

The Importance of Conglomerates in Ethiopia's Economy

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Abstract– The paper in order to discover, the importance of conglomerates in the Ethiopian economy, it primarily examines the significance of conglomerates in the global economy, from historical perspectives and existing reality. Then, specifically, the author studies the role and the contribution of domestic conglomerate in Ethiopia. Next, based on the findings, the paper analyzes the importance of public and private domestic conglomerates in building a crisis protected, a sustainable and robust Ethiopian economy. Furthermore, it exams, the capacity of conglomerates to diversify, to assist, to leverage, to work with government policymakers and private partnership and realizes that conglomerates could have productive relationships with a different sector of the economy like Small Medium Enterprises (SMEs) and the agricultural sector. Plus the author learns conglomerates could have the capacity to generate a joint venture, sale minority stocks in the global market for financial strength. As the study continues the author, finds the importance of big companies for research and development and technology transfer, talent search and start-ups. Hence, with all these possibilities the government of Ethiopia and others have to have a creative way to bring together all forces to work and assist the countries development in unison to compete amicably and coordinate their activities recognizing conglomerates as a pillar of the economy. At the end achieving the nation's economic capacity, improve its global competitiveness; its rank in global market share and prevent economic crises from external factors, contributing to Ethiopia's' sustainable development goal (SDG).

Key Words: The contribution of domestic conglomerate in Ethiopia, a crisis protected, a sustainable and robust economy, improve its global competitiveness; its rank in global market share

1 INTRODUCTION

Ethiopia despite sociopolitical and economic mismanagement and undemocratic obstacles, for the last twenty-seven years up to the present time shows its significant effort to fulfill its aspiration to be a democratic, peaceful and a prospering middle-income and a responsible global nation. Its industrial parks built in different part of the country, to attract Foreign Direct Investment, its vast infrastructure projects like the Nile Hydro-Electric Dam which is the largest in Africa, are among the many that attest its constant endeavor besides its continuous and persistent attempt in the socio-political transformation of Ethiopia. Ethiopia's effort has shown tremendous positive outcomes in its economic development as many global newspapers, and economic organization wrote. For example, Al-haram the number one Egyptian newspaper

explains it like this Addis Ababa does not want to see its economic successes fade away, as these were among the highest in the world between 2001 and 2006 and the strongest in Africa since then until today, it added. Ethiopia has attracted large Asian and European investment in the textiles and food industries, fuelling development rates that have reached more than 12 percent in some years.¹

Also, one of the world-class economic think-tank IMF explains Ethiopia's economic repeated the positive trend like so. "What has happened since is miraculous? According to IMF estimates, from 2000 to 2016, Ethiopia was the third-fastest growing country of 10 million or more people in the world, as measured by GDP per capita². Also, the World

Bank explained Ethiopia's poverty rate fell to 31% by 2011³. Global communities are praising the outcome of Ethiopia's agricultural-lead development economic policy. Many among them hope that Ethiopia will be prosperous in its next effort to transform its Agricultural-lead economy to Industrial-lead economy and be a middle-income country in the year 2025. Chinese newspaper Xinhua and many newspapers have predicted Ethiopia to achieve top development in Africa in 2018 progressing in its economic development⁴. Hence, **the central question** driving this article is to show the significant role conglomerates sometimes known as endowment organization in Ethiopia and the new ones can play and will lay in the ongoing dynamic economic growth of Ethiopia to reach its sustainable development goal (SDG) on a firm base.

2 Definitions of Terms

The conglomerate is a large and multinational company with several corporations operating different and diverse industries.

SDG- Sustainable Development Goal

SMEs- Small to Medium Enterprises

LDC-Least Developed countries

SOE – State-Owned Enterprise

TNC- Transnational companies

3 Assumptions

While the article examines the crucial importance of the conglomerates in Ethiopia, the author assumes the exiting vibrant economic, democratic peace building continues and conglomerates practice the habit of disclosing the structures, holdings, and critical financial information and are transparent to the people not to allow corruption to thrive. As Linda Ray, an award-winning journalist with more than 20 years experience said: "Corruption breeds inefficiency that would prevail in business and loss of resources ultimately worsens development in the third world even in developed countries."⁵

