Survivalist Women Entrepreneur’s Motivation and the Hurdles to Succeed in Ethiopia

Amensis Gudeta
Department of Public Administration and Development Management, Dire Dawa University, Ethiopia
P.O.Box:1362 Dire Dawa University, Dire Dawa, Ethiopia

Abstract
This review was intended to ascertain how the pulling/pushing factors either motivated/enforced women to start survival oriented businesses are the hurdles impeding women entrepreneurs to remain within poverty trap. To realize this objective the study has tried to envisage both empirical and theoretical studies. Thus, the review found entrepreneurs’ education, multiple responsibilities, credit, government policy, networks, and businesses women preferred to do either inspired or forced women engage in survivalist small businesses were also forces inhibit growth. Moreover, survival oriented businesses were a vicious circle keeping women to remain at similar level of income and business size. Therefore, the government should deploy gender sensitive strategies, promote linkage with small and medium scale businesses, introduce responsive financial institutions and training centered for supporting survival oriented businesses to foster women entrepreneurs.

Keywords: - Entrepreneurship hurdles, Motivation, Survivalists, Women entrepreneurs

1.1. Introduction
Development is unlikely by harnessing half of the nation’s resource unless women involved as one wood alone cannot make fire. Misango (2013), argued that women’s involvement in entrepreneurial activities have significant impact on the economy, society and poverty reduction. As a result, promoting entrepreneurial activities is a key policy agenda for enhancing employment, income opportunities and addressing poverty (Jarmin and Miranda, 2010). Women entrepreneurship is not only necessary for their economic survival but also for strengthening the social system. Sub-Saharan Africa Trade and Economic Cooperation Forum Report (2003), shows participation of women entrepreneurship is very encouraging in some African countries.

Albeit business activities growth in global economy 88-93 percent of businesses owned by women did not export any goods or services due to the challenges they face in business (Kizilansan, 2007). Studies exhibit although women in Africa are starting new businesses at a rapid rate, maintaining and growing a business well beyond start-up is a serious challenge for all entrepreneurs, but women seem to exit businesses at an even higher rate. In terms of business performance they make less revenue compared to their male counterparts (Kelly et al., 2015). Global Entrepreneurship Monitor Report indicates that the rate of involvement of women and men in entrepreneurship in most Sub-Saharan Africa economies is almost equal. Nonetheless, as compared to men, majority of women in most Sub-Saharan Africa countries are involved in the informal enterprises focused on survival business where growth seems foggy.

Ethiopia is also fostering women entrepreneurship in order to increase enterprises in development process. In Ethiopia although one and half million people earn their living by involving in the small-scale enterprises among which women are the majority (Reta, 2000). But women entrepreneurs face peculiar challenges in an attempt to achieve success (Hatcher, Terjersen and Planck, 2007); usually women in less developed countries face much more barriers to formal economic participation (Allen et al; 2008). However, developing women entrepreneurship as a driver of inclusive development requires a gender lens leading to integrated strategies that promote enterprise development and combat inequality.

The push and pull factors identified by Brush (1999); Buttner & Moore (1997), are factors behind women to start a business. Necessities of unemployment, inadequate family income, the need to accommodate work and home roles at once pushes while independence and the need to succeed pull women either to start own business. However, these pulling and pushing factors are a trap caught women to linger at doing necessity based businesses contrary to growth oriented. In this regard studies conducted focused on gender differences and their relationship to business creation, entrepreneurial intentions, motivations and self-efficacy (Welter et al. 2006); financing problems (Carter et al. 2007); management practices, growth and strategies for success (Brush and Hisrich, 1988) but failed to study how these pushing and pulling factors affect women entrepreneurs. Therefore, this paper tried to address how the pulling or pushing factors to startup business are a hurdle impeding women entrepreneurs’ success and growth by emphasizing on women’s education, multiple responsibilities, credit, government policy, networks and preferred business women perform.

1.2. Discussions
Education: The share of women in Ethiopia without education is almost twice that of men, which in turn limits women entrepreneurs’ ability to grow their businesses (The Ethiopian Demographic and Health Survey, 2011).
Ethiopian women who start up business regardless of its size are characterized by low level of education. They are those who have more difficulties finding a paid job and therefore, see no other possibility than to engage in entrepreneurship. For instance, Desta (2010), opined women account 60% of MSE but characterized by a low-skill labor force; Jemal (2013), delineated that half of the women interviewed have only completed secondary education. Nevertheless, education among women entrepreneurs is vital to understand business environment.

