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**CHALLENGES AND OPPORTUNITIES OF  
COTTAGE INDUSTRIES IN BANJA WOREDA OF  
AWIZONE, AMHARA REGIONAL STATE OF  
ETHIOPIA**

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**STUDIES**

**CHALLENGES AND OPPORTUNITIES OF COTTAGE**  
**INDUSTRY IN BANJA WOREDA, AWI ZONE, AMHARA**  
**REGION, ETHIOPIA**

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## **LETTER OF APPROVAL**

This is to certify that the thesis prepared by Solomon Workneh entitled: Challenges and Apportunities of cottage industry in Banja Woreda Awi Zone Amahra Regional Region, Ethiopia and submitted in partial full filament for the degree of masterin Geography ande environmental studies in the college of social science in Addis Ababa university and merits with the accepted standards in respect to original and quality

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## **Acronyms and Abbreviations**

ECA	Enhancing the Competitiveness of Small and Medium Enterprise in Africa
ECAFE	Economic Commission of Asia and Far East
MAMSL	Meter above Mean Sea Level
NGOs	Non-Governmental Organizations
UNIDO	United Nations Industrial Development Organization

## **Declaration**

I, **Solomon Workneh**, declare that this thesis entitled “**Challenges and Opportunities of Cottage Industries in Banja Woreda of Awi Zone, Amhara Regional State**” is my own original work except used for quotations and citations which have been correctly acknowledged and this document has not been submitted in any universities.

Name **Solomon Workneh**

Signature \_\_\_\_\_

Date \_\_\_\_\_

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## **Abstract**

*The country's economic development greatly benefits from the cottage industry. These days, there are more and more cottage industries operating in this field. Therefore, the primary goal of this research is to investigate the opportunities and challenges associated with the cottage business in two rural kebeles and one town in Awi Zone, Banja Worda. The potential and difficulties faced by the cottage industry were examined using both quantitative and qualitative methods. In a cross-sectional design, data was challenges collected from 208 respondents. since there was no requirement for a sample. In the light of the findings, it is recommended that financial institutions, such as banks and microfinance institutions should create alternative collateral systems that include the financial needs of their businesses as well as the economic situation of the cottage industry. The government has the authority to manage the external elements, such as infrastructure and market access that are stated as dimensions influencing the performance of cottage industry businesses. As such, the government should take the lead infrastructure provision, facilitating financial access, creating market linkages and fostering education to bolstering the cottage industries and enhancing the livelihoods of those involved in the sector.*

*Keywords: Cottage industry, financial access, market linkage, infrastructure, Awi Zone*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

In every country, small businesses are the backbone of economic progress. This is due to the fact that without the formation of small businesses, no country can attain the potential for economic growth and development. Small businesses have always been at the forefront of national development efforts. The phrase "cottage industry" refers to the small-scale manufacturing of goods. Ethiopia is widely recognized for the abundance of traditional cottage industries that it possesses. In industrialized and developing nations' economies primarily depend on the cottage and small-scale industrial sector. In emerging nations, cottage and small-scale industries play a particularly significant role in the creation of jobs, the fair distribution of national revenue, the development of rural and semi-urban areas, and balanced regional growth. They guarantee a more equitable distribution of the nation's wealth,

The discontinuity of urbanization has had a negative impact on attitudes towards certain occupations. As cities grow and develop, there is often a shift towards service-based industries and a disconnect from traditional industries and occupations. This can lead to a devaluation of certain occupations and a lack of appreciation for the essential roles they play in society. It is important for policymakers and urban planners to consider these factors when planning for the future of urban areas, in order to ensure that all occupations are valued and respected

Smith, J. (2020 ).

Though cottage businesses saw a severe drop as a result of industrialization. Nonetheless, the government has taken action to examine cottage businesses, and as a result, both developed and emerging nations increasingly rely heavily on them for economic growth (Mohammed, 2016). Cotton, , carpet, leather, metal handcraftsmen, as small-scale food processing are a few examples of cottage industries (Tesfa, 1998). The remarkable expansion of the large-scale sector of the economy is greatly dependent on the cottage industries. In actuality, the small industry economy is thought to be the main driver of growth in the majority of countries and plays a critical part in the expansion of national economies worldwide (Ogechukwu, 2006).

cottage industries are especially significant. They don't need big buildings, massive machinery, or significant financial outlays. They require a lot of work as well. The fact that even the elderly

and women in the family may make good use of their free time is their biggest benefit. In addition to raising the family's income, they also lower unemployment, improving living conditions for those who live in rural areas (Breman and Kessler, 1995).

A cottage industry is a little, frequently unofficially run business. Cottage businesses, often referred to as domestic industries, are started as full- or part-time jobs by people using their own money and family members' assistance. By size, Stanley and Morse (1965) divided the industries into eight categories. They used the functional approach and highlighted the ways in which small and medium-sized businesses differ from larger ones. These differences include a lack of capital availability, a lack of specialization, and close management-to-worker relationships.

The UNDP/UNIDO Report from 2000 gave ten workers as limit for cottage industries. Simple equipment is used, and there is not much capital investment. According to Adeoye and Akinlabi (2008), the entire project cost, including working capital but excluding land costs, does not greater than \$500. These sectors typically make use of locally accessible raw materials, resources, and labor. Typically, each industrial unit's output is marketed in nearby marketplaces..

Numerous nations around the world, including Zambia, India, South Korea, Malaysia, Japan, and South Korea, have demonstrated the catalytic significance that cottage companies play. These nations benefit greatly from their considerable contributions to GDP, export revenue, and job possibilities. They are widely recognized as the foundation of long-term, sustainable economic growth. In addition to raising output and per capita income, it also generates jobs, supports the growth of indige I'llnous entrepreneurship, improves regional economic balance by industrial dispersal, and generally encourages efficient resource use—all of which are regarded as crucial in the field of engineering economic development (Tolentino, 1996; Oboh, 2004; Odeh, 2005).

One of the most effective ways to grow Cottag industry in developing nations—which are dealing with increasing population pressure, lack of investable capital, and a dearth of managerial and entrepreneurial skills—has long been acknowledged to be the issues of small-scale industries (Bharti, 1978).

The dynamic role of cottage industries in developing countries insures them as engines through which the growth objectives of developing countries can be achieved. It is estimated that cottage industries employ 22% of the adult population in developing countries (Daniels, 1994; Daniels and Ngwira, 1992). United Nations Industrial Development Organization (UNIDO) estimates

that cottage industries represent over 90% of private business and contribute to more than 50% of employment and of gross domestic product (GDP) in most African countries (UNIDO, 1999). The World Bank (2007) estimated that the contribution of cottage industries to employment generation in Ghana was 55%. A recent study conducted in South Africa also estimated that 91% of formal business entities are cottage industries and that these industries contribute between 52 to 57% to GDP and provide about 61% to employment (Abor and Quartey, 2010).

In Ethiopia, cottage weaving is a significant industry. Given the prevalence of cotton clothes across the nation, this ability stretches back thousands of years. Ethiopian cotton weavers are renowned for their use of looms to create intricate, traditional designs and patterns. Due to its widespread use in festivals and weddings, Ethiopia is one of the world's top producers and users of silk. Ethiopia has been producing carpets since ancient times, despite the fact that carpets are highly prized for their superior quality. Ethiopia's carpet business has grown into a significant industry sector because, as per a sector evaluation, people's views have changed for the better and they wish to expand into larger industries. Cottage industry is a focused type of small-scale manufacturing in which workers produce things in their homes and family members make up the workforce. The machinery utilized to produce the goods is often household equipment rather than high-tech machinery. Cottage industry belongs to the small-scale industry group and is typically disorganized in nature. They employ traditional techniques to create consumable goods. These industries have their roots in rural areas, where there is a high rate of underemployment and unemployment. In this sense, cottage businesses support the economy by employing a sizable portion of the rural areas' surviving labor force. Conversely, however, cottage industry cannot be regarded as a mass manufacturer (Adil, 2007).

## **1.2 Statement of the Problem**

Both industrialized and developing nations' economies primarily depend on the cottage and small-scale industrial sector. In emerging nations, cottage and small-scale industries play a particularly significant role in the creation of jobs, the fair distribution of national revenue, the development of rural and semi-urban areas, and balanced regional growth. They guarantee a more equitable distribution of the nation's income, create large-scale employment immediately, and make it easier to mobilize capital and skill resources that might otherwise go underutilized (Rahman, 2006).

Conversely, cottage businesses, also known as domestic industries, are started by individuals using their own money and family members' assistance. They can be pursued as a full-time or part-time job. The equipment used is basic, and there is not much capital invested. These sectors typically make use of locally accessible raw materials, resources, and labor. Every industrial unit's output is typically sold in the local market (Ali, 2004).

Over the years, the cottage industry has gained popularity due to its huge potential. While employment in this sector has expanded, people's incomes have unquestionably reduced as a result of middlemen offering manufacturers inexpensive prices in exchange for large payments from purchasers. The power looms are a continuing source of rivalry for the handloom weavers. These laborers have dedicated their entire lives to knitting and sewing. Their level of skill is simply unrivaled. However, they are still in the same spot as when they first started, years ago. Mohammed (2014) looked at the role of household-based, wood-related industries and found that these sectors improved lifestyles on a socioeconomic level.

Although it hasn't made as much progress, the government has been providing essential places. This industry is still dealing with a number of issues. Despite this, the literature on cottage industries that is currently accessible suggests that even in market economies that are running well, the most developing nations, such as Ethiopia, confront a variety of obstacles and are frequently unable to solve the issues they encounter on their own. The limitations include, but are not limited to, poor institutional and regulatory environments, restricted access to capital and markets, commercial real estate, skill development, shortages of raw materials, and inadequate infrastructure ( Enhancing the competitiveness of Small and Medium Enterprise in Africa 2011).

In addition to the recently implemented policies for reducing poverty, the government ought to establish subsidiaries to foster the development of cottage enterprises, particularly in their first phases. At every stage of their business, cottage industry laborers frequently find themselves up against overwhelming odds. The crucial role that cottage industry enterprises play in developing indigenous-based and developed national economies and advancing technological innovations has created a scenario where small businesses collectively have a greater stake in promoting corporate citizenship in general. Examples of these activities include purchasing raw materials, promoting their products, arranging for capital or access to insurance covers, etc (Taylor, 2004).

That mainly emphasizes promotion of small businesses as a major way to reduce poverty, the efficiency of such interactions, how over, depends on identifying the key challenges about confronting this business.

Major challenges of cottage and small scale industries are low quality and high price from the export view point which cannot meet the international market. Besides these, price discrimination, lack of collaboration of manufacturing sub-units, lack of supply of sufficient raw materials, lack of modern technology, lack of correct information regarding the export trade with overseas trade, poor packaging, limited publicity and transport facilities are the problems of cottage and small scale industries.

As researcher see from different researches done before, their findings even though have little similarities. but more of searchers discussed earlier in that their focus areas were regardless of their sex, and management skill. they did not see the factors with respect to the different financial, marketing, infrastructure, socio-cultural and legal/administrative matters. very little research has been conducted on the factors constraining the growth of cottage industry in Ethiopia in general, and particularly in Banja woreda two rural kebeles and one town and .Thus, gaps exist with respect to understanding the challenges facing cottage industry in Banja woreda.

