ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE CONTRIBUTION OF GROUP- BASED MICRO AND SMALL ENTERPRISES IN EMPLOYMENT CREATION AND INCOME GENERATION: EVIDENCES FROM WOREDA FOURTEEN OF KOLFE KERANIO SUB-CITY, ADDIS ABABA, ETHIOPIA

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Acronyms

ADLI	Agricultural Development Led Industrialization
CSA	Central Statistical Authority
FDRE	Federal Democratic Republic of Ethiopia
FeMSED	Federal Micro and Small Scale Enterprise Development Agency
FMSES	Federal Micro and Small-Scale Enterprises Strategy
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
IDS	Industrial Development Strategy
ILO	International Labor Organization
MDG	Millennium Development Goal
MoFED	Ministry of Finance and Economic Development
MoTI	Ministry of Trade and Industry
MSE	Micro and Small Enterprise
MSEDO	Micro and Small Scale Enterprise Development Office
MUDC	Ministry of Urban Development and Construction
NGO	Non-Governmental Organization
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
ReMSEDAs	Regional Micro and Small Enterprise Development Agencies
RMSES	Regional Micro and Small-Scale Enterprises Strategies
SSA	Sub-Sahara Africa
SME	Small and Medium Enterprise
SDPRP	Sustainable Development and Poverty Reduction Program
UNDP	United Nations Development Program

Abstract

The main objective of this study is to investigate the Contribution of Group-Based MSEs (construction, manufacturing and service enterprises) to employment creation and income generation in the Woreda 14 of kolfe keranio Sub city. Unemployment and low income are one of the present situations in urban and cities of Ethiopia. The government of Ethiopia has formulated a policy to mitigate the overwhelmed problem by fostering micro and small enterprises.

During the study, primary data were collected from 80 owners and 76 employees of MSEs'. In addition, secondary data were collected from Woreda 14 MSEDO, Kolfe keranio Sub city MSEDO, and Addis Ababa MSE Development Bureau. Both quantitative and qualitative approaches applied. The findings of the research shows, characteristics nature of respondents and enterprise have great influential nature in income generation and employment creation. In the surveyed enterprises, an employment was created at annual average of minimum 5-7 and maximum 17-23 in five the years. The annual average income of enterprise owners were at the minimum ranging between 30,000-50,000Birr and maximum ranging between 141,001-200,000 Birr. Also the annual average incomes of employee were minimum ranges of 8,000-13,000 Birr and maximum range 21,001-23,000Birr in five year. Research finding also shows lack of working place, insufficiency of finance or credit facility and etc. were the sever problem of enterprise during startup and operation. Identifying enterprise need and problem during start-up and operation, encouraging educational status of operators, modernizing working procedure, promoting micro finance institution, training about culture of saving, providing working premises in the appropriate place, and etc. should be encouraged.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

The vast majority of firms around the world fall into the category of micro, small or medium-sized enterprises. In terms of enterprises, more than 95% fall into this category; but even in terms of employment in low and lower-middle income countries, more than 50% of employees work in companies with fewer than 100 employees (Ayyagari, Demirguc-Kunt and Maksimovic, 2011a).

In today‘s globalization of world trade, a substantial role is being assigned to the private sectors in many developing nations. In line with this, there has been the emergence of micro and small enterprise (MSE) sector as a significant element for economic development and employment (Belay kinati Debelo, AsmeraTeshome, Tekalign Minalu: 2015). MSE Sector has seen as the engines of employment, alleviating poverty and upgrading the standard of living of citizens which is understood by both developed and developing nations (Ibid).

In developed countries, the share of the enterprises is even larger accounting, on average about 50% to GDP and 60% to employment. Thus, naturally, as economies grow, the share and contribution of these enterprises in the economies of developing countries will improve. In these economies, the expansion of these enterprises is doubly important as they are closely associated with the relatively poor and especially so with disadvantaged groups of women and youth **(**Robu M., 2013).

In developing countries, entrepreneurial activities and the associated Micro and Small Enterprises (MSEs) are particularly salient among the urban poor. These enterprises provide employment opportunity and source of income, by which these poor people withstand causes and seeds of extreme poverty. Consequently, encouraging and supporting the establishment and expansion of Micro and Small Scale Enterprises (MSEs) is one of the development paths opted by the governments of developing countries to reduce unemployment and the resultant poverty (Daniels and Mead: 1998). Governments of various least developed nations are allocating ample resources for promoting the MSE sector because they see MSEs as engines of employment, tools of alleviating poverty and improving equality(Gomez:2008).Apart from the government focus and efforts, various national and international nongovernmental organizations (NGOs) have also

spent considerable attention and resources, directly or indirectly, on boosting up MSEs due to their ability to grow tremendously at the peak of the economic crisis of the 1980s even exhibited unique strength in the face of recession(Ugandan Ministry of Finance, Planning and Economic Development:2008 as cited in Mulugeta: 2011).

In recognition of the importance of MSEs to the economy in terms of employment creation, income generation, and equity, the government of the Federal Democratic Republic of Ethiopia (FDRE), has adopted National Micro and Small Enterprise Development Strategy in 1997. Following this, the Federal Micro and Small Enterprises Development Agency (FeMSEDA) was established by council of Ministers in 1998 (proclamation No.33/1998). The objective of FeMSEDA is to encourage, coordinate and assist institutions which provide support for the development and expansions of MSEs in the country at large. The primary objective of the strategy framework was to create a favorable environment for MSEs so that MSEs could facilitate economic growth, create long-term jobs, strengthen cooperation between MSEs, provide the basis for medium and large scale enterprises and promote export. In this strategy framework, the government prioritized those enterprises with features like manufacturing and processing various commodities, self-employment particularly by disabled and unemployed youth, start-ups and expanding firms owned by women etc. Federal Micro and Small Enterprises Development the agency has been established as an autonomous government institution under the supervision of the Ministry of Urban Development and Construction. The primary goal of the agency is to meticulously implement the strategies mentioned above (MUDC, 2013).

To implement the MSE policies and strategies, Regional Micro and Small Enterprise Development Agencies (ReMSEDAs) have been established (Ibid). In Ethiopia, the idea of Micro and Small Enterprise Development emerged as a promising agenda in the 1980s. Different reasons have been mentioned for such event such as:

- The sector of micro and small enterprise is a preferable pathway for poverty reduction
- The micro and small enterprise sector is a platform for sustainable development and productivity
- Micro and small enterprises are crucial actors within the trade sectors and a platform for economically empowering both men and women.

1.2 Statement of the Problem

The government of the Federal Democratic Republic of Ethiopia has employed the promotion and development of MSEs as a tool and strategy that can have a profound effect on reducing urban poverty, creating employment and bringing about overall growth in the business sector(Tegegne and Meheret : 2010). In the government's Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) of 2005-2010, according to the Ministry of Finance and Economic Development (MoFED), it is shown that there is a plan to reduce urban unemployment via promoting MSEs and creation of 1.5 million new job opportunities (Mulugeta: 2011).

The EPRDF adopted Agricultural Development Led Industrialization (ADLI) and private sector development strategy in 1995. An element of these strategies was focused on MSEs development: Among the principal objectives Federal Micro and Small-Scale Enterprises Strategy (FMSES) and Regional Micro and Small-Scale Enterprises Strategies (RMSES) are exploitation of local raw material, creation of productive job opportunities, adoption of new and appropriate technologies, and enhancement of the development of MSEs which have wide-ranging backward and forward linkages.

The highest national policy framework (the GTP) clearly states that micro and small enterprises constitute ―the main strategic direction of industrial development" in the country. The GTP recognizes that ―the expansion of MSEs in urban areas will result in large scale job creation and thereby poverty reduction" (MOFED: 2010).

In relation to FDRE government, in 2004 the government of Addis Ababa began the Micro and Small Enterprise development Program with the objective to reduce poverty and unemployment to less than 20% in 2012, provide people with an income and employment**.** But the study conducted by MUDC (2013) identified a number of challenges and constraints hindering the growth of MSEs. These challenges were manifested in terms of capital, technology and employment growth trends (Ibid). Enterprises in other regional cites indicated that shortage of

finance (42%) to expand their business was their principal challenge, followed by lack of working pre[1]mise (28.3%); and lack of access to market or absence of linkage to market. The study (MUDC (2013)) also showed that lack of access to land has been one of the most crucial bottlenecks (26.4%) in Addis Ababa, problem of finance (25.6%) and access to market (25.1%) were among the strong factors inhibiting the growth of these enterprises in the capital.

However, according to UNDP (2014) report indicates that Poverty levels have reduced from 38.7% in 2004/2005 to 32.7% in 2008/09 and to an estimated 27.8.2% in 2011/2012 (MoFED MDG Report 2012). According to CSA 2011/12), the national unemployment rate was 3.1% in 1994, 8.2% in 1999, 5.4% in 2005, and 3.7% in 2007. The survey also indicated that unemployment rate in urban areas estimated at 17.5% of which 11.4% are males and 24.2% are females and high youth unemployment prevalence, 27% and 18.3% for age group 20-24 and 25-29 respectively, MSEs Sector is higher contributors in reduction of poverty in the country.

The excursion made in the MSE strategy of Ethiopia in brief reveals the vastness of the contribution of MSEs in the entire economy has been immense. Studies conducted by MoTI, 1997 as cited in GTP, 2010, these areas rightly point out that MSEs have been on the forefront in employment creations, poverty reductions, proliferations of entrepreneurships and thus economic development concurrently

Most previous studies (Bereket Tadesse, 2010) which were conducted on micro and small enterprises mainly focus on the role of individually and cooperatively owned micro and small enterprise in employment creation and income generation. Another study conducted was on the contribution of group-based MSEs to the Local Economy and Social Development (Endalsasa Belay June, 2012). It was also important in this study to see the contribution of group- based[1] MSEs Sector in employment creation and income generation in selected enterprise (manufacturing, construction, and service) simultaneously in selected area. This was the knowledge gap that this research was trying to fill. So, in this study, the researcher has tried to

[1] *Group-based micro and small enterprises- those enterprises formed in partnership and cooperatives (those enterprises having partnership ownership and cooperative ownership)*

investigate the contribution of the three sectors of MSEs to employment creation, and income generation.

1.3 Objective of the study

1.3.1 General Objective

The overall objective of the study is to examine the contribution of group- based micro and small enterprises in employment creation and income generation in Woreda **14** of Kolfe Keranio sub-city of Addis Ababa by analyzing the characteristics & performances of the MSEs.

1.3.2 Specific Objectives

The specific objectives of the study are to:

- To know the characteristics of respondents and group-based MSEs in the study area.
- Examine the contributions of group based MSE sector to the employment creation.
- To assess the contribution of group-based MSEs in income generation.
- Identify the challenges facing the MSEs operating in employment creation and income generation sectors.
- Forward possible recommendations that would help enhance best practices and ameliorate major problems facing both the MSEs and the Support institutions

1.4 Research Question

The study will attempt to answer the following basic questions about the group- based micro and small enterprises.

- What are the characteristics of respondents and group-based micro and small enterprises in the study area?
- What are the contributions of micro and small enterprise in employment creation?
- What are the contributions of MSEs in income generation?
- What are the challenges facing the MSEs operating in the identified sectors?
- What were the possible solutions for problems faced MSEs?

1.5 Significance of the Study

The study is believed to have a number of significances. Principally, the study had provided some insights for more informed interventions in the sectors development strategies. The result of the research would provide relevant information to policy makers and local development planners working on the development of conducive environment for MSEs. It could also pave ways for further studies in the same sector as well as other business undertakings in a more equipped manner to use existing, abundant human resources for employment creations, entrepreneurial development, income generations, as well as socioeconomic development.

1.6 Scope of the Study

Scope of a given studies is usually looked at from various perspectives—which could be in terms of areas of coverage as related to the subject matter and viewpoints of geographical reach within a given time and budget limit allocated for the study. Accordingly, the study covers sectors of manufacturing, construction; and service of MSEs of Woreda**14** of Kolfe Keranio sub-city. In other words, it would provide sampled group-based MSE operators in *w*oreda **14** of *Kolfe keranio* sub city. Secondly, the studied touches group-based enterprises of three sectors, which organized or under supervision of Woreda Micro and Small Enterprise Development office. Furthermore, the study mainly focuses on the contribution of group-based MSEs to employment creation and income generation in Woreda 14 of Kolfe Keranio sub-city.

1.7 Limitations of the Study

This study was faced with different shortcomings or limitations. One of the critical limitations in this regard was the absences of reliable data on the location, and number. The other limitation, which should be mentioned, was the unwillingness of the sampled MSEs to provide information. It was found that MSEs operators were largely reluctant to give their time to respond to the study questionnaires for various reasons. So, repeated visits and attempts of clarifying the objective of the study were tire and time taking. The other major limitation of the study was, it was difficult to achieve all areas of group- based micro and small enterprise categories‘ like manufacturing, construction, and service in one place of woreda 14 of Kolfe Keranio sub-city. Lastly, respondents also show a tendency of underestimating their income and capital; this was because they fear tax and other problem.

1.8 Organization of the Paper

This paper was organized in to five chapters. The first chapter deals with different issues like the background of the study, statement of the problem, objective of the study, the research question ,scope of the study, significance of the study, limitation of the study, and organization of the paper itself. Chapter two provides the detailed review of concepts, theories, existing studies on the matter under investigation, and lastly the analytical framework. Chapter three was all about the methodology of the research and description of the study area. Thorough discussion of the employment creation and income generation and empirical findings were dealt in the fourth chapter. The last chapter makes conclusions and forwards some suggestions based on the findings of the study.

CHAPTER TWO

2. REVIEW OF THE RELATED LITERATUR

In this chapter, both theoretical and empirical literatures related to the topic of the study are presented as follows.

2.1. Theoretical Literature

In this sub section, different issues like definition and characteristics of micro and small enterprises (MSEs), contributions of MSEs to employment generation, economic growth, and contribution of MSE in poverty reduction are discussed.

2.1.1. Definition of Micro and Small Enterprise

The definition and types of micro and small enterprises differ from country to country and there is no universally stated definition for micro and small enterprises. Depending on their realities and objectives, each country has to establish its own definition for them. For instance, in our country, Ethiopia, micro and small enterprises are given different meanings at different times. The recent applicable definition is given by Central Statics Agency (CSA), 2010, on the bases of criteria -level of paid-up capital/total asset, number of employed workers, and excluding building and the definition divides enterprise between industry and service. The definition takes into consideration of next five year inflation and value of birr. Accordingly, the definition of MSEs is presented as follows.

Micro Enterprise

- Industry sector (manufacturing, construction, and mineral): An enterprise said to be micro when number of human resource employed is five including owners and owner‘s family and their capital is less than or equal to $6000
- Service (Retailer, transport, hotel tourism, ICT service):In service sector, human resource employed is five including owners and owners‘ family and their capital is less than or equal to $3000

Small Enterprise

- Industry sector (manufacturing, construction, and mineral): In small enterprise, number human resource employed is between6-30 and total asset in cash is less than or equals to $90,000.

- Service (Retailer, transport, hotel tourism, ICT service): Human resource employed is between6-30 and total asset in cash is less than equals to $30,000.

MSEs are defined in most countries based on the number of employees. Accordingly, most commonly, micro enterprise is enterprises with ten and less employees, while small enterprise is enterprises with 10 to 50 employees (Farbman and Lessik, 1989).So, according to their purpose and intention, different countries defined micro and small enterprises differently. However, the parameters generally applied by most countries, single or in combination are: capital investment in plant and machinery, number of workers employed, or volume of production or turnover of business (Hewaliyang, 2002, as cited in Endalsasa Belay, 2012)

Generally, there are qualitative, comparative, and quantitative criteria to defined micro and small enterprises. The qualitative sides include: their financial practices, training styles, internal management structure, and decision making process. The comparative factors have to do with the way micro and small enterprises are studied vis-à-vis large enterprises in the corporate sector. They are small sized in comparison with the large entities in which they share a given economic space. Whereas the quantitative criteria include: number of workers, sales turn over and investment capital. So that, micro and small enterprises come in varying sizes and in one country may be larger than the „big companies in another. (Besides to definition discrepancies (difference) in different countries, the nomenclature (name) of the sector varies from one country to the other. Countries named the sector as Small-Scale Industries (SSI), Micro and Small Enterprise (MSE), Small and Medium Enterprise (SME) (Ibid).

Enterprises are usually divided in to four levels: micro, small, medium, and large. The definition varies from country to country based on the level of economic development of the country. Classifying enterprises in the above four category can be based on a firms assets, or number of employees. Accordingly, an enterprise considered small in one country may be medium or micro in other country (Taye, 1997).

The following table shows the definitions of micro and small enterprise in different countries.

Table 2.1: Definitions of micro and small enterprise in different countries

Country	Enterprise division	Categories of each Enterprise	Human resource	Total Asset
Ethiopia	Micro-enterprise	Industry	≤ 5	≤ $6000
		Service	≤ 5	≤ $ 3000
	Small- enterprise	Industry	6-30	≤ $ 90000
		Service	6-30	≤ $30000
India	Micro-enterprise	Manufacturing	---	≤ $ 50,000
		Service	--	≤ $ 20,000
	Small- enterprise	Manufacturing	---	≤ $ 1million
		Service	----	≤ $ 0.4 million
Tanzania	Micro-enterprise	----	1-4	≤ $ 3400
	Small –enterprise	-----	5-49	≤ $ 136,000
	Medium-Enterprise	------	50-99	≤ $544,000
South Africa	Micro-enterprise	-----	1-4	≤ $ 15,000
	Very small-enterprise	----	10-20	≤ $ 294,000
	Small –enterprise	----	20-50	≤ $ 734,000
	Medium-Enterprise	---	≤ 200	≤ $ 2.8 million

Source: Central Statics Agency (CSA), 2010

Therefore, the definition of micro and small enterprises varies from country to country and an enterprise considered as small in one country may not be in other country. Other authors, (Farbman & Lessik, 1989) also classified MSEs as survival (non-graduates) and growth-oriented enterprises, on the bases of the motive behind doing business, capacity to specialize, innovation, and grow in size, and capacity to graduate. The survival category comprises persons commonly referred to as the poorest of the poor .These people engaged in such economic activities to fulfill their basic needs due to lack of other alternatives.

The contribution of such business activities to economic growth is insignificant; rather it helps people to save individuals engaged from deeper poverty. Capital accumulation for vertical growth and graduating is not the main aim of survival businesses.

On the contrary, growth oriented enterprises are characterized by: oriented toward profit maximization, capital accumulation, and involve or aim at to specializing activities. So, such

kind of businesses can graduate in to the next step in terms of vertical growth, employee high skilled man power and complex technology and generate innovative ideas.(Farbman & Lessik, . 1989).

Cottage and handicraft industries are those establishments performing their activities by hand and using non-power driven machines where as the informal sector is defined as household type establishments or activities, which are non registered companies and cooperatives operating with less than10 persons. All enterprises employing ten or more workers are grossly considered as medium and large enterprises (Tegegne and Meheret: 2010).

Like national governments, in addition to recognizing the potential and contribution of MSE sector for poverty alleviation, many multilateral and bilateral development agencies and donors have also defined MSEs on a way that suits their institutional interest. Said specifically, the operational definitions used vary from donor to donor and from agency to agency. In fact, the way those donors and development agencies define MSE has a bold implication for their overall assistance abroad and domestic activity related to the sector. For instance, the World Bank‘s classification of enterprises is done based on the number of labor, level of total asset and volume of annual turnover. Hence, a micro enterprise employs 1-10 persons, possess a total asset of less than USD 100,000 and its annual turnover should be less than USD 100,000 while the small one employs 11-50 people, must have a total asset estimated between USD 100,000 - USD 3,000,000 and an annual sales volume of USD 100,000-USD 3,000,000

2.1.2 Common Characteristics of MSE

There are many common assumptions about the characteristics MSEs possess, such as: they employ few workers, are run out of the home, do not generate high income nor experience much growth, and do not produce for markets outside their local environment. Different assumptions are also held for entrepreneurs, depending on their characterization. Some might consider the economic activities of the poor to be ―petty commodity production" rather than ―entrepreneurship," the latter of which is expected to lead to capital accumulation and growth (Eversole, 2003).

Share of firms and employment. In many developing countries, micro enterprises and small-scale enterprises account for the majority of firms and a large share of employment, mainly

consisting of small firms with one person working alone or with unpaid family members. Self employment is a central element in these economies. In Ecuador, for example, firms with fewer than 50 employees accounted for 99% of firms and 55% of employment in 1980. However, the relative importance of small producers varies significantly across countries and, within a given country, across stages of development over time. In low-income countries, the vast majority of firms are micro- or small-scale, existing alongside a few large-scale enterprises. As countries develop, small-scale enterprises play a declining role (Liedholm, 2002).

- **Location.** Location can play a central role in determining MSE survival. MSEs located in urban or commercial areas are more likely to survive than their counterparts in rural areas. Those that operate in commercial districts or on roadsides typically show greater growth rates than those that are based in the home, although Liedholm points out that this can vary at the country level.

- **Gender**. An increasing number of small firms in Africa and Latin America are headed by women. These small firms tend to be concentrated in relatively specific activities like beer brewing, knitting, dress-making, crocheting, cane-work, and retail trading. MSEs headed by women are more likely to be based out of their homes (Mead & Leidholm, 1997). Since home-based MSEs tend to be hidden and overlooked, women owners of MSEs are more likely to be _invisible entrepreneurs.

- **Initial Enterprise Size.** Initial enterprise size has no significant influence on firm survival. So, smallness, by itself, is not an impediment to firm survival. However, growing enterprises are more likely to survive than those that remained the same size.

- **Firm Creation/Contraction**. MSEs are constantly changing; not only are new firms being created (new starts or births) while others are closing, but existing (surviving) firms are expanding and contracting in size. These changes are usually summarized in two concepts: Net firm creation (new starts minus closure), and ~~"~~mobility" or net firm expansion (firm expansion minus firm contraction) (Liedholm, 2002). The determinants of new starts differ between high and low return (profit) activities. For high return activities, barriers to entry like initial capital requirements are found to be inversely

related to the new start rate; for low return activities, new starts rates only inversely relate to the aggregate level of economic activity.

- **Labor Intensity.** Small firm expansion boosts employment more than large firm growth because small firms are more labor intensive, coinciding with the factor market structure of most developing countries. Many analysts argue that, within industries, for a given scale of production, small firms are more labor intensive than large firms.

- **Job Creation**. Apart from labor intensity, it is often argued that small firms are important for employment growth (i.e. job creation). While small firms experience both high job creation and destruction rates, it appears that job destruction during recessions is lower in small enterprises than in large enterprises – perhaps due to greater wage flexibility in small firms.

- **Wages and Benefits.** While there are many exceptions to the basic pattern, the evidence suggests that larger employers offer better jobs in terms of wages, fringe benefits, working conditions, and opportunities for skills enhancement, as well as job security. In low-income countries, small enterprises have much lower productivity levels than larger firms, which lead to the lower wages and non-wage benefits paid by small firms compared to large firms.

- **Efficiency and Innovation.** Measures of enterprise efficiency (e.g., labor productivity or total factor productivity) vary greatly both within and across industries. Financial market imperfections, such as information asymmetries, transactions costs, and contract enforcement costs are particularly binding on the poor who lack collateral, credit histories, and connections (Beck, Demirguc-Kunt, & Levine, 2004). Policy imposed distortions may reduce the number of MSEs below efficient levels by imposing fixed costs that bear more heavily on MSEs.

