

## **Assessment of the Challenges and opportunities of Women Entrepreneurs in Sodo Town, Wolaita Zone, SNNPR**

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### **Abstract**

*This study was aimed to assess the challenges that hinder the performance of women engaged in service enterprises. It also aimed to find out the main opportunities that women entrepreneurs might access to attain their goal. Accordingly, it identified lack of working place, shortage of working capital, shortage of training, lack of credit facility, burden of double responsibility and absence of husband support, and poor education back ground were major challenges that constrained the performance of women entrepreneurs. The various institutions providing support to women together with the current constitution are considered as opportunities for women entrepreneurs in the study area. The study utilized descriptive cross sectional statistics to analyze quantitative data and content analysis to compute qualitative data. Various points to tackle the challenges and to utilize the different opportunities available to improve the performance of women entrepreneurs were recommended.*

**Keywords:** challenges, opportunity, women entrepreneurs, Sodo, descriptive statistics, content analysis.

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## **Introduction**

Entrepreneurship is a worldwide phenomenon with economic growth across the globe positively linked by the emergence of new, small and innovative businesses start-ups (Shane, S. 2003). These new, small and innovative businesses play a significant role in job creation, reduction of unemployment, emergence of technology and innovation, creation of new market (demand) for goods and services and economic growth ( Shane, S. 2003).

Entrepreneurship has been held as a driving force of economic growth in both developed and developing countries through bringing together opportunities and resources (Ebner, 2005; Matlay, 2006). It is also a mechanism by which many people enter into the economic and social mainstream of society, facilitating culture formation, population integration, and social mobility (Shane, S. & Venkataraman, S. 2000).

Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, physical, social risks and receiving the resulting rewards of monetary and personal satisfaction (Hisrich, 2005). Entrepreneurship is the process of discovering, evaluating and exploiting opportunities, which go on to verify them in the form of new business venture (Stevenson, 1990).

The role of entrepreneurship and an entrepreneurial culture in economic and social development has often been underestimated. Over the years, however, it has become increasingly apparent that entrepreneurship indeed contributes to economic development. Nevertheless, these significant numbers of enterprises were owned by men (ILO, 2006).

Women's creative, innovative and inventive as entrepreneurs in the global arena, have been the source of great developments in industrial, manufacturing and service sectors. Their role is explained as the engine of economic and industrial development, stimulating and encouraging investments, creation of employment opportunities etc. (Arasti, 2007).

Entrepreneurship plays an important role in creating jobs, innovation and growth. Fostering entrepreneurship is a key policy goal for governments that expect that high rates of entrepreneurial activity will create sustainable jobs (OECD, 2012). Self-employment also contributes to job creation in Europe, as 30 % of the self-employed have employees of their own. European-level data indicate that the self-employment sector has shown a degree of resilience during the recent economic crisis, as the relative decline in self-employment has been more moderate in comparison with salaried employment (European Commission, 2010).

“Women Entrepreneurship” means an act of business ownership and business creation that empowers women economically increases their economic strength, decision making capacity as well as position in society. Women-entrepreneurs have been making a considerable impact in all most all the segments of the economy (Sharma, 2010).

Women entrepreneurs face and deal with a diverse range of challenges and problems on a day-to-day basis and these have been hampered their growth and the potential contributions they could make towards creating meaningful and sustainable employment and a vibrant small business base. In order to identify and implement strategic actions to support the development and growth of women's enterprises, the ILO, in partnership with Ireland Aid, as part of the In Focus Program on Boosting Employment through Small Enterprise Development(IPS/SEED) commissioned a Women's Entrepreneurship Development (WED) research project in three countries- Ethiopia, Tanzania and Zambia (ILO, 2003).

Socio-cultural backgrounds such as social attitudes, religion values, family backgrounds, and ethnicity contribute to explain individual differences among group of women even when they live in the same society. Thus differences in background characteristics represent differences in the life circumstances that affect value priorities. Personal values owners' hold have a profound influence on the behavior and choices they make (e.g., Hambrick 2007; Kasser et al. 2007) including the choice of criteria by which they judge their business successes (Gorgievski, Ascalon, and Stephan 2011).