### **1.3 Objecties of the Study**

#### **1.3.1 General Objective**

The general objective of the study is to examine the challenges and opportunities of cottage industry in Awi Zone, Banja Woreda two rural kebels and one rural town.

#### **1.3.2 Specific Objectives**

The Specific Objective of the Study is:

- ✓ To assess how the institutionnal environment is conducive to implement cottage industry in the study area.
- ✓
- ✓ To examine the benefits of cottage industries to the participants of the industry and the local community

To identify the socioeconomic attributes of respondents engaged in cottage industries

To examine major challenges observed in cottage industry in Banja Woreda two rural kebeles and one town.

#### **1.4 Basic Research Questions**

The study is conducted with the intention of investigating the perceptions and challenges of cottage industry in Awi Zone Banja Woreda two rural kebele one town.

➤ What does the institutional environment look like in terms of supporting the cottage industry?

How are the benefits participants and the local community benefitting from cottage industries in the study area?

What does the socioeconomic attributes of respondents engaged in cottage industries look like in the study area?

➤ What are the major challenges observed in cottage industry in the study area?

#### **1.5 Significance of the Study**

The result of this study can serve as a source of information for policy makers and planners during design and implementation of cottage industry development programs. The study is very significant because it will serve as a basis for other researchers who have a great interest to conduct a research in other cottage industry schemes in the study area. Finally, the findings of the research may be useful for other woredas which have similar problems in cottage industries.

#### **1.7 Limitation of the Study**

During the course of this study, the researcher encountered several challenges including reluctance from some respondents to provide complete information, limited access to internet and computer service, constraints related to resource and concerns regarding to peace and security in the study area.

#### **1.8 Organization of the study**

This study has divided into five parts. Chapter one covers an introduction part; which constitutes backgrounds of the study, statement of the problem, objectives of the study, research questions,

and significance of the study, scope of the study, limitations of the study and organization of the thesis. Chapter two contains related literature review which covers conceptual literature review and theoretical literature review. Chapter three consists of research methodology, description of the study area, research approaches and design, types and sources of data, methods of data collection, sample size determination and sampling techniques, data analysis and interpretation. Chapter four covers data presentation, analysis and interpretation, response rate, characteristics of the respondents (demographic data) and discussion and analysis. Chapter five contains summary, recommendations and conclusion.

## **CHAPTER TWO**

### **RELATED LITERATURE REVIEW**

#### **2.1 Conceptual Literature Review**

##### **2.1.1 Definition of Cottage Industry**

Different economists have different concepts about cottage industries. The notion has taken into account the handicraft, handloom, and indigenous raw material-based enterprises, which are referred to as cottage industries. There is no official definition for small-scale industry; in Japan, these are referred to as small firms; in India, they are termed small industries; and in Sweden and Germany, they are called minor industries. The varying meanings and scopes of small-scale industries across different countries are likewise indicated by these diverse terms (Ojha, 1987).

The terms "cottage" and "small" conjure images of small-scale production facilities, typically run at the household level by family members who work full-time jobs and make use of locally sourced raw materials. The law of Bangladesh defines a small industry as one that generates employment for little more than 50 people and whose worth or replacement cost of durable resources, other than land and industrial structures, is between 0.05 and 15 million taka. A cottage industry is a family-run business whose members work either full- or part-time in production- and service-related roles. A cottage industry carried on in the home as a part-time occupation primarily by members of one family using human or animal power." Since most of the goods are intended for domestic or village usage, they are not very valuable economically. According to the definition provided during the meeting, "a small-scale industry operates with hired labor, usually not over 20 workers, or 50 workers or less on hand power" (Economic Commission of Asian and Far East 1953).

A

The majority of cottage industries are traditional businesses that use traditional methods to manufacture traditional commodities. Khada, handicrafts, handlooms, cane and bamboo industries, pottery, blacksmithing, etc. are a few examples of cottage industries (Dhar & Lydall, 1961). According to a research done by UNIDO in 1978, which was based on data from several developing nations, smaller workers typically achieve higher capital productivity than larger, more capital-intensive businesses. Cottage industry in which workers produce things in their homes and family members make up the workforce. The equipment used to create the products is often household equipment rather than high-tech equipment. Cottage industry means to the

small-scale industry group and is typically disorganized in nature. They employ traditional methods to make consumable goods (R. Sarvamangala, 2012). A cottage industry is a small industry run by individuals out of their homes. A cottage industry is a business where the majorities of the products are manufactured from the owner's house or work shed, usually with assistance from family members and a small number of pay workers. It ensures a fair distribution of the nation's income, empowers women, and offers work possibilities.

The traditional mythology, folklore, religious convictions, cultural ethos, and rich legacy of India are all uniquely reflected in cottage products. One of the numerous nations recognized for its abundance of traditional cottage industries is India (Patel, P. M. and Prajapati, M. R., 2023). People are self-sufficient in terms of various consumption commodities since cottage industries produce goods needed for daily consumption. Cottage industries are essentially home-based businesses that take advantage of a small market. Small businesses rely more on outside resources for manufacturing and more on close scale industries for semi-finished product supply (Kharel, 1993).

Cottage industries have three types of capital: working capital needed to meet daily needs, accelerated capital needed to expand the business, and fixed capital used for non-current assets. Aleeb et al. (2007) discussed the success and failure strategies of small businesses and identified a lack of technology, inadequate training, and incompetent human resources as the main contributing factors. A firm's recourse-based perspective (Mubvami & Waste, 1991) strengthens the case made in this framework.

.. Mubvami & Waste (1991) assert that resources are necessary for businesses to prosper and have a competitive edge, and the cottage industry is no exception. Because tiny businesses are more adaptable and eager to change, the cottage industry is more innovative in this age of invention and technology than the major industry. Philip (2011) adds that the use of technology (Hatten, 2015), availability of information (Ahmed et al., 2010), training of human resources (Alemida & Terido, 2012), access to quality as (am, 2013), and human resources (Cruz et al., 2012) are thought to be the main factors determining the growth of cottage industries.

### **2.1.2 Challenge of cottage industry**

The primary obstacles faced by the cottage industry, lack of market, lack of infrastructure, inadequate policy, institutional environment. There is an urgent need to implement techniques that not only enhance productivity but also develop laborers' skill sets and meet local market demands. Government efforts should be directed towards the advancement of technology to ensure that laborers can lead respectable lives. Whether it's purchasing raw supplies or promoting their products, cottage industry laborers frequently find themselves up against advertisements at every turn. Notwithstanding their importance to their economy, cottage and small-scale enterprises do not fully contribute to the nation's development. The reason for this is that these sectors face several operational issues (Patel, P. M. & Prajapati, M. R., 2023).

#### **Lack of Technology**

The methods of production which the small and tiny enterprises use are old and inefficient.

#### **Lack of competition with Large-Scale Industries**

The large-scale industries have a capital and technological advantage and are engaged in mass production of products; the per-unit cost and price of products are lower than those of the cottage industries (Patel, P. M. & Prajapati, M. R., 2023).

#### **Inadequate availability of Raw-Materials**

It is not possible to obtain raw materials in adequate quantities, at acceptable rates, or in the desired quality. Typically, cottage enterprises obtain their raw materials from nearby resources. These units must handle a variety of problems, such as inadequate supply, subpar quality, and irregular raw material transportation. All of these conditions have an adverse effect on how well these units perform (Patel, P. M. & Prajapati, M. R., 2023).

#### **Inefficient Management**

In a cottage industry, management experts do not provide direction for the planning, organizing, leading, or managing of any activity. Furthermore, no activities such as market research, developing alternative strategies to match supply and demand, differentiating products and markets, altering organizational structures, appropriately training employees to retain a skilled workforce, gathering input from clients, etc., are carried out (Patel, P. M. & Prajapati, M. R., 2023).

### **In adequate Credit**

Credit, both for short- and long-term purposes, is a major issue for these businesses. Rural people lack knowledge about finance and suffer several credit constraints in the cottage industry, even if the government offers direct or indirect financial aid to small-scale and cottage enterprises (Patel, P. M. & Prajapati, M. R., 2023).

manufacturing sector.

### **Marketing Problems**

Marketing was another major issue that the cottage industries had to deal with.

Handcrafted goods such as pottery, metalwork, woodworking, shawls, carpets, leather goods, bamboo crafts, and so forth are highly prized and produced in small-town cottage industries. However, there is very little market for these kinds of goods because rural residents are not as inclined to buy them. Even though there is a large market for cottage products in cities, there isn't a good way to get them from producer to customer. According to Patel and Prajapati (2023), producers do not receive a fair price for their produce, and even in cases where a channel exists, the merchant receives the majority of the profit.

The cottage industry faces problems in marketing such as an inadequate credit facility, a lack of standardization of products, a lack of quality products, a lack of storage facilities, transportation, non-availability of market information, and a lack of promotion of products (Patel, P. M. & Prajapati, M. R., 2023).

### **2.1.3 Opportunities for Cottage Industries**

A common characteristic of cottage industries is their huge potential for creating jobs, whereas the individual creating the job is essentially considered self-employed. Empirical research has revealed that the cottage industry has enabled women in both developed and developing nations to achieve economic independence. All members of the family contribute to the development of the cottage industry. The most frequent way that governments assist this sector of the economy is by providing capital subsidies. Participating in self-help groups is another way. They are of great assistance to the cottage enterprises. Because the women who work in cottage industries are self-help group members, they have access to low-interest financing, which is fantastic for them.

The opportunities in cottage industries are,

1. Less capital intensive, extensive promotion & support by government, reservation for exclusive manufacture by small scale sector, project profile and funding – finance & subsidies.
2. Machinery procurement, raw material procurement, manpower training, technical & managerial skills, tooling & testing support, reservation for exclusive purchase by government and export promotion
3. Growth in demand in the domestic market size due to overall economic growth and growth in requirement for subsidiary units due to increase in number of green field units coming up in large scale sector. Small scale industry sector has performed exceedingly well and enabled our country to achieve a wide measure of industrial growth and diversification (R.Sarvamangala, 2012).

### **2.1.4 Relation of Cottage Industry with Economy**

Small manufacturing businesses that use traditional, low-tech methods to produce goods and services are referred to as cottage industries. Locally made handicrafts and textiles, which continue to be the mainstay of many rural economies worldwide, are an example of the cottage industry.

Small-scale cottage industries are also significant employment sources, particularly for farmers in rural areas. Running a cottage business out of one's home can supplement the income from selling crops. Cottage industries are often characterized by their enormous potential for employment generation, with the person getting employed essentially being regarded as self-employed. Additionally, a cottage industry can help small villages make extra money for farmers those engaged in the other economic activities . It can also provide a platform for locals to collaborate on making crafts that can be exported to other countries or larger cities as well as sold in local markets (Ministry of Industry, 1991).

Empirical research has revealed that the cottage industry has enabled women in both developed and developing nations to achieve economic independence. The government's most popular method of assistance to this sector is the transfer of capital subsidies.

