

Women's Dairy and Handicrafts SMEs: A Sub-Sector Analysis in Gaza Strip

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1.1 Background

Until recently, Small and Medium Enterprises (SMEs) in Palestine had not been given proper attention, although accounting for more than two thirds of the Palestinian economy. This was attributed to political and administrative reasons. The Israeli occupation of the Palestinian territories along with the prevailing political conditions (including lack of control over half of the Palestinian resources and absence of effective Palestinian control on markets and borders) constitute the main obstacles threatening the development of Palestinian SMEs. Economists reported various administrative reasons for the weak status of SMEs. These included the lack of proper policies, regulations, procedures and national outlook.

Lack of capital, distorted production base and the absence of marketing skills constitute some of the general weaknesses of SMEs. This lowers the comparative advantages of SMEs' products become low, and many of such enterprises, if they are not given proper care, may be forced to close down. However, some enterprises tend to survive, in spite of all constraints, just because the owners are hopeful or they view such enterprises as parts of their lives.

Aside from the considerable number of constraints encountered by SMEs in general, obstacles encountered by SMEs owned by women reveal a huge set of gender related problems and social constraints that limit women involvement in business, especially in home based enterprises such as food processing, handicraft, textile and garment production.

This qualitative study attempts to assess the status of women's SMEs in two sub-sectors of Gaza Strip. Dairy and handicrafts sub-sectors were explored to draw an overview of the major problems and constraints facing women's enterprises in these sub-sectors of the Gaza Strip. In this regard, it is important to note that such enterprises have common characteristics, problems, and potentials as they face similar economic, socio-cultural and political conditions. Nevertheless, some minor differences between sub-sectors were traced.

1.2 The Study Goals

Examine obstacles facing women's SMEs in the three primary sectors through defining women's position in the commodity chain of the three sectors, women's position in the market and in relation to key players as well as analysis of women's economic activity in the formal and informal level in these sectors.

1.3 Main Themes and Findings

This study covered three main issues:

1. Development and Sustainability:

Market conditions and poor resources threaten the progress of women enterprises. Socio-cultural barriers are also significant.)

This section analyzes the progress of women's enterprises in terms of their status, size and the prospects of the interviewed women. This analysis aims to arrive at the de-developmental factors and to see how women look into the future from the point of view of their problems and constraints.

The dairy sub-sector, the majority of examined enterprises had not expanded much in the past. Women had tried to expand their enterprises, but they lack resources such as capital, which is considered the main constraint for development of their enterprises. Women realized if they could obtain more loans, they would improve their enterprises, and increase their products and finally increase profits. Sometimes, lack of spaces and social barriers hindered the development of women's dairy enterprises.

As for the embroidery sub-sector, the progress chain demonstrated that most enterprises had positive future outlooks although none of those interviewed seemed ready to invest more capital or considered seriously improving her business under the current market conditions. The expansion of women's enterprises seemed afraid of taking solid steps forward. Such fears stemmed from market factors such as lack of demand, weak turnover margin, and limited players in the market (such as wholesales).

In the crockery sub-sector, women do not practice painting on crockery as a profession but rather as a hobby. It was also found also that women are not ready to improve their enterprises or invest more capital. All this was attributed to marketing and sales difficulties. This situation has two main implications. The first is related to weak markets. The second is due to women's lack of marketing skills. The latter was obviously related to some gender and social issues and lack of proper training programs that are targeting women in business.

2. Production Management Analyses:

(The severe production problems are attributed to lack of continuous, cheap and good supplies and working capital. Women are the main actors of production process in the two sub-sectors.)

This section covers mapping of inputs/resources, production lines analysis, and productivity assessment. Problems as have been introduced by women. Their future prospects have also been analyzed in this section.

In the dairy sub-sector, a number of production related constraints is traced including lack of capital to acquire more dairy cows. Another factors that limit dairy production is the high prices of forage and lack of land to be planted and grassed. On the other hand, the low productivity per cow in Gaza, compared to Israel, is another problem reported by women. It has been found that the average cow productivity is 22.25 kg a day, compared to 30 kg in Israel.