Women make up an important segment of sub-Saharan Africa's micro and small business sector (MSE). A study conducted by the African Development Bank and ILO in 2004 indicates that micro-enterprises with less than ten employees constituted over 99% of the countries' micro-, small- and medium-sized enterprises in Ethiopia, Kenya and Tanzania. Of that, the share of women business owners was reported to be roughly 65% in Ethiopia, 45% in Kenya and 43% in Tanzania. Similarly, according to a 1991 survey in Southern Africa, female entrepreneurs played a larger role in MSEs in the region, accounting for 73% of such entrepreneurs in Lesotho, 84% in Swaziland, 62% in South Africa, and 67% in Zimbabwe (USAID, 2010).

Ethiopia is a country, which has a population that accounts of 96,633,458 million and the women make up of more than 50% (CSA, 2014). The participation of women in entrepreneurship has been under serious obstacles both at the operation and at the start up level. Some of the most critical constraints raised at different forms include access to finance, access to premises and land, infrastructure, training in entrepreneurial and management skills and information availability in business opportunities (CSA, 2004).

Among the towns in Wolaita Zone, Sodo is one in which a large number of women entrepreneurs are found. Information taken from Sodo town Trade and Industry office has shown that around 780 women entrepreneurs were found in the town. According to previous reports, Micro and small scale Enterprises operating in the town of Sodo, the seat of Wolaita Zone were suffering from marketing and working premises shortage (Ethiopian Herald, 2015). There were scant researches conducted in areas of women entrepreneurship in the study area. Previous studies in the area of entrepreneurship nexus with women were limited and cannot pave way to design intervention scheme in the study area. To craft appropriate policy for intervention and to take appropriate measures for challenges, identifying them is taken as the first step. Furthermore,

there are so many opportunities that the women entrepreneurs could access but yet not utilized by them. Therefore, the aim of the research was to identify the major challenges threatening the performance of women entrepreneurs in the town. It also aimed to figure out those opportunities for women entrepreneurs that improve their performance.

### **Limitation of the study**

Despite the fact that efforts have been made, the researcher faced some problems during the entire course of the research work. The majority of the respondents' have low educational background which caused some negligence in filling the questionnaire. Some even did not give values to the questionnaire and some others did not return the questionnaire. On top of this, some others see the questionnaire in different perspective even though orientations have been made. Furthermore, the respondents were scattered in different sites to provide in giving orientations, following up them and collecting responses. But, the commitment of the researchers to reverse the aforementioned challenges by replacing non-respondents, avoiding negligently filled out questionnaires and data cleaning made the work to end up with the existing quality.

### **Research Methodology**

Sodo is a town in south-central Ethiopia, the administrative center of the Wolaita Zone of the Southern Nations, Nationalities, and People Region. It has a latitude and longitude of  $6^{\circ}54'N$   $37^{\circ}45'E$  with an elevation between 1600 and 2100 meters above sea level. Based on the 2007 Census conducted by the CSA, this town has a total population of 76,050 of whom 40,140 are men and 35,910 are women. The majority of the inhabitants were Protestants, with 54.61% of the population reporting that belief, 38.43% practiced Ethiopian Orthodox Christianity, 4.76% were Muslim, and 1.28% was Catholic (CSA, 2014).

The study was conducted during January to June 2016. A descriptive survey and qualitative research design was employed in the study to assess the main challenges and opportunities that exist for the performance of women entrepreneurs in Sodo town.

The three sub-cities taken as strata so that stratified sampling technique with proportional number of respondents was selected for this study. Top officials of Omo microfinance, micro and small enterprise office, and trade and industry office purposively selected and interviewed to gather information.

Simple random sampling technique was employed for data collection from each stratum. Sample size for the study was determined by using Yamane, (1967) Formula

$n = \frac{N}{1+N(e)^2}$ : where N is universe, n is the required sample size, e<sup>2</sup> is error limit at 90% confidence interval

According to Trade and Industry office of Sodo Town, the number of women entrepreneurs engaged in service enterprise in Sodo Town were 780 ( 200 in Arada sub-city, 320 in Mehal sub-city and 260 in Merkato sub-city) which is the universe, thus the sample required for this study using the above formula was 88. Thus using proportionate random sampling technique, 26% from Arada, 41% from Mehal and 33% from Merkato assigned and then 23 from Arada, 36 from Mehal and 29 from Merkato respectively, were sampled during the study period.

### **Data source**

All the relevant data or information was generated both from primary and secondary sources. The primary data was collected through survey, key informant interviews, and focus group discussion. The secondary data was generated through reviewing policies and strategies of the country, the yearly/annual reports and performance reports of selected years of the city and GTP-I.