### **2.1.5 Role of Cottage Industry**

Ethiopia's economy and the economies of other developing nations are heavily dependent on the industrial sector. Many of these economies lack the resources and funding necessary to sustain the larger enterprises. Smaller businesses may find it challenging to expand owing to a lack of funding sources or legal and property rights uncertainties. Ethiopia and other developing nations are also better off having a labor-to-capital comparative advantage, which enables them to produce labor-intensive items at a lower cost than developed nations. Cottage industries are more likely to have lower productivity levels since they may use labor techniques that mainly rely on manual labor-intensive conventional tools and machinery. Consequently, even though they Industries play a significant role in the economy of Ethiopia and other developing countries.

### **2.1.6 Advantages of Cottage Industry**

The advantages of the cottage industry point to its potential in the future. Every family member is capable of working in the cottage industry. They can complete the production together if each of them completes their allotted portion of the full procedure. The ability of handloom items to be more artistic than those manufactured by machines is one of its main benefits over power weaving. One can fully enjoy the quiet and tranquility of home life because it is continued on an homes basis Cottage industries have existed for centuries, as weavers and knitters produced handmade items for their homework shops by definition; cottage industries operate out of workers homes and are by a few people.

#### **2.1.6.1 Low Cost for Starting**

The most fundamental factor that may be examined when starting a business is the amount of capital required; in general, cottage business start-up costs are minimal. Rent or a mortgage on a separate building area are not required. Additionally, you may maintain and operate the business without having to purchase additional tools, shelving, texturing, or other items. Creating a website and promoting your business to local customers and secondhand businesses may be done quite cheaply thanks to the internet.

#### **i/ Employment Alternatives**

It's a good substitute job for people who spend more time at home. Particularly women have profited from the development of cottage industry. Because it provides an alternative to deciding between a family and a profession. For example, a stay-at-home mother might manage her

children's needs while running a home-based cupcake manufacturing company. She is able to plan her baking and preparation around her family's obligations. Additionally, families might launch a small side business from home to augment their income.

### **ii/ Help to Local Economy**

Customers' value being able to purchase locally made goods, and the firm helps the local economy. Locally sourced supplies also boost the local economy. By buying goods, neighbors get to know one another and feel even more good about themselves because they are supporting local families.

### **iii/ Specific Legal Protection**

Increasingly, local, state and federal governments have recognized the value of cottage industries and worked to add specific legal protection from them.

## **2.2 Theories on Cottage Industries**

concept of cottage industry has been a significant part of economic development for centuries, dating back to the Middle Ages. In recent years, there has been a resurgence of interest in this traditional form of production, particularly in the context of globalization and technological advancements. This paper will explore the recent theory of cottage industry, focusing on its relevance in the 21st century and its potential impact on economic growth. Smith, J. (2020). The Resurgence of Cottage Industry in the Digital Age. *Journal of Economic Development*, 45(2), 136.

One of the key aspects of the recent theory of cottage industry is its emphasis on the role of technology in enabling small-scale production. With the advent of digital platforms and e-commerce, cottage industries are now able to reach a global market with relative ease. This has led to a renewed interest in traditional crafts and artisanal products, as consumers seek out unique and handmade goods in a world dominated by mass production.

Jones, A., & Brown, K. (2019). Sustainable Practices in Cottage Industries: A Case Study of Artisanal Textiles. *Journal of Sustainable Development*, 30(4), 567-580.

The term "cottage industry" is used to refer to handicrafts, metal and woodworking, amateur art, and rural arts. As of right now, the cottage industry has spread into cities. Despite the fact that cottage industries typically offer goods and services one-of-a-kind and distinctive due to their lack of mass production, manufacturers in this sector frequently encounter a number of challenges when attempting to compete with much larger factory-based businesses. Bangladesh Economic Review (2017, edition). Cottage industry is called a synonym of handicrafts, artistic work in wood and metal, amateur art works and rural artistry. At present the cottage industry has expanded to the urban area. While products and services created by cottage industries are often unique and distinctive, given the fact that they are usually not mass produced, producers in this sector often face numerous disadvantages while trying to compete with much larger factory-based companies Bangladesh Economic Review, 2017).

Kaplan (2009) states that while most Europeans lived in rural areas during the 1700s, not all of them were engaged in agriculture. Many men, women, and kids engaged in the cottage industry (putting-out system) from the comfort of their homes. The bulk of domestic workers were involved in one or more of the processes involved in making woolen cloth, which included carding, spinning, weaving, and dying, all of which might be done in different places. The production of silk and linen employed fewer people (textile manufacturing had moved from private houses to mills by the time cotton fabric became a profitable industry). To augment their income, a lot of families farmed and worked in domestic industries.

Valenze (1995) states that minor household-based industries such as lace making, gloving and leather, though difficult to measure, expanded significantly during those years. Lynch and Fahmy (1984) pointed out that Egypt had one of the longest histories of petty commodity production in the world. They used the example of Kerdassa which, historically, was not known as an agricultural village, but rather, as a village specializing in various handicrafts.

## **2.3 Empirical Literature Review**

Many writers of the 19th century, particularly in England, foresaw the explosive rise in factory work and expressed both hope and dread that cottage and small-scale businesses would become essential to the political and economic landscape. Karl Marx predicted that eventually there will be so many workers and so few employers that it would be nearly automatic for the employers to be overthrown in industries. However, neither in England nor anywhere else has the trend that Karl Marx predicted come to pass (Atkinson and Mike Kehoe

Mike Kehoe, 2007). Juneo stated that the influence on economic growth was contingent upon small-scale industry. He claimed that despite the fact that using capital-intensive technologies will increase unemployment, Pakistan's economic growth strategies favored them. Even the small businesses' subsidized credits encourage the use of more capital-intensive technologies. The fact that Pakistan scores lower than other Asian nations in these categories in terms of the capital number of scientific and technology workers and low research and development further exacerbates the situation. He came to the conclusion that, in the Larkana state area, the majority of small business owners are family businesses with a centralized management structure. This portrays a very amateurish image with less emphasis on competent, professional management. Due to their inability to apply scientific financial management techniques like breakeven analysis, return on investment, and balance sheets, the vast majority of company representatives have a conservative outlook (Juneo, 2008).

These sectors typically make use of locally accessible raw materials, resources, and labor. Every industrial unit's output is typically sold in local markets (Pandey, 2013). When things are produced on a small scale, the terms "cottage" and "small scale industries" are employed. The cottage industry has a significant cultural and economic impact. They give many people jobs in addition to preserving the long-standing customs. The community should help to prevent exploitation and advance these sectors as they are up against fierce competition from other economies. The growth of cottage and small-scale companies is the only strategy to combat the monster of unemployment in overpopulated nations like India.

They will result in a fair allocation of wealth. Because they are the local investments that allow for the decentralization of industrial production, cottage and small-scale industries have a specific claim to attention (Thaga, 2013).

Overall, industrial policies play a critical role in addressing inequality in cottage industries, small-scale enterprises, and industrial parks. By implementing targeted policies and programs, governments can help to create a more inclusive and equitable economy, where all individuals and businesses have the opportunity to thrive. Through strategic interventions and support mechanisms, industrial policies can help to bridge the gap between different sectors of the economy and promote sustainable development for all

### **2.3.1 International Studies Related to Cottage Industry**

"A cottage industry carried on in the home as a part-time occupation primarily by members of one family using human or animal power," according to ECAFE meetings held between 1951 and 1953. The products are mostly intended for domestic or village use, and their economic significance is minimal." The conference defines a small-scale industry as one that employs hired labor, often with 50 people or fewer using manual power, or with little more than 20 workers using motive power (Economic Commission of Asian and Far East, 1953).

A cottage industry is a type of production where labor is performed in houses as opposed to factories, and tools and other resources are owned individually. Products from cottage businesses are typically handmade and/or unique in some way. Products from the cottage industry are frequently associated with a region or even a particular situation. A cottage industry could also refer to someone operating part-time from home. A small enterprise frequently encounters formidable obstacles when trying to distribute its goods. They also adopted a different stance and attempted to demonstrate that while labor-intensive methods would produce output right away, there would be little leftover because of the high cost of labor.

Investments were made after economic development, however there is little surplus left over due to labor-intensive techniques. Therefore, in their opinion, employing capital-intensive methods to minimize the labor bill will maximize the reinvestible surplus (Leibenstein & Galenson, 1955). The majority of cottage industries are traditional businesses that use traditional methods to manufacture traditional commodities. Khada, handicrafts, handlooms, cane and bamboo industries, pottery, blacksmithing, etc. are a few examples of cottage industries (Dhar & Lydall, 1961).

According to a research done by UNIDO in 1978, small workers typically achieve higher capital

productivity than larger, more capital-intensive firms. The study was based on data from several developing nations.

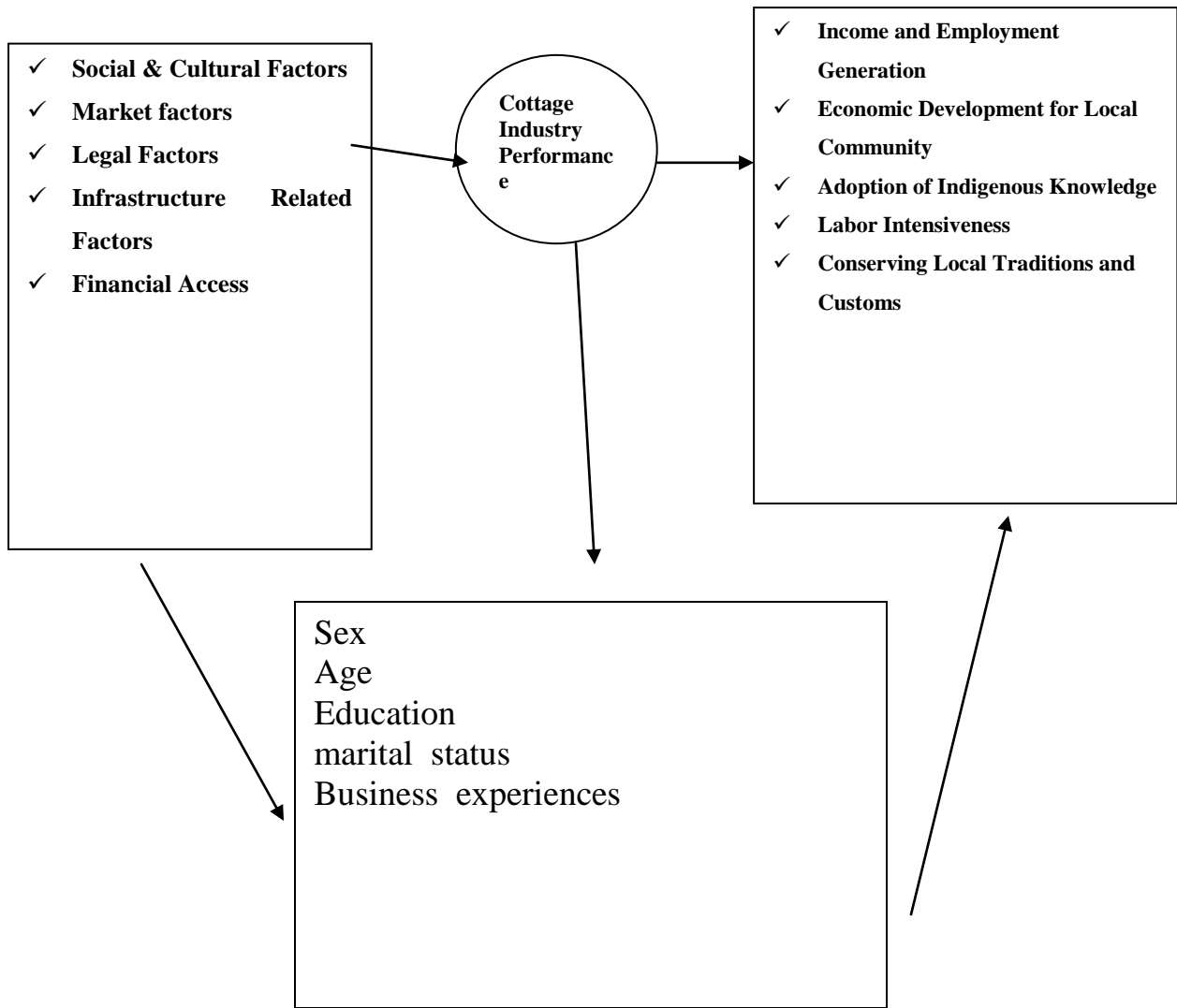
According to a World Bank assessment (World Bank, 1978), non-formal rural activities satisfy all significant requirements for increased employment and income. According to the study, these activities should have a prominent position in any employment-oriented industrial strategy as they had a capital labor ratio of less than \$50 at 1969 prices. A significant portion of jobs and production in emerging nations is generated by small-scale and cottage industries. These industrial classes have grown recently as a result of limited financial resources and a strong labor supply. These typical cottage industries and small-scale businesses use straightforward manufacturing techniques. Compared to larger businesses, the manufacturing process is inefficient and the equipment is frequently second-hand (Mubvami & Waste, 1991).

