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The Role of Small and Micro Enterprises on the Livelihood of Poor Women Entrepreneurs in Urban Locality of Addis Ababa: The Case of Woreda 8 of Yeka Sub-City

By

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Table of Contents

Content	page
Acknowledgement.....	i
Table of content.....	ii
List of acronyms.....	v
Abstract	vi
CHAPTER ONE.....	1
INTRODUCTION	1
1.1 Background of the study.....	1
1.2 Statement of the Problem.....	3
1.3 Research questions	5
1.4 Objectives of the Study.....	5
1.4.1 General objective.....	5
1.4.2 Specific objective.....	6
1.5 Research Design and Methodology	6
1.5.1 Research Design.....	6
1.5.2 Participants of the Study	7
1.5.3 Sampling Technique and Procedures.....	8
1.5.4 Methods of Data Collection.....	9
1.5.4.1 Focus Group Discussion (FGD).....	10

1.5.4.2 key informant Interview.....	10
1.5.4.3 Observation.....	11
1.5.4.4 Data Analysis	12
1.6 Significance of the Study.....	12
1.7 Scope of the study.....	13
1.8 Limitation of the study.....	13
1.9 Ethical Consideration.....	13
1.10 Organization of the Research.....	14
CHAPTER TWO	15
REVIEW OF RELATED LITERATURE.....	15
2.1 Definition of Concepts and Terms.....	16
2.2 Theoretical and Conceptual issues	16
2.2.1 Livelihood and Sustainable livelihood.....	16
2.2.2 Gender Vs Gender Inequality	17
2.2.3 Gender Inequality in Developing Countries.....	20
2.2.4 Poverty and Women	22
2.3 The General Situation of Women in Ethiopia.....	25
2.4 Women Empowerment.....	28
2.5 Socio-economic Impacts of MSEs on the Livelihood of Poor women.....	30
2.6 Contribution of MSEs in Ethiopia	31
2.7 The Role of Government for Enhancing MSEs	32
2.8 Challenge of women on MSEs.....	35

CHAPTER THREE.....	37
BACKGROUND INFORMATION OF THE STUDY AREA.....	37
3.1 Basic data.....	37
3.2 Physical and Demographics Description.....	37
3.3 MSEs in Addis Ababa.....	38
3.4 Socio Economic Problem of Addis Ababa.....	40
3.4.1 Unemployment and Economical Dependency Burden	41
3.4.2 Education and Health	42
3.4.3 Housing condition and Inadequate water supply	42
CHAPTER FOUR.....	46
4. DATA PRESENTATION AND ANALYSIS.....	46
4.1 Introduction.....	46
4.2. The Role of MSEs in socio economic condition of women entrepreneurs.....	48
4.3. Reason for joining MSEs.....	51
4.4. Role of MSEs in creation of job opportunity.....	52
4.5. Role of MSEs in improving women’s income Vs on Living Standards	54
4.6. Role of MSEs in Empowerment of women	57
4.7 Major Problems of Women Entrepreneurs	66
4.7.1 Administrative and regulatory problems	60
4.7.2 Marketing problem	63
4.7.3. Financial Problem to Start and Run the Business	66

CHAPTER FIVE	69
CONCLUSION AND RECOMMENDATION	69
5.1 Conclusion.....	69
5.2 Recommendation.....	71
REFERENCES	72
APPENDIX	81

ACRONYMS

CSA	Central Statistic Authority
E.C	Ethiopian Calendar
EPRDF	Ethiopian People’s Revolutionary Democratic Front
FeMSEDA	Federal Micro& Small Enterprise Development Agency
FGD	Focus Group Discussion
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
ILO	International Labour Organization
KIL	Key Informant Interview
MOFED	Ministry of Finance and Economic Development
MOWA	Ministry of women association
MOT	Ministry of Trade
MSE	Medium and Small Scale Enterprises
MSEDA	Micro and Small Enterprise Development Agency
MSME	Micro, Small and Medium Enterprises
NGO	Non Governmental Organizations
WEDP	Women Entrepreneurship Development Project
WJCT	Women job creation teams

Abstract

The role of micro and small scale enterprises (MSEs) in poverty alleviation is widely recognized throughout the world , particularly in developing nations like Ethiopia. Different scholars examines that MSEs programs have an explicit potential that intends to improve the livelihoods of many people through employment creation and income generation, especially for women. Nevertheless several studies have been conducted so far on the importance of MSEs, the role of MSEs to improve poor women’s life Still remains an issue to be addressed.

The central objective of the study is to probe the role of Micro and Small Scale Enterprise on the livelihood of Poor Women Entrepreneurs based on qualitative approach. The research was conducted in Yeka Sub-City in Addis Ababa, Ethiopia with the overall aim of assessing livelihoods situation of MSE operators specifically by examining issues related to livelihood outcomes of working in MSEs. Beside this, the study tries to assess the constraints and problems that women entrepreneurs face during the operation of the enterprise. With the above objectives in mind, the research is carried out by gathering primary data via semi- structured interviews, key-informant interviews, focused group discussion, and non-participant observations. In addition, secondary sources of data have also been used. The findings of the study has shown that MSEs have played a positive role in women’s livelihood by creating employment opportunity for those who are in need of job and with low level of income , it improves womens income and standard of living, developing entrepreneur’s skills and knowledge, and empowered them socially and economically. Besides, the study shows challenges that affect women entrepreneurs’ performance of MSEs in the study area. Among this problems are access to working premises, market linkage, finance, trainings and technical advice and administrative

barriers. Hence there is a need for strengthening the MSEs growth and providing special support for the sector.

CHAPER ONE

Introduction

1.1. Background of the Study

Throughout the world it is acknowledged that micro and small enterprise play a vital role in socio-economic development of a country. This is because, it provide immediate large scale employment, compared to higher capital intensive industry they need lower investment, offer a method of ensuring a more equitable distribution of national income and facilitate an effective mobilization of resources, capital and skill (Ministry of Finance and Economic Development Bureau, 2002). MSEs contribute to the reduction of poverty and vulnerability of poor through enabling them to break the vicious cycle of poverty and also enabling them to enhance self empowerment, respect and social dignity. It allows poor people to increase their income, accumulate assets and enter into mainstream society (Araya, 2014).

Now-a-days the informal economy is increasingly being recognized by governments and donors as an important part of the wider economy in that it provides the procreation ground for MSEs, and in the process contributing to the reduction of poverty. In developing countries, the informal sector is a large source of employment and income, particularly for the urban population (Dayananda, 2014). There is no conclusive definition of the informal sector, although the term has been in existence since the 1970s which called it the self organized energies of people escaping government structure. Informal usually refers to unregistered, unregulated, and untaxed businesses, including service enterprises, production activities, and street vendor sales. By contrast, the formal sector includes taxed, registered, and regulated businesses (Anits, 2009).The informal employment outside of agriculture, is defined as employment that comprises of both

self-employment, in the informal enterprises, and wage employment, in the informal jobs, without securing contracts, worker benefits, or social protection and represents nearly half or more of the total non-agricultural employment in all regions of the developing world. It ranges from 48% in North Africa to 51% in Latin America, 65% in Asia, and 72% in sub-Saharan Africa (ILO, 2002).

In the countries of East Asia, the need to develop more adaptable and flexible economies and business sectors has resulted in increased emphasis on the development of the MSEs sector. A number of observations can be made about the contribution of MSEs as the entrepreneurial Engine of East Asia (Charles and Boon-Chye, 2005). For example, MSEs remain the main growing strength behind the fastest growing economy of china. Taiwan has in the past 50 years proved to be the most successful developing country, grown on a vibrant MSEs sector, Korea prospered as both countries of manufacture and export with the help of its MSEs (Motilew et.al, 2015). Likewise in Europe MSEs continue to be an essential part of the productive sector and play a fundamental role in investment and innovation. MSEs make up more than 98 % of all independent business units in France, Germany, Italy and Spain. Besides dominating national economies in terms of numbers, they employ the majority of the workforce and they account for substantial shares of value added in these countries (Jennifer et.al, 2015).

African women continue to be an important mainstay of family livelihoods all over the continent, and the development of MSEs is becoming a very critical issue for the unemployed people, especially for women and many thrive in the informal economy (Tradri, 2008). For example, in Ethiopia one and half million people earn their living by involving in the small-scale enterprises among which women are the majority. They accounting for 60% of the informal economy (Reta, 2000 sited in Mulu, 2007).

Various studies showed that persistence of poverty and unprecedented level of unemployment is characteristics of Ethiopia in general and urban areas in particular. The role of MSEs, hence provides significant contribution to the economy with respect to employment and income generation (Shiferaw, 2013). Due to this, MSEs development being one of the key focus areas of the country's development strategy and receives massive support from the government in the form of access to finance, market, technology, training and working space (Gedam, 2010).

The Ethiopian government shows its devotion to promote MSEs development by the issuance of its first Micro and Small Enterprise Development Strategy in 1997 (Lois and St-Onge, 2005). Besides, in 2004 the government of Addis Ababa began the MSEs Development Program with the objective to reduce poverty and unemployment in collaborations with NGOs, training institutes, and micro-credit institutions. The sector aims to create job opportunities for the unemployed and increase their income by expanding and supporting MSEs in order to reduce poverty, identify the problems of the existing and newly created MSEs and provide them with support to enable them to flourish, develop, and strengthen job creation (Micro and Small Enterprise Development Program, 2015).

In spite of the enormous importance of MSEs sector to the national economy with regards to job creation and the alleviation of abject poverty, the sector faces many constrains in most developing countries. There may be a variety of barriers to enterprise, depending on the industry sector, region and type enterprise. Regulatory barriers, such as administrative barriers to entry, Cultural and social barriers, such as the fear of failure and a lack of entrepreneurial knowledge and skills and financial and economic barriers like insufficient access to capital or financing (Susana, 2004). In addition to this, unfavorable legal and regulatory environments and in some cases lack of access to markets, business information, lack of business premises, low ability to acquire skills and managerial expertise, low access to appropriate technology and Poor access to quality business infrastructure are some of the challenges that MSEs might face (Lois and St-Onge, 2005).

Similarly in Ethiopia even if there are a number of approaches and strategies to support small enterprises which have been developed over time by governments, donors, NGOs alike to other developing countries MSEs face a wide range of constrains and problems that affect its role. For instance ILO, (2004) revealed that MSEs entrepreneurs faced different obstacles in developing the businesses such as lack of working capital, lack of management skills, problems of finding work spaces and sales outlets, lack of confidence to take risks in business are some of the problems. Similarly, Tsega (2014) stated that MSEs development is generally inadequate and overwhelmed with numerous constraints and challenges, which have to do with culture, entrepreneurial behaviors such as lack of innovativeness, ability and willingness to take calculated risks, total involvement.

1.2. Statement of the Problem

Women are very important in any country's development and play a significant role for the alleviation of socio economic problems. However, the available information shows that women are marginalized due to their low status, unemployment and lack of livelihood options (Dayanandan, 2014). According to the data from OECD, 2008 women represent more than 70% of the world poor due to unequal access to economic opportunities in both developed and developing countries. The majority of the 1.5 billion people living on 1 dollar a day or less around the globe are women. The core source of the entire gender differential in poverty is that women relative to men are more vulnerable because of the socio-cultural framework of human society, less educated in the population, cultural values, and ethnicity and lack of physical and human capital (Araya, 2014). In Africa, the equal rights of women and their equal participation in the social, cultural, economic and political life have remained obscure. They are still the main victims of poverty, social prejudice, lack of access to health services and education (ILO, 2002).

Women in Ethiopia as anywhere else occupy the law status in the society and they face similar constraints. Even if they represent 49.8% of the population and contribute mainly to food production and other, because of the socio-political oppression and the dragging cultural practice imposed upon them for centuries, they were marginalized from participating and benefiting from the economic development of the country. Women are pushed to the receiving edge. Moreover, women were subservient to their male counter parts, mainly because of economic marginalization and in most instances they were not the bread winners of the family (MOLSA, 2012). Different data confirms the disadvantaged position of women in the economic sectors in the country. The unemployment rate among females is more than twice as large as that of males in urban areas (CSA, 2010). The wage gap between men and women with similar background for doing the same job is around 50 % , the share of women without education is almost twice as high as that of men and women face much larger barriers for doing business than men do (World Bank, 2012).

As one mechanism to improve the life of women, the development of MSEs is becoming a very critical issue in Ethiopia. The development of MSEs is important for women since they offer a more flexible, less restrictive form of employment and can be undertaken by the skill they

acquire (Gebrehiwot and Wolday, 2006). MSEs Make's significant contribution to their socio-economic life women by way of supporting them to earn money and make a contribution to family incomes, and by supplying basic goods and services for local consumption and many women absorb to the sector (ILO, 2003).

Despite many women entrepreneurs engaged in MSEs and account the largest proportion of total entrepreneurs in the country as a whole and in Yeka Sub-City Addis Ababa in particular, studies are very limited to address the contribution of MSEs on women's livelihood. In other words to the best knowledge of the researcher, studies with specific objective of analyzing the roles of MSEs to alleviate women all rounded problems have not seen fully addressed particularly in the study area. Hence, this study tried to add the role of MSEs in lessening the socio economic problem of poor women who are engaged in the enterprise in Woreda 8 of Yeka Sub-City Addis Ababa.

The significant role of MSEs in employment creation and poverty reduction cannot be dined. However even if the government of Ethiopia has taken various measures to make the overall environment suitable particularly for women entrepreneurs, the majority of women who are involved in the MSEs faced different obstacles related to capital, technical and managerial know-how, and access to credit, markets, raw materials and need government support services (Mulu, 2007).

While women entrepreneurs face a wide range of constraints, this study intends to assess the role of MSEs program on socio economic livelihood of women's from the point of the specific situations and experience of women who are engaged in MSEs in Woreda 8 of Yeka Sub-City Addis Ababa.

1.3 Research Questions

This research will attempt to answer the following questions:

- What socio economic contribution is MSEs play to alleviate women's problem?
- Why do women's engage in to MSEs?
- What benefits and prospects they have due to their employment in MSEs?
- How MSEs empower women?

- What barriers and constraints women entrepreneurs face in small and micro enterprises?

1.4 Objective of the Study

1.4.1 General Objective of the Study

The general objective of the study is to explore the role of micro and small enterprise on the livelihood of poor women entrepreneurs in urban locality of Addis Ababa (The case of Woreda 8 of Yeka Sub-City).

1.4.2 Specific Objectives

The specific objective of the study is

- To assess the socio economic contribution of MSEs on women entrepreneurs.
- Identifying some of the reasons for women's participation mainly in MSEs.
- To assess the role of MSEs on empowerment of poor women.
- To identify the major challenges that women entrepreneurs face in MSEs.

1.5 Research Design and Methodology

This section presents the design and methodology used in conducting the study. It states a brief discussion of the research design followed by the participants of the study, sampling technique and procedure, data collection methods and data analysis.

1.5.1 Research Design

It is necessary for a researcher to design a methodology for the problem chosen. It seems appropriate at this point to explain research methodology.

