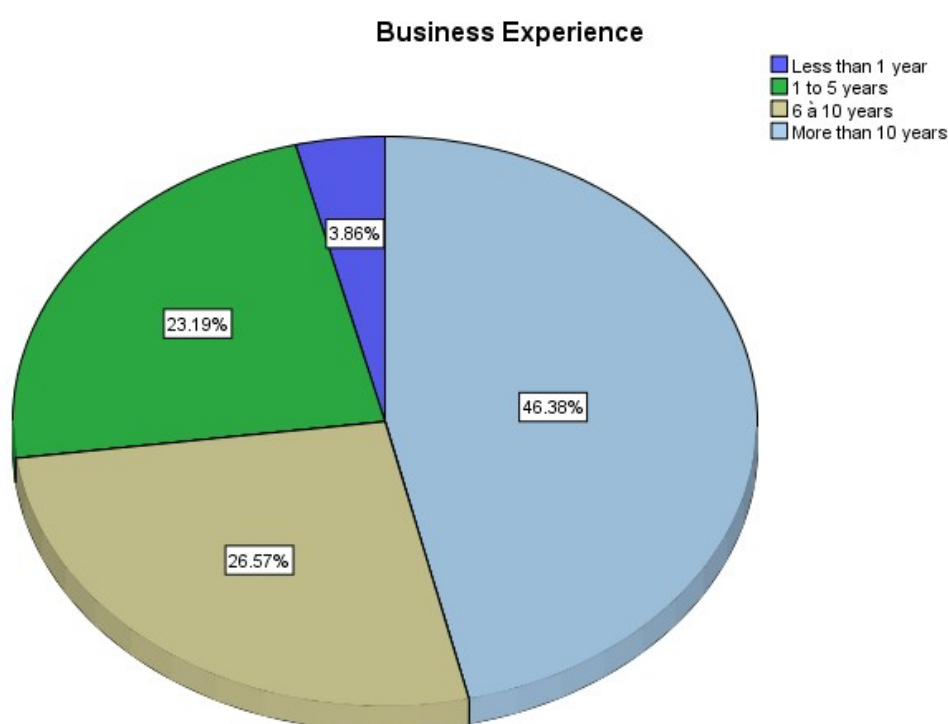


Figure 6. Characteristics of the core study sample by professional experience. *Source:* From the output of the spss program.

Table 12 and Figure 6 characterize the basic study sample of 207 artisan-entrepreneurs according to the professional experience variable. The largest group consisted of individuals with more than ten years of experience, totaling 96 individuals (46.4%). The second-largest group had 6 to 10 years of experience, accounting for 26.6%. In third place, 48 individuals (23.2%) had between one and five years of experience. Lastly, only 8 individuals (3.9%) had less than one year of experience.

Table 13. Characteristics of the core study sample by age

Age	Frequency	Percent	Cumulative Percent
20-30	55	26.6	26.6
30-40	39	18.8	45.4
40-50	52	25.1	70.5
50-60 and plus	61	29.5	100.0
Total	207	100.0	

Source: From the output of the spss program

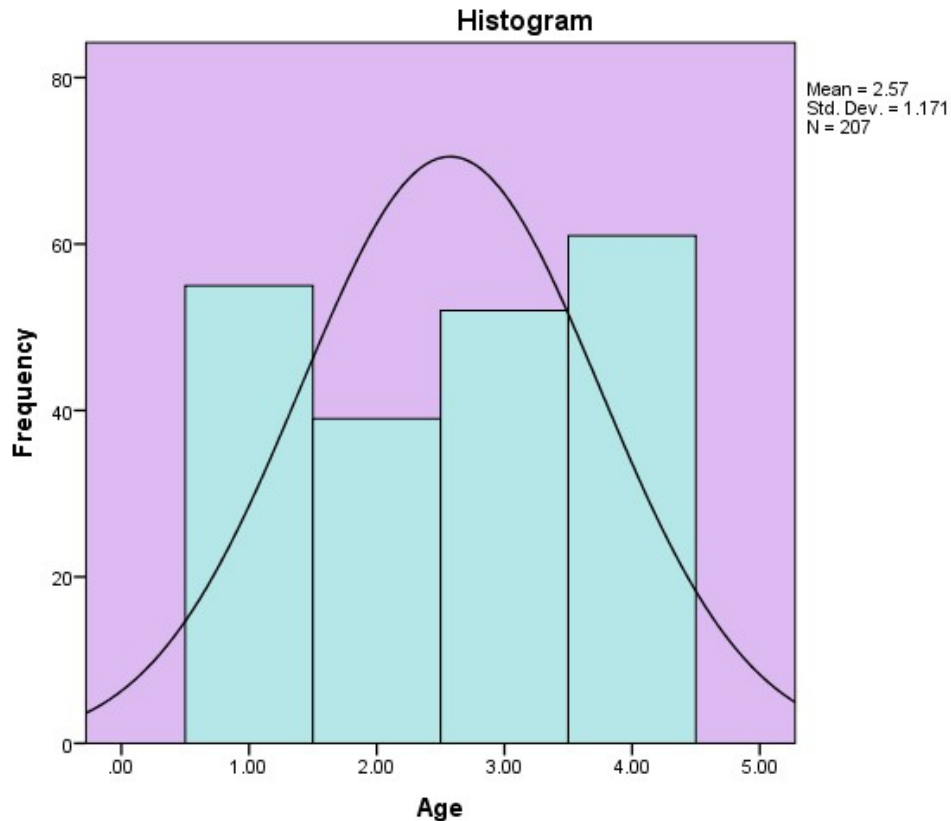


Figure 7. Characteristics of the core study sample by age. **Source:** From the output of the spss program

Table 13 and Figure 7 characterize the basic study sample of 207 small business owners according to the age variable. The largest group consisted of individuals over the age of 50, with 61 individuals (29.5%). The second-largest group was between 20 and 30 years old, accounting for 26.6%. In third place, 52 individuals (25.1%) were aged between 40 and 50 years. Finally, those aged between 30 and 40 years represented the smallest group, with 39 individuals (18.8%).

Table 14. Characteristics of the core study sample by field of work and number of workers

Count		employees			Total
		Me only (the owner)	1-3employees	3-5 employees	
The Domain	Traditional and traditional craftsmanship	65	20	6	91
	The handicraft industry to produce materials	86	21	8	115
	Handicraft handicraft services	1	0	0	1
Total		152	41	14	207

Source: From the output of the spss program

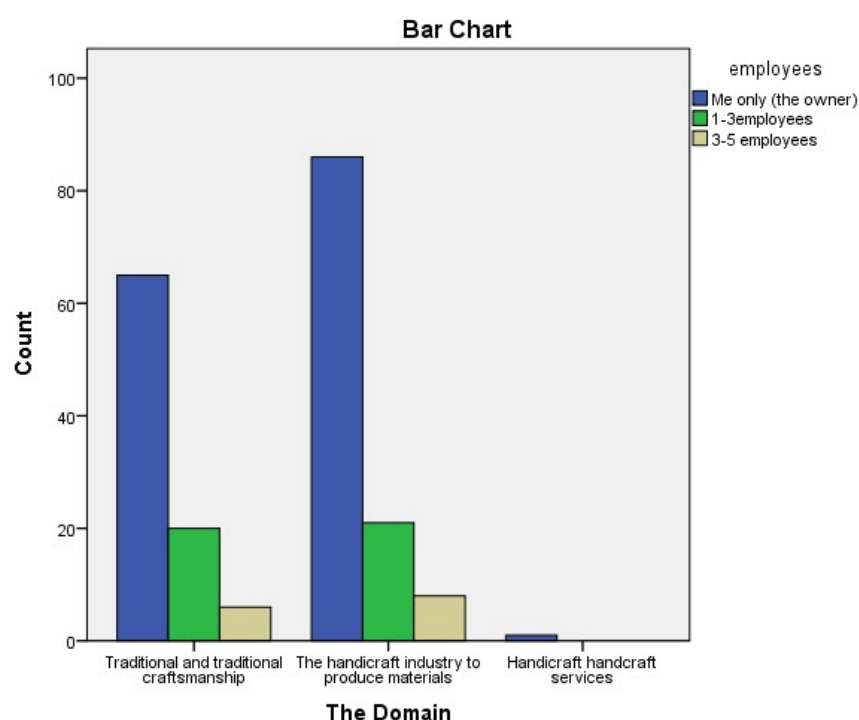


Figure 8. Characteristics of the core study sample by field of work and number of workers. **Source:** From the output of the spss program.

Table 14 and Figure 8 from the SPSS output characterize the study sample of 207 small business owners based on the field of work and the number of workers. The largest group, consisting of 152 individuals, worked alone. Additionally, 41 project heads employed between one to three workers, while only 14 individuals employed more than three workers.

In terms of the field of work, 115 individuals were engaged in material production crafts, 91 worked in traditional crafts, and only one individual was involved in handicraft services.

Table 15. Characteristics of the basic study sample according to the financial resource

count	Frequency	Percent	Cumulative Percent
Own Assets	128	61.8	61.8
Friends and Family	9	4.3	66.2
Banks	23	11.1	77.3
NESDA (ENSEJ)	12	5.8	83.1
ANGEM	18	8.7	91.8
Artisan fund	5	2.4	94.2
Associations	10	4.8	99.0
government aid	2	1.0	100.0
Total	207	100.0	

Source: From the output of the spss program.

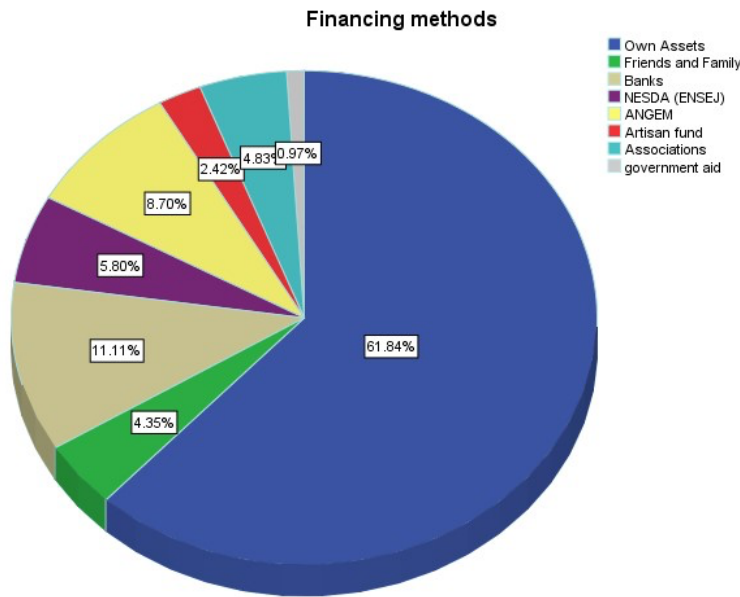


Figure 9. Characteristics of the basic study sample according to the financial resource. **Source:** From the output of the spss program

Table 15 and Figure 9 characterize the basic study sample of 207 small business owners based on the source of project funding. The largest group, comprising 128 individuals (61.8%), relied solely on their own funds. The second-largest group received funding from banks, accounting for 11.1%. In third place, 18 business owners (8.7%) obtained funding from the ANGEM agency, while 12 individuals (5.8%) received funding from the ENSEJ

agency. The fourth-largest group included individuals supported by associations, representing 4.8%. Those funded by family and friends were limited to 9 individuals, while 5 business owners (2.4%) received support from the Crafts Fund. Finally, only 2 individuals received a subsidy from the state.