The author also presupposes the big companies have the responsibility for their accounting system, management policy, and their profit and loss just like any private firm, even when publicly owned. If this does not exist, there must be radical reform. Centralized policy and doctrinaire management system have failed in the past. Hence, different countries including Ethiopia are taking reforms and ready to cautiously liberalized their economy (Refer to Reforming China's State-owned Enterprises and Banks (Becky Chiu, Mervyn Lewis)⁶

4 The Literature Review

It involves the extensive reading of secondary source of the present concrete reality of conglomerates play in the different countries and comparative history and role of Conglomerate indifferent nations in global market share and competitiveness. It involves reading from books, and web pages of think thank economic organization like International Monetary fund (IMF), World Bank, World Trade Organization, Bricks Nations and socialist countries. Also, The author utilized information from interviews with managers, policymakers, and professionals including Ethiopians and others.

5 Research Methodology

To adequately address all of the questions driving the study of this article, it is imperative to employ a research methodology that takes into account the implications of the full array of facts, events, history, and changes. It also should focus on opinions regarding the comparative study of the role and the rise of the Big corporation in different countries. Moreover, the rise of artificial intelligence, robotics, innovations, what they call the fourth industrial revolution. The actual and comparative approach help to facilitate the research effectiveness in capturing the multifaceted nuances of flawed criticism against developments of conglomerate, in particular, the public sector in developing nation like Ethiopia. The research methodology involves a functional or all sided study free of

bias and subjectivism to help go beyond erroneous criticism of some groups of intellectual and their followers. This kind of research method also helps to find the critical factor that undoubtedly affects the future the sustainability of Ethiopian's economic dynamism.

6 The Main Factors that will Challenge Ethiopia.

The author believes in the process of Ethiopia's attempts to be manufacturing lead, and a prospers nation it will confront the following central aspects among the many others:-

The coming of innovation, high tech, and capacity building and the inevitability of change in continuing cheap labor as its comparative economic advantage in the age of innovation or the Fourth Industrial Revolution (as the Chinese call it) as follows.

- The necessity for research, startup, support for economic knowledge and management,
- The need for talent and application for creativity to build a healthy, vibrant, integrated economy.
- Ethiopia's challenge includes how to apply innovation and how to work in partnership with domestic private and big public enterprises, foreign direct investors, which include small business owners and independent individual global innovators and the agriculture sector.
- Ethiopia must be capable of continuing its positive international economic diplomacy to achieve Ethiopia's sustainable development goal (SDG).
- Ethiopia, despite the difficult task, to find, and assist, globally independent innovators and small IT businesses, where their home environment is challenging to develop but can be relevant to Ethiopian economy and also where this group can benefit. Ethiopia must attempt to find them possibly use its diaspora community and other means in this task.
- Ethiopia's' challenging task includes good governance to rally its people that dare to face the challenge to facilitate and create

peace for the smooth working condition for all sector of the economy to work in coordination allowing amicable contention of efficient economic work.

7 Example of the challenge, Considering Cheap labor as Comparative Advantage

The fast technological advancement of our time in IT, Robotics, and Innovations have brought into question using cheap labor as a comparative economic advantage in the long term.

Here is how the United Nation expressed its impact in the least developed countries (LDC) Just at a time when rising Chinese labor costs presented an opportunity for LDCs to industrialize by attracting low-wage manufacturing, many of those jobs may be mechanized. China is the world's biggest market for industrial robots, while some previously outsourced jobs are beginning to be 'reshored' to developed countries. Economists Frey and Osborne estimate that as many as 85% of Ethiopian manufacturing may be subject to automation. Although this estimate may be excessive, lots of jobs are at risk.⁷

It is the author's opinion of this article that the expression of Frey's and Osborne's are not totality acceptable, but must be looked at seeking truth from facts further.