2.1.3 Contribution of MSE

2.1.3.1 Employment Generation

Contributions of MSEs in employment generation in the reduction of poverty have long been recognized. According to Carl Liedholm, and Donald C. Mead, (1999), this is an encouraging sign for some, while it is a symptom of failures of the economy for others. It has been an encouraging sign, because the proper functioning of the MSEs & the market help people get opportunities to take part in some gainful activities that can empower and nourish more families (particularly, those who are disadvantaged otherwise, i.e., those who are poor and have limited alternatives). Nevertheless, it is discouraging for other observers that the increase in the numbers of people engaged in the MSEs is a sign of failures of the economy to provide productive jobs—so they are forced to take refuge in limited activities that are not beyond subsistence support (Carl Liedholm, and Donald C. Mead, 1999).

In any angle, there is no doubt that MSEs have already become major features of the economic landscapes in most developing countries. As a result, researchers, practitioners and policy makers are increasingly interested in MSEs as incubators of labor intensive technologies and as sources of jobs and incomes for the urban poor (Thorbeche, 2000; Eric Ronge, et al, 2002).
This voluminous literature in this area could be grouped into various categories for analytical purposes. For instance, some write about MSEs from the view of economic growth (e.g., see Thorbeche, 2000; Eric Ronge, et al, 2002), while others from institutional aspects (Doglous North , 1990) and technological point of views (Moyi, E and Njiriani, 2005), and many more views from which MSEs involvement in the economies are being analyzed.

2.1.3.2 The Economic Contribution of MSEs

Due to its nature such as using labor intensive technologies and endogenous resources, micro and small enterprise sector play a pivotal role in the local economic development. Different scholars have stated the contribution of micro and small enterprises in various ways.

For instance, according to Lied Holm and Mead (1999), micro and small enterprises have the potential to contribute in a number of ways to the reduction of poverty and development process. The followings are some of the benefits of MSEs.

Contribution to household income and welfare

- Provides income maintenance for those with few options.
- Provides a basis for growth in income and welfare through asset accumulation, skill development and access to more rewarding economic opportunities.
- Providing employment.

According to Mkandawire (1999), the sector has the following contributions:

- Employment generation.
- Efficient utilization of resources.
- Innovative entrepreneurial development.
- Stimulation and democratization of capital accumulation by redressing regional and ethnic imbalances.
- Regional development.
- Poverty alleviation.
- Increasing flexibility of the economy.

MSEs improve backward and forward linkages, and they are basis for medium and large-scale enterprises.

2.1.4 MSEs and Economic Growth

Reducing unemployment and hence enabling citizens to enjoy better standard of living has remained one of the top agendas of governments, politicians, think-tank groups, donors, lending institutions, and researchers over the last four or five decades. Equally, with the emergence of the idea of economic dualism[2] in 1960s, economic theories and practices started to pop up with an objective of reducing unemployment and boosting citizen income for economies characterized by such dual behavior. With this theoretical explanation, policies and strategies like industrialization through import substitution and few decades later export promotion strategies and regional integration (south- south) were commonly acknowledged and implemented. These

[2] Economic dualism recognizes the existence of unlimited surplus labor with lower wages in the rural/ agricultural sector and some labor with better skill and wage in the modern/industrial sector—it recognizes linkages between industry & agriculture but very limited in scale.

theories and associated policies and strategies have worked in some countries, but in some other countries replication of these theories were found to be recurrently fruitless. More specific to the topic under consideration, tackling issues of unemployment through the support and promotion of large scale manufacturing industries has repeatedly failed.

Large scale enterprises are characterized by larger demand for heavy machineries with relatively advanced technologies, high investment and working capital, and more skilled manpower, which are all in limited supply in developing countries. Large industrial establishments are relatively advantageous in successfully reducing unit cost of production. Such establishments enjoy the benefits of economies of scale; and better labor productivity (through specialization). However, it is disadvantageous as it became difficult to absorb the less skilled unemployed labor in the economy and the inherent capacity of most developing economies to have large number of large and heavy manufacturing industries is also limited. Most healthy economies exhibit an industrial pyramid where few heavier industries exist at the top followed by a larger number of medium scale enterprises (which is gravely missing in developing economies, commonly known as ~~–t~~he missing link") and very large numbers of small and micro enterprises exist and even very larger number of informal engagement exists. Therefore, promotion and support of large scale enterprises (equivalent to discouraging smaller and micro enterprises) is not a wise policy decision for less developing countries overwhelmed by quite large number of unemployed youth.

As a matter of fact, in the 1970s, problems of unemployment and resultant poverty and income inequality have gained wider attention in the academics and policy circles and GNP as a main and all rounded objective indictor of development were started to be questioned. The notion that aggregate growth is equal to economic and social development was brought under critical scrutiny and started to be questioned in many academic and policy circles. The launching of the World Employment Program by the ILO in 1969 redirected the primary objective of development to be raising the standard of living of the poor through increased employment opportunities. In increasing the living standard of the poor, creating income generating and productive opportunities were considered a basic policy instrument (Thorbeche, 2000: 13).

Another conceptual outbreak related to unemployment/ employment during the 1970s was sympathy for informal sector as a source of employment opportunities following the rigorous empirical studies by the ILO and report at global conference on world employment program in

Kenya (Josef Gugler: 2002). The conference has raised the idea that informal sector is crucial and possess potential source of employment and economic growth in the face of rapid population growth. It was therefore, recommended that the promotion of labor intensive technologies and production processes as an appropriate policy instrument. Employment and distribution of income have reached a level of appraisal criteria for financing investment projects.

In the late 1990s, notions of growth and human welfare were re-evaluated in more critical way. Growth (inequality) and poverty (inequality) were understood and explained as an inseparable process where inequality is inevitable where and when there is growth and poverty is inevitable where and when inequality exists. Growth is a necessary but not a sufficient condition for development to occur. Initial income distribution pattern, the nature and structure of growth play a critical role in reducing poverty. If initial income and wealth distribution is uneven then both growth and the impact of a given aggregate GNP growth on poverty reduction will be smaller (Thorbeche, 2000). Institutions and policies that can reduce trade-offs between growth and inequality/poverty were recommended as better policies and strategies. Similarly, human welfare was redefined to be more comprehensive and multi-dimensional as an ultimate goal of development as opposed to narrower concept of poverty reduction. Promotion of labor intensive technologies in production was one of the growth policies and strategies believed to address unemployment problems of both rural and urban residents and adopted by most developing countries. Promotion of micro and small enterprises (MSEs) has, thus, been one among those labor intensive endeavors adopted by countries (Ibid: 34).

Realizing the contribution of MSEs, most governments in both less developed countries and developed countries have been supporting MSEs extensively. The World Bank, UNIDO, the Asian Development Bank and a number of donors have been supporting MSE promotion policies. According to Tulus T. 2006, the World Bank rationalizes its support for MSEs for three reasons.

- First, MSEs enhance competition and entrepreneurship through its external effects of economic efficiency, innovation and aggregate productivity growth.
- Second, MSEs are more productive than its counterpart larger enterprises.
- Third, expansion of MSEs boosts employment opportunities as compared to its larger enterprises.

2.1.5 The Role of Micro and Small Enterprises in Poverty Reduction

By now it is clear and agreeable that poverty, both in urban or rural areas, is all about lack of basic needs, low or inadequate level of income and consumption, poor command over resources, and high level of social exclusion, inequality and vulnerability. Before reaching in to such multifaceted understanding of the concept of poverty, poverty was viewed in terms of level of income in the late 1950's and 60's.Then onwards, however, the trend of defining it begun to incorporate other non-economic aspects. Likewise, on the other hand, according to Green et al (2006),one important innovation, since the late 1980's and early 1990's, in development research and policy has been the refocusing of the goals of development strategy from an exclusive concern with economic growth to ‗growth with poverty reduction' through MSE development. As a result, the 80's and 90's were typically decades on which the number of MSEs has been in sharp acceleration and a corresponding pronounced interest was vested in the enterprises from local to international donors. Parallely, again during these decades, the role played by MSEs, through the various socio-economic benefits emanating from the sector, was found to be eminent in the overall development effort and process of nations. In other words, by generating larger volumes of employment as well as higher levels of income, the SMEs will not only have contributed towards poverty reduction, but they will also have enhanced the welfare and standard of living of the many in the society (Mukras:2003).

Nevertheless, there are two polarized thoughts, according to Agyapong (2010), in relation to the role and contribution of MSE to economic growth and poverty reduction: the Anti-MSEs and Pro-MSEs. At the very onset, the Anti-MSEs are skeptical about the efficacy of MSEs in promoting growth and reducing poverty. They argue that MSEs may not exploit economies of scale; their productivity is minimal as they rarely undertake the fixed costs associated with research and development. In line with these shortcomings and pessimism, Admassie and Matambalya(2002), for instance, concluded that high level of technical inefficiency, which reduce their potential output level significantly, characterize the Tanzanian SMEs. The Anti-MSEs strongly oppose such an argument that small businesses are more labor intensive and are better at creating jobs than large firms. Furthermore, they hold a view that the net job creation of MSEs is not necessarily significant and frequently lower than for larger enterprises as the majority level of job creation is accounted by large enterprises. Those employed in larger

enterprises, unlike those engaged and absorbed in MSEs, are offered better jobs in terms of wages, benefits, working conditions, opportunities for skill enhancement, and job security.

(Biggs:2002; Hallberg:2001 cited in Agyapong 2010, Brown et al. and Rosenywig cited in Tegegne and Meheret(2010)).To sum up, proponents of this thought strongly question the role played by MSEs to minimize the incidence of high level poverty in most developing economies through employment creation, income generation and multiplier effects on other sectors of the economy.

On the other extreme, the Pro-MSEs, whose stand and arguments are also shared by national governments of the global south, donor countries and development agencies, are of a view that MSEs facilitate economic growth and help to reduce the high poverty level widely experienced by the majority of the countries of the developing world. The Pro-MSEs have argued that MSEs speed up competition and enhance entrepreneurship and thus have economy wide benefits in efficiency, innovation and productivity growth. Thus direct government support of MSEs can help countries reap social benefits. Second, MSEs are generally more productive than large firms but are impeded in their development by failures of financial markets and other institutions for capital and other non financial assistances. Thus, pending financial and institutional improvements, direct government support of MSEs can boost economic growth and development. Finally, the growth of MSEs boosts employment more than the growth of large firms because MSEs are more labour intensive. So subsidizing MSEs may help reduce poverty.

Although there are few studies that consolidate the validity of the view claimed by the Anti-MSEs(Maliti and Mnenwa:2008),the majority of researches carried out so far in many developing nations amplify the positive role played by MSEs towards economic growth and poverty alleviation. In his work where he assessed the roles of microfinance and entrepreneurship in poverty alleviation by taking and analyzing Bangladesh, Bolivia, and India as case studies, Vincent [4] argued that microenterprises contribute significantly to economic growth, social stability and equity and the sector is one of the most important vehicles through which low-income people can escape poverty. In most developing countries, microenterprises and small-scale enterprises account for the majority of firms and a large share of employment. Equally, the same writer concluded that provision of micro finance, through the resultant micro enterprises, allows significant improvements in quality of life for the micro entrepreneurs of least

developed countries around the world by stabilizing the cash flow of their economic activity and bringing security to the enterprise. To him, this allows them to better manage spending, which often generates savings; and this provides better standards of living to their family, and dependents in terms of housing, nutrition, health and education. Similarly, by reviewing numerous case studies and empirical work on the changing role of MSEs in the development process and the access of MSEs to formal and informal finance including microfinance, Green et al (2006) attested that a dynamic and growing sector of MSEs can contribute to the realization of a wide range of development objectives such as the attainment of income distribution and poverty reduction, employment generation, mobilization of savings and production of goods and services that satisfy the basic needs of the poor. They further argued that, by citing the World Bank (2001b), that improving the access of the poor to financial services enables these agents to build up productive assets and enhance their productivity and potential for sustainable livelihoods.

2.2. Empirical Literatures

In the previous section we have stated the theoretical or conceptual literature that related with the topic under investigation. In this section, we are going to talk about the empirical literature which shows the real contribution of the sector of micro and small enterprises in different countries.

2.2.1 Regional Examples of MSE Impacts

The impacts of MSEs in employment and income generation, firm creation, and contributions to broader economic growth by offering regional examples that complement the empirical ideas which show the real contribution of the sector of micro and small enterprises.

Sub-Saharan Africa

Daniels and Mead (1998) analyze the level of income earned among small firms (defined as enterprises with 10 or fewer workers), drawn from previous survey work to examine the determinants of enterprise births, closures and expansions in five African countries (Botswana, Kenya, Malawi, Swaziland, and Zimbabwe) they conclude that while some micro and small enterprises generate very low returns, other MSEs produce substantially higher returns, particularly for those who participate as owners or as workers. The authors explore the extent to

which small firms generate very low returns in –survivalist" type activities and their potential to generate higher incomes:

- Non-farm MSEs employ 17% to 27% of the adult population in five African countries; another 60% to 90% of the labor force works in agriculture.
- Although many people assume that MSEs are primarily part time businesses, the data show that76% of MSEs in Kenya are in operation more than 195 hours per month.
- Urban-based MSEs in Kenya are in operation more hours, on average, than rural based MSEs. The authors suggest that this could reflect higher proportions of MSEs in rural areas that are operated by households that are also engaged in other activities such as agriculture. Similar findings show that MSEs owned by men are in operation more hours than MSEs owned by women.
- There is no statistical difference in income between MSEs in rural or urban locations, although MSEs owned by men tend to earn significantly higher profits than MSE owned by women.
- In the five countries, MSEs generated nearly twice the level of employment as registered by large-scale enterprises in the public sector.
- Official statistics suggest that Kenyan MSEs generate over 13% of GDP. However, some experts argue that their role may in fact be much more prominent, contributing up to40% of GDP. This discrepancy illustrates the idea that official statistics may frequently underestimate the role of MSEs in terms of number of firms, as well as employment and output contributions. Small, informal firms may be all but invisible if they are located within the household, with in the agriculture sector, or if their owners operate clandestinely for fear of harassment or sanctions from public officials. Liedholm and Mead estimate that the actual number of MSEs in many countries may actually be double that of official statistics.

Latin America

A study conducted by Orlando and Pollack (2000) assessed poverty in the microenterprise sector in Latin America by examining household income per capita and individual earnings using Inter-American Development Bank surveys from 14 Latin America countries (where a microenterprise is defined as employing 5 workers or less) and tabulations prepared by the Economic

Commission for Latin America (where a micro enterprise is defined as employing 10workers or less). They found that those in the micro enterprise sector:

- Represented 54% of total employment in Latin America in the mid 1990s; between 1990 and 1995, an average of 84 out of 100 new jobs were created by MSEs.
- Measures of MSEs‘ participation in GDP ranged from less than 10% to 50%, depending on the country and method of estimation.
- The incidence of poverty was almost twice as high for micro enterprise workers than for non- micro enterprise workers, and the pay gap between the two groups increased during the decade.
- More than one-third of households (in a subset of Latin America countries) generated at least 50% of their income generated from micro enterprise sector; those with a significant amount of income from the micro enterprise sector also tended to have higher poverty rates.

2.2.2 Contribution of MSEs to the Ethiopian Economy

Several studies indicated that micro and small enterprises are characterized by family based business firms employing hardly over two employees often owners and unpaid family workers. Micro and small enterprises are also characterized by lower productivity and income as compared to bigger enterprises. Yet, their larger population enables them to employ the largest labor force in less developing economy next to agriculture.

According to MUC (2013) study conducted on twelve selected city and town of Ethiopia results indicates that 6.2% of the operators are self employed, 34.4 % have employed a single worker, 24.1% employed a pair of workers, 33.8% employed 3-6 employees and only 1.6% employed more than 5 employs demonstrating typical features of micro and small enterprises. Based on this definition and the result of the survey, 43.5% and 29.8% of micro enterprises in the sample towns employed a single and a pair of workers respectively. Similarly 73.7% and 22.7% of small enterprises in the sample towns were able to employ 6-10 and 11-30 workers respectively.

Comparison of micro enterprises and small enterprises by the size of persons engaged shows similar pattern where close to three quarters of micro enterprises created a livelihood for 2-4

persons and two third of small enterprises created a livelihood for over 10 persons including owners.

The survey result of MUC (2013) indicate in most (38%) of owners/ managers of sample micro and small enterprises surveyed in all sample cities have attended high school as a highest level of education, next to primary school (33%). Owners/ managers of very few micro and small enterprises, i.e. 6.1% in all sample cities, 7.9% in Addis Ababa and 5.5% in other sample cities , except Addis Ababa, have attended TVET education, which indicates that very few MSEs have adequate educational and technical background needed for production and graduates of TVET colleges has not been absorbed in the MSEs sector.

Larger proportion of micro and small enterprises (65 % in Addis Ababa and around 59% in other sampled towns) are owned/ managed by male owners and or managers. Female owners/ managers constitute about 35% in Addis Ababa and 41% in other 12 regional cities and towns. The involvement of female owners/ managers varies across sample cities like Mekelle, Gondar, and Shashemene where the share of female managed enterprises is less than 30%, while in cities like Dire Dawa and Adama have more than 50% ownership rate by female. In the remaining sample cities, ownership of micro and small enterprises nearly approaches to comparable share between both sexes. The gender analysis can also be made in terms of the number of jobs created by the enterprises for the two sexes. The result obtained from the analysis MUC (2013) reveals that about 8224 (56%) and 6531 (44%) jobs have been generally created for males and females, respectively, in the sampled MSEs.

2.2.3. Constraints faced MSEs in Ethiopia

Theoretically, different constraints which hinder the operation of enterprises may exist. Even though, the MSE Sector has vital contribution to the Ethiopian economy, it is not operating without problems. There are different challenges that impede or hinder the operation of micro and small enterprises. As cited in Endalsasa Belay (2012), the major challenges that hinder the operation of the sector mostly associated with, *Problem related to market*: - market is necessary to purchase raw material inputs and to sell products or out puts. Mostly Ethiopian micro and small enterprises faced the problem of access to market. *Constraint related to finance*: it is clear

that finance is very necessary to start and expand business activities. Like lack of market, Ethiopian micro and small enterprises faced with lack of capital during and after establishment.

Problem related to Technology: It is clear that using appropriate technology is necessary to increase the quality as well as the quantity of products of business activity. With regard to this, researchers explained the existence of problems in micro and small enterprises in relation to technology. *Problems related to infrastructure***:** It is understandable that good infrastructure facilities (such as road, electric) increase the performance of business activities. On the contrary, poor infrastructure facilities weaken the performance of business activities. *Problem related to access to information***:** Information about identifying the type of activity with the necessary inputs, market information, regulation and legislation, accounting, managerial advice, interlink age information, and etc, is very important for micro and small enterprises to be successful.

Therefore, in order to increase the capacity of the MSE sector and thereby their contribution to employments creation and income generation these real and other related challenges or constraints should be solved or at least minimized.

CHAPTER THREE

3. RESEARCH METHODOLOGY AND THE STUDY AREA

3.1 Research Methodology

The methodology used in this research has been both quantitative and qualitative approach based on fieldwork data collected through different techniques namely interviews, questionnaires, and observation. The source of data for the purpose the study was both primary and secondary from study area and various places.

The justifications behind using both the approaches for this research were given below:

It is argued that the goal and means of any urban poverty reduction intervention, including MSE program, must be to create employment and generate income. Different countries stressed on MSEs for the purpose of employment creation and income generation for job seekers.

- Quantitatively, in short the aim of this study was to analyze the overall contribution of group-based MSE in employment creation for job seekers and income generated to MSEs owners in wereda 14 by attempting to exploring their income and employment created.
- Qualitative methodologies are also suitable in this study because:
    - There is difficulty in quantifying employees‘ motivation and happiness to their present activities.
    - The other is to extract information why enterprise owner chosen to join the sector requires qualitative type of approach.

Generally, in this study, the researcher used the two approaches i.e. quantitative approach in order to collect quantitative data and qualitative approach for subjective assessment of attitudes, opinions and behavior of investigation.

3.1.1 Types and Methods of Data Collection

In order to achieve the objective of the study already stated, research problem has been defined and research design/ plan chalked out. During data collection, the researcher want to kept in mind two types of data viz., primary and secondary. The *primary data* were collected from study area (Woreda 14 of Kolfe keranio sub-city). The *secondary data* had been collected from different place which contribute for success of the result of the study.

3.1.1.1 Methods of Collecting Primary Data

In this **descriptive type of research**, the researcher obtained primary data through observation, and through direct communication with respondents in personal interviews. To collect primary data, particularly in this descriptive research, the researcher employed important ones were: (i) observation method, (ii) interview method, (iii) through questionnaires

Observation Method: Under the observation method, the information was sought by way of direct observation without asking MSE owners and employees of Woreda 14. This data collection instrument was used to see the real situation of the enterprises. Using this method, different issues like the nature of their working premises, the appropriateness of their working place, the working conditions, nature of the interaction between members and other related issues were observed.

Interview Method: Another method employed to collect primary data in this research was interview method. This method had been used through personal interviews and key informant interview was conducted to collect primary data. With regard to this primary data collection instrument, semi-structured interview was conducted with the heads of each sample group-based enterprise. The interview was structured in a manner that enables to collect further information on the role of enterprises in employment creation and income generation (include: level of initial and current capital, number of operators, economic contribution, poverty reducing, challenges, and etc), and the constraints that hinder the operation of MSEs in the study area. Besides, to collect information about the situation of micro and small enterprises in the study area, heads of micro and small enterprise development office of woreda 14 were interviewed through unstructured interview.

Questionnaire: The questionnaire was designed and has been disseminated to respondents. Most questions in the questionnaire were closed-ended questions and contain different parts like demographic characteristics of the respondents, enterprises contribution to employment creation, and income generation and etc. However, opportunities were given to the respondents to say more through open ended questions.

3.1.1.2 Methods of Collecting Secondary Data

In this study, the researcher has used secondary data which was both published and unpublished data. Secondary data such as documents, periodicals, publications, and etc, relevant to the study were collected from different government institutions like Central Statistical Agency (CSA), Ministry of Trade and Industry, Addis Ababa Micro and Small Enterprise Development Bureau, and Woreda 14 of administrations of the Kolfe Keranio sub city.

3.1.2 Sampling Design

The sampling design of this research was included the following points;

***Population /Universe/*;** based on the intended objectives, the study was conducted on the group-based micro and small enterprise of Woreda 14 of Kolfe Keranio sub-city with the population of 113 enterprises (Woreda 14: report, 2015).

***Sampling Unity*;** depending on C.R. Kothari (1990) definition on sampling unity, the researcher has decided sampling unity of Woreda 14 out of the kolfe keranio sub-city by selecting sample size on MSEs 40 enterprise.

Source list; in this study, the names of all items of universe are listed as construction, manufacturing, and service sectors of group-based MSEs of Woreda 14 of Kolfe keranio sub-city.

***Parameters of Interest*;** the interest of the study was to examine the contribution of group-based MSEs in terms of employment creation, and income generation.