### **Analysis**

After completing the qualitative and quantitative data collection and document review, the generated data or information was analyzed via SPSS V 20, summarized and presented. For the qualitative information, editing, coding, and categorizing the information was carried out thematically. The analysis was assisted using the idea of Bazeley (2009) that involves thematic analysis (*three key strategies*), including description of data, classification of data, and seeing how concepts interconnected. First the raw data were transcribed as they were; then classified into groups based on their similarities and differences; at the end, connections were made between the information. The quantitative data was computed descriptively.

### **Result and Discussion**

The empirical data obtained from the survey, KII, FGD, and data from the secondary sources through desk review affirm that there are challenges threatening women entrepreneurs in the study area. The findings also indicated that the efforts that have been made and the amount of resources that have been invested to empower women were still at infant stage.

The majority of the respondents (62.5%) from the three sub-cities (table 1) did not access credit from the formal institutions rather they have got it from money lenders to startup and strengthen their service enterprises. Few of them claimed that they have got the credit from Omo microfinance, wisdom and private banks as clearly depicted in the same table. The respondents claimed that they did not have sufficient information about how to access credit from formal institutions. This clearly indicated that the complexities of credit system hindered women entrepreneurs from accessing credit to use it as startup capital in order to engage themselves in business which was in agreement with study conducted in Bangladesh, India and Ethiopia (Anis and Hasan, 2013 ,Vijayaragavan, 2014, Mohammmed *et.al.*, 2014).

**Table 1: Credit access and source for women entrepreneurs in Sodo town**

Credit source	Sub cities			Total and percentage
	Mehal	Arada	Merkato	
Money lender(individuals)	20	16	19	55(62.5%)
Omo microfinance	6	3	2	11(12.5%)
Commercial bank	-	-	-	0
Private bank	2	-	-	2(2.3%)
Wisdom	-	-	3	3(3.4%)
No source	8	4	5	17(19.3%)
Total	36	23	29	88

Source:-survey Questionnaire

Women in Arada sub-city complained that they were suffering from market shortage and difficulties in getting working premises where their businesses were going to be less productive. This study agrees with similar findings in other parts of Ethiopia and Niger (Mohammmed *et.al.*, 2014, Mulugeta, 2010, Otoo, *et al.*, 2015). In a similar fashion, studies conducted in different parts of the developing world critically explored that shortage of market information and working premises were one of the key problems that hinder the productivity of business owned by women (Susan and Maura, 2013).

**Table 2: Types of service enterprises owned by women in Sodo town**

Sub city	Enterprise type				Total
	Restaurant	Hotel	Grocery	Shop(kiosk)	
Mehal	3	2	2	29	36
Arada	5	-	-	18	23
Merkato	7	1	1	20	29
Total	15	3	3	67	88

Source:- survey Questionnaire

The above table (table 2) depicts that the majority of the women were engaged in small businesses like kiosk than hotel or restaurant. The employment opportunity for others was created more in hotel and restaurant enterprises than in kiosk. This suggested that the women entrepreneurs in the town did not have sufficient capital to run large business and create an employment opportunity which agrees with findings in other parts of Ethiopia and Niger (Mulugeta, 2010; Mohammed *et.al.*, 2014; Otoo, *et al.*, 2015).

The average startup capital for the respondents' was 3000 birr which clearly indicated that the women entrepreneurs in the study area were engaged in small service enterprises like kiosk.

Most of the women interviewed had age of 45 or more and their education level (table 3) was on primary (1-4) or not exposed to formal education related to entrepreneurship which hindered them to find information required to carry out business networking and pass appropriate decision to improve the performance of their business which agrees with study conducted in South Africa and Ethiopia (Akhalwaya,A. and Havenga, W. 2011,Mulugeta, 2010, Mohammed *et.al.*, 2014).

**Table 3: The level of education among the three sub cities**

Education level	Sub city			Total	Percentage
	Mehal	Arada	Merkato		
Illiterate	12	9	7	28	53.41 %
1-4	8	5	6	19	
5-8	4	3	4	11	46.59%
9-10	6	2	5	13	
10 and above	6	4	7	17	
Total	36	23	29	88	100%

Source:- survey Questionnaire

In a similar fashion, the majority (62.5%) of the respondents (table 4) did not have exposure to attend trainings that could help them to tap out their personal entrepreneurial competence in order to maximize their business performance. This study was consistent with the findings of Heffernan, M. (2003) where lack of training could have effect in women entrepreneurs to explore out the personal entrepreneurial competence that might help them improve their business success.

