

Marketing Practices and Problems of Micro and Small Enterprise [MSEs] in Addis Ababa

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ACRONYMS

AA	Addis Ababa
CSA	Central Statistical Authority
ECBP	Engineering Capacity Building Program
MSE	Micro and Small Enterprises
NGO	Non- Governmental Organization
TVET	Technical and Vocational Education and Training
ILO	International Labour Organization
WB	World Bank
AU	African Union
AACG	Addis Ababa City Government
AAMSEDA	Addis Ababa Micro and small Enterprises Development Agency
FeMSEDA	Federal Micro and small Enterprises Development Agency
ReMSEDA	Regional Micro and Small Enterprises Development Agencies.
MOTI	Ministry of Trade and Industry
UNESCO	United Nations Educational, Scientific and Cultural Organization

ABSTRACT

The purpose of this study is to assess the marketing practices and problems of MSEs in Addis Ababa. The method used to conduct this research is descriptive survey that assesses MSEs in three sub cities, specifically concerned on construction, metal and wood work sub-sectors. The subjects of the study were 315 operators, 69 experts and 5 officials in Arada, Yeka, and Kirkos sub-cities. In addition, Regional MSE Bureau and microfinance institutions have included as the study subject. Accordingly, respondent sampling was carried out through purposive, stratified and available sampling techniques. The data obtained from these sample respondents through questionnaires, interviews and observation of actual setting and document analysis. The data that have been collected from the sample respondents were analyzed using percentage and frequency counts, weighted mean and t-test analysis. The finding has also indicates that MSE products were not competitive in the world market in terms of quality and productivity. It is also revealed that MSEs face, in order of severity, problems related to legal procedures through forming cooperatives, problems in facilitating working premises, problems in securing credit from micro finance institutions and problems related to financing. Further more, the government did not make adequate level of supportive follow up and monitoring services to MSEs. To this end, it recommended that certain mechanism should be created and implemented for MSEs to easily access for raw materials and supplies. In addition, the required amount of working capital has to maintain for the smooth flexibility and work for the enterprises. Further more, the government basically should set up a mechanism for supportive follow up and monitoring services that helps to achieve noticeable progress and to take timely counter measures for the existing problems.

CHAPTER ONE

I. INTRODUCTION

1.1 Background of the Study

The concept of small business has been defined differently by many countries/researchers. However, the two main criteria that are used to define are the quantitative approach such as size of the business and the qualitative approach such as ownership, technology and nature of management (Hailay, 2007:64, Gupta and Khanka, 2003:23). MSEs have also been defined in many ways. According to the chartered management institute dictionary of business and management, a micro business is “a very small business with fewer than 10 employees”. Where as, a small business is “an organization that is small in relation to the potential market size, managed by its owners and not part of a larger organization” (2003:225).

On the other hand, according to Dereje (2005:6), small business in the Ethiopian context is those business activities that are:

- Independently owned and operated.
- have small share of the market
- Are managed by the owner and employ 6-49 persons.

Despite the difference in defining the sector, there is a consensus on the importance of MSEs in mitigating the pressure of unemployment, creating income generation opportunities for the poor, greater reliance on local resources and developing entrepreneurship.

Treatment towards MSEs is different from economy to economy. In advanced industrialized countries, all enterprises, including micro

enterprises must have by law a legal entity. However, this is not the case with many developing countries. Practically, all micro enterprises and some small scale enterprises can operate in the economy, although they do not have any legal entity. They are known as the informal sector (Tarmidi, 2005).

On another development, population and labor force growth in developing countries and the prospect that these trends will continue, has aroused great concern about the resulting economic and social consequences, particularly since many urban areas, especially the large cities, have serious employment and poverty problems (Oberai, 1993:57). However, the critical problems in developing countries, including Ethiopia, are that the modern sector can only absorb a small number of new entrants. This is due to "the relatively small size of wage economy and rapid growth in the number of labor forces entrants" (Fluitman and Xavier, 1991).

One of the effects of rapid population growth is the increase in the size of the labour force. With the annual growth rate of 2.6 percent, the population is growing alarmingly in Ethiopia. In the 1994 population and housing census, there were 53.1 million persons, but in the 2007 census, this number rises to 73.9 million, which is an increase by 20 million over the last 12 years. Furthermore, the proportion of population in the working age group 15-64 has increased from 50.2 percent in 1984 to 51.9 percent in 1994 (CSA, 2007). This figure shows that the economy has to create more jobs to the increased labor force.

Similarly, with the average annual population growth rate of 2.1 percent, the population of Addis Ababa increased from 2,112,737 in 1994 census to 2,738,248 in the census conducted in 2007 (CSA, 2007).

Therefore, MSEs play a crucial role in bridging the gap between the increase in the labor force and its need for new jobs. In regard to this, the MSE development draft strategy of Ethiopia (MOTI, 2007:3) states that:

Micro and small enterprises play a significant role in the socio-economical life of the country. Since MSEs cut across all sectors of the economy, they are one of the most important sources of productive employment, probably next to agriculture. MSEs play important role in income generation and poverty reduction. According to the 2003 CSA survey there were one million MSEs employing over 1.3 million persons (CSA, 2003). Thus, MSEs are important vehicles to address the challenges of unemployment, economic growth and poverty eradication endeavors of the country.

Furthermore, MSEs create sustainable jobs to the needy and increase income generating opportunities for the economically active poor, which in turn result to decreased level of poverty. Likewise, the first goal of the Millennium Development Goals (MDGS) is the eradication of extreme poverty and hunger. In view of this, the key to poverty alleviation is economic growth and the creation of employment for all (AU, 2007:18). Moreover, poverty is caused by the inability of families to generate sufficient incomes and build up assets, which relates to unemployment.

However, with these contributions to the economy, MSEs are not yet grown to match with the growing level of the labor force. On the other hand, the government of Ethiopia is declaring that it is committed to improve the business environment where MSEs can grow and promote entrepreneurship to realize the accelerated creation of sustainable jobs.

In view of this, this thesis attempts to address the practices of these MSEs and the problems that they encounter in Addis Ababa.

1.2 Statement of the Problem

The mismatch between the skills requirements of the labour market on the one hand and the education and training skills of the youth on the other is a factor responsible for the high and persistent levels of unemployment in the urban centers (Getinet, 2003). One way of tackling this problem of unemployment is through the promotion of self-employment. The promotion of self-employment plays a crucial role for the economic development and employment creation (MOE, ECBP, 2006).

Micro and Small enterprises are considered as the best solution in relieving poverty and unemployment. Due to this special emphasis is given to the sector. As a result, a large number of MSEs are flourishing in most parts of the country. One can also observe that a large number of Micro and small enterprises (MSEs) have been established with the support of the city's MSE agency and the sub-cities' MSE development agency.

Unemployment is one of the pervasive problems in Ethiopia, particularly in urban areas. From other countries experience, Micro and small enterprise (MSE) has an important role in eliminating the problem of unemployment. The Ethiopian Government has issued MSE strategies since 1997. This strategy was revised in 2007. Here, it is clear that the government is aware of the crucial importance of Micro and small enterprises (MSEs) in decreasing the deep rooted unemployment problem and poverty eradication.

For instance, currently, according to the data realized on 2000 E.C from Addis Ababa MSE Development Agency (AAMSEDA), there were 3587 Micro and small enterprises (MSEs) in Addis Ababa City Administration. As the agency's data, it is understood that a large number of MSEs are flourished with in nearly three years time. Despite the fact that the MSEs

number that have been seen in the agency's document has assured the sector's great accomplishment, it needs a research to assess its practicality on the ground, which mean whether the strategies met its goal. Because all Micro and small enterprises (MSEs) found in the city administration didn't establish and operate at the same time. Clearly, some might be started at the beginning, while others could be late to be established even after the AAMSEDA data have been disseminated.

In point of fact, there are some researchers addressed the Micro and small enterprises (MSEs) that have conducted for MA and BA theses. Though, these researchers have been conducting studies on this sector, most of their concerns were only on the current problem of the Micro and small enterprises (MSEs). However, this study is concerned not only on the current problem, but also assessed or examined the practical implementation of MSEs based on the time span, which was the age of the MSEs.

Though, there is a package of supports by the government, a close observer can see that few of Micro and small enterprises (MSEs) are successful. Here a number of questions strike the researcher's mind to identify the reasons behind their performance for their being profitable or unprofitable. Therefore, the prime objective of this study is to assess the practices and problems of micro and small enterprises in Addis Ababa. To meet this objective, the study addresses the following basic questions.

1. What are the current practices of Micro and small enterprises (MSEs) with regard to:
 - Establishment;
 - Marketing;
 - Trainings; and
 - Follow-up and support services in Addis Ababa?

2. What are the major problems that inhibit the progress of Micro and small Enterprises (MSEs) in Addis Ababa?
3. What are the possible suggestions that help to alleviate major problems?

Consequently, the above questions have been discussed and answered in brief throughout the study. In addition, all the points are examined according to the government strategies with comparison of the data that has been collected through questionnaires, interviews and observation. To this end, the researcher has thoroughly examined in this study to bridge the gap. So, the following objectives have discussed as crucial points in the research.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of this study is to assess the practices and problems of micro and small enterprises in Addis Ababa.

1.3.2 Specific Objectives

The study has also targeted the following specific objectives:-

1. To assess the current practices of Micro and small enterprises (MSEs) with regard to establishment, marketing practices, training and follow up services in Addis Ababa.
2. Identifying the major problems of Micro and small enterprises (MSEs) in Addis Ababa?
3. To forward the possible suggestions that help to alleviate major problems.

1.4 Significance of the Study

The Micro and small enterprises (MSEs) play great role for country's economic development, particularly in developing nations. Due to the fact that most of the developing countries, including Ethiopia have given greater emphasis to the development and promotion of MSE in its strategy and policy papers. Thus, this study helps to examine the current practices, major problems and prospects of MSEs in Addis Ababa. Accordingly, the findings and recommendations will also help for those members of Micro and small enterprises (MSEs), policy and strategy designers, NGOs and other agencies working on the development and promotion of Micro and small enterprises (MSEs) in Addis Ababa. In addition, it will also help the policy makers as a starting point to develop guidelines to address the problem.

Besides, the study will enrich the existing literature and it helps as a background for other researchers who intended to carry out researches towards these problems.

1.5 The Scope of the Study

As it is indicated in the main topic, this research has been conducted on the practices and problems of Micro and small enterprises (MSEs) in Addis Ababa. The major reasons to limit the study in the above mentioned place are the researcher has thought that conducting a research work in all Micro and small enterprises (MSEs) found in the country would be difficult because of time and financial shortcomings. Therefore, it is essential for the researcher to delimit the study of MSEs which is found in Arada, Yeka and Kirkos sub cities.

1.6 Limitations of The Study

As has been seen in many research studies, financial and time constraints caused by delay in the release of the research fund and working in parallel with the working time of the research created challenges in collecting, processing and analyzing the data. Moreover, on the part of some of the offices, the researcher also faces lack of willingness to provide current (up-to-date) information. Whereas there was also reluctance is also observed, on the part of some of the operators, in fill in the questionnaires in the pretext that the information they provide might reach to the authorities and be harmed.

1.7 Operational Definition of Terms

Employment - Any remunerative work, whether for an employer or as a self-employed person (UNESCO, 1978:42)

Formal TVET – Type of TVET “in Ethiopia including 10+ 1/2/3 programs provided by TVET Schools under the education sector or by other public and non-public providers accredited by the state education bureau/ TVET Commissions” (MOE & ECBP, 2006:47)

Informal Sector – Segment of labour market in the developing countries that has absorbed significant numbers of job seekers, mostly in self employment and to workers in very small production units (ILO, 2000).

Labour Market – The process through which the relation between supply and demand for labour is determined (UNESCO, 1978:42).

Self employment –The process of actively earning income directly from one's own business, trade, or profession (UNESCO and ILO, 2002:57)

Unemployment – In a poorly integrated economy, unemployment is a phenomenon where the output from the schools far exceeds employment opportunities (Bishop, 1998:107-108).

1.8 Organization of the Study

This thesis consists of five chapters. The first chapter deals with the problem and approach of the study. In this chapter, the background and statement of the problem, the objective, significance and scope of the study, including operational definitions of terms and limitations of the study were presented. The second chapter treats the review of related literature on a brief theoretical framework of practices and problems of MSEs from the work done by different authorities in the area under study.

Consequently, chapter three deals with the research design and methodology. In chapter four, the characteristics of respondents and the results of the study and discussions are presented. In this part, the results of the study were analyzed and interpreted and the major findings were discussed in line with the basic questions. Finally, the last chapter contains the summary, conclusions, and recommendations in line with the most important findings of the study.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Concepts and Definitions of MSE

The dynamic capacity of small enterprises is acknowledged particularly when it comes to providing new services, creating jobs, and fostering social and regional development. There is no simpler way to create new job positions, increasing GDP and rising standard of population than supporting people who dare to start their own businesses. Every surviving and successful business means new jobs and growth of GDP (ILO, 2005).

Small and medium- sized enterprises in market are the engine of economic development. Owing to their private ownership, entrepreneurial spirit, their flexibility and adaptability as well as their potential to create to challenges and changing environments, MSEs contribute to sustainable growth and employment generation in a significant manner (Gupta and Khanka, 2003: 2.11).

A characteristic of small industrial enterprises is that they produce predominantly for the domestic market, drawing in general on national resources. MSEs use and develop predominantly domestic technologies and skills. MSEs are the driving force for innovation and job creation. As indicated in UNCTAD/ITE/TEB/5:83), their small size makes them very sensitive to changes in the industry and environment in which they operate. That is why emphasis was placed on the need to facilitate the development of small enterprises.

Based on this intention, the industrial development strategy of the federal government of Ethiopia, as issued in 2003, clearly stated that the private sector will be the engine of industrial development. It also indicates that promoting MSEs are one of the important instruments to create productive private sector and entrepreneurship and that the government will give due emphasis and priority to promote this sector.

The national Micro Small Enterprises(MSEs) strategy issued in 1997 stresses that every effort will be made to support this sector by providing infrastructure(working premises and land),financial facilities, supply of raw materials, training, etc. Federal and regional governments are expected to coordinate the support services through the already established MSEs development agencies at federal and regional levels.

Micro and small Enterprises have been defined in a variety of ways using various factors. Although, many countries around the world seem to be using common factors in their definitions, the degree of emphasis and measures used differ significantly. These factors include number of employees, volume of sales, and the capital value of the business.

The term micro and small enterprises are defined using either a qualitative criterion or a combination of the two. For example, a quantitative definition explains MSEs in light of operational independence, ownership and management structure, financing patterns, etc. On the other hand, the quantitative definition is based on fixed assets, total capital employed and total employees. While the statistical definition varies widely, the lower limit for small-scale enterprises is set at between 5 - 10 workers and the upper limit at 50 - 100 workers (Wengyal, 2005:25).

In recent times, there has been some degree of convergence in SMEs definitions particularly in Europe. The European commission defines

SMEs using a combination of employee numbers, annual turnover or balance sheet total and ownership (Hillary, 2000). However, the above convergence does not suggest a common agreement of the specific numbers in terms of these variables in any ways.

According to the Small Business Association (SBA), although there is no official definition of SMEs, the definition is based on the number of employees, value of assets, and level of turnover ([http:// www. sba. org](http://www.sba.org)). On the other hand, as cited in Dereje (2005:6), the recommendations of the Bolton Committee of small firms explained the three essential characteristics of a small firm: its activities are managed by its owner; it serves a relatively small share of the market; and it is independent in such a way that ownership is relatively free from external control. Hailay(2007:68) also noted that the number of employees or capital investment or both has been used as a basis for defining MSEs. Based on this, enterprises with less than 10 workers are usually classified as micro enterprises. For instance, the European community as cited in Mulu (2007:3) defined micro enterprises as firms that comprise 0 to 9 workers while small firms with 10 to 99 workers.

Accordingly, the MSEs sector in Ethiopia is also defined by Ministry of Trade and Industry (MOTI) in the revised MSE strategy. The rationale for adopting the new definition is based mainly on the practical experience gained after the implementation of the 1997 strategy and the experience from other countries. The main aim of the definition, as has been stated in the revised strategy document, is to enable the provision of targeted support services MOTI, 2007:18):

Micro enterprises are those business enterprises engaging less than 5 persons including self-employment and with a paid-up capital of not exceeding birr 20,000, while small enterprises are those business enterprises engaging between 6 and 50 persons and with a paid-up capital of above 20,000 and not exceeding birr 500,000.