In developing nations, including Ethiopia, the bulk of rural households and those living in adjacent urban areas rely mostly on the cottage industry for their income and means of subsistence. Because cottage small scale based on the effective measure to adopt different practice at the handcrafts household level, adopting different kinds of cottage industry practice in Banja Woreda into the handcrafts sector is therefore necessary to assure problems of cottage industry and enhance the sources of income for handcrafts house hold. Rural households possess indigenous knowledge and are capable of better preparing themselves and providing support in the event of unfavorable occurrences (Krest & Ecsein, 2013).

## **2.4 Conceptual Framework**

A conceptual framework for research purposes is a diagrammatical explanation and representation of the relationships and causal mechanisms that can be inferred from the research problem. It serves as the hub for the condensed picture of the research problem, the mental model for the investigation's orientation, and the theoretical argument of the study. In empirical research, a conceptual framework serves various functions, including providing direction to the investigation and facilitating the transition from imprecise and perplexing notions about the subject matter to be examined to the actual study. It also lends greater credibility to the research process, enhances verifiability and validity of research findings, and serves as a tool for determining what and how the research would observe.

Several elements that are thought to have an impact on cottage industries are included in the conceptual framework, and potential management strategies should be taken into account. These issues pertain to markets, infrastructure, finances, administration, and society. The conceptual framework that serves as the study's compass is shown below:



**Figure 2.1: Conceptual Framework of Dependent and Independent Variables**

Source: Researchers own construction 2023

# CHAPTER THREE

## RESEARCH METHODOLOGY

### 3.1 Description of the Study Area

#### 3.1.1 Location

The survey was carried out in Banja Werda, one of the twelve woredas of the Amhara National Regional Statistics' Awi Zone. Geographically, Bnja Werda is located at a distance of 442 kilometers to the northwest of Addis Ababa and 116 kilometers to the south of Bahr Dar, between 10°52" - 11°3"N latitudes and 36°38" - 37°8" E longitude. The research region is situated between 1800 and 3000 meters above mean sea level. It is made up of 23 kebeles, 20 of which are rural and 3 of which are urban. It borders the areas to the south of Ankesha, the west of Guangua, the north-west of Fageta Lekoma, and the east of Guagusa Sukudad.

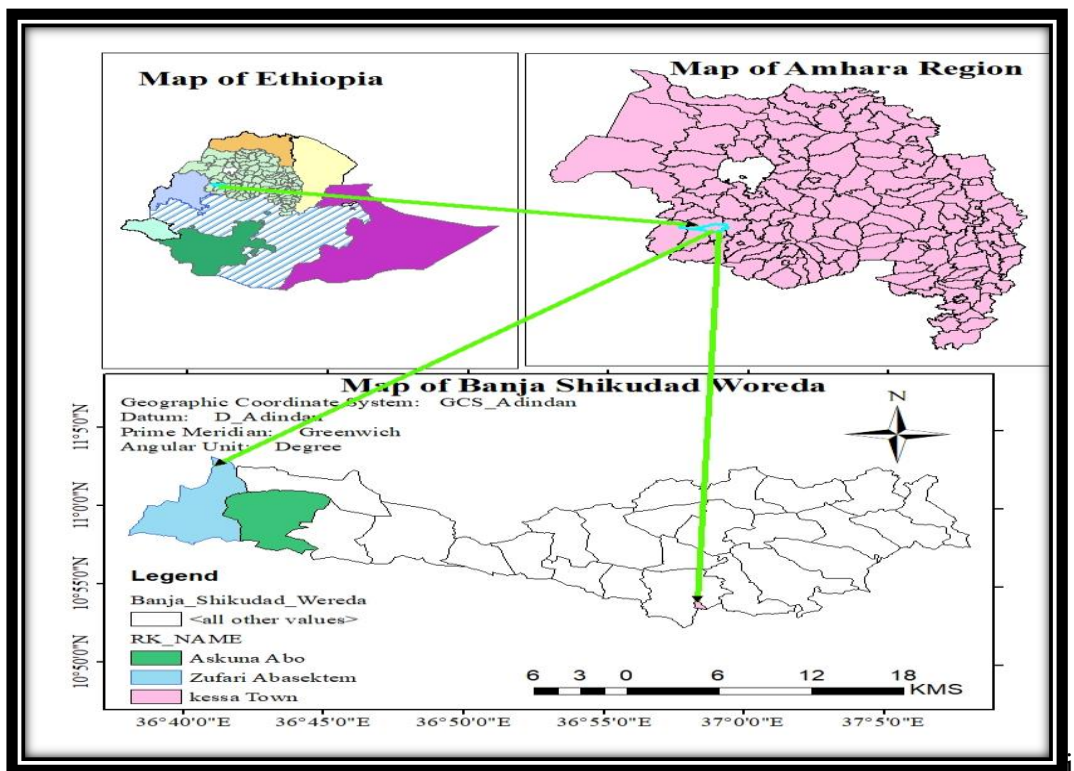


Figure 3.1: Map of BanjaWoreda

Source Arc GIS, 2007

### **3.1.2 Climate**

Because it is located in the country's highland agro-climatic zone at a high altitude, the climate fluctuates dramatically from season to season. The hottest months are February through April, while the chilly months are October through January. Dega made up 80% of the Woreda, whereas woyna dega made up 20%. The greatest yearly temperature is 25 degrees Celsius, while the lowest is 5 degrees Celsius (Banja Woreda Agriculture office, 2003)

### **3.1.3 Topography**

Agew Awi is relatively flat and plateau whose elevation varies from 1800-3000 m.a.m.s.l and has gentle sloping and flat area. The highest area in ahill located to the north ofAddis kidam and the highest mountain in the Woreda is Zerih also found.

### **3.1.4 Soil**

The bulk of the land in Banja Woreda is heavily farmed, and as a result of poor land use and topography, the soil is extremely exposed to soil erosion processes and deterioration. This area has the same vertical feature and is mostly composed of nitisols (red basaltic) soil. Clay soil is the kind of soil used in the studied area to make pottery.

### **3.1.5 Natural Vegetation**

The study area is distinguished by a variety of habitat types and heterogeneous landscapes. Throughout the study area, broadleaved, Tid Woniza, bamboo, eucalyptus, and other domestic natural flora are commonly observed. These natural vegetations are utilized for handicrafts purpose f or the societies in the study area's.

### **3.2 Research Approaches and Design**

The potential and difficulties faced by the cottage industry were examined using both quantitative and qualitative methods. By distributing questionnaires, the quantitative part of the data was concentrated on the description of socioeconomic, and cultural characteristics as well as the investigation of correlations between the study's dependent and independent variables. Interviewees, first hand observations, and focus group discussion outcomes were examined in terms of qualitative data analysis. Since the data were intended to be gathered at a certain point in time, the study used a cross-sectional data design.

### **3.3 Sample Size Determination and Sampling Techniques**

There are over 13,000 people living in BanjaWorda across 23 kebeles. Of these, 23 kebeles in the worda 3 kebele were selected using the use of non-probability probability selection, also known as purposive or judgment and (simple random or lottery method to choose the respondents in group discussion interviews, and observation. According to the researcher, this number of kebeles was sufficient to represent the Woreda because handicrafts are only present in three of the kebeles, and there are no additional rural kebeles in Banja woreda that have handicrafts.

There were 208 handcars in total in the kebeles; however, the number of handcarfts varies from kebele to kebele because of the number of handcars in the area population of the selected kebeles and the breadth of the community served by handicrafts. This means that 208 households were taken, 43 in Kassat own, 98 in Zufari abesketem, and 67 in Askuna Abo. 208 craftsme men take by the researcher. Sampling is not necessary because 208 is a rather respectable number .

### **3.4 Types and Sources of Data**

Basically there are two sources of data; primary and secondary data. To conduct this research, both primary and secondary data sources were used to acquire the required data.

### **3.4.1 Primary Data**

Survey questionnaires, interview and observation were the instrument used to collect the primary data. Thus closed questions were prepared for survey questionnaire. Questionnaire data collection technique was employed for the study to collect the necessary information.

Survey questionnaire: the primary data from household survey was collected using questionnaires. The questionnaires were composed of closed ended questions which include various issues; demographic and socio-economic characteristics of respondents, institutional factors and biological factors.

### **3.4.2 Secondary Data**

Secondary data was collected from published and unpublished from different books, internet and websites as well as from different studies.

### **3.5 Methods of Data Collection**

Data was gathered through different means which include questionnaire survey, interview, focus group discussion and personal observation methods .

#### **3.5.1 Questionnaire Survey**

Data can be needed to decide whether intended to contract closed and open ended questions. In open ended questions, respondents use their own words to answer the question and in closed questions pre- written categories are provided. Pre- test questionnaires also common to practice the questionnaires' on ten (10) people before the questionnaire distributed to respondents, and also questionnaire are administered personally by researcher to individual respondents.

#### **3.5.2 Interview**

The researcher used semi-structured questionnaires to collect data through faceto face interview with the houses of handcraftsmen .Twelve interviews from two rural kebeles and one town were used in this study are given more attention inorder to obtain the required data. Elders who can share their first hand experience of past and current situation of cottage industry adminstrators planners and other authorities selection from the given kebeles selected by simple lottery method.which focused on cottage industry sectors such as leather, metal work, weaving, and pottery. This was accomplished by three kebeles of three female pottery workers, three male

weavers, three male metalworkers, and three leather sectors—a total of twelve handicrafts households.