V.1.5. Descriptive analysis of the attitudes and opinions of the sample members towards the variables of the study

In this section, we present and analyze the opinions of the respondents towards the research variables as well as the statements that were developed to measure each variable through the statistical values of the measures of central tendency (arithmetic averages) and the measures of dispersion (standard deviations). The respondents' answers were as shown in the following table:

Table 16. Means and Standard Deviations of the Attitude Axis

Items	Descriptive Analysis			Item order	The general direction of the respondents
	Mean	SD	Relative weight of mean (%)		
I do not think that most artisans know about these financial credits	3.78	1.15	75.6	03	High
There is a lack of awareness about having an artisanal credit	4.08	0.94	81.6	02	High
I think being supported is most important to me to choose a credit for my project	4.36	0.89	87.2	01	Very high
Directional Variable	4.07	0.89	81.4	High	
Relative weight of mean (%) = (mean*100)/5					
Area of arithmetic mean	01to1.80	1.81-2.60	2.61to3.40	3.41 to4.20	4.21-05

Approval Score	Very low score	Low Score	Average score	High Score	Very High Score
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Source: From the output of the spss program

Table 16 presents the results of calculating the arithmetic mean, standard deviation, and relative importance of the arithmetic mean of the respondents' opinions and attitudes regarding the trend variable. The overall arithmetic mean for this variable reached 4.07, indicating a high degree of importance, with a corresponding percentage of 81.4%.

In terms of item rankings, the statement "I believe that obtaining support is the most important factor for choosing credit for my project" ranked first, with an arithmetic mean of 4.36, reflecting a very high degree of importance. The second-ranked statement, "There is a lack of awareness about obtaining craft credit," also indicated high importance among respondents. Following this, the statement "It is impossible to believe that most craftsmen know about these financial credits" was rated high, with an arithmetic mean of 3.78, representing 75.6%.

Table 17. Means and standard deviations of the statements of the subjective norms variable

Items	Descriptive Analysis			Item order	The general direction of the respondents
	Mean	SD	Relative weight of mean (%)		
Most artisans look for credit with interest free	4.09	1.03	81.8	01	High
I think I will borrow the most known credit	3.80	1.10	76	03	High
Most artisanal credits should have a Facilitating condition for artisans	4.01	1.17	80.2	02	High
Subjective Norms Variant	3.97	1.1	79.4	High	

Field Study Procedures

Relative weight of mean (%) =(mean*100)/5					
Area of arithmetic mean	01to1.80	1.81-2.60	2.61to3.40	3.41 to4.20	4.21-05
Approval Score	Very low score	Low Score	Average score	High Score	Very High Score

Source: From the output of the spss program

Table 17 presents the results of calculating the arithmetic mean, standard deviation, and relative importance of the arithmetic mean of the opinions and attitudes of the sample members regarding the subjective norms variable.

In terms of item rankings, the statement "Most craftsmen seek interest-free credit" ranked first, with an arithmetic mean of 4.09, indicating a high level of importance. Following this, the statement "Most craft credits should include a condition for facilitation for craftsmen" ranked second in terms of importance, also at a high level. The next statement, "The most recognized credit has been lost," was rated high as well, with an arithmetic mean of 3.80, representing 76%.

Table 18. Means and standard deviations of the statements of the perceptual behavioral control variable.

Items	Descriptive Analysis			Item order	The general direction of the respondents
	Mean	SD	Relative weight of mean (%)		
I will try to get a credit when I find some Facilitating condition from the institution	4.11	1.08	82.2	01	High
Many institutions do not prioritize to make their financial credit operations easy for the artisans	3.66	1.23	73.2	03	High

The more known credit the more impact I will have to benefit a particular artisanal credit	3.79	1.22	75.8	02	High
I think there is a great effort from the financial institutions to make their artisan's financial credits more known among artisans	2.99	1.29	59.8	04	Medium
Perceived Behavioral Control Variant	3.63	1.20	72.6	High	
Relative weight of mean (%) =(mean*100)/5					
Area of arithmetic mean	01to1.80	1.81-2.60	2.61to3.40	3.41 to4.20	4.21-05
Approval Score	Very low score	Low Score	Average score	High Score	Very High Score

Source: From the output of the spss program

Table 18 presents the results of calculating the arithmetic mean, standard deviation, and relative importance of the arithmetic mean of the opinions and attitudes of the sample members regarding the perceived behavioral control variable. The overall arithmetic mean for this variable was **3.63**, indicating a high degree of importance, with a corresponding percentage of **72.6%**.

Regarding item ratings, all items were rated high except for the statement "It is believed that financial institutions make significant efforts to promote financial credits for craftsmen." This statement had an arithmetic mean of **2.99**, which falls within the average level.

V.1.6. Statistical processing and methods used

Statistics is considered one of the modern means of scientific research, as any research of any kind is statistically straightforward only if it is organized in clear steps⁵³⁴.

⁵³⁴ Abdul Majeed, Marwan, and Ibrahim. (2002, pp. 71). Methods and methods of scientific research. Oman. Jordan. International Scientific Publishing House for Publishing and Distribution.

V.1.6.1. SPSS v.23

It is one of the best statistics programs needed to analyze scientific research data, "and the word SPSS is an abbreviation for the phrase Statistical Package for Social Science. That is, the statistical software package for the social sciences. This program works through the Windows program, where Windows, Windows works as an operating environment for many programs in general and statistical programs, especially for the SPSS program, several versions, but the statistical content does not differ according to its versions, but its form varies according to the operating environments⁵³⁵. The data for which the statistical analysis is to be performed is entered in a table that opens with the opening of the program itself. The data is entered directly by typing the number and then pressing the Enter key without the need to specify the implementation fields. The program also facilitates the possibility of making graphs with high efficiency and in more than one way with the possibility of modifying them. This saves the researchers a great effort and important time in data processing and analysis. In this research, the researcher relied on SPSSv.23 program for a very large percentage of data analysis, where the necessary calculations were made and they were as follows:

1. Coding and entering data into the program, according to the five-point Likert questionnaire to the degree of use.
2. The arithmetic means in order to determine the extent to which the responses of the study members are high or low for each of the statements of the basic study variables, knowing that it is useful in arranging the statements according to the highest arithmetic mean as well as explaining the extent of use or the extent of approval of the statement⁵³⁶.
3. (Standard Deviation) Standard deviation was used to recognize how skewed the responses of individuals were.
4. Percentage.
5. Frequences.
6. Cronbach's alpha coefficient to ensure the stability of the statements. (Cronbach's Alpha)
7. The correlation coefficient (Pearson) to calculate the validity of the tool.

⁵³⁵ Al-Rifai,Ahmed, Sabri ,Nasr,Mahmoud, Sabri.(2000, pp. 52).Learn for yourself the statistical analysis of data using spss.Cairo. Quba Publishing and Distribution House.

⁵³⁶ Keshk, Muhammad, Bahgat (1996, pp. 86) Principles of Statistics and their uses in the fields of social service. Alexandria. Egypt. Dat free printing.

Conclusion

The exact determination of the research methodology and field procedures is the basis of scientific research in all disciplines and fields, because of the guidance and guidance it provides to the researcher in order to follow the right path in the steps of conducting the study. Therefore, we can say that this chapter is the backbone of the study in general and the field side in particular, because it includes the most important elements and variables that will help the student to reach scientific results that contribute to linking the theoretical side with the applied side, and thus verify the hypotheses as well as the objectives of the study.

In light of what has already been referred to in this chapter, the student believes that a number of data and data have been collected that will be analyzed statistically in order to find scientific and methodological explanations for the problematic and hypotheses of the study.

V.2. Section Two : Test of hypothesisPreface

This chapter included the results of the study. In this chapter, the student provided a detailed explanation of the data that were analyzed according to the hypotheses that were assumed in order to reveal the impact of the perception of small business owners on their choice of different sources of funding from their point of view, using some statistical methods to reveal the impact of these variables on each other.

V.2.1. Main hypothesis

This hypothesis stipulated there is a significant influence of artisan-entrepreneurs perceptions on their choice of financing methods. To test this hypothesis, we will use multi-response logistic regression, as Bahar Moussa⁵³⁷ is known as a statistical method to examine the relationship between the nominal-level dependent variable and one or more independent variables, so that these independent variables are of any type of measurement level. The statistical treatment resulted in the results in the table below.

Table 19. Likelihood Ratio Tests

Effect	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	274.444	14.753	7	.039
total	267.387	7.696	7	.360

Source: spss output

The test measures the significance of the relationship between the dependent variable and the independent variables combined, as the final value of Chi-Square= 7.696 with a significant value estimated at:0.36, which is greater than the significance level of 0.05, which means rejecting the hypothesis There is a significant influence of artisan-entrepreneurs perceptions on their choice of financing methods, and therefore the general hypothesis was not realized.

V.2.2. Testing the first partial hypothesis

This hypothesis stipulated there is a significant influence of the attitudes of artisan-entrepreneurs on their choice of financing methods. To test this hypothesis, a multi-response

⁵³⁷ Musa, H. B. (2023). A statistical Study to Classify Violence Against Women Cases in the Palestinian Society. IRAQI JOURNAL OF STATISTICAL SCIENCES, 20(1), 55–68.
<https://doi.org/10.33899/ijjoss.2023.0178690>

logistic regression test was applied. The statistical treatment resulted in the results in the table below.

Table 20. Multi-responsive logistic regression testing of entrepreneurs' attitudes in their choice of funding methods

Financing methods ^a		B	Std. Error	Wald	df	Sig.	B
Friends and Family	Attitudes	-.043	.151	.080	1	.777	.958
Banks	Attitudes	-.229	.088	6	1	.009	.795
NESDA (ENSEJ)	Attitudes	.069	.146	.224	1	.636	1
Angem	Attitudes	-.053	.109	.236	1	.627	.948
Artisan fund	Attitudes	-.116	.184	.399	1	.528	.890
Associations	Attitudes	-.028	.146	.036	1	.849	.973
government aid	Attitudes	-.229	.253	.817	1	.366	.795

a: The reference category is: Own Assets.

Table 20 presents the parameters of the optimal model, which includes all estimated model parameters, their standard errors, Wald statistics, degrees of freedom, and significance levels compared to the reference value represented by private assets.

Upon examining the significance values, we observe that the parameter for artisan entrepreneurs' attitudes towards choosing a bank was statistically significant, with a value of sig = 0.009. The corresponding value of B = -0.22 indicates a negative relationship between the two variables. Specifically, if the attitudes of artisan entrepreneurs towards using banks for financing their projects increase, their reliance on private assets decreases by 79%.

Additionally, most parameter significance values were not statistically significant at the 0.05 level, as all P-values were greater than 0.05. This suggests that there is no statistically significant influence of artisan entrepreneurs' attitudes on their choice of financing methods for their projects.

V.2.3. Testing the second partial hypothesis

This hypothesis stated that there is a statistically significant influence of the subjectivity norms for artisan-entrepreneurs on their choice of funding methods for the project. To test

this hypothesis, a multi-response logistic regression test was applied. The statistical treatment resulted in the results in the table below.

Table 21. Testing the Logistic Regression Multiple Response to the Subjective Criteria for entrepreneurs in their Selection of Funding Methods

Financing methods ^a		B	Std. Error	Wald	df	Sig.	B
Friends and Family	Subjective Norms	.273	.185	2	1	.140	1
Banks	Subjective norms	.063	.096	.429	1	.513	1
NESDA (ENSEJ)	Subjective norms	.205	.151	1	1	.175	1
Angem	Subjective norms	.227	.129	3	1	.077	1
Artisan fund	Subjective norms	.014	.182	.006	1	.939	1
Associations	Subjective norms	-.017	.126	.017	1	.895	.984
government aid	Subjective norms	-.433	.209	4	1	.038	.648

a: The reference category is: Own Assets.

Table 21 shows the parameters of the optimal model and includes all the parameters of the estimated model and the standard error of each parameter and its statistic (wald) of the model parameters and the number of degrees of freedom and the significance of the parameters and comparing them to the reference value represented by private assets. When looking at the Sig value, we notice that the value of the parameter specific to the attitudes of craft entrepreneurs towards choosing the bank was statistically significant with a value of sig = 0.009. When looking at the value of -0.43 = B, which is a negative value, meaning that there are differences between the two variables, meaning: - If the subjective criteria of craft entrepreneurs increase towards their choice of state assistance in financing their projects, their choice of private assets will decrease by 04%. Referring to the Sig values, we notice that they are all insignificant at 0.05, as all P-value values are greater than 0.05, which means that there is no significant statistical influence of the subjective norms for artisan-entrepreneurs on their choice of methods of financing their projects.