-Research methodology is defined as a systematic way to solve a problem. It is a science of studying how research is to be carried out. Essentially, the procedures by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology (Rajasekar *et.al*, 2013).

In trying to understand the collection of information for research purposes there are broadly two approaches: qualitative research and quantitative research. Quantitative research involves the collection of data so that information can be quantified and subjected to statistical treatment in order to support or refute alternate knowledge claims. Quantitative research method involves a numeric or statistical approach to research design (Carrie, 2007).

Qualitative methods is a broad term that can be applied to a range of research approaches that have their theoretical origins in a range of disciplines including anthropology, sociology, philosophy, social psychology and linguistics (Moriarty, 2011). Qualitative research is concerned with developing explanations of social phenomena. That is to say, it aims to help us to understand the world in which we live and why things are the way they are. Qualitative research also describes social phenomena as they occur naturally. No attempt is made to manipulate the situation under study as is the case with experimental quantitative research. Understanding of a situation is gained through an holistic perspective (Beverley, 2002). Qualitative methods generally aim to answer questions about the ‘what’, ‘how’ or ‘why’ of a phenomenon rather than ‘how many’ or ‘how much’, which are answered by quantitative methods (Nouria and Judith, 2007).

The current study aimed to analyze the role of micro and small enterprise on the livelihood of poor women entrepreneurs in Woreda 8 of Yeka Sub-City Addis Ababa. The methodology for this research is purely the qualitative approach. The justifications behind opting the qualitative approach for this research is to explore the deep livelihood-related experience of MSEs entrepreneurs and the researcher are certain this qualitative research will find the answers to questions directly correlate to the research objectives and are crucial for the answering of the primary research question. Qualitative methods used observations, Focus group Discussion and key informant interview (KII). These methods have aims which are directed at providing an in-depth and interpreted understanding of the social world of research participants by learning about

their social and material circumstances, their experiences, perspectives, and histories (Beverley, 2002).

1.5.2 Participants of the Study

As stated earlier, the main objective of the study was to analyze the role of MSEs on the livelihood of poor women's. To achieve this purpose, individuals who took part in the issue were believed to provide the desired data.

Accordingly, women entrepreneurs from Woreda 8 of Yeka Sub-City were purposively chosen in the study for their direct participation in the issue under consideration and as their selection enabled the researcher to assess the role of MSEs on women's livelihood.

In addition MSEs government officials from Yeka Sub-City who have direct contact with the entrepreneurs and are close to the issue of MSEs are included on the study because the researcher are assumed that they are able to provide more information.

1.5.3 Sampling technique and producer

In qualitative research sampling are usually selected purposively. This means participants are selected because they are likely to generate useful data for the project (Nouria and Green, 2007). Purposive sampling /non-probability sampling is a sampling procedure which does not afford any basis for estimating the probability that each item in the population has equal chance of being included in the sample. In this type of sampling, items for the sample are selected deliberately by the researcher; choice concerning the items remains supreme. In other words, under non-probability sampling the organizers of the inquiry purposively choose the particular units of the universe for constituting a sample on the basis that the small mass that they are to select will be typical or representative of the whole (Kothari, 2004).

Among the 10 sub-city of Addis Ababa Yeka Sub-City is selected purposively for this study the reason is :

- The researcher resides in the city, is fully acquainted with it and would be relatively easier to perform the data collection. In addition regarding total population Yeka sub-city next to kolfe keraniyo is the most populated sub city of Addis Ababa with a total population size of 346,664 inhabitants (Central Statistic Agency, 2011).

Woreda 8, among the Woredas of Yeka Sub-City is intentionally chosen for the study for the reason that :

- There are many MSEs with different business sector and higher numbers of female operators in the area are recorded. Based on this the researcher hoped that the necessary information could be easily collected. Besides, lack of previous studies specific to the study area dealing with the role of MSEs in reducing women's poverty attracts to the researcher to carry out the study in Woreda 8 of Yeka Sub-City.

Although there are different activities or sectors in which the MSE operators have been engaged in *Yeka* Sub-City, the one selected for this research is from the manufacturing , construction, and from trade and service sector because:

- Based on with the consultation of the Woreda officials and the researcher analyzed from the data that, the majority of entrepreneurs are engaged in these sub sector and relatively successful sector. This has convinced the researcher to realize that it is possible to generate substantial data from this sector.

In selection of sample respondents the list of individuals with the corresponding type of enterprises in the selected Woredas was the sampling frame for selecting women entrepreneurs and based on the criteria considering their age, enterprise type, marital status, and length of time working overseas or within , 18 women informants are selected. In addition to this 4 MSEs

officials based on their better knowledge and experience were selected on the study. Basing the study on such a different client base is believed to provide opportunities to obtain different sets of ideas, opinion and views that enrich the undertakings studies.

1.5.4 Methods of Data Collection

The researcher used both primary and secondary information accessed from various sources. The primary data were generated mainly through in key informant interview , focus group discussion, observation and the study highly depend on primary data .The reason for high dependence on the primary sources is that the study mainly focuses on attitudes and perceptions , detailed examination of experiences, feelings or opinions of women entrepreneurs . Therefore the researcher believed that primary data is crucial for such study. Data gathered from primary sources were further substantiated by a critical review of secondary sources like books, articles, journals and published and unpublished materials.

1.5.4.1 Focus Group Discussion (FGD)

Most of the time, in many qualitative studies, one-to-one interviews are supplemented by FGDs. Focus groups discussants are recruited to discuss a particular topic from people's feelings. In a way focus groups resemble interviews, but focus group transcripts can be analyzed so as to explore the ways in which the participants interact with each other and influence each other's expressed ideas, which obviously cannot happen with one-to-one interview material. In common with semi-structured interviews, focus group conveners use topic guides to help them keep the discussion relevant to the research question. Focus groups are not necessarily a cheaper and quicker means to an end than are interviews, as focus groups may be more difficult to manage and more difficult to convene simply because more people are involved (Moriarty, 2011). The recommended size of a group is 6 – 10 people, having fewer than this could limit the potential interaction, and having more than this could make it difficult for everyone to join in the discussion (Beverley *et.al*, 2009).

On this research Focus Group Discussion were held with women entrepreneurs and for the focus Group Discussion two (2) focus group discussions (FGD) consisted of 6 participants in each

group were conducted . For selecting the participants of the discussion, an effort were made to ensure diversity and representation in terms of their business type, gender, marital status, age and duration or length of work experience in MSEs. The responses given and issues raised by the respondents were recorded with portable tape recorder, since it was not convenient to take all notes during the discussion process.

1.5.4.2 Key Informant Interview

Interviews remain the most common data collection method in qualitative research and are a familiar and flexible way of asking people about their opinions and experiences. Qualitative interviews are generally described as either being semi structured or in-depth. Both types of interview allow for the discovery of information on issues that the researcher may not have considered (Moriarty, 2011). Semi structured interviews (sometimes referred to as focused interviews) involve a series of open ended questions based on the topic areas that the researcher wants to cover. The open ended nature of the question defines the topic under investigation but provides opportunities for both interviewer and interviewee to discuss some topics in more detail. Unstructured interviews sometimes referred to as "depth" or "in depth" interviews have very little structure at all. The interviewer goes into the interview with the aim of discussing a limited number of topics, sometimes as few as one or two, and frames the questions on the basis of the interviewee's previous response. Although only one or two topics are discussed they are covered in great detail (Hancock, 2002). This study employed both unstructured and semi-structured interview with MSEs women entrepreneurs and MSEs government officials.

Key informant interviews were carried out to strength the information obtained through other methods. As Mikkelson, 2005 cited in mulegeta, (2011) stated key informant interview is interview aimed at obtaining special knowledge and key informants are respondents, who are assumed to have special knowledge on a given issue. The information usually generated from key informants is of complementary nature and is used to triangulate and complement the data that is collect from other methods.

In this study the Key informants were the Sub-city and Woreda MSEs development program officers and MSEs operators who have better knowledge and experience in the subject matter or in the field. Totally there were 10 key informants, of whom 4 were from MSEs Development officers employees at Sub-City and Woreda level and 6 were from women entrepreneurs were selected for in-depth interview to obtain the relevant data. Face to interview between the researcher and the informant was held which permitted the researcher to seek new insights, ask questions, assess phenomena in different perspectives. The place and the time of interviews were decided based on the interest of respondents. The interview were taking place in offices , on entrepreneurs business sites while some others did the interview inside cafes and restaurants and the researcher is a facilitator for the interview activity . The interviews conducted have been tape recorded and the response from the interviewee was also summarized in relation to the objective and research questions of the study.

1.5.4.3 Observation

Observation is the most commonly used data collection method. In a way we all observe things around us, but this sort of observation is not scientific observation. Under the observation method, the information is sought by way of investigator's own direct observation without asking from the respondent. The main advantage of this method is that if observation is done accurately, subjective bias will be eliminated. Secondly, the information obtained under this method relates to what is currently happening; it is not complicated by either the past behavior or future intentions or attitudes. Thirdly, this method is independent of respondents' willingness to respond and as such is relatively less demanding of active cooperation on the part of respondents as happens to be the case in the interview or the questionnaire method (Kotrha, 2004). For this study, the researcher observed of people, a situation or an environment by making notes of what has been done. Via this technique, data for this study were collected i.e the overall environmental context, the location of working site and shades.

1.5.6 Data Analysis

The data analysis was undertaken right after the data collection was completed .The primary and secondary data collected was analyzed descriptively by summarizing the responses from women entrepreneurs and MSEs government officials according to research questions.

1.6 Significance of the Study

This study has significance in many ways. Among this are:

- To recognize the role of MSEs on the livelihood of poor women thereby encouraging others to come to such career.
- Be used as a profile for various government bodies on MSEs and it's roles.
- Help further researches to develop theories and model in the area of women and micro and small scale enterprise
- It also helps in changing the perception of society towards MSEs at all levels and ensure and promoting women entrepreneurs.
- Help concerned parties as reference to involve in remedial initiatives against barrier of women entrepreneurs.

1.7 Scope of the study

This study focuses on the role of MSEs on women entrepreneurs livelihood. The scope of the study is limited to those operators registered under MSEs levels in Woreda 8 of Yeka Sub-City of Addis Ababa.

1.8 Limitation of the study

Even though different efforts have been made, the researcher faced some challenges while doing this study. To begin with, there was time, material & financial problem during the process of investigation. Besides, some of the respondents see the study politically even though explanation has been made. They were also false, pretence and pseudo response to satisfy the researcher and also unwillingness of some women or groups to tell some secretes. Furthermore, the in

availability of adequate and recent data, from government and non-government organizations were considered as a major limitation of the study.

1.9 Ethical Consideration

To conduct the study, the researcher presented a letter of cooperation written from Addis Ababa University, Faculty of social science /department of social anthropology to the concerned officials. The study participants were properly informed about the purpose of the research and their willingness and consent were secured before the beginning of interview. Regarding the privacy of the respondents, the study maintained the confidentiality of the identity of each participants.

1.10 Organization of the Research

The study consists of the following chapters:

➤ Chapter 1: Introduction

This chapter provides a background for the study with a general introduction, statement of the problem, research questions, objectives of the study , outlines the methodological approaches that were adopt during the research process, significance of the study and limitation of the study.

➤ Chapter 2: Review of related literature

These chapter is concerned with review of relevant literature.

➤ Chapter 3: Back ground of the study area.

These chapters were provide information of the study area.

➤ Chapter 4: Data presentation and Analysis.

These sections were focuses on data presentation, major findings of the study and analysis as capture by the researcher using different research instrument.

➤ Chapter 5: Conclusion and Recommendations

Conclusions were drawn from the respondents' answers in the interview. The implication and recommendations looks at the possible areas where the findings needed attention.

CHAPTER TWO

Review of Related Literatures

2.1 Definitions of Concepts and Terms

It is necessary to have definitions of terms and concepts as used in this survey for better clarity and understandings. These terms and concepts among other include poverty, entrepreneur, enterprise, micro enterprise, small enterprise.

Numerous authors define poverty in different ways by considering different criteria and indicators of poverty. The operational definition of poverty that this study used is a definition provided by Paul (2006) as follows:

Poverty is a condition in which people lack satisfactory material resources (food, shelter, clothing, housing), are unable to access basic services (health, education, water, sanitation), and are constrained in their ability to exercise rights, share power and lend their voices to the institutions and processes which affect the social, economic and political environments in which they live and work.

Entrepreneur, translated from its French roots, means “one who undertakes.” The term is used to refer to anyone who undertakes the organization and management of an enterprise involving independence and risk as well as the opportunity for profit (Ozigbo and Ezeaku, 2009).

Recognizing that there are no standard definitions of SMEs and that their definitions vary from country to country depending largely on the size of the economy, levels of development culture and population size of a country involved. Kefale and Chinnan, (2012) points that according to European Union MSEs are defined as:

Small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EURO 10 million and

A micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EURO 2 million.

According to Ethiopian context:

An enterprise can be defined as an undertaking engaged in production and/or distribution of goods & services for commercial benefits, beyond subsistence (household) consumption at the household level. An enterprise might be owned and operated by a single household, or by several households jointly on a partnership basis or by any institutional body (Gedam, 2010).

Micro enterprises are those business enterprises with a paid up capital of less than birr 20,000 and excluding high tech consultancy firms and technology establishments.

Small enterprises are those business enterprises with a paid up capital of above birr 20,000 and not exceeding birr 500,000 and excluding high tech consultancy firms and technology establishments (MOTI, 1997).

The study will take the above definition of micro and small enterprise as a working definition in Ethiopian context.

2.2 Theoretical and Conceptual Issues

2.2.1 Livelihood and Sustainable Livelihood

Livelihood are ‘the activities, the assets, and the access towards them jointly determine the living gained by an individual or household. A livelihood is, therefore, about money, food, labor, employment and assets (Ellis 1999 cited in Mulugeta, 2011). Livelihood is not just about a means to survival but also about providing resources with which people can enhance and enjoy their lives. Equally to livelihoods, its sustainability has been also conceptualized by numerous scholars. The term sustainable livelihood can be a means of making the connect between our day-to-day lives and the means by which we can sustain all this into the future without damaging any one else’s prospects along the way (Stephen, 2013).

Livelihood and income generation activities of women are closely linked. The survival of humankind depends primarily on both availability of productive resources and the ability to use them sustainably and economically to improve the quality of people's life. Livelihood is a sustainability function of culture but cannot be achieved without the requisite resources and an enabling environment (Moser, 2008 cited in Akumbomi, 2011). The two main concepts i.e., environmental sustainability and social sustainability are basis for sustainability of livelihoods. A livelihood is environmentally sustainable when it maintains or enhance the local or global assets in which it depends, and has net beneficial effects on other livelihoods (Sheheli, 2012). Livelihoods are considered socially sustainable when it can cope with and recover from stresses and shocks, and maintain or enhance its capabilities and assets, both now and in the future, while not undermining the natural resource base (Kabir *et al.*, 2012).