Ethiopia must realize that it must utilize the positive aspect of innovation and robotics like the eight-foot-high solar-powered traffic robot that facilitates traffic in the clogged city of Kinshasa and another benefit like drones in Agriculture. (Refer to United Nation Committee article for Development Policy support Measures Portal for Least Developed LDCs and the technological revolution)⁸

This how Abey Zewde said about the continued technological advancement like the high tech of humankind. "All the availability and the advancement of the means and the tools of technology today or in the future can be utilized to bring more progress to help humankind diminish the drudgery of life of mundane work to enjoy the higher realm of existence. Then, humans can spend more time to acquire,

knowledge of new fields to show individuals their talent and a new outlet to express their feelings desires emotions and develop their aesthetic and psychic sides of personality to enjoy life to its fullest extent to be what they can be ”⁹

Advancement is the purposeful act of human essence its inevitability is unstoppable. The question is who owns and utilize it, owned by few for greed then we have to free technological advancement otherwise advancement is the purposeful act of human nature it inevitability is unstoppable.

The effect of the fourth industrialization on the Least Developed Countries is not already a foregone conclusion there is positive and negative of its impact reflected in the third world. To realize, the impact of robotics type innovation in the world, in particular, the developing nation, many factors should be taken into consideration, such as the time gap, lack of research, and the availability of local scientists, using the innovation for productivity, talent search and human capital.

Hence, Ethiopia must use all possible local resources, in particular, its conglomerates and work with the global community to use available research and development tools to understand and utilize the coming of innovation impact and benefits

7 The Importance of Conglomerates in Global Market Shares and Competitiveness.

When a developing nation aspires to improve its global market shares and competitiveness, it needs economic knowledge and know how to implement effective governance, and creativity to acquire talent to build a healthy, vibrant, and integrated economy. Therefore, it needs to understand the necessity partnership of domestic conglomerated private enterprise, public enterprises, small medium enterprise, agriculture including other sectors to achieve Ethiopia's sustainable development goal (SDG) is essential. Hence, the author to have an understanding of global market shares and competitiveness primarily refers to nations, who have the most significant global market shares and competitiveness. The world most prominent

economic entities based on ranking from global justice now: - data from the fortune 500 and CIA, China, Germany, Japan, France, Italy, Brazil, and Canada are the world's biggest economies.

Top 100 Countries/Corporations					
Country/Corporation	Revenue (US\$, bns)	Country/Corporation	Revenue (US\$, bns)	Country/Corporation	Revenue (US\$, bns)
1 United States	3,251	35 Austria	189	69 Ping An Insurance	110
2 China	2,426	36 Samsung Electronics	177	70 United Arab Emirates	110
3 Germany	1,515	37 Turkey	175	71 Kroger	110
4 Japan	1,439	38 Glencore	170	72 Société Générale	108
5 France	1,253	39 Industrial & Commercial Bank of China	167	73 Amazon.com	107
6 United Kingdom	1,101	40 Daimler	166	74 China Mobile Communications	107
7 Italy	876	41 Denmark	162	75 SAIC Motor	107
8 Brazil	631	42 UnitedHealth Group	157	76 Walgreens Boots Alliance	103
9 Canada	585	43 CVS Health	153	77 HP	103
10 Walmart	482	44 EXOR Group	153	78 Assicurazioni Generali	103
11 Spain	474	45 General Motors	152	79 Cardinal Health	103
12 Australia	426	46 Ford Motor	150	80 BMW	102
13 Netherlands	337	47 China Construction Bank	148	81 Express Scripts Holding	102
14 State Grid	330	48 AT&T	147	82 Nissan Motor	102
15 China National Petroleum	299	49 Total	143	83 China Life Insurance	101
16 Sinopec Group	294	50 Argentina	143	84 J.P. Morgan Chase	101
17 Korea, South	291	51 Hon Hai Precision Industry	141	85 Gazprom	99
18 Royal Dutch Shell	272	52 General Electric	140	86 China Railway Engineering	99
19 Mexico	260	53 China State Construction Engineering	140	87 Petrobras	97
20 Sweden	251	54 AmerisourceBergen	136	88 Trafalgar Group	97
21 Exxon Mobil	246	55 Agricultural Bank of China	133	89 Nippon Telegraph & Telephone	96
22 Volkswagen	237	56 Verizon	132	90 Boeing	96
23 Toyota Motor	237	57 Finland	131	91 China Railway Construction	96
24 India	236	58 Chevron	131	92 Microsoft	94
25 Apple	234	59 E.ON	129	93 Bank of America Corp.	93
26 Belgium	227	60 AXA	129	94 ENI	93
27 BP	226	61 Indonesia	123	95 Nestlé	92
28 Switzerland	222	62 Allianz	123	96 Wells Fargo	90
29 Norway	220	63 Bank of China	122	97 Portugal	90
30 Russia	216	64 Honda Motor	122	98 HSBC Holdings	89
31 Berkshire Hathaway	211	65 Japan Post Holdings	119	99 Home Depot	89
32 Venezuela	203	66 Costco	116	100 Citigroup	88
33 Saudi Arabia	193	67 BNP Paribas	112		
34 McKesson	192	68 Fannie Mae	110		