3.1.3 Sample Size Determination

Study applied a simplified formula provided by C.R. Kothari (1990) in order to determine the required sample size of population from which a sample is to be drawn does not constitute a homogeneous group, stratified sampling technique was generally applied in order to obtain a representative sample of Woreda 14 of Kolfe Keranio Sub-city group-based MSE. The following three questions are highly relevant in the context of stratified sampling according to Kothari: (a) How to form strata? (b) How should items be selected from each stratum? (c) How many items be selected from each stratum or how to allocate the sample size of each stratum? Regarding the first question, we can say that the strata be formed on the basis of common characteristic(s) of the items to be put in each stratum. Thus, strata are purposively formed and are usually based on past experience and personal judgment of the researcher. One should always remember that careful consideration of the relationship between the characteristics of the population and the characteristics to be estimated are normally used to define the strata. In respect of the second question, we can say that the usual method, for selection of items for the sample from each stratum, resorted to is that of simple random sampling. Systematic sampling can be used if it is considered more appropriate in certain situations (Ibid).

Regarding the third question, we usually follow the method of proportional allocation under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata. That is, if **Pi** represents the proportion of population included in stratum **i** and ***n*** represents the total sample size, the number of elements selected from stratum ***i*** *is* ***nix Pi.***

$n_1 = nxp_1$ = *Where n is assumed sample*

= $\boldsymbol{n_1}$ *is sample size we want from each stratum*

= $\boldsymbol{P_1}$ **is** *the proportion of population*

$p_1 = n \times (N1/N)$ = ***n*** *is assumed sample size,*

= $\boldsymbol{N_1}$ *is number of strata one from the total population*

= ***N*** *is total population*

Source: ***(****C.R. Kothari (1990)****)***

3.1.4 Sampling Techniques/Procedures

Sampling technique is one of the components of research methodology. The following paragraphs describe the sampling techniques used in this study.

In the study area, there is about 113 groups- based micro and small enterprises, 15 out of which are service sectors**,** 16 are manufacturing industries, and 82 are construction. Among these group-based MSEs**,** 38(33.33%) of them were formed in partnerships, whereas 76(66.67%) of the enterprises were formed in Cooperatives. From these different sectors or each stratum, the sample has been selected through proportional stratified sampling by using previously mentioned formula. This was for the purpose of comparison between different sectors in their contribution to income, employment and others.

Table3.1: Population Strata of Group-based Enterprise and members of owners

No	Enterprise Sector name	Enterprise number	Owners'of enterprise
1	Construction	82	497
2	Manufacturing	16	124
3	Service	15	117
	Sum	**113**	**738**

Source: Kolfe Keranio Woreda 14 MSEDO 2025

Sample taken as:

The researcher want to have a sample of size $n = 40$ depend on time and cost to be drawn from a population of size $N = 113$ which is total enterprise in the Woreda 14. With strata of size $N1 = 82$ strata of construction, $N2 = 16$ strata of manufacturing, and N3= 15 strata of service. Adopting proportional allocation, the researcher got the sample sizes as under for the different strata:

For strata with N1 = 82

$n_1 = nxP1 = 40\ (82/113) = 29$

For strata with N2 = 16

$n_2 = n \times P2 = 40\ (16/113) = 6$

For strata with N3 = 15, we have

$n = n \times P3 = 40\ (15/113) = 5$

Therefore, The formula was used to allocate proportional sample from each strata as:

Sample1 = 29 from construction sector

Sample 2 = 6 from manufacturing sector

Sample 3 = 5 from service sector

For each enterprise included in sample, two samples were taken one for owner of the enterprise and the other for employees of enterprises. For the owner of the enterprise sampling technique has been used, in which purposively two enterprise owners have randomly selected to express their enterprise situation as a whole. The other sample taken was for employees. The employees of enterprise were selected and this was 20 percent of employees was taken through probability/ simple random/ method from the each three type of enterprise.

Table 3.2: Sample enterprise, sample enterprise owners and employees of enterprise (unit of analysis) are presented as follows

Name of Enterprise	No. of Sampled enterprise	Total enterprise owner	No. of sampled Enterprise owners)	Total employees in sampled enterprise	20% of total employees was sampled enterprise	Unit of analysis
Construction	29	188	58	260	52	110
Manufacturing	6	56	12	100	20	32
Service	5	50	10	22	4	14
Total	40	294	80	382	76	156

Source: Kolfe Keranio Woreda 14 MSEDO, 2025

Generally, 40(35% of total population of enterprise) group-based enterprise were proportionally, included in sample through stratified random sampling where as 156 operators (owners and employees) of enterprise or around 23% (sample of owners 294 and employees 382) of total population included in sample were taken randomly from the sample enterprise.

In-depth interviews would be conducted by taking samples of two MSEs from each type surveyed sectors disproportionally and two employees from sampled MSEs sector. These interviews with sample respondents were undertaken believing would help the researcher find

out necessary information. Similarly, officials of the MSEs support office would be interviewed on various issues like the kind of employment opportunities, income creation, constraints and sustainability of the MSEs.

3.1.5 Processing of Data

In this research, the researcher processed data obtained from study through techniques like editing, average, percentage, interval scales classification and tabulation of collected data according to attributes/descriptive and classification of class-intervals or statistics of variables so that they were amenable to analysis.

3.1.6 Method Data of Analysis

Descriptive analysis was employed to analysis quantitative raw data collected from study area in terms of the study objective already stated or design previously. The qualitative data (the data which was collected through interview) was analyzed using narration/ inferential analysis method.

3.1.7 Sampling Strategy

The *Kolfe Keranio* Sub-city is purposely chosen, among the 10 sub cities of Addis Ababa, as a study area for this research. This was because:-

- It is claimed, by the government of Ethiopia, that the MSE sector is a prime strategy to tackle poverty in urban areas. Like in other urban centers of Ethiopia, poverty is persistent in Addis Ababa, where the majority of the population is very poor (Degefa: 2010).
- *Woreda* 14, among the *woredas* of the *Kolfe Keranio* sub city, was chosen for the study. There was reason for choosing that, according to the expert of *Kolfe keranio* sub city and data obtained from office of Micro and Small Enterprise Development of Woreda14, more than 50% group base enterprises are located at one cluster.
- According to the official and experts of kolfe keranio *sub* city Micro and small enterprises development office, in terms of performance, absorbing number of human resource and generating income, this Woreda is medium. Based on this, it helps the researcher that the lesson and experience drawn from the detailed study of this, help to give conclusion in other similar enterprise of Woreda and sub-city.

- The researcher himself knows more about situation of woreda 14 than other Woredas of Kolfe keranio sub-city.
- Above all selection strategy is, in collection of reliable data from Woreda 14 Micro and small enterprises development office process owners show full interest to provide necessary reliable data on situation of enterprises and also he is student of Addis Ababa University current day so he has knowledge of support the researcher during interview and etc.
- In precise words, after initially contacting the woreda 14 of Kolfe Keranio sub-city MSE to get preliminary information about the overall status, distribution, types and operation of MSEs in its jurisdiction, reasonably sampling strategy was employed for selecting the study area and target respondents was selected.

3.1.8 Quality of Research Design

The quality of research is determined by two tests according to Yin (1994). These tests are validity (internal and external) and reliability.

3.1.8.1 Validity

In this study, the researcher has tried to maximize validity of research through using multiple source of evidence which was relevant to data collection, and chain of evidence. In searching for information on contribution of MSE to employment creation and income generation, multiple source of information were used and also cross-checked in order to remove any subjective judgments. Additionally, to ensure the validity and appropriateness of a data the researcher had been prepared data collection method by English and Amharic version. The conclusion drawn from the study was some over all in nature and hence was likely to be helpful in predicting situation in other Woreda of Kolfe Keranio sub-city and other woreda and sub-cities‘ of Addis Ababa. The researcher used both primary and secondary sources consist of articles and journals. The validity has even higher with access to more extensive secondary information but the researcher believes that his method has help him to measure what he intended to do.

3.1.8.1.1 Internal Validity

To reflect the accuracy to which the results and findings reflect and establish a correct causal relationship between the findings within the field being studied, the researcher has tried to follow the causes and effect in different parts of this thesis. So the researcher relies mostly on information from questionnaires to ascertain the extent of enterprise‘s and employee‘s patronage.

3.1.8.1.2 External Validity

To generalize the result of this study, the researcher would deals with analytical generalization of the findings and result of the study. Care must be taken on behave of the researcher on the accuracy and reliability of the result of the study.

3.1.8.2 Reliability

The researcher would do best to eliminate error or biases in the study. To do more on the reliability of the study, every step and procedure should have been documented thoroughly. In order to increase the reliability of the study, all the interviews have documented. The interviews were conducted systematically without a specific group of enterprise owner mind. But the researcher would documented his findings and procedures as thoroughly as possible, he think this may increase the probability of the study to be repeated and achieve similar results, if and only nothing change with regard to the content of this thesis. He, therefore, deemed the reliability of this thesis to be reasonably high.

3.2 The Study Area Profile

Addis Ababa, the capital city of Ethiopia, which is located between $8^0$49' 55.929" and $9^0$5' .53.853 ” North latitude and between 38^0 38' 16.555" and $38^0$54'19. 547" East longitudes covers an area of 51948.85 hector and population of 2,738,248 persons (CSA, 2007). Such a huge population has put a tremendous pressure of the demand for municipal services, shelter, job opportunities, and infrastructure networks. To alleviate these and other city problems, the municipal has engaged in several development endeavors (Nifas silk Atlas: 2006/20014).

Addis Ababa is self governing chartered city with its own city council. The council, which is elected every five years, is accountable both to the city electoral and the federal Government.

Similar organizational set up exists at the lower level of the city administration. Sector, bureau, offices, agencies and authorities are established at the city administration level and they are responsible for implementing infrastructural development, promote investment provide economic and social services and perform other regulator facilities (Ibid).

According to Addis Ababa Bureau Finance and Economic report (2007/8) kolfe keranio is one of the ten sub-city of Addis Ababa, with the population of Kolfe Keraniyo sub city was 415,647 (201,026 male and 214,621 females) which is about 15.65% of the total population of Addis Ababa in the year of 2007/8. The sub city stands the eight largest populous sub cities in Addis Ababa. The gender proportion reveals that the females out numbers the males. The land area of the sub-city is 6348.9 hectare and this constitutes 12.21% of the total land area of the city administration population density of the sub city in general, is about 595 person/Hr while the annual growth rate was about 3.2% out of the total population of the sub-city , 48% is males' and 52% cover the females' population. From the woredas' of the sub city of Kolfe Keraniyo , the area of woreda's 04 is the largest areal extent and smallest population density which is the range between 1616-2078 population per Hr of all other woredas' in the sub city. The low population density and the strategic location between the urban and rural or forested area and agricultural land might be the force of attraction to accommodate the ever increasing population of Addis Ababa (Kolfe K. Atlas, 2006/14).

In Kolfe Keraniyo Sub-city there were **20, 95** MSEs as of in 2015 (Kolfe Keraniyo MSE Development office report, 2015). Majority of the MSEs that exist in Addis Ababa and Kolfe Keraniyo are owned by male. This accounts around 65% and 64.7% of the MSEs are owned by male in Addis Ababa and Kolfe Keraniyo respectively (MUDC, 2013 and Keraniyo MSE Development office report, 2014).

Woreda 14 is one of the woreda's of kolfe keraniyo sub city with total population of 28,145(12,122 male and 16,023 females) which is 4.85% of the total sub-city population. The land area of the Woreda 14 is 222 hectare and this constitutes 3.49% of the total land area of the sub city administration, population density of the Woreda in general, is about 327 person/Hr while the annual growth rate was about 3.2% out of the total population of the sub-city, 43.1% is males' and 56.9% cover the females' population (Ibid).

Although all Ethiopian ethnic groups are represented in Addis Ababa due to its position as capital of the country, the same way the residents of woreda 14 of kolfe keraniyo sub city include the Amhara, Oromo, Gurage, Tigray, Silt'e , and Gamo. Languages spoken include Amharic, Oromiffa, Gurage, Tigrinya, Silt'e and Gamo. The religion with the most believers in Woreda 14 is Ethiopian Orthodox, Muslim, Protestant, and Catholic.

In Kolfe Keraniyo Sub-city there were **20, 95** MSEs as of in 2015 (Kolfe Keraniyo MSE Development office report, 2015). Majority of the MSEs that exist in Addis Ababa and Kolfe Keraniyo are owned by male. This accounts around 65% and 64.7% of the MSEs are owned by male in Addis Ababa and Kolfe Keraniyo respectively (MUDC, 2013 and Keraniyo MSE Development office report, 2014).

In case of unemployment, woreda 14 of the Sub-city has registered 1275 job seekers who have graduates of Diploma and Degree from different institution, where 113micro and small enterprise development is on activities.

CHAPTER FOUR

1. RESULTS AND DISCUSSION

In this chapter, we are going to discuss the study results on different issues like the characteristics of the respondents, characteristics of enterprises, growth trend of MSE, employment creation, income generation, role of government in MSE development and problem encountered Enterprise

4.1. Characteristics of Respondents

As stated earlier in this research methodology sub section, the total number of MSEs which are formed in group-based found in the study area was about 113**.** These enterprises constitute a total of 738 individuals engaged in construction, manufacturing, and service activities. For the purpose of this particular study, samples of 156 MSEs operators (enterprise owners and employees) have been taken from a sample of 40 enterprises which are formed in group-base. The sample respondents were selected from sample enterprises which were selected from woreda14 found within kolfe keranio sub city. In this sub section, the characteristic of 156 operators, which is almost 13.9% of the total population found in woredas 14, is discussed below.

4.1.1. Sex Composition of the Respondents

As it is shown in Table 4.1, larger proportion of respondents, 63.8 and 73.1percent in construction, 58.33 and 40percent in manufacturing, and 40 and 50 percent in service were male owners and employees respectively. The involvement of female owners/ managers and employees varies across sample enterprise, 36.2 and 26.9 percent in construction, 41.67and 60 percent in manufacturing, and 60 and 50 percent in service respectively. The gender analysis can also be made in terms of the number of jobs created by the enterprises for the two sexes. The result obtained from the analysis reveals that about 96 (61.54%) and 60 (38.46 %) jobs have been generally created for males and females in total respondents respectively, in the sampled MSEs. The findings given in table 4**.**1 indicate that about 60 percent of the enterprises were male owned while the other are owned by females. There was a clear indication that there still exists a 23.08 percent gap between the two genders that shall be closed in some way.

Table 4.1: Proportions of Male & Female Owned Enterprises by Sample

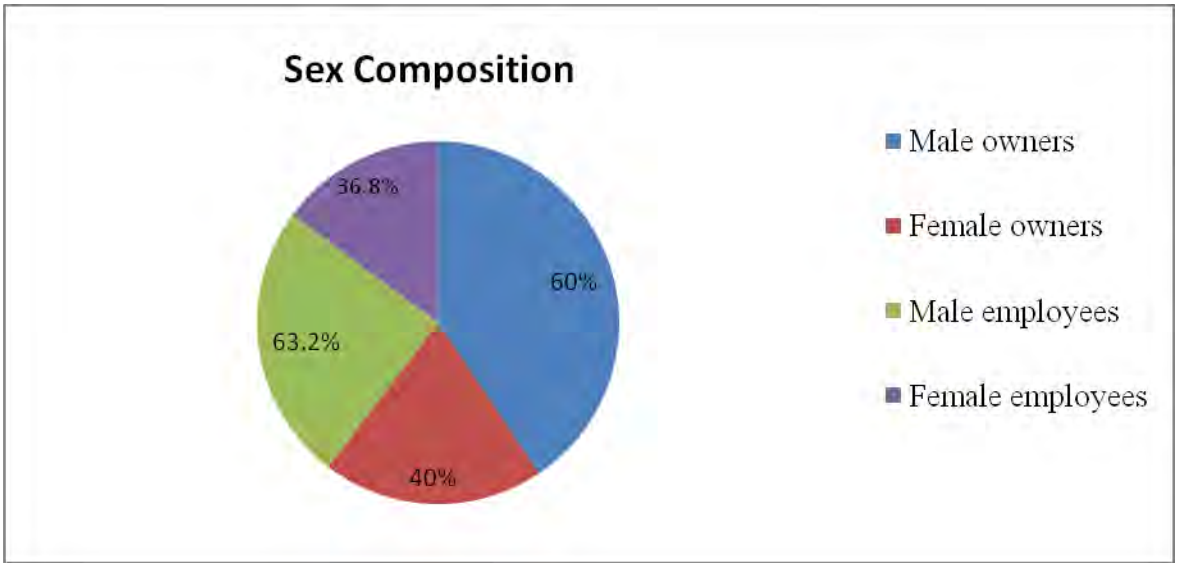
Enterprise Name		Owners sex composition		Employees sex composition		Total	
		Male	Female	Male	Female	Male	Female
Construction	Frequency	37	21	38	14	75	35
	% within Enterprise	63.8	36.2	73.1	26.9	68.18	31.82
Manufacturing	Frequency	7	5	8	12	15	17
	%within Enterprise	58.33	41.67	40	60	46.9	53.1
Service	Frequency	4	6	2	2	6	8
	% within Enterprise	40	60	50	50	42.9	57.1
Total	Frequency	48	32	48	28	96	60
	%within Enterprise	60	40	63.2	36.8	61.54	38.46

Source: own survey data, 2015

As show as in table 4.1 there is little gender gap in manufacturing enterprise where only 46.9 percent of the MSEs are owned by the men. Nevertheless, enterprise like construction 75 (68.18%) was occupied by male and 8(57.1%) of service is occupied by female, it seems had not performed well in terms of allowing the women to participate in the construction sector operation.

As it has indicated in the graph 4.1 below, majority, 96 (61.54%) of the total respondents are males. The remaining 60 (38.46%) of the respondents are females. Generally, 60 and 63.2percent was male owner and employee respectively, female owners and employee were 40 and 36.8 percent respectively in total sampled. This tells us that the involvement of females in the enterprise in the study area is not sufficient to ensure the economic empowerment of women.

Graph 4.1: Sex composition of enterprises owners and employees



Source: own survey data, 2015

4.1.2. Age Composition of the Respondents

Ethiopian MSE strategy is that the youth are the main targets of the policy. The distribution of micro and small enterprises by age of owners/ managers and employees are varying from the enterprise to enterprise in sampled study area as it shown in table4.2.

From below the Table4.2, shows the age composition of the owners and employees respondents. The enterprise owners of construction, manufacturing, and service majority of the respondents 25(43.1 %), 6(50%) and 5(50%) were found respectively in the age group of 26-44 years, while majority of employees of construction 34(65.4%), manufacturing 9(45%), and service 5(50%), were found in age group of 15-44. Others, 36(45%) and 44(57.9%) of the owners and employees were found in the age group of 26-44 and 15-25years respectively.

As it is indicated in table 4.2, majority of the employees of MSEs were in the age range of 15-25 which represents 28.2 percent of the total sample respondents. The rest 35.5 and 6.6 percent of the employee respondents were in the age 26-44 and 45-55 respectively. Only 2.5 percent of the MSE owners represent above age 60. When MSE owners and employees age compared, 23.1% of the owners and 17.3% of employees of the total sample are found in age category of 26-44, which was almost the same age category.

Table 4.2: Age Composition of the Respondents

Enterprise Name		Classification of Age Group					Total
		15-25	26-44	45-55	56-59	≥60	
Construction	Frequency	22	25	6	3	2	58
	% within Enterprise	37.9	43.1	10.34	5.2	3.44	100
Manufacturing	Frequency	5	6	-	1	-	12
	% within Enterprise	41.67	50	-	8.33	-	100.00
Service	Frequency	3	5	2	-	-	10
	% within Enterprise	30	50	20	-	-	100.00
Total	Frequency	30	36	8	4	2	80
	% within Enterprise	37.5	45	10	5	2.5	100.00
Age of Employees in sampled Enterprise							
Construction	Frequency	34	16	2	-	-	52
	% within Enterprise	65.4	30.8	3.9	-	-	100.00
Manufacturing	Frequency	8	9	3	-	-	20
	% within Enterprise	40	45	15	-	-	
Service	Frequency	2	2	-	-	-	4
	% within Enterprise	50	50		-	-	
Total	Frequency	44	27	5	-	-	76
	% within Enterprise	57.9	35.5	6.6	-		100.00

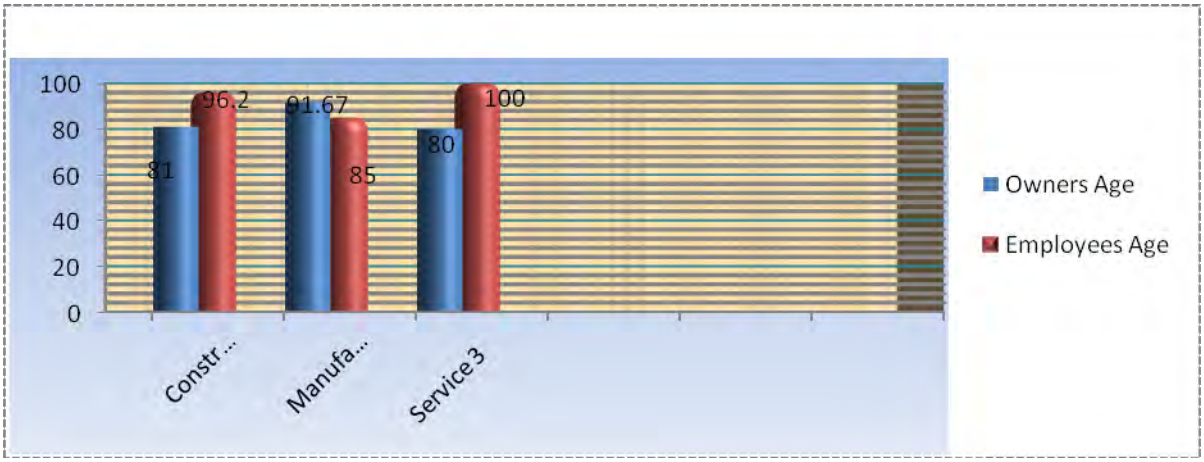
Source: own survey data, 2015

However, as shown in table 4.2, there are some instances where people of years of well above 60 were participating in the MSE operations. Though none of us were contending that aged people should not participate in such activities, government policy priorities should be given to the youth; as this segment of the society is more vulnerable to the unemployment. 2(3.44%) of the construction owners are occupied by an age of 60 and above.

According to MUDC (2013) survey result on MSEs in City and towns of Ethiopia, the age structure is consistent with the nature of the business under consideration, i.e. laboriousness and

limited access to infrastructure and machineries, which may not always allow aged people to participate in such activities as freely as their younger counterparts. Simple way to understand from the above table 4.2, only 2(3.44%) of an age 60 and above is participated in laboriousness activities which was in construction enterprise. Most owners/ managers 66(82.5%), and employees 71(93.4%) of sample micro and small enterprises surveyed have ages between 15-44 years that are in the economically active age bracket. The owner lowest age is between 15-25while highest age is 60. This shows that since the sector absorbs more of the young labor force as one objective of the sector, creating employment opportunity mainly to the young oriented is achieved.

Graph 4.2: The most economically active age bracket of owners and employees (age between15-44) in the three type enterprise.