2.2.2 Gender Vs Gender Inequality

Gender can be defined as it is a description of roles, activities and responsibilities assigned to men and women in a given society, culture, community or time ; The expectations of people from some one, because either they are female or male. It also refers Men and women are expected to perform the fixed roles assigned to them by the society and it is a learned process and can be changed .In this prescription women assume lower status while as a consequence of this social approval boys become more independent and more reliant upon internal standards of excellence in achievement situation. While girls do not expect to achieve, they underestimate their academic abilities. Generally, girls socialize to be more dependants, more conformist and more vulnerable to interpersonal rejection than boys (Bosena, 2004). In general gender is a social construction and codification of differences between the sexes and social relationships between women and men. Historical, ideological, cultural, religious, ethnic and economic factors that can be changed largely in the course of time influence the society's look at gender by political, economic or cultural influences (Jelaudin *et.al*, 2001). As Mwatima (2006) point out the concept of gender examines the relations between women and men with the purpose of increasing our understanding of their status and inequalities, roles and capacity. As a social construct, gender coincides with other differentiation affiliation like age, ethnic group, race, class, urban-rural location and global location to characterize women's life situations and parameters.

Despite the significant economic and social progress of the last century , Gender inequality remains pervasive around the world today. There is no region of the developing world where women possess the same legal , economic and social rights as men. While the problems are felt most by women, the costs of gender inequality cut across all of society and the economy, and ultimately harm everyone (Rya, 2010).

Through the seventeenth and eighteenth centuries women belonged in the home as wives and mothers were nearly universal. In the nineteenth century, historical circumstances, notably the industrial revolution , separated the work place from the home, isolating women in the domestic sphere. Women's low decision making power is more pronounced at household level (Donovan, 1992). For example Ethiopian Society of Population Studies, 2008 shows in Gujarat, Western India, about 50% of the women stated that they do not feel free to take a sick child to a doctor without the approval of their husband, and 70% of the women do not make decisions regarding the purchase of their own or their children's clothing and in Zambia also men are more likely to have the solitary final say over women's own health care, large household purchases, visiting relatives, and number of children to have and when to have them. According to Viola (1972) the feminine character is circumscribed by women's inferior social position and her resulting inferiority feelings. Femininity is a symbol for all those traits in which the culture obstructs success: weakness, timidity, shyness, passivity, submissiveness, the sense of being pushed aside and of being at a disadvantage. conviction that women's reproductive roles and the parental obligations that seem to be directly from them namely motherhood are at the heart of gender as a system that is found in all of the world's cultures and the division of labor by sex continues. Brown, cited in Lewin, 2006 reassess the theory of Durkahim, Malinowski and Mead dealing with division of labor as follows:

According to durkheim theory among the very primitive (both in the distant past and today) men and women are fairly similar in strength and intelligence. Under these circumstances the sexes are economically independent, and therefore "sexual relations preeminently ephemeral". With the "progress of morality," women became weaker and their brains became smaller. Their dependence on men increased, and division of labor by sex covered the marital bond.

Malinowski suggested “Division of labor is rooted in the brutalization of the weaker sex by the stronger”. Others have suggested that women are psychologically better fitted for dull work. Mead stating “Women have a capacity for continuous monotonous work that men do not share, while men have a capacity for the mobilization of sudden spurts of energy, followed by a need for rest and reassemblage of resources (Lewin, 2006).

There are several feminist theories which rising gender inequality and they view gender inequalities as stemming from different perspectives depending on their assumptions. Among these are:

Poststructuralist theory claims that any link between words and the ‘reality’ they purport to describe is inherently provisional, relational and context-dependent, so that terms such as ‘man’ and ‘woman’ have no meaning in themselves .so from this perspective sex as well as gender is socially and discursively constructed rather than naturally existing, and masculinity and femininity acquire meaning in relation to one another rather than through their basis in sexed bodies. This means that to identify ourselves as female or male is not to accept our natural condition; rather, it is to accept a meaning imposed by a society that attaches particular significance to certain aspects of our anatomy (Valerie Bryson, 2007).

Gender reform feminisms argue that the sources of gender inequality are structural and not the outcome of personal attributes, individual choices, or unequal interpersonal relationships. The structural sources are women's relegation to low-paid work and a devaluation of the work women do, overwhelming responsibilities for child care and housework, and unequal access to education ,health care, and political power. These inequalities are built into national and International social structures, and so have to be redressed Structurally (Judith, 2010).

The main point of all feminist theory, feminist ‘standpoint’ and ‘ethics of care’ approaches tend to assume that women and men are in some sense readily identifiable and mutually exclusive groups, that women are generally disadvantaged in comparison with men, and the core of feminism theories is men and women should be equal political, economical and socially (Valerie, 2007).

Feminist theorists sought to argue that women were citizens, were “persons” entitled to the same natural rights as men. They provides as image of woman as a rational, responsible agent ,one who is able if given a chance, to take care of herself, to further her own responsibilities. (Donovan, 1992). Thus contemporary feminists have also argued that as we are all born equal we should be treated as equals. Feminist history tells us of the significant campaigns that have been undertaken to enable women to vote, to give them access to higher education and to equal pay and conditions in the workplace. The fundamental basis of these campaigns has been the argument that, as human beings, women are the same as men. Women therefore have a right to equal treatment. As a corollary to this, feminists have also argued that any differences we see between the sexes are the result of socialization or inequalities of treatment. Given that women and men are the same, women are equally capable of being scientists, astronauts and corporate executives of global companies. They are also equally entitled to the same pay for the same work and the same levels of access to education (Christina, 2002).

2.2.3 Gender Inequality in Developing Countries

In many developing countries, and among those in Ethiopia, gender issue has become an important area of concern in national and sub-national economic development. Understanding the concept of gender is essential to our understanding of how development processes affect men and women, girls and boys, in different ways. As I pointed out in the above, gender is a social construction and codification of differences between the sexes and social relationships between women and men. The position of women and their status in any society is an index of its civilization. Women are to be considered as equal partners in the process of development. Various studies have shown that women produce between 60 to 80 per cent of the food in most developing countries and are responsible for half of the world’s food production (Akumbomi, 2011).

However the issue of gender inequality can be considered as a universal feature in developing countries . Forty years after the founding of Economic Commission for Africa (ECA), the status of women in Africa and their access to decision-making structures, adequate health care, housing, work opportunities and so on, remain far behind that of men. Economic capacities and incentives are also strongly gender-differentiated in ways, which affect supply response, resource

allocation within the household, labour productivity, and welfare. These gender-based differences have implications for the development of Sub-Saharan African economies, and directly limit growth (CSA, 2001).

Many developing countries exhibit considerable gender inequality in education, employment and health outcomes. For example there are large discrepancies in education between the sexes in South Asia and in Sub-Saharan Africa. Employment opportunities and pay differ greatly by gender in most developing regions. It is important to note also that women in Sub-Saharan Africa are systematically underrepresented in institutions at local and national levels, and have very little say in decision making. The position of women, relative to men is lower on all of the main indicators such as level of literacy, years of schooling, nutritional status and level of income, triple burden of work in child rearing, food production (Jelaludin, 2001). In addition almost in many country, women and men have different access to critical economic resources and varying power to make choices that affect their lives, as a consequence of the state of gender relations that exists in a given society. Result of this is seen in the unequal roles and responsibilities of women and men. Core dimensions of poverty opportunity, capability, security/risk, and empowerment differ along gender lines, which worsen the vulnerability of women (MOFED, 2002).

Under this condition in many African countries, women are unable to take full advantage of the economic opportunities presented by transition and because of limited opportunities in the formal sector. In Africa, many women are forced to work in the poorly paid and largely unregulated informal sector. Access and control over resources are still based on gender and class. In other words, male dominance over women in resource access and control is still in vogue in Africa (Ryan , 2010) and as Ozigbo and Ezeaku, 2009 points out this phenomenon of gender inequality to access and use of resources has placed many African woman in low economic status (poverty) and social disintegration, including unemployment. This indicate In Africa, the equal rights of women and minorities and their equal participation in the social, cultural, economic and political life have remained illusive. As such, they are still the main victims of poverty, social prejudice, lack of access to health services and education.

Furthermore as it was indicated in Ethiopian society of population studies, 2008 women are silent and their voice has been stifled by economic and cultural factors. Economic and cultural factors, coupled with institutional factors dictate the gender-based division of labor, rights, responsibilities, opportunities, and access to and control over resources. Access to media, employment, decision making, among other things, are some of the areas of gender difference. In addition There are fundamental gender inequalities in control over productive Assets such as land, labor and credits, earned income as well as gender biases in the labor market that form the ground for women's enhanced vulnerability to poverty. Women's high illiteracy rate, lack of decision making power over their fertility and early marriage of girls limit their chances of coming out of poverty (Messay, 2012). As Naila, 2012 indicates Gender inequalities intersected with other forms of socio-economic inequality, including class, caste, race, ethnicity, location and so on, frequently exacerbating the injustices associated with them.

A study conducted by Soroptimist International of the Americas, 2015 shows Violence against women and girls is a problem of pandemic proportions. In all countries of the world and in all socio-economic classes, women are the primary victims of physical and sexual violence. Deeply rooted in discrimination and inequality between men and women, violence against women is one of the most widespread human rights violations in the world. This violence takes many forms: domestic violence in the home, sexual abuse and harassment of girls in schools, sexual harassment at work, or rape by husbands, strangers, in refugee camps or as a tactic of war. Acceptance of this practice reflects women's low status and the perception that men are superior to women. In addition to adverse physical health outcomes, this form of violence lowers a woman's self-esteem and her image in society, leading to her disempowerment (CSA, 2011).

Gender inequality is continuing to be structural in Ethiopia. Discriminatory laws, harmful traditional practices, and stereotyped thinking are making life difficult for women, while disregarding the vast potential half the population could contribute to the country. As a result, in spite of the high number of women, men take the major share of educational, economic, social and other opportunities and the participation of women in the formal sector is lower than men but dominate in the more insecure, and lower paid informal sector (UNHABITAT, 2008).

2.2.4 Poverty and Women

Poverty is an all-encompassing condition defined by many characteristics. In addition to a dearth of food, clothing, shelter or healthcare, poverty also includes a lack of opportunities to improve one's economic condition and quality of life. Poverty is most completely defined as "a human condition, characterized by the sustained or chronic deprivation of resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights"(ILO, 2003). As it is indicated in Soroptimist International of the Americas study (2015) of the eighty percent of the global population that lives on less than \$10 a day, 2.2 billion individuals live below the poverty line of \$2 a day. Almost half of these individuals (over 1 billion) live in abject poverty, on less than \$1.25 a day. Every day, 805 million people go to bed hungry. Additionally, of the 2.2 billion children in the world, one billion live in poverty and 18,000 die each day as a result of poverty. Of these children, a disproportionate number are from parts of cities or the countryside that are cut off from services because of poverty or geography. Many could be saved by proven means and at little cost. Regionally, majority of the world's poor people live in Africa. People in sub-Saharan Africa specially are among the poorest in the world both in real incomes and in access to social services. In this sub-region of Africa 300 million people, almost half of the regions population lives on less than \$1 a day (Berhanu, 2011).

Ethiopia is one of the poorest countries in the world ,ranking 169 out of 177 countries and with per capital GDP of only USD 157 (Bisrat and Issac, 2011).The proportion of people living in poverty was estimated to be 44% in the year 1999/2000 (Metasebia,2009). Poverty in Addis Ababa is still one of the major problems .A study on Comparison of Urban Upgrading projects on Development Cooperation in Ethiopia (2008) point out that About 70 to 80 % of the Addis Ababa population are living at or below subsistence level . Those who are poor lack adequate food, shelter, education, health and deprivations that keep them from leading the kind of life that everyone values (Abebe , 2006).

Women are prime victims of poverty. Poverty among urban women is serious when they become household heads. Women head 21% of the households in urban Ethiopia. The fact that women bear a disproportionate and growing burden of poverty at a global scale in recent decades, is a

result of the feminization of household headship (Metasebia, 2009). Women become poorer because of gender differentiated experiences and opportunities. The deprivations women in Ethiopia experience include lack of education, employment opportunities, access to resources such as land and capital and decision-making power at all levels of sociality (Emebet, 2008).

Worldwide, women are denied the opportunities necessary to improve their economic and social condition, including basic human rights. In all parts of the world, regardless of class or race, women continue to be viewed as the inferior gender, incapable and undeserving of the same rights as men. This discrimination and denial of human rights leads to the “feminization of poverty,” which is a result of many forms of disadvantage working against women (Steven , 2003).The idea that women bear and growing burden of poverty at a global scale, often encapsulated in the concept of a ‘feminization of poverty’, has become a virtual orthodoxy in recent decades. Although there is a lack of reliable and/or consistent data on poverty and its gender dimensions, the development community including international agencies asserted that 60-70% of the world’s poor are female with deepening tendencies (Berhanu , 2011).The concept of feminization of poverty was introduced at the end of the 1970s to stress the particular and greater impact of poverty on the lives of women throughout all the countries of the world . The claim was supported by research that sought to show the many ways in which poverty affects women and to make visible the many ways through which women had been ignored in development studies (Esther, 2005).Feminist approaches to women’s poverty begin with the premise that pervasive gender inequalities and biases within households, labor markets, legal codes, and political systems throughout the world, render women more vulnerable than men to poverty . Considering also the “feminization” of part-time, temporary, and low-income jobs as well as of unemployment it is clear that the category “working poor” refers to women and their approach to poverty focuses on the gender implications and social costs of poverty. They include the growing involvement of women and children in the informal economy; differential treatment of girls and boys in households; pressure to get girls married off quickly; higher school drop-out rates for girls; less control over fertility; and recourse to prostitution (Valentine, 2005).

Steven , 2003 looks two feminist explanations for the feminization of poverty. First, there is the issue of household structure. Parenthood, it is well known, leads to lower earnings for women.

There are many reasons for this. Female parents will have care-giving responsibilities for their children. This takes away from the time that they have available to earn incomes. It may also prevent women from taking jobs that require longer hours and substantial travel. These jobs, of course, are likely to come with higher pay. Second, there is the issue of occupational sex segregation. If women are systematically excluded from higher paying occupations, their wages and incomes will be lower than the wages of men.

2.2.5 The General Situation of Women in Ethiopia

The Government of Ethiopia has placed a strong emphasis on the participation of women in the development process, policies and strategies have been formulated to integrate and mainstream the gender dimensions in economic, social, and political decisions. Hence, the Government has taken strong measures in placing gender responsive goals and targets to reduce the workload of women so as to enable them to participate in political and socio-economic decision-making. Furthermore, progress has been made in the adoption of a new Penal Code, which contains strong measures in support of women's rights. Protective legislations have been passed in terms of women's access to land, credit facilities, and productive resources as well (MoFED, 2006).