V.2.4. Testing the third partial hypothesis

This hypothesis stated that there is a statistically significant influence of Perceived behavioral control on their choice of financing methods for their projects. To test this hypothesis, a multi-response logistic regression test was applied. The statistical treatment resulted in the results in the table below.

Table 22. Multi-Response Logistic Regression Test for Perceived Behavioral Control for entrepreneurs in Choosing Funding Methods

Financing methods ^a		B	Std. Error	Wald	df	Sig.	B
Friends and Family	Perceived behavioral control	.102	.119	.746	1	.388	1
Banks	Perceived behavioral control	-.022	.069	.101	1	.751	.978
NESDA (ENSEJ)	Perceived behavioral control	.089	.103	.760	1	.383	1
Angem	Perceived behavioral control	.116	.088	1	1	.186	1
Artisan fund	Perceived behavioral control	-.028	.138	.040	1	.842	.973
Associations	Perceived behavioral control	-0.17	.089	3	1	.048	.838
government aid	Perceived behavioral control	.323	.294	1	1	.271	1

a: The reference category is: Own Assets.

Table 22 shows the parameters of the optimal model include all the parameters of the estimated model and the standard error of each parameter and its statistics (wald) of the parameters of the model and the number of degrees of freedom and the significance of the parameters and comparing them with the reference value represented in the private assets. When looking at the value of **Sig**, we note that the value of the parameter of the attitudes of craft entrepreneurs towards the choice of the bank was a statistical function with a value of sig=0.04. When looking at the value of **B**=-0.17, which is a negative value, that is, there are differences between the two variables, meaning:

If the perceived behavioral control of artisan entrepreneurs towards funding from associations increases, their choice of private assets will decrease by 83%. Referring to the remaining **Sig** values, we note that most of the values of the parameters are immaterial at 0.05, where all P-value values are greater than 0.05, which we can say that perceived behavioral control does not significantly influence the choice of financing methods among artisan-entrepreneurs.

Conclusion

This chapter analyzed the impact of artisan-entrepreneurs' perceptions on their choice of financing methods using multi-response logistic regression. The overall hypothesis, suggesting a significant influence of perceptions on financing choices, was rejected, as the Chi-Square value of 7.696 ($p = 0.36$) exceeded the significance threshold of 0.05.

For the partial hypotheses, only attitudes towards banks showed a significant negative relationship, with stronger attitudes leading to less reliance on private assets. Subjective norms and perceived behavioral control had minimal and statistically insignificant effects, with few exceptions, such as a weak negative relationship between perceived control and reliance on associations.

In summary, perceptions—whether attitudes, subjective norms, or perceived control—do not significantly influence financing choices among artisan-entrepreneurs. This suggests that other factors may play a more crucial role in their decision-making.

General Conclusion

This thesis set out to explore the perceptions of artisan entrepreneurs towards various financing patterns and the extent to which these perceptions influence their choices of funding. Framed by the Theory of Planned Behavior (TPB), the study aimed to understand how attitudes, subjective norms, and perceived behavioral control shape the financial decision-making processes of artisan entrepreneurs in Algeria. Through a detailed analysis of both internal and external sources of finance, the study evaluated the constraints and challenges these entrepreneurs face in accessing the necessary resources for sustaining and growing their enterprises.

The empirical findings from Chapter 5 provided crucial insights into the relationship between artisan entrepreneurs' perceptions and their financing choices. Artisan entrepreneurs, while recognizing the importance of diverse financing methods, were found to be heavily influenced by subjective norms and perceived behavioral control in their financial decision-making. Attitudes towards formal financial institutions, particularly banks, were often negative due to mistrust, fear of debt, and perceived difficulties in accessing such resources. This supports the first hypothesis, affirming that attitudes negatively influence artisan entrepreneurs' perceptions of available financial patterns.

Subjective norms—the societal and peer influences on financial decision-making—played a positive role, as predicted. Entrepreneurs embedded within supportive networks, where certain financing methods were socially or culturally endorsed, were more likely to explore a wider range of financing sources. This highlights the social dimension of financing decisions and validates the second hypothesis, showing that subjective norms positively influence financial choices.

The third hypothesis, which posited that perceived behavioral control would negatively impact financing choices, was only partially supported. While many entrepreneurs felt constrained by bureaucratic hurdles, lack of collateral, and low financial literacy, others demonstrated resilience and resourcefulness by leveraging informal channels such as personal networks and community-based financial support systems. This suggests that perceived control varies significantly depending on the entrepreneur's resources and social capital, offering a more nuanced understanding of its influence.

A key finding from the empirical analysis was the role of informal financing, particularly personal savings, loans from friends and family, and community-based funding mechanisms.

Conclusion

These sources remain crucial lifelines for many artisan entrepreneurs, providing much-needed flexibility and autonomy. However, they also come with limitations regarding scalability and long-term sustainability. For artisan businesses to thrive and expand, there must be greater integration of formal financing mechanisms tailored to the specific needs of micro-entrepreneurs.

The practical analysis in Chapter 5 further confirmed that artisan entrepreneurs' access to diverse financing methods is closely tied to their financial literacy and the support they receive from their networks. Entrepreneurs with higher financial literacy were better able to navigate formal financial systems, reinforcing the importance of financial education as a tool for empowering micro-entrepreneurs. Similarly, those with strong peer networks were more likely to overcome perceived barriers to accessing finance, highlighting the need for peer networks and mentorship programs to foster positive perceptions of diverse financing methods.

In light of these findings, the thesis proposes several policy recommendations to address the financing challenges faced by artisan entrepreneurs:

1. Enhancing access to tailored financial products: Financial institutions should develop specialized products with flexible loan conditions, lower collateral requirements, and interest rates suited to micro-businesses.
2. Promoting financial literacy programs: Governments and NGOs should focus on increasing financial literacy among artisan entrepreneurs to enable better financial decision-making.
3. Encouraging peer networks and mentorship programs: Given the strong influence of subjective norms, fostering peer networks and mentorship programs could positively shape entrepreneurs' perceptions of financing methods.
4. Simplifying bureaucratic procedures for accessing finance: Streamlining administrative processes for government-backed loans and grants can reduce perceived barriers and improve artisans' access to formal financial resources.

Overall, this thesis contributes to the growing literature on micro-entrepreneurship by providing a nuanced understanding of how artisan entrepreneurs' perceptions influence their financing decisions. It emphasizes the importance of creating a supportive financial ecosystem that addresses the unique characteristics and challenges of artisan businesses. By improving access to finance, promoting financial literacy, and fostering strong peer

Conclusion

networks, policymakers can help create a more vibrant and sustainable micro-enterprise sector that contributes both to economic development and cultural preservation.

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Appendices

Appendices

Appendix A

Table A. 1. List of Arbitrators and Professors

Number	Name and Surname	Degree	Specialization	University
1	Laoudj ourdia:	Professeur	commercial Sciences	Ehec
2	Ehec Fatima Zehra chami	MCB	commercial Sciences	Esgen
3	Sihemould said	MCB	commercial Sciences	Esgen

The screenshot displays the IBM SPSS Statistics Data Editor interface. The title bar indicates the file is 'full.sav (DataSet1) - IBM SPSS Statistics Data Editor'. The menu bar includes File, Edit, View, Data, Transform, Analyze, Direct Marketing, Graphs, Utilities, Add-ons, Window, and Help. The toolbar contains icons for file operations, data manipulation, and analysis. The main data grid shows 30 variables: exp, age, education, sex, domain, employees, a1, a2, a3, a4, a5, a6, a7, b1, b2, b3, b4, b5, and 19 unlabeled variables. The first 10 rows of data are visible, showing values for each variable. The status bar at the bottom indicates 'IBM SPSS Statistics Processor is ready', 'Cases: 100', and 'Unicode ON'.

	exp	age	education	sex	domain	employees	a1	a2	a3	a4	a5	a6	a7	b1	b2	b3	b4	b5
64	4.00	2.00	3.00	2.00	1.00	1.00	5.00	5.00	5.00	3.00	5.00	5.00	5.00	5.00	5.00	4.00	2.00	2.00
65	2.00	1.00	3.00	1.00	2.00	2.00	5.00	2.00	4.00	2.00	4.00	4.00	4.00	5.00	4.00	4.00	4.00	2.00
66	2.00	2.00	3.00	2.00	1.00	2.00	5.00	1.00	5.00	2.00	5.00	5.00	5.00	5.00	5.00	4.00	4.00	2.00
67	3.00	1.00	4.00	1.00	1.00	3.00	5.00	5.00	3.00	4.00	4.00	4.00	5.00	5.00	4.00	2.00	5.00	2.00
68	3.00	1.00	3.00	1.00	2.00	1.00	4.00	4.00	3.00	5.00	2.00	3.00	5.00	5.00	4.00	4.00	4.00	5.00
69	4.00	1.00	4.00	1.00	1.00	2.00	4.00	5.00	3.00	5.00	4.00	3.00	5.00	2.00	5.00	5.00	4.00	3.00
70	1.00	1.00	4.00	1.00	1.00	2.00	5.00	5.00	3.00	5.00	4.00	5.00	5.00	5.00	5.00	3.00	3.00	1.00
71	1.00	1.00	4.00	1.00	2.00	3.00	4.00	3.00	4.00	3.00	4.00	3.00	4.00	3.00	4.00	3.00	4.00	2.00
72	3.00	2.00	2.00	1.00	2.00	3.00	4.00	3.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	1.00	4.00
73	3.00	3.00	4.00	1.00	2.00	1.00	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	2.00	3.00	3.00
74	4.00	4.00	2.00	2.00	2.00	1.00	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	5.00
75	3.00	3.00	4.00	1.00	1.00	1.00	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
76	2.00	1.00	4.00	2.00	1.00	1.00	4.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	3.00	3.00	4.00	3.00
77	3.00	2.00	4.00	1.00	1.00	1.00	4.00	3.00	4.00	2.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00	2.00
78	3.00	2.00	2.00	1.00	2.00	2.00	4.00	3.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00	3.00
79	4.00	3.00	4.00	1.00	2.00	3.00	4.00	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00
80	3.00	3.00	4.00	1.00	1.00	2.00	4.00	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00
81	2.00	3.00	2.00	1.00	1.00	1.00	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00	4.00	3.00
82	1.00	1.00	4.00	2.00	1.00	1.00	4.00	3.00	4.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
83	4.00	4.00	2.00	1.00	2.00	2.00	4.00	3.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	2.00
84	3.00	3.00	3.00	1.00	2.00	1.00	4.00	3.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00
85	3.00	3.00	4.00	1.00	2.00	1.00	4.00	3.00	4.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	3.00
86	3.00	2.00	3.00	2.00	1.00	2.00	4.00	4.00	4.00	4.00	3.00	5.00	4.00	4.00	4.00	3.00	4.00	2.00
87	1.00	1.00	4.00	2.00	1.00	1.00	4.00	3.00	4.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
88	1.00	1.00	4.00	1.00	2.00	3.00	4.00	3.00	4.00	3.00	4.00	3.00	4.00	3.00	4.00	3.00	4.00	2.00
89	1.00	1.00	4.00	1.00	2.00	1.00	4.00	3.00	4.00	2.00	4.00	4.00	3.00	5.00	3.00	3.00	4.00	4.00
90	2.00	1.00	4.00	2.00	2.00	1.00	5.00	4.00	5.00	4.00	2.00	4.00	5.00	5.00	3.00	1.00	3.00	5.00
91	4.00	4.00	2.00	2.00	1.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	3.00

