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**"UNLEASHING FEMALE EMPOWERMENT: DRAWING INSIGHTS FROM THE  
ENTREPRENEURIAL JOURNEY"**

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**Abstract**

This study delves into the role of Micro and Small Enterprises (MSEs) in the empowerment of women in Hawassa town, Ethiopia. Despite women constituting a significant portion of the informal economy, particularly in MSEs engaged in agriculture, trade, and industry, the extent of their empowerment through these enterprises has not been thoroughly examined. To address this gap, the research collected primary data from 121 enterprise owners using a stratified random sampling technique. The study evaluates the impact of entrepreneurship on women's empowerment through indicators such as economic improvement, social enhancement, skill development, and political empowerment. Data analysis, facilitated by appropriate statistical tools, presents results in tables and graphs. Multiple linear regression analysis identifies influential factors affecting women's participation in MSEs. Key findings indicate that MSEs provide essential employment opportunities for marginalized groups, including the poor, housewives, students, and the unemployed, contributing to family livelihood security. Women entrepreneurs, empowered through MSE engagement, exhibit improved decision-making abilities, freedom from domestic dominance, and increased social involvement. Additionally, they acquire valuable business skills and knowledge. Despite these positive outcomes, challenges such as a lack of market linkage, business premises, high material costs, and insufficient financial resources hinder women entrepreneurs from reaching their full potential. The study concludes by proposing policy options to address these challenges and create a more supportive environment for women in MSEs.

***Key words:*** *Women Empowerment, Micro and Small Enterprises, Vulnerability, Livelihood*

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***Review of Literature:***

Ethiopia, situated in the Horn of Africa, is grappling with severe developmental challenges, including poverty, the world's lowest GDP per capita, and significant structural issues. The nation's economy heavily relies on agriculture, constituting 41% of GDP and employing 85% of the total workforce (African Economic Outlook, 2012). Urbanization between 2005 and 2010 was

estimated at 4.3%, ranking Ethiopia 14th globally, with an urban population of 17% (CIA World Factbook, 2010). Studies underscore the disadvantaged status of women in Ethiopia, with indicators such as limited access to productive resources, education, employment opportunities, basic health services, human rights protection, low decision-making power, and the prevalence of violence and harmful traditional practices (Almaz, 1991; Hirut, 2004; Mukuria et al., 2005, as cited in UNFPA, 2008). Women's significant contribution to economic activities in Africa often goes unrecognized, despite playing multiple roles in society—productive, reproductive, and social—which are not fully acknowledged as economic contributions. While women's economic activities primarily focus on meeting basic needs, resource scarcity and lack of control over resources persist in Ethiopia and other developing countries (UNFPA, 2008). Government policies aim to involve women in various activities, particularly in business, but the expected benefits have not materialized. Women face limitations in property rights and restricted access to external funding. Empowerment, defined as the enhancement of an individual's or group's capacity to make purposeful choices and transform them into desired actions and outcomes (Ruth, 2005), is also described as the enhancement of assets and capabilities to engage, influence, and hold institutions accountable (Bennett, 2002, as cited in Roshani Dangol, 2010).

Women's empowerment focuses on greater access to knowledge, social and economic resources, and increased autonomy in economic and political decision-making processes (Kabeer, 2005). It has become a prominent topic, with nations, businesses, communities, and groups benefiting from programs and policies embracing the concept. Supporting micro and small enterprises (MSEs) is a government strategy expected to enhance women's empowerment by providing options such as employment, income, and asset creation. This approach aligns with the Millennium Development Goals (MDGs) and contributes to job creation, economic stability, economic self-sufficiency, improved family livelihoods, and enhanced decision-making on household expenditures. Women in Ethiopia constitute a significant portion of informal economy operators and MSE runners, with around 60% of the urban workforce engaged in the informal sector (Gebrehiwot and Woldy, 2006). Beyond participating in productive activities, women play multiple roles in society, and their scaling up in the economy can enhance their overall role. In Hawassa town, a notable number of women engage in micro and small enterprises, but the extent of their contribution to women's empowerment remains unknown due to a lack of studies. Therefore, this paper is crucial for measuring the success level in empowering women through MSEs.