submitted by Duncan Green on Tue, 09/20/2016 the world's top 100 economies: 31 countries; 69 corporations <https://blogs.worldbank.org/publicsphere/world-s-top-100-economies-31-countries-69-corporations>.

Among these 100 countries and 500 corporations mentioned in fortune 2016 Global companies and shown in the statistic above huge companies like Wal-Mart, State Grid, Chinese National Petroleum, Volkswagen, Toyota Motors, Apple, BP, Exxon Mobile belong to the world ten biggest economies.¹⁰ (Alex Gray).

However, here countries like Switzerland, Denmark, Norway, Finland, and Sweden are included as highly competitive in the Global economic stage. For the various reasons:-

Ranging from having big enterprise, high employment, low inequality, protecting workers' rights in inflexible labor markets; and information and communication technology use in a very dynamic business sector, with well placed to capitalize on the opportunities of the digital transformation, (In Camilla Hodgson business insider.)¹¹

The author of this paper thinks Ethiopia should take consideration to learn from these countries economic development.

8 Synopsis of the History of Conglomerates

In the western world, they were able to develop economically faster than the rest of the world because of the era of mercantilism, and the vast land expropriation of the peasant farmers transforming them into wage laborers in England and because of the industrial revolution in France.

In the era of Mercantilism, the western countries through Colonization, the discovery of the new World of the Americas and imperial trade accumulated wealth. The Accumulation of capital Intern gave Europe a momentum to Industrialization and the coming of Conglomerates or Transnational Corporations. Jed Greer and Kavaljit Singh explained "The earliest historical origins of transnational corporations can be traced to the major colonizing and imperialist ventures from Western Europe, notably England and Holland, which began in the 16th century and proceeded for the next several hundred years. During this period, firms such as the British East India Trading Company were formed to promote the trading activities or territorial acquisitions of their home countries in the Far East, Africa, and the Americas."¹²

Since 1945 to present, TNCs economic global market share has been growing enormously through price manipulation, merger, credit swap, the role of financial capital. In the recent From the information given from the above Data, it is easy to deduce countries with many

conglomerates like Japan, United States, Germany, UK dominate global market share and have high competitiveness in the international market.

The action of USA government subsidy to big banks, because the financial, economic crisis in 2008 caused by big banks in the name of too big to fail and oligopoly and monopoly pricing lead the concentration of capital in few hands, the recent merger news of AT&T and warner is a good example

The Economist, Survey of Multinationals, 27 March 1993 describes The concentration of wealth in the hand of TNC. (Jed Greer and Kavaljit Singh) Say "Transnational corporations are among the world's biggest economic institutions. A rough estimate suggests that the 300 largest TNCs own or control at least one-quarter of the entire world's productive assets, worth about US\$5 trillion"¹³.

Up to know the article showed, how the rise of conglomerates made Europe and USA Play dominantly in global market share up to the present.

8.2 Russia in the Soviet Union era

Even if we look at the economy of Russia in the Soviet Union era, it was the development of massive Industries which miraculously transformed it from agriculture to a second powerful industrial nation in fifty years. According to A Wikipedia "From 1928 to 1940, the number of Soviet workers in the industry, construction, and transport grew from 4.6 million to 12.6 million, and factory output soared. Stalin's first five-year plan helped make the USSR a leading industrial nation. ... Stalin described it as a new revolution."¹⁴ (Wikipedia, the free encyclopedia)

9 Developing Nation Including the Emerging Economies

The document further explores how some developing nation including the emerging economies are building first-class companies in Manufacturing. (Tarun Khanna and Krishna G.Palepu) Explain how an emerging economy