Figure A.1. Image from the IBM SPSS Statistics Data Editor

Appendices

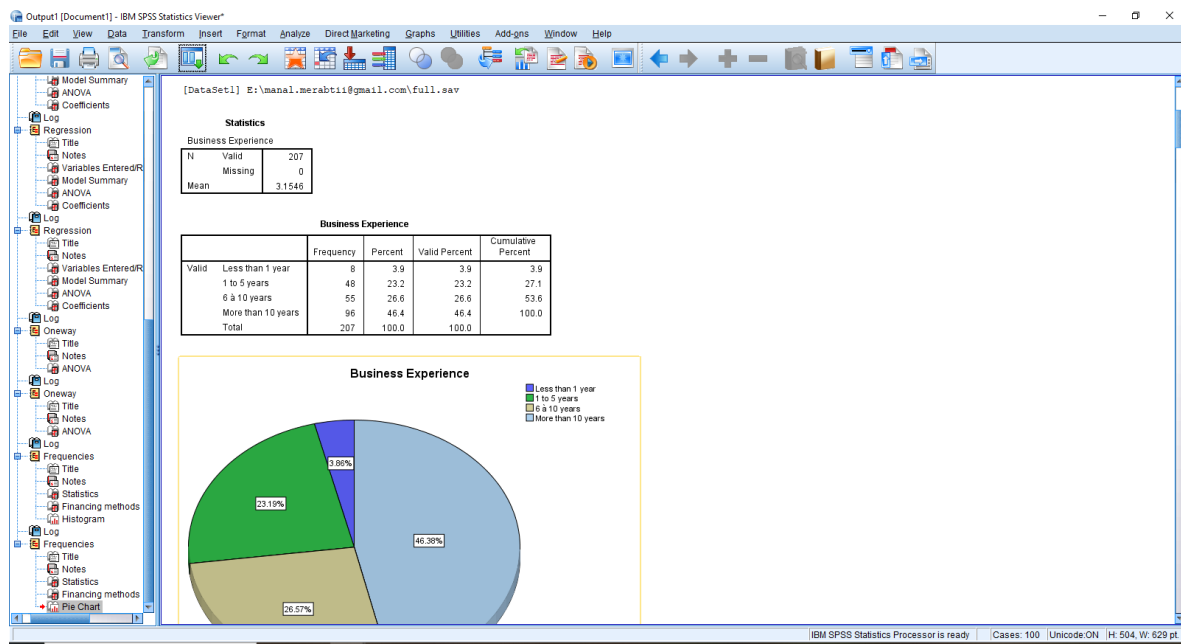


Figure A.2. Image from the IBM SPSS Statistics Data Viewer

Appendix B

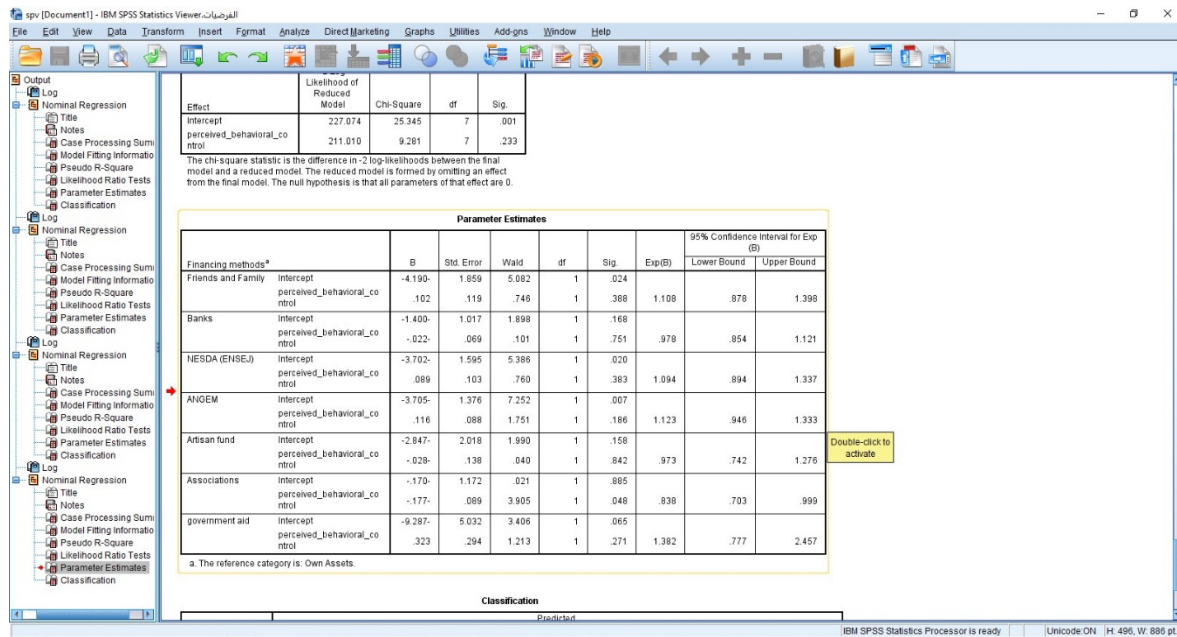


Figure B.1. IBM SPSS Statistics Viewer for Parameter Estimates

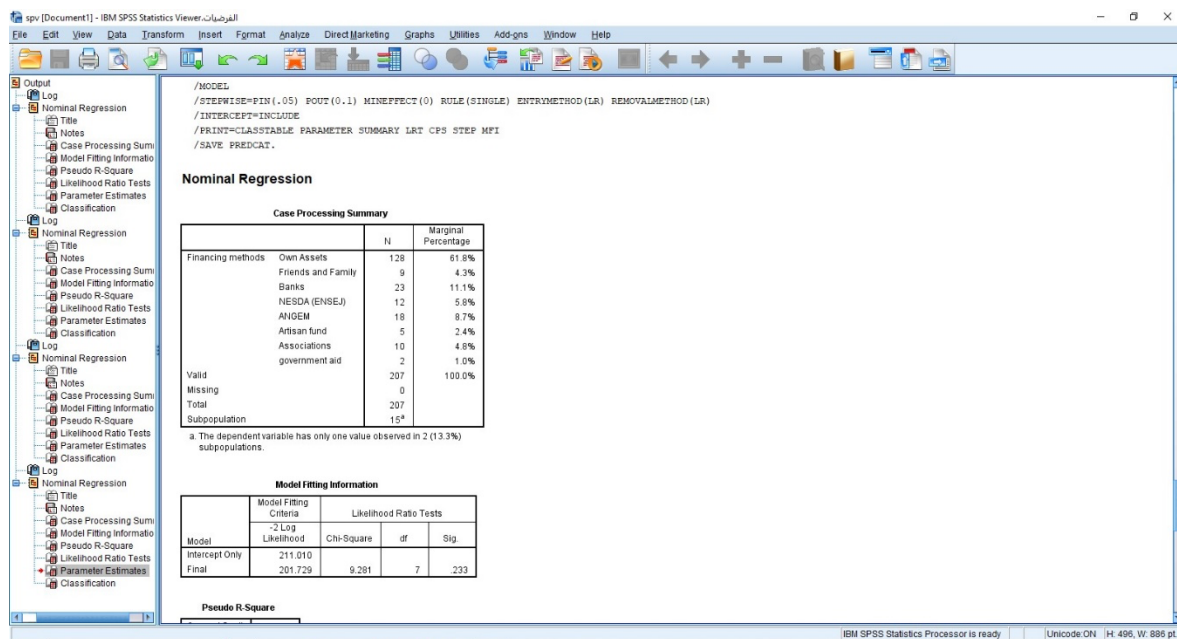


Figure B.2. IBM SPSS Statistics Viewer for the Normal Regression and Model fitting information

Appendix C

GET

FILE='E:\manal.merabtii@gmail.com\full.sav'.

DATASET NAME DataSet1 WINDOW=FRONT.

DATASET ACTIVATE DataSet1.

SAVE OUTFILE='E:\manal.merabtii@gmail.com\full.sav'

/COMPRESSED.

DATASET ACTIVATE DataSet1.

SAVE OUTFILE='E:\manal.merabtii@gmail.com\full.sav'

/COMPRESSED.

DATASET ACTIVATE DataSet1.

SAVE OUTFILE='E:\manal.merabtii@gmail.com\full.sav'

/COMPRESSED.

FREQUENCIES VARIABLES=exp

/STATISTICS=MEAN

/PIECHART PERCENT

/ORDER=ANALYSIS.

Frequencies

Notes

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	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax	FREQUENCIES VARIABLES=exp /STATISTICS=MEAN /PIECHART PERCENT /ORDER=ANALYSIS.	
Resources	Processor Time	00:00:00.94
	Elapsed Time	00:00:01.02

[DataSet1] E:\manal.merabtii@gmail.com\full.sav

Appendices

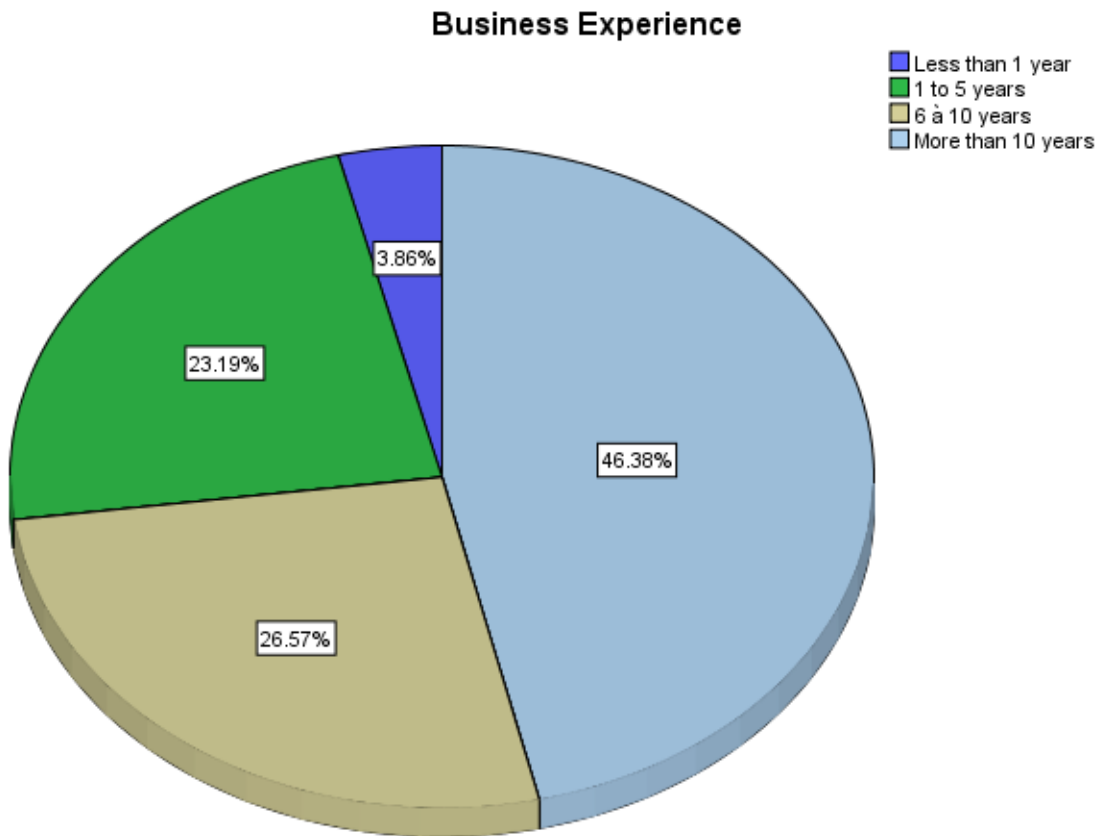
Statistics

Business Experience

N	Valid	207
	Missing	0
Mean		3.1546

Business Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	8	3.9	3.9	3.9
	1 to 5 years	48	23.2	23.2	27.1
	6 à 10 years	55	26.6	26.6	53.6
	More than 10 years	96	46.4	46.4	100.0
	Total	207	100.0	100.0	



CROSSTABS

/TABLES=sex BY education

/FORMAT=AVALUE TABLES

/CELLS=COUNT

/COUNT ROUND CELL

/BARChart.