### **Methodology:**

To conduct this research, Hawassa town in Ethiopia has been purposefully chosen as the focal point. Stratified random sampling is employed for selecting sample enterprises and respondents. Initially, existing enterprises are categorized into three sectors: manufacturing, service, and trade. Subsequently, 121 sample enterprises are randomly chosen across these sectors. The study relies on both primary and secondary data to achieve its objectives. Primary data is gathered through pre-tested structured interview schedules, assessing various indicators such as economic improvement, social enhancement, skill development, political empowerment, and

protection from discrimination to gauge the impact of entrepreneurship on women's empowerment. The collected data undergoes analysis using straightforward tools like averages, percentages, and chi-square tests. Results are then presented in tables and graphs for clarity. Furthermore, multiple linear regression analysis is conducted to pinpoint the factors influencing women's participation in Micro and Small Enterprises (MSEs).

## Results and Discussion

**Data Findings:** The sampled Micro and Small Enterprises (MSEs) owners exhibit a diverse demographic profile, with the highest percentage (34.71%) falling in the age range of 26-30 years, closely followed by those in the 31-35 age group (23.14%). The majority of MSEs (60.33%) are operated by married women, while 22.31% are managed by unmarried women. In terms of education, 39.67% of the respondents have completed their secondary school education, and 28.10% have attained education up to the junior grade. About half (48.76%) of the women owners have families ranging in size from 4 to 6 individuals, underscoring the challenges they face in pursuing livelihood options. The survey findings further highlight the diversity of MSE activities, with 33.88% of enterprise owners engaged in service-related activities such as selling snacks, tea and coffee, secretarial services, beauty salons, pension management, bars, and restaurants. Another 33.06% are involved in manufacturing, including handicrafts, textiles and garments, flour mills, bakery, and the production of building materials. The remaining 33.06% participate in trade activities such as selling ready-made clothes and computer accessories. Notably, a significant portion of women gravitates towards service activities due to the accessibility of inputs, raw materials, markets, and working spaces, while the manufacturing sector is perceived as requiring more substantial space and investment.

**Women Empowerment and Self Employment:** The Micro and Small Enterprise (MSE) sector is often referred to as the national hub of entrepreneurship, providing an optimal environment for individuals to showcase their talents and achieve their objectives. Across successful economies, MSEs are recognized as crucial catalysts for growth, job creation, and overall social progress. Despite variations in their contributions based on factors like paid-up capital and employment capacity, MSEs significantly aid governments in job creation and poverty reduction. Governments, including Ethiopia, actively support these industries due to the anticipated positive impact. This sector plays a pivotal role in enhancing the living conditions of women, contributing to their empowerment. Therefore, this paper aims to assess the impact of enterprises owned by sampled women, examining their previous and current statuses in terms of social and economic aspects. Evaluating the women's past positions allows for a comparison, offering insights into the elements of empowerment. Economic empowerment, defined as the ability of both women and men to participate in, contribute to, and benefit from growth processes, is crucial for recognizing the value of their contributions, respecting their dignity, and ensuring a fair distribution of growth benefits. Women's economic participation and empowerment are fundamental to strengthening their rights and influence in society. MSEs serve as vital interventions in addressing unemployment issues in any economy. The paper emphasizes how MSEs create job opportunities for respondents, their family members, and others.

A key motivator for entrepreneurship is self-employment, and in the study area, women engaged in MSEs have created job opportunities for themselves and others. Survey results reveal that 90.90% of women secured full-time employment by starting their businesses, while the remaining 9.10% work part-time due to involvement in other sectors. This underscores the significant role MSEs play in generating employment for women, paving the way for their empowerment. These findings align with a study by the International Labour Organization (ILO, 2003), indicating that the majority of women entrepreneurs (85%) are fully engaged in their businesses.