Studies suggest education is one that can affect women entrepreneurs’ business performance (Gatewood et al. 2004); education contributes to women’s business growth and entrepreneurial performance; women with higher level of education likely to be able to identify and seize the opportunity (Wit and Van, 1989); education have significant positive influence on entrepreneur’s business performance (Shane, 2003). Although education is an important factor of entrepreneurship, women entrepreneurs in Sub-Saharan Africa are mainly challenged by low levels of educational attainment (GEDI, 2014). Because educated one are more likely to pursue opportunity-based ventures than necessity entrepreneurship (Bhola et al., 2006).

Therefore, low educational levels are characteristic of the women who operate survival level enterprises, especially in the slum areas of the city. Majority of women in Ethiopia who either forced or inspired to join small businesses because of their low educational background are missing the vital facet which helps them to grow and conduct successful enterprise. It is impeding and forcing them to remain within the vicious circle of survival business activities. Thus, through survivalist/necessity oriented businesses women try to prevail over multifarious responsibilities.

Multiple responsibilities: Women have multiple responsibilities than their men counterparts (carryout domestic work and raise additional income). Taylor (1988) and Fierman (1990), suggested flexibility to manage their dual responsibilities and to live a more balanced life are the major motives for women leave paid job and start their own. Entrepreneur’s attitude is important in identification and exploitation of entrepreneurship opportunity (Boyd and Vozikis, 1994). Family issues and responsibilities are important to women and can influence their career choices for those women inspired by their multiple responsibilities to startup business. Hence, women inspired/forced to start up business due to multiple responsibilities are start to prioritize domestic work. Verheul et al. (2006), hint the priori of women’s family context has a negative effect on female entrepreneurship due to the high demand on their time. McClelland (1961), argue individuals with a strong need to achieve often find their way to entrepreneurship; Rotter (1966), internal locus of control motivates and supports active striving, while the external control impedes learning and encourages passivity. Routinely the problem is exacerbated by their family size. Allen, et al (2008), argues most women with family sizes of more than five people were likely to become entrepreneurs. However, those women motivated by domestic responsibility to leave paid job and start up their business highly caught into the trap domestic responsibilities. Therefore, though women launch business to subsidize family’s income such beliefs keep women entrepreneur’s role focus on raising children and caring more for family.

Studies conducted by Jennings & McDougald (2007); Jamali, (2009), also depict women business owners are more likely to experience work-family conflict (stress) and can utilize coping strategies that constrain rather than enhance the growth of their businesses. They opt to respond to all demands, lowering of career aspirations, reducing working hours, turning down business opportunities, and cutting back on community involvement. Women over burdened with family responsibilities, extra attention to husband, children and others which take lots of their time and energy. Consequently, women's family obligations bar them from becoming successful entrepreneurs mostly in case they have limited finance.

Credit: Liberal feminism advocates the social and economic reform can only be possible if women are given the opportunities and status as their men counterpart to participate in economic issues. In developing countries credit and micro finance institutions play an important role for economic empowerment. As a result, studies manifest credit affects entrepreneurs business performance in Kenya (Peter, 2001); it affects the income and wellbeing of women in Uganda (Lakwo, 2007); it also had positive impact on performance in Nigeria (Ojo, 2009); credit and training had positive impact on women entrepreneur’s performance in Tanzania (Kuzilwa, 2005). Credit not only helps women to startup business but also it provides the opportunity to improve business in order to make profit and improve their lives (Brana, 2008). Nonetheless, in practice, most credit is tailored to benefit a small group of (mostly male) growth-oriented entrepreneurs and fails to address the specific needs and wants of informal (mostly female) survivals. Moreover, the modalities of accessing loan are not secure enough to foster growth of women entrepreneurs. As Buvinic et al. (2013), argued that provision of capital alone can work if it is delivered in kind is friendlier to the success of women entrepreneurs. Because it can help women to invest and maintain the capital in the business and avoid pressure to use cash to resource other family members or household needs.

In Ethiopia about 27 micro finance institutions operating in the country currently meet less than 20% of the demand for financial services (EDRI, 2004). The loan ceilings, the amount that women can borrow from micro finances will not meet their needs for growth from micro to small, or to start small and grow to medium and
large enterprises. Micro Finance Institutions cater mainly for the lower (‘economically active poor’) echelon of clients while banks cater for medium and large enterprises. Thus, the existing credit facilities are not filling the vacuum classically to survival oriented businesses owned by women entrepreneurs both in terms of access and affordability of interest rate. Pankhurst (2003), and Rahmato (2004), have reported that women do not have adequate access to finance from commercial banks, and that they rely heavily on indigenous social capital schemes called “iqub” for raising finance needed for business ventures. In which the amount is insignificant.