### **3.5.3 Focus Group Discussion**

It entails bringing together individuals with comparable experiences or backgrounds to talk about a particular topic of interest. Focus group talks have taken place in three kebeles. Yong ,elderly ,both sex who are practionars of In the kebeles and who are supposed to have gathered knowledge about the challenges and apportunities In other words, one focus group discussion with eight (eight) focus group participants was held in each kebele. The focus group members' choice came from the pottery Two women, two men metal smiths, two men leather workers two men in weaving total Focus groups with eight (eight) participants were formed and debated in each of the three kebeles. The kinds of information that were obtained from focus group members and did not do them any harm physical, psychological, social, or financial.

### **3.5.4 Personal Observation**

Personal observations were conducted together by taking filed notes and photographic images on the challenges and opportunities of cottage industries study.

**Ethical Considerations:Informed consent (Permission) from participants confidentiality assured.**

### **3.6 Data Analysis and Interpretation**

The analysis and interpretation of the data were done using both qualitative and quantitative methods. Following data collection, MS Word and Excel were used to edit, code, enter, and process interviewee data as well as closed- and open-ended questions. The characteristics and opinions of the respondents regarding the topics being investigated were summarized through the tables and various graphs that were displayed. The findings were presented in a descriptive manner with reference to the quantitative and qualitative information acquired via interviews and open-ended questionnaires. Finally, statistical tools like tables, graphs, percentages, and figures or frequencies were used to analyze and show the primary and secondary data. Numbers, tables, and percentages were used in the descriptive statistical approach of data analysis for the quantitative data. Qualitative data generally analyzed by using in terms of words and narration.

# CAPTER FOUR

## DATA PRESENTATION, ANALYSIS AND INTERPRETATION

### 4.1 Response Rate

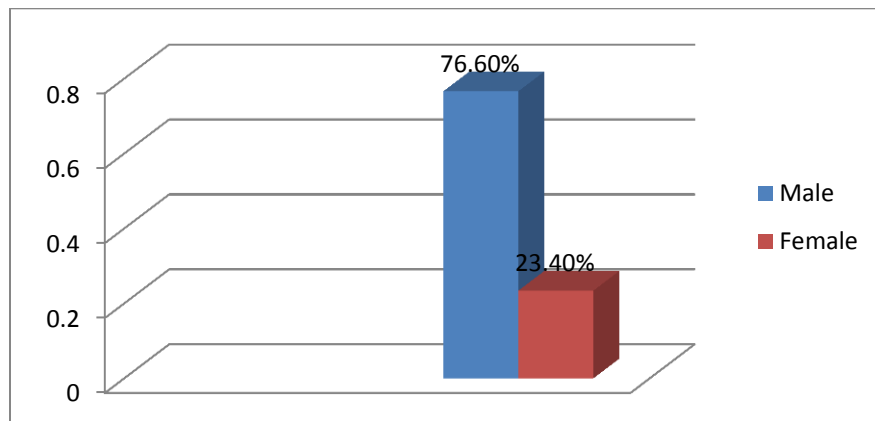
Just 188 (90.4%) of the 208 questionnaire that were distributed in total were collected. This is due to the fact that only 20 (9.6%) of the total questionnaires that were sent were not collected because the respondents were unwilling to fill them out and provide a response. The vast majority of the handcrafts homes surveyed had replied to the interview..

### 4.2 Characteristics of the Respondents

The main characteristics of respondents are sex, educational level, age, marital status, business experience and business type.

#### 4.2.1 Sex

All sexes must participate equally in society's overall growth. A balanced workforce composition from a sex perspective is particularly desirable at this time. It serves as a gauge for efficient use of human resources. Both male and female workers are involved in the cottage industry in this setting.



**Figure 4.1: Number and Percentage Distribution of Respondents by Sex**

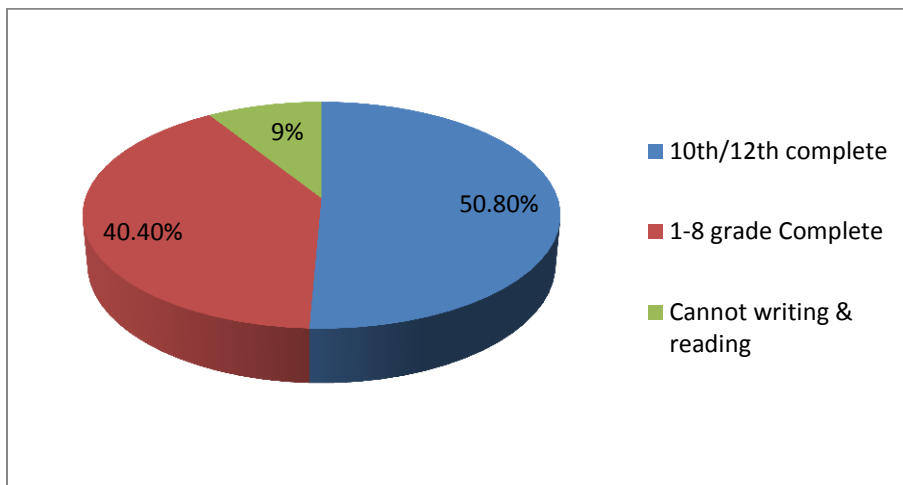
Source: Field Survey, 2023

As shown from the above figure, out of the total respondents 144 (76.6%) were male and 44 (23.4%) were female. This shows that there is less participation of female in this cottage industry.

#### 4.2.2 Educational Level

Educational level is important factor for productivity it determines the performance level of cottage industry. The educational level status of cottage industries is shown in the following figure:

**Figure 4:2 Number and Percentage Distribution of Respondents by Educational Level**



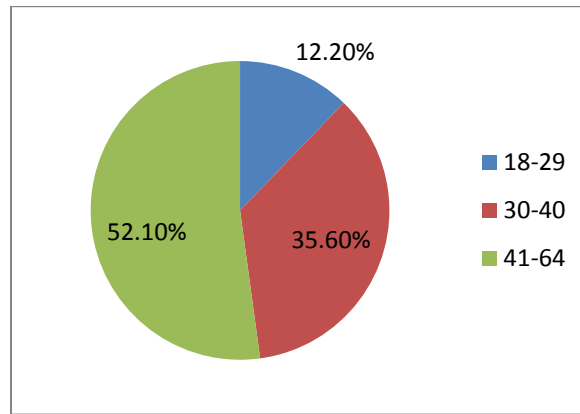
Source: Field Survey, 2023

The traits of the responders are covered in this section. These responders were chosen from among individuals who engaged in handicraft-related activities or abilities. 188 people make up the total number of respondents.

The respondents' profile is broken down by educational attainment in the above figure. Furthermore, the statistic demonstrates that 50.8%, completed grade 10-12, 40.4%, completed grade 1-8 and 9% of the respondents who took cannot read and write apart 12, 1-8 grades, and were illiterate, respectively. This suggests that three kebeles have sizable educated groups.

#### 4.2.3 Age

A key determinant of productivity is age. It has an impact on workers' experience and energy levels, which are key factors in determining their performance level.



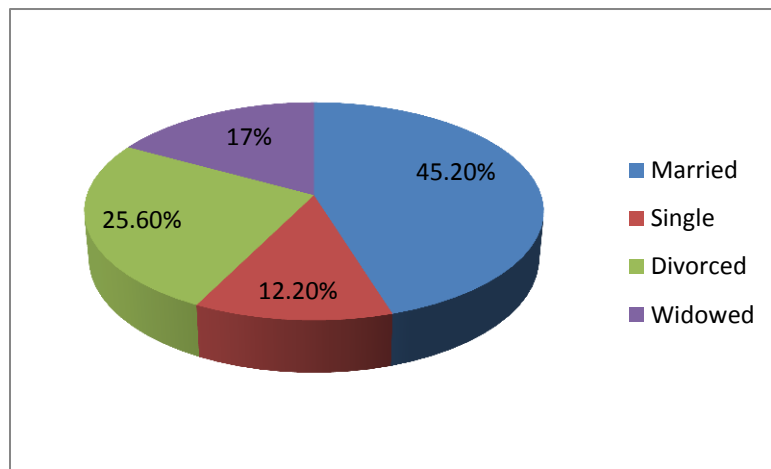
**Figure 4.3: Number and Percentage Distribution of Respondents by Age**

Source: Field Survey, 2023

When we see the age distribution of respondents, 98 (52.1%) were aged between 41 to 64 years old, 67(35.6%) were aged from 30- 40 years, and 23 (12.2%) were to have 18- 29 years old. This shows that most Cottage industry own today mainly by people of older age. This result implies that youth have either better initiation of launching their owns business or use it as an alternative strategy to better life.and there is no the ages between 15-17 years

#### 4.2.4 Marital Status and Business Experience

Marital status and business experience are the most important elements for cottage industry development and best performance.



**Figure 4.4: Number and Percentage Distribution of Respondents by Marital Status**

Source: Field Survey, 2023

In relation to the marital status of respondents, 85 (45.2 %) of them are married, 23 (12.2%) of them are single and 48(25.6%) are divorced and 32 (17%) are widowed. This study shows that the majority (45.2%) of Cottage industry under study are more of married and responsible citizens to change them as well as contribute to the economic growth of the local area.

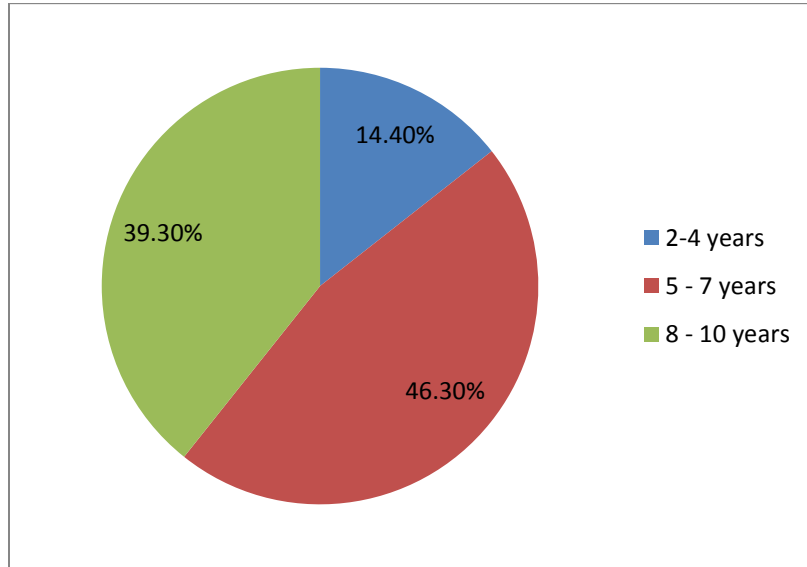


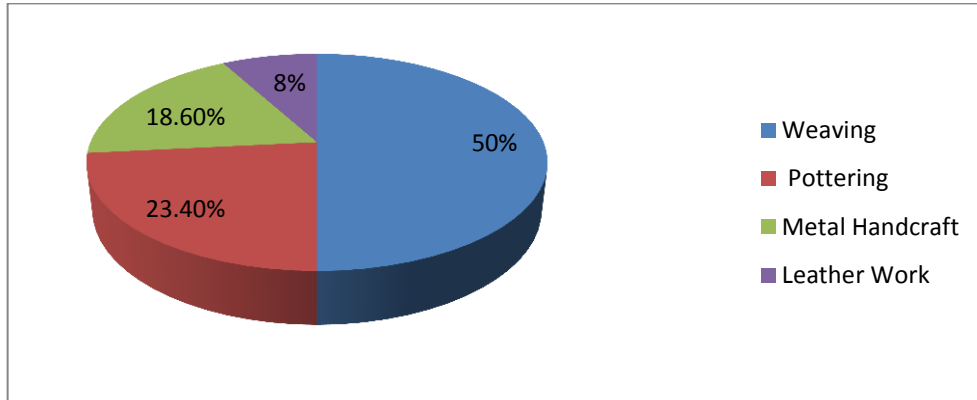
Figure 4.5: Number and Percentage Distribution of Respondents by Business Experience

Source: Field Survey, 2023

When it comes to respondents' business experience in the cottage industry, the majority (87, 46.3%) have been in operation for between five and seven years, while 74, 39.3%, have been in operation for between eight and ten years, and 27 (14.4%) of the sample consists of respondents with experience ranging from two to four years. According to the data, the majority of cottage industry owners in the research area had greater exposure to and expertise with business practices. This suggests that the majority of cottage industries in rural areas have the experience to adapt skills to operate their businesses in a culturally appropriate manner, even though no contemporary enterprise has had the experience to start operating as normal for a long time. They oversee their company.