In general, there is no a universally agreed single definition of MSEs. The definitions vary from country to country. The need to employ a specific suitable definition appears to be crucial. In this regard, I suppose MOTI's definition is the one that best suits for the purpose of this thesis. Thus, this definition is used for the study for the following reasons:

- It is workable as the definition is made based on the country's context.
- The selected sample micro and small enterprises fulfill all the requirements set by the definition.
- Based on practical experiences, the writer assumes the definition best explains the enterprises under study.

2.2. The Role of MSEs for Economic Development

Perceptions of the role played by governments have changed; they are no longer expected to be the principal providers of jobs. Jobs are created by successful, well-managed private sector enterprises. However, governments do have a vital role towards ensuring the policy environment as 'enterprise friendly'. As the public sector cannot absorb all the job seekers, it is vital to foster a dynamic private sector to generate employment as well as self-employment opportunities.

MSEs constitute a major source of income in the urban areas (UNCTAD/ITE/TEB/5:37) the creation of job opportunities and expansion of economic activities in the urban areas is considered as the key development strategies. MSEs create job opportunities, particularly through self-employment, and when the enterprise owner and manager begin to employ others. The final MSE development draft strategy states (MOTI, 2007:3), on this regard state that:

Micro and small Enterprises play a significant role in the socio economic life of the country. Since MSEs cut across all sectors of the economy, they are one of the most important sources of productive employment, probably next to agriculture. MSEs play important role in income generation and poverty reduction. According to the 2003 CSA survey there were over one million MSEs employing over 1.3 million persons. Thus, MSEs are important vehicles to address the challenges of unemployment, economic growth and poverty eradication endeavors of the country.

From the idea stated above, it is understood that the informal sector has become the most important source of employment for the growing population in Ethiopia. Strengthening this idea, the International Labour Organization (ILO) study on labour market flexibility and employment highlighted this contribution: "Close to 1.1 million people were engaged in the urban informal economy in 2003 and 2004,... it should be noted that the relative share of workers in the informal economy has shown an increasing trend in Addis Ababa in recent years: it increased from 15 percent in 1999 to 22 percent in 2004 (ILO, 2005:18)."

Small scale businesses use labour intensive techniques and thus create employment on a large scale per unit of capital. It is said that employment generating capacity of small sector is eight times that of the large scale

sector (Gupta and Khanka, 2003). Moreover, the creation of employment opportunity may be caused by establishment of new business or expansion of existing business. Further, even though large business creates employment opportunities, the proportion of small firms in creating new jobs with relatively low investment is much higher than large enterprises. This is mainly caused by the existence of large number of micro and small enterprises in the business environment. (Gupta and Khanka, 2003).

Similarly, the role of micro and small enterprises (MSEs) in income and employment generation is increasingly recognized (ADB, 2006). MSEs generate incomes much of which provides important financial resources to poor families. Furthermore, the creation of sustainable jobs and increasing income generating opportunities for the economically active poor, results to decreased poverty levels.

While in most developing countries, outside of agriculture, MSEs generate more family income than is earned through farming. The aim of most governments is to narrow the income gap between the rich and the poor, therefore, micro business sector is one of the most probable and of course the only means of survival for unskilled poor people which lacks formal job. Thus, the sector provides income-generating opportunities for a large proportion of population. They generally tend to contribute to more equitable distribution of income (J. Levitsky, 1989). Similarly, as has been stated in ILO study conducted in Ethiopia (ILO, 2005), a large and growing fraction of the labour force relies on informal employment as a primary means to earn an income.

On the other hand, every country is very keen in promoting its economic development. Entrepreneurship plays a vital role in economic development. The MSEs sector is an important approach in paving a way to development

path towards small and medium-size enterprises. In addition, self-employment and micro-enterprises are often a pathway to the formation of small and medium enterprises. Practically, it is unusual for an enterprise to start an operation through providing access to employment opportunities persistently. Instead, smaller enterprises are usually formed, often using personal savings or funds borrowed from family or friends, before external capital is sought. Thus, the MSE sector is not only a vital resource for the contribution that it makes to poverty alleviation and job creation, but also because it represents a stepping stone for entrepreneurial endeavor and the potential for new business development.

Furthermore, micro and small enterprises sector is described as a national home of entrepreneurship, because it provides the ideal environment enabling entrepreneurs to exert their vigor and talent to attain their goals. Referring to this idea, the revised MSEs development strategy also declared the irreplaceable and crucial role of MSEs, particularly micro enterprises, in fostering entrepreneurial talent stating as the 'seedling grounds for entrepreneurship development' (MOTI, 2007:19).

On the other hand, due to their scope of size, some activities are better/expertly performed by small enterprises. Their small size helps them to be easily manageable and more flexible to change. Besides, their size also helps them to perform some activities with least cost. This merit of efficiently performing some activities immensely contributes to the success of large businesses. It is unlikely to think about the business environment in conditions where small businesses are missing because, without them, it would be inefficient, difficult and impossible for large businesses to perform some tasks in the business arena (Gupta and Khanka, 2003).

Moreover, the growth of unregulated large scale businesses gives rise for the economic power to be monopolized in few hands which in turn, broadens gross inequalities in income and wealth distribution in a country. Besides, due to widespread ownership and decentralized location, income generation schemes through a large number of small enterprises are dispersed more widely and its benefit is derived by a large population. Despite the fact that wages and other benefits in small firms are lower than in large firms, small enterprises also encourage competitive spirit and generate the impulse of self-development (Gupta and Khanka, 2003).

2.3 General Characteristics of MSEs

Although research findings are bound in time, various studies conducted in MSEs in developing countries reveal common characteristics.

Firstly, micro and small enterprises require small start up capital to establish and facilitate the business. Due to the inadequacy of capital investment to buy capital-intensive machineries remains to be unaffordable. Therefore the need to strengthen labor-intensive businesses such as retailing and services remain to be indispensable. Hailay (2007:76) on this regard noted that 'the capital investment is limited due to the use of simple technology '.

Secondly, MSEs involve appropriate use of local resources. Manufacturers in small business informal sector use domestic labour and raw materials more intensively than large scale manufacturing. Their technology is simple but flexible. They innovate, particularly in their ability to recycle worn-out materials (Gupta and Khanka, 2003). MSEs, by making use of predominantly local resources engage in the production of goods and services of mass consumption and stimulate the growth of the economy.

The expansion of MSEs also contributes towards a more equitable regional development and distribution of income and wealth (MOTI, 1997).

Thirdly, the mortality of MSEs is higher than those of large-scale enterprises. Many MSEs get easily bankrupted. While on the other hand, a large number of new MSEs springs up (Tarmidi, 2005). The failure to continue in business are due to the constraints that prevail with them. If governmental and non-governmental organizations fail to support them, their contribution to the national economy will decline and even disappear in the end (Levitskiy, 1989).

Lastly, MSEs are managed by their own owners and are family based businesses. Therefore, their success depends primarily on the entrepreneurial and managerial capabilities of the owner specifically (Tarmidi, 2005). He further noted that they are, generally, weak in terms of mentality, education, motivation in exploring opportunities, access to technology and capital. This calls the need for MSEs to provide more attention than medium and large scale enterprises

Moreover, MSEs also lack technical, managerial and marketing skills. Here in the context of our country, many constraints that hinder the MSEs sector are observed. Some of these drawbacks as explained by MOTI (2007) are: lack of entrepreneurial competencies and business management skills, lack of access to appropriate, relevant and understandable information and advice, problems in access to finance, markets, working premises improved technology. Thus, it is argued that strengthening business development services (BDS) for start-up and existing MSEs, thereby helping them to start and improve performance is a critical element in the sector.

2.4. Legal ownership forms of MSEs

Every owner of the business organization selects a form of business organization for its business at the time of setting up. However, the owner(s) of the business should be cautious in selecting the form of ownership that best suits his enterprise because each ownership form has its own " key advantages and disadvantages and offers employees a distinctive working environment with its own risks and rewards" (Hailay, 2007:106).

Similarly, Gupta and Khanka also confirmed the reason for selecting the legal structure of the organization": choice of ownership affects the rights, duties and obligations of the owner" (2003:2, 44).

Furthermore, selection of the ownership forms is not merely a matter of formalities. According to the information from trade and Industry Bureau of Addis Ababa, one of the factors for the failure of enterprises is " Problems in organizing the enterprises; members are joined together to form enterprises without acquaintance for each other and without common vision" (2001 E.C.:4). Therefore, the owner should weigh all the alternatives before making the decisions on the form of ownership for his new business. The owner has the chance to select among the available structural alternatives. Hailay (2007:106) suggested four types of ownership forms: proprietorship, partnership, corporation and cooperatives. But, most of micro and small enterprises are established using the first two ownership types-proprietorship and Partnership. Thus, these two ownership types are discussed below.

2.4.1. Sole proprietorship

It is the simplest form of all and needs a limited amount of money to start with. It is "the most appropriate form for a new business" (Hailay, 2007:108).

In this ownership form, the owner provides the capital and carries out the tasks needed to operate the business by his own. As a result, he took all the responsibilities of either success or failure of the business. Therefore, he is entitled to the profit or loss of the business.

This form of ownership has its own merits and demerits. The single ownership allows the owner to control the activities of the enterprise and actively run the enterprise in a limited geographical territory. In contrast, this form of business is easy to set up and terminate anytime up on the individual's interest. Besides, the owner of the business is the only who acts both as a manager and operator. So, that the efficiency of the business is entirely dependent on the managerial skill of the sole proprietor.

However, this form of business is not operational in MSEs selected for the study hence MSEs solely involve the voluntary agreement of two or more individuals.

2.4.2. Partnership

It is another form of setting up of a business. It better overcomes the drawbacks of sole proprietorship and helps fulfill the needs for a further capital and skill for the business. It is formed solely on the voluntary agreement of two or more individuals. Accordingly, it is essential to form the partnership in a written and signed agreement of the participants. This may avoid any misunderstanding and disputes among the party (Gupta and Khanka, 2003).

According to Article 211 of the commercial code of Ethiopia introduced in 1960 E.C. a partnership agreement is " a contract whereby two or more persons who intend to join together and cooperate for the purpose of carrying out activities of economic nature and responsible for the [profit and losses arising out of the business.

This form of ownership gives a great chance in expanding the business because partners will contribute their knowledge and experience of managing and technical skills (Hailay, 2007:113). So, most partners are general partners in this case. According to Hailay (2007:118-119), a general partnership is a form of partnership consisting partners who are personally jointly, severally, and fully liable as between themselves and to the partnership firm's undertaking.

Two of the common demerits of this form of ownership are lack of harmony among the partners on how to run the business and any harmful and faulty actions (contracts) of a partner is binding both to the partners & the business (Gupta & Khanka, 2003).

Existing empirical evidences reveal that this is being the case in MSEs. According to the 2001 assessment report of the Addis Ababa City Administration trade & industry bureau, MSEs terminate the business early due to the fact that group businesses are established with little or no prior acquaintance between partners.

2.5. Promotion of MSEs Development in Ethiopia

Recognizing the importance of MSEs as a key to economic development, the Ethiopian Government introduced the MSEs strategy and Policy in 1997 E.C. To this effect, rules and regulations are formulated so as to pave the way for the sector's growth and expanded the business development

services (BDS) to address MSEs at Kebele Level. Business development services addressing the needs of MSEs, are offered at a grass root level (MOTI, 2007:3).

To promote MSEs development through the introduction of the national MSEs strategy in 1997, the Ethiopian government recognizes the importance of the MSEs sector and shows its dedication for the sector. Furthermore, the revised strategy of 2007 brought the establishment of the Federal Micro and small enterprises development agency in to being. Moreover, strategy designed a systematic approach to relieve the problems inhibiting the growth and development of MSEs. Besides, the industrial development strategy which is introduced in 2003 G.C. emphasized on the promotion of MSEs development as one of the important instruments to create productive and dynamic sector.

To this effect, significant improvements have been made in the areas of legal and regulatory environments and support frameworks. Similarly, business licensing and regulations have been greatly improved. However, despite the encouraging trends made on MSEs expansion, empirical evidences suggest that efforts made on the sector didn't yet meet the intended results.

The national MSE final draft strategy (MOTI, 2007:8) stated that the sector still faces multifaceted challenges in accessing finance, markets, working premises and improved technology. It is further pinpointed that problems exist in the low level development of the aggregate supply chain results due to the problems related to acquiring raw materials in sufficient quantity and quality and at reasonable prices. In terms of regulatory environment, there is still a room for improvement in the area of tax, land, etc.

The central statistical authority (CSA, 2003) suggested similar findings in its survey on the major constraints facing the sector as: lack of capital, problems of market, and shortage of raw materials. Moreover, the revised MSEs development strategy also highlighted the pressing problems related to start-up and existing micro enterprises (MOTI, 2007:8), as:

For start-up micro enterprises, lack of initial capital and absence of skill are the most pressing problems. Whereas for existing micro enterprises absence of market demand and lack of working capital take the lion's share of the problem.

According to Gebrehiwot and Wolday (2004:10), the promotion of this sector is justified on the grounds of facilitating economic growth and brings about equitable development, create long term jobs, strengthen cooperation between MSEs, and provide the basis for medium and large-scale enterprises. The strategy also indicated the means to support the MSEs including creating legal framework, improve access to finance, introduce different incentive schemes, provide trainings in entrepreneurship, skills, and management improve access to appropriate technology information, advice and markets, and develop infrastructure.

The 1997 Ethiopia's MSE strategy is comprehensive and addressed a number of issues which are necessary for the growth and development of the sector. Significant improvements have been made in the areas of legal and regulatory environments and support frameworks. Business licensing and regulations have been greatly improved. Business development service addressing the needs of MSEs is offered at a grass root level (MOTI, 2007:3).

2.6. Overview of MSE Sector Development in Ethiopia

The Ethiopian MSE sector is characterized by highly diversified activities, which can create job opportunities to considerable part of the population with its large employment outside of agriculture. Besides, the MSE sector plays a vital role in the provision of consumer goods to the society.

On the other hand, about 50 percent of Ethiopia's urban workforce is engaged in the informal sector (G/hiwot and Wolday, 2004:1). The 2003 survey also indicated that there were 997, 380 persons engaged in the 799358 establishments. According to the survey report, 43.29% were engaged in manufacturing and a further 37.7% in trade, hotels and restaurants (CSA, 2003). This describes the contribution of the sector in employment generation and for sustainable economic development.

The first goal of the MDGs is the eradication of extreme hunger and poverty. The key to poverty alleviation is economic growth and the creation of employment for all (African Union, 2007:18). For this, efforts should be made towards expanding access to gainful employment (self or paid) to maintain sustainable livelihoods. Thus, MSEs are at the base of all the best practices and strategies observed world wide (World Bank, 2002:19).

The contribution of micro and small enterprises to employment, growth and sustainable development is now widely acknowledged. Their development can deepen the manufacturing sector and foster competitiveness. It can also help achieve a more equitable distribution of the economic growth and thereby help alleviate some of the problems associated with uneven income distribution (UNCTAD/ ITE/TEB/5).

Based on this, the Federal Micro and Small Enterprises Development Agency (FeMSEDA) was established on April 3, 1998G.C. The agency has been established as an autonomous Federal Government Institution and is directly accountable to the Ministry of Trade and Industry. The major

objectives of the agency are to encourage, coordinate and assist institutions, which provide support to the development and expansion of micro and small enterprises in the country at large. Moreover, In order to promote MSEs, the agency establishes a coordinated working relationship with regional government organs, regional agencies established for this purpose, NGOs and the private sector (MOTI, 1997).

MSEs have been seen as a spring board for industrial development. Besides, with the increasing trend both in the economy of urban areas and domestic demand, there are ample opportunities for the development of the MSEs. Further, the issue of MSEs growth and development ranks high among the priorities for socio economic development. Therefore, creating conducive environment that will support MSEs growth and development is critical to achieving policies and strategic objectives which focus on continued economic growth and generate sustainable productive employment.