Women constitute a significant segment of the general population of Ethiopia. According to 2007 population and housing census the total population of Ethiopia is 73,918,505. Of these, 37,296,657 (50.5%) were males and 36,621,848 (49.5%) were females and they are actively involved in all aspects of their society's life. As it was stated on report of the federal democratic republic of Ethiopia (2012), like many African countries, the majority of women in Ethiopia hold low status in the society and they have been denied equal access to education, training and gainful employment opportunities and their involvement in policy formulation and decision making process has been minimal. From her birth, an Ethiopian female in most families is of lower status and commands little respect relative to her brothers and male counterparts. As soon as she is able, she starts caring for younger siblings, helps in food preparation, and spends long hours hauling water and fetching firewood. As she grows older, she is valued for the role she will play in establishing kinship bonds through marriage to another family, thereby strengthening the community status of her family. She is taught to be obedient as a disobedient daughter is an

embarrassment to her family (Jennifer, 2007). Where women's roles are exclusively defined in terms of house hold management and matrimonial duties as in the case of Ethiopia they are subjected to the expectation that they replenish the race by bearing a large number of children and assume full responsibility for maintaining them almost single handedly. Since women are by and large economically dependent on men, the decision to have children and to decide on properties is totally rested in the hand of husbands. Both culture and religion also played significant role in limiting the positive roles that women could have played and also affects the lives of women negatively. Backward tradition such as forcing women to marry early, female genital mutilation (body tattooing for beauty as sex objects) have impeded their progress (Bosena , 2004).

Further more in Ethiopia women are vulnerable to various forms of abuse and violence . Nearly 8 % of currently married women were abducted and forced into marriage custom, prohibited by law but not enforced until recently, that vividly illustrates the enormity of male dominance in Ethiopian tradition. Rape is common, and too often its threat drives parents to keep their girls home, out of harm's way, but also out of school. The practice of marrying one's sister-in-law (without her consent) upon the death of her husband is widespread and particularly pervasive in certain areas in the south of the country. Today, this practice is feeding the HIV/AIDS epidemic, when widows lose their husbands to the virus and carry it to the next marriage. Domestic violence is also accepted that 81% of women believed there are justifiable reasons for a husband to beat his wife (Jennifer, 2007). All violence against women has serious consequences for their mental and physical wellbeing, including their reproductive and sexual health . Wife beating is a form of physical violence that particularly degrades women (CSA, 2011).

In general Compared to men, women in Ethiopia are clearly in a disadvantage position in all aspects they benefit less from social service. For instance Regarding employment, according to the Survey by ministry of urban development and construction 2013 in Addis Ababa 30.5% of female are unemployed. Also the survey conducted by the Central Statistical Authority (CSA, 2004) showed that women account for less than half (43%) of the total employees in the country. Considering the percentage of female employees from the total number of employees by

employment type, the highest was in domestic activities (78%) and followed by unpaid activities (59.3%).

Women's formal employment in industries and the Civil Service is lower than men. They operate about 65% of micro-enterprises and 26% of small scale manufacturing enterprises; their low participation in manufacturing is due to low level education and training, lack of exposure to the business world, meager financial and human capital; and problems related to ownership rights for collateral purposes. Women on average earn about 86% of what men earn (Ministry of Labour and Social Affairs, 2012). In the Civil Service, women represent 32% of permanent employees with wide regional variation. They concentrate in routine type and low paying (clerical and fiscal, custodial and manual) jobs; 10% professional and sciences; and 23% in administrative positions. Concentration in non-professional and low paying jobs is caused by women's low education and training, traditional attitudes, lack of role models, non-assertiveness and limited access to information. In the informal sector on the other hand, women are involved in large numbers, and represent 60% of those engaged in the sector. Many are engaged in small business that require small capital, not demanding sophisticated management and book-keeping skills, particularly street vending (Ministry of Women Affairs, 2006).

Their participation in the public sector is more or less equal to those of men. However they are few in number at the management level and constitutes only 16% of bureau head, 20% of vice bureau heads, 17% of department heads, 21% of team leaders and 16% of section heads (Addis Ababa city Government, 2002).

Similarly the result obtained from finance & economic development bureau (2002) literacy rates are slightly higher for male population as compared to female, Male 51%, while Female 49.17 literacy. A total of 24.6% of women in Addis Ababa have no education, while another quarter has only completed primary school. Only 7% of women, as opposed to 12% of men in Addis Ababa, have completed higher education, only 4 percent who have reached college or university level. The recently replaced administration of the city had only one women cabinet member, as do the current. In terms of managerial and professional level jobs, the picture is even more gloomy (UN-HABITAT, 2008).

2.2.6 Women Empowerment

The concept of empowerment has a long history with its roots in the Afro-American movement in the 1960s. Since then, the concept has gradually evolved in its definition, largely as a result of popular women's and feminist movements in Latin America and the Caribbean, and the development of modern thought. There is no universally accepted definition of empowerment, While some define empowerment as the process of acquiring "power" individually and collectively that enables people to make their own decisions regarding matters that affect their life and society, others suggest that the notion of empowerment forms part of the vision to acquire power, to control one's life and make choices (Kidist et.al, 2012). There is widespread agreement that empowerment, as understood and promoted in the context of development and poverty reduction, is a multidimensional and interdependent process involving social, political, economic and legal changes that will enable people living in poverty and marginalization to participate meaningfully in shaping their own futures. Without genuine empowerment, participation can quickly become a token exercise or even a means of maintaining power relations; and without meaningful participation, empowerment can remain an empty, unfulfilled promise. Empowerment and participation are deeply complementary and can be considered both means and ends, processes and outcomes (Jethro, 2012).

Similarly Joyashree and Joyati, 2013; Douglas and Zimmerman, 1995 state that Empowerment is a multi dimensional and comprehensive term which represents the overall development of an individual. It is something which can not be present upon an individual must acquire it on his/her own. Empowerment theory link individual well being with the large social and political environment and it is an international ongoing process centered in the local community, involving mutual respect, critical reflection, caring and group participation, through which people lacking an equal share of valued resources gain greater access to and control over those resources or simply a process by which people gain control over their lives, democratic participation in the life of their community and a critical understanding of their environment. Theories of empowerment include both process and outcomes, suggesting that actions, activities or structures may be empowering, and that the outcome of such process result in a level of being empowered.

While Whitmore (1988) cited in John Lord and Peggy Hutchison, 1993 feels the concept of empowerment needs to be more clearly defined and states that there are some common underlying assumptions:

- a) individuals are assumed to understand their own needs better than anyone else and therefore should have the power both to define and act upon them.
- b) all people possess strengths upon which they can build.
- c) empowerment is a lifelong endeavor.
- d) personal knowledge and experience are valid and useful in coping effectively.

Feminist defined women's empowerment as the processes through which women gained the capacity for exercising strategic forms of agency in relation to their own lives as well as in relation to the larger structures of constraint that positioned them as subordinate to men (John Lord and Peggy Hutchison, 1993). Women's empowerment is the process by which women gain greater control over the circumstances of their lives . It is a multidimensional concept, which purports to measure a woman's ability to control resources, her ability to choose and control different outcomes, and above all enhance her self-esteem. It can be examined based on different indicators. Until recently, variables such as education and employment were commonly used to capture empowerment and other related concepts such as women's autonomy and status (Ethiopian society of Population Study, 2008).

The conceptualization of empowerment touches on many different aspects of change in women's lives, each important in themselves, but also in their inter-relationships with other aspects. It touches on women's sense of self-worth and social identity; their willingness and ability to question their subordinate status and identity; their capacity to exercise strategic control over their own lives and to renegotiate their relationships with others who matter to them; and their ability to participate on equal terms with men in reshaping the societies in which they live in ways that contribute to a more just and democratic distribution of power and possibility (Naila , 2012).

2.3 Socio-economic Impacts of MSEs on the livelihood of Poor women

The potential impact of SMEs on women's economic and social development has been studied by academics, development agencies and policy makers over the past two decades. The basis of this interest has been a growing belief that through support for women's small enterprise development and entrepreneurship, wider developmental goals and targets can be met. These include poverty reduction, improved health of families and communities, improved literacy and educational achievements, women's empowerment and wider economic development (Berihu,et.al, 2014).

Micro and small enterprise are considered important in contribution the socio economic empowerment of women. In many countries, women, who are a significant proportion of the poor and suffer disproportionately from poverty, operate many of these enterprises. With increasing labor force participation among women in developing countries in the region, a greater number of women depend on micro-enterprises in the informal sector for survival. Hence, microenterprise development is increasingly being seen as an essential ingredient in the promotion of broad-based growth, in improving the well-being of the poor and women by providing significant income and employment generating opportunities, and by encouraging indigenous investment (Charles and Boon-Chye, 2005).

The contributions of women are no longer debatable as numerous scholars have stated that African women provide some 60-80% of food for family consumption and that the economic growth of some nations is attributable to female entrepreneurs. for instance In Nigeria, majority of women are engaged in agriculture and informal sectors of the economy; they constitute about 60 percentage of Nigerias farm labour and produce over 90 percentage of the domestic food supply (Oluwole, 2014).In Ethiopia, about half of the urban workforce is engaged in the informal sector Even if the composition of the female informal workforce varies across regions, the majority of economically active women in developing countries makes up a significant share of the micro-enterprise . Women in Ethiopia also account for the larger share of the MSEs sector (Rahel and Issac , 2010). About 60% of the total populations engaged in the MSEs are female in urban areas (Gebrehiwot and Wolday, 2005).

According to the report by Zenbe at the 5th African union ministries for gender and women's affair in addis ababa, 2014 ,40% of women are benefiting in micro and small scale enterprise development activates . The result obtained from the Survey of MSEs in Selected Major Urban Areas of Ethiopia by ministry of urban development and construction(2013) reveals that about 6531 (44%) jobs have been generally created for females from MSEs for instance in Addis Ababa 34.6% of MSEs are owned by women. One of the objectives of entrepreneurship among women is to be free from the economic dependency so that they can be empowered (Dayanandan, 2014).

2.4 Contribution of MSEs in Ethiopia

The Small and Micro Enterprise (SME) sector has the potential to provide a livelihood for a large number of populous in developing countries. The economic success of BRICKS countries namely Brazil, Russia, India, China and South Africa has been one backed by industrialization which in turn was stimulated by entrepreneurship (Sprepada, 2015).The dynamic role of small and medium enterprises (SMEs) in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized. It is estimated that SMEs employ 22% of the adult population in developing countries (Akumbomi, 2011). Rahel (2010) points that its role in socio-economic development as a means for generating sustainable employment and income is increasingly recognized particularly for urban population in developing countries .

The informal sector absorbs 50.6% of the urban population. These are full time workers and also part-timers who work to supplement the income they earn from the formal sector. There are 584,913 and 2,731 Informal Sector activity operators and Small Scale Manufacturing Industries respectively that absorb 739,898 labor forces(Metasebia , 2009). On this, 461,052 individuals got temporary and permanent employment opportunity in the years 1996-2000 E.C. Between 2001-2004 E.C a total of 393,859 and in 2004 E.C fiscal year only 110,619 new job opportunity was created.

Meseret (2009) shows the contribution of MSEs in different ways: MSEs contribute to social change, political stability and democracy. through developing of individual feelings of responsibility and participation in governance, through creating institutional structures reflecting people's needs & objectives, Contribution to household income and welfare which is by providing income maintenance for those with few options, Contribute to self-confidence & empowerment of the individual i.e. Recognition of dignity of individual, spreading of the vision that change is possible.

2.5 The Role of Government in Enhancing MSEs

Governments worldwide have in recent times recognized the overwhelming contribution of micro and small-scale enterprises (MSEs) to economic growth, social cohesion, employment creation and local development. This sector accounts for more than 95% of all enterprises and 60% to 70% employment and generate a large share of new jobs (Akumbomi, 2011). Recently, a number of sub-Saharan Africa countries adopted poverty reduction strategies that mainly emphasize promotion of MSEs as a major way to reduce poverty particularly among the urban dwellers (Mulu, 2007). As Teshome 1994 indicated in the Ministry of urban development and construction study (2013) examinations of attempts institutional involvement to support MSEs development in Ethiopia came late after 1950s. The focus of government policy was to lay foundation of basic administrative and institutional infrastructure of the state during the 1940's and 1950's, in order to consolidate the gains of reforms to accelerate the process of industrialization. As a result, several reforms related to the development of MSEs were made during this period.

Ethiopia has prioritized on MSEs development for economic growth, employment generation and building an industrial economy. In recognition of the important role of MSEs in creating employment opportunities and generating income, hence reducing poverty, the current government (EPRDF) introduced its first Micro and Small Enterprise Development Strategy in 1997 which aims to create job opportunity for the unemployed and increase their income by expanding and supporting them in order to reduce poverty, to identify the problems of the existing and newly created micro and small enterprise and provide them with various support to

development, and strengthen the MSE for further job creation and to create and expand new enterprises by organizing the operators into cooperatives and providing various supports in order to generate new job opportunities and reduce poverty(Gedam , 2010) . According to the ministry of urban development and construction, 2013 the specific objectives of the 1997 strategy framework were to:

- Facilitate economic growth and bring equitable development,
- Create long term jobs;
- Strengthen cooperation between MSEs;
- Provide the basis for medium and large scale enterprises;
- Promote export and
- Balance preferential between MSEs and bigger enterprises.

In this strategy Various development support frame works for MSEs are formulated in order to implement the development directions set and to create enabling condition by solving problems of the past year. These development support frameworks will be implemented based on the nature of enterprises and level of growth. Among this supports are: Conducting effective, continuous and appropriate trainings that help MSE to enhance production and sales services, supplying new products based on market demand (Government of the federal democratic republic of Ethiopia, 2011).

Following the 1997 MSEs Development Strategy, the Federal Micro and Small Enterprises Development Agency (FeMSEDA) was established by the council of ministers regulation number 33/1998 to lead and stir Ethiopia's MSE development. The agency has been established as an autonomous government institution under the supervision of the Ministry of Urban Development and Construction. The primary goal of the agency is to implement meticulously the strategies and to implement the MSE policies and strategies, Regional Micro and Small Enterprise Development Agencies (ReMSEDA) have been established (Berihanu et.al, 2014).

Another micro and small scale strategy which come into attention is MSE Development strategy of 2011 which include fresh band of target groups, the graduates, (in addition to its classical emphasis on the poor and less skilled people) to form cooperatives and create their own jobs. On

top of providing jobs to the people, the establishments are also hoped to bring about the technological transfer and new corporate management skills to the nation. In this strategy also new set of areas are identified as requiring attention and priority from the government. These are the manufacturing sector that encompasses the majority of the previously identified areas, the service sector which is a relatively new one, though not completely new, construction sector (partly exists in the previous one), the urban agriculture sector (partly exists in the previous one), and the retail sector. These sectors got attention because they are expected to substitute imports or are categorized in the manufacturing sector (Ministry of Urban Development and Construction, 2013).

In order to achieve the success of the MSEs sector, the government has also facilitated credit and saving for instance In Addis Ababa, there are 20 small saving and credit institutions that support the community by providing loans and counseling services, which enable the community to engage in business of their choice and produce according to their ability and skill. However, these institutions are not sufficient compared with the growing population size and the extent of urban poverty in the Provided working premises (Addis Ababa City Government, 2002). In addition the government provide supporting packages for MSEs which are Awareness creation about the sector, Provision legal services to form legal business enterprise, Exhibition ,trade fair organization, Access to technology, Counseling services, Product display center with least leasing price, Market linkage particularly with government development programs (Gebrehiwot and Wolday, 2005).