#### 4.2.5 Business Type

Regarding the business type of cottage industry, business type plays the key role for cottage industry development as well as for individual's likelihood's.



**Figure 4.6: Number and Percentage Distribution of Respondents by Business Type**

Source: Field Survey, 2023

Table 4.5 displays the cottage industry type in which the respondents are employed. Weaving accounts for the greatest percentage of these respondents, at 50%, followed by pottery at 23.4 percent (44). The percentage of responders that practice metal handcraft and leather work processing are 23 (18.5%) and 10 (81%) correspondingly. The responses to the data collection indicate the status of all cottage industries because of the uniform culture and administrative setup. As a result, the majority of respondents worked in cottage industries where weaving was the main activity.

### **4.3 Influential Factors of Cottage Industry**

There are many influential factors that affect local cottage industries. Those influential factors are socio cultural, legal and administrative, financial related factors, infrastructural related factors and market related factors.

#### **4.3.1 Socio Cultural Factor**

Socio cultural factors that affect are the main factors to influence the productivity of local cottage industry.

**Table 4.1: Socio Cultural Factors and Social Acceptance of Engagement in Cottage Industries**

N o	Activity	SA	A	Total	N	D	SD	Total	Total
1	I have a better social acceptability	53	59		3	50	23		188
2	I have a better contacts(networks) with outsiders	47	55		5	42	39		188
3	The societies attitude towards my Products or services is positive	86	92		---	8	2		188
4	I have no conflicting gender roles	64	77		4	32	11		188
5	I have no cultural influences	68	80		11	17	12		188
Total		318	363	681	23	149	87	259	940

**Source: Field Survey, 2023**

SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree.

According to the above table 4.5, 112 (59.6%) most respondents agreed or strongly agreed that social acceptability exists, 112 (59.6%) that there is better contact with outsiders, there is no gender inequality, and that there is no harassment. According to this respondent's viewpoint, socio cultural influence on cottage industry practitioners in the three kebeles is not an issue. The respondents indicated that socio cultural influences on cottage industries in the research area can occasionally be problematic.

In my study area traditionally societies, people often engage with individuals who have specific skills or professions, such as married weavers, blacksmiths, and other artisans. These individuals play a crucial role in the community by providing essential goods and services, as well as preserving cultural traditions and knowledge. This paper will explore the reasons why people continue to engage with married weavers, blacksmiths, and other artisans, and the significance of these relationships in contemporary society.

### 4.3.2 Administrative Factors

There must be conducive legal and administrative condition to run their business. Then, the management of cottage industries is the main factor for the productivity of local cottage industry and for best performance of cottage industry as well as for household live hood wealth.

**Table 4.2: Administrative Factors**

No		SA	A	D	SD	Total
1	I have business assistants and supporters from government bodies	53	33	53	49	188
2	I have a network with different administrative bodies	53	61	41	33	188
3	I have information access on Cottage industry operation policies	43	29	86	30	188
4	I am beneficiary of government Incentives	58	30	77	23	188
5	I have never faced unfavorable legal and regulatory Environments	78	68	30	22	188
		285	221	287	157	940

**Source: Field Survey, 2023**

SA=strongly agree, A=agree, D=disagree, SD=strongly disagree

A favorable legal and regulatory environment is confirmed by the majority of respondents, 121 (64.4%) and 106 (56.4%), according to the descriptive analysis of administrative factors. Respondents network accessibility with various administrative bodies to operate their businesses. The remaining 67 (35.6%) disagree on unfavorable legal, and 82 (43.6%) disagreed on the matter, citing various issues related to regulatory environments, respectively. The majority of respondents stated that they were aware of issues with government incentives, support, and assistance from government agencies, as well as information access on policies governing the operation of cottage industries and government incentives for themselves.

This suggests that most respondents did not think there were stronger administrative and legal frameworks in place to guide their businesses. In terms of this study, the most important issues raised by respondents in descending order of , lack of government incentives 53.2% and support; (53.7%)absence of government assistance and support (6.17% )lack of market information; Interviews are used to supplement this as well. The respondent brought up the lack of government incentives and information access to policies governing the operation of the cottage industry, as well as the dearth of market availability for information related to the cottage industry in the research area.

#### 4.3.3 Financial Related Factors

Financial related factors such as working capital and ability of having collateral to get credit from financial institutions are the most important factors for productivity of cottage industry and performance.

**Table 4.3: Financial Related Factors of Cottage Industry**

No	Items	SA	A	D	SD	Total
1	Satisfied with the Financial Access given by Micro Finances and other Lending Institutions	---	15 ---	88	85	188
2	I Have a Skill to Manage Cash	25	99	60	4	188
3	I Have Enough Working Capital	5	14 ---	40	129	188

4	Satisfied with the Collateral Requirement from Lending Institutions	9	5	39	135	188
5	Satisfied with the Interest Rate Charged by Lending Institution	9	9	23 61	89	188
	<b>Total</b>	<b>28</b>	<b>142</b>	<b>170</b>	<b>88</b>	<b>442</b>

**Source: Field Survey, 2023**

SA=strongly agree, A=agree, D=disagree, SD=strongly disagree.

The results of the descriptive analysis, which are displayed in Table 4.7 above, indicate that one of the key issues for cottage industry entrepreneurs in the study area was financial factors as determinants of business performance. The majority of respondents, 174(92.5%) expressed disagreement with this finding, indicating that there is a problem with collateral requirements from lending institutions . issues. Of those who responded, only 15 (8%), agreed that finance was adequately available, and the remaining 173 (92%) disagreed. The lack of working capital and the inability to get collateral to obtain loan from financial institutions, which indicates their disagreement with 169 (90%) and are the most pressing issues that need to be resolved in this situation

129(68.6% Obtaining sufficient working cash and 64(34%)meeting lending institutions requirements for collateral was extremely difficult. This suggests that the people with easy access to working finance were quite few. Additionally, there were the degrees to which people were unhappy with the collateral requirements set forth by lending organizations. This implies that the level of individual satisfaction with the collateral criterion was noticeably lower. According to the respondents, 88(46.8)expressed how satisfied they were with the financial access offered by microfinance and other lending institutions, how well-versed in money management they were, 40(21.3)how easy it was to obtain sufficient working capital, 85(47.3%)how satisfied they were with the collateral requirements from lending institutions, and ,89(47.2%)how unhappy they were with the interest rates that the lending institutions charged. Discussions from focus groups further reinforce this. This demonstrates that the cottage sector has received less attention from local governments due to financial issues relating to it. Next, the government and interested parties ought to focus on facilitating finance and working capital. Focus group discussions are essential for identifying the issues and difficulties facing cottage industries, which are primarily related to insufficient working capital, inadequate loans, and a

shortage of raw materials. Participants in a focus group discussing the issues with cottage industries are seen in this picture.



Figure 4.7: Focus group discussion members' participants

#### 4.3.4 Infrastructure Related Factors

Infrastructures have direct relationship with productivity of cottage industry.

**Table 4.4: Infrastructure Related Factors**

No	Items	SA	A	Total	N	D	SD	Total	Total
1	I am satisfied with the sufficient and uninterrupted water supply	8	14	22	10	76	80	166	188
2	I am satisfied with the sufficient and adequate electricity	5	9	14	8	80	86	174	188
3	I am satisfied with the support of market shed	---	---		---	92	96	188	188
4	I have access to sufficient and quick transportation	---	3	3	9	85	91	185	188

	service								
5	I am satisfied with the appropriate dry waste and sewerage management system	---	---	----	6	83	99	188	188
		13	26	39	33	416	452	901	940

**Source: Field Survey, 2023**

SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree.

Table 4.8, which displays the overall market infrastructure availability in the study area, indicates that nearly all of the respondents expressed disagreement with the appropriate dry waste and sewerage management system, as well as with the availability of sufficient and uninterrupted water supply, adequate electricity, and market shed support. According to the responses from owners of cottage industries, this is ,and the government needs to take notice and make improvements in order for the cottage industry in Study Area 3 Kebeles to remain lucrative and unhindered by outside factors.

The system, unavailability of adequate and timely transportation, 98.4% ,availability of sufficient and adequate electricity 92.5%, andp provision of support for the market shed exhibit 100% These are followed by appropriate dry waste and sewerage management,100% satisfaction with adequate and continuous water supply 88 %

Questionnaires provide more support for this. The respondent stated that the study area's adequate and continuous water supply is a concern, as is the market shed's support for sufficient and adequate electricity, dry waste and sewerage management, and access to timely and sufficient transportation services.

#### 4.3.5 Market Related Factors

**Table 4.5: Market factors**

No	Items	SA	A	D	SD	Total
1	I have information about demand forecasting	38	53	53	44	188
			--			

2	I have access for Searching new market	27	47 ---	62	52	188
3	I have a good relationship with an organization that conduct marketing research	23	26 ---	79	60	188
4	My product/service have better quality for the market	103	85 ---	---	---	188
5	I am satisfied with the customer relationship and handling	71	82 ---	23	12	188
		262	293	217	168	940

**Source: Field Survey, 2023**

SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree.

As seen in the following table 4.9., The practice of marketing activities by cottage industry business owners was almost poor, as the table above revealed. This means that out of the 188 respondents, 114 (or 60.6%) disagreed about searching practical application of marketing activities in their industry. 74 (39.4%), expressed their opinion regarding the existence of marketing knowledge and practice. A total of 97 (51.6) respondents do not know enough about demand forecasting. 100 (100%) of the respondents said that their product or service was of higher quality for the market, customer relations, and handling, and 153 (81.4%) said that all other factors were bringing by 139 (73.9%), suggesting that cottage industry entrepreneurs in the study areas have poor marketing concepts and performance..