Survivalist women entrepreneurs face not only securing credit but also utilization of the same is problematic. Goetz and Gupta (1996) and Noponen (1990), opined that women may repay through taking loans elsewhere and getting into serious debt. Women loaners suggest giving loan does not have any meaning unless they follow, encourage, and support when it is needed. This situation makes women feel that the money is simply given as a gift (Dereje Kifle et al., 2013). This day credit programs are merely using women as unpaid debt collectors mediating between credit institutions and male. In due course, the challenges of credit for women are both apparent and real. This demonstrate they are not given due respect and they are not made to feel comfortable by financial institutions. Therefore, it is apparent that women entrepreneurs doing survival oriented business face setback to grow through obtaining small loan from credit institutions which further imply policy defects.

Policy: Women-focused policies and programs are fundamental in defining a suitable path and establishing structures that will enable women use their skills, develop their potential and contribute to the economy and nation at large. These policies are therefore viewed as critical in consolidation and amplifying women’s voices. For this Ethiopian Government vide a national policy on women in 1993, expressed its intension for eliminating gender and cultural biases hindering women from participating equally in the economic and social development. As a result government policies and regulations on women empowerment, credit opportunity, and small business promotion advocated through media outlets are inspiring women to startup small businesses primarily survival oriented or coping mechanism. However, Mehra et al. (2013); Duvendack et al. (2011), asserted that a policy focused on financing women has had very little impact on women’s agency and has not enhanced women’s ability to control, own and make decisions over financial assets and resources in the household or market place.

A survey conducted by the Ethiopia Welfare Monitoring Unit sited in Eshetu and Zeleke (2008), shows women entrepreneurs in Ethiopia are not provided with adequate policy related and strategic support from the national government. Negash & Kenea (2003), although the government acknowledges supporting enterprises run by women promote gender equality and economic empowerment the majority of enterprises operated by women face difficulty. This depicts that strategic policies introduced to foster women entrepreneurs have inspired survivalist women entrepreneurs to engage but it’s impeding their growth. Moreover the existing policies are characterized by limited institutional capability, integration, pro survival orientation, and few resources are dedicated to its mandate. In Ethiopia policies lack reforms for a more enabling business environment (e.g. making business registration easier), improving linkages between smaller or weaker businesses and larger businesses in a value chain or clustered groups of businesses, and providing financial and business development services for individual entrepreneurs. Likewise, enterprise development strategies generally use gender-blind outcome indicators, credit provision and failed to consider characteristics of survival oriented businesses for their interventions.

In fact, in Africa as Mbeki (2005), opined structural problems such as corruption, bureaucratic hurdles and predatory political elites create a business climate does not reward individual enterprise and discourage new venture creation. Ethiopia has been unable to provide favorable conditions for entrepreneurship to thrive beyond issuing policy. Besides, for example, higher academic institutions lag behind in addressing survivalist women entrepreneurs through training, research, and consultancy. Government policies are far from nurturing them to survive and grow. Therefore, the existing bureaucratic and regulatory bottlenecks increase the cost of doing business, reduce its competitiveness and keep women to remain at survivalist businesses and yet forcing women exit as policies are incapable to prioritize growth.

Networks/relationships: Capaldo (2007), stated that entrepreneur relationship is important in the decision to create a business and to innovate within the existing firm. Lawal et al., (2009); Mkpado & Arene, (2007), argued social capital found to have positive impact on the performance of women enterprises in developing countries. Accordingly, the social and cultural aspect of women relationship is far better than men but the nature of relationship women establish is contrary to men. Women prefer to team up with those people in their league who speak their language, relatively equal status (social and economic), and maintain personal relation. Hence, the nature of relationship, social capital and networks in Ethiopia entitles most women entrepreneurs to have small short-term loans to cater for both businesses and social needs. For example, in Ethiopia women are highly engaged in social networks such as Mahber1 and Senbete, Iqqu2, and Debo3 characterized by extravagant

1 Mahber and Senbete are socio-religious associations which hold gatherings, with spiritual and social functions named after saints.
religious practice, limited source finance and labor respectively. Therefore, such relationship helps women to acquire input to start businesses but through this networks succeeding as their male counterpart is exceptional. Renzulli et al. (2000), suggest women have fewer diverse relationships than men, thereby limits the identification of opportunities. In addition women prefer collaborative networks, in many cases using their contacts to obtain more personal support than operational support at the business level (Di’az and Carter 2009).