**Employers Income:** As previously mentioned, Micro and Small Enterprises (MSEs) not only provide employment opportunities for business owners but also generate jobs for external individuals. The current study reveals that the sampled SMEs have created 184 jobs, offering full-time employment to 83 people, part-time employment to 68 employees, and involving 33 family members in unpaid roles. Entrepreneurship, with its primary goals of income generation and job creation, especially for marginalized groups like women, aims to enhance their standard of living and ultimately empower them. Income serves as a means of self-help and family support, contributing to securing family livelihoods. The initiation and development of businesses, leading to income generation, play a crucial role in women's empowerment. This paper aims to assess the changes in income for women sampled in SMEs. The majority of these women have experienced an increase in their annual family income compared to their previous earnings before establishing their ventures. For example, before venturing into business, only 4.13% of them had an income between Birr 18,001-36,000. This percentage increased to 23.97 after their involvement in the ventures. Consequently, it can be inferred that MSEs play a positive role in the empowerment of urban women, primarily due to income changes resulting from entrepreneurship. This aligns with the findings of Malik and Luqman (2005), as cited in UNFPA (2008), emphasizing the evident impact of MSEs on women's empowerment.

**Savings:** Savings play a crucial role in any economy, particularly in developing countries like Ethiopia. Cultivating a habit of saving encourages individuals to use their savings for further investment, expanding existing businesses, and generating additional income. The ability to save depends on the surplus income individuals earn, whether from their ventures or other sources. This paper underscores the significance of saving in the context of empowerment. If women entrepreneurs have surplus income, they can save, contributing to their overall empowerment. A substantial majority (76.03%) of the sampled women have a saving habit, with an overwhelming majority (96.74%) indicating that income from their ventures is the primary source of savings. This suggests that the income generated from their ventures enables them to save money after covering family expenses and venture costs. Additionally, 63.04% of them engage in weekly savings, while 27.17% save on a monthly basis.

**Expenditure:** The role of entrepreneurship in enhancing women's contribution to household income and family welfare is significant. It leads to increased participation of women in household decision-making, particularly regarding expenditures, positively impacting women's

overall welfare. However, this impact is not without risks, as female entrepreneurs may experience shifts in the distribution of financial responsibilities within the household. With women's increased income, there is observed reduced male contributions to specific expenditures, such as buying clothes, school stationery for young children, and medical treatments. To understand this impact, women entrepreneurs were asked to report on expenditures before and after the establishment of their ventures, as detailed in Table 1. Prior to starting their businesses, a majority (46.28%) reported spending below 5,000 Birr. After engaging in business ventures, the proportion of households spending this amount decreased to 6.61%. Notably, after venturing into business, a significant majority (46.28%) reported annual expenditures exceeding Birr 20,000, indicating incremental growth. The range of expenditures varied from a minimum of 3,240 Birr to a maximum of 56,000 Birr. The overall result indicates that due to entrepreneurship, sampled women could allocate a relatively higher amount of money for their day-to-day family expenses. This aligns with their argument that the incremental income earned through business activities has a direct relation to their economic empowerment by fulfilling their needs.

**Table 1: Annual Household Expenditure (Birr)**

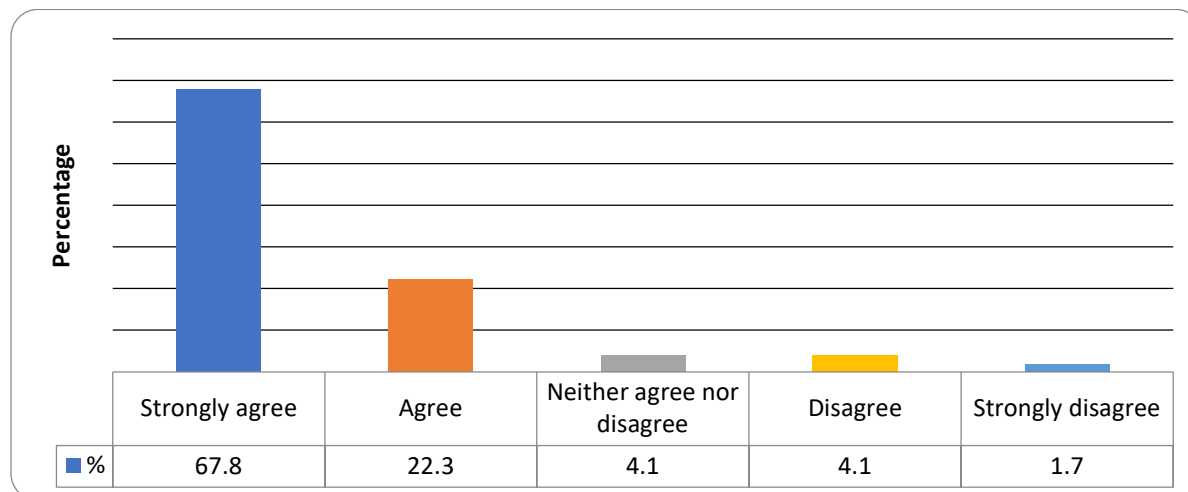
Annual house hold expenditure before SMEs				Annual house hold expenditure after SMEs		
<i>Sl. No.</i>	<i>Range</i>	<i>Number</i>	<i>%</i>	<i>Range</i>	<i>Number</i>	<i>%</i>
1	Below 5,000	56	46.28	Below 5,000	8	6.61
2	5,001-10,000	24	19.83	5,001-10,000	25	20.66
3	10,001-15,000	21	17.36	10,001-15,000	11	9.09
4	Above 15,000	20	16.53	15,001-20,000	21	17.36
				Above 20,000	56	46.28
	<b>Total</b>	<b>121</b>	<b>100.0</b>	<b>Total</b>	<b>121</b>	<b>100</b>