Thus, in order to mobilize resources and efforts for the purpose of achieving the accelerated growth of the MSEs sector, the government has given more priority for some selected sub sectors in regard to facilitating a support framework. In view of this, MOTI (2007:10) noted that:

Due to the inherent comparative advantages, the country has more priority and direct support will be given to: Textile and Garment industry, Meat and Leather Products industry, Agro-processing industry, Constriction Industry and Micro and small-scale Enterprises (MSEs)

Consequently, in order to achieve this objective through a holistic approach that will address key constraints of MSEs, the government has established a package of support services including: basic training in technology and

business skills, development of low-level serviced working premises, provision of micro credit and information on market and techniques, and working with producers to identify constraints and bottlenecks. (MOTI, 2007:10)

Similarly, the Addis Ababa Administration recognized the importance of MSEs as the means to create employment opportunity and income generating capacity to the poor, established a regional MSEs Development Agency in 1995 E/C and started to promote self-employability through launching MSEs in all the sub cities of Addis Ababa.

In the meantime, the aim of the regional MSE development sector/ agency is to create enabling environment for the development of MSEs. The major activities of the sector/agency is to increase the residents income level and mitigate poverty through the development and support of MSEs, which in turn creates employment opportunities, to identify and relieve the constraints of MSEs, and support them to expand and create additional job opportunities (A.A City Administration Education bureau, 2005:3).

According to the Regional MSE Development Sector/Agency, the beneficiaries of the different services provided by the sector are graduates of technical and vocational colleges, the existing MSE operators, the unemployed women who want to form cooperatives and create jobs, disables who can work and other interested individuals whose capital do not exceed birr 500,000.

To this effect, due to the sub sectors special features of creating a large number of labour intensive employment opportunities and a large market demand, its use of local raw materials and being a cornerstone for the development of medium and large scale industries, the Addis Ababa City Administration has sorted out the following sectors as priority areas:

Textile and garment sub sector ; Dry food preparation sub sector ; Metal and woodwork sub sector ; Construction sub sector; and Municipality services sub sector (A.A. City Administration Education Bureau, 2005:6).

In a nutshell, in order to fully realize the preset objectives, MSEs strategies must necessarily fit in to the country's socio-economic context.

To sum up, MSEs play important role in the socio-economic development of the country. The sector creates employment opportunity at significantly small start up capital. It is more favored as it uses local raw materials for production; enables equitable distribution of income among the population and serves as a training ground for medium and large scale enterprises. Thus, MSEs lie at the heart of the national economic growth and the country's sustainable development at large.

2.7. Marketing for MSE Products

Understanding of market structure in terms of competing channels of production (distribution within which individuals operate) of MSEs who operate in any given sector.

Marketing is one of the most important components required for the sustainable operation of micro and small enterprises. MSEs need to have a 'market oriented approach' at all levels and stages in the life cycle of enterprise development.

Therefore, owners or operators of MSEs have to understand that producing a large volume of and a variety of products has no meaning without marketing. Marketing is the most crucial sub-system of any enterprise. There are different definitions of marketing. Traditionally, marketing has been defined as 'the performance of business activities that divert the flow

of goods and services from producer to consumer or user (Gupta and Khanka, 2003:2.145). This definition emphasizes on the volume of sales rather than the customer/ buyer of the product. However, the modern concept of marketing was defined by different writers. According to Kotler (1999:9), "Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others."

This definition stresses on the needs and wants of consumers, and gives focus on creating and exchanging products that meet the need and wants of consumers. Similarly, Cravens et al (1996:3) also defined marketing a bit differently, as the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services. For Craven et al, these all activities are performed to create exchanges that satisfy individual and organizational objectives.

Accordingly, skills in marketing are needed by entrepreneurs who own and run MSEs. Successful marketing activities involve finding what people need; providing the products or services to meet this need; selling them in places where people can get them to buy; setting prices that people are willing to pay; and informing and attracting them to buy your products or services (Bartle, 1990:2). The notable message here is that customers are the most important to our enterprise. If we do not provide what they want, at prices they are willing and able to pay, and treat them with respect, they will go to other competitors/ enterprises.

Therefore, customer satisfaction is vital in the marketing process. In fact, in marketing terms customers buy 'benefits, and not of the features or characteristics of a product or service (Hailay, 2007:251). Benefits/ core benefits are the fundamental service or benefit that the customer is really

buying (Kotler, 1999:431). Therefore, as enterprise owner of micro and small businesses, understanding the differences between the features of the product or service and the benefits that it offers to the customer is the cornerstone of marketing.

Private Sector markets represent powerful institutional structures influencing poor people's livelihoods. Their behavior is governed by a variety of social, cultural and political processes in addition to "natural" economic laws of supply & demand (Albu and Scot, 2001:6).

The vast majority of MSEs' operate rather in markets which are non-perfect in myriad ways. In the absence of a well strengthened legal and contractual structures, competition law and regulation, these markets suffer from transaction cost, monopoly distortions (due to limited choices of buyers or suppliers), various types of information failure, mistrust, uncertainty and risk aversion. Such market failures reduce responsiveness to changing demand, discourage investment, lock MSEs into unrewarding activities, create bottlenecks, and sometimes outright exploitation.

According to Hobley (2001), the actual behavior of any particular market, including the degree of access which MSEs have to it, thus has a major influence on the returns that poor people make from their assets, labor and enterprise. He further noted that, given the importance of real market structure and dynamics in determining livelihood outcomes, it is perhaps surprising therefore how little emphasis private sector activity and relationship have been given towards ensuring sustainability.

The major problems that the majority of MSEs face include absence of market demand followed by lack of supply of raw materials (CSA, 2003). Similarly, Mikkelsen (1992) indicated that various constraints, such as

inadequate technology, lack of raw materials and inefficient production limits access of MSEs to markets.

In a similar fashion, the final MSEs draft strategy (MOTI, 2007:34) affirmed that:

The importance of market access is a widely recognized fact as the growth and development of the MSE sector heavily depends on the existence of a vibrant product and service market

Although statistical data are scarce in this regard, anecdotal evidences reveal that MSEs suffer from lack or shortage of market which falters their competitiveness. The industrial development strategy of 2003, as cited in MOE (2006:6) highlighted that the existence of a depressed labor market and the impact of growth uncertainties shorten the strategic horizons of most MSEs. Hence, developing the practice of expanding the existing market and finding a new market for MSEs warrant attention.

Therefore, the business of micro and small enterprise producers can be developed by providing ways to overcome the constraints that they face and widen the window of opportunities of markets for their products. This requires an in depth feasibility study on the creation of new tools.

2.7.1 The Marketing Mix

In designing any marketing program, there are four areas that demand the marketing decision of the owner or manager of an enterprise. These are collectively called 'Four P's - that stand for Product, Price, Place (channel of distribution), and Promotion.

1. Product/ Service

It is the most basic of all, apart from other marketing mix elements, and it involves decision with respect to what product to produce, the product design, brand name, package, label, warranties, after sales service, etc. (Gupta and Khanka, 2003:2.151). In addition to this, product mix is not only for developing new products to the consumer, but also it is the improvement of products and the elimination of the product (Cravens et al, 1996:22):

Here, it is important to distinguish why customers choose/ buy products and which specific attributes and benefits of products they like most. Customers may select products due to its performance, or quality, size or color, maintenance and operation cost, product availability, image/ fashion and other attributes of the product. (Cravens et al, 1996:28)

Therefore, enterprise owners should identify the product's specific features of which customers choose it among similar products and can use it as a competitive advantage. Based on the Writer's observation, the inconsistency of rendering quality products or services and the inability of the operators to manufacture a standardized quality of products have become a potential factor that hinder MSEs to become strong competitor the world of market.

2. Price

It is the other and critical marketing mix element. Price is the amount of money the enterprise/seller charges for the product. It involves decisions relating to price policy, basic price, discounts, terms of credit, etc. (Gupta and Khanka, 2003:2.151).

Price is the only element in the marketing mix that produces sales revenue; the others represent costs. Besides, it is also one of the most flexible elements of the marketing mix, in that it can be changed quickly. Therefore, the enterprise has to make decision on what it intends to accomplish with its offer of a particular product. It would be much easier to set price if the firms objective is clearly stated (Kotler, 1999).

On the other hand, price decisions are usually critically important to business enterprises. Price decisions begin with understanding the large markets and marketing objectives (such as increasing market share) are developed. The owner/manager of the enterprise must decide how much flexible he should be in establishing prices. Here, costs are studied to determine the lowest price level necessary to meet profit and other organizational objectives. The other elements of price are demand and competition - the highest possible price or "what the market will bear" (Carvens et al, 1996).

Furthermore, pricing policy implies a systematic approach to pricing. It provides the framework within which pricing decisions can be taken to achieve the enterprises pricing objective. The two most common pricing policies that MSEs can apply are skimming and penetration pricing policies. In market skimming pricing policy, a high initial price is charged with a view to recover the costs quickly. This policy is preferable when the product is new; innovative; and has high prestigious value. Besides, this policy is also used when the product is used by sophisticated and rich consumers or the demand is inelastic. Conversely, in penetration pricing policy, a low initial price is charged to attract as many buyers as possible. Reduced cost of production is expected to be achieved due to large sales volume and mass production. This policy is recommended when the

product is an item of mass production; has very elastic demand or there is 'strong threat of potential competition' (Gupta and Khanka, 2003).

Business firms use different methods for fixing pricing of their products. Many firms, of all size, use a 'cost - plus' pricing method, which simply "adds up all the costs and add on a margin" (Hailay, 2003:258). This is a simple and easy method of price fixing and small scale firms widely use it because it ensures recovery of full cost (Gupta and Khanka, 2003).

The 2001 Addis Ababa City Administration Trade and Industry Bureau assessment indicates that a 'cost-plus' pricing method is used for MSEs who are engaged in the production of construction inputs. Hence, such sectors products are entirely absorbed by the government (the government is the only recipient (buyer) of the products), fixing pricing of products is made by the government on the basis of the current cost of raw materials and add on a margin. Where as MSEs engaged in metal and wood work sectors fix the price of their products using mark-up pricing method taking "add up all costs and add on a margin in to account. But this is usually made by the operators themselves.

3. Place (Distribution Channels)

Every MSE owner/manager requires a channel that can distribute his products to the right customers, at the right place, at the right time and at the right cost. To achieve this, the owner/manager should select and use the appropriate channel of distribution.

A marketing/distribution channel is composed of outlets through which a manufacturer's goods may flow to market (Hill R. et al, 2004:237). It is the different ways of getting products or services to the customers. While planning the distribution channel for the product (s), the owner/manager

"has to decide what is ideal, what is feasible, and what available (Kotler, 1999:535) is." Decisions have to be made about the choice of distribution channels and about what kind of middlemen there should be. This is because the number of middlemen will affect the complexity of the distribution system. Similarly, depending on the number of intermediaries, distribution levels may be classified as " A zero - level channel (direct - marketing channel) consisting of a manufacturer selling directly to the final customer. A one - level channel contains one selling intermediary, such as a retailer. A two - level channel contains two intermediaries, a wholesaler and a retailer (Kotler, 1999:533).

Meanwhile, establishing an appropriate distribution network is absolutely necessary for an enterprise. To set up this network, the owner/manager should "compare the costs, sales volume and profits expected from alternative channel of distribution (Gupta and Khanka, 2003:2.159).

To sum up, micro and small enterprises must decide how to distribute their products. Working through established distributors or agents is most feasible for small enterprises. This helps them to "overcome the time, place, and possession gaps that separate goods and services from those who need or want them (Kotler, 1999:531)".

As observed practically, a zero-level channel (direct - marketing channel) is mostly practiced by MSEs. For this, the government is usually in charge of establishing an appropriate distribution network for MSEs operators through strengthening their competitiveness, organizing bazaar, promoting their products using print and electronic medias, etc. The operators also broaden their distribution network through letting their customers to speak of their products to others.

4. Promotion

The existence of an enterprise and the enterprises products and service should reach the knowledge of customers/ buyers. This can be achieved through the execution of promotional activities.

According to Hailay (2007:255), promotion is "Concerned with how well a firm communicates its sales message to existing and potential customer". Promotion is everything one does to make customers buy more. Moreover, the role of promotion is to facilitate exchange between product/ service providers and customers.

It may not be plausible to use electronic media to promote the products of micro and small enterprises simply because of the high expenses associated to this media. Conversely, even though they reach only a limited number of people, MSEs can promote about their products through in-store displays, demonstrations, shows, trade fairs and bazaars.

Furthermore, the modern trade show is an important promotional element. It offers "manufacturers and opportunity to display and demonstrate their products to a large number of prospects within a short period of time (Hill R. et al, 2004:380). "Besides, exhibiting at trade shows also offers the opportunity to" meet potential customers, build prospect lists, and goodwill among present customers, introducing new products, and aiding and attracting new dealers (Hill R.et al, 2004:381)".

On the other hand, promotional activities may be aimed not only at the target markets, but may also be aimed toward those groups of people who might influence the buyers in the buying decision process.

2.8. Vocational Training for MSEs (MSEs Training)

Obviously, comprehensive and targeted training and other supports are key component of successful employment. Education is the centerpiece for development. Better education and training leads to higher productivity, employment, and in raising the average income in the long run (Ahier and Esland, 1999:70). Similarly, the AU (2007:17) emphasized the significance of vocational training as:

*Since education is considered the **key** development strategy, technical and Vocational Education & Training (TVET) must be the **master key** that can alleviate poverty, promote peace, conserve the environment , improve the quality of life for all, and help achieve sustainable development.*

Moreover, the final MSE draft strategy of MSEs also stressed the importance of training for the sector (MOTI, 2007: 32):

Business management and entrepreneurial competencies are necessary for the growth and development of MSEs. One of the major limiting factors for the development of the Ethiopian MSE sector is lack of entrepreneurial competencies and business management skills.

Similarly, small businesses lack management skills. For Broom (1979:22) "perhaps the greatest problems of small business management is the lack of necessary skills in the management group"

However, available evidence from CSA (1999) indicates that the majority of the labor force has not received any type of training. According to the survey, "A person is considered as trained if s/he has passed through any short or long-term skill/ability development training program given in or outside classroom in theory or in practice, or both and that resulted in the award of a certificate in a training" (ILO, 2005:42-3)

The 2001 Addis Ababa City Administration Trade and Industry Bureau assessment noted that most MSE operators select their occupational fields based on their previous traditional skills. It is further indicated that the majority of the operators who are engaged in MSE schemes have little or no formal technical and vocational training prior to joining the sector. But, as part of capacity building program, practical- based short term training is given to all members following the establishment of the enterprises.

The sector is highly acclaimed by the government and NGO's engaged in helping the sector as it absorbs a vast majority of the new entrants to the labor market. Due to this, both technical and management skill appears badly needed for the sector to raise productivity and incomes and hence reducing poverty. Moreover, training might improve product quality, contribute to diversification and enhance occupational safety and health (World Bank, 2003:20).

Overall, the application of new skill can enhance growth, innovation, and productivity in micro and small enterprises. In spite of this, training interventions tend to be more effective if beneficiaries participate in their planning provided that the training addresses the common problems of skill shortages of MSEs.

Although training is considered as a key element for improved productivity, income and livelihood in the informal sector, MSEs lack training support to the desired level (WB, 2003:25).

2.9. The delivery of Quality Products

Quality is a multidimensional concept in every business streams. The concept of quality was understood as adhering to standards i.e., adapting to the established specifications of a product (ILO, 2006:11) quality is also

defined as the satisfaction of the requirements and demands of the client (ILO,2006:13). In broad terms, quality approach includes not only products, but also processes.

In other words, quality is understood as a good process that runs consistently so as to obtain a quality product. Nowadays the concept of quality approach involves the quality of process management, the quality of the process or results, and the quality of standards and orientation to the client (ILO, 2006:14).

Based on ILO's (2006:14-15) conceptualization, the three dimensions of quality to be taken into account is:

1. Standards for quality or conformity. There must be some minimum requirement which serves as a yardstick for measuring quality.
2. Quality as adaptations to the needs, expectations and motivation of the client. The quality that is going to be delivered should coincide with the needs and expectations of the client.
3. Quality understands as a response to personal and social expectations and motivation through the creation of attitudes. This is the idea of quality understood as products/ services which foster attitudes and values that enables the client to satisfy his needs.

To this end, delivering good quality products/services demands knowledge of the requirements and expectations of the consumers. Hence, improving quality in processes is understood as an instrument to ensure quality in results.

To this end, delivering good quality products/services demands knowledge of the requirements and expectations of the consumers. Hence, improving quality in processes is understood as an instrument to ensure quality in results.

CHAPTER THREE

3. METHOD OF THE STUDY

The method to carry out this research was descriptive survey method. Descriptive survey method was selected to treat the current status of the practices and problems of MSEs engaged in construction and metal and wood work sub sectors in Addis Ababa. Based on this, the following population and sampling techniques, data collection instruments and procedures and data analysis will be applied for the study.