2.6 Challenge of Women on MSEs

Women constitute proportionally a large group of the labour force in various economic sectors. Henceforth, economic development is unthinkable without the participation of women. Female labour force participation in Ethiopia, as is obviously the case in most developing countries, is mainly in the informal sectors that operate beyond the boundaries of labour legislations (Ministry of Labour And Social Affairs, 2012). Even if many women's engaged in MSEs sector they faced different constrains. Among this the most significant factor which affects women engaged in micro and small enterprise is limited access to capital and financial service from the formal

financial institutions ,limited market ,family responsibility because women have less ownership of asset than men in the society ; lack of shared support, limited or no access to information, not enough education & training facilities, lack of trust in ones capabilities and access to resources and gender-based discrimination(Desta , 2010).

Adding with this other factors that constrained women from business venture is the extent and form of women's participation in the market is different from that of men entrepreneurs. The reasons are strongly linked to the roles and positions of women in Ethiopian society. Women entrepreneurs in poor countries suffer from gender discrimination in society and laws, underdeveloped enterprise culture, inadequate support system for businesses and underdeveloped markets and infrastructure plus poor access to finance, lack of business development services and business networks, limited exposure to business management experience and the challenges of juggling business with household and family responsibilities and Such stereotyping of women entrepreneurs continues to overshadow the significant progress that has been made by women entrepreneurs over recent decades (Gedam , 2010 ; Oluwole , 2014).

According to the report by Elliot school of international affairs, 2014, 78% of businesses operated by women have failed - this number is indicative of the level of support, lack of adequate financing, poor in the informal less productive survival type of enterprises due to multitude such obstacles like denied access to resources, costly business entry , education and business skills and other invisible cultural barriers. Moreover According to the Survey of MSEs in Selected major urban areas of Ethiopia by ministry of urban development and construction have indicated that business women are engaged in the sector usually start business with little capital and little asset that is not sufficient to run their business and Lack of access to market for their products and services that are associated with failure in producing according to market in terms of quality and price, and competitive approach, is the other problem.

Although the troubles that women entrepreneurs face can be revealed in various forms unable to solve ones problem by oneself and absence of strong system of support that can help MSE's effort in solving their problems are the other big challenge moreover long time in history

development and expansion of MSE was widely considered as sign of backwardness and lack of another alternative in all segments of the society and perceiving the MSEs themselves as reflection of poverty and backwardness attitude towards rent seeking hinder their development in MSEs as well (Government of the Federal Democratic Republic of Ethiopia, 2011).

CHAPTER THREE

Background Information of the Study Area

3.1 Basic Data

Addis Ababa is the largest as well as the dominant political, economic, cultural and historical city of the country which was founded in 1887 by emperor Menilik II. It has the status of both a city and a state. It is the capital of federal government and a chartered city. It is where the African Union and its predecessor, the OAU are based. It also hosts the headquarters of the United Nations Economic Commission for Africa (UNECA) and numerous other continental and international organizations (City Government of Addis Ababa, 2013).

At the present Addis Ababa city has three layers of Government: The City Government at the top, 10 Sub City Governments in the Middle, and 99 Kebele Governments at the bottom. The city grew spontaneously around major political, religious, and business centers. The city administration established the Master Plan Revision Office in 1991 to undertake the task of developing a comprehensive urban development plan (Addis Ababa Spatial Determinants of Growth, 2014). The Development goals and objectives of the City are stated. They emphasize the city priorities. In this context, the generation of substantial employment opportunities by promoting private investment and enhancing potential of micro and small scale enterprises (MSEs) is a priority. In addition the construction of residential houses should be enhanced (The City Government of Addis Ababa, 2010).

3.2 Physical and Demographics Description

Addis Ababa is the largest city in Ethiopia. The city lies 9°1'48"N latitude and 38°44'24"E longitude. The city is located at the heart of the country, at an altitude ranging from 2,100 meters at Akaki in the south to 3,000(9,800 ft) meters at Entoto Hill in the North. This makes Addis Ababa the third highest city in the world, after La Paz and Quito in Latin America. Its time zone is categorized in East Africa Time (UTC+3)(City Government of Addis Ababa, 2013). The average annual rainfall of the city is about 1200 mm, the minimum and maximum temperature is

11-14 ° C and 17-21 ° C. The city covers a total of 54,000 hectares (540 km²) of which 19463.65 hectares are identified by the Structure Plan for green coverage . These areas are under the direct control of the Addis Ababa Environmental Protection Authority (Addis Ababa city government, 2002).

According to 2007 population and housing census results (2008) Addis Ababa City Administration has a total population of 2,738,248 while the number of females is considerably higher than the number of males which is female consists 1,433,730 or 52.4 per cent and the remaining are males is 1,304,518(48%).On average and by Kebele the female population exceeds the male population by 1305 persons. The highest differences are in kebele 11 of Yeka sub-city, and Kebele 5 of Bole sub city where female populations represent 57% and 56% of their Kebeles population or a ratio of 0.76 and 0.79 respectively.

The capital city Addis Ababa is divided into ten sub cities . Lideta, Kirkos, Arada and Addis Ketema represent the central areas, whereas Akaki Kaliti, Nefas Silk Lafto, Kolfe Keraniyo, Gulele, Yeka and Bole correspond partly to the expansion areas at their peripheries. Addis Ketema is the smallest sub city in Addis Ababa with an area of 742 hectare (ha), followed by Lideta with an area of 917ha. Bole and Akaki Kaliti are the largest sub cities with an area of 12,060 ha and 11,807 ha, respectively. Regarding total population, Kolfe Keraniyo is the most populated sub city with 428,895 inhabitants, followed by Yeka. Yeka sub-city has 11 kebeles with a total population size of 346,664 inhabitants with an area of 82.30kms are the most populated sub city next to kolfe keraniyo and it is located in the north east part of Addis Abab city (Central Statistic Agency, 2011).

3.3 MSEs in Addis Ababa

Addis Ababa is the highest city in terms of size, microenterprise concentration, and urban population in Ethiopia. In Addis Ababa, Micro and Small Enterprise Program started before 10 years (1996 to 2007). This program targeted different parties of the society (Marcos, 2015). The Government has recognized the significant role that the micro and small-scale enterprises sub-sector plays in the national development particularly, in the creation of employment opportunities and the reduction of poverty and one of the urban poverty eradication strategy of

the government of Ethiopia in urban areas is creating job opportunity by organizing unemployed members of society in MSEs. Specifically in Addis Ababa SMEs creates job opportunity for 45,351 individuals (1996E.C.), 107,283 individuals (1997E.C.), 20,131 individuals(1998 E.C)&15,991 individuals since 1999 E.C(Habtamu, 2005). In addition the informal sector may generate substantial activity and may constitute a basis for the development of urban economy. Hence , Addis Ababa has experienced a steady decline in unemployment rates in the last five years, much of which can be attributed to the focus on entrepreneurship as an instrument for job creation in urban areas. As it is stated in the UN-Habitat 2008 the informal sector in Addis Ababa to be 51% of the productive economy.

The national profile of MSEs indicates that by the end of 2011/12, 217,636 MSEs were organized in the regions and urban centers across the country. From the total enterprises 4.6% is in Addis Ababa city. Thus, training was provided to 3,082,331 operators during 2008/09 - 2011/12, from which 9.5% from Addis Ababa city. With reference to creating access to credit, about ETB 7.189 billion loans was extended to 661,227 beneficiaries during the period. The regional distribution of the loan indicates; 32.6% is to Addis Ababa city. In reference to promoting market linkage, during the period about ETB 15.922 billion local and foreign market linkage was created; from which: the share of Addis Ababa city is 30.2%. The regional distribution of the total 1,223,679 employment generated by MSEs in 2012/13 reveals Addis Ababa city - 20.5%, respective shares (Ministry Of Urban Development, Housing & Construction, 2014).

More than half of the population of Addis Ababa is women (51%) and they are very much encouraged to participate in MSEs. In Addis Ababa Women job creation teams (WJCT) are organized in all provinces with the aim of raising economic benefit of women. Each year it is planned that 50% of the job opportunity will be created for women and more than 50,000 unemployed women selected and registered to create job opportunity in SMEs sector (Addis Ababa City Administration Micro & Small Enterprises Development Buearu). However Data on women in the MSE sector is very limited. The paucity of data on the MSE sector in general, as well as on the participation and role of women in MSEs, and the lack of any national profile of women entrepreneurs or their enterprises, does not allow for any kind of extensive analysis of

their situation. The 1997 CSA Survey revealed that 65 per cent of urban micro-enterprises are run by women and that 26 per cent of small-scale producers are women; these are the only readily available official statistics (ILO, 2005). Supporting female entrepreneurs may be one of the most viable approaches for realizing the economic potential of the current generations of women. The development of small scale income generating activities for women is a specific aim of the new 5-year plan of the Government . The new GoE MSE Strategy provides a coherent and suitable framework for support to growth-oriented female operated MSEs (Federal Democratic Republic of Ethiopia Growth and Transformation Plan, 2012).

City MSE Offices and ReMSEDAs will, in conjunction with women entrepreneurs associations, chambers of commerce and other relevant private institutions will coordinate and accordingly, a comprehensive micro and small enterprises development strategy was devised and approved by the government in consultation with all relevant actors aiming at improving the provision of demand-driven business development services, high quality technical training and technology transfer (world Bank, 2012).

3.4 Socio Economic Problem of Addis Ababa

Urbanization is growing at higher growth rate in both developed and developing countries .However, rapid urbanization, particularly the growth of large cities in conjunction with the associated problems of unemployment, poverty, inadequate health facilities, poor sanitation, urban slums and poor infrastructure facilities pose a formidable challenge in many developing countries (Addis Ababa city government, 2002).With the fast rate of urbanization in Ethiopia, urban centers are encountering multifaceted problems as their socio-economic growth cannot stand the pace of the population increase. The rising and deepening poverty is among the bottlenecks that urban centers in Ethiopia are facing these days .Urbanization does not provide only opportunities but it also creates formidable problems to its residents such as problems of deprivation, lack of access to essential needs of human beings, in adequate income etc, which are all manifestations of urban poverty (Berhanu, 2011).

In the case of Addis Ababa, the city suffers from a chronic shortage of essential socio-economic services, an awfully inadequate physical infrastructure and an unhealthy environmental condition. An inept administration that has failed to maintain, upgrade and expand the city's infrastructure and services in line with the growing population and economic activity has exacerbated its woes. There is no dearth of statistics to indicate the magnitude of urban problems in Addis Ababa. Some discussion about the city's bleak socio-economic condition is in order before forwarding helpful suggestions to resolve the insurmountable problems the residents are experiencing (Mehret, 1999). Its geographic location, combined with its political and socio-economic status have made it a melting pot to hundreds of thousands of people coming from all corners of the country in search of employment opportunities and services. High rate of unemployment, concentration of slum dwellings, and poor housing, infrastructure and sanitary development, characterize Addis Ababa more than the few good features it possesses.(UN-HBITAT, 2008).

In Addis Ababa, the average economic activity rate, which is a total population above 10 years old, is estimated to be 62.3%. and the economic activity rate is generally lower among women and higher for male population. The city unemployment rate was near to 28% in 2001 and comparatively the unemployment rate is still severe among female population. According to CSA (2001), out of the totally employed population in Addis Ababa nearly 75% were engaged in the formal sector and the rest are engaged in the informal sector. The share of informal sector in the city economy indicates that the informal sector would play an important role in bringing institutional changes for more flexible fiscal policies and better financial credit arrangements for small units of production. The major sectors which employed most of the labor force in the city are service (71%) and industry (25%) and while agriculture constitute only 1.5%.

3.4.1 Unemployment and Economical Dependency Burden

Unemployment is a pressing problem of Addis Ababa. The city had the highest urban unemployment rate in Ethiopia at 31%. However, unemployment rates have been steadily declining and were reported to be at 23% in 2012. comparatively the unemployment rate is still severe among female population. Unemployment rate for male and female is 18.4 and 38.3

respectively (Bureau of Finance and Economic Development, 2013). 35.5 % of Addis Ababa do not earn sufficient income to cover their food requirements and thus qualify as absolutely poor. When we see the ratio of the economically dependent part of the population to the productive part is high. The dependency ratio, the number of people under age 15 and over age 65 years in relation to the productive age group (15-64 ages) in Addis Ababa is high and will continue to remain high during the next decades. High dependency burden undermines individual and national savings and investment capacity which are vital for socio-economic development (Atlas of Key Demographic and Socio Economic Indicators, 2010).

3.4.2 Education and Health

Improving the capabilities of people should be in the forefront if real development is to be pursued. Thus, education is one area where any development effort should pay priority attention. Education is a means to sustain and accelerate over all development in a country and it has a direct effect on individual productivity and earnings as well. Gender bias in education exists in the city .The literacy rate in Addis Ababa is around 89.3 percent among males, and 76.5 percent among the females. The proportion of the population who have attained educational levels of grade 9 and over constitute 39.8 percent among males, and 27.6 percent among females, while those who have educational levels of beyond grade 12 constitute 9.4 percent among males, and 4.5 percent among females(Finance & Economic Development Bureau, 2002).

Health is one of the fundamental social development indicators of a country. Getting health service is part of human right, and without it economic development of a country becomes inconceivable. In the city both females and males accessibility to health services was low. However, due to poverty, economic dependency, re-productivity and rapes, relatively women's are more vulnerable to health problems (Ministry of urban development and construction, 2013).

3.4.3 Housing condition and Inadequate water supply

Housing in its very nature has different connotations that range across social, economic and cultural spirits beside its direct function of sheltering. It is a universal fact that shelter is one of the basic necessities of life and occupies the biggest portion of any human settlement. Among the

socio-economic problems of Addis Ababa city housing is the prior one. Housing shortage, poor housing quality, poor working and living environment, as well as unplanned settlement, shortage of related services have been and will continue to be serious problems challenging the Addis Ababa City Government. About 50% of the population of Addis, most of whom are low-income, live in non-planned and physically deteriorated areas of the inner city. In addition to the physical deterioration of housing, overcrowding, high density, poor access, and lack of infrastructure services characterize the 80% or more of Addis Ababa's core neighborhoods that are generally described as "slums" (Uli , 2008).

The houses are mostly publicly owned (Kebele) rental housing. The tenure situation is a challenge for the possibility of urban upgrading. Rapid population growth and increasing poverty, shortage of formal housing supply which is not fit for the demand of the dwellers. "Kitiya", self-initiated extensions/alterations/in formal housing is customary. This has advantages, but also problems like deteriorating conditions due to high density and overcrowding, subletting, pollution and health risk (svein et.al, 2009). To reduce the housing problems of low and middle income societies, the city administration constructed about 77,991 condominium houses at a cost of 1.1 Billion birr (16% of total cost of construction). of which 52,928 houses were distributed to users and the city government allocated 30% of the condominium houses for women alone and equally eligible to participate on the remaining 70% among men (Urban development indicators, 2002).

Poor maintenance and lack of new facilities combined with rapid population growth has been causing water shortages in Addis Ababa. This shortage particularly affects the low income section of the city dwellers. The majority of slum dwellings have no easy access to water supply. For instance, 34 percent of the residents get water from public taps, which are frequently interrupted. High volume of wastage due to faulty piping (as high as 35 percent), and needs priority given to industries, also contribute to the shortage (UNHABITAT, 2008).