Crosstabs

Notes

Output Created		07-SEP-2024 09:22:10
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	Active Dataset	DataSet1
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	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=sex BY education /FORMAT=AVALUE TABLES /CELLS=COUNT /COUNT ROUND CELL /BARCHART.
Resources	Processor Time	00:00:00.50
	Elapsed Time	00:00:00.34
	Dimensions Requested	2

Appendices

Cells Available	524245
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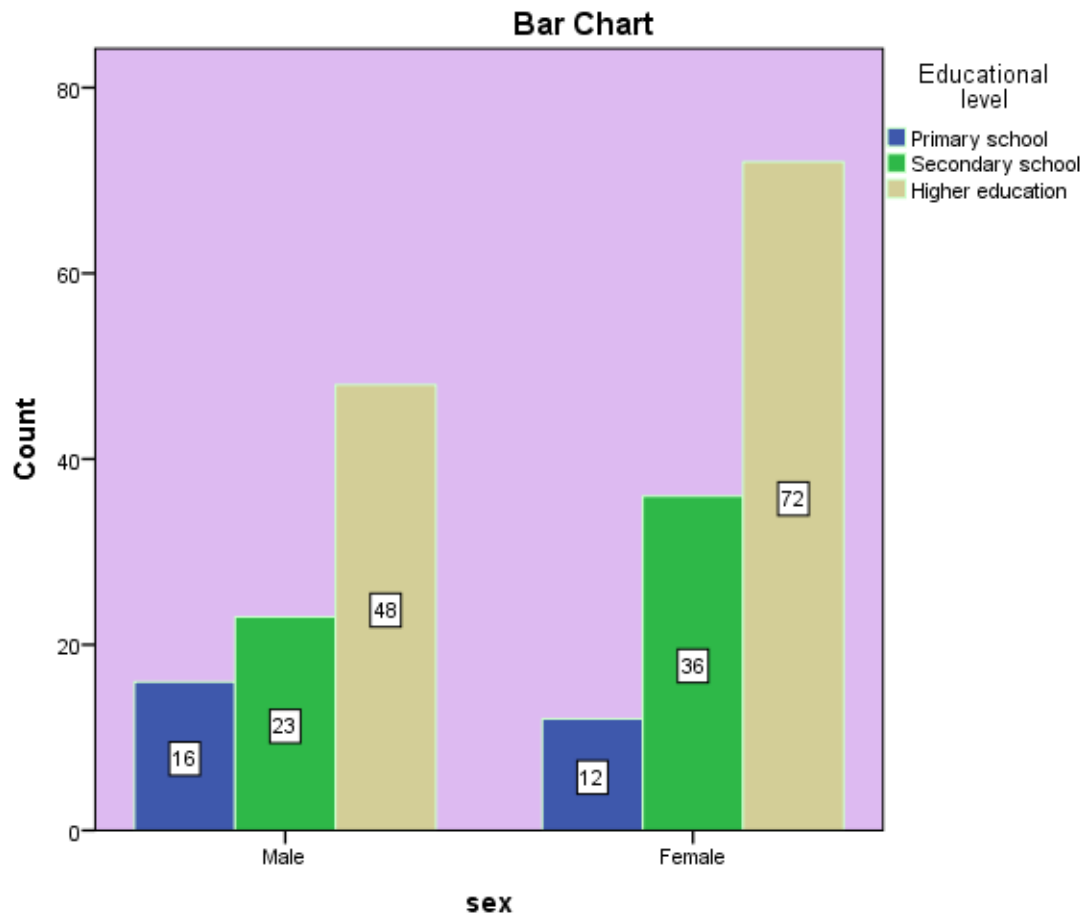
Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
sex * Educational level	207	100.0%	0	0.0%	207	100.0%

sex * Educational level Crosstabulation

Count

		Educational level			Total
		Primary school	Secondary school	Higher education	
sex	Male	16	23	48	87
	Female	12	36	72	120
Total		28	59	120	207



FREQUENCIES VARIABLES=age

/STATISTICS=MEAN

/HISTOGRAM NORMAL

/ORDER=ANALYSIS.

Frequencies

Appendices

Notes

Output Created		07-SEP-2024 10:02:49
Comments		
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	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax	FREQUENCIES VARIABLES=age /STATISTICS=MEAN /HISTOGRAM NORMAL /ORDER=ANALYSIS.	
Resources	Processor Time	00:00:00.30
	Elapsed Time	00:00:00.33

Statistics

Age

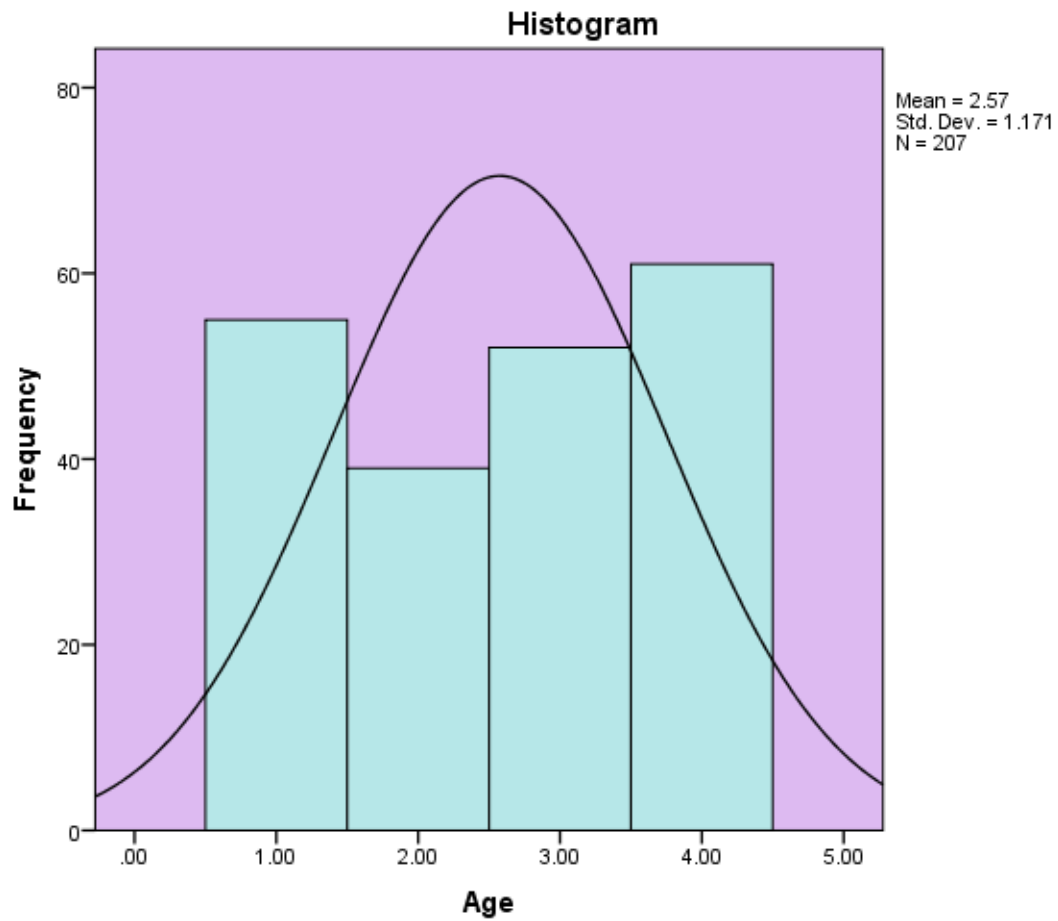
N	Valid	207
---	-------	-----

Appendices

Missing	0
Mean	2.5749

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-30	55	26.6	26.6	26.6
30-40	39	18.8	18.8	45.4
40-50	52	25.1	25.1	70.5
50-60 and plus	61	29.5	29.5	100.0
Total	207	100.0	100.0	



CROSSTABS

/TABLES=domain BY employees

/FORMAT=AVALUE TABLES

/CELLS=COUNT

/COUNT ROUND CELL

/BARChart.

Crosstabs

Appendices

Notes

Output Created		07-SEP-2024 10:28:21
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Input	Data	E:\manal.merabtii@gmail.com\full.sav
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	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each table are based on all the cases with valid data in the specified range(s) for all variables in each table.
Syntax		CROSSTABS /TABLES=domain BY employees /FORMAT=AVALUE TABLES /CELLS=COUNT /COUNT ROUND CELL /BARCHART.
Resources	Processor Time	00:00:00.42
	Elapsed Time	00:00:00.32
	Dimensions Requested	2

Appendices

Cells Available	524245
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Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
The Domain * employees	207	100.0%	0	0.0%	207	100.0%

The Domain * employees Crosstabulation

Count

		employees			
		Me only (the owner)	1-3employees	3-5 employees	
The Domain	Traditional and traditional craftsmanship	65	20	6	
	The handicraft industry to produce materials	86	21	8	
	Handicraft handicraft services	1	0	0	
Total		152	41	14	

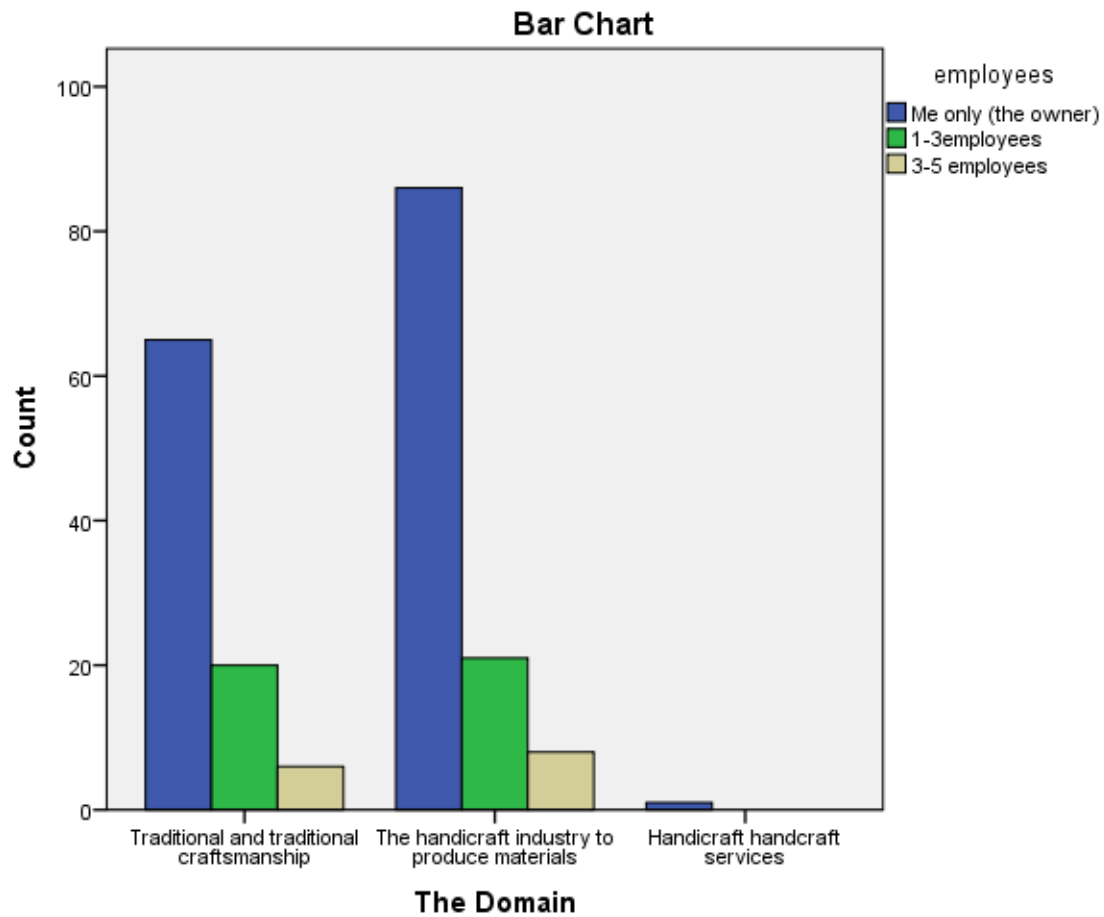
The Domain * employees Crosstabulation

Count

	Total
--	-------

Appendices

The Domain	Traditional and traditional craftsmanship	91
	The handicraft industry to produce materials	115
	Handicraft handicraft services	1
Total		207



REGRESSION

/MISSING LISTWISE

/STATISTICS COEFF OUTS R ANOVA

/CRITERIA=PIN(.05) POUT(.10)

/NOORIGIN

/DEPENDENT Financing_methods

/METHOD=ENTER cccc.