3.1 Participants of the Study

The whole Micro and Small Enterprises engaged construction and metal and wood work sub sectors in ten Sub-city Administrations in Addis Ababa including Micro and Small Enterprises' Operators, Regional and Sub-city MSE development Agency, and other stakeholders working in the promotion of MSEs in Addis Ababa were subjected to the study.

3.2 Sampling Procedures

According to the Addis Ababa MSE Agency's 2000 E.C data, in Addis Ababa 3,587 MSEs were legally formed by the respective Development Agency of MSEs in the ten sub-city administrations. Out of these, 740 (20.63%) MSEs of three Sub-cities were selected as a sample area using purposive sampling techniques. These Sub-cities were selected based on their geographical location, type of sector, establishing periods and other criteria. Among the five major MSEs sector areas (Construction; Metal work and Woodwork; Food Preparation; Textile and Garment; and Municipality Services), the study focused on the two sectors (Construction

and Metal work and Woodwork MSEs). These sectors in Addis Ababa were the first priority for the development of the city. Based on this, more than 60% of MSEs in the city engaged in these sectors. The sample respondent of this study by identified criteria's in the sample areas were presented in the following table.

Table-1: The Sample Respondents in the Sample Areas

No	Sample Respondents	Sample Areas				Total	Data Gathering Instruments
		Sub-cities					
		Arada	Kirkos	Yeka			
1	MSEs Operators						Questionnaire
	1.1 Managers	40	40	40	-	120	
	1.2 Members	50	50	50	-	150	
	1.3 Accountants	20	20	20	-	60	
2	Sub-city Administration						
	2.1 Heads of MSE Development	1	1	1	-	3	Interview
	2.2 Experts of MSE Development	3	3	3	-	9	Questionnaire
	2.3 Expert of MSEs at Kebele	20	20	20	-	60	Questionnaire
3	Addis Ababa MSE Development						
	3.1 Official of MSE Development	-	-	-	1	1	Interview
	3.2 Micro Finance	-	-	-	1	1	Interview
Total Participants in the Sample area		134	134	134	2	404	

To this end, among these three sub cities there were 444 MSEs engaged in construction and metal and wood work sub sectors (i.e. 133 in Kirlos, 110 in Arada, and 201 in Yeka sub cities). Out of these 444 MSEs in the two sub sectors 120 MSEs (i.e. 40 from each sub city) were selected using equal size stratified sampling. In order to provide equal participation, the desired sample sizes of 120 managers, 150 members, and 60 accountants of MSEs in the three Sub-cities will be selected using equal-sized groups stratified sampling. Besides, nine experts at Sub-city level, 60 experts at Kebele level of MSE development agency of the three sub-cities were selected using (available) convenient sampling technique.

The other group of participants, three heads of MSE development agency of Sub-city and an official of MSE Development Agency of Addis Ababa, and one Addis Micro Finance officials were selected using purposive sampling techniques to get valuable information at regional level. Finally, the total of 404 respondents, which are the sum of selected samples in the three sub cities and from MSE development agency of Addis Ababa, Addis Micro Finance were participated in the study.

3.3 Data Gathering Instruments

Data for this study were obtained from primary and secondary sources. The secondary data, books, journals, and other research work prepared by different writers on the base of the relevance of the problem of the study were used to support the finding of the study. Moreover, through reports and documents, in-country experiences were reviewed.

In order to get first hand information, primary data were collected from the subjects through questionnaires and interviews. The questionnaire and interview guide were developed by a synthesis of the reviewed literature. Questionnaire was preferred because it enables to secure information from many respondents. Two types of self-administered questionnaires (both closed and open-ended) were administered to the MSEs' operators and MSE kdevelopment agency experts at sub-city and Kebele level. Since the small sized sample respondents of the officials, interview were prepared for five officials at Regional and Sub-city level MSE development Agency. Besides, the researcher has observed the sample areas by using the prepared checklist.

3.4 Data Gathering Procedures

The data gathering instruments were pilot tested in order to make essential corrections and maintain the validity of instruments before the final study conducted. Based on this, 25 respondents were participated in pre-testing the instruments. Based on the pilot study's results the content validity of the instrument, the order of the questions, omissions, vague items and terminology were improved and made the items measure what they purported to measure.

After the refinement of the instrument, data gathering instruments were distributed for the final study. When distributing the questionnaires the time convenient for the respondents were arranged to maximize the rate of return. In the initial stage of questionnaire administration, the researcher made the objectives of the study clear to all respondents in order to avoid confusion. A close follow-up were made when problems arose in filling the questionnaire.

The data collection through the interview was conducted by speaking to the respondents face-to-face. On top of this, the researcher had observed the setting of the sample area.

3.5. Data Analysis

The data obtained from questionnaires, interviews, observation checklist, and relevant document were structured, organized, and framed to suit the analysis and presentation. When analyzing the data, the following basic statistical techniques relevant to each instrument were used to analyze the data.

- a) Percentage and Frequency Counts was employed to analyze various characteristic of the sample population. This statistical

tool used to determine relative standing characteristics such as age, work experience, fields of specialization and other questions with ordinal and nominal character.

- b) Weighted Mean was used on items to compute the average values of the different respondents. Based on the weighted mean value, rank orders were established according to the magnitude of their importance.
- c) t-Test Analysis was employed to check where there is a significance difference between respondents in ranking the major problems and possible solution of MSEs on items.

CHAPTER FOUR

4. ANALYSIS AND INTERPRETATION OF DATA

This portion of the paper deals with the analysis and interpretation of data obtained from sample MSE operators engaged in construction and metal and wood work and experts of sub cities selected for the study and selected management staff from regional micro enterprises development agency office.

Based on this, a total of 399 questionnaires were distributed for sample respondents which include 315 MSE operators (255 males and 60 females) engaged in these two sub sectors and 69 MSE experts at Kebele and sub city level. And, out of which, 315 (95.45%) operators (255 males and 60 females) and 69 experts (100%) completed and returned the questionnaires (prepared in Amharic) for further data interpretation and analysis. Besides, for the purpose of data completeness and reliability, 10 technical management staff and sample operators and experts were interviewed.

4.1. Characteristics of sample respondents

As mentioned earlier, the subjects selected for the study were of different backgrounds which include those who are engaged in construction and metal and wood work businesses (operators), government delegates who are responsible in MSE activities at sub city level (experts), and regional MSE development agency officials who are directly involved in decision making (officials and experts). Thus, the data gathered through questionnaires, interviews, and observation checklist were analyzed, interpreted, and presented as follows.

As shown in Table 2, a total of 383 subjects which include 315 operators and 69 experts from the sample sub cities and 2 regional office staff responses were included in data analysis and interpretation.

Table-2: Distributions of MSEs Operators and Experts in the sample areas

No	Occupational Fields	Numbers of Respondents/Subjects							
		MSEs operators			Experts			Total	
		Male	Femal	Total	Male	Femal	Total		
1	Arada Sub-city	88	17	105	17	6	23	1	128
2	Yeka Sub-city	91	15	106	19	4	23	1	130
3	Kirekose Sub-city	76	28	104	20	3	23	1	128
4	Addis Ababa MSE Agency	-	-	-	-	-	-	2	2
Total		255	60	315	56	13	69	5	388

TABLE 3: Description of Respondents by Sex, Age, Qualification, Field of Study, and Service Years

No	Items	Status	Respondents/Subjects					
			MSEs' Operators		MSEs Experts		Top Authorities	
			No	%	No	%	No	%
1	Sex	Male	255	80.95	56	81.16	4	80.00
		Female	60	19.05	13	18.84	1	20.00
		Total	315	100%	69	100%	5	100%
2	Age Range	15-20	18	5.71	-	-	-	-
		21-25	91	28.89	12	17.39	-	-
		26-30	143	45.40	28	40.58	-	-
		31-35	34	10.79	15	21.74	1	20.00
		36-40	16	5.08	9	13.04	1	20.00
		>40	13	4.13	5	7.25	3	60.00
		Total	315	100%	69	100%	5	100%
3	Education and Training	Read and Write	-	-	-	-	-	-
		Primary Education	44	13.98	-	-	-	-
		Secondary Education	147	46.67	-	-	-	-
		10+1	28	8.88	-	-	-	-
		10+2	51	16.19	-	-	-	-
		10+3	39	12.38	-	-	-	-
		Diploma	6	1.90	-	-	-	-
		Total	315	100	-	-	-	-
		Short term training	215	68.25	-	-	-	-
		Training upto 10	29	9.21	-	-	-	-
		Total	244	77.46	-	-	-	-
		Diploma	-	-	22	31.88	-	-
		Degree	-	-	47	68.12	4	80%
		MA/MSc	-	-	-	-	1	20%
		Others	-	-	-	-	-	-
		Total	-	-	69	100%	5	100%
4	Job Position	Member	145	46.03	-	-	-	-
		Member & Manager	121	38.41	-	-	-	-
		Member & Secretary	2	0.63	-	-	-	-
		Member & Accountant	47	14.92	-	-	-	-
		MSEs Experts	-	-	69	100	-	-
		Others	-	-	-	-	5	100
		Total	315	100%	69	100%	5	100%
5	Service Years	1 - 5	-	-	21	30.43	-	-
		6 - 10	-	-	35	50.74	-	-
		11 - 15	-	-	9	13.04	3	60.00
		16 - 20	-	-	4	5.80	2	40.00
		> 20	-	-	-	-	-	-
		Total	-	-	69	100%	5	100%
6	Salary	Less than 500	183	58.10	-	-	-	-
		501-1000	85	26.98	-	-	-	-
		1001-1500	23	7.30	-	-	-	-
		1501- 2000	15	4.76	-	-	-	-
		2001-2500	9	2.86	-	-	-	-
		2501 and above	-	-	-	-	-	-
		Total	315	100%	-	-	-	-
7	Salary Sufficiency for Household	More than Sufficient	5	1.59	-	-	-	-
		Sufficient	38	12.06	-	-	-	-
		Less than Sufficient	272	86.35	-	-	-	-
		Total	315	100%	-	-	-	-

As it is shown, Table 3 describes personal information of respondents by sex, age, education and training, field of study and service years. The total

operators participated in the study are 315 (out of which 255 (80.95%) males and 60 (19.05%) females). The remaining 69 are MSE experts out of which 56 (81.16%) are males and 13(18.84%) are females.

Differences in sex proportion in these two sub sectors are reflected due to the fact that gender- based division of labour is predominant in jobs like wood work and construction which require physical strength. Instead, women usually are bestowed with light jobs like clerical, janitorial works, small scale retail businesses, etc.

In regard to the age range of participants, among the total of 315 operators, more than a third, 143 (45.40%) are between the age group of 26- 30 years. The remaining 91(28.89%) were between the age range of 21 - 25 years. Next, 34(10.79%) of the respondents age range between 31 to 35 years, whereas 18 (5.71%) of the respondents are within 15 to 20 years. Also 16 (5.08%) range between 36 to 40 and a further 13(4.13%) are at the age group of 40 and above years.

The survey indicates that more than two thirds, 234 (74.29%) were between the age of 21 to 30, which indicates that most operators engaged in construction and metal and wood work sub sectors are with in the productive age group.

With regard to MSEs experts age distribution, 28 (40.58%) were between the age of 26 to 30 years. And 15 (21.74%) of the respondents were with in the age of 31 to 35 years. The remaining 12 (17.39%) were between the age of 21 to 25 years. The rest of the respondents 5 (7.25%) were 40 years and above.

Regarding the age distribution of interviewees', 1 (20%) of them were between 31 to 35 years, and a further 1 (20%) is between 36 to 40 years. The remaining 3 (60%) were above the age of 40.

In accordance to the level of education, 44 (13.98%) operators have attended primary education. And, 147 (46.67%) of them completed secondary education. A further 28 (8.88%), 51 (16.19%) and 39 (12.38%) have pursued a 10+1, 10+2, and 10+3 Technical Vocational Education and Training (TVET) respectively. While the remaining 6 (1.90%) are at diploma level.

From the findings mentioned above, the majority of the operators (60.65%) who were engaged in construction and metal and wood work sub sectors are at primary and secondary education level. However, it is argued that technical vocational education and training is at the heart of effective management of MSE businesses (Ahier and Esland, 2007).

Furthermore, based on the experts' education level, 68.12% (47) and 31.88 (22) are graduates of Degree and Diploma respectively. Despite this fact, I have practically observed that the field of study of the majority of experts is social sciences which include accounting, management, business and law. This reveals the fact that much emphasis is directed towards financial related issues than vocational and technical assistance.

With respect to on the job training, 215 (70.49%) operators who were engaged in these two sub sectors have attended short term trainings ranging from few days up to six months. While 29 (11.89%) of the operators reported to have a self - sponsored trainings up to ten months.

Although the type (topic) and relevance (practically applicable) of trainings seem to be critical issues of concern which need to be considered, one can imagine that less attention is given in this regard. The ministry of trade and industry (MOTI, 2007:34) capitalized the importance of on the job trainings towards improving the effectiveness and competitiveness of MSEs.

With regard to MSE experts, only 23 (33.3%) of them attended relevant trainings (from 1 -10 days), while the remaining 46 (66.7%) never received any type of training. This is also the major area of concern which needs to be stressed.

Based on the level of responsibilities of partners of MSEs engaged in construction and metal and wood work sub sectors of 315 operators, 145(46.03%) were at membership level. The remaining 121(38.41%) were both members and managers. Whereas 47(14.92%) of the respondents were members and accountants. Besides 2(0.63%) of the respondents were members and secretaries in their respective enterprises. From this explanation, slight differences in organizational structures are observed.

With respect to MSEs experts work experience, 35(50.74%) were having 6 to 10 years of service. The rest, 21 (30.43%) were found to have 1 to 5 service years. A further 9 (13.04%) and 4(5.80%) of the respondents served from 11 to 15 years and 16 to 20 years respectively.

Based on the operators level of earned income, the majority, 183 (58.10%) were paid a monthly salary ranging between 500 to 1000 Birr. While, 23(7.30%), 15 (4.76%) and 9 (2.86%) fall under the salary ranges of 1001 to 1500 Birr, 1501 to 2000 Birr and 2001 to 2500 Birr respectively.

Regarding whether or not earned income is enough to support the livelihood of their family, 272 (86.35%) of the respondents reported that earned income from their enterprises were below sufficient. Whereas for the remaining 38 (12.06%) of the respondents, the salary paid was sufficient to support their households. Besides 5(1.59%) of the operators responded that the salary paid was more than sufficient for household.

The finding indicates that the majority of the respondents earned income was insufficient for the livelihood of their household. Most of the respondents explained the reason for this to be the rapid increasing rise in price of commodities and the unprofitability of their business enterprises.

Table-4 Data Related to the Establishment of MSEs

No.	Items	MSE Operators		MSE Experts	
		No	%	No	%
1	In what type of MSE's sub-sector does your enterprise engage?				
	a) Construction Sector	164	52.06	-	-
	b) Metal and Wood work	151	47.94	-	-
	c) Food Preparation	-	-	-	-
	d) Municipality Services	-	-	-	-
	e) Textile and Garment	-	-	-	-
	f) Any other, Specify	-	-	-	-
	Total	315	100%	-	-
2	When did the enterprise establish?				
	a) 1995-1996 E.C	-	-	-	-
	b) 1997-1998 E.C	267	84.76	-	-
	c) 1999-2000 E.C	37	11.75	-	-
	d) 2001-2002 E.C	11	3.49	-	-
	e) Any other, specify	-	-	-	-
	Total	315	100%	-	-
3	How did you start your MSE?				
	a) By my/our initiation	72	22.86	9	14.75
	b) By the support of MSEs Development Agency	243	77.14	52	85.25
	c) Others (specify, if any)	-	-	-	-
	Total	315	100%	52	100%
4	If your answer to question No.3 is "b", to what extent does the government MSEs				
	a) Highly	75	30.99	40	76.92
	b) Moderately	127	52.48	12	23.08
	c) Does not encourage sufficiently	40	16.53	-	-
	Total	242	100%	52	100%
5	In the process of establishing your business, did you face problems?				
	a) There were problems in licensing.	21	6.32	-	-
	b) There were problems in forming cooperatives.	142	42.77	12	14.82
	c) There were problems in facilitating working premises.	88	26.51	42	51.85
	d) There were problems in getting credit from micro-finance institutions.	81	24.4	27	33.33
	e) Others (specify, if any)	-	-	-	-
	Total	332	100%	81	100%
6	What was the source of your initial capital?				
	a) Personal saving	90	29.90	5	8.62
	b) Family donation	8	2.66	2	3.45
	c) Borrowing from family	-	-	4	6.90
	d) Borrowing from friends	188	62.46	-	-
	e) Borrowing from credit (micro finance) institutions	9	2.99	47	81.03
	f) Others (specify, if any)	6	1.99	-	-
	Total	301	100%	58	100%
7	How much was your initial capital?				
	a) Below 20,000 Birr	224	75.17	-	-
	b) 20,001 - 50,000 Birr	49	16.44	-	-
	c) 50,001 - 100,000 Birr	17	5.70	-	-
	d) 100,001 - 150,000 Birr	8	2.69	-	-
	e) 150,001 - 200,00 Birr	-	-	-	-
	f) Above 200,001 Birr	-	-	-	-
	Total	298	100%	-	-
8	How much is your current capital?				
	a) Below 20,000 Birr	76	26.30	-	-
	b) 20,001 - 50,000 Birr	76	26.30	-	-
	c) 50,001 - 100,000 Birr	15	5.19	-	-
	d) 100,001 - 150,000 Birr	67	23.18	-	-
	e) 150,001 - 200,00 Birr	15	5.19	-	-
	f) Above 200,001 Birr	40	13.84	-	-
	Total	289	100%	-	-

As indicated in Table 4, 164 (52.6%) operators were engaged in the construction sub sector, while the remaining 154 (47.94) of them belonged to wood and metal work sub sector.