Source: own survey data, 2015

4.1.3. Marital Status of Enterprise Owners and Employees

With regards to marital status respondents were asked their marital status. As table 4.3 demonstrates enterprise owners/managers and employees 44.6 and 38.2 percent are married respectively. While 30 (37.84%) and 35(46.1%) of the respondents are found to be single in the owners/managers and employees respectively. The rest of the sample respondents are separated those which account for about 8.75 and 9.2 percents of the respondents of owners and employees respectively. Owners and employees of the enterprise are found at the least in divorced status of 9.6and 6.6 percents respectively. The following table shows the marital status of the respondents**.**

Table 4.3: Marital status of the respondents

Marital status of Owners	Frequency	Percentage (%)
Married	35	44.6
Single	30	37.84
Separated	7	8.75
Divorced	8	9.6
Total	80	100.00
Enterprise Employees Marital status		
Married	29	38.2
Single	35	46.1
Separated	7	9.2
Divorced	5	6.6
Total	76	100.00

Source: own survey data, 2015

As it has shown in the above table, majority of the total respondents 65 (41.67%) are found to be single. Next to single marital status majority total respondents 64 (41**.**1%**)** were found to be married. With regard to marital status of both enterprise owners/managers and employees 8.75 and 9.2 percent were the second least percentage is separated part next to divorced marital status.

Generally, from the above table, shows that majority owners/managers and employees (almost more than 50% of the total sample population) have families and they obliged/forced to provide any support to their respective family members in group base (partnership and cooperative) enterprise.

4.1.4 Educational Background of Enterprise Owners

A study on Micro and Small Enterprises (MSEs) in Selected Major Cities and town of Ethiopia as indicated in, (MUDC: 2013), revealed insignificant relationship between educational attainment of owners and firm growth and noted secondary school attainment has no meaningful impact on firm‘s growth. Similar study, in contrast, shows that owners/ managers with better educational background tend to be more productive and formal education enables them enhance

their production, management, and marketing skills. The survey result indicated in table 4.4 shows that 13(16.25 percent) of owners/ managers of MSEs surveyed in sample enterprise have attended reading and writing (1-5) level of education.

Table 4.4: Educational background of enterprise owners

Educational level		Enterprises			Total	
		Construction	Manufacturing	Service	Freq	%
Reading and Writing (1-5)	Count	13	-	-	13	16.25
	%	22.4	-	-		
Primary(6-8)	Count	6	-	2	8	10.0
	%	11.54	-	20		
High school(9-10)	Count	10	1	2	13	16.25
	%	19.23	8.33	20		
Preparatory(11-12)	Count	6	2	1	9	11.25
	%	11.54	16.67	10		
10+1-10+3	Count	13	2	1	16	20
	%	22.4	16.67	10		
TVT(level1-4)	Count	4	-	1	5	6.25
	%	6.9	-	10		
College Diploma	Count	5	3	1	9	11.25
	%	8.6	25	10		
First Degree and Above	Count	1	4	2	7	8.75
	%	1.9	33.33	20		
Total	Count	58	12	10	80	100.00
	%	100.00	100.00	100.00		

Source: own survey data, 2015

In surveyed sampled manufacturing 4(33.33%**)** and service 2(20%) enterprise owners have attended first degree and above respectively. Next to degree and above, owners/ managers of manufacturing and service enterprises have attend in preparatory 2(16.67%) and primary 2(20%) school respectively, 10%in service, 8.6% in construction and 25% in manufacturing have attended college Diploma. 9(11.25 %) and 7(8.75%)of the total respondents have college diploma and degree and above respectively. Out of the total sample respondents‘ owners, 37(46.25 %) of them have tertiary level of education. Among sampled enterprise, manufacturing enterprise owner/managers have more educated than the two enterprises i.e. 58.33% of the total

of manufacturing enterprise owners have college diploma and degree and above level of education.

4.1.5. Educational Background of the Employees

As education is essential for enterprises‘ owners/managers for the growth and productivity of enterprisers, it is also crucial for the whole positive change in MSE. For this case, respondents of sampled enterprise were asked about their educational level. As it indicated in table4.5, in service enterprise, half, 2(50%) of respondents were 10+1-10+3 complete. While the rest of the service respondents, 1(25%) of them have grade 6-8 and 1(25%) have preparatory school complete respectively. Out of the total sample respondents of employee, 14(18.4%) of them are grade 6-8 and 25(32.9%) have high school. Others, the least of the total respondents 2(2. 6%) have college diploma. In sampled service enterprise, respondents did not have more than 10+1-10+3 level of education status.

It obvious that as individuals makes effort on education, the possibility of being entrepreneur is very high. This is the reason why the participation of educated people in these sample micro and small enterprises revealed. When the three enterprise sectors employees were compared in terms of level of education they possess diploma and above, 4(7.7%) in the construction, 1(5%) in manufacturing and none in service hadn‘t attend this level of education .

Moreover, percentage of micro and small enterprises whose owners/ mangers16(20%**)** were 10+1-10+3 was higher than enterprise employees which is 9(11.8%); and proportions of enterprises‘ employees have attended high school education and more is higher than its counterpart micro enterprises‘ owners/ managers. 8.75% owners/managers had first degree and above, however, 3.95% of employees had first degree and above, which is less than their employers.

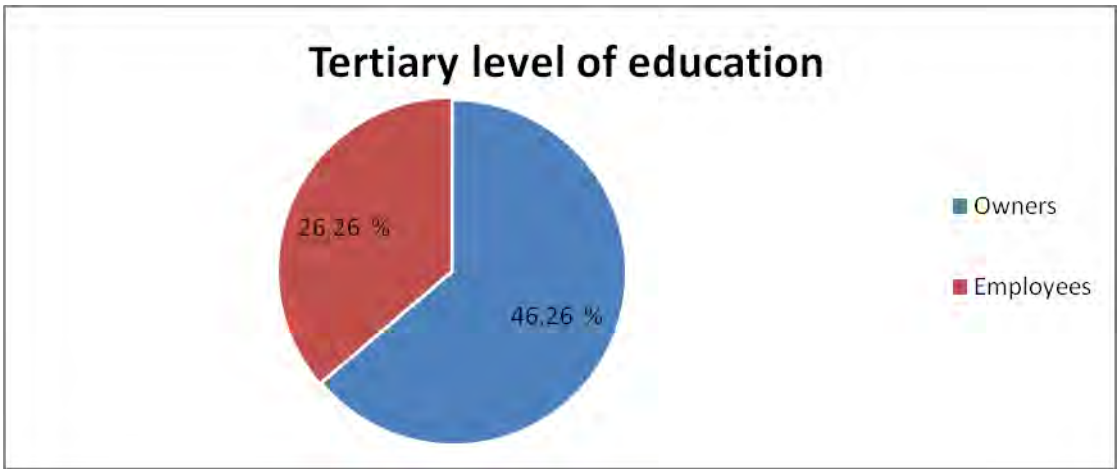
Table 4.5: Educational level of the employees

Educational level		Enterprises type				
		Construction	Manufacturing	Service	Total	
					Freq	%
Reading and Write 1-5	Count	7	4	-	11	14.5
	%	13.5	20			
Primary 6-8	Count	10	3	1	14	18.4
	%	19.23	15	25		
High school 9-10	Count	17	8	-	25	32.9
	%	32.7	40	-		
Preparatory 11-12	Count	5	-	1	6	7.9
	%	9.62	-	25		
10+1-10+3	Count	5	2	2	9	11.8
	%	9.62	10	50		
TV training level 1-4	Count	4	2	-	6	7.9
	%	7.8	10			
College Diploma	Count	2	-	-	2	2.6
	%	3.85	-	-		
First Degree and Above	Count	2	1	-	3	3.95
	%	3.85	5	-		
Total	Count	52	20	4	76	100.00
	%	100.00	100.00	100.00	100.00	

Source: own survey data, 2015

Understanding the level of respondents' education helps in identifying and determining the development approaches to be followed (Aklilu.W, 2010). High level of human capital and research and development are positively associated with the performance of firms. They promote the growth of firms from low level of activities to large and better enterprises (Aklilu,W. 2010)

Graph 4.3: Share of tertiary level of education in owners and employees



Source: own survey data, 2015

From table 4.4 and 4.5**,** it can be observed that the enterprises' owners and employees' educational levels are from grade 9-12 average shares 34.15 percent from total respondents. Total respondent with tertiary holders in owners and employees accounts for 46.26 and 26.2 percent respectively. To conclude with respect to educational level of employees and owners from the above tables and enterprises' initial capital investment, current capital and employment created shown in table 4.16, 4.17 and 4.12 in construction, manufacturing and service had shown positive correlation. Really having tertiary education has paramount contribution in the success of MSEs. But in sampled enterprise most of the owners and employees of enterprise do not have this level of education.

4.1.6. Prior and Current Experience of Owners and Employees of Enterprise

Prior experience of owners and employees have countless advantage in the success fruit of in any enterprise whether owned individual, partnership or cooperatively. Table 4.6 illustrates the previous occupation (job) of the owners/managers and employees engaged in the sector of micro and small enterprises. From table, about 5(6.25%) and 11(14.5%) of owners/ managers and employees of sampled micro and small enterprises in all selected enterprise have less than one year experience before starting to operate the current business enterprises respectively.

When one looks at total experience of the managers/owners (which is composed of both prior experience and experience in the firm), it can be seen that more experienced owners exist in,

manufacturing enterprise i.e**.** 16.67 percent of them have more than 10 years experience. 53**.**76and 50 percent of the owners and employees had between 3- 10year experience respectively before current activities. Morethan10 years' experience of owners/managers of enterprise in prior business was least percentage share, but most of enterprise owners were experienced than employees of the enterprise.

Table 4.6: Prior experience of owners and employees

Experience in Years	Prior Experience							
	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq.	%	Freq	%	Freq.	%
A. Less Than 1 Year	4	6.9	1	8.33	-	-	5	6.25
B. 1 – 2 Years	13	22.4	2	16.67	2	20	17	21.25
C. 3 – 5 Years	15	25.9	3	25	3	30	21	26.25
D. 6 – 10 Years	4	6.9	3	25	3	30	10	12.5
E. Morethan10 Years	3	5.2	2	16.67	1	10	6	7.5
F. Not stated	8	13.8	1	8.33	-	-	9	11.25
Total	58	100.00	12	100.00	10	100.0	80	100.00
Employees prior experience								
G. Less Than 1 Year	10	19.23	1	5	-		11	14.5
H. 1 – 2 Years	14	26.9	4	20	-		18	23.7
I. 3 – 5 Years	12	23.1	6	30	1	25	19	25
J. 6 – 10 Years	11	21.2	5	25	3	75	19	25
K. More than 10 Years	-		4	20	-		4	5.3
L. Not stated	5	9.6	-	-	-		5	6.6
Total	52	100.00	20	100.00	4	100.00	76	100.00

Source: own survey data, 2015

Currently, most of micro and small enterprises of construction 32.7 and 30.8 percent manufacturing 16.67 and 40 percent, and service 30 and 50 percent of owners/ managers and employees have an experience between ranges 1-2 years respectively, while only about 6(7.5%) of the total owners/ mangers of sample micro and small enterprises have more than 10 years of

experience, but all employees of sample enterprise do not have more than this year‘s i.e. 10years experience.

The most of business operators (owners/managers 27.5, and employees 34.2 percent) have 1-2 years experience in their current business as indicated in below table 4.7. About 16.25 and 22.4 percent of owner/managers and employees of the enterprise in all selected survey have less than one year experience in current business activities respectively.

Table 4.7: Current Experience of Owners and Employees

Experience in Years	Current Experience							
	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq	%
Less Than 1 Year	11	18.97	2	16.67	-	-	13	16.25
1 – 2 Years	17	32.7	2	16.67	3	30	22	27.5
3 – 5 Years	15	25.9	2	16.67	3	30	20	25
6 – 10 Years	4	6.9	3	25	3	30	10	12.5
Morethan10 Years	3	5.2	2	16.67	1	10	6	7.5
Not stated	8	13.8	1	8.33	-	-	9	11.25
Total	58	100.00	12	100.00	10	100.00	80	100.00
Employees current experience								
Less Than 1 Year	14	26.9	3	15	-		17	22.4
1 – 2 Years	16	30.8	8	40	2	50	26	34.2
3 – 5 Years	13	25	4	20	2	50	19	25
6 – 10 Years	4	7.69	1	5	-		5	6.6
More than10 Years	-	-	-	-	-			-
Not stated	5	9.6	4	20	-	-	9	11.8
Total	52	100.00	20	100.00	4	100.00	76	100.00

Source: own survey data, 2015

Currently, in micro and small enterprises of construction 38 percent, manufacturing 58.34 percent, and service 70percent of owners/ managers of have relatively adequate experience, i.e. more than two years of operating business enterprises respectively.

A significant number of them (26.25%) were become entrepreneurs at years of ranges 3-5 prior experience. People prefer to venture a new business on those types they are well acquainted with in terms of the required skill. The familiarity and pre information of the type of business and its market atmosphere also enhance peoples‘ confidence to start a business that most of enterprise owners in surveyed sampled enterprise had experience before current business.

4.1.7. Enterprise Operators’ Previous Activity before Start Up

It is known that operators‘ previous related experience has a paramount positive impact on business that gives a person the required technical skill necessary to start and run the new business efficiently. As indicated in Table 4.8, about 25 percent of the owners/managers were self-owned informal related enterprise activity before joining the MSE activities. 12.5 percent of the total enterprise owners/managers were self-owned formal related enterprise activity. The rest 15% was in self-owned informal unrelated enterprise activity, 11.25% in self-owned formal unrelated enterprise activity, and 7.5% in civil services and 18.75% of the total owners/managers of the enterprise were unemployed before come to form group- based enterprise. Only 10% was student before they shifted to formally organize cooperative MSEs.

Most of the employees working in MSEs have been engaged previously in different activities and only 36.9 %(unemployed and student) of the total of employees were did not engaged in different activities, however, others had different activities from informal activity to civil servant. In relation to owners/managers of surveyed sample enterprise, employees of enterprise were more students (23.7%) before current activities. 19.74% of employees were self-owned informal unrelated enterprise activity, number of previously civil servant employees(3.94%**)** participated in formally organize cooperative enterprise was least in number like that of the owners (7.5%).

Table 4.8: Enterprise Operators' Previous Activity

Owners' activity before start up	**Frequency**	**Percent**
Self-owned informal related enterprise activity	20	25
Self-owned informal unrelated enterprise activity	12	15
Self-owned formal related enterprise activity	10	12.5
Self-owned formal unrelated enterprise activity	9	11.25
Civil servant/services	6	7.5
Unemployed	15	18.75
Student	8	10
Total	80	100.00
Employees Activities Before current Activities		
Self-owned informal related enterprise activity	11	14.5
Self-owned informal unrelated enterprise activity	15	19.74
Self-owned formal related enterprise activity	14	18.4
Self-owned formal unrelated enterprise activity	5	6.6
Civil servant/services	3	3.94
Unemployed	10	13.2
Student	18	23.7
Total	76	100.00

Source: own survey data, 2015

4.1.8. Reason of Start New Business

Most enterprises owners started their business activities and forced to discontinue their previous business due to different problems. The problem forced them to find another business opportunity. The following table 4.9 shows reasons made the enterprise owners/managers and employees were asked reasons of why they joined current activities.

The respondents' evidence in table below indicates that the most factors made them to start new/ current business were the owner's lack of alternative opportunities (36.25%). Other respondents were asked, their reasons of shifting to micro and small enterprise sector were because of the

different factors. Majority of the operators were considered the micro and small enterprise believed in get high income and create jobs opportunities for other job seekers (37.5%), their previous experience influence in the activity (2.5%) and adaptation from family tradition (5%).

Most of construction enterprise owner/managers were shift from their previous to current MSEs activities because of lack of alternative opportunities (37.9%), while most of manufacturing (50%) and service (60%)sector operators were shift to the present due to get high income and create jobs opportunities. As illustrated in table 4.9, least number of enterprise owners was shift from previous operation to current due to interested in the activity (5%) and their previous experience influence (2.5%).

This indicated that MSEs are the major alternative option for job opportunity for more than 36.25% of people and to bring high income through formalizing their activity and reducing the level of unemployment. 2.5 percent of them reported that their previous experience pushed them to become business operators. The availability of business oriented family tradition (5%) was also found to be the important factor for new start ups.

Table 4.9: Reason of Start New Business

Reasons of shifting to MSE businesses	**Current Experience**							
	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq	%
Lack of alternative opportunities	22	37.9	4	33.33	3	30	29	36.25
Interested in the activity	4	6.9	-		-	-	4	5
To get high income	9	15.5	1	8.33	1	10	11	13.75
Family tradition/influence	3	5.2	1	8.33	-	-	4	5
Believing in get high income and create jobs opportunities	18	31.0	6	50	6	60	30	37.5
Their previous experience influence	2	3.45	-	-	-	-	2	2.5
Total	58	100.00	12	100.00	10	100.00	80	100.00

Source: own survey data, 2015

4.2. Characteristics of the Enterprises

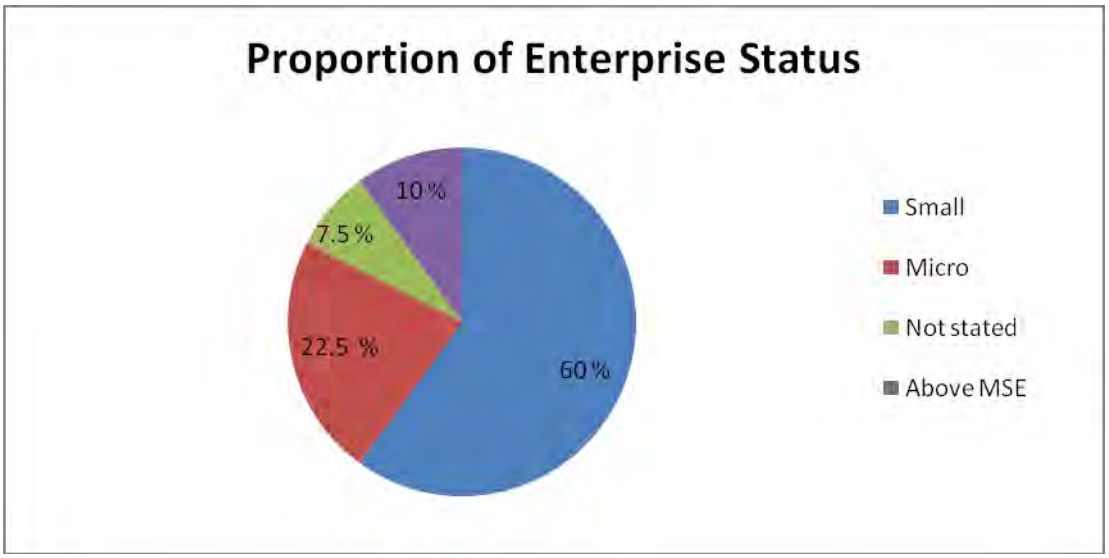
4.2.1. Status of Enterprise

As stated in chapter two of this research, depends on capital they had and number job created for job seekers, different country defined micro and small enterprise to give status of enterprise. Such kind of information is crucial to justify the kind of intervention and policy instruments needed for the growth of the firms (MUDC: 2013). Therefore, to avoid ineffective policy supports, it appears imperative to have background information about the status of the MSEs. According to data obtained from the study, 10.34% of the enterprises construction, 33.33% of manufacturing and 60% of the service were micro; while 68.94% of construction**,** 50% of manufacturing and 40% of service were small enterprises, whereas 10.34percents of construction, in surveyed sample enterprise would not interest to state their capital. Simple glances at the surveyed enterprises indicate that the majority were small, calling for somewhat tailored intervention unique to their level of growth.

Generally, depend on new definition of Central statistical Agency (CSA: 2010) of Ethiopia concerning MSEs, 20% of sample enterprises included in the survey operate at micro scale level (have less than capital of 120,001 birr) and the rest 62.5% of the enterprises are found at small scale level (have capital of 120,001-1,800,000 birr, see table 4.17 for more information) and 10% is above MSE status and 7.5% did not stated their capital. From this and interviews result with owners‘ of enterprise it can be concluded that there was a capital accumulation, which contributes to income generation that can lead to reinvestment and expansion of the enterprises.

The area of operation of enterprises‘ is one of interesting points worth investigating. This is because supports being provided by the government may meet or miss the targets intended depending on their area of operation. Identifying status of enterprise helps policy makers devise better and targeted plans that clearly address demands of specific areas of operation. During interview, the head of some enterprise owner were reluctant to give reliable information about their enterprise status. Head of MSEDO of woreda 14 of Kolfe keranio did not expressed the exact status of enterprise. However, some of the head of enterprise had hide their capital, but the government has already finished the process to graduate majority of the enterprise to next rank in the second gross transformation and plan (GTP) as the head of MSEDO said.

Graph 4.4: Status of the MSEs



Source: own survey data, 2015

The sector that dominates in the operation of small enterprises in sampled area too was the construction sector. Similar to construction, the second place also goes to the manufacturing sectors activities in sampled area. The difference comes in the service sectors, as majority of them was micro.

4.2.2. Business Formality /Legality

Majority of businesses in developing countries operate in the informal sector, which implies that there is a wider prevalence of duality in such economies. With regard to the state of registration, the result of survey and key informative with the head of MSDEO of woreda 14 as shown in table 4.10, indicates that the all construction enterprise, (100%) of them have been subjects to register to a government body. The state of registration is also stronger in these areas of construction, manufacturing and service enterprise as shown in table 4.10 was hundred percent. Which means only 35.4 percent of the total enterprise research subjects responded that they are registered while the remaining is asked the head of MSDEO about registration, he respond to the question as any enterprise is subject to registration from the enterprise formation to productive stage because they need support like work place, consultancy, financial assistance and etc from

government bodies. Unless they did not register, they could not even capable to form group-based business activities by themselves.

As shown in bellow table, it can be observed that better performance is done in all enterprise in terms of bringing their activities to the formal channel. Sampled enterprise of construction, manufacturing, and service were shown the best rates of registration as all of them are registered. It is also observed that those MSEs which are organized with the help of the government are registered to MSE development office, before they start operation.

Table 4.10: State of Registration of the MSEs in the Surveyed area

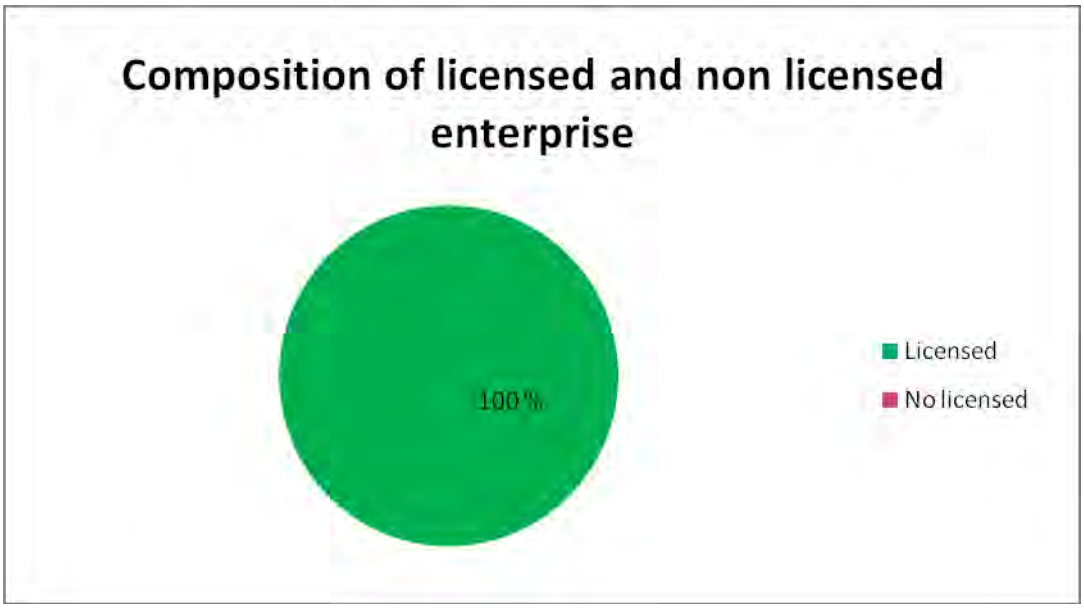
Enterprises Name	**Registered /unregistered Enterprises**					
	Yes	%	No	%	Total	
					Yes	%
Construction	29	100	-	-	29	100
Manufacturing	6	100	-	-	6	100
Service	5	100	-	-	5	100
Total	40	100	-	-	40	100

Source: own survey data, 2015

Full registration of enterprise reduces the prevalence of informality in to economy as most of them learn paying taxes and all duties pertaining to them at a very young age. To check the reality, the head of MSEDO of the woreda were asked and answered all enterprise had legal license of operating the business ,however, having license did not made majority enterprise discharge their responsibility of paying tax because governments interest in enterprise support.