REGRESSION

/MISSING LISTWISE

/STATISTICS COEFF OUTS R ANOVA

/CRITERIA=PIN(.05) POUT(.10)

/NOORIGIN

/DEPENDENT Financing_methods

/METHOD=ENTER bbbb.

REGRESSION

/MISSING LISTWISE

/STATISTICS COEFF OUTS R ANOVA

/CRITERIA=PIN(.05) POUT(.10)

/NOORIGIN

/DEPENDENT Financing_methods

/METHOD=ENTER aaaaa.

ONEWAY aaaaa bbbb cccc BY Financing_methods

/MISSING ANALYSIS.

Oneway

Notes

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	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics for each analysis are based on cases with no missing data for any variable in the analysis.
Syntax	ONEWAY aaaaa bbbb cccc BY Financing_methods /MISSING ANALYSIS.	
Resources	Processor Time	00:00:00.02
	Elapsed Time	00:00:00.04

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
--	----------------	----	-------------	---	------

Appendices

aaaaa	Between Groups	47.623	7	6.803	1.232	.287
	Within Groups	1098.706	199	5.521		
	Total	1146.329	206			
bbbb	Between Groups	89.523	7	12.789	2.059	.050
	Within Groups	1236.081	199	6.211		
	Total	1325.604	206			
cccc	Between Groups	98.335	7	14.048	1.330	.238
	Within Groups	2102.660	199	10.566		
	Total	2200.995	206			

ONEWAY bbbb BY Financing_methods

/MISSING ANALYSIS.

Oneway

Notes

Output Created		07-SEP-2024 11:08:05
Comments		
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	Active Dataset	DataSet1

Appendices

	Filter	<none>	
	Weight	<none>	
	Split File	<none>	
	N of Rows in Working Data File		207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.	
	Cases Used	Statistics for each analysis are based on cases with no missing data for any variable in the analysis.	
Syntax		ONEWAY bbbb BY Financing_methods /MISSING ANALYSIS.	
Resources	Processor Time		00:00:00.00
	Elapsed Time		00:00:00.01

ANOVA

bbbb

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	89.523	7	12.789	2.059	.050
Within Groups	1236.081	199	6.211		
Total	1325.604	206			

FREQUENCIES VARIABLES=Financing_methods

/STATISTICS=MEAN

/HISTOGRAM NORMAL

/ORDER=ANALYSIS.

Frequencies

Notes

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Comments		
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	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax	FREQUENCIES VARIABLES=Financing_methods /STATISTICS=MEAN /HISTOGRAM NORMAL /ORDER=ANALYSIS.	
Resources	Processor Time	00:00:00.23

Appendices

Elapsed Time	00:00:00.21
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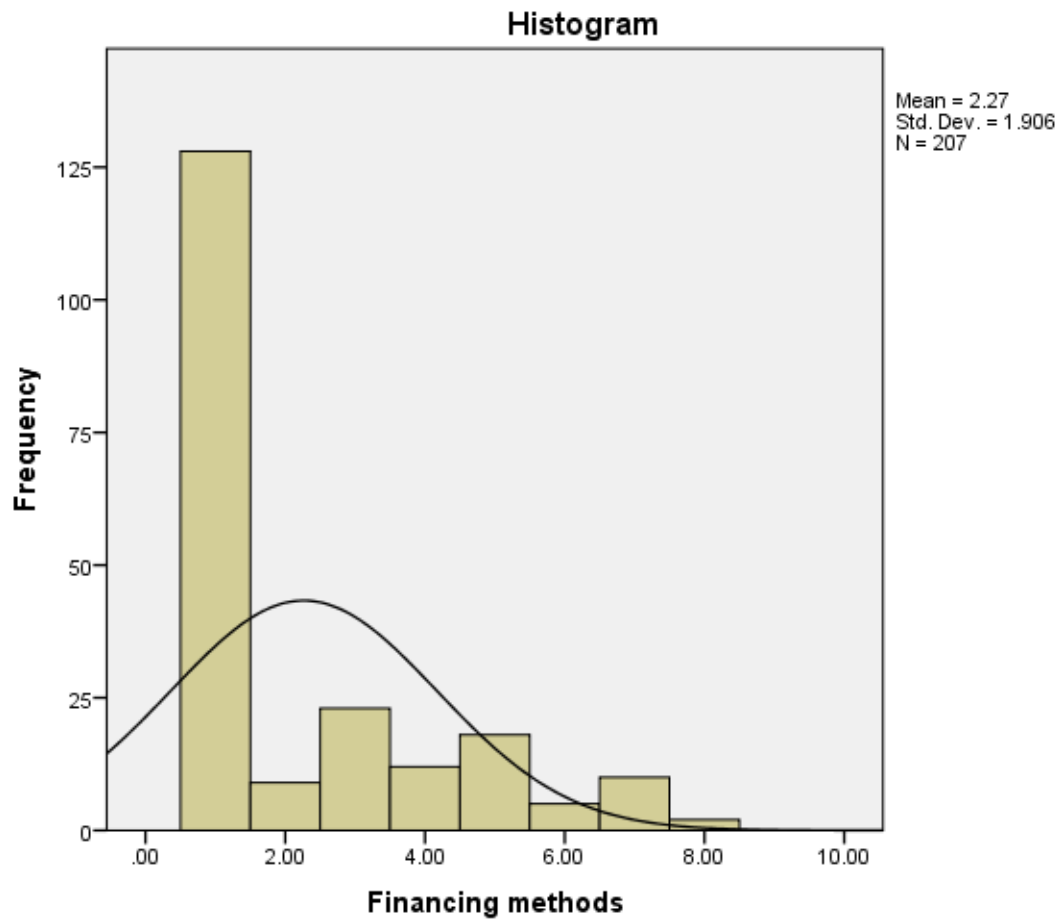
Statistics

Financing methods

N	Valid	207
	Missing	0
Mean		2.2657

Financing methods

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Own Assets	128	61.8	61.8	61.8
Friends and Family	9	4.3	4.3	66.2
Banks	23	11.1	11.1	77.3
NESDA (ENSEJ)	12	5.8	5.8	83.1
ANGEM	18	8.7	8.7	91.8
Artisan fund	5	2.4	2.4	94.2
Associations	10	4.8	4.8	99.0
government aid	2	1.0	1.0	100.0
Total	207	100.0	100.0	



FREQUENCIES VARIABLES=Financing_methods

/STATISTICS=MEAN

/PIECHART PERCENT

/ORDER=ANALYSIS.

Frequencies

Appendices

Notes

Output Created		07-SEP-2024 11:11:28
Comments		
Input	Data	E:\manal.merabtii@gmail.com\full.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data.
Syntax	FREQUENCIES VARIABLES=Financing_methods /STATISTICS=MEAN /PIECHART PERCENT /ORDER=ANALYSIS.	
Resources	Processor Time	00:00:00.19
	Elapsed Time	00:00:00.24

Statistics

Financing methods

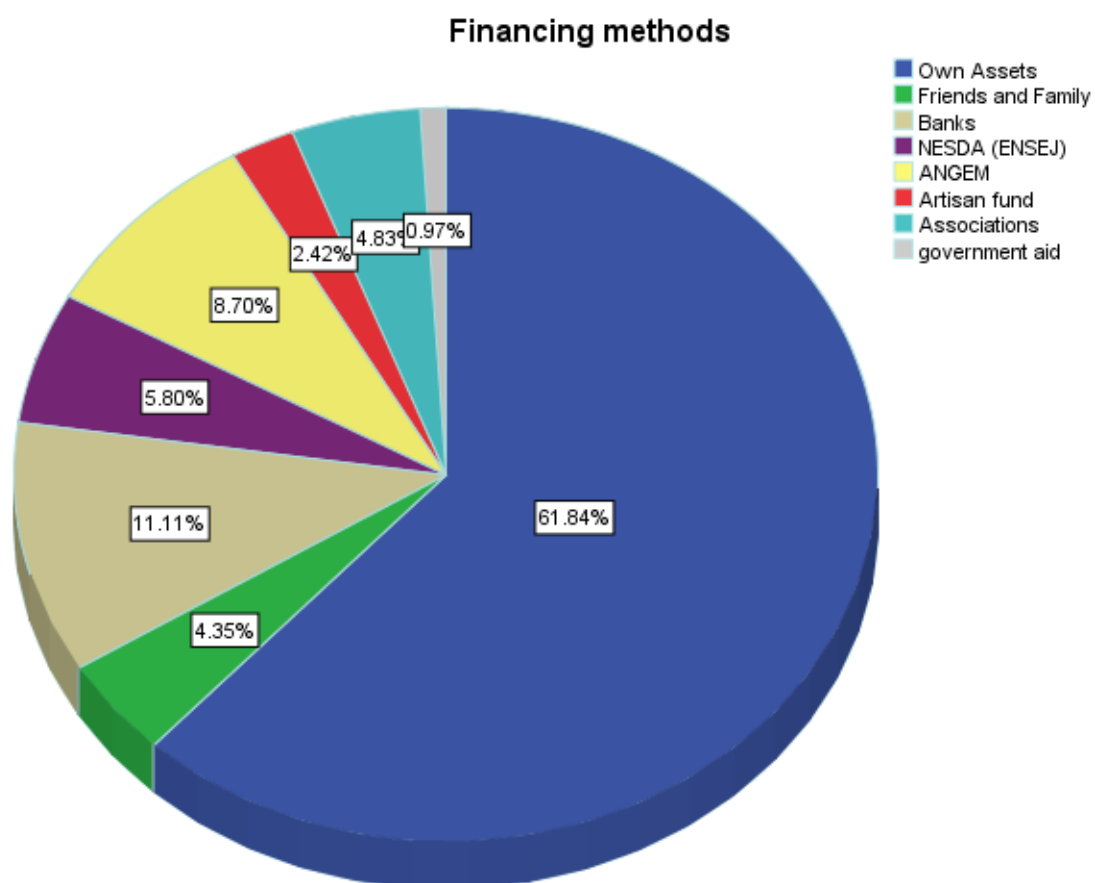
N	Valid	207
---	-------	-----

Appendices

Missing	0
Mean	2.2657

Financing methods

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Own Assets	128	61.8	61.8	61.8
Friends and Family	9	4.3	4.3	66.2
Banks	23	11.1	11.1	77.3
NESDA (ENSEJ)	12	5.8	5.8	83.1
ANGEM	18	8.7	8.7	91.8
Artisan fund	5	2.4	2.4	94.2
Associations	10	4.8	4.8	99.0
government aid	2	1.0	1.0	100.0
Total	207	100.0	100.0	



Appendix D

NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH total

/CRITERIA CIN(95) DELTA(0) MXITER(100) MXSTEP(5) CHKSEP(20) LCONVERGE(0)
PCONVERGE(0.000001)

SINGULAR(0.00000001)

/MODEL

/STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR)
REMOVALMETHOD(LR)

/INTERCEPT=INCLUDE

/PRINT=CLASSTABLE PARAMETER SUMMARY LRT CPS STEP MFI

/SAVE PREDCAT.