On the other hand, the embroidery sub-sector faces seven sets of production related problems. Raw material and working capital are stressed most of all. The next significant concern is the incomplete use of the production capacity, which is attributed to lack of satisfactory demand for embroidery products. Social and health constraints were also reported. Women are not able to increase production volume due to social responsibilities. Some also find it difficult to continue with the business because their eyes are getting weak. Others reported low returns and transportation problems.

In the crochery sub-sector, women face severe production problems due to the quality of paints. The most frequent problem is the quality of crochery on which they put their layout. The second problem is the lack of institutional support to improve women's skills, while the third problem is the lack of capital. Several women also mentioned the non-unavailability of locations suitable for the production process. In addition, it should be noted that women working in this sub-sector take painting on crochery as hobby and not main profession, while others think that such a profession not can provide them with the equivalent earning of a full-time job.

3. Market Factors Analyses:

(Due to status of women in the Palestinian society and their inability to enter the market, they become weak in the marketing chain. They also lack proper channels of marketing either by themselves or by other market actors and they are subject to exploitation from stakeholders. Uncertainties hinder women from enlarging their production).

In this section we analyzed women concerns and views regarding the market factors. Attention was also given to the marketing mix: products, prices, promotion and place/distribution the (4 Ps) as women have different and even contradicting views regarding these marketing issues. This is expected for different reasons such as: women's skills, promotional efforts, place of marketing, targeted customers, quality of products and services, prices and social factors. These issues are addressed here expressing the point of view of women themselves. Moreover, the marketing self-evident. Such environment includes competitors, customers and intermediaries. The political, economic, social and psychological factors also hinder the development of these enterprises. However, competition and demand are given separate attention at this section, as they can be considered as the arteries of enterprise success.

In the diary sub-sector most women sell whole products in their quarters; therefore, they are not faced with severe marketing problems. However, those women who are dispersed in remote areas of the Gaza Strip with services product delivery problems, face high marketing costs and general marketing difficulties. Particularly for women who sell their products every day in the market (plaza). Except in few cases, women in this sub-sector have no face-to-face contact with customers outside their houses. If products have to be sold in shops or markets, one of male members of the family does this job. Therefore, expansion of women's dairy enterprises would need employment of more males at enterprises or the social acceptance of women selling their wares outside of their homes.

In the embroidery sub-sector, women typically find lack of demand the main obstacle to the continuation of their enterprises. This accounted for more than 60% of problems expressed by women. Furthermore, prices, competition, skills, promotion, distribution problems were reported by women.

4. Financial viability:

(Production, marketing and social structural solutions would uplift the financial viability of women SMEs, which will in turn make women's investments more viable).

This section analyzes the earnings of women's enterprises in the two sub-sectors considered for the study.

The average earning of women in dairy enterprises is approximately 250 US dollars per month, which equals to 39.3% of turnover compared to 21% in the Palestinian dairy sector at national level. Actually women's SMEs do not calculate many expenses that big factories take into account. Such expenses include labor, industrial and non-industrial services, stationary, spare parts, fuel and oil and other expenses such as packaging and branding. If all of these were excluded from the expenses of these factories, profitability would increase to 43%.

On the other hand, a women's embroidery enterprise in the Gaza Strip earns approximately 174 US dollars per month. But if one project is excluded from the calculation, as it is extraordinary, then the average earning for other enterprises goes decreased to 100 US dollars per month. This amount makes approximately 14% of the turnover. This trade margin compared to the garment and textile industries in Palestine. This low earning of embroidery enterprises is a reflection of a weak demand for the currently produced embroidery products.

Women working in crockery do not keep adequate records of their financial transactions. They could not provide our field researchers with necessary figures on sales and earnings. Most women finance their painting activities through sources (such as their salaries of main jobs) because they consider painting on crockery as secondary activities. Some women manage to acquire limited working capital through different sources, such as relatives. However, few enterprises generate funds. That which is produced is insufficiently to improve the state of working capital, as the enterprises is not making enough to cover the needs of working capital.