

# An Overview of Small and Medium Entrepreneurship Opportunity for Women's Empowerment in Ethiopia

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**Abstract:** *Ethiopia is the third fastest developing nation in the world. The economy of the country crossed two digits. The Small and Micro Enterprise (SME) sector has the potential to provide a livelihood for a large number of populous in developing countries. The development of small and medium enterprises will contribute to expansion of existing industrial base. The lesson drawn from developed countries like USA, UK, Hong Kong Singapore, and Japan Germany, Korea and so on. Even BRICKS countries has adopted for their sustainability. The development of small and medium scale Enterprises/Industrial sector contributes to the expansion of existing employment, output and export and fostering entrepreneurship, so as to fulfill the socio-economic objectives of the nation for balancing the regional development especially in rural, semi-urban and backward areas. Especially for women's in Ethiopia are engaged in a wide variety of economic activities and that their income from such activities has been and continues to be pivotal to the survival of poor families. Thus, SME is one of the area for rapid and empowering themselves. This informative article enlighten the overview of opportunity for small and medium enterprises for women's empowerment in Ethiopia*

**Keywords:** Women Empwmerment & Small enterprises

## 1. An Overview

The Small and Micro Enterprise (SME) sector has the potential to provide a livelihood for a large number of populous in developing countries. The development of SME will contribute to expansion of existing industrial base. Many industrial developed countries like US, UK, Germany, Japan and others economy is based on strong industrialization prospects. Even the economic success of BRICKS countries namely Brazil, Russia, India, China and South Africa has backend by Industrialization. Industrialization will contribute to the growth of large number of small entrepreneurship. The development of small scale Enterprises/Industrial sector contributes to the expansion of existing employment, output and export and fostering entrepreneurship, so as to fulfill the socio-economic objectives of the nation for balancing the regional development especially in rural, semi-urban and backward areas.

United Nations Industrial Development Organization UNIDO (2001) reported especially for developing countries, integration into the global economy through economic liberalization, deregulation, and democratization is seen as the paramount way to triumph over poverty and inequality. The importance of this process is the development of a vibrant private sector, in which small and medium enterprises can play a central role (Adegbemi, 2013).

Small Enterprises/industries will occupy a strategic position in the Ethiopian economy. SME play vital role in fulfilling the socio-economic objectives of the nation. SME emerging as a powerful tool in providing relatively large employment for given unit of investment, equitable wealth distribution and removal of regional economic disparities and SSI sector has become one of the thrust areas of development.

During the past two decades, small enterprises have received special attention in the process of industrialization and regional development in most of the developing region of Ethiopia. Small enterprises have thus, an important role to play in program of development. The small entrepreneurship basically, are in vogue because they are believed to possess certain special features viz., less capital intensive, more labor intensive, adopt optimal technology, disperse in rural and backward areas, reduce regional imbalances, flexible in operation, export orientated, widely spread entrepreneurship and equitably distribute the economic wealth of the country. The small entrepreneurship play a significant role in mobilizing latest resources, economizing capital, making possible rapid increase in production, export, employment and entrepreneurship.

Even-tough, Ethiopia has many favorable and conducive factors for rapid development of industries. The country enjoys diverse topographic and climatic conditions. These consist of a high central plateau ranging from 1,800 to 3,000 meters above sea level, a rift valley that divides the country from North to South with altitudes ranging from 1,000 to 1,800 meters and lowland plain areas of less than 1,000 meters in altitude. Depending on the altitude, temperatures range from less than 10°C in alpine areas to 35°C higher in lowland areas. The population of the country estimated around 88 million, half of the Population can use for industries as Human resource directly and remaining are supplementary or for service sector and the Excellent Banking network, money transfer facilities, Tele-communication with high speed Brad-Band services connecting the world within a fraction of second.

About the Transportation, Ethiopia uses the ports of Djibouti, In May 2005, the Ethiopian Government negotiated to use the port of Berbera in Somaliland. The total 23,812 kilometers are favorable to travel around the