India's Innovation as follows:-Mahindra & Mahindra, an Indian company, designed sport-utility vehicle called the Scorpio, CNBC India, BBC World's Wheels program, and others were heaping Cars of the Year awards on the SUV. That was no mean achievement: The made-in-India automobile won top honors ahead of global bestsellers such as the Mercedes-Benz E-Class and Toyota Camry sedans. To M&M, which manufactures tractors in several countries as well as vehicles targeted at India's semi-urban and rural markets, the awards signaled that it could finally take the world's automakers head-on. Even as the Scorpio successfully battles multipurpose vehicles like Toyota's Innova and GM's Chevy Tavera at home, M&M has started marketing the SUV in South Africa and Spain. The \$1.73 billion Indian company is on the road to becoming a player in the global automobile industry."¹⁵

Furthermore, Conglomerates may not be looked in a positive light because the concentration of capital and wealth in few hands in the developed

When we look at another history of big enterprises like in the developing nation China, it has played a significant role in its Miracles and sustainable development in China. to be what it is today, the second largest economy in the world and leading nation in innovation (Refer to the entire article of Fan Gang and Nicholas C. Hope on The Role of State-Owned Enterprises or in the Chinese Economy nationals, 27 March 1993) They say "China's state-owned enterprises (SOEs) have a long history. When the People's Republic of China was established in 1949, the country had been devastated by a long period of war and underdevelopment. As there was neither private wealth nor any organized structure to take on the huge task at hand, it was the state enterprises that gradually undertook all the nation-building tasks. In addition to their historical function of rebuilding the country, they have been playing an important role in providing for the livelihood of many people. SOEs provide not just employment, but also a range of social services, education, medical care and healthcare, and retirement protection".¹⁶

world, but in emerging markets, big diversified companies continue to flourish and in Ethiopia, they are showing their potential. According to J. Ramachandran, K.S. Manikandan, Anirvan Pant The Conglomerates in emerging and developing market "Their sales rose rapidly during the past decade: by over 23% a year in China and India, and by 11% in South Korea. Business groups accounted for 45, 40, and 20 of the 50 biggest companies (excluding state-owned enterprises) in India, South Korea, and China, respectively, according to a recent McKinsey study. They may be called different things in different countries—*qiye jituan* in China, *business houses* in India, *grupos económicos* in Latin America, *chaebol* in South Korea, and *holdings* in Turkey. However, no matter where they are, business groups are becoming increasingly diversified. On average, they set up a new company every 18 months, more than half the time in a sector unrelated to their existing operations. Most of them are profitable. In India, they deliver above-average performance: Companies belonging to the largest Indian business groups generated higher returns on assets from 1997 to 2011 than the rest of the companies listed on the Bombay Stock Exchange, according to a study we conducted, and more than 60% of those groups generated better returns than a comparable portfolio of standalone companies did."¹⁷

Also after researching a brief history of conglomerate internationally, the present strive, the success of developing and emerging nation because of conglomerates with diversified enterprises, the author warns Ethiopia it cannot neglect their essential role in the sustainability and continuity of its dynamic economic growth which will ultimately improve its global market share rank and competitiveness globally.

10 Ethiopia's' Conglomerates

Ethiopia's conglomerate's and Big State-Owned Enterprises such as telecommunication, electric power, private and public banking and insurance, air transport, shipping, and sugar and endowment companies have played and are playing a vital role in transport, fertilizer, and textile and power

generating sectors. State-owned enterprises, endowment, and private companies like cement factories are playing an enormous role in the construction sector indispensable to the fast developing economy

If we take one of the State-Owned conglomerates METEC, Despite its recent debacle tantamount for its distraction because of corruption and mismanagement as explained by the Ethiopian government, but its contribution is significant. It is involved in many different aspects Ethiopian dynamic economic in development, research and design of engineering production, procurement and construction of power plant capital equipment, and manufacturing of farming tools. Among its grand activities include vital to Ethiopia's ambition of building the Grand Ethiopian Renaissance's need for manufacturing, installation, and erection of electromechanical and hydraulic steel structure¹⁸ and so on. If we look to other endowment and private conglomerates MIDROC, EFFORT, REST, DINSHO TIRET AND OTHERS, their contribution to Ethiopia to transform it into a manufacturing lead economy is also fundamental even though not as expected. The annual GDP contribution of industry and manufacturing is 14.8 percent which is higher than in other sectors of the economy.¹⁹