Regarding the time of establishment, the majority, i.e. 267(84.76%) MSEs who were engaged in construction and metal and wood work sub sectors have become operational between 1997 and 1998 E.C. Whereas 37 (11.75%) MSEs were established between 1999 and 2000 E.C. The remaining 11 (3.49%) MSEs have become operational in 2001 – 2002 E.C.

Based on the study's findings, it was found that the 1997 National MSE strategy had given the rise to the formation of many MSEs established during 97 – 98 E.C. However, with a slight decline in interest among the youth in the succeeding years, the number of MSEs established in these two sub sectors had become by far less than what was expected (only 3.4% in 2001 -2002 E.C.). Due to this, newly established MSEs in this sector decreased by 81.25% as compared to the businesses established since 1997 – 98 E.C

With respect to the reasons on how the operators get motivated towards the business, the majority of operators (77.14%) reported that they were attracted towards the sector due to the promotion efforts made by the government. A further 22.86% started operation through self-initiation.

The result obtained by the study indicates that the great majority of MSEs who were engaged in construction and metal and wood work sub sectors have started operation with a loan capital gained from the government.

Pertaining the contribution made by the government towards supporting MSEs engaged in these two sub sectors, 75 (30.99%) MSEs operators rated as "highly", whereas 127 (52.48) and 40 (16.53%) explained it as

“moderately” and “does not encourage” respectively. In contrast, the majority (76.92) of MSE experts believed that the contribution made by the government was high.

The mismatch between the responses of operators and experts in the above item shows the lack of regular supervision and follow up of MSEs by development agencies. On the other hand, responses obtained from the operators reveal that the majority (69.01%) of them emphasized the contributions made by MSEs development agencies (government) towards engaging in the sector were moderate and insufficient. This indicates that the continued efforts made by the government for the sector need to be strengthened.

Regarding the problems encountered through the process of establishing MSEs who were engaged in construction and wood and metal work sub sectors, respondents were allowed to mark more than one answer with the assumption that enterprises might be confronted with many challenges at the same time. Based on this, about 21(6.32%) of the operators mentioned the procedures related to licensing to be a major problem. And, 42.77%, 26.5% and 24.4% of the operators explained the procedures related to forming cooperatives, getting working premises, and getting credit from microfinance institutions were the challenges they were confronted with to effectively run their enterprises.

Similarly, 14.82% , 51.85% and 33.33% of MSEs experts reported that problems related to forming cooperatives, obtain in working premises and delayed procedures of getting credit service were the major bottlenecks responsible for the low performance of MSEs respectively.

From the above results, it is possible to conclude that despite the degree of severity, MSE operators who were engaged in construction and metal and

wood work sub sectors are suffered from challenges related to licensing, cooperatives formation, finding working premises, and getting credit services. Specifically, the problems of forming cooperatives was found to be a key challenge for the majority of MSEs operators (42.77%). Where as 51.85% of experts noted that the unavailability of working premises for operators was found to be a serious issue of concern to be overlooked. Besides, the writer of this paper has observed through a direct observation that a sizable MSEs operators who want to engage in these two sub sectors are waiting for issuance of working premises after completing all the legal procedures, which include licensing.

As integral component of the national MSEs strategic plan, MSEs reforms are underway in response to the encountered challenges the sector has faced. Improvements made on this regard in recent times include: the length of time the operators used to spend for licensing(one month) has now reduced in to three days; amendments have been made with regard to the minimum requirements on the number of partners to form cooperatives (ten) in to one and more than one; and efforts made on quick credit provision systems. However, despite the encouraging trends made in this regard, it appears to be difficult to measure the impacts of change,nd hence, they are implemented lately.

As far as the source of initial capital of MSEs operators' who were engaged in construction and metal work sub sectors was concerned, 90 (29.50%) of the respondents reported that their source of startup initial capital was personal saving. A further 8 (2.66%) startup capital was attributed to family donation. And the great majority (62.46%) ascertained that they have borrowed a considerable sum from friends in which they are expected to refund on a long term basis. The remaining 9 (2.99%) witnessed that the government was their initial source of income.

By far contrary to this, the majority (81.03%) of MSEs development agency expert's claim that MSEs operators' source of initial capital was a credit obtained from government microfinance institutions.

However, despite the research writer's endeavor to ascertain the obtained information through reviewing recorded documents, efforts made to verify the reason for such differences was made impractical due to the fact that the institutions responsible for this were not voluntary to provide the available information.

The finding of the study indicates that the majority of the operators who were engaged in construction and metal and wood work sub sectors started their enterprises through borrowing from their friends. In contrast to this, the great majority of the experts responded that the operators' source of initial capital was credit from micro-finance institutions.

As clearly seen from the above explanation, a contradiction exists between what the majority of operators views to that of the MSE experts' responses. This was also true within the MSE experts themselves. However, the writer's endeavor of searching a more complete and reliable data from other sources had become impractical due to the unavailability of data and poor data record and documentation system.

In item 7 of table 4, MSEs operators who were engaged in construction and metal and wood work sub sectors in the sampled areas, were asked to state the amount of their initial capital. Out of the total of 298 respondents, 224 (75.17%) replied that their startup capital was below 20,000 birr. The other 49 (16.44%) reported that the amount was between 20,001 to 50,000 birr. Also 17 (7.70%) replied that their startup capital ranged between 50,001 to 100,000 birr. The remaining 8 (2.69% of the respondents replied that the amount of their initial capital was between 100,001 to 150,000 Birr. The

results of the study show that the amount of initial capital for most respondents was below 20,000 birr.

On the other hand, in item 8 of table 4, the subjects were asked to state the current capital of their enterprises. Based on the responses made, 76 (26.30%) replied that their current capital still remained below 20,000 birr. The other 76 (26.30%) responded that it is between 20,001 to 50,000 birr. The other 15 (5.19%) of the respondents replied that it is between 50,001 to 100,000 birr. A further 67 (23.18%) reported their enterprises current capital to be between 100,001 to 150,000 birr. The other 15 (5.19%) replied that it is between 150,001 to 200,000 birr. The remaining 40 (13.84%) of the respondents confirmed that it is above 200,000 birr.

The finding of the study indicates that the current capital of half of the respondents is below 50,000 birr. This shows that the financial capital of these MSEs in the two sub sectors are not growing and it is still around their initial capital. On the other hand, the number of MSEs who secured a capital of more than 101,000 birr has increased from 8 to 122.

Another controversial issue in this regard appears to be the MSEs partners' lack of interest to describe their exact capital due to the fear that disclosing their current income would give rise for the government to impose a tax. Complementing this notion, interviewees' suggested that, unless the government puts a strong action, financially strong MSEs remain at small scale level hence they can only be tax free as long as they are regarded as MSEs.

Besides, interviewed experts mutually agree that failure of these MSEs who were engaged in construction and metal and wood work sub sectors to verify their exact capital not only deprives the tax revenue of the government, but also impoverish existing economically poor MSEs and

discourage the newly emerging MSEs through creating unhealthy competition.

Table-5 Data Related to the Training and Skill upgrading

No.	Items	MSE Operators		MSE Experts	
		No	%	No	%
1	Did you get any vocational and skill upgrading trainings related to the operation before you start your enterprise?				
	a) Yes	252	80.00	57	82.61
	b) No	63	20.00	12	17.39
	Total	315	100%	69	100%
2	If your answer to question No 1 is "Yes", what kind of training/s did you get? (you can choose more than one alternative)				
	a) Formal TVET Training Programmes	92	33.46	12	20.69
	b) Non-formal TVET Training Programmes	41	14.91	9	15.52
	c) Short-term Skill upgrading Training	142	51.63	37	63.79
	d) Others (specify, if any)	-	-	-	-
	Total	275	100%	58	100%
3	Did the trainings you have acquired help you to run your business effectively?				
	a) Fully	148	58.73	19	33.33
	b) Partially	104	41.27	38	66.67
	c) Did not help me	-	-	-	-
	Total	252	100%	57	100%
4	Did you get any management and business skill training that are needed to run your business?				
	a) Yes	261	82.86	51	73.91
	b) No	54	17.14	18	26.09
	Total	315	100%	69	100%
5	If your answer to question No 4 is "Yes", what kind of training/s did you get? (you can choose more than one alternative)				
	a) Entrepreneurship	132	46.32	19	35.85
	b) Small Business management	82	28.77	27	50.94
	c) Bookkeeping	71	24.91	7	13.21
	d) Others (specify, if any)	-	-	-	-
	Total	285	100%	53	100%
6	Do you think the business skill training that you have acquired help you to run your business effectively?				
	a) Fully	134	51.34	32	62.75
	b) Partially	127	48.66	19	37.25
	c) Did not help me	-	-	-	-
	Total	261	100%	51	100%

Concerning access to capacity building trainings, 80% of the operators in these two sub sectors confirmed that they have attended short term trainings organized by MSEs development agency offices - Prior to starting the business. In contrast, a further 20% noted that they have never been offered any kind of

training at all. Besides, with a similar question presented, 82.61% of MSEs experts reaffirmed that they were given on the job trainings, while 17.39% of them reported as they had never taken job related trainings.

Based on the results obtained, a further 20% of the operators and 17.39% of the MSEs experts still lack trainings. This reveals that efforts made towards building the capacity of MSEs implementers and implementing agency staff members so as for MSE businesses to become strong competent of the changing world.

Both the findings from the MSE operators and MSE experts indicate that more than 50% of the operators who were engaged in construction and metal and wood work sub sectors in the sampled areas took short term skill upgrading trainings before they start their enterprises.

In item 3 of table 5, the MSE operators in these two sub sectors were asked if the vocational and skill upgrading trainings helped them to run their enterprises effectively. Out of the total of 252 respondents, 148 (58.73%) of the operators responded that the trainings helped them fully to run their enterprises. The remaining 104 (41.27%) of the respondents replied that the trainings partially helped them to run their enterprises effectively. Similar questions were also presented to the MSE experts. They were asked to confirm whether or not the trainings given to the operators helped them to run their enterprises effectively. Out of 57 respondents 19 (33.33%) respondents agreed that the trainings fully helped the operators to run their enterprises effectively. The remaining two-third of the respondents, i.e. 38 (66.67%) responded that the trainings partially helped the operators to run their enterprises effectively.

The findings indicate that there were differences in responses between the operators and the experts. The majority of the operators in these two sub sectors believe that the trainings were helpful to run their enterprises effectively. Whereas, two-third of the experts responded that the trainings partially helped the operators to run their enterprises effectively.

In item 4 of table 5, both the MSE operators and experts were asked if the MSE operators were given any management and business skill trainings that are directly related to their enterprises. Out of 315 MSE operators, 261 (82.86%)

responded as they have attended management and business skill trainings. The remaining 54 (17.14%) responded that they never took trainings related to this. Similar questions were presented to the experts. They were asked to confirm whether the trainings were given to the operators or not. Out of 69 respondents, 51 (73.91%) replied that they were given to the operators. But 18 (26.09%) responded that no training was given in this regard.

In item 5 of table 5, respondents who took the trainings were asked to state the kind of trainings they used to have attended. In view of this, 132 (46.32%) of the respondents stated that the topic to be on entrepreneurial skills. 82 (28.77%) replied that they took a training on small business management. The rest 71 (24.91%) answered as the training focused on bookkeeping. Similarly, experts were asked to confirm the kind of trainings that were given to the operators. Out of the total of 53 respondents, 19 (35.85%) replied that entrepreneurship trainings were given to the operators. The other 27 (50.94%) respondents replied trainings focused on small business management were given to the operators. The remaining 7 (1.21%) replied that trainings on bookkeeping were also given to the operators. The survey indicates that the major areas of trainings as a whole focused on entrepreneurship, small business management and bookkeeping were given to the operators.

In item 6 of table 5, respondents were asked to state the outcomes of the business skill trainings. Out of the total 261 respondents, 134(51.34%) responded that the business skill trainings helped them fully. The rest 27(48.66%) of the respondents replied that the business skill trainings helped them partially. On the other hand, MSE experts were asked to affirm if the training helped the operators to run their enterprises effectively. Also 19 (37.25%) of the respondents replied that the trainings on business skills partially helped the operators. According to the survey, a sizable number of operators (51.34%) and a large number of experts (62.75%) asserted that the business skill trainings fully helped the operators who were engaged in construction and metal and wood work enterprises in the sampled areas. Thus, the result indicates that business skill trainings has a significant contribution towards running their enterprises.

Table-6 Data Related to the Marketing

No.	Items	MSE Operators		MSE Experts	
		No	%	No	%
1	Do you acquire (get) raw materials in:				
	1.1 Sufficient Quantity				
	a) Yes	34	10.79	12	17.39
	b) No	281	89.21	57	82.61
	Total	315	100%	69	100%
	1.2. Sufficient Quality				
	a) Yes	39	12.38	9	13.04
	b) No	276	87.62	60	86.96
	Total	315	100%	69	100%
	1.3 Reasonable Price				
	a) Yes	253	80.32	49	71.01
	b) No	62	19.68	20	28.99
	Total	315	100%	69	100%
2	How do you measure the quality of your products?				
	a) Setting standards and measuring on that standard	63	20.00	13	21.31
	b) Selecting quality raw material for production	81	25.71	17	27.87
	c) Selecting quality raw material. follow up in the	162	51.43	27	44.26
	e) Hiring and Assigning Trained Personnel	9	2.86	4	6.56
	f) Others (specify if any)	-	-	-	-
	Total	315	100%	61	100%
3	How do you set price of your products?				
	a) Adding mark up on cost of products	15	4.98	4	7.27
	b) Set on the price of similar products on the market	31	10.30	8	14.55
	c) The government sets the price of the products	255	84.72	43	78.18
	d) Others (specify if any)	-	-	-	-
	Total	301	100%	55	100%
4	To whom do you sell your products?				
	a) To government organizations	276	87.62	54	81.82
	b) Finding market by ourselves	39	12.38	12	18.18
	c) Sell it to the distributor or wholesaler	-	-	-	-
	d) Others (specify if any)	-	-	-	-
	Total	315	-	66	100%
5	Do you think that your product/s is competitive in the local				
	5.1. Quality				
	a) Yes	51	17.06	17	25.76
	b) No	248	82.94	49	74.24
	Total	299	100%	66	100%
	5.2 Price				
	a) Yes	284	90.73	58	89.23
	b) No	29	9.27	7	10.77
	Total	313	100%	65	100%
	5.3 Productivity				
	a) Yes	43	15.99	13	21.31
	b) No	226	84.01	48	78.69
	Total	269	100%	61	100%
6	Do you get positive feedback? (appreciation) to your products?				
	a) Always	177	62.32	13	22.81
	b) Sometimes	98	34.51	44	77.19
	c) No	9	3.17	-	-
	Total	284	100%	57	100%
7	Do you get complaints regarding your products				
	a) Always	91	33.33	17	32.08
	b) Sometimes	157	57.51	31	58.49
	c) No	25	9.16	5	9.43
	Total	273	100%	53	100%

In item 1 of table 6, respondents were asked if the operators acquire raw materials in sufficient quality for production. In this regard, 34 (10.79%) operators and 12 (17.39%) experts replied that the operators got sufficient

quantity for production. Whereas 281 (89.21%) operators and 57(82.61%) experts replied that operators did not acquire sufficient quantity of raw materials for production. Similarly, both the operators and experts were asked whether the operators got the raw materials with sufficient quality. And, 39(12.38%) of the operators and 9 (13.04%) of the experts replied that the operators got raw materials with sufficient quality. Conversely, 276 (87.62%) of the operators and 60(86.96%) of the experts replied that the operators did not get sufficient quality of raw materials for production. Thirdly, they were also asked if the operators got the raw materials in reasonable price, 253 (80.32%) of the operators and 49 (71.01%) of the experts responded that the operators acquire the raw materials in reasonable price. Whereas, 62 (19.68%) of the operators and 20 (28.99%) of the operators replied that the operators did not get the raw materials in reasonable price. The survey indicates that the operators in construction and metal and wood work enterprises in the sampled sub cities acquire insufficient quantity and insufficient quality of raw materials in reasonable price.