country, in which 15% of the roads are asphalt. However, the government-owned airline is excellent. Airlines serve 38 domestic airfields and have 42 international destinations. Regarding External Trade, the major agricultural export crop is coffee, providing about 26.40% of Ethiopia's foreign exchange earnings. Coffee is critical to the Ethiopian economy. More than 15 million people (25% of the population) derive their livelihood from the coffee sector. Other exports include live animals, leather and leather products, chemicals, gold, pulses, oilseeds, flowers, fruits and vegetables. Industrial Scenario in Ethiopia has primarily engage in food processing, it also produces sugar, alcohol and soft drinks, cigarettes, cotton and textiles, footwear, soap, ethyl alcohol, and quicklime. Cement production is also significant. Industrial facilities are concentrated around Addis Ababa, depend heavily on agricultural inputs, and primarily serve the domestic market. Specially the economy of Ethiopia is based on agriculture, which accounts for half of Gross Domestic Product (GDP), 43% of exports, and 85% of total employment in this sector, Coffee exports is around \$550 Million in 2010. Production is overwhelmingly of a subsistence nature, and a large part of commodity exports are provided by the small agricultural cash-crop sector. Principal crops include coffee, pluses ( e.g. beans) oilseeds, cereals, potatoes, sugarcane, and vegetables. Ethiopia is Africa's second biggest maize producer. Ethiopia's livestock population is believed to be the largest in Africa. All together, Ethiopia is one of the God's gifted nation in African Continent with highly favorable conditions prevailed. Thus, it focus on the development of industries are not only indispensable for Ethiopia, but also, there is ample scope for the growth of Small Entrepreneurship specially Agro and Agro based in rural and semi urban areas.

Ethiopia recorded the third fastest developing nation in the world. The broad based economy of the country crossed two digits and open market has achieved a mile stone for maintain the two digits for several years. The labor is second and entrepreneur is the fourth factor of production. The organizing capacity of the Ethiopian's especially technical and non-technical apex is unlimited and enormous to the industrial sector. Ethiopia is well known for agriculture having overall climate conduciveness like Land and Labor. The overdependence on agriculture will not commensurate the employment for all. The secondary sector is most pressing needed and it will definitely fill the gap of unemployment to younger generation. Thus, Small and Micro Entrepreneurship will play an important role for economic resurgence in Ethiopia.

A preliminary report on Job, Gender and Small enterprises in Africa revealed that the microenterprises are generally considered to be the domain of poor, rural and urban women. However, the study confirmed that the women in Ethiopia are engaged in a wide variety of economic activities and that their income from such activities has been and continues to be pivotal to the survival of poor families. Thus, SME is one of the area for rapid and empowering themselves. Zewde (2002).

Many projects in Ethiopia and elsewhere confirm that the MSE sector has the potential to contribute to economic growth, employment generation and poverty alleviation.

Microenterprises are considered particularly important in contributing to the socio-economic empowerment of women. However, the MSE sector in Ethiopia faces a number of constraints that hinder its rapid growth and development and therefore reduce the weight of its potential contribution to the national economy, and inhibit the economic empowerment.

The entrepreneurship in Ethiopia is challenging task as we need to acknowledge the fact that gender based discrimination is a deep rooted generally practiced in many forms since thousands of years. This will not go away in a few years or for that matter by attempting to work at it through half-hearted attempts. Women Entrepreneurship can courage to break free from the chains of limiting belief patterns and societal or religious conditioning that have traditionally kept women suppressed and unable to see their capacity and power. The women's entrepreneurship development project in Nepal found that "Women who cannot meet the basic needs of themselves and their families are often keen to undertake income-earning activities, but they face many constraints.

Education stimulates the economy and social transformation of nation. Universities are most significant for economic prosperous in existing situation. Especially higher education plays an important role in our efforts to loosen the grip of poverty on our world. Universities are the change vehicle. Those days were gone for women has suppressed in kitchen and household activities. Women in Earlier stage 3K's (Kitchen, Kids and Knitting). The present scenario not only to 4E's (Electricity, Electronics, Energy and Engineering) but also participate equally in all the way and they achieved. Several push factors like death of bread winner, sudden fall in family income, Permanent inadequacy in income of the family and pull factors women's desire to evaluate their talent. To utilize their free time, education need and perception of Women's Liberation, Equity to gain recognition, importance and social status along with economic independence. Moreover, distribution of income has much burden on family. The lesson drawn from western countries like USA, Europe and UK women's are getting equal opportunity in the society. To reduce and gain the benefit overall in society and economic development, women entrepreneurship has to encourage maximum extent. Ethiopia has wide opportunity especially in small and medium home industries to flourish women entrepreneurship in rural and semi-urban areas.