Analysis of this variable indicates that about 100 percent of the enterprises have already secured their license of operating the business in woreda 14 of Kolfe keranio sub-city. The graph below is still shows the same when seen at woreda level as the head said. Inversely it can be still raise the argument on some enterprise, presence of the informal sector at woreda level.

Graph 4.5: Share of Licensed and non Licensed Enterprise in sampled Area



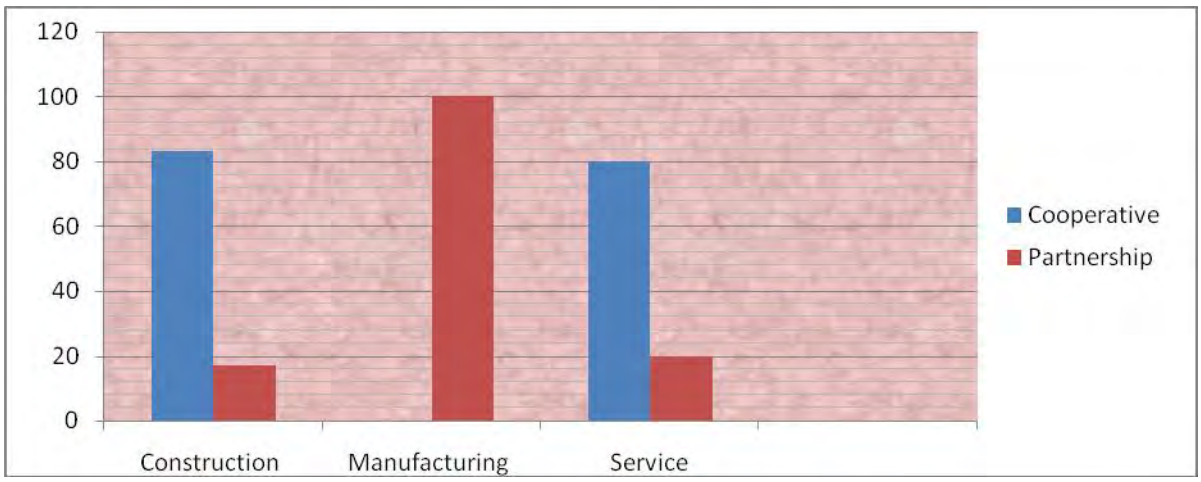
Source: own survey data, 2015

4.2.3. Ownership of the Enterprises

Using questioners and key informants (heads of each enterprise) were asked whether they are operating their business in cooperative, or partnership ownerships. Data obtained from the survey result, out of the total sample enterprises included in the survey, in construction enterprise,24(83%) of them have cooperative ownerships (more than10 individual members) where as 5(17%) of them have partnership ownerships (consist of 6-10 individual members).All manufacturing enterprise have ownership of partnership (consist of 3-13 individual members) and service sector is both ownership i.e. 80% cooperative ownership consists more than 6 individual members and 20% is partnership ownerships (consist of 3-5 individual members).As heads of MSEDO said that through time cooperative ownership enterprises will be changed in to partnership ownership enterprises as the number of individual members becomes increasing and government consider them as they are self-sufficient to discharge their responsibility of pay tax. According to the heads of each enterprise during the key informant session, there are different knowledge, capital contribution, work interest, friendship than cooperative ownership and etc. These criteria especially having related previous work experience and skill supports operators to run their current enterprise efficiently.

The following graph shows the share of group based enterprises of construction, manufacturing and services in the cooperative and partnership ownership.

Graph4.6. Possession of cooperative and partnership Ownership Categories



Source: own survey data, 2015

4.2.4. Source of Initial Capital of the Enterprises

In any business including MSEs they need finance to established and expand their business. MSEs could have various sources of initial capital to start their business activity. Personal savings, loans from micro finance institutions, family, and friends are the major sources of initial capital for MSEs to start business activities. With regard to the sources of initial or startup capital for MSEs in Ethiopia, Wolday (2002) stated that the major sources of initial/startup capital for MSEs are their personal savings, followed by loans from micro finance institutions.

In woreda 14 of Kolfe Keranio, out of the total sampled enterprises of construction, manufacturing, and service ,8(27.6%), 4(66.67%) and 3(60%) of them have got their initial capital from personal savings(members' contribution) and personal savings plus loan from financial credit and saving institution respectively. 7(24.1%)of construction, 1(16,67%) of manufacturing, and 1(20%) of service got their initial capital only from loans from micro finance institutions. 10.34% of construction achieved initial capital from family support. However, during interview most of enterprise owners/managers did not satisfied with loan from micro finance institution because of fear of loan interest and collateral problems.

Table 4.11: Source of Initial Capital of the Enterprises

Source of initial Capital	Name of enterprises							
	Construction		Manufacturing		Service		Total sampled Enterprise	
	Freq	%	Freq.	%	Freq.	%	Freq.	%
Personal saving(1)	5	17.2	-	-	-		5	12.5
Loans from micro finance institutions(2)	7	24.1	1	16.67	1	20	9	22.5
Family(3)	3	10.34	-	-	1	20	4	10.0
Friends	-	-	-	-	-		-	-
Support from other body(4)	2	6.9	-	-	-		2	5
Variable N0, 1,&2	8	27.6	4	66.67	3	60	15	37.5
Variable N0, 1&5	4	13.8	1	16.67			5	12.5
Total	29	100.0	6	100.0	5	100.0	40	100.00

Source: own survey data, 2015

The largest source of initial capital in all(construction, manufacturing, and service) were personal saving and loan from micro finance institutions 37.5%, whereas loans from micro finance institutions alone (22.5%)shares the second largest source of initial capital in surveyed sample enterprise. The least initial source of capital was support from other body 5% in the three sampled sector. Generally, the survey result shows that loans from micro finance institutions and personal saving were the dominant source of initial capital/ finance for majority of MSEs to start their business activity, whereas third dominant source of initial capital/finance in the three sectors were personal saving. The remaining 4 enterprises which were included in the survey have got their initial capital from family support. However, supports from friend were not used as source of initial capital.

4.3. Employment Creation

4.3.1. Employment Creation in the Enterprises

In Ethiopia, the challenge of employment creation is equivalent to achieving the objective of sustained growth and reduction of poverty. In fact, the reduction of unemployment and ensuring sustainable growth is not a simple activity, and it takes long time to achieve goals. According to the tasks of both federal and local government to create employment opportunities for people, the city MSEs is one to curb unemployment problem.

As shown in table 4.12**,** about 10% of the enterprise has created job within the employment category of 1-2 persons. The other 25% of the jobs were created within the employment category of more than 30 persons by ten enterprises in which all of them are construction and manufacturing in surveyed sample enterprise. 50% of manufacturing enterprise had created job opportunities between the employments categories of 6-10 per person. Service enterprise had created maximum an employment for between 6-10 persons per enterprise that it shares 40%.

Currently, majority (27.5%) of number of persons employed in the surveyed enterprises was employment category of 6-10 persons by 11enterprise. Manufacturing enterprise (33.33%) was the highest enterprise in creating job opportunities for more than 30 employment categories, while construction enterprise (27.6%) is the second rank next to the manufacturing in creating an employment category of more than 30 persons per enterprise. Even if the contribution trend of the surveyed sample enterprise was high, the majority of the service enterprise did not grow in provision of employment category of more than 10 persons per enterprise. About 22(55%) of the business enterprise creates for less than range11-30 numbers of employment categories and **18(45**%) of the enterprises have a number of workers ranging between11-30 and above persons per enterprise.

Table 4.12: Current Employment Created in the Enterprises

Enterprise type	Number of employees got employment opportunity in the Enterprise											
	1-2		3-5		6-10		11-30		>30		Sampled enterprise	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Construction	2	6.9	6	20.7	6	20.7	7	24.2	8	27.6	29	100
Manufacture	-	-	-	-	3	50	1	16.7	2	33.3	6	100
Service	2	40	1	20	2	40	-		-		5	100
Total	4	10	7	17.5	11	27.5	8	20	10	25	40	100

Source: own survey data, 2015

4.3.2 Types of Employment Generated in the Enterprises

As illustrated in table 4.13, types of employments created in the enterprises differ sector-wise. Large numbers (75%**)** of the workers employed in the service sector is contractual type employment. Construction and manufacturing take up 30.8 and 40 percent of the employment created were contractual type respectively. Large numbers (35.5%**)**of the employees were achieved contractual type of employment ,most of them were found in the service and manufacturing sectors, particularly those that are engaged in service were the highest share. 23.7% of the total employees of enterprises were employed permanent type of employments, particularly the manufacturing (45%) sector had highest contribution. This shows that the type of sector the enterprises are engaged in is one of the determinant factors of the type of employments. Seasonal employments were the second minimum type of employments (11.5%), performed in only construction sectors.

In construction enterprises, family labor is the significant source of labor. 5.8% persons of the total workers are either paid or unpaid family labors in surveyed sample enterprise. Only 19**.**7% of the employees are hired labor. The existence of family labor helps small enterprises to minimize their cost of operation, but the firms could not tap the best talents from the labor markets (Tegegne &Mulat, 2005).

Table 4.13: Types of Employment Generated in the Enterprises

Enterprise type	Types of Employment													
	Permanently employm		Contractual		Hired labor		Family		Seasonal employme		Not stated		Total Employme	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Construction	8	15.4	16	30.8	14	26.9	3	5.8	6	11.5	5	9.6	52	100
Manufacturing	9	45	8	40	1	5	-		-		2	10	20	100
Service	1	25	3	75	-		-		-		-		4	100
Total	18	23.7	27	35.5	15	19.7	3	3.9	6	7.9	7	9.2	76	100

Source: own survey data, 2015

4.3.3. Five year Annual Average of Employment Created in MSEs

MSEs are defined in most countries based on the number of employees. Accordingly, most commonly, micro enterprise is enterprises with ten and less employees, while small enterprise is enterprises with 10 to 50 employees (Farbman and Lessik, 1989). But in Ethiopia an enterprise said to be micro when number of an employee‘s it consists are less than six and small enterprise establishments employing between 6- 30 persons as indicated in chapter two of this research.

Data has been collected on the number jobs annually created in sampled enterprise. Hence, as can be seen from table4.14, from the sampled enterprise most of manufacturing (50%) have created annual average of employment ranges 17-23. 31% of construction enterprise annual average of employment created between13-15 was large number of employment created in the sector within five years. 80% of service sector had created annual average of employment between first and second range (5-7 and 8-11 per years) which was the least annual average of employment created. The same analysis indicated that majority of construction (58.6%) and manufacturing (66.67%) enterprise have registered maximum number of annual average employment ranges between13-23. Therefore, the majority of the firms in construction and manufacturing have shown change in their number of annual average of employment created

compared to service sector. This figure still reveals the constrained nature of the growth in service sector and the extent of support they need from stakeholder. The analysis made for all the enterprise reveals that around 17.5% of the MSEs have not registered sufficient annual average growth in employment between their years of establishment and the current period was only 5-7.

Table 4.14: Annual Average of Employment Created in MSEs

Annual average of employment created	Types of Enterprise							
	Construction		Manufacturing		Service		Total sampled enterprise	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
5-7	3	10.34	2	33.33	2	40	7	17.5
8-11	2	6.9		-	2	40	4	10
9-12	5	17.3	-	-	1	20	6	15
13-15	9	31	1	16.67	-		10	25
17-23	8	27.6	3	50	-		11	27.5
Not stated	2	6.9			-		2	5
Total sampled Enterprise	29	100.00	6	100.00	5	100.00	40	100.00

Source: own survey data, 2015

To sum up from the above table 4.14, manufacturing sector succeeded in registering the maximum number of growing firms in terms growth in annual average employment, which was half(50%). Other sampled service enterprise was unsuccessful in registering in creating annual average new jobs, it is shows most of created employment is range between5-11 per annual. One can say the most purpose of the MSEs policy in Ethiopia is to bring a means for generating sustainable employment and income generation. However, service enterprise in Woreda 14 of Kolfe keranio sub-city was not as government expect in creating an employment.

4.4 Income Generation

4.4.1 Initial Capital Level of Enterprise

The capital status of the enterprises is studied from two angles/perspectives: the initial capital and current capital. The Initial capital refers the level of capital needed to start the business where as current capital refers the level of capital currently attained by the business. As presented in the table 4.15, the size of initial capital of MSEs for starting their activities ranges between 5000 birr and 150,000 birr**.**

Table 4.15: Initial Capital Level of Enterprise

Range of initial	**Construction**		**Manufacturing**		**Service**		**Total**	
	Freq.	%	Freq.	%	Freq.	%	Freq	%
≥ 5000	-	-	1	16.67	2	40	3	7.5
10,000-20,000	4	13.8	2	33.33	1	20	7	17.5
20,001-50,000	3	10.34	-	-	2	40	5	12.5
50,001-80,000	6	20.7	-	-	-	-	6	15
80,001-100,000	8	27.6	-	-	-	-	8	20
100,001-120,000	4	13.8	1	16.67	-	-	5	12.5
120,001-150,000	2	6.9	2	33.33	-	-	4	10
Not stated	2	6.9	-	-	-	-	2	5
Total	29	100.00	6	100.00	5	100.00	40	100.00

Source: own survey data, 2015

The initial investment of most of MSEs was found to be low in service (40%) which was less than or equal to 5000 Br. 60 percent of service sector had an initial investment ranges between 10,000-50,000Birr, which was the least amount of initial capital compared to the other. About 37.5% of the total sampled MSEs had an initial investment of less than 50,001.00 ETB while about 35% of them were in the ranges of 50,001-100,000 Birr and only 10% of them started their business with initial capital of greater than 120,000.00 Birr. Half (50%) of manufacturing enterprise had been started their business within the range of 5,000- 20,000 Birr, where as the rest half was started their business with maximum initial capital ranges between 100,0001-150,000Birr. Most of construction sector (27.6%) initial investment capital was ranges between

80,001-100,000 birr, in contrast least numbers (6.9%) of enterprise initial had ranges between 120,001-150,000 birr. In general, the low initial investment of MSEs in the study area was an indication of low entry capital barrier for MSEs/firms in the area.

4.4.2 Monthly Sales of Enterprise

Income generated by business enterprises in general and micro and small scale enterprises in particular is hardly estimated due to several reasons such as poor record keeping. In the following section, analysis of monthly income of micro and small enterprises was presented. As seen in table 4.16**,** about 15% of enterprises have less than 10001 Birr monthly sales and 12.5% of MSE enterprises have monthly sale ranges between 1001-2000Birr. Only 17.5% of micro and small enterprises have more than 10,000 Birr monthly which was the peak sale.

Table 4.16: Monthly Sales of enterprise

Income of MSEs Owners category per years	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
≤500	2	6.9	-	-	-	-	2	5
501-1000	4	13.8	-	-	-	-	4	10
1001-2000	3	10.34	-	-	2	40	5	12.5
2001-5000	6	20.7	1	16.67	1	20	8	20
5001-10,000	7	24.13	2	33.33	2	40	11	27.5
10,000 above	5	17.24	2	33.33	-	-	7	17.5
Not stated	2	6.9	1	16.67	-	-	3	7.4
Total	29	100.00	6	100.00	5	100.00	40.00	100.00

Source: own survey data, 2015

27.4% of micro and small enterprises have monthly sales between ranges 5,001-10,000 Birr that most of enterprise located in that range. However, 5% of micro and small enterprises have monthly sales of less or equal to 500 Birr. 31.04% of the construction and 40% of service sector monthly sale were less than 2001Birr. Inversely, all manufacturing sector monthly sale was more than 2000Birr. Manufacturing sector (33.33%) was the top share in monthly sale 10,000 Birr and above. Most construction enterprise monthly sale ranges between 5001-10,000 Birr. Key informative interview made with enterprise owners about their income shows, it requires hard work to make manufacturing sector become transparent on their monthly sale or any of their

income because without transparent on their income, it is difficult to generate government income tax.

4.4.3. Current Capital of the Enterprises

As indicated in table 4.17, 47.5% of the total surveyed sample enterprises had current capital of greater than half of the million birr. Only 10.34% and 33.33% of construction and manufacturing were located at micro level enterprise respectively.

According to the researcher survey, 60% of service enterprise owner have current capitals less than or equal to 60,000 birr was categorized as the micro level (table 4.17). And 79.34% of construction sector owners/managers have a capital more than 120,000 birr. From voluntarily stated their current capital, 50% of manufacturing enterprise had achieved high capital more than one million birr.

This indicated that about 20% of the enterprises current capitals were categorized under the micro level with current capital of less than 120,001ETB and the rest 62.5% of them were under the small-scale enterprises level (this shows that micro and small-scale enterprises were sectors that lead people into cap for self sustenance and economic growth). This implies that the MSE sectors contribute to capital generation for people who have low capital, and so the sector is the base for peoples‘ business development and income generation. The government had decided enterprise category or rank as micro, small, medium and etc. However, in woreda 14 of kolfe keranio most of categories were not identified accurately as micro, small and medium. In my research findings shows there was an enterprise whose category is medium that not identified as medium by the woreda. That is why 10% of the total enterprise was mixingly called micro and small enterprise, which was not.

During time of data collection and interview most enterprise owners were not voluntary to give valuable and accurate information on level of their current capital; this is because of fear of taxation by MSEs, and to get continues supports from the government (this is because MSEs will not get different supports from the government if their capital reaches minimum standard set by government). That is why, 7.5% of total enterprise did not want to say anything on their current capital they had.

Table 4.17: Current Capital of the Enterprises

Range of Current Capital in Birr	Construction		Manufacturing		Service		Total	
	Freq	%	Freq	%	Freq	%	Freq	%
≤60,000	-		-		3	60	3	7.5
60,001-120,000	3	10.34	2	33.33	-	-	7	12.5
60,001-120,000	-	-	-	-	1	20	1	2.5
120,001-500,000	9	31.0	-	-	-	-	9	22.5
500,001-600,000	2	6.9	-	-	1	20	3	7.5
600,001-1,000,000	3	10.34	1	16.67	-	-	4	10
1,000,001-1,800,000	6	20.7	2	33.33	-		8	20
1,800,001 &above	3	10.34	1	16.67	-		4	10
Not stated	3	10.34	-	-		-	3	7.5
Total	29	100.00	6	100.00	5	100.00	40	100.00

Source: own survey data, 2015

4.4.4. Annual Income of MSES Owners

In surveyed sample enterprise respondents were asked the annual income generated by their enterprise. The annual income of the enterprise owner was summarized as annual average income. Accordingly the below table shows, many of the respondent‘s (32.5 %) annual average of five years income was between 120,001-140, 000birr. 6.25 percent of the respondents also receive the lowest a five year annual average income between 30000-50,000birr. 11.25 percent of the MSEs receive a five years annual average income between 50,001-80,000birr. 20 % of the respondents get the highest five year average annual income of MSEs of 141,001-200,000birr. 5 percent of the respondents did not state the five years average annual income, majority of them was manufacturing sector‘s owners.

All enterprise owners were not have equal annual income, with regard to this majority of manufacturing (83.33%) enterprise scored high annual average income between ranges of 100,000-.200,000 Birr. These shows, the most of manufacturing sector owners receive more income than the service. This is because of the manufacturing sector is partnership ownership where members of enterprise were more experienced and responsible to discharge their obligation of paying tax. The three sectors income also differs from each other. The highest income category that is between 141,001-200,000birr was occupied by 22.44 % of the construction sector, 25 % of manufacturing sector and service sector was not applicable in the

range. The lowest income category that is less than 50,001 birr was occupied by service sector (10 percent), followed by construction sector (6.9 percent) and only 8.33 % of manufacturing was lowest annual average income is between the second range i.e. 50,001-80,000 birr. From this it can be concluded that entrepreneurs wants to run or open new MSEs, will get more income if they engaged in manufacturing sector since the manufacturing is the first in terms of highest income category and also it is the last from the three sectors in terms of achieving low income category.

Table 4.18: Five Years Annual Average Income of MSEs Owners by Sector (2011-2015)

Income of MSEs Owners category per years	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq	%	Freq.	%	Freq.	%
30,000-50,000	4	6.9	-	-	1	10	5	6.25
50,001-80,000	5	8.6	1	8.33	3	30	9	11.25
100,000-120,000	15	25.9	3	25	2	20	20	25
120,001-140,000,	18	31.03	4	33.33	4	40	26	32.5
141,001-200,000	13	22.4	3	25	-	-	16	20
Not stated	3	5.2	1	8.33	-	-	4	5
Total	58	100.00	12	100.00	10	100.00	80.00	100.00

Source: own survey data, 2015

4.4.5. Average Annual Income of Employees of MSEs

One of the major objectives MSEs Policy and strategy in Ethiopia is employment creation and income generation to employees. The below table summarizes the five years annual average income employees of sampled enterprise. 26.9% annual average income of employees of construction enterprise was falls between 13,001-17,500 birr, 30% of manufacturing sectors' employees annual average income of 19,001-21000 birr, whereas employees of service (25%) annual average income were between ranges of, 8000-13000 birr and 25% of service sector employee gets 17,500-19,000 birr annual average income. Regard to comparison of employees of the three sectors, service sector annual average income of 25% of employees fall at the least range (8000-13000 birr), 15% of manufacturing employees' annual income were between 8000-

13000 birr and service sector employees(25%) were maximum in number in achieving low annual average income in the last five years.