However even if the above problem of the city still exists the city's economy has recovered dramatically in the last few years. As CSO (2010) sited in Gertrud, 2010) some 119,197 people in the city are engaged in trade and commerce; 113,977 in manufacturing and industry; 80,391

homemakers of different variety; 71,186 in civil administration; 50,538 in transport and communication; 42,514 in education, health and social services; 32,685 in hotel and catering services; and 16,602 in agriculture.

Similarly as World Bank 2015 stated Addis Ababa's economy is growing annually by 14%. The city alone currently contributes approximately 50% towards the national GDP, highlighting its strategic role within the overall economic development of the country and by recognizing the strategic importance of Addis Ababa, the government is taking steps to address important urban issues such as improved land-use and transportation planning, the development of low income housing, expansion of wastewater collection and treatment facilities, efficiency enhancements to the water supply system, and establishment of an urban safety net. Regarding the Housing Development the municipal unit in charge for the condominium housing project, which was a massive urban renewal program launched in 2004/2005 by the Addis Ababa's authority to upgrade the inner parts of the city between 2005 and 2010. The objective is to build 400,000 residential units over five years in the predominantly rundown, kebele-administered rental accommodation in the inner city, where, as described earlier, living conditions are appallingly cramped. The initial plan for the 2004/ 2005 period was for 45,000 units, and construction has been ongoing on 103 building sites across the city (uli, 2008).Rapid infrastructure development is also on –going . For instance 1662 km is asphalted roads and 1662 km gravel roads amounting to a total of 3324 km and highways, light rail transit built up (Ministry of urban development and construction, 2013).

Map of Addis Ababa with its Sub-Cities and Weredas



CHAPTER FOUR

Data Presentation and Analysis

4.1 Introduction

In assessing the role of Micro and Small Scale Enterprises(MSEs) on the livelihood of poor women ,research findings based on in depth interview, key informant interview, FGD and direct observation are presented in this chapter. The presentation is organized in line with research objectives and questions. To address this objective i have presented my interpretation and reflections of the issue along with the research participants' own direct interpretation and understandings. The chapter is organized into five sections. Section one deals with the role of MSEs in improving the socio economic condition of women entrepreneurs. Section two presents the reasons for joining MSEs. Section three deals with the role of MSEs in the creation of job opportunities. Section four deals with the role of MSEs in improving up women's income Visa vis living standards. Section five assesses the role of MSEs in the empowerment of women, while section six presents major problems of women entrepreneurs.

4.2 Role of MSEs in the Socio Economic Condition of Women Entrepreneurs.

As indicated in the literature review, the MSEs program has a positive impact on poor women's social and economic conditions. After being involved in MSEs , women become owners of businesses, which take them to higher levels of economic independence. MSEs serve short cuts in addressing poverty. In addition, they bolster women's income levels and enable them to participate in decision making about expenditures and other issues. Above all, MSEs enhance women's empowerment. Hence, the government gives special attention and provides different support for the sector.

My Key informant from MSEs office of Yeka sub-city (SiraK) said:

There are many women engaged in different activities under MSEs such as cobble stone paving sector, leather and leather products making , textile , food processing , services rendering and manufacturing, among others. It is my understanding that women involved in MSEs program get many advantages for their livelihood . Because of their involvement in MSEs they can generate

income and support themselves and their families as well. Regarding women, who are participating in MSEs program, I can say that empowering them, MSEs help them break away from poverty, unemployment and dependency. Taking these in to account, providing different assistances, the government extends support to women micro and small scale operators so that they could get out of poverty and build their capacity. At the entry of such businesses, for instance, we did give Technical and Business Management training for 5210 women on the basics of income generation, business management, book keeping which helped them to have a better awareness on how they handle customers as well as manage and run their businesses. In addition to the training, we had counseling services and facilitated access to shades or working premises to them. Moreover we allow them to market and finance their products. In collaboration with local development agents, the government also facilitates ways of rendering appropriate technological support to beneficiaries of the program. Some of these supports include providing different machinery for the entrepreneurs from “Addis Capital” through lease, which is payable with long term installments that range from 20 to 30 years.

In addition to the above point, my informant, a woman entrepreneur (Aselefech) has the following to say:

I didn't have enough income before joining MSEs. I had no permanent job. As such I was a casual worker or daily laborer. The income that I used to earn was not enough to cover my basic necessities let alone support my family. Then I decided to join the MSEs program. At the same time, I convinced unemployed women in my neighborhood to come on board. Up on registering in MSEs, the government allowed us a credit service. It as well facilitated to us training, market linkage and access to information. We opened a Café and a Restaurant in 2005 E.C. After I engaged in MSEs, my life has witnessed a turnaround for the better in social and economic terms. As my income has increased have managed to save mony and send my child to a private college I have also become a member of Iqub (a rotatory fund raising scheme) and Idir(a self help association). Before joining MSEs, all these this things were unthinkable for me. Also, being embraced in MSEs has afforded me a mental satisfaction. I have now become an owner of a business venture. The engagement has let me a green light to make decisions. I feel turning competent in a society. I have also acquired experience on how to run business. Because

of the nature of the business, which requires interaction, I have nurtured the skill of easily communicating with many people.

It is well recognized that women, in most cases, are economically dependent on men, especially in developing countries .Many studies indicate that women are primarily responsible for child care and domestic chores, while the responsibility of securing income for the family falls on the shoulder of men. Thus, the idea of separate public and private sphere has become a deep-rooted and popular attitude. Men, by the merit of their employment outside home, spend more time in the public realm and become more involved in local affairs, politics and market. Consequently women's dependency on men poses hurdle on women's personal growth and achievements (Farre, 2012).In this regard, women's engagement in MSEs helps them to improve their lifestyle and to involve in activities other than being housewives. Most of the women interviewed in this research were not economically active before their engagement in MSEs, which allowed them to run their own business. The respondents agree early marriage, low educational background and lack of self confidence on part of women in the society are the major factors which affect their economic participation . Regarding this, Gashaw (1991) puts the main factors that hinder the effective role of women in economic development. Among these obstacles, the formidable and the still unsolved problem is the backward traditional mindset, belief and custom of the society regarding women. Sadly, these harmful trends are still allowed to continue as a historical legacy across the country.

As to women responded they used to get money for their personal needs and other household expenditures from their husbands. As such, their economic dependency could not allow them a chance for decision making on their own overall livelihood.

Mullu explained the situation as follows:

I was a housewife. Taking care of my children and cooking food for the family were my responsibilities before joining MSEs. I heavily depended on the income of my solid husband .However, my husband's salary was not enough to cover home expenses. After my husband became a pensioner I was anxious to spend money as I wished. Especially, the sum that I used to get from him was not enough even to feed the family. Leaning on his pension, when life proved challenging, I decided to start vending food by the roadside .But selling on the road got banned.

Hence I could not feel comfortable to act my way. Then I saw it better to run the business at home, though my home was not suitable for such a business venture. Then I heard about MSEs and got inspired by the entrepreneurial spirit it promotes. I joined MSEs and started food retailing business in 2003 E.C. After joining the MSEs, taking training, I received a working place. Such incentives contributed a lot to kick start my business. As compared to my previous deplorable situation, now, I have beefed up my financial muscles. Now I have money to count. I can make decision on family matters. I have become a beneficiary of Idir and Iqub services too. I can save money and economically spend money when the need arises to spend money for personal needs and family expenditures. Being economically independent has afforded me the ticket ahead of time.

Different studies indicate that the socio economic standing of women is weak as they depend on men for their livelihoods. This is a trend which is affecting their lives ,including choices about children— family size and spacing. It is important to note that mostly when women get into a wedlock their destiny falls on the hands of their husbands. Besides, women and men have different degrees of access to opportunities that affect their individual abilities to participate in economic activities. Gender in many cases is a major determinant factor, which limits women's participation in productive activities. Women carry a disproportionate burden of household obligations and find themselves subordinates to men (chirwa, 2004). Economic dependency of women is hurdle to them in seeing the available options in their lives. Largely, the culture provide the breadwinner role to men with the duty to earn more money, gain power and status in order to secure the family a better position in society. Men take the upper hand when it comes to making career decision and allocating household resources than women.

In the focus group discussion, the participants asserted MES provide them advantages in changing their economic and social condition. They explain that they get adequate income to cover personal expenses, support their family or relatives and to put aside a sum for personal saving accounts. They have also developed self confidence. Now they know how to make business and how to earn, use and save money. If they get sick, they have money to spend for treatment and medicament. Down the road, they have a plan to expand their business. On the other hand, a few respondents complain that their engagement in MSEs did not bring a notable

change in their livelihood due to several problems. They ascribe the problems to lack of market ,selling places and market linkage , lack of know how on issues like cost analysis. The respondents complain that the government's assistance to MSEs is not to the required level. They say that the government adopts and drafts policies to solve this problem and to encourage the role of women but the policies seems a paper tiger one.

For instance Almaz explain in the following way:

Since 2004 I was engaged in MSEs, in the textile sector .However a change in my livelihood couldn't be apparent as my product could not sale as I wished. Though the government allowed me a shade, still I don't have a selling place. Also, the absence of a market linkage has negatively affected my efficiency and to meet rising demands from clients .Most of the time, the government facilitates market linkages, which target holidays and festivities. This, however, creates only temporary opportunities to sell and introduce my products. Price escalation of raw materials and transport costs are also other factors which prohibits me to effectively operate and bring change in my life. The government's support and follow up after I started the business is poor .Owing to this I can't achieve improvement in my life.

Though women's engagement in MSEs contributes to the betterment of their social and economic condition, the arrangement of working places and market linkages are the main factors that are key to successful and sustainable growth of enterprises. Most women do not have their own working premises. Lack of detailed support packages from the government is hampering the development of MSEs and affecting the performance of women entrepreneurs. However, according to the data from an in depth interview and FGD for the majority of poor women, their involvement in MSEs enables them to improve their livelihoods. have helped women to be self-sufficient and productive. MSEs have placed quite a role in reducing women's economic dependency. And as such, women have begun to feel free and optimistic in their life. It has helped them to get empowered and strengthen them to fulfill their personal vision and purpose.

4.3. Reason for Joining MSEs

There are different factors that prompt women entrepreneurs join MSEs. In this study, some women were asked why they had chosen to join MSEs. The women entrepreneurs noted lack of job opportunity and low level of income were the primary reasons behind their joining MSEs. The respondents said getting an employment opportunity in the formal sector is very challenging. Poor educational qualification, lack of labor market, high competition and inappropriate policies even for those educated people and unavailability of other options were ascribed by respondents as major constraints to their effort in getting formal employment.

Another informant Tsege, responding to my question how she got engaged in MSEs explained that:

B.A degree holder in statistics from Baherdar university, I was looking for a job for two consecutive years. But I couldn't get the job which I badly needed. Most organizations were interested with someone who could do the job with a lesser salary; some one who is a diploma holder in the field. They used to brush aside my application claiming that "You are overqualified". One day kebele officials, were coming door to door to register unemployed youths and invite them to attend training. Hence, I got registered as I had no other option to generate income. Soon, I started taking training on basic business skills. This changed my focus of career as an entrepreneur and I picked up key skills. During the training I learnt what factors to consider when starting a business, among them, market research, profitability, product and location. Then I was able to seize the opportunity and start producing leather products.

Furthermore, most of the respondent had been housewives before joining the enterprise and they explained that they engaged in MES because they have family that they have to support earning income. From the response of the participants, women seem to have been particularly motivated by the desire to generate income and to launch a business that serves as a ticket towards Independence and a break away from poverty. The available literature regarding enterprises and the informal sector reveals that women in developing and low income countries tend to engage in business out of economic necessity such as lack of employment opportunities, need to generate income and a desire to unshackle themselves from poverty.

Apart from this, according to the informants, the other factor that encourages them to be involved in MSEs include the government's financial, equipment and material support that allow them to jump start businesses. Business training, access to finance and workshops also attracts women who do not have the capacity to start their own enterprise by themselves. The main reason is due to lack of financial problem. Others have no skills to engage in income generating activities. Hence they join MSEs to exploit the opportunity facilitated by the government. From this it is possible to guess poor women choose small enterprises as an easy entry. These enterprises need simple technology, require few skills and education. Studies have shown that women, particularly in developing countries, are poor income earners. Poverty ,among women, limits the amount of capital they can invest in business. In this regard, Okay (2009) emphasized that women are disproportionately concentrated in the lowest employment and casual labor. Hence women tend to invest in activities that require very minimal or initial investment presents a constructive option.

Therefore, the findings of this research indicate that MSEs are playing an important role in attracting the poor sectors of the society by providing employment opportunists as well as by allowing them to earn better income, which they didn't have before. Hence, for the majority of poor women, living in the urban centers of developing countries demand survival through informal work. Also women engage in informal activities used as a livelihood strategy .As indicated in the literature review, the term livelihood refers to the way via which poor people earn a living .It comprises capabilities, assets and activities required for a means of living. The poor combine and transform these forms of capital in different ways to build a livelihood for themselves .

4.4. Role of MSEs in the Creation of Job Opportunities

A sizable literature reveals that MSEs play an important role in the creation of job opportunities to unemployed citizens. In Ethiopia, especially in urban areas, strengthening, expanding, and developing MSEs could serve as a major instrument to alter unemployment and address poverty problems. With respect to this, in different activities, many people have become beneficiaries from the job opportunities, related to MSE activities (Markoskdani et.al, 2015). Since, the growth and expansion of enterprises is positively related to the growth of employment opportunities ,MSEs could minimize the unemployment rate. They can facilitate the Ethiopian

transformation and growth plan by reducing poverty especially among the active and unemployed women.

According to the respondents, most women entrepreneurs were unemployed before joining MSEs, while few of them were casual workers in private organization with low paying menial jobs.

Regarding the creation of job opportunities by MSEs development programs, Elsa said;

Sat unemployed for long, I was a job seeker. I was spending most of my time home handling domestic chores. I was covering all my personal expenses deducting from the money my husband used to give me for household consumption. However, I could not be comfortable confined home as an unemployed housewife. I was also anxious for being dependent on my husband. And I wanted to stand on my feet. I used to hear a lot from people about MSEs. So I decided to be a beneficiary of MSEs development programs. Finally, I engaged in MSEs. The training was crucial in that it gave me a sense of direction and a working framework. Moreover it helped me acquire crucial knowledge and also receive working premise. So I started to produce leather products. MSEs created for me job opportunities. So, now I have become an owner of a business venture. The venture has helped me to generate my own income. However, the path I trod was a rocky one. Such an engagement requires a big patience because the overall institutional and policy procedure to get credit is not that simple. Also, marketing problem, which results from society's attitude of giving less attention for domestic products, calls for a remedial solution. Yet the move requires a struggle forward.