In Item 2 of table 6, respondent were asked on how the operators did measure the quality of their products, out of 315 operators and 61 experts, 63 (20%) of the operators and 13 (21.3%) of the experts responded by setting standards and measuring on that standard, which is choice 'a'. A further 81 (25.71%) of the operators and 17(27.87%) of the experts said selecting quality raw materials for production. And, 162(51.43%) of the operators and 27(44.26%) of the experts said by selecting quality raw materials and follow up in production process. The remaining 9 (2.86%) of the operators and 4 (6.56%) of the experts responded by hiring and assigning trained personnel.

The findings indicate that a sizeable number of MSEs measure the quality of their products by selecting quality raw materials and applying follow up procedures in production.

In item 3 of table 6, respondents were asked on how MSE in these two sub sectors did set the price of their products. Amongst 301 operators and 55 experts, 15 (4.98%) of the operators and 4(7.27%) of the experts responded that the price of the product is set by adding mark up on the cost of the product. The other 31(10.30%) of the operators and 8(14.55%) of the operators replied that the price is set depending on the price of similar products on the market. The remaining 255(84.72%) of the operator and 43 (78.18%) of the experts said that the government sets the price of the products.

The survey indicates that the government set the price of products produced by MSEs in construction and metal and wood work sub sectors and participated in the survey. The above finding shows that the products of micro and small enterprises were supplied to the government organizations.

In item 5 of table 6, both the operators and experts were asked whether products of enterprises in construction and metal and wood work sub sectors in the sample sub cities were competitive in the local market in terms of three variables. Firstly, the respondents were asked if the products were complete in terms of quality. Out of 299 operators and 66 experts, 51(17.06%) of the operators and 17(25.76%) of the experts replied that the products were competitive in terms of quality. The other 248 (82.94%) of the operators and 49 (74.24%) of the experts responded that the products were not competitive in terms of quality. Similarly they were also asked if the products were competitive in terms of price. Amongst 313

operators and 58(89.23%) of the experts , 284(90.73%) of the operators and 58(89.23%) of the experts replied that the products of MSEs were competitive in terms of price. And, 29 (9.27%) of the operators and 7(10.77%) of the experts responded that the products were not competitive in terms of price. Thirdly, the respondents were asked if the MSEs were competitive in terms of productivity. Among the respondents, 43 (15.99%) of the operators and 13(21.31%) of the experts replied that the MSEs were competitive in terms of productivity; while 226 (84.01%) of the operators and 48(78.69%) of the experts replied that the MSEs are not as such competitive in terms of productivity.

The findings of the study indicate that products of MSEs in construction and metal and wood work sub sectors of the sample areas were not competitive in terms of quality and productivity; whereas the products were competitive in terms of price.

In item 6 of tale 6, respondents were asked if the operators get positive feedback (appreciation) to their products from buyers of the product. Around 177(62.32%) of the operators and 13 (22.81%) of the experts responded that they always get appreciation to their products. The other 98(34.51%) of the operators and 44 (77.19%) of the operators answered that they sometimes get appreciation for their products. The only remaining 9 (3.17%) of the operators replied that they did not get appreciation for their products.

The survey indicates that there is a disagreement on the response between the operators and the experts; a large number of the operators responded that they always get appreciation for their products; whereas the majority of the experts responded that the operators sometimes got appreciation for their products.

In the last item of table 6, the respondents were asked if the operators in these two sub sectors were encountered with complaints to their products from buyers of their products. Amongst 273 operators and 53 experts, 91 (33.33%) of the operators and 17 (32.08%) of the experts replied that the operators always get complaints from buyers. The other 157 (57.51%) of the operators and 31 (58.49%) of the operators replied that the operators sometimes met with complaints of buyers of the products. And, 25 (9.16%) of the operators and 5 (9.43%) of the experts answered that the operators did not get any complaints from buyers. The findings indicate that sometimes, the operators of enterprises in construction and metal and wood work sub sectors met with buyers complaints to their products.

Table-7: Data Related to Institutional Support to MSEs

No.	Items	MSE Operators		MSE Experts	
		No	%	No	%
1	Do the start of MSEs agency provide follow-up and support services				
	a) Always	19	6.38	36	56.25
	b) Sometimes	201	67.45	28	43.75
	c) Does not provide at all	78	26.17	-	
	Total	298	100%	64	100%
2	If your answer for question No 1 is either "a" or "b" does the follow-up & support:				
	a) Highly	37	16.82	20	31.25
	b) Moderately	162	73.64	44	68.75
	c) Does not help	21	9.54	-	-
	Total	220	100%	64	100%

With regard to the follow up and supervision trends of the responsible government agencies to MSE programs, 19 (6.38%) of the respondents affirmed that their activities were supervised by MSEs experts routinely (always). While, the majority (67.45%) rated as "sometimes". And, the remaining 26.17% reported they had never been supported and supervised.

Moreover, respondents who rated the above item as 'always' and "some times" were again asked on the significance of follow up & supervision. In view of this, the great majority (73.64%) of the respondents rated the contribution as moderate. While, the remaining 16.82% and 9.54% noticed to be high and didn't help at all.

From the above finding, it could be noted that regular follow up and support was not in place. Furthermore, the insufficient follow up undertaken even were not directed towards problem solving.

4.2. Analysis of Data with regard to the Major Problems of MSEs

Table 8 – Data Related to major problems of MSEs

No	Items	MSEs Operator (n=315)		MSEs Expert (n=69)		t- obtained
		Mean	Rank	Mean	Rank	
1	Shortage of raw material and supplies	3.543	5	5.145	4	86.225
2	Problem of markets	5.251	1	5.391	3	7.0371
3	Problem of Working Premises	3.276	7	5.536	2	79.518
4	Lack of capital	5.14	2	6.029	1	33.104
5	Problem in improved technology	3.483	6	4.42	7	34.543
6	Lack of adequate vocational skill	4.787	3	4.942	5	9.4057
7	Lack of Management and business skill	4.67	4	4.638	6	1.69599

P**005

The data tabulated in table 8 depicts respondents rating of their major problems of MSEs in construction and metal and wood work sub sectors in the sampled sub cities from the most important to the least important. As it is shown in the respondents weighted mean, the two groups did not give similar rank for a problem. According to the t-test obtained result on item1, 2, 3, 4, 5, 6 $\alpha=0.05$, $df=382$), t-critical 1.96 which is greater than table value. As it is shown on Appindex-4, there are significance differences in ranking the items between respondents.

Therefore, MSE operators rate the problem of market for their products as the most important problem. Whereas, the MSE experts rank lack of capital as the most important problem of MSEs.

The finding indicates that the three pressing problems that MSE operators encounter were problems of markets, lack of capital for running and expansion of their enterprises and lack of adequate vocational training.

4.3. Analysis of Data with regard to the Possible Solution of MSEs

Table 9 – Data related to possible solution of MSEs

No	Items	MSEs Operator (n=315)		MSEs Expert (n=69)		t- obtained
		Mean	Rank	Mean	Rank	
1	Continuous business and skill upgrading trainings	4.863	3	5.391	2	28.419
2	Facilitating credit schemes	5.114	2	5.928	1	40.916
3	Government special intervention for the provision of Working premises	3.314	7	5.087	4	62.383
4	Experience sharing of successful MSEs	4.683	4	4.464	6	8.15492
5	Facilitating transfer of technology	3.483	6	4.116	7	23.336
6	Empowerment of MSEs in procurement of raw materials	3.594	5	4.942	5	81.799
7	Empowerment of MSEs in finding their own market	5.232	1	5.203	3	1.53699

*P**005*

The data in table 9 describes the response of the two groups according to their views on how the problems facing the sector should be solved. According to the weighted mean of the respondents, there are no differences in ranking the solution for the problem. According to the t-test obtained result on item1, 2, 3, 4, 5, 6 $\alpha=0.05$, $df=382$), t-critical 1.96 which is greater than table value. As it is shown on Appindex-4, there are significance differences in ranking the items between respondents.

The finding of the survey, in order of ranking indicates that the MSE operators want the problem of market to be solved through empowering them to find their own market. Next, lack of capital that tied their enterprise to expand or grow is solved through facilitating credit schemes. Then, the lack of adequate vocational skill is solved through continuous business and skill upgrading trainings.

On the other hand, the ranking of the MSE experts did not match with that of the operators. In order of their ranking, the operators suggested facilitating credit schemes, continuous business and skill upgrading trainings and empowerment of MSEs in finding their own market. Though the two groups did not similarly rank a solution, the first three highly ranked suggested solutions of them are similar.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

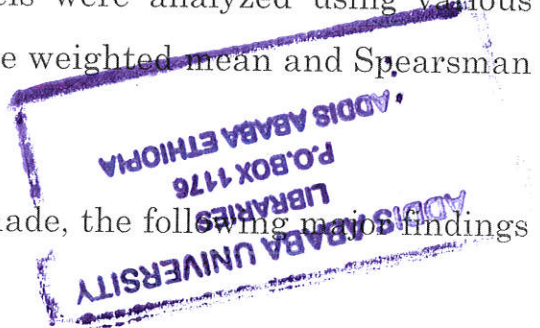
5.1. Summary of Major Findings

This study was conducted with the intention of identifying the practices and problems of Micro and small enterprises in sample MSEs engaged in construction and metal and wood work sub sectors in Addis Ababa. The purpose of the study was to identify the existing bottlenecks that hinder the proper functioning of micro and small enterprise schemes. It also attempted to investigate the role of MSEs in construction and metal and wood work sub sectors towards economic growth. Finally, the study paper attempts to propose programmatic remedies that should further be implemented in order to alleviate the likely constraints.

The study was carried out in three sub cities (Arada, Yeka and Kirkos) of Addis Ababa. The subjects of the study were 315 MSEs operators and 74 MSEs staff which include experts at Kebele and sub city levels and officials at regional and sub city level.

Data were obtained through questionnaire from MSEs operators who were engaged in these two sub sectors, experts, and process owners at sub city and regional levels. Moreover, relevant documents were also gathered from governmental MSEs development agency offices at Kebele, sub city and regional level. Data obtained at all levels were analyzed using various statistical tools such as percentage and the weighted mean and Spearmen Rank order analysis.

Depending on the result of the analysis made, the following major findings were obtained:



- 1) Regarding the practices of MSEs in construction and metal and wood work sub sectors related to marketing, the study revealed that the majority (87.62%) of MSEs sell their products to the government organizations. The study has also shown that price fixing of products is set by the government. The finding in this regard revealed. MSEs products fail to become competitive in the world of market in terms of quality and productivity.
- 2) The majority of MSEs engaged in these two sub sectors were established by the full support of the government, whereas, only a small proportion (22%) are engaged in the business by their own initiation. Besides, the problems all MSEs faced in order of severity were problems related to the legal procedure through forming cooperatives, problems in facilitating working premises, problems in securing credit from micro-finance institutions and problems related to financing.
- 3) With respect to training and skill upgrading, although the majority of operators (80%) in these two sub sectors got trainings related to their occupational area, the great majority of experts representing the government were found to believe that trainings didn't contribute a significant role towards strengthening MSE Schemes, whereas MSEs operators were acknowledged the importance of training in running their businesses effectively.
- 4) It was found that MSEs engaged in construction and metal and wood work sub sectors in the sampled sub cities are not mandated to over control their finance, find markets for their product by themselves. Instead, it is the sole responsibility of the government in creating linkage with governmental institutions. The study also indicated that most MSEs products is absorbed by the government itself.

- 5) Supportive follow up and monitoring of MSEs engaged in these two sub sectors by government is not made at the desired level.

5.2. Conclusions

Depending on the above major findings, the following conclusions are drawn. The study has disclosed that the majority of MSEs in construction and metal and wood work sub sectors failed to be competitive to the world of market in terms of quality and productivity. Though a web of factors are mentioned for this, the existing depressed market, in fact has exasperated the problem.

In general some of the major findings obtained from the conducted study are:

- The enterprises in construction and metal and wood work sub sectors are not accorded with the necessary technical support in different aspects of operation. And, once formed, the enterprises were left alone to function by default. It was also found that the majority operators involving in MSEs engaged in construction and metal and wood work sub sectors have little (traditional) or not technical and business related skills and were not provided with the guidance necessary for running such enterprises by the concerned government offices to the desired level. Trainings and skill upgrading were not only adequate, but also had a little effect towards enhancing the quality of MSEs.
- Moreover, inconsistency in the quality of products or services, and inability of the operators to improve the quality of products through time so as to foster their competitiveness.
- Absence of shared vision among the members on their future of their enterprises taking the issue of sustainability as a major issue of concern into account. This, perhaps seek the need to revise procedures starting from the inception (establishment) of MSEs in these two sub sectors.
- Shortage of raw materials and supplies exasperated by lack of access to market.

- Inability of the members to inject additional capital which is assumed to be an important step towards the expansion of MSEs. So as to meet the additional working capital required.
- The study has identified that MSEs operators engaged in construction and metal and wood work sub sectors understudy are survivalists. The majority of the operators were found to have monthly income of less than 500 Eth. birr /month. Due to this, they do not think of vertical and horizontal expansion at all. These enterprises are struggling to remain in the business track through tolerating the institutional, financial and a web of factors related to this.

5.3. Recommendations

Based on the findings of the study and the literature reviewed, the writer recommends the following:

- All the stakeholders.... the government, NGOs working in this area, suppliers, etc. should assure the availability of raw materials and supplies. The future strategy for development of MSEs need to be with emphasis on "promotion" rather than "Protection" the MSE operators should be provided the opportunity to run their enterprises through creating linkage to market, giving to have the mandate to control over their finance, and above all run their businesses by themselves.
- Among the obstacles for the development of MSEs is limited availability of finance for initial investment and expansion. Also the possibility of getting the required working capital for the flexibility and work of the enterprise after startup should be earmarked and maintained by the government for the success of MSEs.
- Major obstacles for the expansion of MSES, i.e. lack of market access and update information, lack of affordable technology, lack of training and skill upgrading, lack of raw materials and supplies, problem of working premises, lack of management and business skill should be mitigated through coordinated and organized efforts of the government, NGOs working with MSEs, and MSEs themselves.

- The Federal and Regional MSEs Development Agencies should ensure regular monitoring and follow up system to notice progresses and take timely counter measures for existing problems.
- The government should establish a mechanism that enforces MSEs to disclose their capital. In doing so, they can grow to the next stage (small to medium and then to large scale), and may leave a working premise (shade) for the newly established enterprises. As for understating their capital, the practice:
 - a) Discourages those interested to join the sector in a sense that the sector does not have a growth potential.
 - b) A distorted image which implies that these MSEs does not show any change at all may be created on the side of the community
 - c) The government may lose the taxes that it can levy from this MSEs when they grow to the level of medium and large scale enterprises.