Society has to free the clutches for women and they are capable to do so what the men can do. Male dominant society has to demise by encouraging women entrepreneurship especially in developing countries. For instance, Nobel Laureate Prof. Wangeri Mathai of Kenya, U.S. Secretary Hilary Clinton, Mother Teresa migrated from Euro country to India won the Noble Price Prize for Social Service. Singer Madonna, Sri Lankan women bagged the First lady President of the world. Indira Gandhi, Former Indian Prime Minister, German Chancellor Angela Merkel, Brazilian President Dilma Roussef, Melinda Gates Co-chair, Bill & Melinda Gates Foundation. Even the fast growing country Like India, the president of nation and the speaker of parliament both are women. Fortune 500 listed the most powerful women in business by rank in 2010 showed No.1

lady was Miss. Indra Nooyi at the age of 55 leading the PepsiCo business in USA. Irene Rosenfeld in 2<sup>nd</sup> rank from Kraft Foods, Patricia Woertz had 3<sup>rd</sup> rank from Archer Daniels Midland. While Oprah Winfrey fell No. 16, her power and influence in flux without the platform of her eponymous syndicated talk show. Thus, the Role of Women is crucial to any society's formation and today the world has recognized the need for promoting women Entrepreneurship.

Business is tough especially for Women. Tough time never goes. It is the tough people who do it. Woman is tough but she has to be very tough to succeed in business world. The best example in entrepreneurial achievement, an Indian Women Kiran Mazumdar-Shaw, Chairman of Biocon PLC, who became India's richest woman in 2004, an estimated US\$ 480 million. She established Biocon in India with a capital of USD 200 in her garage in 1978. The initial operation was to extract an enzyme from papaya. Today, her company is the biggest biopharmaceutical firm in the country. Therefore, to awaken people, it is the woman who must be awakened. Once she is on the move, the family moves, the village moves and the nation moves.

A report of SIDA shows that the MSE sector is characterized by a low-skill labor force. According to the 1997 CSA survey 59% were illiterate and only 20% had received elementary education, though this may have changed over the past decade or so. According to the CSA 2006 survey of small scale manufacturing industries 82% of the persons engaged in small-scale manufacturing are literate. Fewer than 40% are educated to 12<sup>th</sup> grade and above. Productivity represents a pathway along which technology; human skills, capital assets, and management techniques combine to influence the performance of individual plants, workers, and firms and then whole industries, regions and finally for the nation. Generally, Women dominate the MSE sector in Ethiopia and their participation in the private sector is comparable to other African countries. Women entrepreneurs play an important role in the economy. Their products and services contribute to GDP growth. Women entrepreneurs also generate income and employment for man.

Women have the equal right as the men enjoying in the society. Utilization of capacity and building nation is our responsibility otherwise a total waste of human resource at mass. Formulating laws and policies are not enough at most of the times these laws and policies just remain on paper. The demographical status of women around the world estimated in per cent 50-50. A worldwide consensus on the critical role of competitive markets and entrepreneurs in economic development has emerged in the last decade. In developing countries, the primary barrier to economic growth is often not so much a scarcity of capital, labor or land as it is a scarcity of both the dynamic entrepreneurs that can bring these together and the markets and mechanisms that can facilitate them in this task. In order to build the dynamic entrepreneurs, in one way education plays a pivotal role in existing situation to build the socio and economic development of any a nation.

The Central Statistical Authority (CSA) reported that the Ethiopian women operated about 65 per cent of microenterprises and 26 per cent of small-scale

manufacturing enterprises in Ethiopia. Many of the factors were influencing on them, especially the low representation of women entrepreneurs in the small-scale manufacturing sector has been attributed low levels of education and lack of opportunities for training is the major reason, second factor attributed heavy household chores that leave women less time to devote to their businesses and lack of contact with and exposure to the business world. The ability to offer the type of collateral normally required for access to bank loans is final reason denied them. The over dependency on agriculture and Unemployment will be the major challenge for the government in this century. Thus, women entrepreneurship is one of the trust areas and it has ample scope especially in rural and back ward areas of Ethiopia.

The role of women in business or entrepreneurship is immense. Now-a-days women enter not only in selected professions but also in professions like trade, industry and engineering. Women are also willing to take up business and contribute to the Nation's growth. There role is also being recognized and steps are being taken to promote women entrepreneurship. Resurgence of entrepreneurship is the need of the hour. Women entrepreneurship must be mould properly with entrepreneurial traits and skills to meet the changes in trends, challenges global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena. Bangladesh and India had already had some success in small entrepreneurial women groups is the model for others.