Table 4.19: Five year Average Annual Income of Employees MSEs

Average annual income	Construction		Manufacturing		Service		Total	
	Freq	%	Freq.	%	Freq	%	Freq.	%
8,000-13,000 birr	11	21.2	3	15	1	25	15	19.7
13,001-17,500 birr	14	26.9	5	25	2	50	21	27.6
17,500-19,000 birr	12	23.1	1	5	1	25	14	18.4
19,001-21,000 birr	7	13.5	6	30	-		13	17.1
21,001-23,000birr	5	9.6	4	20	-	-	9	11.8
Not stated	3	5.8	1	5	-	-	4	5.3
Total employees	52	100.00	20	100.0	4	100.0	76	100.0

Source: own survey data, 2015

Generally, from above table 4.19, most of the employees of MSEs (27.6 percent) get an annual income of 13,001-17,500 birr followed by 19.7 % of MSEs employee get a five years average annual income from 8,000-13,000 birr was the lowest income. 18.4% percent of the employee gets a five year average annual income from 17,500-19,000 birr. From total respondents of sampled enterprise the highest paid employee was only 11.8% of the MSEs employees equaling 21,001-23,000 birr. When the minimum annual income of employee 8,000-13,000 birr is compared with civil servants, it is almost equal specially with sanitary technician and guard (i.e. minimum monthly salary of 666- 1083 birr) and the maximum annual income of employee is falls ranges of 21001-23,000 birr is almost equal to first degree civil servant initial salary (i.e. 1750-1916 birr per month). From this we can conclude that almost all of the MSEs create income which is almost equal level of government salary standard of the civil servant (i.e. minimum 666-1083birr). However, during interview with employees, there are MSEs that cannot pay minimum salary standard which leads to the job creation to be unsustainable and difficult to buy their basic needs.

4.4.6 Use of Income versus Accumulation by Owners

One of the main characteristics of an entrepreneurial attitude is the inclination towards saving, reinvestment of profits and accumulation, as described by Max Weber in his account of the Protestant ethic.

First of all, it has to be considered that they barely have an income to satisfy the needs of the household, let alone reinvest profits in the business. In my research studies what micro-entrepreneurs did with the income: 13.75% enterprise owner were used in the household consumption , 15% was for existing business expansion to keep the enterprise going (including replacement of inputs), 2.5% paid school fees**,** 10% was invested in new business and 18.75% was used for communal saving. The largest amount of income (26.25%) of the enterprise‘s owner was used for combination of personal saving; communal saving and household consumption, while in the three sector i.e. 24.1% of construction, 33.33% of the manufacturing and 21% of service were used in combination of personal saving; communal saving and household consumption were the maximum share.

Table 4.20: Use of income versus accumulation

Use of income by MSEs	Types of Enterprise							
	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq.	%	Freq	%	Freq.	%
Put into personal savings (Bank)	10	17.3	1	8.33	-		11	13.75
For existing business expansion	8	13.8	3	25	1	10	12	15
Use for households consumption	8	13.8	2	16.67	1	10	11	13.75
Communal saving	10	17.3	2	16.67	3	30	15	18.75
Create new business	6	10.4	-	-	2	20	8	10
For both personal saving; communal saving and household consumption	14	24.1	4	33.33	3	30	21	26.25
Children‘s education	2	3.45	-	-		-	2	2.5
Total	58	100	12	100.00	10	100.	80	100.00

Source: own survey data, 2015

Without accumulation, technical innovation is minimal. Survivalist entrepreneurs have neither the time nor the resources to innovate. They tend to operate in closed and in-ward looking

environments. Most of the skills are passed down from generation to generation, with training largely based on imitation rather than the capacity to innovate (Dawson, 1997:17). In turn, innovation often requires resources, as well as technology transfers, and these are rarely available.

Generally, depend on Dawson idea of capital accumulation, in these research findings 32.5% of enterprise owner saved capital as personal and cumulative may used for future entrepreneurial activities. Only 13.75% of the total owners/managers of enterprise used for consumption purpose i.e. do not encourage innovative capacity. However, 10% of owners‘ income was already used in open and out-ward looking in creating new business environment.

4.4.7. Use of Income by Employees

According to table 4.21 below, the employees of MSEs use their income for different purposes. However, a large number of employees use their income for personal saving (27.6 percent) and household consumption (27.6percent). 9.2 percent use their income to create new business and 13.2percent of them use it for children‘s education. The rest use their income for personal saving and household consumption (19.74 percent), most of employees in the three sectors use income for household consumption i.e. 26.9 % of construction, 30% of manufacturing and 25% of service, there is no income used for existing business expansion activities.

Table 4.21: Use of Income by Employees

Use of income by MSEs	Enterprise type							
	Construction		Manufacturing		Service		Total	
	Fre	%	Fre	%	Fre	%	Fre	%
Put into personal savings	15	28.9	4	20	2	50	21	27.6
For existing business expansion	-	-	-		-	-	-	-
Use for households consumption	14	26.9	6	30	1	25	21	27.6
Create new business	6	11.5	1	5	-		7	9.2
For both personal saving and household consumption	7	13.5	7	35	1	25	15	19.74
Children‘s education	8	15.4	2	10	-	-	10	13.2
Not stated	2	3.85	-		-	-	2	2.6
Total	52	100	20	100.0	4	10	76	100

Source: own survey data, 201

4.5 Role of Government in MSE Development

4.5.1. The Role of Government

Encouraging and supporting the establishment and expansion of Micro and Small Scale Enterprises (MSEs) is one of the development paths opted by the governments of developing countries to reduce unemployment and the resultant poverty (Daniels and Mead: 1998). With regarding to government support, group-based enterprise owners were asked the level of support as best, medium, and least that they get from government. The respondents‘ were responding as illustrated in table 4.22.

As illustrated in table 4.22, regarding government support, enterprise owners asked the level of support as best, medium, and least that they got from government. Only 22.2% the construction enterprise said that they get best support from government. Other enterprise owners were act in response that 35.7% of service sector were said the government support had played best role in encouraging enterprises to be self sufficient and become motor of economy through elimination of poverty and unemployment and for manufacturing 23.9% of them said support of government was best level. 33.8% of construction, 37.5% of manufacturing sectors, and 37.5% of service sectors were respond government support was medium. The respondents in the three sampled enterprise also said 46.3% in construction, 37.5% in manufacturing and 35.7% in service were said government support in woreda 14 were least as they were not aspect. In the government support regard, out of the total sampled enterprises included in the survey, averegically36.3% of them said government support was not hot or cool with regard (middle level support). Whereas averegically27.3% was sufficient (best) support provided by government and averagically40.0% of total surveyed sample enterprise get least support.

The three most common best government supports in all sampled enterprise were, 44.83 % of them in consultancy service, 50% in work place facility, and 60% training and consultancy service, were first rank government provided support . The respondents also ranked working place in construction, credit facility in manufacturing and financial support in service as 53.43, 50 and 50percent were the medium support provided by government respectively. 75.9% of financial support in construction sector, 66.67% of financial support in manufacturing sectors and 50% financial and material support were least support from government. Generally, during key informative with head enterprise they said there is inadequacy in government support for the fact that the support is not as much as they need even if giving support to the MSEs is the key issue of government‘s policy and strategy

Table 4.22: The Role of government

Government Role	Construction						Manufacturing						Service					
	Best S.		Medium S.		Least S.		Best S.		Medium S.		Least S.		Best S.		Medium S.		Least S.	
	Freq	%	Freq	%	freq	%	Freq	%	freq	%	freq	%	freq.	%	freq	%	freq	%
Support of technology transfer	10	17.24	23	39.66	25	43.1	2	16.7	5	41.67	5	41.7	1	10	6	60	3	30
Training	18	31.03	22	37.9	18	31,03	4	33.3	5	41.67	3	25	6	60	2	20	2	20
Creating Market Linkage	9	15.5	19	32.8	30	51.7	1	8.33	4	33.33	7	58.3	2	20	3	30	5	50
Credit Facility	11	19	20	34.5	27	46.6	2	16.7	6	50	4	33.3	3	30	4	40	3	30
Working place facility	16	27.6	31	53.45	11	19	6	50	5	41.67	1	8.33	5	50	3	30	2	20
Consultancy Service	26	44.83	16	27.6	16	27.6	5	41.67	4	33.33	3	25	6	60	4	40	-	
Financial support	6	10.34	8	13.8	44	75.9	1	8.33	3	25	8	66.67	-	-	5	50	5	50
Material support	7	12.1	18	31.03	33	56.9	2	17	4	33.33	6	50	2	20	3	30	5	50
Average	103	22.2		33.8		46.3		23.9		37.5		38.5		35.7		37.5		35.7

Source; Own survey

Best S - Best Support, Medium S- Medium support, Least S – Least support

4.6. Trends in Micro and Small Enterprise Growth.

Micro-enterprises (less than 10 workers) almost never jump two categories to become medium enterprises (more than 50 workers). However, the higher graduation estimated by the World Bank report may relate to the characteristics of the study, which covered enterprises with up to 49 workers in the manufacturing sector only. Entry costs then are higher than in the trade and services sector, because producing goods entails more planning, larger investments and higher risks. Entrepreneurs in that sector would therefore be more growth-oriented than in the services area.

In this research, Woreda 14 of kolfe keranio MSE development office head was asked which *enterprise graduated more in last five years? How many years take to jump it to the next stage? What were the criteria used for graduation purpose?* Accordingly, raised question the head of the office respond on the graduated or grown enterprise in the Woreda 14, proportionally when we see as whole manufacturing is more graduated than other sectors because of experience and partner ownership structure. Only thirty three out of total enterprises of woreda were growing and graduated and joined small enterprise status. Among the graduated enterprise twenty three of them were construction, six of them were manufacturing sectors, and four of them was services, only known to the woreda government who‘s graduated to next rank called small enterprise. Whatever varies challenges faced the development enterprise; MSE strategy of Ethiopia indicates government expects fruit from enterprise owners at maximum of five year old.

However, enterprises grow and graduate at age of more than five years. As it is defined in literature review part of this research, one of the criteria of defines and categories enterprises are capital accumulation and job created. Vast majority of enterprises start very small and rarely grow beyond five workers, if they grow at all. They generally employ only the owner and very few graduate to the small-sized categories (above 5 workers). Indeed, graduation is quite exceptional for the MSE sector in general, but even more among service sector-owned enterprises. The larger the size of a firm, the most unlikely it is to find a service sector enterprise, even in surveyed enterprise.

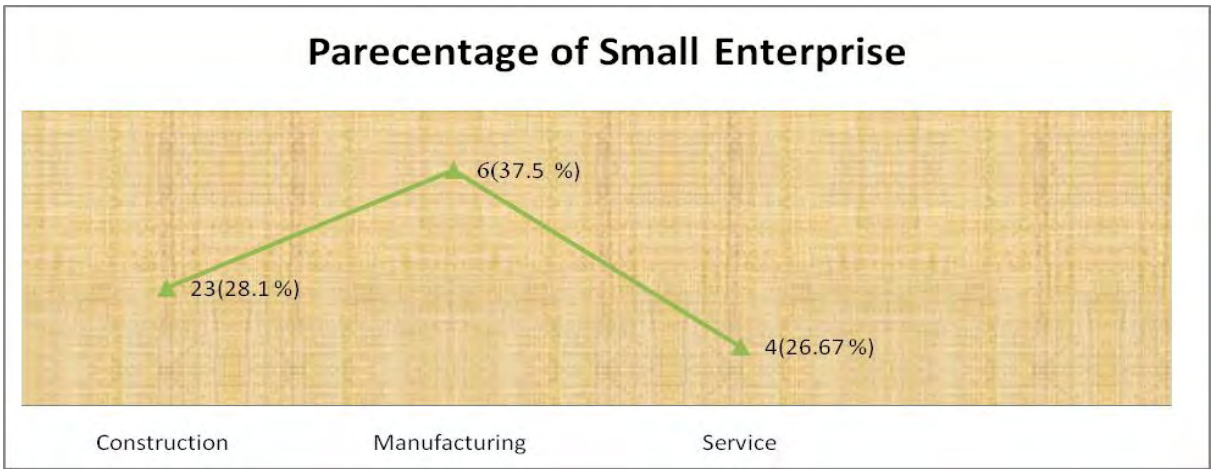
The next question raised to the head of the office was why they did not graduated in the given time? The head said that different factors hinder the graduation of group based micro and small enterprise.

The studied MSEs bleached prospect for growth and getting graduated may stem from their lack of selling place, lack of infrastructure, lack of experience sharing from other successful (graduated) enterprises, and at last the reluctance of the members of the MSEs to work together in collaboration with their own fellow members and in partnership with other MSEs, according to the key informant. Such obstacles hinders other kinds of support to their members such as availing information on market opportunities and condition, consolidating social networking, and even serve as a forum for undertaking dialogue for initiating policy reform and implementation.

The 3rd question raised, was government sectors shares the problem of group- based MSEs made them not to graduate in given time? The head of Micro and Small Enterprise office did not deny problem caused from government sectors.

These problems mainly came from government sector offices at local level. Bureaucratic working procedures and other bottlenecks associated with poor implementation capacity resulting from weak institutional capacity, lack of awareness about or failure to conform with MSE-related policies, strategies and proclamations etc, lack of commitment among the officials and their subordinates, absence of training to MSE extension agents and poor monitoring and follow-up are some of the shortcomings falling in this category. The owners of enterprise also said the same. The head of MSEDO indicated that the high turnover of employees working in this sector is because of the unattractiveness and inadequacy of the salary and absence of other incentive packages.

Graph 4.7: Total Percentage of Small Enterprise in the Woreda 14



Source: own survey data, 2015

4.7 Problem Encountered Enterprise

4.7.1. Startup Problem of Owner's Enterprises

As explained in literature part of this research, MSE in Ethiopia as well as in Addis Ababa, like many other developing countries, had faced many constraints like access to credit facility and work place. Therefore, owners/managers participation in economic activities, generally, and in self-employment, specifically, is limited. As Table 4.23, shows, 21.25% of problem of owners to be self employed was the lack of infrastructures, disagreement between members, and credit facility. The second obstacle for owners/managers (20% of respondents) was the lack of working place, supplies and disagreement between members. About 16.25% of the owners responded that being challenged by lack of infrastructures, credit facility and procedures of registration. Only 6.25% of the total owners reported that procedures of registration were a major difficulty for them. For 16.67% manufacturing sector registration process was difficult problem at startup. 10.34% of construction enterprises said do not satisfy with infrastructure, which obstacle them not to be engaged in MSEs.

Table 4.23: Startup problems of MSEs

Startup problems of MSEs	Types of Enterprise							
	Construction		Manufacturin		Service		Total	
	Freq.	%	Freq.	%	Freq	%	Freq.	%
Lack of working place(1)	3	5.2	-		-		3	3.75
Supplies (2)	5	8.6			-		5	6.25
Market shortage(3)	3	5.2	-		-		3	3.75
Infrastructure (4)	6	10.34	1	8.33	-		7	8.75
Disagreement between members(5)	4	6.9	-		-		4	5
Credit facility(6)	3	5.3	-		-		3	3.75
Lack skill(7)	4	6.9	-		-		4	4
Procedures of registration(8)	2	3.44	2	16.67	1	10	5	6.25
Variable N0 4,5 & 6	11	19	4	33.33	2	20	17	21.25
Variable N0 1,2& 5	9	15.5	3	25	4	40	16	20
Variable N0 4,6&8	8	13.8	2	16.67	3	30	13	16.25
Total	58	100.0	12	100.0	10	100	80	100.0

Source: own survey data, 2015

Lack of skill about enterprise, and procedures of registration that helps owners/managers to participate in economic activities were the important problems for them. 10% of service enterprise owner/managers respond registration procedure is difficult problem for them. For 40 percent of the service owners, accesses to working place, supplies and disagreement between members and for manufacturing 33.33 percent infrastructure, disagreement between members, and credit facility were the important problems.

Market shortage was only least problem encountered all owners/managers during startup. And majority of manufacturing and service enterprise owners/managers were identified more than two problems at startup. Generally, problems encountered enterprise during startup is different from sector to sector even in the similar sector faced different constraints at same time i.e. at startup time.

4.7.2. Major Constraints of Micro and Small Enterprise during Operation

MSE owners of woreda 14 of Kolfe Keranio sub-city are constrained by a number of problems during the time of operation of their businesses. Accordingly, the survey conducted in woreda 14 on the sample size indicated that owners were constrained with lack of working place, insufficiency of finance or credit facility, inadequate supply of inputs, rules and regulations procedures and paying large taxes according to their severity at the time of business operation (table. 4.24).

As shown in table 4.24 owners/ managers of sampled enterprise have identified problems encountered their business during the operation. Respondents in sampled enterprise gave their response, 21.25% of them total surveyed sample enterprise said lack of working places, credit facility, inadequate supply of inputs and market problem especially for manufacture enterprise (41.67%). In service sector lack of credit facilities, lack of working place, inadequate supply of inputs and lack market problem were the difficult problem (40%) identified by most of the respondents. Respondents in construction sector said disagreement between members, lack of capacity to compete with similar enterprise, lack of capacity to compete large enterprises and government rules and regulation procedure were about 6.9, 8.6, 8.6 and 6.9 percent of the total sample size, respectively (table 4.24). In similar way, owners/managers of service sectors faced problem of market and credit facility were 20 and 10 percent in total sampled sector of the

enterprise respectively where identified by few respondents as shown in the below table 4.24. Entrepreneurs in construction would have faced a number of constraints. From data collected, we can identify the most constraining problem that made operation difficult. 13.8% of identified problems in construction are market problem; lack of working place, credit facility and inadequate supply of inputs are the most constraint faced sector operation. 40% of (shortage of market, lack of working place, credit facility and inadequate supply of inputs) were severe problem mentioned by the respondents of service sector. In similar way, manufacturing sector operator responds to asked question in different degree to problem faced their enterprise as market problem, lack of work place, credit facility and inadequate supply of inputs (41.67%) were the most problem, most of the respondents suggested.

Table 4.24: Major Constraints of Micro and Small Enterprise

Constraints of MSEs	Types of Enterprise							
	Construction		**Manufacturing**		**Service**		**Total**	
	Freq.	%	**Freq.**	%	**Freq**	%	**Freq.**	%
Lack of working place (1)	2	3.5	-	-	-		2	2.5
Insufficiency of finance(2)	1	1.7		-	-		1	1.25
Credit facility(3)	4	6.9	-	-	1	10	5	6.25
Lack of capacity to compete large enterprises (4)	5	8.6	-	-	-		5	6.25
Inadequate supply of inputs(5)	2	3.5	-	-	-		2	2.5
Market problem (6)	5	8.6	1	8.33	2	20	8	10
Variable N0_ 1,3,5&6 (7)	8	13.8	5	41.67	4	40	17	21.25
Complex government rules and regulations procedures(8)	4	6.9	-	-	-	-	4	5
Lack of capacity to compete similar enterprise(9)	5	8.6	-	-	-	-	5	6.25
Paying large taxes(10)	5	8.6	1	8.33	-	-	6	7.5
Variable N03,5,6,8& 10(11)	6	10.4	2	16.67	3	30	11	13.75
Disagreement between members(12)	4	6.9		-	-	-	4	5
Variable N01,2,6,8,10 &12(13)	**7**	12.1	**3**	25.00	--	-	10	12.5
Total	58	100.0	12	100.0	10	100.0	80	100.0

Source: own survey data, 2015

This indicates that majority of the operators were challenged by the business enabling environment during time of operation and this can affect the growth and performances of micro and small enterprises. As it is indicated in the table 4.24, MSEs operators are/ were faced number of obstacles that have hindered the smooth operation of their activities.

Evidence from the above table, shows that insufficiency of finance, lack of working place, and inadequate supply of inputs were reported as the least obstacle identified by few respondents in the three sectors. As it is shown in the above table, the three most common challenging factors faced almost equally by MSEs owners through operation cycle identified by respondents include lack of market, lack of access to working premise and lack of access to credit facility. So we cannot hopefully conclude that occurrence of problems at operation is the same through sector even within the similar type of sector. To solve this problem effectively it is helpful to know problems according to its harshness.

4.7.3. Factors Anticipated being Affect Sustainability of MSEs

There are different factors assured to dissolving of MSEs. Owners/managers enterprises were asked their opinion about the factors contributing for dissolving MSE‘s in the future. Accordingly, the enterprise owners/managers woreda 14 have respond as 17(21.25%) of MSE will be dissolved due to problem occurred with lack of premise, tax, market, and finance which is the most common problem in all surveyed sample enterprise with little difference in the degree. 13(16.25%) of the total respondents expressed their anticipation as their enterprise will be dissolved due to lack of premise, disagreement between members, market and complex government rules and regulations procedures.

The below table indicates, in woreda 14 of Kolfe Keranio sub-city there are variety of reasons anticipated for dissolving MSE‘s according to respondents of sampled enterprise. Among these, 7 (8.5%) of them will dissolved due to only large tax payment in their business, 5(6.25%) of them due to disagreement between members, 4(5%) of them are due to formality/complex government rules and regulations procedures, and 12(15%) of them are due to market.

Depend on data collected, the most factors anticipated to dissolve enterprise identified as in construction sector was 17.24% of them are lack of premise, tax, market, and finance. It also in sampled manufacturing enterprise 33.33% of them are/due to the same problem occurred in

construction sector and it also the same problem in service sectors 30%. Most common least factors anticipated to affect the sustainability of the three MSE's sectors are bankruptcy (5%), disagreement between members (6.25%) and 5% is complex government rules and regulation procedures (Table 4.25).

Table 4.25: Factors Contributed to dissolve MSEs in Woreda 14 of Kolfe Keranio sub city

Factors	Micro and Small Enterprises							
	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Bankruptcy (1)	4	6.9	-		-		4	5
Lack of premise (2)	7	12.1	2	16.67	2	20	11	13.75
Address/sector change (3)							-	-
Disagreement between Members(4)	5	8.6	-	-	-	-	5	6.25
Asset sale (5)	-	-	-	-	-	-	-	-
Tax (6)	6	10.34	1	8.33	-	-	7	8.75
Variable No, 2, 6,8, &9 (7)	10	17.24	4	33.33	3	30	17	21.25
Market (8)	8	13.9	2	16.67	2	20	12	15
Finance (9)	6	10.34	-	-	1	10	7	8.75
Complex government rules and regulations procedures(10)	4	6.9	-	-	-	-	4	5
Variable No 2, 4, 8and 10 (11)	8	13.9	3	25	2	20	13	16.25
Total	58	100.00	12	100.00	10	100.00	80	100.00

Source: own survey data, 2015

By and large enterprise owners anticipated problems dissolve their enterprises' in the future depend on current situation. Their anticipation were not the same in the three enterprise on future problem may they faced. We cannot necessarily conclude that problems they will face is the same or different in the three enterprise even in similar sector.

4.7.4 Capacity to Mitigate the Challenges By Own Selves

When asked to indicate whether they had capacity to mitigating the challenges, majority of the enterprise owners at 41(70.7%), 9(75%) and 7(70%) indicated that they did take measure to tackle the problems in construction, manufacturing and service respectively, while only construction 17(29.3%), manufacturing 3(25%) and service 3(30%) indicated otherwise. This shows that in most cases, enterprise owners were expect little assistance from the government or the NGOs tackle challenges in Woreda 14 of Kolfe keranio sub-city. During key informative interview the few head of enterprise said they need government support on the area of loan accessibility, market, work premises and offering entrepreneurial and managerial trainings on problems encountered and this could result into quick growth rate in these business activities.

Table 4.26: Mitigate the challenges By Own selves

Variables	Construction		Manufacturing		Service		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Yes	41	70.7	9	75	7	70	57	71.25
No	17	29.3	3	25	3	30	23	28.75
Total	58	100.00	12	100.00	10	100.00	80	100.00

Source: own survey data, 2015

The study also sought to find out whether failure to tackle challenges facing the enterprise owners could result into their undermine growth specially those who did not (28.75%). Out of the 80 respondents that took part in answering this question, majority at 71.25% said they mitigate challenges by their own effort without need government or NGOs assistance.