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APPENDICE

APPINDIX-1

አዲስ አበባ የኒሽርስቲ የድህረ ምረቃ ትምህርት ቤት የንግድ ሥራ ትምህርት ክፍል

በጥቃ/አነ አንተርፕራይዝ አንቀሳቃሾች የሚሞላ መጠይቅ

የመጠይቁ ዓላማ

የዚህ መጠይቅ ዓላማ በአዲስ አበባ ከተማ የሚገኙ የአነስተኛና ጥቃቅን ድርጅቶች አሠራር እና በሥራ ሂደቱ የሚከሰቱ ችግሮች መመርመር ነው፡፡ መጠይቁን የሚሞሉ ሰዎች መልስ ለዚህ የምርመራ ሥራ ብቻ የሚውል ሲሆን ምስጢርነቱ በከፍተኛ ደረጃ የተጠበቀ ይሆናል፡፡ የሚሰጡት መልስ ግን በእንቅስቃሴው ዙሪያ የሚታዩ ችግሮችን ለማስወገድ ስለሚያገለግል ከፍተኛ ጠቀሜታ አለው፡፡ ስለዚህ ለእያንዳንዱ መልስ በመስጠት እንዲተገበሩ በትህትና እንጠይቃለን፡፡

መመሪያ

- ስም መጻፍ አያሥራልግም
- አማራጭ መልስ መስጠት በማያስፈልግበት ቦታ (✓) የህን ምልክት በመጠቀም ያመልክቱ፡፡
- በጽሁፍ የሚመለሱ ጥያቄዎችን አባከዎት በተቻለ መጠን በግልጽ እና አጠር ባለ ሁኔታ መልስ ይስጡ፡፡

ስለትብብረዎት በጣም አመሰግናለሁ

ክፍል አንድ - ግላዊ መረጃ

1. ጾታ [] ወንድ [] ሴት
2. ዕድሜ [] 15-20 [] 21-25 [] 26-30 [] 31-35 [] 36-40 [] 41 እና በላይ
3. የትምህርት ደረጃ
 - ሀ. [] ማንበብ እና መጻፍ ለ. የመጀመሪያ ደረጃ ትምህርት
 - ሐ. [] የ2ኛ ደረጃ ትምህርት
 - መ. የቴክኒክ እና ሙያ ትምህርት ስልጠና
 1. [] እስከ 6 ወር የሚደርስ የአጭር ጊዜ ስልጠና
 2. [] እስከ 6 ወር የሚደርስ ስልጠና
 3. [] 10+1 ሰርትፍኬት
 4. [] 10+3 ዲፕሎማ
 - ሠ. ከፍተኛ ትምህርት [] ዲፕሎማ [] ዲግሪ
 - ረ. ከዚህ ሌላ ካለ የግለጽ _____
4. በድርጅቱ ውስጥ ያለዎት የስራ ድርሻ?
 - ሀ. [] አባል ለ. [] አባል እና ስራ አስኪያጅ ሐ. [] አባል እና የሂሳብ ሰራተኛ
 - መ. [] አባል እና ፀሃፊ ሠ. ሌላ ካለ (ይግለጹ) _____
5. በድርጅቱ የሚያገኙት የወር ገቢ?
 - ሀ. [] ከ500 ብር በታች መ. [] ከ1501-2000 ብር
 - ለ. [] ከ500- 1000 ብር ሠ. [] ከ2501 ብር እና በላይ
 - ሐ. [] 1001 1500 ብር
6. ለኑሮዎ ከድረጅቱ የሚያገኙት ገቢ?
 - ሀ. [] ከበቂ በላይ ነው ለ. [] በቂ ነው ሐ. [] በቂ አይደለም

ከፍል ሁለት፡- አጠቃላይ ጥያቄዎች

1. ድርጅቱ የተሰማራበት የስራ መስክ ንዑስ ዘርፍ?
ሀ. [] የኮንስትራክሽን ዘርፍ
ለ. [] የብረት እና የእንጨት ስራ ዘርፍ
ሐ. [] የምግብ ዝግጅት
መ. [] ጨርቃ ጨርቅ እና አልባሳት
ሠ. [] ሌላ ካለ ይግለጹ _____
2. ድረጅቱ የተመሰረተበት ጊዜ?
ሀ. [] ከ1995-1996 ዓ.ም
ለ. [] ከ1997-1998 ዓ.ም
ሐ. [] ከ1999-2000 ዓ.ም
መ. [] ከ2001-2002 ዓ.ም
ሠ. [] ሌላ ካለ ይግለጹ _____
3. ድርጅቱን እንዴት ሊጀምሩ ቻሉ?
ሀ. [] በራስ ተነሳሽነት
ለ. [] በአነስተኛ እና ጥቃቅን ልማት ኤጀንሲ
ሐ. [] በሌላ መንገድ ከሆነ ይግለጹ _____
4. በ3ኛ ተራ ቁጥር ለቀረበው ጥያቄ የሰጡት መልስ “ለ” ከሆነ ድጋፉ በምን ያህል ደረጃ ተደርጓል ይላሉ?
ሀ. [] ከፍተኛ ለ. [] መካከለኛ ሐ. [] ድጋፉ በበቂ ሁኔታ አልተደረገም
5. ድርጅቱን በሚያቋቁሙበት ሂደት ያጋጠመዎት ችግር አለ? (ከአንድ በላይ መልስ መስጠት የችላሉ)
ሀ. [] በንግድ ፈቃድ አወጣት ላይ ችግር ነበር
ለ. [] የህብረት ስራ ማህበሩን በመመስረት ላይ ችግሮች ነበሩ
ሐ. [] የስራ ቦታ አለመመቻቸት ችግሮች ነበሩ
መ. [] ከብድር እና ቁጠባ ማህበር በድር ለማግኘት ችግሮች ነበሩ
ሠ. [] ሌላ ካለ ይግለጹ _____
6. የመነሻ ካፒታል ምንጩ ምንድን ነው?
ሀ. [] የግል ቁጠባ
ለ. [] የቤተሰብ እርዳታ
ሐ. [] ከጓደኛ የተገኘ ብድር
መ. [] ከብድር ተቋማት የተገኘ ብድር
ሠ. [] ሌላ ካለ ይግለጹ _____
7. የመነሻ ካፒታል ምንጩ ምን ያህል ነበር? (የስራ እና ቋሚ ካፒታል)
ሀ. [] ከ20,000 ብር በታች
ለ. [] ከ20,001-50,000 ብር
ሐ. [] ከ50,001-100,000 ብር
መ. [] ከ100,001-150,000 ብር
ሠ. [] ከ150,001-200,000 ብር
ረ. [] ከ200,001 ብር በላይ
8. አሁን የድርጅቱ የካፒታል መጠን ምን ያህል ነው? (የስራ እና ቋሚ ካፒታል በድምሩ)
ሀ. [] ከ20,000 ብር በላይ
ለ. [] ከ20,001-50,000 ብር
ሐ. [] ከ50,000- 100,000 ብር
መ. [] ከ100,001-150,000 ብር
ሠ. [] ከ150,001-250,000 ብር
ረ. [] ከ250,001 ብር በላይ _____
9. ምርቱን የሚሸጡት ለማን ነው?
ሀ. [] ለመንግስት ድርጅቶች
ለ. [] በራሳችን ገበያ በማፈላለግ
ሐ. [] ለአከፋፋይ እና ጅምላ ነጋዴዎች
መ. [] ሌላ ካለ ይግለጹ _____
10. የምርቱን የመሸጫ ዋጋ የሚያዎጡት እንዴት ነው?
ሀ. [] በማምረቻ ወጪ ላይ የተወሰነ ትርፍ በመጨመር
ለ. [] ገበያ ላይ ሌሎች ተመሳሳይ ምርቶች በሚሸጥበት ዋጋ
ሐ. [] መንግስት ባወጣው የመሸጫ ተመን
መ. ሌላ ካለ በአጭሩ ይግለጹ

11. ቀጥለው ከቀረቡት ነጥቦች አንጻር በአገር ውስጥ ገበያ ምርተዎ ተወዳዳሪ ነው ብለው ያምናሉ?
 ሀ. ከጥራት አንፃር ሀ. ☐ ተወዳዳሪ ነው ለ. ☐ አይደለም
 ለ. ከዋጋ አንፃር ሀ. ☐ ተወዳዳሪ ነው ለ. ☐ አይደለም
 ሐ. ከምርታማነት አንፃር ሀ. ☐ ተወዳዳሪ ነው ለ. ☐ አይደለም
12. የምርትዎን ጥራት የሚለኩት እንዴት ነው?
 ሀ. ☐ የጥራት ደረጃ በማውጣትና በዚያ የጥራት ደረጃ በመመዘን
 ለ. ☐ ለማምረቻ ጥራት ያለው ጥሬ ዕቃ በመጠቀም
 ሐ. ☐ የጥራት ደረጃ አውጥቶ በመመዘንና ጥራት ያለው ጥሬ ዕቃ በመጠቀም
 መ. ☐ የሰለጠነ ሠራተኛ ቀጥሮ በማሰራት
 ሠ. ☐ ሌላ ካለ ይግለፁ
13. ምርተዎንና አገልግሎተዎን ከሚቀርቡላቸው ደንበኞች ምርተዎን (አገልግሎተዎን) በተመለከተ በጎ ምላሽ አግኝተው ያውቃሉ?
 ሀ. ☐ ሁልጊዜ ለ. ☐ አንዳንድ ጊዜ ሐ. ☐ አግኝቼ አላውቅም
14. ምርተዎንና አገልግሎተዎን ከሚቀርቡላቸው ደንበኞች ምርተዎን (አገልግሎተዎን) በተመለከተ ወቀሳ (ነቀፌታ) አግኝተው ያውቃሉ?
 ሀ. ☐ ሁልጊዜ ለ. ☐ አንዳንድ ጊዜ ሐ. ☐ አግኝቼ አላውቅም
15. ለምርተዎ የሚሆን ጥሬ እቃ?
 ሀ. በበቂ መጠን ያገኛሉ ሀ. ☐ አገኛለሁ ለ. ☐ አላገኘሁም
 ለ. በበቂ ጥራት ያገኛሉ ሀ. ☐ አገኛለሁ ለ. ☐ አላገኘሁም
 ሐ. በተመጣጣኝ ዋጋ ሀ. ☐ አገኛለሁ ለ. ☐ አላገኘሁም
16. ድርጅትዎን ከማቋቋመዎ በፊት የሙያ እና ክህሎት ማበልጸጊያ ስልጠና አግኝተዋል?
 ሀ. ☐ አዎ አግኝቻለሁ ለ. ☐ አላገኘሁም
17. በተራ ቁጥር 16 ለቀረበው ጥያቄ የሰጡት መልስ “ሀ” ከሆነ የወሰዱት ስልጠና ምን ዓይነት ነው?
 (ከአንድ በላይ መልስ መስጠት የችላሉ)
 ሀ. ☐ መደበኛ የሆነ የቴክኒክና ሙያ ትምህርት ስልጠና
 ለ. ☐ መደበኛ ያልሆነ ትምህርትና ስልጠና
 ሐ. ☐ የአጭር ጊዜ የሙያ ማበልጸጊያና ስልጠና
 መ. ☐ ሌላ ካለ ይግለጹ
18. የወሰዱት የሙያ ስልጠና የድርጅትዎን ስራ በትክክል ለማካሄድ ረድቶዎታል?
 ሀ. ☐ ሙሉ በሙሉ ረድቶኛል ለ. ☐ በከፊል ረድቶኛል መ. ☐ አልረዳኝም
19. የድርጅትዎን ስራ ለማካሄድ የሚያስችል በቂ የስራ አመራርና የንግድ ክህሎት ስልጠና በአነስተኛ እና ጥቃቅን ድርጅቶች ልማት ሌጅንሲ አዘጋጅነት ወስደው ያውቃሉ?
 ሀ. ☐ አዎ ለ. ☐ አልወሰድኩም
20. በተራ ቁጥር 19 ለቀረበው ጥያቄ የሰጡት መልስ “አዎ” ከሆነ የወሰዱት ስልጠና ምን ዓይነት ነው?
 (ከአንድ በላይ መልስ መስጠት የችላሉ)
 ሀ. ☐ የስራ ፈታሪነት ስልጠና
 ለ. ☐ የአነስተኛ ድርጅቶች ስራ አመራር ስልጠና
 ሐ. ☐ የሂሳብ መዝገብ አያያዝ ስልጠና
 መ. ☐ ሌላ ካለ ይግለጹ
21. የወሰዱት የሙያ ስልጠና የድርጅትዎን ስራ በትክክል ለማካሄድ ረድቶዎታል?
 ሀ. ☐ ሙሉ በሙሉ ረድቶኛል ለ. ☐ በከፊል ረድቶኛል መ. ☐ አልረዳኝም

22. ከሚከተሉት ውስጥ የአነስተኛ እና ጥቃቅን ድርጅቶችን እድገት በተፈለገው ፍጥነት እንዳይሄድ የሚያጓጉት ምክንያት ምንድን ነው ብለው ያስባሉ? (ምክንያታትን አንደችግሩ ክብደት 1ኛ፣ 2ኛ፣ 3ኛ ... እያሉ እንደቅደም ተከተላቸው ያስቀምጡ)፡

- ሀ. ☐ የጥሬ እቃ አቅርቦት ችግር
- ለ. ☐ የገበያ ችግር
- ሐ. ☐ የስራ ቦታ ማመቻቸት ችግር
- መ. ☐ የካፒታል ችግር
- ሠ. ☐ የተሻሻሉ የቴክኖሎጂ መሳሪያዎች ችግር
- ረ. ☐ በቂ የሆነ የሙያ ክህሎት ችግር
- ሰ. ☐ የአመራር እና የንግድ ክህሎት ችግር

ሌላ ችግር ካለ ይግለጹ

23. ከላይ የጠቀሷቸውን ችግሮች ለመቀነስ የተሻለ የመፍትሄ ሀሳብ ብለው የሚያቀርቡት አስተያየት የትኛው ነው? (ምክንያታትን አንደመፍትሄው ጠቀሜታ 1ኛ፣ 2ኛ፣ 3ኛ ... እያሉ እንደቅደም ተከተላቸው ያስቀምጡ)፡

- ሀ. ☐ ቀጣይ የንግድና ክህሎት ማበልጸጊያ ስልጠና
- ለ. ☐ የብድር አገልግሎት መመቻቸት
- ሐ. ☐ የማምረቻ ቦታ በመስጠት ዙሪያ የተለየ መንግስት እገዛ
- መ. ☐ ከሰኬታማ መሰል ድርጅቶች ጋር የልምድ ልውውጥ ማድረግ
- ሠ. ☐ የቴክኖሎጂ ሽግግር ማመቻቸት
- ረ. ☐ የጥሬ እቃ ግዥን በራሳችን እንደናከናውን ስልጣን (ሃላፊነት) መስጠት
- ሰ. ☐ ድርጅቶች በራሳቸው ገበያ አፈላልገው ምርቱን እንዲሸጡ ስልጣን (ሃላፊነት) መስጠት

ሌላ ካለ ይግለጹ

1. _____
2. _____

24. በአቅራቢያችሁ ያለው (ቀበሌ፣የክፍለ ከተማ) አነስተኛ እና ጥቃቅን ድርጅቶች ልማት ኤጀንሲ በየጊዜው ክትትል እና ድጋፍ (ለምሳሌ ገበያ በማፈላለግ፣ ስልጠና በመስጠት፣ የስራ ቦታ በመስጠት...) ያደርግላችኋል?

- ሀ. ☐ በየጊዜው ያደርግልናል
- ለ. ☐ አልፎ አልፎ ያደርግልናል
- ሐ. ☐ ድጋፍ አያደርግልንም

25. በተራ ቁጥር 24 ለቀረበው ጥያቄ የሰጡት መልስ ድጋፍ ያደርግልናል (ሀ እና ለ) ከሆነ የሚደረገው ድጋፍ የድርጅታችን ችግር ለመፍታት ምን ያህል ረድቶታል?

- ሀ. ☐ በጣም ረድቶኛል
- ለ. ☐ በመጠኑም ቢሆን እረድቶናል
- ሐ. ☐ ምንም አልረዳኝም

ከፍል ሶስት

1. በእርሶዎ አመለካከት የአነስተኛ እና ጥቃቅን ኢንተርፕራይዝ አበይት ችግሮች ምን ምን ናቸው?

2. ከላይ ለተገለጹት ችግሮች የተሻሉ መፍትሄዎች ናቸው የሚሉትን አስተያየት ምንድን ነው?

APPENDIX-2

ADDIS ABABA UNIVERSITY SCHOOL OF GRADUATE STUDIES Department of Business Education

Questionnaire to be filled by MSEs' Operators

Objective of the Study

The purpose of this questionnaire is to assess the practices and problems of micro and small enterprises in Addis Ababa. Your response is highly confidential and used only for the research purpose. Your response will be of great value to the success of this study. Thus, you are kindly requested to give your genuine answer to each question.