To define an SME is an enterprise owned and controlled by women having a minimum financial interest of 51% & above. Generally in rural and semi-urban area, the small business owes money to the single ownership is considered as women entrepreneurship most of cases. Generating employment for women is the major challenge especially for young graduates in Ethiopia. Many Euro countries are encouraging entrepreneurship immensely is the recent trend. There are sufficient opportunities if they employ self as an entrepreneur. Small and medium Scale units absorb labor force as new entrants. But, the problem of dual role to play at workplace & at home place, women non-awareness of facilities provided by Ethiopian Government is lagging behind them. Like, Ethiopian Women Exporters Association (EWEA) established to improve business opportunities for Ethiopian entrepreneurs. It currently has 40 members, each with women-owned companies representing five sectors: Flowers, Coffee, Textile, Leather and Jewelry/ Handicrafts. In India, especially Yojna Schemes and Programs for women's economic development through entrepreneurial activity is remarkable one. As a member of many different associations on local, national and international level EWEA additionally offers a wide network of partners and supporters that is of advantage for all member firms. This network will help the new entrants at the most.

The development of women enterprises will contribute to expansion of existing industrial base. In Ethiopia, the last decade some positive institutional approaches were adopted with a view to stimulate process of industrial growth. This requires a change in cultural ethos and training the male mindset to recognize women as equals and not inferior to them through a multipronged action at legislative, administrative, legal, social, educational and cultural levels.

Ethiopian Government saw that economically empowered women would benefit national prosperity. In March 2001, it joined the World Bank, Italian Cooperation and other donors to implement the Ethiopian Women's Development Initiatives Project (WDIP) to provide economic and social opportunities for Ethiopian women. The hidden entrepreneurial potential of women has gradually been changing with the growing sensitivity to the role and economic status in the society. Women are increasingly becoming conscious of their existence, their rights and their work situations. Government of Ethiopia is to be successful in its efforts to eradicate poverty and to strengthen the private sector as a creator of employment and Economic growth. Part of this challenge will be changing attitudes about work in the MSE sector and a revitalization of the entrepreneurial spirit in the country. Micro and small enterprises are a special focus of the Government, given that they comprise the largest share of total enterprises and employment in the non-agricultural sectors. In recognition of the important role women entrepreneurship in Ethiopia for economic development and sustainability in 21<sup>st</sup> century is predictable soon.

Some of the positive measures are being taken by the government to stimulate economic growth and reduce poverty. For the Small and Medium Entrepreneurship level both financial and non-financial support services. Different sources of finance for the sector at present include: the traditional or informal sources; quasi-formal sources; banks, and micro-finance institutions (MFIs).

Economic development is unthinkable without the participation of women. In some economic sectors women even constitute a proportionally larger group of the labor force than men. Ethiopian women are actively involved in all aspects of their society's life. Women are both producers and procreators and they are also active participants in the social, political, and cultural activities of their communities. Thus, creating them into entrepreneurial activities is the major aspects of the government. Encouraging women entrepreneurship will be the benefit for economic development of Ethiopia.

In order for a woman to be empowered however, she needs access to the material, human and social resources necessary for making strategic choices in her life. Yet women have historically been disadvantaged in accessing not only material resources like credit and other property, but also in obtaining social resources such as education, information and modern technology. All of these factors have negative implications for the type of enterprises that women are engaged in.

In Ethiopia, Government has given an ample opportunity for women entrepreneurship for sustainable development. Still it has to facilitate the conditions conducive to the speeding up of women entrepreneurship will bring the changes in economy as a whole and house hold income in particular. Even many NGO's and Associations are working to accomplish the MDG's. Women's can seek the help of Addis Ababa Women Entrepreneurs Association (AAWEA). The objectives of the association is to help members understand the different economic investment policies, laws and rules of the country and find solutions of their common

problems by facilitating favorable conditions for discussion with policy makers. Second object is to provide training to the members of the association to up-grade their business skills and techniques. Association is meant to facilitate network relation system with similar domestic and foreign organization for experience and information exchange. Finally, to promote the products and services of the women Entrepreneurs in the country and abroad and providing Counseling service for women entrepreneurs.

In Ethiopia, the last decade some positive institutional approaches were adopted with a view to stimulate process of industrial growth. This requires a change in cultural ethos and training the male mindset to recognize women as equals and not inferior to them through a multipronged action at legislative, administrative, legal, social, educational and cultural levels. Though, small entrepreneurship are offering better prospects for economic growth, at the same time, they are facing severe problems and difficulties on account of inadequate finance, lack of technical and managerial skill, lack of efficient and modern equipments, shortage and lack of regular supply of power, difficulties in marketing, less demand for output, lack of proper infrastructure facilities, difficulties in project selection, insufficient institutional finance and consultancy, inadequate subsidy from the Government and the like.

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