**Social Empowerment through Entrepreneurship:** According to the feminist empowerment paradigm, achieving empowerment involves addressing changes in intra-household relations. Many microfinance institutions primarily assess the impact of their programs on women's use of loans and their ability to make business-related decisions (Klasen, 2005). Therefore, the measurement of women's empowerment in household decision-making aims to capture their status within the household, considering their participation and role in deciding various matters. The extent of women's participation in decision-making on issues like visiting family and relatives, managing their earnings, house repairs or construction, children's schooling and clothing, buying small items, etc., was used as a measure of empowerment. A crucial aspect of women's empowerment is decision-making related to family expenditures. The results indicate that a majority (57.85%) of sampled women entrepreneurs make decisions on family expenditures independently, while 39.67% make joint decisions with their husbands after engaging in MSEs. The survey also reveals the involvement of husbands in joint decision-making, indicating that participating in enterprises creates opportunities for collaborative decision-making and recognition for women within their families alongside their husbands. Similarly, Roshani (2010) found in her

study in Nepal that women business owners in MSEs make decisions independently concerning personal and family household expenditures and involve their husbands. Therefore, increased decision-making is considered an indicator of empowerment. In Ethiopia, women who are financially dependent may face challenges in making decisions, such as regarding their own healthcare. Before engaging in entrepreneurship, only 23 women made decisions independently, while 16 women reported joint decision-making with their husbands.

**Freedom:** In the course of the survey, the majority of women reported that they have successfully overcome familial dominance. Previously, many were primarily involved in household activities like childcare, cooking, cleaning, and tending to elderly family members. Additionally, there was an emphasis on the importance of males in the household. However, the situation has undergone a significant transformation as a result of income generation from Micro and Small Enterprises (MSEs), as reported by the surveyed women. To gain a more precise understanding of their experiences, their opinions were collected using a five-point Likert Scale, and the results are depicted in Figure 1. Figure 2 illustrates that 67.8% of the sampled women strongly agreed that they have gained freedom from domestic dominance, encompassing aspects such as securing family livelihoods, saving, expenditure, decision-making, and social involvement. A negligible percentage disagreed with this assertion. Consequently, it can be inferred that the majority of women entrepreneurs in the sample have successfully overcome such familial dominance.