Nominal Regression

Notes

Output Created		11-SEP-2024 00:47:56
Comments		
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	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.

Appendices

Syntax		NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH total /CRITERIA CIN(95) DELTA(0) MXITER(100) MXSTEP(5) CHKSEP(20) LCONVERGE(0) PCONVERGE(0.000001) SINGULAR(0.00000001) /MODEL /STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR) REMOVALMETHOD(LR) /INTERCEPT=INCLUDE /PRINT=CLASSTABLE PARAMETER SUMMARY LRT CPS STEP MFI /SAVE PREDCAT.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.07
Variables Created	PRE_9	Predicted Response Category

Case Processing Summary

		N	Marginal Percentage
Financing methods	Own Assets	128	61.8%
	Friends and Family	9	4.3%
	Banks	23	11.1%
	NESDA (ENSEJ)	12	5.8%
	ANGEM	18	8.7%

Appendices

	Artisan fund	5	2.4%
	Associations	10	4.8%
	government aid	2	1.0%
Valid		207	100.0%
Missing		0	
Total		207	
Subpopulation		27 ^a	

a. The dependent variable has only one value observed in 6 (22.2%) subpopulations.

Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	267.387			
Final	259.691	7.696	7	.360

Pseudo R-Square

Cox and Snell	.036
Nagelkerke	.039
McFadden	.014

Appendices

Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	274.444	14.753	7	.039
total	267.387	7.696	7	.360

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

Parameter Estimates

Financing methods ^a		B	Std. Error	Wald	df	Sig.	Exp(B)		
Friends and Family	Intercept	-4.956	2.466	4.038	1	.044			
	total	.058	.060	.927	1	.336	1.060		
Banks	Intercept	-.429	1.388	.096	1	.757			
	total	-.034	.036	.863	1	.353	.967		
NESDA (ENSEJ)	Intercept	-4.876	2.179	5.010	1	.025			
	total	.063	.053	1.414	1	.234	1.065		
ANGEM	Intercept	-4.125	1.784	5.349	1	.021			
	total	.055	.044	1.556	1	.212	1.056		

Appendices

Artisan fund	Intercept	-2.392-	2.819	.720	1	.396			
	total	-.022-	.074	.092	1	.762	.978		
Associations	Intercept	-.211-	1.917	.012	1	.912			
	total	-.062-	.052	1.450	1	.229	.939		
government aid	Intercept	-.796-	3.923	.041	1	.839			
	total	-.091-	.110	.688	1	.407	.913		

Parameter Estimates

		95% Confidence Interval for Exp(B)	
		Lower Bound	Upper Bound
Financing methods ^a			
Friends and Family	Intercept		
	total	.942	1.192
Banks	Intercept		
	total	.900	1.038
NESDA (ENSEJ)	Intercept		
	total	.960	1.182
ANGEM	Intercept		
	total	.969	1.151
Artisan fund	Intercept		
	total	.847	1.130
Associations	Intercept		
	total	.849	1.040
government aid	Intercept		
	total	.736	1.132

Appendices

a. The reference category is: Own Assets.

Classification

Observed	Predicted								
	Own Assets	Friends and Family	Banks	NESDA (ENSEJ)	ANGEM				
Own Assets	128	0	0	0	0				
Friends and Family	9	0	0	0	0				
Banks	23	0	0	0	0				
NESDA (ENSEJ)	12	0	0	0	0				
ANGEM	18	0	0	0	0				
Artisan fund	5	0	0	0	0				
Associations	10	0	0	0	0				
government aid	2	0	0	0	0				
Overall Percentage	100.0%	0.0%	0.0%	0.0%	0.0%				

Classification

Observed	Predicted			
	Artisan fund	Associations	government aid	Percent Correct
Own Assets	0	0	0	100.0%
Friends and Family	0	0	0	0.0%
Banks	0	0	0	0.0%

Appendices

NESDA (ENSEJ)	0	0	0	0.0%
ANGEM	0	0	0	0.0%
Artisan fund	0	0	0	0.0%
Associations	0	0	0	0.0%
government aid	0	0	0	0.0%
Overall Percentage	0.0%	0.0%	0.0%	61.8%

NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH Attitudes

/CRITERIA CIN(95) DELTA(0) MXITER(100) MXSTEP(5) CHKSEP(20) LCONVERGE(0)
PCONVERGE(0.000001)

SINGULAR(0.00000001)

/MODEL

/STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR)
REMOVALMETHOD(LR)

/INTERCEPT=INCLUDE

/PRINT=CLASSTABLE PARAMETER SUMMARY LRT CPS STEP MFI

/SAVE PREDCAT.

Nominal Regression

Notes

Output Created	11-SEP-2024 01:51:27	
Comments		
Input	Data	E:\manal.merabtii@gmail.com\full.sav
	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>

Appendices

	Split File	<none>
	N of Rows in Working Data File	207
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax		NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH Attitudes /CRITERIA CIN(95) DELTA(0) MXITER(100) MXSTEP(5) CHKSEP(20) LCONVERGE(0) PCONVERGE(0.000001) SINGULAR(0.00000001) /MODEL /STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR) REMOVALMETHOD(LR) /INTERCEPT=INCLUDE /PRINT=CLASSTABLE PARAMETER SUMMARY LRT CPS STEP MFI /SAVE PREDCAT.
Resources	Processor Time	00:00:00.00
	Elapsed Time	00:00:00.09
Variables Created	PRE_1	Predicted Response Category

Case Processing Summary

Appendices

		N	Marginal Percentage
Financing methods	Own Assets	128	61.8%
	Friends and Family	9	4.3%
	Banks	23	11.1%
	NESDA (ENSEJ)	12	5.8%
	ANGEM	18	8.7%
	Artisan fund	5	2.4%
	Associations	10	4.8%
	government aid	2	1.0%
Valid		207	100.0%
Missing		0	
Total		207	
Subpopulation		12 ^a	

a. The dependent variable has only one value observed in 3 (25.0%) subpopulations.

Model Fitting Information

	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	158.401			
Final	150.496	7.905	7	.341

Pseudo R-Square

Cox and Snell	.037
Nagelkerke	.040
McFadden	.014

Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	160.043	9.547	7	.216
Attitudes	158.401	7.905	7	.341

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

Parameter Estimates

Financing methods ^a		B	Std. Error	Wald	df	Sig.	Exp(B)		
Friends and Family	Intercept	-2.129	1.876	1.288	1	.256			
	Attitudes	-.043	.151	.080	1	.777	.958		

Appendices

Banks	Intercept	.979	1.026	.910	1	.340			
	Attitudes	-.229-	.088	6.782	1	.009	.795		
NESDA (ENSEJ)	Intercept	-3.237-	1.882	2.957	1	.085			
	Attitudes	.069	.146	.224	1	.636	1.072		
ANGEM	Intercept	-1.309-	1.358	.929	1	.335			
	Attitudes	-.053-	.109	.236	1	.627	.948		
Artisan fund	Intercept	-1.831-	2.228	.675	1	.411			
	Attitudes	-.116-	.184	.399	1	.528	.890		
Associations	Intercept	-2.207-	1.822	1.468	1	.226			
	Attitudes	-.028-	.146	.036	1	.849	.973		
government aid	Intercept	-1.464-	2.886	.257	1	.612			
	Attitudes	-.229-	.253	.817	1	.366	.795		

Parameter Estimates

		95% Confidence Interval for Exp(B)	
		Lower Bound	Upper Bound
Financing methods ^a			
Friends and Family	Intercept		
	Attitudes	.713	1.287
Banks	Intercept		

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	Attitudes	.670	.945
NESDA (ENSEJ)	Intercept		
	Attitudes	.805	1.426
ANGEM	Intercept		
	Attitudes	.765	1.175
Artisan fund	Intercept		
	Attitudes	.620	1.277
Associations	Intercept		
	Attitudes	.731	1.294
government aid	Intercept		
	Attitudes	.484	1.307

a. The reference category is: Own Assets.

Classification

Observed	Predicted								
	Own Assets	Friends and Family	Banks	NESDA (ENSEJ)	ANG EM				
Own Assets	127	0	1	0	0				
Friends and Family	9	0	0	0	0				
Banks	23	0	0	0	0				
NESDA (ENSEJ)	12	0	0	0	0				
ANGEM	18	0	0	0	0				

Appendices

Artisan fund	5	0	0	0	0				
Associations	10	0	0	0	0				
government aid	2	0	0	0	0				
Overall Percentage	99.5%	0.0%	0.5%	0.0%	0.0%				

Classification

Observed	Predicted			
	Artisan fund	Associations	government aid	Percent Correct
Own Assets	0	0	0	99.2%
Friends and Family	0	0	0	0.0%
Banks	0	0	0	0.0%
NESDA (ENSEJ)	0	0	0	0.0%
ANGEM	0	0	0	0.0%
Artisan fund	0	0	0	0.0%
Associations	0	0	0	0.0%
government aid	0	0	0	0.0%
Overall Percentage	0.0%	0.0%	0.0%	61.4%

NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH Subjectives

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PCONVERGE(0.000001)

SINGULAR(0.00000001)

/MODEL

/STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR)
REMOVALMETHOD(LR)

/INTERCEPT=INCLUDE

Appendices

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Nominal Regression

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	Cases Used	Statistics are based on all cases with valid data for all variables in the model.

Appendices

Syntax		NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH Subjectives /CRITERIA CIN(95) DELTA(0) MXITER(100) MXSTEP(5) CHKSEP(20) LCONVERGE(0) PCONVERGE(0.000001) SINGULAR(0.00000001) /MODEL /STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR) REMOVALMETHOD(LR) /INTERCEPT=INCLUDE /PRINT=CLASSTABLE PARAMETER SUMMARY LRT CPS STEP MFI /SAVE PREDCAT.
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Case Processing Summary

		N	Marginal Percentage
Financing methods	Own Assets	128	61.8%
	Friends and Family	9	4.3%
	Banks	23	11.1%
	NESDA (ENSEJ)	12	5.8%
	ANGEM	18	8.7%

Appendices

	Artisan fund	5	2.4%
	Associations	10	4.8%
	government aid	2	1.0%
Valid		207	100.0%
Missing		0	
Total		207	
Subpopulation		13 ^a	

a. The dependent variable has only one value observed in 6 (46.2%) subpopulations.

Model Fitting Information

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	167.837			
Final	155.244	12.593	7	.083

Pseudo R-Square

Cox and Snell	.059
Nagelkerke	.063
McFadden	.023

Appendices

Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	185.251	30.007	7	.000
Subjectives	167.837	12.593	7	.083

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

Parameter Estimates

Financing methods ^a		B	Std. Error	Wald	df	Sig.			
Friends and Family	Intercept	- 6.049	2.420	6.249	1	.012			
	Subjectives	.273	.185	2.180	1	.140			
Banks	Intercept	- 2.461	1.172	4.409	1	.036			
	Subjectives	.063	.096	.429	1	.513			
NESDA (ENSEJ)	Intercept	- 4.886	1.941	6.336	1	.012			
	Subjectives	.205	.151	1.844	1	.175			

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ANGEM	Intercept	- 4.758-	1.656	8.253	1	.004			
	Subjectives	.227	.129	3.117	1	.077			
Artisan fund	Intercept	- 3.406-	2.189	2.420	1	.120			
	Subjectives	.014	.182	.006	1	.939			
Associations	Intercept	- 2.357-	1.494	2.488	1	.115			
	Subjectives	-.017-	.126	.017	1	.895			
government aid	Intercept	.008	1.691	.000	1	.996			
	Subjectives	-.433-	.209	4.284	1	.038			

Parameter Estimates

Financing methods ^a		Exp(B)	95% Confidence Interval for Exp(B)	
			Lower Bound	Upper Bound
Friends and Family	Intercept			
	Subjectives	1.314	.914	1.889
Banks	Intercept			
	Subjectives	1.065	.883	1.284
NESDA (ENSEJ)	Intercept			
	Subjectives	1.228	.913	1.651
ANGEM	Intercept			
	Subjectives	1.255	.975	1.614
Artisan fund	Intercept			
	Subjectives	1.014	.710	1.447

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Associations	Intercept			
	Subjectives	.984	.769	1.258
government aid	Intercept			
	Subjectives	.648	.430	.977

a. The reference category is: Own Assets.