CHAPTER FIVE

2. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

It has already been observed from the aforementioned discussions that the contribution MSEs play in the economy has long won recognitions both in the developed and developing countries. Particularly MSEs contribution towards both employment creations and income generations for the large sections of unskilled and semi-skilled labor force in developing countries has stimulated significant interest among policy makers and practitioners alike. The main focus of study is to assess the contribution of group-based MSEs in employment creation and income generation in Woreda 14 of kolfe keranio by analyzing the performance three sectors. The sectors are construction, manufacturing and service. These different sectors were taken in order to see the contribution they had to employment creation and income generation.

With regard to the characteristics of the respondents, 23% of operators (enterprise owners and employees) have been taken from a sample of 40 enterprises which were formed in group-based. The participation of male owner and employee were greater than female owners and employee in total sampled. This indicated that the involvement of females in surveyed enterprise was not enough to ensure the economic empowerment of women.

The target of the government is absorbs more of the young labor force as one objective in MSEs. However, the results of study indicate that, 3.44 percent of an age 60 and above were participated in laboriousness activities in construction enterprise. Most owners / managers, 82.5 percent and, 93.4percent employees of sample micro and small enterprises surveyed have ages between 15-44 years that are in the economically active age bracket. Marital status also have direct impact on the participation of operators in MSEs sectors , almost more than 50% of the total sample populations have families and they obliged/forced to provide any support to their respective family members in group base enterprise.

Regards to educational level of operators, both owners and employees had different level of education from primary education to tertiary level, 11.25 and 8.75 percent of the total respondents had college diploma and degree and above respectively. Averegically, 36 percent of total sample

respondents have tertiary level of education. Percentage of micro and small enterprises whose owners/ mangers had more college education than their employees and proportions of enterprises‘ employees have attended high school education and more is higher than their employers. Generally, 8.75percent of owners/managers and 3.95percent of employees had first degree and above.

Interims of experience, owners and employees of enterprise become entrepreneurs at different level of experience. The more experienced operators, the more become the entrepreneurs, that‘s the reason, enterprise like manufacturing owners (25%) had more than 10 years experience was the more experienced than the other sectors. This made owners more invest initial capital and achieved more current capital. 53.76and 50 percent of the owners and employees had between 3- 10year experience respectively before current activities. A significant number of them were become entrepreneurs at years of ranges 6-10 prior experience. Currently, in micro and small enterprises of construction, manufacturing and service of owners/ managers have relatively adequate experience of more than two years, of operating business enterprises.

Operators of surveyed enterprise had previously engaging in different activities before came to form current group-based enterprise. Majority of the employees working in MSEs have been engaged previously in different activities and only 36.9 % (unemployed and student) of the total of employees were did not engaged in different activities, however, others had different activities from informal activity to civil servant. Having, pervious experience made owners more confident to start enterprise. Business never starts from the suitable condition. Factors like lack of alternative opportunities, to get high income and create jobs opportunities for other job seekers, their previous experience influence in the activity and adaptation from family tradition were the influence factors.

With regard to characteristics of the enterprises, not all enterprise were located at the same level of status, 20% of the sampled enterprises current capitals were categorized under the micro level and the rest 62.5% of them are under the small-scale enterprises level. The surveyed woreda did not captured every information about the status of each enterprise

There is an argument that high expansion of informal business in developing countries that discouraged government income tax. But the state of registration was stronger in all sectors,

which means only 35.4 percent of the total enterprise research subjects responded that they are registered while the remaining was same as key informant said. In surveyed enterprise, the ownership forms of the enterprise are divided between cooperative and partnership. All manufacturing enterprise has ownership of partnership, because of high capital, and members of enterprise were sufficient to discharge government tax. Still government did not interest to collect high tax from every enterprise rather want to encourage and buy their product like coble stone at balanced price.

Enterprises used different source of initial capital from personal saving to loan from financial institutions. The amount of source of initial capital in all sampled enterprises were from the least support from other body and personal saving and loan from micro finance were largest used.

With regard to employment creation: - not all enterprises have same contribution in creating job opportunities for job seekers. In sampled enterprise, manufacturing (33.33%) and construction (27.6%) enterprise were the first and second enterprise in creating job opportunities for more than 30 employment categories respectively. However, service enterprise was the least contribution in employment category of more than 10 persons per enterprise. They were different type of employment in sampled enterprise of construction (30.8%) and manufacturing (40%) had created contractual type employment and large numbers (35.5%)of the employees were achieved contractual type of employment ,most of them were found in the service and manufacturing sectors, particularly those that engaged in service were the highest share. 23.7% of the total employees of enterprises were employed permanent type of employments, particularly the manufacturing (45%) sector had high contribution.

With regard to level employment created, manufacturing sector was succeeded in registering the maximum number of growing firms in terms growth in annual average employment, which was half(50%). However, sampled service enterprise was unsuccessful in registering annual average new jobs.

With regard to income generation: - monthly sale of enterprise was different from enterprise to enterprise; construction and service sector monthly sale were less than manufacturing sectors. The least monthly sale of all manufacturing sector was more than 2000Birr. Manufacturing sector (33.33%) was the top share in monthly sale 10,000 Birr and

above, but it requires hard work to make transparent on their sale volume. Inversely, service sector was the least interims of monthly sale.

The size of initial capital of the three MSEs for starting their activities ranges between 5000 birr and 150,000 birr**.** Whereas, the current capitals of enterprise are: 47.5% of the total surveyed sample enterprises had current capital of greater than half the million birr, majority of service enterprise owner have (60percent) current capitals less than or equal to 60,000birr. 79.34% of construction sector owners/managers have a capital more than 120,000 birr and 50% of manufacturing enterprise had achieved high capital more than one million birr. This result improves the belief that the more you invest the more you harvest.

All enterprise owners had not equal annual income. In more productive enterprise like manufacturing (83.33%) enterprise registered high annual average income between ranges of 100,000-200,000 Birr. The three sectors annual average income also differs from each other. The highest income category was between 141,001-200,000birr were occupied by 22.44 percent of the construction sector, 25 percent of manufacturing sector and service sector was not in the range. The lowest income earner that is below 5,000 birr was occupied by service sector (10 percent), followed by construction sector (6.9 percent).

The income of owner/managers had direct positive or negative impact on the income of employees. That‘s why, employees of manufacturing sector achieved highest paid compared to the two enterprises. An employee of the three sampled enterprise get minimum salary of civil servant almost equal with sanitary technicians and guard and maximum of first degree civil servant initial salary.

Owners/managers used their income for household consumption, personal saving, communal saving and etc. In the same manner, employees of MSEs use their income for different purposes like for personal saving and household consumption, to create new business ,for children‘s education. Generally, owners/managers of enterprise used income less for consumption (13.75%) and children‘s education (2.5%) than employees of enterprise i.e.27.6% and 13.2% for household consumption and children education respectively. Non one cannot conclude income achieved used for one type of purpose.

With regard to government supports:- Respondents had ranked government support to their enterprise in different degree**.** Accordingly, three most common best government supports in all sampled enterprise were, 44.83 % of them in consultancy service, 50% in work place facility, and 60% training and consultancy service were first rank government provided support. The respondents also ranked working place in construction, credit facility in manufacturing and financial support in service as 53.43, 50 and 50 percent were the medium support provided by government respectively and averagically40.0% of total surveyed sample enterprise get least support. Generally, government cannot similarly support all enterprise through life cycle of the operation equally.

Problems faced Enterprises owners: -enterprise owners/managers had faced different problems during start-up and operation. Problem encountered enterprise could not be the same through operation cycle of enterprise. Accordingly, the most constraining problem that made operation difficult in construction, manufacturing, and service sector were market problem; lack of working place, credit facility, collateral problem and inadequate supply of inputs. Whatever operators faced different problem, they had capacity response to the problem in different degree.

Factors that anticipated to dissolving of MSEs: - predicting or guessing the future problems will has paramount contribution. Accordingly, the survey result, most factors anticipated dissolving enterprise identified as in construction, manufacturing and service sector are lack of premise, tax, market, and finance. Most common least factors anticipated to affect the sustainability of the three MSE‘s sectors are bankruptcy, disagreement between members and complex government rules and regulation procedures.

5.2 Recommendations

Based on the major findings, which were discussed in the previous section, the following recommendations have been drawn, with the view to improve the contribution of group- based micro and small enterprises in employment creation and income generation.

- The role of MSEs in boosting employment opportunities and income generation has been deniable. That is why, all enterprise has advantages and they need government support. However, government body of the Woreda 14 should pick the sectors that employ more people and channel the resources to them. This does not mean that other sectors should be neglected; rather priorities should be given to such sectors (like manufacturing) that employ more people per the same investment.
- There are many instances where owners/managers stay with the supports that MSEs should get for longer period of time. This is happening despite the fact that the strategy stipulates that enterprise should grow into the next stage and graduate in a given period of time. The concerned body should encouraging enterprise to graduate on time.
- One of the objective of MSE policy and strategy is capacitating and supporting women in MSE business stands at the center of poverty reduction as most business women are engaged in less productive survival business activities. For sustainable and successful participation of women in development, encouraging participation of them in MSE activity through different support like financial, moral, decision making/management training and etc should be done in the woreda.
- There is still information gap on the status enterprise. Woreda14MSEDO should use research projects that can successfully narrow down information gap and indentifies status of enterprise.
- Most of enterprise owners made group-based MSE without taking prior experience in consideration, however, business skill is not cost free and firms learn-by-loosing and starting again. To reduce cost of familiarization with new business, it is advisable new owners make group according to their prior experience,
- Majority of MSE owners and employees come to these activities because of lack of alternative opportunities. It should be known to everybody the contribution of MSE in one country economy than as only as alternative opportunity.

- Service enterprise owners are the least performer compared to the other two enterprise owners. To overcome this problem, the owners should be qualified with academic status especially tertiary level and prior experience and additional support for more contribution to employment creation and income generation.

- Owners/managers and employees of enterprise should be trained and familiarized with culture of saving that encourage innovative capacity. Transparence should exist on the area of sale volume and total capital of enterprise in order to identify their status and reduce graduation period and for proper tax payment.

- 40.2% of total respondents said government support was least especially on the area of market, finance, work place, credit facility and infrastructure. So government should identify enterprise according to their needs up to become self-independent.

- Problems mainly came from government sector offices at local level like bureaucratic working procedures and others should be eliminated and working procedure should be modernized through implementation of reform programs.

- Enterprise owners faced problems from startup to operation level; problems encountered enterprises during starting time and operation were different. The then should identify according to their occurrence and immediate solution should be taken. The capacity to anticipate factors affecting the sustainability of enterprise in future will be build.

- Enterprise owners should encouraged and learn how to mitigating the challenges faced them by their own effort with little/no assistance from government or non-government.

- The local government (the woreda and sub city government) has to promote the establishment of other alternative micro finance institutions so as to improve access to credit service for MSEs.

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Appendices

Appendix –I **Questionnaires for MSEs' Owners**

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT

Dear my Respondents

This questionnaire is prepared to collect information on group-based micro and small enterprises engaged in construction, manufacturing and service in the woreda 14 of Kolfe Keranio sub city. The aim of the questionnaire is to assess the contribution of group-based MSEs in employment creation and income generation in the woreda 14 of Kolfe Keranio sub city. It has nine parts: demographic characteristics of the respondents, information about enterprise, reason of enterprise formation, finance, employment created, income generated, sustainability of the enterprise, support provided and constraints faced group-based micro and small enterprises. The information you are going to provide will be used for only academic purpose. So, you are kindly requested to give genuine answer.

Instruction:

- For closed- ended questions, you are kindly requested to encircle the letter (choice) in each question that holds your opinion.
- For multiple answers in a given question, it is possible to rank more than one choice.
- For open-ended questions, you write your opinion in the space provided.

Thank you in advance

Part I: Demographic characteristics of the respondents

1. Name of the operator (optional): _____
2. Sex A. Male B. Female
3. Age:

   A. 15-25 B. 26-44 C. 45-55 D. 56-59 E. 60 and Above

4. Marital Status: A. Married B. Separated C. Single D. Divorced

   Educational Level:

   A. Illiterate B. Read and write only C. 1-5 D. 6-8 E. 9-10

   F. 11-12 G. 10+1-10+3 H. Technical and vocational training

   I. College Diploma J. First Degree and above

Part II. Information about Enterprise

1. Name of the MSE on which he/ she works _____
2. What is your type of sector or business? A. Construction B. Manufacturing C. Service
3. What is the legal status of the enterprise? A. Registered B. Unregistered
4. When this enterprise does started operation? _____
5. What is the form of ownership of this enterprise?

A. Partnership B. Cooperative C. Others (specify) ----------

Part III. Reasons of enterprise formation

1. What was the factor/reason behind the establishment of your enterprise?

A. For business expansion B. Lack of alternative opportunities

C. Interested in the activity D. To get high income

E. Family tradition F. Believing to create new jobs to other

G. Their previous experience influence

2. What was a reason of shifting from your previous activity to MSE businesses?

A. MSEs/small investment brings high income & create jobs B. Lack of alternative C. To get high income D. Interested in the activity

E. Family tradition

F. Other(specify) _____

Part IV. Finance

1. Do you have sufficient loan and credit facility for enterprise at any time you want?

   A. Yes B. No C. Other (specify) ----------

2. If your answer to Q1 is No, what is the reason behind?

   A. High interest rate charged by lending institutions

   B. Lack of cash management skills

   C. High collateral requirement from lending institutions

   D. loan application procedures are too complicated

   E. insufficient lending institutions

   F. Other (specify) ----------

3. What was your Source of Initial Capital?

   A. Personal saving B. Inheritance C. loan family/friend

   D. Assistance E. Borrowing F. Other (specify) ----------

4. What was initial total capital your enterprise needed to start business? Birr----------

Part V. Employment creation

1. Did you have job before become the member of this business?

   A. yes B. No C. other (specify) ----------

2. If your answer to Q1 is yes, what was your previous activity before come to this member? (previous experience might be related or unrelated)

   A. Self-owned informal related enterprise activity

   B. Self-owned informal unrelated enterprise activity

   C. Self-owned formal related enterprise activity

   D. Self-owned formal unrelated enterprise activity

   E. Civil servant/services

   F. Unemployed

   G. Student

   H. other (specify) ----------

3. How many years of experiences do you have before current occupation?
   A. Less Than 1 Year
   B. 1 – 2 Years
   C. 3 – 5 Years
   D. 6 – 10 Years
   E. More than 10 Years
   F. Not applicable
   G. Not stated
4. How many employments generated in your Enterprises today?
   A. Single Person B. Two persons C. 3 -5 Persons
   D. 5 -10 Persons E. 10 -30 Persons F. Over 30 Persons
   G. No employment opportunities are created
5. How many years of experiences do you have in current occupation?
   A. Less Than 1 Year B. 1 – 2 Years C. 3 – 5 Years
   D. 6 – 10 Years E. More than 10 Years
   F. Not applicable G. Not stated
6. What was the trend of employment growth in your enterprise? Fill the following employment generated in your enterprise from the start to current.
   A. 1st Year number of employment created ----------
   B. 2nd year number of employment created ----------
   C. 3rd year number of employment created ----------
   D. 4th year number of employment created ----------
   E. 5th year number of employment created ----------

Part VI. Income Generation

1. After you join the present enterprise, is your monthly/yearly income increased?
   A. yes B. No C. undetermined
2. If your answer to Q1 is yes, fill the following blank space from start of enterprise to five year consecutive income.
   A. 1st Year income birr ----------up birr ----------
   B. 2nd year income birr ---------- up birr ----------
   C. 3rd year income birr ---------- --up birr----------
   D. 4th year income birr. ---------- ---- up birr ----------
   E. 5th year income birr. ---------- ------ up birr----------

3. What is the total capital (total asset) your enterprise does have today?
   Birr. ----------
4. What were the gross monthly sales of your Micro and Small Enterprises by minimum & maximum Periods?
   A. Less than 500 Birr B. 501 – 1000 Birr C. 1001 – 2000 Birr
   D. 2001 – 5000 Birr E. 5001 – 10000 Birr
   F. Over 10000 Birr G. Not stated
5. If your answer to Q1 is yes, what you had done by your increased income?
   A. For house hold consumption B. for new business creation.
   C. For existing business expansion. D. For bank deposit
   E. other (specify) ----------

Part VII. Sustainability of Enterprise

1. What are/is the most factors you may think that affect the sustainability of your business/enterprise in the future?
   A. Bankruptcy
   B. Lack of premise
   B. Address/sector change
   C. Formality
   D. Asset sale
   E. Tax
   F. Market
   G. Other (specify) ----------

Part VIII. Support Provided

Depend on the following table **tick (⌐)** as the best, better, least support and no support at all by government to your enterprise (rank).Example support provide on training can be only one of the following: Best or better or least or no support and follow the rest just like this.

No	**Government Role**	Best support	Better support	Least support	Remark
1	Support of technology transfer				
2	Training				
3	Creating Market Linkage				
4	Credit Facility				
5	Working place facility				
6	Consultancy Service				
7	Financial support				
8	Material support				

Part IV. Constraints

1. What were the major challenges of your enterprise in income generation and employment creation?
   A. Lack of capacity to compete large enterprise
   B. Lack of working place
   C. Lack of working capitals
   D. Inadequate supply of raw materials
   E. Market problem
   F. Procedures rules and regulations
   G. Insufficiency of credit access
   H. Lack of capacity to compete similar enterprises
   I. High government tax
2. What was/ were startup Problem of your Enterprise?
   A. Lack of capital
   B. Raw material problems
   C. Skill problems
   D. Working place
   E. Obtaining licenses
   F. Other (specify) ----------
3. Did your enterprise received any assistance to alleviate problem encountered?

   A. Yes B. No C. Other (specify) ----------

Appendix-II Interview

1. Has your enterprise has role in poverty reduction? If the answer is yes, what are the indicators? Please list the reason? (For head of MSEDO, owners and employees)
2. Do think that your Micro and Small enterprise achieved its objectives of employment creation and income generation? If the answer yes, what are the indicators? If the answer is no, please reason out? (For head of MSEDO and owners MSEs)
3. Did you satisfied with loan from micro finance institution?(owners MSEs)
4. How many group-based MSEs (construction, manufacturing and service) are grown and graduated? (For head of MSEDO)
5. Are all enterprise legally registered to your office? Is their informal business enterprise in your woreda?
6. What were/was the problems that your office faced from the enterprise owners/managers?(Head of MSEDO)
7. How many total capital your enterprise has from establishment to today? ---------- birr (For owners/managers)

   Did your MSE employ new workers? If yes, what was the number and type of employment? How do you rate the trend in the total number of employees of this MSE i.e. is it increasing or decreasing and why so? (For owners/managers)
8. Do you satisfied with your current occupation? If yes or no, what are the indicators? (For employees of MSEs)
9. What you recommend if the enterprise is needed to be developed further or what will be the prospect of your enterprise? (For all)

THANK YOU!

Appendix – III **Questionnaire for MSEs' Employees**

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF PUBLIC ADMINISTRATION AND DEVELOPMENT MANAGEMENT

Dear my Respondents

This questionnaire is prepared to collect information on group-based micro and small enterprises engaged in construction, manufacturing and service in the woreda 14 of Kolfe Keranio sub city. The aim of the questionnaire is to assess the contribution of group-based MSEs in employment creation and income generation in the woreda 14 of Kolfe Keranio sub city. It has three parts: demographic characteristics of the respondents, employment creation, and income generation of group-based micro and small enterprises. The information you are going to provide will be used for only academic purpose. So, you are kindly requested to give genuine answer.

Instruction:

- For closed- ended questions, you are kindly requested to encircle the letters (choice) in each question that holds your opinion.
- For multiple answers in a given question, it is possible to rank more than one choice.
- For open-ended questions, you write your opinion in the space provided.

Thank you in advance!

Part I: Demographic characteristics of the respondents

1. Name of the employees (optional): _____
2. Name of the MSE on which he/ she works _____
3. Sex A. Male B. Female
4. Age:

   A. 15-25 B. 26-44 C. 45-55 D. 56-59 E. 60 and Above

5. Marital Status:

A. Married B. Separated C. Single D. Divorced

6. Educational Level:

A. Illiterate B. Read and write only C. 1-5

D. 6-8 E. 9-10 F. 11-12 G. 10+1-10+3

H. Technical and vocational training I. College Diploma J. First Degree and above

Part II. Information about Enterprise

1. What is your type of sector or business? A. Construction B. Manufacturing C. Service
2. What is the form of ownership of this enterprise?

A. Partnership B. Cooperative C. Others (specify) ----------

Part III Employment creation

1. Did you have job before become the member of this business?

A. yes B. No C. other (specify) ----------

2. If your answer to Q1 is yes, what was your previous activity before come to this member?

A. Self-owned informal related enterprise activity
B. Self-owned informal unrelated enterprise activity
C. Self-owned formal related enterprise activity
D. Self-owned formal unrelated enterprise activity
E. Civil servant/services
F. Unemployed
G. Student
H. other (specify) ----------

I. How many years of experiences do you have?

A. Less Than 1 Year B. 1 – 2 Years
B. 3– 5 Years D. 6 – 10 Years
H. More than 10 Years F. Not applicable
I. Not stated

3 If your answer to Q1 is yes, what type of employment did you had?

A. Permanent hired B. Contract hired

C. Daily hired D. seasonally hired

E. Family F. Other (specify) _____

4 What was a reason of shifting from your previous activity to MSE businesses?

A. MSEs/small investment brings high income & create jobs

B. Lack of alternative C. To get high income

D. Interested in the activity E. Family tradition

F. Other (specify) _____

Part IV. Income generation

1. After you join the present enterprise, is your monthly/yearly income increased?

A. yes B. No C. undetermined

2. If your answer to Q1 is yes, fill the following blank space from start of enterprise to five year consecutive income.

A. 1st Year income birr ----------up --------- -----

B. 2nd year birr ----------up ----------

C. 3rd year birr ----------up ----------

D. 4th year birr. ---------- up----------

E. 5th year birr. ---------- --- up----------

3. If Q1 is yes, what you had done by your increased income?

A. For house hold consumption B. for new business creation.

C. For existing business expansion. D. For bank deposit

THANK YOU

Appendix –IV Questionnaire for MSEs'Owners (ለድርጅቱ ባለቤቶች ማጠየቂያ)

አዲስ አበባ ዩኒቨርሲቲ

ቢዝነስና ኢኮኖሚክስ ኮሌጅ

የሕዝብ አስተዳደርና ልማት አመራር

ደህረ-ምረቃ መርሃ ግብር

ጥናታዊ ማጠይቅ

ይህ ማጠይቅ የተዘጋጀው የጥናታዊ ፅሁፍ ሚጃ ለማጠናከር ነው፡ ጥናቱ የሚካሄደው በኮልፌ ቀራንዮ ክፍለ ከተማ ወረዳ 14 ስር በቡድን ተደራጅተው በግንባታ(Construction) ፣ ማኑፋክቸሪንግ (Manufacturing)ና አገልግሎት(Service) ዘርፍ ላይ በሚሠሩ ጥቃቅንና አነስተኛ ኢንተርፕራይዞች ላይ ነው፡ ይህ ጥናት ዘጠኝ ክፍል አለው፡ - የተጠየቂዎች ባህርያት፣ ስለድርጅቱ ሚጃ፣ የድርጅቱ መቋቋም ምክንያት ፣ ፋይናንስ ፣ የተፈጠረ ስራ እድል ፣ ገቢ ሚገኛ፣ የድርጅቱ ቀጣይነት፣ ድጋፍና ተግዳሮት ሲሆን የጥናቱ ዓላማ ጥቃቅንና አነስተኛ ኢንተርፕራይዞች የሚፈጥሩትን የስራ ዕድል እና የሚያመጣቸውን ገቢ በተመለከተ ያላቸውን ሜ ሚት ታህቦ የተዘጋጀ ነው፡ ስለዚህ ከተጠየቂዎች የሚገኘው መልስ ሚስጥራዊነቱ የተጠበቀና ለጥናታዊ ፅሁፍ ብቻ ስለሚውል ትክክለኛ መልስ ነው ብለው ያሙበትን እንዲመለሱልኝ በአክብሮት እጠይቃለሁ፡ ፡

ስለትብብርዎ ከልብ አመሠግናለሁ!!