Instructions:

- No need of writing your name
- Where alternative answers are given, please mark your answer using a [✓] in your answer.
- Please be as brief as possible in answering the open-ended questions.

THANK YOU FOR YOUR COOPERATION

Part One: Personal Data

1. Gender [] Male [] Female
2. Age [] 15-20 [] 21-25 [] 26-30
[] 31-35 [] 36-40 [] 41 and above
3. Educational Qualification
 - a) Read and Write []
 - b) Primary education []
 - c) Secondary education []
 - d) TVET Training Programmes
 1. Short-term training up to 6 months []
 2. Training Up to 10 months []
 3. 10+1 (Certificate) [] 10+2 (Certificate) [] 10+3 (Diploma) []
 - e) Higher education diploma [] degree []
 - f) Other, specify _____
4. What is your role in your Enterprise
 - a) Member []
 - b) Member and manager []
 - c) Member and Secretary []
 - d) Member and accountant []
 - e) Any other, specify _____
5. Your Monthly Income from enterprise
 - a) Less than 500 Birr []
 - b) 501- 1,000 Birr []
 - c) 1,001-1,500 Birr []
 - d) 1,501-2,000 Birr []
 - e) 2,001- 2,500 Birr []
 - f) 2,501 Birr and above []
6. The sufficiency of your monthly income from your enterprise for your household:
 - a) More than Sufficient []
 - b) Sufficient []
 - c) less than Sufficient []

Part Two: General Questions

1. In what type of MSE's sub-sector does your enterprise engage?

a) Construction Sector []	d) Municipality Services []
b) Metal and Wood work []	e) Textile and Garment []
c) Food Preparation []	f) Any other, Specify _____
2. When did the enterprise establish?

a) 1995-1996 E.C []	d) 2001-2002 E.C []
b) 1997-1998 E.C []	e) Any other, specify _____
c) 1999-2000 E.C []	
3. How did you start your MSE

a) [] By my/our initiation
b) [] By the support of MSEs Development Agency
c) [] Others (specify, if any) _____
4. If your answer to question No.3 is "b", to what extent does the government MSEs Development Agency encourage for the establishment of micro and small enterprise?

a) [] Highly	c) [] Does not encourage sufficiently
b) [] Moderately	
5. In the process of establishing your business, did you face problems? (you can select more than one alternative)

a) [] There were problems in licensing.
b) [] There were problems in forming cooperatives.
c) [] There were problems in facilitating working premises.
d) [] There were problems in getting credit from micro-finance institutions.
e) [] Lack of market (demand) for the product/service
f) [] Others (specify, if any) _____
6. What was the source of your initial capital?

a) [] Personal saving
b) [] Family donation
c) [] Borrowing from family
d) [] Borrowing from friends
e) [] Borrowing from credit (micro finance) institutions
f) [] Others (specify, if any) _____
7. How much was your initial capital? (Working Capital and Permanent Capital)

a. [] Below 20,000 Birr	e) [] 150,001 - 200,000 Birr
b. [] 20,001 - 50,000 Birr	f) [] Above 200,001 Birr
c. [] 50,001 - 100,000 Birr	
d. [] 100,001 - 150,000 Birr	
8. How much is your current capital? (Working Capital and Permanent Capital)

a) [] Up to - 20,000 Birr	d) [] 100,001 - 150,000 Birr
b) [] 20,001 - 50,000 Birr	e) [] 150,001 - 250,000 Birr
c) [] 50,001 - 100,000 Birr	f) [] Above 250,001 Birr
9. To whom do you sell your products?

a) [] To government organizations
b) [] Finding market by ourselves (Directly - to the consumers)
c) [] Sell it to the distributor or wholesaler
d) [] Others (specify, if any) _____

10. How do you set price of your products?
- ☐ Adding mark up on cost of product
 - ☐ Set on the price of similar products on the market
 - ☐ The government sets the price of the product
 - ☐ Others (specify, if any) _____
11. Do you think that your product/s is competitive in the local market place in terms of:
- 11.1 Quality
 - ☐ Yes
 - ☐ No
 - 11.2 Price
 - ☐ Yes
 - ☐ No
 - 11.3 Productivity
 - ☐ Yes
 - ☐ No
12. How do you measure the quality of your products?
- ☐ Setting standards and measuring on that standard
 - ☐ Selecting quality raw material for production
 - ☐ Selecting quality raw material, follow up in the production process
 - ☐ By giving competency training
 - ☐ Others (specify, if any) _____
13. Did you get positive feedback (appreciation) to your products/ services from buyers of your product?
- ☐ Always
 - ☐ Sometimes
 - ☐ No
14. Did you get complaints from buyers regarding your products/services?
- ☐ Always
 - ☐ Sometimes
 - ☐ No
15. Do you acquire (get) raw materials in:
- 15.1 Sufficient quantity for production?
 - ☐ Yes
 - ☐ No
 - 15.2 Sufficient quality for production?
 - ☐ Yes
 - ☐ No
 - 15.3 Reasonable Price
 - ☐ Yes
 - ☐ No
16. Did you get any vocational and skill upgrading trainings related to the operation before you start your enterprise?
- ☐ Yes
 - ☐ No
17. If your answer to question No 16 is "Yes", what kind of training/s did you get? (you can choose more than one alternative)
- ☐ Formal TVET Training Programmes
 - ☐ Non-formal TVET Training Programmes
 - ☐ Short-term Skill upgrading Training
 - ☐ Others (specify, if any) _____
18. Did the trainings you have acquired help you to run your business effectively?
- ☐ Fully
 - ☐ Partially
 - ☐ Did not help me
19. Did you get any management and business skill training that are needed to run your business?
- ☐ Yes
 - ☐ No
20. If your answer to question No 19 is "Yes", what kind of training/s did you get? (you can choose more than one alternative)
- ☐ Entrepreneurship
 - ☐ Small Business management
 - ☐ Bookkeeping
 - ☐ Others (specify, if any) _____
21. Do you think the business skill training that you have acquired help you to run your business effectively?
- ☐ Fully
 - ☐ Partially
 - ☐ Did not help me

22 Which of the following factors do you think are the major problems that hinder the progress of MSEs? (Indicate your reason by ranking each statement 1st, 2nd, 3rd, ..., 7th; 1st being the most relevant and 7th being the least relevant)

- a) [] Shortage of raw material and supplies
- b) [] Problem of markets
- c) [] Problem of Working Premises
- d) [] Lack of capital
- e) [] Problem in improved technology
- f) [] Lack of adequate vocational skill
- g) [] Lack of Management and business skill

If any other, specify in order

- 1. _____
- 2. _____

23 Which of the following possible solution do you suggest to alleviate major problems that hinder the progress of MSEs? (Indicate your reason by ranking each statement 1st, 2nd, 3rd, ..., 7th; 1st being the most important and 7th being the least important)

- a) [] Continuous business and skill upgrading trainings
- b) [] Facilitating credit schemes
- c) [] Government special intervention for the provision of Working premises
- d) [] Experience sharing of successful MSEs
- e) [] Facilitating transfer of technology
- f) [] Empowerment of MSEs in procurement of raw materials
- g) [] Empowerment of MSEs in finding their own market

If any other, specify in order

- 1. _____
- 2. _____

Part Three:

1. In your opinion, what are the major problems that hinder the progress of MSEs in Addis Ababa?

2. What possible solutions do you suggest for the above constraints you stated?

Thank you

ADDIS ABABA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Department of Business Education

Questionnaire to be filled by MSEs Development Agency Experts

Objective of the Study

The purpose of this questionnaire is to assess the practices and problems of micro and small enterprises in Addis Ababa. Your response is highly confidential and used only for the research purpose. Your response will be of great value to the success of this study. Thus, you are kindly requested to give your genuine answer to each question.

Instructions:

- No need of writing your name
- Where alternative answers are given, please mark your answer using a [✓] in your answer.
- Please be as brief as possible in answering the open-ended questions.

THANK YOU FOR YOUR COOPERATION

Part One: Personal Data

1. Gender ☐ Male ☐ Female
2. Age ☐ 15-20 ☐ 21-25 ☐ 26-30
 ☐ 31-35 ☐ 36-40 ☐ 41 and above
3. What is your qualification and respective year of service?

Qualification (Education)	Years of Service				
	1-5	6-10	11-15	16-20	Above 20
a) Diploma	☐	☐	☐	☐	☐
b) B.A/B.Sc	☐	☐	☐	☐	☐
c) M.A/M/Sc.	☐	☐	☐	☐	☐
d) Ph.D	☐	☐	☐	☐	☐
e) Other, Specify_____	☐	☐	☐	☐	☐

4. What is your current job position? _____

Part Two: General Questions

1. How do most MSEs start their own business?
 - a) ☐ By their own initiation
 - b) ☐ By the support of MSEs Development Agency
 - c) ☐ Others (specify, if any) _____
2. If your answer to question No.1 is "b", to what extent does the government MSEs Development Agency encourage for the establishment of micro and small enterprise?
 - a) ☐ Highly
 - b) ☐ Moderately
 - c) ☐ Does not encourage sufficiently
3. What problems did the enterprise owner face during the establishment? (you can select more than one alternative)
 - a) ☐ There were problems in licensing.
 - b) ☐ There were problems in forming cooperatives.
 - c) ☐ There were problems in facilitating working premises.
 - d) ☐ There were problems in getting credit from micro-finance institutions.
 - e) ☐ Lack of market (demand) for the product/service
 - f) ☐ Others (specify, if any) _____
4. In your opinion, what was the source of initial capital for most MSEs during establishment?
 - a) ☐ Personal saving
 - b) ☐ Family donation
 - c) ☐ Borrowing from family
 - d) ☐ Borrowing from friends
 - e) ☐ Borrowing from credit (micro finance) institutions
 - f) ☐ Others (specify, if any) _____
5. In your opinion, to whom do MSEs sell their products?
 - a) ☐ To government organizations
 - b) ☐ Finding market by themselves (Directly - to the consumers)
 - c) ☐ Sell it to the distributor or wholesaler
 - d) ☐ Others (specify, if any) _____
6. How do MSEs set price of their products?
 - a) ☐ Adding mark up on cost of product
 - b) ☐ Set on the price of similar products on the market
 - c) ☐ The government sets the price of the product
 - d) ☐ Others (specify, if any) _____
7. Do you think that MSEs product/s is competitive in the local market place in terms of:
 - 11.1 Quality a) ☐ Yes b) ☐ No
 - 11.2 Price a) ☐ Yes b) ☐ No
 - 11.3 Productivity a) ☐ Yes b) ☐ No
8. How do MSEs measure the quality of their products?
 - a) ☐ Setting standards and measuring on that standard
 - b) ☐ Selecting quality raw material for production
 - c) ☐ Selecting quality raw material, follow up in the production process
 - d) ☐ By giving competency training
 - e) ☐ Others (specify, if any) _____
9. In your opinion, do MSEs get positive feedback (appreciation) to their products/ services from the customers?
 - a) ☐ Always
 - b) ☐ Sometimes
 - c) ☐ No
10. In your opinion, do MSEs get complaints from buyers regarding their products/services?
 - a) ☐ Always
 - b) ☐ Sometimes
 - c) ☐ No

11. Do MSEs acquire (get) raw materials in:
- 11.1 Sufficient quantity for production? a) ☐ Yes b) ☐ No
- 11.2 Sufficient quality for production? a) ☐ Yes b) ☐ No
- 11.3 Reasonable Price a) ☐ Yes b) ☐ No
12. Did MSEs get any vocational and skill upgrading trainings related to the operation before starting their own enterprise?
- a) ☐ Yes b) ☐ No
13. If your answer to question No 12 is "Yes", what kind of training/s did they get? (you can choose more than one alternative)
- a) ☐ Formal TVET Training Programmes
- b) ☐ Non-formal TVET Training Programmes
- c) ☐ Short-term Skill upgrading Training
- d) ☐ Others (specify, if any) _____
14. Did the trainings that MSEs acquire help them to run their business effectively?
- a) ☐ Fully b) ☐ Partially c) ☐ Did not help me
15. Did MSEs get any management and business skill training that are needed to run their own business?
- a) ☐ Yes b) ☐ No
16. If your answer to question No 15 is "Yes", what kind of training/s did they get? (you can choose more than one alternative)
- a) ☐ Entrepreneurship
- b) ☐ Small Business management
- c) ☐ Bookkeeping
- d) ☐ Others (specify, if any) _____
17. Do you think the business skill training that MSEs acquire help them to run their own business effectively?
- a) ☐ Fully b) ☐ Partially c) ☐ Did not help me
18. Which of the following factors do you think are the major problems that hinder the progress of MSEs? (Indicate your reason by ranking each statement 1st, 2nd, 3rd, ... 7th; 1st being the most relevant and 7th being the least relevant)
- a) ☐ Shortage of raw material and supplies
- b) ☐ Problem of markets
- c) ☐ Problem of Working Premises
- d) ☐ Lack of capital
- e) ☐ Problem in improved technology
- f) ☐ Lack of adequate vocational skill
- g) ☐ Lack of Management and business skill
- If any other, specify in order 1. _____
2. _____
19. Which of the following possible solution do you suggest to alleviate major problems that hinder the progress of MSEs? (Indicate your reason by ranking each statement 1st, 2nd, 3rd, ... 7th; 1st being the most important and 7th being the least important)
- a) ☐ Continuous business and skill upgrading trainings
- b) ☐ Facilitating credit schemes
- c) ☐ Government special intervention for the provision of Working premises
- d) ☐ Experience sharing of successful MSEs
- e) ☐ Facilitating transfer of technology
- f) ☐ Empowerment of MSEs in procurement of raw materials
- g) ☐ Empowerment of MSEs in finding their own market
- If any other, specify in order 1. _____
2. _____

Part Three:

1. In your opinion, what are the major problems that hinder the progress of MSEs in Addis Ababa?

2. What possible solutions do you suggest for the above constraints you stated?

Thank you

APPINDIX-4

1. t-Test Analysis of Data with regard to the Major Problems of MSEs

Items	MSE Operators			MSE Expert			(X ₁ -X ₂)	1	2	3	t-Obtained	Table Value
	Mean	S ₁ ²	n ₁	Mean	S ₂ ²	n ₂						t- Critical
1	3.543	1.046	315	5.145	1.21	69	-1.602	1.0516	0.0177	0.0186	-86.2253	1.96
2	5.251	1.116	315	5.391	1.41	69	-0.14	1.1261	0.0177	0.0199	-7.037097	
3	3.276	1.637	315	5.536	0.81	69	-2.26	1.6087	0.0177	0.0284	-79.51773	
4	5.14	1.529	315	6.029	1.267	69	-0.889	1.52	0.0177	0.0269	-33.10377	
5	3.483	1.557	315	4.42	0.924	69	-0.937	1.5353	0.0177	0.0271	-34.54344	
6	4.787	0.928	315	4.942	1.067	69	-0.155	0.9328	0.0177	0.0165	-9.405701	
7	4.67	1.067	315	4.638	1.095	69	0.032	1.068	0.0177	0.0189	1.695993	

(n₁-n₂) df=382

2. t-Test Analysis of Data with regard to the Possible Solution of MSEs

Items	MSE Operators			MSE Expert			(X ₁ -X ₂)	1	2	3	t-Obtained	Table Value
	Mean	S ₁ ²	n ₁	Mean	S ₂ ²	n ₂						t- Critical
1	4.863	1.046	315	5.391	1.21	69	-0.528	1.0516	0.0177	0.0186	-28.41882	1.96
2	5.114	1.116	315	5.928	1.41	69	-0.814	1.1261	0.0177	0.0199	-40.91569	
3	3.314	1.637	315	5.087	0.81	69	-1.773	1.6087	0.0177	0.0284	-62.38272	
4	4.683	1.529	315	4.464	1.267	69	0.219	1.52	0.0177	0.0269	8.154923	
5	3.483	1.557	315	4.116	0.924	69	-0.633	1.5353	0.0177	0.0271	-23.33618	
6	3.594	0.928	315	4.942	1.067	69	-1.348	0.9328	0.0177	0.0165	-81.79926	
7	5.232	1.067	315	5.203	1.095	69	0.029	1.068	0.0177	0.0189	1.536994	

(n₁-n₂) df=382

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This thesis has been submitted for examination with my approval as a university advisor.

Name_____

Signature_____

Date_____

DECLARATION

I hereby declare that this thesis is my work and that all sources of material used for the thesis have been duly acknowledged.

NAME _____ Girma Tefera

Signature  _____

Date 11/2/2000 _____