MSEs undoubtedly make a huge contribution in reducing unemployment. Most studies conclude that small enterprises are more labor intensive than larger ones. In this study, the employments created in the enterprises differ sector-wise. Large number of women entrepreneurs are engaged in manufacturing, construction, trade and service sector. From the information obtained from focus group discussion, the participants explained that they are engaged full time in their businesses. That is, their businesses are providing them with full-time employment opportunities. They could also create job opportunities for other unemployed people as well.

The informants from MSE office of Yeka Sub-City explain that:

Micro and small enterprise have a great contribution in creating job opportunities. Realizing this, we sensitize and encourage people at each “Ketenas” of woredas. We invite interested yet unemployed citizens and those who want to augment their income to come and register. Accordingly in our sub city, MSEs has created jobs for 6000 people out of which 5000 are women. MSE office initially had organized training based on trainees interest of business. An increase in the number of entrepreneurs from year to year is manifest. Particularly the number of women in MSEs is mounting. This may be associated with the favorable conditions created and the attention given by the government to the sector as well as to women.

Results from the above interview indicates that , MSEs are playing a significant role in creating job opportunities for the unemployed women and helping people with low level of income. Since MSEs are established with the intention of absorbing the unemployed section of the society, their contribution in this regard shows that MSEs are achieving their objectives.

4.5. Role of MSEs in Improving Women’s Income visa vis living Standards

Though MSEs is the main source of income for the majority of respondents, their participation in income generating activities can in the long term improve economic and social conditions of those individuals participating in it . Improvements in women’s income means, family consumption increases and that in turn warrants better living standards .Longer life expectancy could also be achieved. This study attempts to explain the role of MSEs in improving the income of women entrepreneurs. It as well studies the influence of income on the living conditions of women entrepreneurs based on the data collected from an in depth interview and FGDS. To assess respondents situations questions related with the overall improvement in their livelihood, housing condition, better food intake , children education and respondent's income were raised.

Regarding these, key woman informant (Tsehay) noted that:

Before joining MSEs I was a waitress and I used to earn a monthly 200 birr. But my monthly salary was not enough to cover my personal expenses let alone to support my family. My husband too didn't have a permanent job. Because of this I decided to join MSEs and contact MSEs officials. The good feedback from MSEs officials inspired me to start cobble stone paving in 2005 E.C. I received training and credit services from the government. Then, in less than two years, the business became profitable. After I came on board, my monthly income has dramatically increased. On the average, I earn Birr 2000 to 2500 per month since I engaged in the sector. Even though the job is apparently dominated by men I am so happy with my job. Previously, I never thought my life could change for the better as I have no good educational background. Now, I feel confident and optimistic about the future.

Asked whether she sends her children to a better school and if there is improvement in her children's education, better food intake, clothing and medical services and her better living standard. Tsehay responded as follows

Soon after my engagement in the sector my income has increased. Outlaying a monthly tuition fee of 500 birr I have managed to send my children to a better private school with monthly fee of 500 birr. I am able to pay their school fee without watching for my husband's supporting hands. I have managed to buy them uniforms and other necessary materials. Had I not come aboard the cobble stone work through MSE programs, my children would not have a chance to get better education. My expenditure on medical facilities, food intake and clothing had improve. Now, MSES is the source of income for covering all of my expenditures. I have well furnished my house with modern gadgets like refrigerator, Sofa sets, TV, and what have you.

The above interview indicates that women generate income after MSEs involvement. The well being of family members has improved because women, in many cases, place a higher priority on family care than men. Similarly, housing, a basic necessity of life is one of the most important indicator for measuring peoples' quality of life. As to the information obtained from the operators in FGD, the majority of the participants do not have an appropriate and comfortable place to live in. Most of the entrepreneurs are living in lodgings rented from private houses, while others are living in Kebeles houses, with small rental fees. Hence, access and adequate income women generate from MSEs can help them to manage savings and to have their own house. Most of the

informants are registered for a condominium house lotto and saving money on monthly basis. They are awaiting their chance eagerly . They also mention improvements. The financial muscles of women have beefed up for paying rental fees after joining MSEs . As such women's engagement in micro enterprise programs, besides serving as means of living, lends people the confidence of having something to do ,having a purpose in life , indeed a sense of worthiness.

FGD participants, who managed to be self employed in their micro enterprises, note that their income has increased, for starting new income generating activities and enjoying the provisions of the services from the government such as business areas /shade with very minimal rental cost, credit ,training has enabled them to be profitable. They also managed to expand the scope of their activities . Their expenditure for food intake ,clothing and medical treatment has improved. Apart from these, they are now actively participating in traditional saving schemes like *Iqub* and *Idir*.

One of key informant Aberashe described how MSE supported her to participate in *iqub/iddir* in the following way;

It is has been three years since I got engaged in food processing business with my group members. After I got embraced by MSE, my income showed an increment and I started to participate in iqub, which helps to strength saving. Also I am participating in iddir because I can afford to pay now . Before I was engaged in MESs, I used to shy away from being a member of Iddir and iqub as I had no source of income . I dare say if one doesn't have any source of income, one is not only excluded from idir or iqub but one will also be socially be precluded because one may not participate in any communal activities that demand money contribution. Now, my involvement in this social institutions(idir,iqub) helps me overcome disasters like bereavements and get an outlet for financial shortages. Also, my life style has improved compared to my previous situation. I am able to expend some for personal savings deducting from the income that my employment in micro and small enterprise offers me. My family now leads a secured life and I can say the MSEs program has immensely helped me, particularly in improving my income.

Such information gathered from an in depth interview and focus group discussions indicates that MSEs are contributing positively in increasing women's income. Their income from the small and micro enterprises helps women to cover housing costs and personal expenses on top of supporting families, improving savings, creating better access health services and purchasing all necessities that tell on the amenities of life. Therefore we can claim that MSEs can improve the overall socioeconomic status of unemployed women in the lower income bracket.

4.6. The Role of MSEs in Empowerment of Women

As indicated in the literature review, although empowerment has a multidimensional meaning, it denotes a process of acquiring, providing, bestowing the resources and the means or enabling the access to and control over such means and resources (Carolyn, 1995). This characterization of empowerment implies that the process could involve a change of perceptions about self, the environment, and the relationship of the self and the environment. It is a process that involves the creation of images, the generation of a push to act or what psychologists call motivation, while, It is widely understood that women have little control over resources and on decision making, pertaining to economic asset. Hence, the MSEs program has a positive impact on women's empowerment by providing them an independent source of income outside home. This tends to reduce the economic dependency of women on their husbands. Such a thing boosts women's confidence and self esteem. (lucy, 1995).

In order to evaluate the role of MSEs on women's empowerment, respondents were asked about their status on acquiring knowledge, economic independence, decision making power, self-confidence and mental satisfaction. Spreading the vision change is possible was also entailed in the question.

During the interview with women entrepreneurs the respondents reflected the view that women's involvement in MSEs creates a springboard for change as it helps for developing a sense of worth and self-respect. They say that their involvement in MSEs chases away feelings of inferiority, which was a main factor for reducing their participation in the life of their family as well as the society. It also hinders their role in economic development. They feel now they could enjoy acceptance. They know if they participate in income generating activities, they have the

freedom to choose or expand their range of choice, which increases their confidence to take full responsibilities and accountability. Also the majority of the informants reported that they have managed to make decision concerning their businesses particularly with regard to the utilization of the money generated from their business . They have also established formal rules and procedures that govern their business operation, loan repayment, profit sharing and business expansion. They pay their loan and manage their business within stable rules. These confirm the fact that when women start generating their own income, they get more empowered to make decisions and manage their business as well. Exercising decisions making rights has resulted in their family management skills to solve problem by themselves . Although most women say that they make decision about their business by their own , some women entrepreneurs report that decision on business management and financial issues appear to be difficult because they have no adequate education and prior experience of running business ventures. These factors make them seek assistance from husbands, children and others.

In relation to empowerment ,Khan & Bibi (2011) stated that empowerment is having multiple aspects which enable women to realize their abilities, skills and potential towards their development decisions. Empowerment is the gaining of confidence of one's abilities and potential, shows the decision making capacity of an individual and power to take control over resources. Economic empowerment of women is the ability of women to involve in, participate to, and benefit from growth processes in ways which they identify and acknowledge the value of their contributions, honor their dignity and make it possible to negotiate a fairer distribution of the benefits of growth (Eyben *et al.*, 2008).

Regarding the above point my informant Aslefech narrated:

On top of the economic benefit that I got from MSEs , my engagement in micro enterprise has helped to enhance my ability of expressing my opinions in meetings and discussion forums. It has enabled me to make positive decisions and to occupy the required responsibility in the enterprise . I was working as a deputy chairperson for three years in the enterprise. I have now gave up that post due to health problem .

During the focus group discussion with women entrepreneurs, the participants explained about the livelihood changes they experienced from their involvement in MSEs and explained that they

have managed to gain a substantial knowledge, and information which could serve a key factor for their empowerment and a base for the present and future success in their enterprise. Moreover, they emphasized that joining MSEs helps women to create social networks which comprise friendship, work-based and informal relationships which enlarge their asset because they can use their relations to connect with others to share resources, ideas, skills, information, money and gain opportunities, build their livelihoods and develop their entrepreneurial initiatives. As they explain, they have strong social relationships with the group members, customers, with different governmental and business organizations, as a result of the international nature of business in general.

On the interviews with women entrepreneur Mulu, she says:

It is has been two years since I got engaged in food processing business. Before I involved in MSEs I had a wick social contact and no experience of addressing a gathering. The benefits that I got from involvement in MSEs are many. Apart from income improvement, interacting with people has created for me a good opportunity to meet with different people, who helped me completely change my social status and social interaction. Thanks to God, I have learnt a lot. My engagement in MSEs has boosted my confidence and my ability to make decisions in household expenditures. I had no idea how to do business before as I was only a housewife and I had no experience of dealing with people. I am completely changed now. I have no idea of dealing with people in business as I am doing now. So, involvement in MSEs is a good opportunity for me and other people who are engaged in such business.

The women entrepreneurs have also reiterated the benefit they obtained from their participation in the MSEs. Respondents, who share a similar liberty, reported that they can make independent decision to purchase household utilities and clothes. They make decision on school expenses without consulting their husbands. But few respondents noted that still they make decisions in consultation with their husbands. Regarding the benefit of employment in MSEs, in fulfilling their personal vision and purpose, most women have a plan of switching to another sector and starting new business. They feel competent to outshine men in the society due to their involvement in MSEs. Women entrepreneurs are not only improving their economic status but

also enjoying positive social acceptance in their surroundings. Most women entrepreneurs agree that being owners of a business enables them to make decisions on themselves as well as to become an active participant in a collective decision making of a group.

From the above discussions, one could note that micro enterprises significantly enhance the empowerment of poor women through generating income and ensuring freedom to spend and save earnings. It as well gives them ability to make their own independent decisions on the utilization of money generated from their business. This confirms that when women start generating their own income, they become more empowered to make their own decisions. It can be argued that economic empowerment is a basis for social empowerment as well. Likewise, enterprises afford women mental satisfaction and build their confidence to take responsibilities and to face risks in their day to day activities .

4.7 Major Problems of Women Entrepreneurs

The Ethiopian government has given due attention to women entrepreneurs' role in the national development process. In Ethiopia, based on the national strategy, state governments have developed their own regional Micro and Small Enterprises development strategies (Gerehiwot *et.al*, 2013). The on-going micro and small enterprise development strategies complemented by the formulation and implementation of women and youth packages, could address the unemployment problems (Markoskdani *et.al*, 2015). However the well functioning of MSEs was not free of any challenges.

The barriers and constraints identified in this study are associated to administrative and regulatory problems, policy coordination problems, market problems and financial problems that hinder the accelerated growth of women entrepreneurs.

4.7.1 Administrative and Regulatory Problem

As I tried to discuss the role of the government for MSEs in chapter two, the government has designed a National MSEs development and promotion strategy which facilitates and paves the ground for the growth and development of the sector. The primary objective of the strategy framework is to create a favorable environment for MSEs . The strategy has critical elements:

first the strategy espouses to create and implement an enabling legal framework. Second, it envisages establishing user-friendly business environment, for example, it simplifies and standardize documents, processes and services. Finally, the government offers direct policy support by devising targeted and specific support programs such as access to finance, access to appropriate training and technology, marketing linkage, provision of physical infrastructures and access to working and selling spaces and other handholding supports as deemed appropriate (Berihu, 2013). However, administrative and regulatory policies wield influence on micro and small enterprise development. Institution related problems including bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide by policies or rules & regulations , poor monitoring and follow-up are critical hinderances for entrepreneurs.

Respondents were asked about the challenges they faced in running their business . The frequently raised problems include administrative and regulatory procedures such as protracted procedures, absence of an authority that issues licenses on time, improper relationship within government entities ,which create barriers on women entrepreneurs. Besides access to infrastructure, such as lack of water and power outages cripples the growth of enterprises .It is important to note that the implementation of the MSEs policy involves many governmental agencies such as MFIs, Land Development and Management Bureaus, the TVET bureaus and other infrastructure providers such as EEPC, Ethio-Telecom and Water and Sewerage Management Authority. As a result of this, multi-agency support system policy coordination becomes a critical challenge during the policy implementation.

Aside from the above problems, women entrepreneurs enumerate inadequate support on the side of the government in advisory service, in practical supervision ,in managing financial and auditing activities and in providing credit & raw material as the factors that slacken their effectiveness in developing their enterprises.

Regarding the problems that MSEs participants face in their operation, Tsehay ,who is engaged in cobble stone paving, has this to say:

Shortage of start up capital, the supply of much-needed inputs on time and dearth of raw materials are some of the problems that beset us. Lack of inputs on time or dearth of raw

material are some of the problems that beset us. In addition, tied down by high level of bureaucracies, which could take months and even years to get business license to start work on new project site after we accomplish one site makes our work seasonal. This result in wastage of time and money .Lack of coordination problem of sub cities and getting access for training are the major constraints that we face .

MSEs official on their part has this to say:

Different bodies have joined hands to create an enabling environment for the MSEs sector. Governmental agencies & institutions involved in MSEs development, have their own duties and responsibilities. On part of parties involved, coordination has been a challenge to address all the needs of MSEs . For instance after entrepreneurs received shades or selling places, they fail to get services from suppliers of services of infrastructural services (Electricity, Water, Road and Transportation) .Because of coordination problem if EEPC performs its tasks on time while other infrastructural facility supplying bodies, like water & sewerage agency, are late in fulfilling their commitment on time, entrepreneurs have to wait without starting work for a long time. Thus, decision making procedure of the different institutions is a disorganized one. This again creates a big hassle for the entrepreneurs. However, to solve the problems faced by MSE owners and to evaluate the MSE program a steering committee is set up.The steering committee is made of the three main supporting organizations (MSE department, Micro Finance Institutions, and Technical and Vocational Education and Training) and stake holders (MSE business owners or interested business owners). The steering committee is entrusted with the task of issuing licenses in a short period of time and delivering of services through a single window. Yet the above problem is still there.

In Focus group discussion and in depth interview with women results support the above idea. They ascribe the absence of an authority that issues licenses as per district rules and regulations, the delay in service delivery through a single window, the disagreeable approach on the part of local administration staffer's unfavorable attitude, arbitrary procedures to under laying factors to undermine success in MSEs involvement.