Classification

Observed	Predicted								
	Own Assets	Friends and Family	Banks	NESDA (ENSEJ)	ANGEM				
Own Assets	128	0	0	0	0				
Friends and Family	9	0	0	0	0				
Banks	23	0	0	0	0				
NESDA (ENSEJ)	12	0	0	0	0				
ANGEM	18	0	0	0	0				
Artisan fund	5	0	0	0	0				
Associations	10	0	0	0	0				
government aid	2	0	0	0	0				
Overall Percentage	100.0%	0.0%	0.0%	0.0%	0.0%				

Classification

Appendices

Observed	Predicted			
	Artisan fund	Associations	government aid	Percent Correct
Own Assets	0	0	0	100.0%
Friends and Family	0	0	0	0.0%
Banks	0	0	0	0.0%
NESDA (ENSEJ)	0	0	0	0.0%
ANGEM	0	0	0	0.0%
Artisan fund	0	0	0	0.0%
Associations	0	0	0	0.0%
government aid	0	0	0	0.0%
Overall Percentage	0.0%	0.0%	0.0%	61.8%

NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH
perceived_behavioral_control

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PCONVERGE(0.000001)

SINGULAR(0.00000001)

/MODEL

/STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR)
REMOVALMETHOD(LR)

/INTERCEPT=INCLUDE

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/SAVE PREDCAT.

Nominal Regression

Appendices

Notes

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Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the model.
Syntax	NOMREG Financing_methods (BASE=FIRST ORDER=ASCENDING) WITH perceived_behavioral_control /CRITERIA CIN(95) DELTA(0) MXITER(100) MXSTEP(5) CHKSEP(20) LCONVERGE(0) PCONVERGE(0.000001) SINGULAR(0.00000001) /MODEL /STEPWISE=PIN(.05) POUT(0.1) MINEFFECT(0) RULE(SINGLE) ENTRYMETHOD(LR) REMOVALMETHOD(LR) /INTERCEPT=INCLUDE /PRINT=CLASSTABLE PARAMETER SUMMARY LRT CPS STEP MFI /SAVE PREDCAT.	

Appendices

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Variables Created	PRE_3	Predicted Response Category

Case Processing Summary

		N	Marginal Percentage
Financing methods	Own Assets	128	61.8%
	Friends and Family	9	4.3%
	Banks	23	11.1%
	NESDA (ENSEJ)	12	5.8%
	ANGEM	18	8.7%
	Artisan fund	5	2.4%
	Associations	10	4.8%
	government aid	2	1.0%
Valid		207	100.0%
Missing		0	
Total		207	
Subpopulation		15 ^a	

a. The dependent variable has only one value observed in 2 (13.3%) subpopulations.

Model Fitting Information

Appendices

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	211.010			
Final	201.729	9.281	7	.233

Pseudo R-Square

Cox and Snell	.044
Nagelkerke	.047
McFadden	.017

Likelihood Ratio Tests

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	227.074	25.345	7	.001
perceived_behavioral_control	211.010	9.281	7	.233

The chi-square statistic is the difference in -2 log-likelihoods between the final model and a reduced model. The reduced model is formed by omitting an effect from the final model. The null hypothesis is that all parameters of that effect are 0.

Appendices

Parameter Estimates

Financing methods ^a		B	Std. Error	Wald	df				
Friends and Family	Intercept	- 4.190	1.859	5.082	1				
	perceived_behavioral_control	-.102	.119	.746	1				
Banks	Intercept	- 1.400	1.017	1.898	1				
	perceived_behavioral_control	-.022	.069	.101	1				
NESDA (ENSEJ)	Intercept	- 3.702	1.595	5.386	1				
	perceived_behavioral_control	-.089	.103	.760	1				
ANGEM	Intercept	- 3.705	1.376	7.252	1				
	perceived_behavioral_control	-.116	.088	1.751	1				
Artisan fund	Intercept	- 2.847	2.018	1.990	1				
	perceived_behavioral_control	-.028	.138	.040	1				
Associations	Intercept	-.170	1.172	.021	1				
	perceived_behavioral_control	-.177	.089	3.905	1				

Appendices

government aid	Intercept	-						
		9.287	5.032	3.406	1			
		-						
	perceived_behavioral_control	.323	.294	1.213	1			

Parameter Estimates

				95% Confidence Interval for Exp(B)	
Financing methods ^a		Sig.	Exp(B)	Lower Bound	
Friends and Family	Intercept	.024			
	perceived_behavioral_control	.388	1.108	.878	
Banks	Intercept	.168			
	perceived_behavioral_control	.751	.978	.854	
NESDA (ENSEJ)	Intercept	.020			
	perceived_behavioral_control	.383	1.094	.894	
ANGEM	Intercept	.007			
	perceived_behavioral_control	.186	1.123	.946	
Artisan fund	Intercept	.158			
	perceived_behavioral_control	.842	.973	.742	
Associations	Intercept	.885			
	perceived_behavioral_control	.048	.838	.703	
government aid	Intercept	.065			

Appendices

perceived_behavioral_control	.271	1.382	.777	
------------------------------	------	-------	------	--

Parameter Estimates

		95% Confidence Interval for Exp(B)
Financing methods ^a		Upper Bound
Friends and Family	Intercept	
	perceived_behavioral_control	1.398
Banks	Intercept	
	perceived_behavioral_control	1.121
NESDA (ENSEJ)	Intercept	
	perceived_behavioral_control	1.337
ANGEM	Intercept	
	perceived_behavioral_control	1.333
Artisan fund	Intercept	
	perceived_behavioral_control	1.276
Associations	Intercept	
	perceived_behavioral_control	.999
government aid	Intercept	
	perceived_behavioral_control	2.457

a. The reference category is: Own Assets.

Classification

Observed	Predicted				
----------	-----------	--	--	--	--

Appendices

	Own Assets	Friends and Family	Bank s	NESDA (ENSEJ)	ANG EM				
Own Assets	128	0	0	0	0				
Friends and Family	9	0	0	0	0				
Banks	23	0	0	0	0				
NESDA (ENSEJ)	12	0	0	0	0				
ANGEM	18	0	0	0	0				
Artisan fund	5	0	0	0	0				
Association s	10	0	0	0	0				
government aid	2	0	0	0	0				
Overall Percentage	100.0%	0.0%	0.0%	0.0%	0.0%				

Classification

Observed	Predicted			
	Artisan fund	Associations	government aid	Percent Correct
Own Assets	0	0	0	100.0%
Friends and Family	0	0	0	0.0%
Banks	0	0	0	0.0%
NESDA (ENSEJ)	0	0	0	0.0%
ANGEM	0	0	0	0.0%
Artisan fund	0	0	0	0.0%
Associations	0	0	0	0.0%
government aid	0	0	0	0.0%

Appendices

Overall Percentage	0.0%	0.0%	0.0%	61.8%
--------------------	------	------	------	-------

Appendix E. Questionnaire

Hello.

To complete my doctoral degree, it is important to fulfill a questionnaire. Please take a few minutes to fill out this survey about **A study on the micro-entrepreneur's perception towards different financing sources**. Participation is voluntary and all results are confidential to the extent allowed by the law. Completion of the questionnaire is implied consent to use the data you have provided. The data will be stored under lock and key on file on campus until one year after the study has been completed. All the responses correspondence will be kept confidential and will be destroyed one year after the study has been completed.. Thank you for your participation.

1. Personale information :

The following information is needed for classification and comparison purposes only. Please indicate the classifications that best describe you by marking the appropriate box.

Numbers	Items	Less de 1 year	1 to 5 years	6 à 10 years	More than 10 years
A.	Business Experience				
B.	Age	20-30	30-40	40-50	50-60 and plus
C.	Educational level	Without	Primary school	Secondary school	Higher education
D.	Sex	Male		Female	

2. What is the nature of your artisanal project? or Which domain you're working in?

Appendices

The Domain	Your answer
- Traditional and traditional craftsmanship	
The handicraft industry to produce materials	
Handicraft handicraft services	

3. Specify your activity ?

.....

4. How many employees do you have?

Number of employees	answer
Me only (the owner)	
1-3	
3-5	

5. What are the raw materials do you use or need more?

.....

6. Where could you find these raw materials?

.....

7. Is it usually easy to find these raw materials or to buy it?

yes ☐ no ☐

8. Do you think that it is important to finance an artisanal project?

yes ☐ no ☐

9. How much is it necessary for you to finance your artisanal project?

Order it from 1 to 5

Appendices

Not necessary at all	Not necessary	null	necessary	Very necessary

10. Have you heard about artisan's loans?

yes	no

Finance determinants (Determining Your Financing Needs).

11. In your point of view in which step or stage do you think that the artisanal project needs more a financial support.?

The stage	Your answer
Lunching	
production	
buying	

12. are you willing to get a loan or credit for your artisanal project?

Yes. ☐

No ☐

13. what are the different financial patterns or credits have you hearted about? (Or do you know)

Mention here some institutions

.....

14. From these financial patterns which one do you know more?

Types of financing

Items	Do Not know it	Know it
Your Own Assets		
Friends and Family		

Appendices

Zakat		
Sadaqa		
waqf		
associations		
Islamic banks		
Traditional banks		
ANSEJ		
ANGEM		
CNAC		
FNAC		

15. From these patterns which are the patterns do you prefer more (from 1 to .5.)?

Types of financing

Items	Not preferred at all	Not preferred	null	preferred	Much preferred
Your Own Assets					
Friends and Family					
Zakat					
Sadaqa					
waqf					
associations					
Islamic banks					

Appendices

V.2.5. Traditional banks					
ANSEJ					
ANGEM					
CNAC					
FNAC					

16. Do you know the differences between these patterns?

yes	no

17. Do you know which institutions offer these patterns or credits?

yes	no

The following questions are designed to know your perceptions towards these financial patterns by describing sentences that can help us predict your agreements and your importance.

18. Please tell us your importance degree towards these sentences.

HYPOTHESE 1: ATITUDES

The sentence	Not important at all	Not important	null	Important	Very important
I always care about having a financial support for my project					

Appendices

I do not care about knowing the differences of any loans or credits offered					
to know that many institutions with many credits makes unclear view about these loans					
I do not care about details when borrowing a credit or loans					
I do not think that most artisans know about these financial credits					
There is a lack of awareness about having an artisanal credit					
I think being supported is most important to me to choose a credit for my project					

19. Please tell us your agreement degree towards these sentences.?

Subjective norms

The sentence	Not agree at all	Not agree	null	agree	Totally agree
I do care about interest when borrowing a credit					
Most artisans look for credit with interest free					
I really care when an artisan advises me about borrowing a credit					
I think I will borrow the most known credit					
I do not believe in borrowing from any kind of artisanal credits					
Most artisanal credits should have a Facilitating condition for artisans					

Appendices

the perceived behavioral control

I will try to get a credit when I find some Facilitating condition from the institution					
Many institutions do not prioritize to make their financial credit operations easy for the artisans					
The more known credit the more impact I will have to benefit a particular artisanal credit					
I think there is a great effort from the financial institutions to make their artisan's financial credits more known among artisans					

THANK YOU VERY MUCH FOR COMPLETING THIS SURVEY!

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