<u>የ ተከበሩት ተጠየቂዎች፤ መልስ ሲሠጡየ ሚከተለዉን ሂደት ይከተሉ፤</u>

ሀ. አንድ ብቻ መልስ ለሚሮታቸውጥያቄዎች በምርጫመልክ የተቀመጡትን ፊደል ያክቡ፡ ፡

ለ. የ ምርጫ ጥያቄዎች ምናልባት ከአንድ በላይ መልስ ሊኖራቸውለሚቻል ጥያቄዎች

ከአንድ በላይ መልስ መምረጥ ይቻላል፡ ፡

ሐ ማበራሪያ ለሚስ ፈሊጋቸውጥያቄዎች በተሠጠውክፍት ቦታመልስ ይሆናል ያሉትን ይፃፉ፣

ክፍል 1. የተጠየቂዎች ባህርያት (Demographic characteristics of the respondents)

1. የተጠየቅዉስም(አስፈላጊ ከሆነ)----------

2. 2. ፆታ ሀ. ወንድ ለ. ሴት

3. ዕድሜ ሀ. ከ15-25 ለ. ከ26-44 ዓመት ሐ 45-55 ዓመት

መ 56-59 አመት ሠ. 60 ዓመትና ከዚያ በላይ

4. የ ጋብቻ ሁኔት ሀ. ያገባ ለ. የተፋታ ሐ ያላገባ መ ያገባ ነገር ግን አብሮ የሚኖር

5. የትምህርት ደረጃ ሀ. 1-5 ለ. 6-8 ሐ 9-10 መ 11-12 ሠ. 10+1-10+3

ረ. የቴክኒክና ሙያ ምሩቅ(በደረጃ1-4) ሸ. የኮላጅ ዲፕሎማ ቀ. የመጀመሪያ ዲግሪና ከዚያበላይ

ክፍል 2. ስለድርጅቱ መረጃ (Information about Enterprise)

1. የድርጅቱ ስም----------

2. የድርጅታችሁ ማምረቻ አይነት ዘርፍ ምንድ ነው? ሀ/ በግንባታ (Construction) ለ/ ማኑፋክቸሪንግ (Manufacturing) ሐ/ አገልግሎት (Service)

3. ድርጅታችሁ በመንግስት ተመዘግቧል(ዕውቅና አገኝተቷል)? ሀ/ አዎ ለ/ አይደለም

4. ድርጅቱ ስራ የጀመረዉበቼ ዓመተ ምህረት ነው?----------

5. የድርጅቱ አደረጃጀት አይነት፣ ሀ/ በማህበር ለ/ በህብረት ሽርክና

ሐ/ ሌላ ካለ ቢገለጽ ----------

ክፍል 3. የድርጅቱ መቋቋምምክንያት (Reasons of enterprise formation)

1. የድርጅታችሁ መቋቋምምክንያት የሆነ የትኛዉነዉ?

ሀ. የተጀመረ ብዚነስ ለማስፋፋት ለ. ሌላ አማራጭየ ስራ ዕድል ስለሌለ(እንደ አደስ)

ሐ ስራዉአስደሳች ስለሆነ መ ከፍተኛ ገቢለማግኘት

ሠ. የቤተሰብ ግፊት ረ. ለሌላ ስራ ፈለጊዎች ስራ ለመፍጠር በማመን

ሸ. የድርጅቱ ባለቤቶች የቀደሞልምድ ግፊት

ቀ. ሌላ ካለ ቢገለጽ----------

ክፍል 4. ፋይናንስ (Finance)

1. ድርጅቱ በቂ የብድር አገልግሎት በፈለገ ጊዜ ማግኘት ይችላል?

ሀ. አዎ ለ. አይደለም ሐ ሌላ ካለ ቢገለጽ ----------

2. ለጥያቄ ተራ ቁጥር 1 መልስዎ አይደለምከሆነ ከጀርባ ያለዉምክንያት ምንድነዉ?

ሀ. የብድሩ ወለድ ከፍተኛ መሆን ለ. የገንዘብአያያዝ ክህሎት እጦት

ሐ ለብድር ዋስትና/ መያዣየ/ ከፍተኛ ስለሆነ መ የብድር አጠያየቅ ሂደት በጣም ወስብሲበና ጊዜ የሚወስድ ስለሆነ ፣ ሠ ሌላ ካለ ቢገለጽ ----------

3. ድርጅቱ በመጀመሪያ ጊዜ ሲቋቋምለስራ የሚዉል የፋይናንስ ምንጩክየት አገኘ?

ሀ. ከግል ቁጠባ ለ. ከወርስ ሐ ከቤተሰብ/ጓደኛ መ እርዳታ ሠ. ብድር

ረ. ሌላ ካለ ቢገለጽ ----------

4. ድርጅቱ ለመጀመሪያ ጊዜ ስራ ለመጀመር አጠቃላይ ያስፈለገ ካፒታል(ገንዘብ) ስንት ነዉ? ብር----------

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ክፍል 5. የተፈጠረ ስራ እድል (Employment creation)

1. ከዚህ ድርጅት ከመገባተዎ በፊት ስራ ነበረዎት?

ሀ. አዎ ለ. አይደለም ሐ ሌላ ካለ ቢገለጽ----------

2. ለጥያቄ ተራ ቁጥር 1 መልስዎ አዎ ከሆነ ከዚህ ድርጅት ከመገባተዎ በፊት ስራዎ ምን ነበር?

ሀ. የግል ስራ ሆኖ በመንግስት እዉቅና የለሌዉና ከአሁኑ ስራ ጋር የሚመሳሰል፣

ለ. የግል ስራ ሆኖ በመንግስት እዉቅና የለሌዎና ከአሁኑ ስራ ጋር የሚመሳሰል

ሐ የግል ስራ ሆኖ በመንግስት እዉቅና ያለዉና ከአሁኑ ስራ ጋር የሚመሳሰል፣

መ የግል ስራ ሆኖ በመንግስት እዉቅና ያለዉና ከአሁኑ ስራ ጋር የሚመሳሰል፣

ሠ. ሲቪል ሰርቫንት/መንግስት ሠራተኛ ረ. ስራየለዎም

ሸ. ተማሪ ቀ. ሌላ ካለ ቢገለጽ ----------

3. ከዚህ ድርጅት ከመቀጠረዎ በፊት ስንት አመት የስራልምድ ነበረዎት?

ሀ. ከአንድአመት በታች ለ. 1 እስከ 2 አመት ሐ 3 እስከ 5 አመት

መ 6 እስከ 10 አመት ሠ. ከ10 አመት በላይ

4. ድርጅቱ ለስንት ሰዎች የስራ እድል ፈጥሯል?

ሀ. ለአንድ ሰዉ ለ. ለሁለት ሰዉ ሐ 3 እከ 5 ሰዉ መ 6 እከ 10 ሰዎች

ሠ. 10 እከ 30 ሰዎች ረ. ከ30 ሰዎች በላይ ሸ. ስራ ዕድል ለማንምአልተፈጠረም

5. በዚህ ድርጅት ከተቀጠሩ በኃላ ስንት አመት የስራ ልምድ አለዎት?

ሀ. ከአንድ አመት በታች ለ. 1 እስከ 2 አመት ሐ 3 እስከ 5 አመት

መ 6 እስከ 10 አመት ሠ. ከ10 አመት በላይ

6. ድርጅታችሁ በየ አመቱ የ ሜ ጥር የ ስራ እድል ምን ይመስላል? በየ አመቱ የ ተፈጠረ ስራ ዕድል በተዘጋጀ ቦታ ላይ የ ጠቀስ፣

ሀ. 1ኛ ዓመት ላይ የ ተፈጠረላቸው ሰዎች ብዛ ት ----------

ለ. 2ኛ ዓመት ላይ የ ተፈጠረላቸው ሰዎች ብዛ ት ----------

ሐ 3ኛ ዓመት ላይ የ ተፈጠረላቸው ሰዎች ብዛ ት ----------

መ 4ኛ ዓመት ላይ የ ተፈጠረላቸው ሰዎች ብዛ ት ----------

ሠ. 5ኛ ዓመት ላይ የ ተፈጠረላቸው ሰዎች ብዛ ት ----------

ክፍል 6. ገ ቢ ማስገ ኛ (Income Generation)

1. ወደዚህ ድርጅት ከማጠቃ ላ አበሉ በወር ወይም አመት የ ሚያ ገ ኙት ገ ቢ ጨምሯል?

ሀ. አዎ ለ. አይደለም ሐ ሌላ(ይጥቀሱ)----------

2. ለጥያቄ ተራ ቁጥር 1 ሜልስዎ አዎ ከሆነ አማኪት አመት ተከታታይ ገ ቢዎትን በተዘጋጀ ባዶ ቦታ ላይ ይጥቀሱ፣

ሀ. የ 1ኛ አመት ገ ቢ በብር------- እስከ ----------

ለ. የ 2ኛ አመት ገ ቢ በብር--------እስከ ----------

ሐ የ 3ኛ አመት ገ ቢ በብር---------እስከ ----------

መ የ 4ኛ አመት ገ ቢ በብር----------እስከ ----------

ሠ. የ 5ኛ አመት ገ ቢ በብር----------እስከ----------

3. ከላይ ለጥያቄ ተራ ቁጥር 1 ሜልስዎ አዎ ከሆነ ገ ቢዉን ምን ላይ ነ በር ያዎሉት?

ሀ. ለቤተሰብ ፍጆታ ለ. ለተጨማሪ ብዚነ ስ ስራ ሐ ያለዉበዚነ ስ ለማስፋፋት

መ ባንክ ወስጥ ማኖራቀም ሠ. ሌላ ካለ ቢገ ለጽ ----------

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4. ድርጅታችሁ በአሁን ጊዜ አጠቃላይ ሀብት በብር ስንት አለዉ? ብር----------

5. የ ድርጅቱ የ ምርት ሽያጭብዎር በትንሹና በትልቁ በአሁን ጊዜ ስንት ይሆናል?

ሀ. ከ5000 ብር በታች ለ. ከ 501 እስከ 1000ብር ሐ ከ1001 እስከ 2000 ብር

መ ከ2001 እስከ 5000ብር ሠ. 5001እስከ 10000ብር

ረ. ከ10000 ብር በላይ ሸ. አልተጠቀሰም

ክፍል 7. የድርጅቱ ቀጣይነት (Sustainability of Enterprise)

1. ድርጅቱን ወይምብዚነሱን የቀጣይነት ዕጣፈንታከሀሉምበላይ ሊጎዳ የሚችል የትኛዉነዉ?

ሀ. ከሳራ ለ. ስራ ቦታእጦት ሐ ነባር የስራዘርፉን የመቀያየር ምክንያት

(Sector change) መ የመንግስት አዳዲስ ህጎችና ፖሊሲዎች

ሠ. ያለአግባብየሀብት ሽያጭ(Asset sale) ረ. የግብር ሁኔታ ሸ. የገቢያ ዕጥረት

ቀ. ሌላ ካለ ቢገለጽ ----------

ክፍል 8. ድጋፍ (Support Provided)

ሠንጠረዥ1 ወስጥ የተጠቀሰዉን ለድርጅቱ በመንግስት የሚሠጥ ድጋፍ ደረጃ ከፍተኛ፣ መካከለኛ ወይምዝቅተኛ በሚለት ከተዘረዘሩት አማራጮች በዚህ ምልክት(¯) ሲያሳዩ ለአንድ ጥያቄ ሚልሱአንድነዉ፣

ለምሳሌ በተከኖለጂ ሽግግር የሚረግለዎት ድጋፍ ሚልሱ (ከፍተኛ፣ መካከለኛ፣ ዝቅተኛ) ከነዚህ አንዱን መምረጥ እንዲሁምለቀሩትምበተመሳሳይ

ቁጥር	የመንግስት ድርሻ	ከፍተኛ	መካከለኛ	ዝቅተኛ	ምርመራ
1	በተከኖለጂ ሽግግር መደገፍ				
2	ስልጠና ማከሠት				
3	ገቢያ ትስስር መፍጠር				
4	የብድር ሁኔታ ማመቻቸት				
5	የመሬት ቦታ ማመቻቸት				
6	የምክርአገልግለት ማከሠት				
7	የገንዘብ ድጋፍ ማደረግ				
8	የቁሳቁስ ድጋፍ መደረግ				

ክፍል 9. ተግዳሮት

1. ድርጅቱ ተጨማሪ የስራ ዕድልና የገቢ ስራውን በላቀ ስኬት እንዳይወጣ ዋና ተግዳሮት የሆነ ፣

   ሀ. ትላልቅ ድርጅቶች ጋር ለመወዳደር የአቅምማነስ ለ. የሞኖፖሊ ቦታ እጥረት

   ሐ ለስራ የሚውል ካፒታል እጥረት መ የቁሳቁስ አቅርቦት እጥረት

   ሠ. ለምርት ሽያጭ ቢያ እጥረት ረ. የመንግስት መመሪያና ደንብ ወሰብሰብነት

   ሸ. የብድር ሁኔታአቅርቦት በቂ አለመሆን ቀ. ተመሳሳይ ድርጅቶች ጋር ለመወዳደር

   የአቅምወሰንነት በ. ከፍተኛ የመንግስት ግብር ጫና

2. ድርጅቱ በመጀመሪ ግዜ ሲቋቋምተግዳሮት የሆነ ፣

   ሀ. የሞኖፖሊ ቦታ ለ. የቁሳቁስ አቅርቦት እጥረት

   ሐ ለምርት ገቢያ እጥረት መ እንፍራስትራክቸር /መንገድ፣ መበራት---- ወዘተ)

   ሠ. የአባላት አለመግባባት ሠ. ሌላ ካለ ቢገለጽ ----------

3. ድርጅታችሁ ችግር ሲያጋጥም ችግሩን ለመቅረፍ እርምጃ ይወስዳል?

   ሀ. አዎ ለ. አይደለም

አመሠግናለሁ !!!

Appendix –VI Questionnaire for MSEs' employees (ለድርጅቱ ሠራተኞች ማጠየቂያ)

አዲስ አበባ ዩኒቨርሲቲ

ቢዝነስና ኢኮኖሚክስ ኮሌጅ

የህዝብና ልማት አስተዳደር ድህረ-ምረቃ ሚሃ ግብር

ጥናታዊ ማጠይቅ

ይህ ማጠይቅ የተዘጋጀውየጥናታዊ ፅሁፍ ሚጃ ለማጠናቀር ነው፡ ጥናቱ የሚሄደውበኮልፌ ቀራንዮ ክፍለ ከተማ ወረዳ 14 ስር በቡድን ተደራጅተውበግንባታ(Construction) ፣ ማኑፋክቸሪንግ (Manufacturing)ና አገልግሎት(Service) ዘርፍ ላይ በሚሠሩ ጥቃቅንና አነስተኛ ኢንተርፕራይዞች ላይ ነው፡ ይህ ጥናት አምስት ክፍል አለው፡- የተጠየቂዎች ባህርያት፣ ስለድርጅቱ ሚጃ፣ ፣ የተፈጠረ ስራ እድል እና ገቢ ማስገኛ ሲሆን የጥናቱ ዓላማ ጥቃቅንና አነስተኛ ኢንተርፕራይዞች የሚፈጥሩትን የስራ ዕድል እና የሚያመጣጨውን ገቢ በተመለከተ ያላቸውን ሜ ሞት ታስቦ የተዘጋጀ ነው፡ ስለዚህ ከተጠየቂዎች የሚ ኘው መልስ ሚጥራዊነቱ የተጠበቀና ለጥናታዊ ፅሁፍ ብቻ ስለሚውል ትክክለኛ መልስ ነውበለውያሙበትን እንዲመለሱልኝ በአክብሮት እጠይቃለሁ፡ ፡

<u>የተከበሩት ተጠየቂዎች፤ መልስ ሲሠጡየሚተለጣ ሂደት ይከተሉ፤</u>

ሀ. አንድ ብቻ መልስ ለሚሯቸውጥያቄዎች በምርጫመልክ የተቀመጡትን ፊደል ያክቡ፡ ፡

ለ. የምርጫ ጥያቄዎች ምናልባት ከአንድ በላይ መልስ ሊኖራቸውለሚቹል ጥያቄዎች

ከአንድ በላይ መልስ ማምረጥ ይቻላል፡ ፡

ሐ ማበራሪያ ለሚስ ፈሊጋቸውጥያቄዎች በተሠጠውክፍት ቦታመልስ ይሆናል ያሉትን ይፃፉ፣

ክፍል 1. የተጠየቂዎች ባህርያት(Demographic characteristics of the respondents)

1. የተጠየቅዉስምማ(አስፈላጊ ከሆነ)----------

2. ፆታ ሀ. ወንድ ለ. ሴት

3. ዕድሜ ሀ. ከ15-25 ለ. ከ26-44 ዓመት ሐ 45-55 ዓመት

መ 56-59 አመት ሠ. 60 ዓመትና ከዚያ በላይ

4. የጋብቻ ሁኔት ሀ. ያገባ ለ. የተፋታ ሐ ያላገባ መ ያገባ ነገር ግን አብሮ የሚኖር

5. የትምህርት ደረጃ ሀ. 1-5 ለ . 6-8 ሐ 9-10 መ 11-12

ሠ. 10+1- 10+3 ረ. የቴክኒክና ሞያ ምሩቅ(በደረጃ1-4) ሸ. የኮላጅ ዲፕሎማ ቀ. የመጀመሪያ ዲግሪና ከዚያበላይ

ክፍል 2. ስለድርጅቱ ሚጃ (Information about Enterprise)

3. የድርጅቱ ስም----------

4. የድርጅታችሁ ማምረቻ አይነት ዘርፍ ምንድነው?

ሀ/ በግንባታ (Construction) ለ/ ማኑፋክቸሪንግ (Manufacturing) ሐ/ አገልግሎት (Service)

5. የድርጅቱ አደረጃጀት አይነት፣ ሀ/ በማህበር ለ/ በህብረት ሽርክና

ሐ/ ሌላ ካለ ቢገለጽ ---

ክፍል.3 የተፈጠረ ስራ እድል (Employment creation)

7. ከዚህ ድርጅት ከማባተዎ በፊት ስራ ነበረዎት?

ሀ. አዎ ለ. አይደለም ሐ. ሌላ ካለ ቢገለጽ--

8. ለጥያቄ ተራ ቁጥር 1 መልስዎ አዎ ከሆነ ከዚህ ድርጅት ከማባተዎ በፊት ስራዎ ምን ነበር?

ሀ. የግል ስራ ሆኖ በመንግስት እዉቅና የለሌዉና ከአሁኑ ስራ ጋር የሚመሳሰል፣

ለ. የግል ስራ ሆኖ በመንግስት እዉቅና የለሌዎና ከአሁኑ ስራ ጋር የማይመሳሰል

ሐ. የግል ስራ ሆኖ በመንግስት እዉቅና ያለዉና ከአሁኑ ስራ ጋር የሚመሳሰል፣

መ. የግል ስራ ሆኖ በመንግስት እዉቅና ያለዉና ከአሁኑ ስራ ጋር የማይመሳሰል፣

ሠ. ሲቪል ሰርቫንት/መንግስት ሠራተኛ ረ. ስራ የለዉም

ሸ. ተማሪ ቀ. ሌላ ካለ ቢገለጽ ------------------------------

9. ከዚህ ድርጅት ከመቀጠረዎ በፊት ስንት አመት የስራ ልምድ ነበረዎት?

ሀ. ከአንድ አመት በታች ለ. 1 እስከ 2 አመት ሐ. 3 እስከ 5 አመት

መ. 6 እስከ 10 አመት ሠ. ከ10 አመት በላይ

10. በዚህ ድርጅት ከተቀጠሩ በኃላ ስንት አመት የስራ ልምድ ነበረዎት?

ሀ. ከአንድ አመት በታች ለ. 1 እስከ 2 አመት ሐ. 3 እስከ 5 አመት

መ. 6 እስከ 10 አመት ሠ. ከ10 አመት በላይ

11. በዚህ ድርጅት ወስጥ ያገኙት ስራ እድል ምን አይነት ነው?

ሀ. ቋሚቅጥር ለ. ኮንትራት ሐ. የቀን ሠራተኛ መ. በቤተሰብምክንያት ቅጥር

ሠ. ወቅትን መሠረት ያደረገ ቅጥር ረ. ሌላ ካለ ቢገለጽ ---------------------------

ክፍል 4. ገቢ ማስገኛ (Income Generation)

6. ወደዚህ ድርጅት ከማጠብኋላ በወር ወይምአመት የሚገኙት ገቢ ጨምሯል?

ሀ. አዎ ለ. አይደለም ሐ. ሌላ (ይጥቀሱ)-----

7. ለጥያቄ ተራ ቁጥር 1 መልስዎ አዎ ከሆነ አምስት አመት ተከታታይ ገቢዎትን በተዘጋጀ ባዶ ቦታ ላይ ይጥቀሱ፣

ሀ. የ1ኛ አመት ገቢ በብር------- እስከ ----------------

ለ. የ2ኛ አመት ገቢ በብር--------እስከ -----------------

ሐ. የ3ኛ አመት ገቢ በብር---------እስከ -------------------

መ. የ 4ኛ አመት ገቢ በብር----------እስከ ----------

ሠ. የ 5ኛ አመት ገቢ በብር----------እስከ----------

8. ለጥያቄ ተራ ቁጥር 1 መልስዎ አዎ ከሆነ ገቢዉን ምን ላይ ነበር ያዎሉት?

ሀ. ለቤተሰብ ፍጆታ ለ. ለተጨማሪ ብዚነስ ስራ ሐ. ያለዉቢዚነስ ለማፍሩት

መ. ባንክ ዉስጥ ማጠራቀም ሠ. ሌላ ካለ ቢገለጽ ----------

9. ከቀድሞስራ ወደ አሁኑ በመጀራጀት(በጥቃቅንና አነስተኛ) ለማራት የፈለጉ ምክንያት ምንድነዉ?

ሀ. በጥቃቅንና አነስተኛ ማራት ከፍተኛ ገቢና የስራ ዕድል ስለምፈጥር

ለ. ሌላ አማራጭ ስላጣሁ ሐ. ከፍተኛ ገቢ ለማግኘት

መ. ስራዉ አስደሳች ስለሆነ ሠ. የቤተሰብ ግፊት

ረ. ሌላ ካለ ቢገለጽ ----------

አመሰግናለሁ!!!

Declaration

I, the under signed, declare that this thesis is my original work and has not been presented for a degree in any other University, and that all the sources of materials used for the thesis have been duly acknowledge.

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