Women entrepreneurs and MSEs officials complain that to a great extent bureaucratic and administrative problems hinder the success of MSEs development program . A simple management mistake is likely to lead to a sure death of a small business venture. And they suggest the following solution to overcome the problems and constrains such as : a) Establishing a one stop service delivery center for MSEs to overcome bureaucratic hurdles; b) addressing training and leadership limitations through incorporating entrepreneurship and management in the technical training centers and c) improving access to infrastructure (water, electricity and communications) and work premises by giving priority to the sector.

Such analysis would help in designing an effective SME policy. The policy design should pass through a transparent, participatory consultative process with stakeholders and beneficiaries. Policy architects should be responsive to local and regional needs and coordinate at the local and national level with different entities involved in SME development. The interactive consultation with local government institutions should take place through a direct link with enterprises to address their needs, problems and concerns and provide them with realistic and factual inputs on policy design.

4.7.2 Market problem

One of the driving forces behind the success of micro and small enterprise is the presence of market for the products and services. However, the major challenges that hinder the growth and development of MSEs in Ethiopia are access to sufficient and sustainable market, lack of suitable working and selling premises and inadequate market competition and knowledge .In this study, many women entrepreneurs have stated that they are experiencing difficulties in marketing. Among this, the most frequently mentioned problems by women entrepreneurs include:

- Shortage of selling places
- Shortage of market linkage and information
- Narrow range of promotional methods
- Stiff competition
- Lack of marketing know how

- Lack of suitable location or sales outlet

The working place is one of the main components needed for a successful and sustainable growth of enterprises as it is essential in creating access to resources and the necessary markets. However, the vast majority of women entrepreneurs voice complaints that their working premises are found in unsuitable locations. They express dissatisfaction that pertinent bodies provide them the current location not based on their interest. As I observed, most entrepreneurs' business sites are located far away from the main road. True, as they explain, the inaccessibility of the business sites and the less affordability of products to customers aggravate their marketing problem despite the fact that getting close to the main road brings more market. This confirms that women's enterprises tend to rely on potential customers in the immediate vicinity or neighborhood of their enterprises. This sad episode may serve an indication to the fact that women are more restricted. A further examination reveals that most women in micro enterprise operate on rented premises. Relatively high rents costs pose critical problems and hinder their business expansion and diversification. Also, respondents complained that they are forced to produce and sell local products only. Because of this reason, many of the aforementioned women are engaged in similar types of business. This leads to a tough competition with each other in same small local markets. This in turn results in lower returns all round.

Similarly in FGD, women entrepreneurs mentioned that trading homogeneous commodities with not much customers and many suppliers create on them piles of unsold commodities. This makes them anxious. Also, the low purchasing power of the local population dampens their mood of producing more thereby inhibiting further growth. Also, when they explain about their sales and marketing channels they note that they rely on themselves to advertise their products and services directly. They noted that the market linkage in women operated enterprise are almost nonexistent and the demand for their products are not consistent. They sell their products and services to the local markets and have no distant market experience, when they could stand a chance for better price advantages.

Approached for an interview, Sintayehu, who is engaged in trade, says that

The marketing problem is the main constraint for the growth of my business. Although the government, together with stakeholders, has promised to create market linkage, still, the pledge is not translated into action. As such, I sell my products to customers who come to my working place. There is no strong market-driven linkage between MSEs and medium and large enterprise. Bazaars and trade exhibitions, which might help me to promote my products, are not organized regularly. Also, the building which the government provided me with is not conducive for the sale of my products. Customers do not know it as the government doesn't advertise and promote it. Besides, I have not enough working space because I share a small working place with other members in the cooperative. Given this fact, I often ask myself whether I have the strength to continue my business for the future under the current unfavorable market situation.

Women entrepreneurs also complain about difficulties in dealing with customers, lack of knowledge on how they run and expand markets, which in turn, has a strong effect for business profitability and expansion. This would appear to suggest that women entrepreneurs have limited experience of marketing and selling know how. They pointed out that this challenge is linked with the problem of inadequate training given to them during the start up process and consultancy services during the operation. On the contrary, Woreda MSEs officials claim that the government assigns experts who give training for entrepreneurs before they start their business. The problem is that some of the entrepreneurs are not willing to take the training because they assume that the training does not have any benefit. However, the training is done on the basis that it provides the foundation for any business success and has a key factor in achieving the vision of the business.

Essentially, most women entrepreneurs do not actively seek opportunities for getting better markets. For example when asked about their promotional techniques, the response most women give shows they do not have the habit of advertising their products/services. Rather they simply depend on bazaars organized by governmental bodies during holidays. Advertising is one of the product promotion strategies and has often an objective of sensitizing existing and prospective customers about the benefits, quality, and utilization procedures of one's product or services. However, as the women explained, they don't aggressively promote their business. They depend on word of mouth when they meet with the customers as their primary means of promotion.

Hence, the government should give more emphasis on advertising micro entrepreneur's services . However, there is one undeniable fact, which is the positive role the government is playing in bringing the entrepreneurs' products to the market through bazaars and trade fairs. However, such supports are only reaching the few and the majority are still suffering from market linkage problems.

In general, the findings of the in depth interview and FGD have showed that issues such as lack of working shades & the estrangement of selling places from customers and rental fee hikes are expected constraints to run their business . Furthermore, lack of information and dearth of marketing facilities, inadequate market knowledge in establishing marketing links with customers, promoters and suppliers as well as low marketing and promotional efforts are the bottlenecks that hinder the profitability and expansion of the business.

4.7.3. Financial Problem to Start and Run the Business

Though the socio economic importance of SMEs has been appreciated globally, SMEs are still faced with the problem of limited access to formal credit. In fact finance is a constant need particularly for MSEs. This could be attributable to the perception of higher risk, informational barriers, and the higher costs of intermediation for smaller firms. In case SMEs experience setbacks they fear to grant credit. Hence SMEs often cannot obtain long-term finances in the form of debt and equity (Fatawu ,2014). Credit can often act as a catalyst in expanding both enterprises and income. Especially poor women, for whom the principal constraint in improving living standards is simply lack of income, can benefit enormously from credit inputs. Ironically ,it is they who are most often denied this access.

In Ethiopia, several Micro Finance Institutions (MFIs) have been established. They have been active in resolving the credit access problem of the poor, particularly that of those involved in petty business. And also access to credit from Commercial Banks by SMEs has been a widespread concern. Nevertheless, the availability of finance and financial support services are still critical for enterprise creation and growth. In this study, women entrepreneurs have indicated that lack of finance was their major setback. The interviewees were asked about their

sources of finance to start and run their businesses as well as their financial problem. Accordingly, the majority of the respondents indicated that they tried to mobilize start up capital from different sources including personal saving, Iqub, loan from families and friends and credits. However, they reported, this is not sufficient to start business, run and expand business because enterprises need finance to purchase equipment and machinery, to expand their market and to cover working capital shortages. Respondents point out that even if the government has facilitated credit from MIFs & banks for SMEs the preconditions to keep record of business success pose major impediments for getting credit or loan from the small and micro enterprise.

My informant Tsege, who applied for getting the same from MFIs explains the problem she faced as follows :

Once I had a plan to open café and restaurant. However I did not have money to start the business .Then I thought to obtain loan from MFIs and submitted an application . But I got rejected because getting access to credit is the exclusive right of those who have records of business success. when one applies for credit one is expected to show success records. You see, I did not have that . The credit service is accessible to those with prior capital. One will not have access to credit or loan until one has his/her start up capital.

Similarly, in the focus group discussion the respondents complained that they find accessing credit from banks difficult. Because banks tend to lend money on collateral basis. In the absence of the required property for collateral agreement,they could not secure bank loans. Besides, inability to present a well-laid out business plan and tedious loan application process, tight repayment period and lack of confidence to take greater risk adversely impact the utilization of their business in full capacity and the morale of the entrepreneurs . According to them,poor as they are, they could not fulfill requirements of formal banks for credit services . Different literature show that the formal banking sector in Ethiopia is highly inaccessible to the poor due to collateral problem. Women entrepreneurs who enjoyed loan from micro finance institution also pointed out the money they received is not enough for running and expanding their business. The repayment period, as well, is not a relaxed one. And they explain that the financial problem constrains the growth and expansion of their businesses.

Micro Finance has evolved as an economic development approach intended to benefit low income women and men and to fill the gap of formal banking in meeting the needs of small scale barriers, who are engaged in self employed income generating activities. Nevertheless, women entrepreneurs complain that they are not keen to get loans from MFIs due to their low loan ceiling. They argue that micro finance is not serving them as the best way because of the inconvenient lending and repayment arrangement. Such operational problem causes setback for the expansion of their enterprises .

In general the above studies reveal that even if finance is a valuable tool to set up and grow business, the inaccessibility of financial support has proved to be a constraint for women entrepreneurs to start up business and to mobilize capital for expanding or diversifying the business .As the entrepreneurs reported, their financial sources for the start up and expansion of the business came from personal savings and family loans/contributions which are insufficient. Not enough seed money is a constraint for their achievement. As women entrepreneurs put it, MFIs or Banks are not relevant for their purposes ,which is likely to be due to the collateral problem and smaller loan size . As a result effective credit provision is necessary to motivate poor women to participate and to bring success in micro and small enterprise, in turn to empower beneficiaries and to eradicate poverty.

CHAPTER FIVE

Conclusion and Recommendations

In this chapter, conclusions are drawn based on the findings and recommendations are forwarded for concerned bodies.

5.1 Conclusion

MSEs make a significant contribution to the socio-economic life of the country by way of supporting people to generate or as earn money. MSES are becoming an important area of emphasis for many developing countries in general and to Ethiopia in particular. The development of MSEs is seen as one instrument in addressing poverty and it was clear that MSEs have a potential contribution in facilitating employment opportunities for the largely unemployed people particularly for women's.

Women dominate the MSE sector in Ethiopia and their participation in the private sector is comparable to other African countries. The overall objective of this research was assessing the role of MSEs on the livelihood of poor women in Addis Ababa in Yeka sub city . Most of the entrepreneurs most likely, are entrusted with family responsibilities and were not economically active before they started the enterprises . This study , had tried to investigate the roles played by MSEs in improving women's socio economic condition by creating employment opportunities for those who were in need of job and women with low level of income. The findings of the study revealed many of women's were engaged in the sector to fulfill necessities through finding employment from the sector. The study revealed that MSEs have been playing undeniable roles to improve women's income and standard of living. The study also found out that MSEs have played a big role towards women empowerment. It has found out that engagement in the enterprises has enriched wome's social interaction and networking. They no longer have gaps in information sharing, exchange of ideas and knowledge cross pollinating and participating in *Idir* and *Iqub*. To sum up, this whole discussion i can be wrapped up with ,in the study area ,micro enterprises have contributed in socio-economic improvement of women.

Considering the main bottlenecks that hinder the role of MSEs, this research has also identified and categorized the critical problems that women entrepreneurs face in MSEs into three categories: 1) Market-related problems, which are caused by poor market linkage and poor promotional efforts, lack of favorable selling places and knowledge on product marketing, demand and supply problem, lack of experience and knowledge on market were perceived by the respondents to have greater impact to cope up with changes on their business development; 2) institution-related problems including bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide by policies, regulations, rules, directives, and poor monitoring and follow-up and lack of transparency among SMEs office at the time of allotment of working place and others are also identified as major challenges; 3) Financial factors and related problems were also pointed out by the respondents as a constraints on women's business performance. These factors include shortage of working capital, inaccessibility of services of MFIs and banks because of requirements of collateral in fixed assets and high interest payment.

5.2 Recommendation

As participation in MSEs enables women to improve their livelihood, pertinent government offices, which are responsible to support the MSEs, have to work hard to create the required enabling environment. To achieve this, based on the findings of the research, the following recommendations call for attention.

Market problem is the frequently mentioned formidable hurdle faced by studied MSEs. Therefore, it is necessary to root out this entrenched problem. Some of the ways of doing so can be linking the MSEs with other stakeholders working within or around Addis Ababa so that the operators enjoy market opportunities. Through extensive awareness creation mechanism, changing the perception of the general public regarding local products is essential, since, in the long run, private individuals are envisaged to be the main buyers of the products manufactured by MSEs. Facilitating appropriate selling and display places is necessary.

Strengthening the follow-up and monitoring works of governmental sector offices must be made a point. Level of the capacity, awareness and commitment of officials need be stepped up. Provision of advice and consultancy, public infrastructure and facilities such as roads, electric power and water should improve.

The use of external finance is proved to have a positive contribution for the growth of enterprise. Therefore, adequate provision of finance should be the main element for women's business development. The provision of finance based on amount of savings and saving habits further encourage women to take loans, since they mostly lack economic resources and are unable to give collateral. Therefore, establishing specialized micro finance services that benefit women entrepreneurs must be encouraged. Also easing the unfavorable policies of banks and MFIs in a way that suits the tangible situation and needs of MSEs must be considered.

The long list of the above-discussed problems may make people to be skeptical of the sustainability of the MSEs. Therefore, the sustainability of the enterprises can be a possible agenda for further researches

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APPENDIXES I

Guidelines Prepared for the Research Participants

I. Interview Guidelines for Women Entrepreneurs Engaged in MSEs

1. what are the reasons for joining the MSEs sector?
2. when do you establish the organization?
3. What are the sources of your business at start ups?
4. What were you doing immediately before starting this business? How much was your average monthly income? How do you compare it with the present level?
5. Do you think that your business has created opportunity for you to have a social interaction with other people?
6. Are you a member of any social grouping?
7. Is your house owned or rented?
8. Do you think that MSEs contributed for the economic & social well being of your own & your family? How?
9. Is there is improvement in your discussion making power in your life before and after involved in this activity?
10. What is the government support?
11. What are the effects of various policies of government on your effort and decision to establish and run your business? To start up and run your business?
12. Is your work place located in a convenient location and your working space adequate to your activity?
13. How is the adequacy (size) of your work place (shade)?

14. Does your work place has access to water , electricity and other facilities
15. Where do you sell your products?
16. Do you have market for your products?
17. Is there any support from MSEs offices in facilitating suitable conditions in acquiring loan?
18. what are key encounter problems within MSEs activity?
19. Do you have a plan to further expand your business in the future?

APPENDIXES II

II. Interview Guidelines for Concerned Government Official from MSEs Offices.

1. What is the total number of MSEs in your Sub-City?
2. What kind of support does your office provides to MSE operators at the time establishment and then onwards?
3. With which organizations do you have working relationship? What problems observed?
4. How do you explain the overall socio economic contribution MSEs on women entrepreneurs?
5. What are the major internal and external constraints that impede MSEs from realizing its vision?
6. What is the problem regarding training, credit, commitment?

APPENDIXES III

III. Guidelines to Focus Group Discussion With MSEs Operators.

1. How could you explain the livelihood outcomes working on MSEs ?
2. How do you compare your living condition before & after your engage in MSEs.
3. what barriers and constraints did you face on going business?
4. what are your market problem?
5. what is the advantage of joining into MSEs?
6. Is there any supervision, follow up and monitoring services by concern