10 The Advantage, and Strength, of Conglomerates

Some of the advantages of big businesses in developing countries including Ethiopia is their capability for research and development. A conglomerate can contribute if they focus on the following area:-

- On the impact of innovation, high robotic technology and IT in Ethiopia as using cheap labor is coming in to question. Find an alternative use of IT for productivity rather than fearing the inevitable global trend of the fourth industrial innovation.
- On the market, structure to help local companies to compete with multinational rivals in the local and neighboring market by studying institutional void in developing nation where multinational

companies find it challenging to serve anything but the market's global tier.²⁰

- On how Ethiopia can compete with powerful multinational in adapting to unique features of customers and business ecosystems at home and neighbors.
- Also, conglomerates can build the capability to form joint ventures with international companies and countries, in particular, neighboring nations.
 - For example "The Endowment Fund for Rehabilitation of Tigray (EFFORT) has contracted a Chinese engineering company— ECE Engineering Corporation—for the construction of the first ever PVC resin (Polyvinyl Chloride) manufacturing plant at cost of five billion birr (USD 250 million at current exchange rates) in Arato locality of Mekelle city, the capital of the Tigray Regional State."²¹
- Conglomerates can apply proven modern strategies of business diversification that affects the creation of optimal diversification and strengthening of conglomerate companies' competitive advantage in emerging markets. (Refer Safet KURTOVIĆ, Boris SILJKOVIĆ, Boban DAŠIĆ on conglomerate companies as emerging markets phenomenon)^{21b}
- Big companies can assist Ethiopian government effort on Regional Integration economic sectors than SMEs.
- Conglomerates, when they get stronger and sophisticated can sale minority stock globally for financial gain like the Chinese SOE sell A Share and B share in global stock exchange
- Conglomerates have a significant impact on SMEs in financial support, transfer of high technology, and management improvement.
- Ethiopia has an advantage than some emerging economies in building conglomerates, because of conglomerates in these nations like South Korea are owned by families in Ethiopia there is diversification of ownership like private companies, public ownership, and endowment companies which have a close relationship with the government that can be beneficial. On greater R&D cooperative efforts between large firms and small and medium-sized enterprises (SMEs) as Keeun Lee, Inchae Park, and Ungun Yoon) explain "The enhanced R&D cooperative

efforts between large firms and small and medium-sized enterprises (SMEs) have been emphasized to perform innovation projects and succeed in deploying profitable businesses. To promote such win-win alliances, it is necessary to consider the capabilities of large firms, and SMEs, respectively”²² (Keeun Lee, Incha Park and Ungun Yoon) further elaborates “Both large companies and SMEs may seek both shared factors (e.g., common goals) and in specific factors in their respective partners. Benefits of entering into an asymmetric alliance in terms of size Large company SME Individual benefits sought by each side —Special competitive advantages in terms of innovation and renewal of key skills —Desire to develop radical innovations more rapidly and at lower cost — Greater organizational flexibility —Acquisition of critical size —Acquisition of institutional legitimacy that could not have been attained unassisted —Conversion of technological know-how into a commercial commodity Benefits sought mutually —New complementary skills that are mutually beneficial —Sharing of the costs and risks associated with innovation” see table-1

Table

	Large company	SME
Individual benefits sought by each side	<ul style="list-style-type: none"> - Special competitive advantages in terms of innovation and renewal of key skills - Desire to develop radical innovations more rapidly and at lower cost - Greater organisational flexibility 	<ul style="list-style-type: none"> - Acquisition of critical size - Acquisition of institutional legitimacy that could not have been attained unassisted - Conversion of technological know-how into a commercial commodity
Benefits sought mutually	<ul style="list-style-type: none"> - New complementary skills that are mutually beneficial - Sharing of the costs and risks associated with innovation 	

Richard Soparnotdu même auteur, Olivier Meierdu même auteur, Michel Barabeldu même auteur, Asymmetric alliances between SMEs and large firms in the area of innovation: strategic determinants and cultural effects <https://www.cairn.info/revue-gestion-2000-2014-6-page-87.htm> University of Paris²³

Hence, The conglomerate of Ethiopia must be encouraged and supported to be utilized to develop the powerful interconnected economy in all regions and Economic sector most importantly with SMEs to build sustainability.