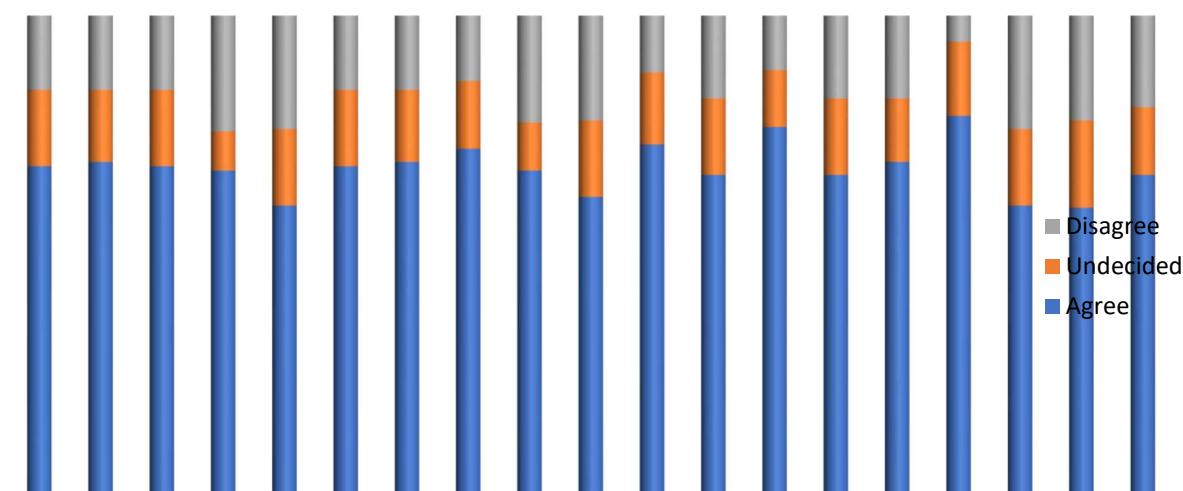
**Freedom from domestic domination**



**Impact of Entrepreneurship on Women Empowerment:** The review of literature highlights that women entrepreneurship contributes significantly to the improvement of women's status across various dimensions, including general economic enhancement, skill development, and increased self-confidence. Moreover, it facilitates the expansion of livelihood options for impoverished women through their access to development agencies, credit, and markets. Livelihood, encompassing capabilities, asset building, and social resources, constitutes the means of living, and the diverse activities and businesses engaged in by women entrepreneurs, based on local

resource availability, serve as testimony to the creation of livelihood options. To comprehensively assess the overall benefits of entrepreneurship among women entrepreneurs, this research paper presented 19 statements, gathering opinions through a five-point Likert Scale. The results, converted into a three-point scale and illustrated in Figure 3, categorized different empowerment indicators under headings, including Economic Aspect (employment generation, increase in household expenditure, increased income, consumption level, and saving habits), Social Aspect (increase in self-confidence, interaction with other members, elevated social status, economic decision-making, and participation in social ceremonies), Skill Development (access to education, training and seminars, improvement in technical and managerial skills, acquisition of income-generating skills, ability to tackle problems), and Political Aspect (law enforcement, increased women's influence, conflict resolution skills, protection from violence and other crimes, protection from discrimination). The findings reveal that over 60% of women entrepreneurs agreed that improvements have been observed in all 19 variables, indicating a positive impact of entrepreneurship on women's empowerment across various aspects.

**Figure 3: Impact of Entrepreneurship on Women Empowerment**



**Regression Analysis:** This paper aims to identify the factors influencing women's participation in entrepreneurship. To achieve this objective, data collected from 121 women entrepreneurs were subjected to Multiple Linear Regression analysis using SPSS (version 16.0). Before running the regression model, both continuous and discrete explanatory variables underwent checks for the presence of multi collinearity issues. The results, based on variance inflation factor (VIF) and contingency coefficient assessments, indicated no serious problems of multi collinearity. Consequently, both types of explanatory variables were retained in the model. Multiple Linear Regression allows us to understand the extent to which the variance in the dependent variable (Business Initiation) can be explained by the independent variables. It also provides insights into the relative contribution of each independent variable. The model included eleven independent variables: business experience, marital status, employment status before involvement in Small and Medium Enterprises (SMEs), training received, educational status, access to the market, available capital, family income, access to credit, number of dependents, and

the age of the respondents. The regression analysis, considering the estimated parameters of variables, revealed that among the eleven explanatory variables hypothesized to explain factors affecting women's participation in MSEs, only three variables were found to be significant. The remaining eight variables showed less significance in explaining variations in the dependent variable.