**Table 4: Participation of Entrepreneurship training in Sodo town**

Sub city	Exposure to Entrepreneurship training		Total
	Yes	No	
Mehal	15	21	36
Arada	8	15	23
Merkato	10	19	29

Total	33(37%)	55(62.5%)	88
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Source:- survey Questionnaire

Almost all respondents under this study were performing double responsibility which is household choiring activities and running their business which might be associated with their engagement in less profitable service enterprises(kiosk) which agrees with the finding in Bangladesh (Anis and Hasan, 2013).

49(55.5%) of the respondents from the three sub cities claimed that their large family size created difficulties in engaging themselves with full time work in their enterprises because they were in charge of taking care for their family members. Besides, their husbands even did not encourage them to move out of their residence to run different business which was in agreement with similar study in India (Vijayaragavan, 2014).

The focus group discussants and respondents participated in the KII affirmed that women in the town were suffering from double house hold responsibility, lack of startup capital and credit facilities to commence and run the medium to large sized firms.

The MDG strictly emphasize that any development intervention project or program should empower the disadvantaged groups such as women and youths. Although there were attempts made to empower women economically in the first GTP, focus group discussants raised that they are suffering from short of credit facility, provision of working premises and market tie-up.

The major challenges identified in these study were, poor educational background, double responsibilities, shortage of training, lack of awareness on credit access, and market problem.

The main opportunities for women entrepreneurs identified in the study area were Beauty Salon, Hotel, Restaurant, Urban Agriculture, Construction, Manufacturing among others were available according to the Town trade and industry as well as Micro and Small enterprise offices. Besides, the government attention to women in the constitution, improved family law brought to promise equality of opportunity in all spheres to Ethiopian women guarantying for their equal right of participation in politics and equal opportunity and rights in education and employment as well as economic benefit from participating in entrepreneurship were clearly enacted.

Key Informant Interview participants and focus group discussants indicated that government institutions such as TVET, Omo microfinance, Wisdom, Trade and Industry office, Micro and small enterprises office, Women, youth and children affair office among NGOs that are available in the town to provide training in the area of entrepreneurship to capacitate women; offer credit and financial assistant to empower them; and facilitate access to working premises for women entrepreneurs. On top of this, provisions of technologies that suit best are also available if women are interested to engage themselves in embroidery and other enterprises according to the city administration.

Ethiopia is characterized by having half of its population is women and also having large pool of young population which could be an input as a work force to business venture. Key Informant Interview participants and document review indicated that the Ethiopian Entrepreneurship Development Center (EDC) in collaboration with the Federal Micro and Small Enterprises Development Agency, Urban, House, and Construction Ministry as well as UNDP has currently devised and offering a special training program known as customized training destined for women. Besides, the same center (EDC) was providing business advisory services with trained and certified experts which could be taken as best opportunity for women entrepreneurs.

### **Conclusion and recommendation**

Women have better potential, self-confidence, determination, commitment and motive to set up a new venture, uphold and supervise their own enterprises, make profit and use in a very systematic manner than that of men counterpart. The right kind of assistance from family, society and Government can make these Women Entrepreneurs a part of the mainstream of national economy, poverty alleviation, reduction of unemployment and they can contribute to the economic development and growth. The challenges and prospects identified in this study based on women entrepreneurs engaged in service enterprises in Sodo town enabled in understanding the overall scenario of women entrepreneurs. The study identified lack of working place, shortage of working capital, shortage of training, lack of credit facility, burden of double responsibility and absence of husband support, and poor education back ground as major challenges that constrained the performance of women entrepreneurs. The various institutions providing support to women together with the current constitution are considered as opportunities for women entrepreneurs in the study area. Taking the aforementioned facts into consideration, the following points are recommended:

- Every public, private and NGOs effort should be exerted to assist women entrepreneurs to build their capacity.
- Continuous awareness on male counter parts and family members should be created to share and reduce the toll of the burden of household choiring activity.
- Provision of training and advisory services has to be conducted and considered to be a prerequisite in collaboration with federal and regional EDC coordinators before and during the engagement of business venture.
- Financial institutions like Grameen Bank of Bangladesh that facilitate credit to women alone should be established in Ethiopia to support them.

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