11 Ethiopia's Small Medium Enterprise (SMEs)

Ethiopia has always recognized the essential role of SMEs infighting poverty and in creating employment in its development effort. SMEs are in the construction of new universities, development of sugar industry, housing, road construction, railway system, power generation and cobblestone work creating employment for millions and improvement of income. In recent past according to the Federal Micro and Small Enterprise Development Agency total of 70,455.00 new SMEs in 2011/12established employing 806,322.00 in Ethiopia. Despite many shortcomings, the role of SMEs in Ethiopia is growing, and its vitality to the continuing transformation of Ethiopian is recognized internationally and locally. What is missing is detailed information on the performance of SMEs which need attention and correction. Ethiopia’s SMEs must overcome constraints with size, technological development, competitiveness in local and global markets, the ability to transform to medium and large scale industries among many others²⁴. Here the close relation of the big enterprise with SMEs and the government role can have the correctional effect to the weaknesses of SMEs.

Therefore, Ethiopia's tremendous effort in strengthening its SMEs is praiseworthy.

12 The Role of Banks in the Development of Conglomerate in Developing Nation

It is unimaginable big business or transnational companies without the role of banks in Western countries up to the present. In the bookImperialism, the Highest Stage of Capitalism as Vladimir Ilyich Lenin explains “Describes the relationship between capitalism and imperialism, wherein the merging of banks and industrial cartels produces finance capital. The final, imperialist stage of capitalism, originates in the financial function of generating greater profits than the home market can yield; thus, business exports (excess) capital, which, in due course, leads to the economic division of the world among international business monopolies, and imperial European states colonizing large portions of the world to generate investment profits.

Imperialism, thus, is an advanced stage of capitalism based on monopoly and the export of capital — not goods, and of which colonialism is one but one feature²⁵ “In the 1950s, banks in the US, Europe, and Japan started to invest vast sums of money in industrial stocks, encouraging corporate mergers and furthering capital concentration. Major technological advances in shipping, transport (especially by air), computerization, and communications accelerated TNCs' increasing internationalization of investment and trade, while new advertising capabilities helped TNCs expand market shares.”²⁶

It is, in the same way, unimaginable without the relation of banks having a share and regular activity of loan with big companies in developing nation to build conglomerates which are going to be the pillar of the economy. This pillar of the economy intern assists the motor of Ethiopian economy domestic private entrepreneurs. Furthermore, build a strong foundation for sustainability and preventing the impact of the external crisis.

“In an era of excess global liquidity and savings on the one hand, and an acute shortage of financing for development on the other, this report argues that development banks at all levels – national, regional, multilateral – can play a critical bridging role between savings and financing needs and thereby contribute significantly towards the achievement of the Sustainable Development Goals”.²⁷

Therefore Ethiopia must explore how to use, both its private and commercial bank or national bank in shareholding loans, and subsidies to and with Conglomerates effectively

13 Conclusion

The paper effectively elaborated the importance of conglomerate in improving Ethiopia's global market share, competitiveness, sustainability, and building external crises preventing economy.

- It supported its assertion by approaching the subject from the following aspects:-
- From present concrete condition global economic reality, it is clear from the papers' finding that the dominant most competitive and top-ranked global market shareholder are countries with the most significant number of conglomerate mostly developed nation, emerging economies and some of the rising developing nation.
- From a historical perspective, the paper pointed out the significance role conglomerates played in the dominant global economies of the West, China, Russia and so on.
- From the challenge, Ethiopia's economy faces in the area of innovation such as robotics, and automation the role of conglomerates is immensely vital for research and development in utilizing the positive aspect of high technology. Also in finding an alternative when automation threatens like the comparative advantage of Ethiopia's cheap labor as clearly explained in the article.
- From witnessing the developing and emerging economy' tireless and creative effort to build top-ranked conglomerates. Moreover, From having miracles successes in building conglomerate as in India, South Korea, Taiwan, and others as explained. Ethiopia must jump on the bandwagon if it wants development.
- From the advantage and strength of conglomerates in win-win relationships with other sectors and global economies. Ethiopia must learn to use its big companies in research and development in forming a joint venture, on startups, on selling shares on global stock exchange for financial gain, on the impact of innovation, in how local companies can compete with global multinational companies as explained in the article.
- From a global talent search finding individual foreign innovators, scientist and small businesses who have difficulties to grow and profit economically in their home country and also desire to help developing countries and are independent of big global companies. Despite the difficulty, big

businesses and the government can explore to find them work with them assist them in whatever means as long as they are relevant to the Ethiopian Economy.