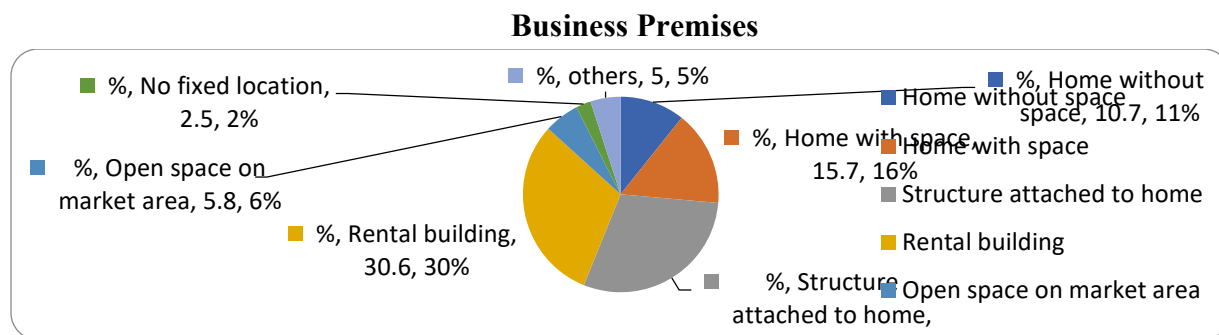
### Regression Results of the factors determine the participation of Women in Entrepreneurship

Sl. No.	Explanatory variables	Standardized Coefficients Beta	Sig	Correlations R= part	Collinearity Tolerance	Statistics VIF
1	Business experience	.220	.019	-.035	.735	1.361
2	Marital status	.219	.014	.039	.817	1.224
3	Employment status prior to MSEs	-.215	.014	.039	.859	1.164
4	Training availed	-.179	.072	-.021	.647	1.546
5	Educational status	-.163	.082	-.019	.724	1.381
6	Access to market	-.103	.323	-.006	.580	1.724
7	Capital available	-.100	.277	-.756	.752	1.330
8	Family income	.082	.372	.005	.747	1.338
9	Access to credit	-.060	.470	-.003	.926	1.080
10	No. of dependents	-.045	.625	-.001	.738	1.355
11	Age	-.045	.649	-.001	.652	1.724
Sub total				.925		

**Business premises:** The workspace is a crucial component for the successful and sustainable growth of enterprises, as it is vital in providing access to resources and necessary markets. In the study, a significant portion of the sampled women reported not having their own working premises. Specifically, an equal percentage of women (30% each) operated their businesses in rented buildings and structures attached to their homes. The remaining conducted their business in various locations, including home with space (16%), home without space (11%), open space (5.8%), and no fixed location (2%). This highlights the challenge of premises availability for the expansion and development of their businesses, as illustrated in Figure. The reasons cited for the lack of premises include bureaucratic hurdles in obtaining land, high construction material costs, and the need for substantial capital. This finding aligns with a study by the International Labour Organization (ILO) in 2003, which similarly reported that the majority of women entrepreneurs do not own their working premises. Additionally, Rahel and Isacc (2010)



noted that the majority of respondents (71.5%) shared their working space with other members in the cooperative.



### Conclusion:

Entrepreneurship through micro and small enterprises (MSEs) serves as a vital avenue for providing employment to diverse segments of the population, including the economically disadvantaged such as the poor, housewives, students, and the unemployed who lack formal sector opportunities. Women entrepreneurs, in particular, experience a positive transformation in their decision-making capabilities regarding family expenditures and financial utilization as a result of their involvement in MSEs. This empowerment extends to various aspects, including securing family livelihoods, gaining freedom from domestic dominance, encouraging social involvement, and acquiring essential business skills and knowledge. Despite the evident significance of women entrepreneurship in mitigating household vulnerabilities related to nutrition, clothing, education, and other expenses, persistent challenges hinder its full potential. Issues like market linkage, access to business premises, high material costs, and limited financial resources are notable obstacles. Addressing these challenges requires comprehensive policy measures to ensure women's empowerment, poverty reduction, and the achievement of developmental goals.

The paper recommends several policy implications based on its findings. Local governments are urged to allocate specific land for women's enterprises, and the establishment of fully equipped business incubator units in key sectors is proposed to support business expansion. Facilitating market linkages, ensuring access to up-to-date information, reevaluating collateral requirements for loans, and fostering collaboration between government offices and microfinance institutions are crucial steps. Additionally, the MSE Promotion Office is encouraged to partner with technical institutions for need-based training, equipping women entrepreneurs with essential skills and keeping them abreast of current information and technologies. These policy measures aim to create an environment conducive to the sustainable growth of women-led MSEs.

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