Furthermore, significant numbers of women entrepreneurs belong to some kind of business association. For example, 70 percent of micro and small enterprise operators surveyed by (EDRI, 2004) belong to some kind of business association but 50 percent considered the networks not to be useful to them. Women entrepreneurship associations are not well networked with mainstream business membership organizations such as Chambers of Commerce and Sectoral Associations, and therefore have very little influence on the services of these organizations to become sensitive to the needs of women entrepreneurs. Minniti and Nardone (2007), argue the importance of role model in their ability to enhance self efficacy. Business associations and networks help women to communicate and solicit business information from model entrepreneurs. However, there is absence of female role models even those available have no contact with women in need of role models. The problem further exacerbated by the type of business women entrepreneurs prefer to conduct.

Business preference: Women start their own businesses as a last resort and as a means of survival, not as a preferred path to potential wealth accumulation and economic success. The choice of industry is based on their previous life experiences which reflect their personality and values. Women tend to choose specific sectors that are considered to be acceptable for women, and because they face certain barriers in other sectors (Mirchandani, 1999). In Sub-Saharan Africa, for instance, 80% of women’s businesses operate in the consumer sector in traditional women’s roles such as hairdressing, food and beverages, and retail and wholesale outlets (Chant & Pedwell, 2008). Said-Allsopp and Tallontire (2014), argues such sectors often require little to no start-up capital, produce lower-priced goods and services with lower value added per hour of work.

Consequently, in one hand women inspired to do surefire businesses because entry is not difficult on the other hand jumping in to growth oriented business is also complicated. Moreover, in comparison with their male counterparts, evidence suggests that female business-owners tend to have lower goals for growth, and this holds across sectors and over time (Delmar and Holmqquist, 2004). Also Mayoux (2001), suggested that women are not positively motivated towards business ownership. They have generally embarked into business by default. They have started enterprises when no other options were available to them in order to alleviate their poverty, rather than purposely pursing business ownership by choice. In survival oriented businesses similar products or services over-crowds the market since entry is easy. To cope with this women shift from one sector to the other, and in doing so, capture better market opportunities. Nevertheless, as soon as the market has established itself, a multitude of further individuals typically women start off in the same business and this causes the selling price to fall immediately. For example in Ethiopia, even relatively better off women tend to focus on areas in which they have traditional gender-based skills and know-how, such as food processing, clothing and hairdressing (Reta, 2000).

Furthermore, Gennari et al. (2015), dictum that supporting women with more economic opportunities and increasing income can shift gender dynamics and roles in the household, potentially contributing to violence against women. Wives earning more than their husbands may, for example, disrupt the role of men as the breadwinners and lead to jealousy or the urge to use violence as a means to demonstrate that men are the boss of the family and that women have to obey them (Slegh et. al., 2013). Therefore, to protect family and keep the marriage safe women may do businesses help them subsidize their consumption than let them earn more.

1.3. Conclusion

In conclusion women entrepreneurs are not a rare breed of human excellence but their rarity summon from the rare opportunity they get to excel and establish by overcoming social and economic inhibitions. Socio economic and political determinants seems mouthwatering to start up new business typically for women intended to subsidize household’s income through doing survivalist businesses is both stimulus and impediments as well. Therefore, to create enabling business environment the government should introduce gender sensitive reforms, linkages in a value chain of businesses and provide financial services for women owned survivalist businesses. Furthermore, business training and finances should intervene with intensive follow-up and technical support tailored to women’s entrepreneurship.

Reference

2 Iqqub is a circular saving system in which relatives, neighbors or friends collect money to build each member’s financial capacity.
3 Debo (a festive labor exchange grouping) individuals come together and contribute labor and skills during tilling and harvesting.


EDRI (2004), Micro and Small Enterprises Development in Ethiopia: Survey Report, Gebrehiwot Bageba and Welday Amha


Ethiopian demographic and health report, 2011


Peter, B. K. (2001). Impact of credit on women-operated microenterprises in UASIN GISHU district, Eldoret, Kenya. In P. O. Aila & P. O. Pedersen (eds),