- From conglomerates' ability to apply of modern strategies of business diversification that affects the creation of optimal diversification and strengthening of conglomerate companies' competitive advantage. They also create protection from external economic crises factors, since they have different multi-industry companies. The multi-industry companies can have an alternative to operate on manufacturing goods that are not affected by crises.

The author conclusively showed the constructive role conglomerate could play in the development of the nation's economy.

Hence, with all these possibilities mentioned above, it is clear how conglomerates can strengthen the nation's economic capacity to improve its global competitiveness; its rank in global market share and prevent economic crises from external factors. contributing to Ethiopia's' sustainable development goal (SDG)

Therefore, its crucial that Ethiopia should not neglect the vital importance of having conglomerates and build new ounce. It must find unique ways using economic knowledge, and good governance to do its conglomerates work in unison with all sector of the economy instead of thinking they are an adversary with other sectors of the economy. At present of global relation conglomerates, private companies, SMEs (Small Medium Enterprises) foreign direct investment, and others' win-win enterprise relation indispensable in creating jobs and wealth in the developing nation thereby reducing global poverty. The government must take the formidable task of bringing all forces together mentioned in the article to bring the second miracle of Ethiopian economic progress.

[1] Abey Zewde

From unpublished fiction titled "An Intriguing Spot in Washington D.C And An Ethiopian Mind."

[2] Alex Gray

09 March 2017 World Economic Forum The world's ten biggest economies in 2017 <https://www.weforum.org/agenda/2017/03/worlds-biggest-economies-in-2017/> accessed 10/11/2018

[3] Becky Chiu, Mervyn Lewis

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Appendix

Advice

The article is not an exhaustive study of the topic raised, so the writer recommends further research on this critical topic which involves institution, professionals, and all stakeholders. All research papers whatever the source be the facts must correspond, compared and tasted with the objective finding from applied economic practitioners, managers, and executives of conglomerate, before policymakers and others take action. Since in our globalized world studies about development sometimes done to fit the interest of some international actors and their supporter-care must be taken.

Ethiopia in the past has shown its dynamism to bring about the modern miracles economic development following its agricultural lead policy based on the smallholding peasant farming among the torrent of accusation who called for large commercial farming without accumulation of wealth.

With the same spirit and creative dynamism, it can build its conglomerates by learning from the rich experience of other countries. It must search its path out of the problems of poverty and weakness, through trial and error from experience drawn from setbacks and successes, with its norm realizing that it is essential to learn from others while safeguarding its principles and sticking to its path. Ethiopia should continue to improve its governance and build its strength in its socio-political, economic transformation including building interrelated Conglomerates with another sector and all coming regional conglomerate economy.

Ethiopia must dare to avoid dogmatic thinking and stand firm from whatever pressure that attack, the breakup, and abandonment of its conglomerates, public enterprise and blind promotion of privatization of all as a panacea to economic ills avoid Colombia's devastating experience.²⁸

This how Abey Zewde explains it because of IMF's and the World Bank's demand which includes the privatization of everything, including water. This kind of push is against the people's interests in developing nations. This kind of action, which tramples on the rights of the citizens' interests, clearly foments strife and destabilization, which is not in the interest of the world community. He further gives an example of how the World Bank forced privatization on Cochabamba in 1999, following years of direct pressure. The government of Bolivia finally agreed to privatize the public water system in its third largest city, Cochabamba. A 40-year lease turned over control of the water to a subsidiary of the California-based Bechtel Corporation. Immediately afterward, the high water bills of the company hit the poor, and they could not afford to pay them. The people responded with massive demonstrations that shut down the city for a week and they refused to pay their water bills. Finally, the military forces used tear gas and live bullets. The Bolivian government declared a state of emergency, suspended constitutional rights, shut

down radio stations, and arrested protest leaders and put them in jail. This is one of many chaotic events around the globe that happened in response to forced privatization.

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