### 4.3.6 Cottage industry Performance

Based on their prior experiences, the researcher has gathered respondents from the cottage industry's subjective thoughts of how well their business is performing. Sales volume over time, customer growth, decreased product and service waste, shifts in profitability, and business expansion were the primary factors taken into account while evaluating the performance of the company. As a result, the results showed that the majority of the business businesses under examination do not exhibit a discernible improvement in their business activities, with scores of 107 (56.9%), 126 (67%), and 127 (67.6%) correspondingly. Of the 188 respondents that took part in the study, 164 (87.2%) agreed that they now have more consumers than they did previously and have kept them as clients.

**Table 4.6: Cottage Industry Performance**

No	Items	SA	A	Sub Total	N	D	SD		Total
1	My enterprise' s sales /service amount is increasing	32	49	81	-----	62	45	107	188
2	I have now more customers than before and retained them	79	85	164	---	15	9	24	188
3	Product and service wastage is reduced in the enterprise	74	81	155	---	21	12	33	188
4	My enterprise's profitability is increasing	23	38	61	15	62	50	127	188
5	My business has expanded	26	36	62	---	77	49	126	188
		234	289	523	15	237	165	417	940

**Source: Field Survey, 2023**

SA=strongly agree, A=agree, N=neutral, D=disagree, SD=strongly disagree.

#### **4.4 Comparison of Factors Affecting Cottage Industry Enterprise Growth in Cottage Industry**

**Table 4.7: Major Factors**

No	Major Factors	Positive Perception	Negative Perception
1	Socio-Cultural Factors	681/940= 72.4%	
2	Administrative Factors		554/940= 57.9%
3	Financial Factors		770 /940= 81.9%
4	Infrastructure Factors		901/940= 95.9%
5	Marketing Factors	555/940= 59%	
6	Cottage Industry Performance	523/940= 55.6%	

**Source: Field Survey, 2023**

While the growing performance of the cottage industry sector is influenced by various elements such as financial, skill and management, marketing, working premises, infrastructure, socio-cultural, and administrative aspects, it is not a given that all these factors have an equal effect. The various figures show that, in the positive opinion of the respondents, socio-cultural variables, 72.4% marketing factors 59%, and cottage industry performance account for 55.6% of the factors that improve or contribute to economic growth, . These are the main elements that have an impact on the cottage industry's growth. The respondents stated that infrastructure, financial factors, and administrative factors—which together had an average total value of 4%, 18%, and 42%—were the main issues that caused business failures in the research locations. The majority of earlier scholars, such as Hafitu (2009), Okpara (2011), Fatai (2011), Admasu Abera (2012), Fikirte (2013), and others, have concluded that the issues mentioned above are crucial.

#### **4.5 Discussion and Analysis**

The researcher has demonstrated both the difficulty of problem analysis cottage industry performance and their average outcome based on the data analysis and discussion results. Overall, there were five independent variables that addressed the fundamental queries formulated concerning the factors taken into account in the descriptive analysis result, which was expressed as follows.

Totally, there were five independent variables that answer the basic questions developed in relation to the considered in the descriptive analysis result was stated as follows:

- ✓ **Socio cultural factors** have effect on cottage industries. Here the result has depicted average value of 72.4% which is greater than 50% indicating that the best performance which is indicating that socio cultural has significant value for Cottage industry' performance.
- ✓ **Market factors** has statistically effect on cottage industry business enterprises . This indicates that market factors have a statistically significant relationship with performance of growth and the second positive implication for cottage industry problem.
- ✓ **Administrative factors** have no effect on cottage industries' business performance. indicating that the respondents perception shown below half average which is indicating that administrative factors has no positive effect of negative effect for Cottage industry' performance and the third challenge of cottage industry.
- ✓ **Finance factors** have descriptively effect on cottage industry business enterprise performance was negative level This indicates that financial factors have negative consequences with enterprise growth and second challenge of cottage industry.
- ✓ **Infrastructure factors** have descriptively negative effect on cottage industry as respondents perception found to be negative. This indicates that infrastructure factors have a negative impact with enterprises performance and the major challenge of cottage industry.

In conclusion, the cottage industries documented in study areas were: weaving, pottering, metal hand craft and leather production. The profiles of Cottage industry were highlighted and the role of these industries in wealth creation assessed. The challenges encountered in cottage industry were also identified.

- ❖ The main challenges of cottage industry are: infrastructure, financial loan and administrative problems are great challenges for the cottage industry development.
- ❖ Due to above problems the traditional weaving products value chain analysis can be looked from the perspective of the supply of inputs, distribution mechanisms of the semi processed products, production of the weaving products and marketing of the products.

## **4.6 Problems Associated with Cottage Industry**

Conversely, cottage businesses, also known as domestic industries, are started by individuals using their own money and family members' assistance. They can be pursued as a full-time or part-time job.

The equipment used is basic, and there is not much capital invested. These sectors typically make use of locally accessible raw materials, resources, and labor. Every industrial unit's output is often sold in the neighborhood market. The following is a summary of the main conclusions of this study on the prospects and problems of the cottage industry in the two rural kebeles and one rural town in Awi Zone, Banja Worda.

Since most of these industries are run by their own proprietorship, capital scarcity is the primary factor impeding this sector's progress. The primary issue facing cottage industries, particularly those in the pottery sector, is natural disasters during summer season. Other issues include a lack of transportation infrastructure, a lack of modern technology, low product margins, and a shortage of skilled labor. The majority of those surveyed stated that they are unable to export their goods. The majority of respondents stated that because they are not receiving the correct price for their products, they will move their firm to another industry.

Two further major issues facing this industry are a shortage of raw resources and their high cost. The introduction of freezers and the widespread use of glass, plastic, and ceramic objects—as well as the availability of drinkable water in homes—have all contributed to the restricted usage of clay products. When it comes to other crafts and occupations, the physical state of potters has declined. An association or organization would have prevented the fragmentation of individual initiatives aimed at raising the standard of living for potters. This image displays the cottage industry's ceramic manufacture in the research area. The woman becomes wealthy by creating various kinds of potters and selling ceramics to local populations.



Figure 4.8: Pottery production of the cottage industry in study area

Labor has shifted out of the pottery industry due to the decline in demand for ceramic products. Cane is not grown commercially in Ethiopia. The cost of products rises because the nation should import high-quality cane from elsewhere. Due to the daily, progressive increases in the cost of cane oil and other chemicals needed in production, entrepreneurs are closing their current businesses. The biggest danger to cane products is the availability of alternatives. Comparatively speaking, alternatives like plastic furniture are offered for less money. Customers now choose plastic products over cane ones as a result. Because the cane industry does not use contemporary machinery, laborers are only able to make one product at a time and cannot work as swiftly. It is therefore a labor-intensive manufacture.

As a result, customer demand declines and cane products become more expensive. Working capital scarcity is a problem for weavers. Weavers typically use their own funds to obtain working capital, though occasionally they also obtain funds from other financial institutions, government banks, and private banks. A shortage of cash caused more than 79% of handloom units to close their doors in 2003, according to the Handloom Census. Local weavers are unable to obtain high-quality raw materials at competitive prices and on schedule.

A major concern facing handloom production centers has been the easy access to affordable raw materials (yarn, dyes, and chemicals). Infrastructure for the handloom industry is still in place. Not all centers of handloom production have access to amenities like electricity, clean drinking water, and sanitary facilities. Inadequate market promotion and inadequate external linkag hinder

the industry's ability to expand and generate greater profits. The majority of handloom product markets are located in specific areas. The quality of our hand-loomed goods falls short of expectations. The inability to grow the product market both domestically and internationally is an issue. The weaving activity in the study region is seen in the photo below. A weaver creates several clothing styles and sells them to nearby towns.



Photo 4.9: The cottage industry's production of weaving in the studied area

The younger generation of weavers has been moving into other professions as a result of the reduced pay and lack of steady employment.

As a result, there are 83 weavers before Four years and now aday they are 55 fewer weavers now. Because of our heavy reliance on cane from other countries, the first issue is the procurement of raw materials, particularly raw cane and when mentioned Cane in these area is can is the major material for making weaving products.

Because the cane business does not use contemporary machinery, workers cannot create as quickly as they can one product at a time. Because of this lengthy production process, higher worker wages are needed. As a result, customer demand declines and cane products become more expensive.

Another kind of cottage industry in the local study area is the manufacturing of metal handicrafts, which are made by metal handcrafters. Like other cottage industries, this one faces a variety of problems. These difficulties include a shortage of raw materials, outdated production technologies, cash flow issues or a lack of financing, and a lack of support from the government.

This image displays the research area's metal handicraft cottage industry production. The researcher noticed that handicrafts were produced using metalwork.



Figure 4.10 Production of handcrafted metal goods in the research area's cottage industry  
Another kind of cottage industry in the local study area is the production of leather, which is done by hand using leather crafts. Like other cottage industries, this one faces a variety of problems. These difficulties include a shortage of raw materials, outdated production technologies, cash flow issues or a lack of financing, and a lack of support from the government. The study area's leather production is depicted in this photo. The study area's leather production is also observed by the researcher



Figure 4.11: Leather production of the cottage industry in study area

#### **4.7 Prospects of Cottage Industry**

Prospects of cottage industry Ethiopia has improved connectivity and transportation, particularly in rural regions, the cottage industry can still be very beneficial to integrated rural development. Additionally, it gives the female employees the chance to engage in economic activity. Additionally, it lessens poverty to some amount, which in turn improves economic development to some level. It will be a lucrative industry that boosts our GDP if significant assistance from the government (GO) and non-governmental organizations (NGOs) is received in the establishment of export facilities.

The creation of industrial countries, marketing facilities, technical service centers, development centers for handicrafts and carpets, one-on-one counseling and guidance for newcomers prior to investment, and easy-to-pay loans from domestic and international sources to small business owners.

Both industrialized and developing nations' economies primarily depend on the cottage and small-scale industrial sector. In emerging nations, cottage and small-scale industries play a particularly significant role in the creation of jobs, the fair distribution of national revenue, the development of rural and semi-urban areas, and balanced regional growth.

They guarantee a more equitable distribution of the nation's income, create large-scale employment immediately, and make it easier to mobilize capital and skill resources that might otherwise go underutilized (Rahman, 2006). In general, support for cottage industries should be viewed as an integral part of their ability to provide revenue and jobs in rural areas. Over 90% of industrial sector job possibilities in Ethiopia are generated by cottage industries. It has a significant role in the economy of our country. Therefore, there is an urgent need to grow the cottage sector and address the underlying issues.

## 4.8 Findings

The following lists the potential for cottage industries in research areas: less capital-intensive, broad government promotion and assistance, a reserve for small-scale manufacturing only. The key chances for the local cottage industry are the acquisition of machinery, the procurement of raw materials, the training of labor, the development of technical and managerial skills, , the government's reserve for exclusive purchases, and the promotion of exports. Growth in the size of the domestic market due to the expansion of the economy as a whole and the rise in the need for subsidiary units as a result of the growing number of green field projects opening in large-scale industries. Our nation has achieved a significant degree of industrial expansion and diversification thanks to the exceptional performance of the small-scale industry sector (R. Sarvamangala,2012)

Generally the result findings are shown below:

- There is a positive level influence between financial factors and Performance of Cottage industry in Cottage industry at *Banja woreda* two rural kebeles and one rural town.
- There is a positive of relationship between marketing factors and performance of Cottage industry in Cottage industry.
- There is a positive relationship between infrastructures factors and performance of cottage industry in Cottage industry.
- There is a positive relationship between socio-cultural factors and performance of Cottage industry in Cottage industry.
- There is a positive relationship between legal or administrative factors and performance of Cottage industry in Cottage industry.
- There is a combined relationship between Cottage industry and, infrastructures, marketing factors, finance factors, socio-cultural factors, legal & administrative factors.

Ascrafts we were Avery difficult situation before,but now we have changed our lives, started afemaily,built a house in the city and have change .In other words, there is no ,since change we started this work,so we live from hand to mouth, So I have to find another job options.other respondents say that we have decided to change from handcraft to another business.others are doing this handicrafts and other additional work.

## CHAPTER FIVE

### SUMMARY, RECOMMENDATIONS AND CONCLUSION

#### 5.1 Summary

This study was conducted with the key intention of examining the challenge and opportunity the performance of cottage industry in Banja woreda two rural kebeles and one town engaged in several business categories.

#### 5.2 Conclusions

The descriptive analysis results show that the following issues are highly problematic for the researcher: working capital availability, obtaining collateral, interest rates, loan application procedures, market information, promotion to draw in potential customers, association with a marketing research organization, improved quality for the market, customer relationship and handling, adequate and continuous water supply, business development services, suitable dry waste and sewerage system, information to capitalize on business opportunities, entrepreneurship training, financial, human, and material management in cottage industry entrepreneurs in Banja woreda two rural kebeles and one rural town as perceived by respondents.

The study area's respondents saw comparatively fewer issues with credit institutions' sufficiency, better market quality, all socio cultural dimension variables, the presence of business assistants and government support, the existence of a network with various administrative bodies, the absence of institutional, legal, and policy constraints, the absence of bureaucracies and red tape, and factors that were perceived as being better than others indicated a serious issue. Overall, the analysis's findings indicate that socio cultural and market factors have a descriptively positive impact on the performance of the cottage industry in the study area, while administrative, financial, and infrastructure factors have a negative impact or are not statistically influencing the performance of cottage industry businesses. Based on the study results, it can be inferred that the variables that most respondents felt had a favorable impact on the development of the cottage industry are socio-cultural factors, whereas marketing aspects had a moderate to medium impact. However, the success of cottage industry businesses is negatively impacted by administrative, financial, and infrastructure considerations, which are negligible.

The results of this survey have demonstrated how respondents in the cottage industry see the success of their businesses as owners of small businesses. It is hoped that this data will shed some light on the situation and serve as a loud reminder to introduce new initiatives and regulations to support the cottage sector and boost its size and caliber of work.

### **5.3 Recommendations**

The study's conclusions have led to the recommendations that follow. Furthermore, the recommendations made here are mostly derived on questionnaires. It is crucial to note that the suggestions listed below are meant to be informative rather than definitive. The results of this study have significant ramifications for interventions intended to improve the cottage industry's performance in two rural kebeles and one rural town in Banja woreda. Since the cottage industry's higher performance level creates more job opportunities, variables influencing their business performance should receive careful consideration. The study's results and discussion include the identification and reporting of these parameters.

All participants including local community, and the government, proprietors of cottage industries, and other stakeholders. After identifying a few of the obstacles that the cottage industry in Banja woreda, two rural kebeles and one town, faces, the researcher suggested the following study /recommendations/ that the government and its agencies in charge of the cottage industry itself may consider implementing:

- ❖ The local (Woreda) government should play a leading role in educating practitioners engaged in cottage industry to make them in a position to improve their performance by providing training and facilitating technological machines.
- ❖ Most cottage industries are country indigenousness assets whereby at this age they are productive so as they should create awareness save enough money to raise their capital by saving for their business to promote and support to maximize their product.
- ❖ The external factors mentioned as part of dimensions to influence cottage industry business performance including finance, infrastructure and administrative factors can be solved by creating conducive business condition by handcrafts men and local governments. The internal factors like market factors can also be improved by providing training support and regular business development service to cottage industry enterprise owners on regular basis.
- ❖ The zonal and Banja woreda government including the labor and training office; women, children and social affairs office and youth and sport office in the study area two rural

kebeles and one town solve those most critical problems mentioned in each of the above seven dimensions by giving priority to alleviate the problem so that cottage industry entrepreneurs can easily be transformed from one level to the other level of economic growth within limited period of time and can contribute to other job opportunity.

- ❖ Financial institutions like bank and micro finance institutions should design alternative collateral system beyond the conventional collateral dominated credit security that takes account of the cottage industry's economic position, as well as the development and financial requirements of their enterprise and to develop the growth of cottage industries, need to increase the invested capital.
  
- ❖ In general, all stakeholders and local government body as well as non –governmental organizations should attempt to alleviate all identified constraints in this study as having significant influence on the performance of cottage industry entrepreneurs in Banja woreda two rural kebeles and one rural town.

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**APPENDIX**  
**QUESTIONARS**

**ADDIS ABABA UNIVERSITY COLLEGE OF SOCIA SCINCES GEOGRAPHY &**  
**ENVIROMENTAL**

**STUDIES POSTGRADUATE PROGRAM (MA)**

**INTRODUCTION**

Dear respondents,

I am a post graduate student in Addis Ababa University College of Social Science Master of Art in Geography & Environmental Studies. Currently, I am undertaking a research entitled “Assessment of Challenge and Opportunities of Cottage industry in in Awi zone Banjia Woreda Two Rural Kebeles And One Rural Town”. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of Challenge and Opportunity of Cottage industry in Awi zone Banija woreda Two Rural Kebels And One Rural Town.

Your participation is entirely voluntary, and the questionnaire is completely anonymous. Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual’s responses will be identified as such and the identity of people responding will not be published or released to anyone. All information will be used for academic purposes only.

Thank you in advance for your kind cooperation and dedicating your time.

**Sincerely, Solomon Workneh**

**Questionnaires for Respondents**

**Instructions**

No need of writing your name

For your answers put tick mark (√) in the boxes

**PART 1: DEMOGRAPHIC INFORMATION**

Put tick mark (√) in the boxes:

**1. Age**

A. 18-29                      C.41-64

B. 30-40

2. **Sex**    A. Male                                      B. Female

3. Marital status

A. Married                                              D. Widowed

B. Single                                              C. Divorced

4. **Level of education and training**

A. primary education                              C. college diploma

B. secondary education                              D. first degree and above

5. **Business experience**

A. 2-4 years                                      C. 8-10 years

B. 5-7 years                                      D. above 10 years

6. What sector is your business in?

A. Weaving                                      C. Pottering

B. Metal handicrafts                              D. Leather work

**PART 2: Challenge and Opportunity of Cottage Industry**

The following are some the challenges and Opportunites of Cottage industry rural and rural town area of *Banja woreda*.

After you read each of the challenge factors, and opportunity to evaluate them in relation to your cottage industry. According to your level of agreement put a tick mark (√) under the agreement scale below.

Choices: 1=strongly disagree, 2= disagree, 3=undecided, 4=agree, 5= strongly agree

No	Variables	Agreement scale				
A	<b>Financial Factors</b>	<b>Strongly disagree</b>	Disagree	Undecided	agree	<b>Strongly agree</b>
1	satisfied with the financial access given by micro finances and other lending institutions					
2	I have a skill to manage cash					
3	I have enough working capital					
4	satisfied with the collateral requirement from lending institutions					
5	Satisfied with the interest rate charged by lending institution					
B	<b>Market Factors</b>	<b>Strongly disagree</b>	Disagree	Undecided	Agree	<b>Strongly agree</b>
1	I have information about demand forecasting					
2	I have accesses on Searching new market.					
3	Satisfied on relationship with an organization that conduct marketing research					
4	My product quality for the market is good					

5	Satisfied with the customer relationship and handling					
<b>C</b>	<b>Infrastructure Factors</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Undecided</b>	<b>Agree</b>	<b>Strongly agree</b>
1	I got sufficient and uninterrupted water supply					
2	I have access to business development service					
3	There is sufficient place to work and sell product (market shed)					
4	There is sufficient and quick transportation service.					
5	There is access of appropriate dry and waste sewerage system (disposal place)					
<b>D</b>	<b>Social-Cultural Factors</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Undecided</b>	<b>Agree</b>	<b>Strongly agree</b>
1	I have a better social acceptability					
2	I have a better contacts(networks) with outsiders					
3	The societies attitude towards my products/ services is positive					
4	I have no conflicting gender roles					
5	I have no cultural influences					
<b>E</b>	<b>Administrative Factors</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Undecided</b>	<b>Agree</b>	<b>Strongly Agree</b>

		e				
1	Business assistants & supporters from government bodies					
2	Network with different administrative bodies					
3	Information access on Cottage industry operation policies					
4	I am beneficiary of government incentives					
5	I have never faced unfavorable legal and regulatory Environments					

No	Variables	Scales				
<b>F</b>	<b>Level of Performance of Cottage Industry in Three Kebeles</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Undecided</b>	<b>Agree</b>	<b>Strongly Agree</b>
1	My enterprise' s sales /service amount is increasing					
2	I have now more customers than before and retained them					
3	Product and service wastage is reduced in the enterprise					
4	My enterprise's profitability is increasing					
5	My business has expanded					

### Interview Questions for Key Informants

1. How much capital have you invested in industry?
2. Have you taken loan from any party?
3. Is raw material adequate for your industry?
4. Which raw materials do you use? i. Local ii. Imported iii. Combined
5. What kinds of manpower are you using? i. Full time ii. Part time iii. Seasonal

6. Is there sufficient market for your product?

Where do you sale your product? i. Local market ii. National market  
iii. International market.

7. What types of production problem are facing by industry? i. Lack of Raw Material ii. Lack of Skilled manpower iii. Lack of Capital iv. Lack of Market.

8. Total production expenditure per year?

9. How much yearly gross income from your industry?.....

10. How much yearly net income from your industry?.....

11. How do you utilize the profit of this business? i. Household expenditure  
ii. Reinvestment

### **Based on Observation for Observed Ones Questionnaires**

1. Do you get access able raw materials for your production?

2. Do you get access able credit from local financial institutions for your production?

3. Do you have marketing linkage for your production?

4. Do you get governmental support for your production?

### **Discussion Questions for Focus Groups**

1. How much capital have you invested in industry?

2. Have you taken loan from any party?

3. Is raw material adequate for your industry?

4. Which raw materials do you use? i. Local ii. Imported iii. Combined

5. How many employees are employed in your industry?

6. Employ pattern by skill: i. Skilled ii. Unskilled iii. Semiskilled

7. How do you hire the manpower? i. Free competition ii. Family related person  
iii. Familiar person

8. What kinds of manpower are you using? i. Full time ii. Part time iii. Seasonal

9. Is there sufficient market for your product?

10. Where do you sale your product? i. Local market ii. National market  
iii. International market.

10. What types of production problem are facing by industry? i. Lack of raw Material  
ii. Lack of Skilled manpower iii. Lack of capital iv. Lack of market

11. Total production expenditure per year?

12. How much yearly gross income from your industry?.....

13. How much yearly net income from your industry?.....

14. How do you utilize the profit of this business? i. Household expenditure  
ii. Reinvestment