



**Assessment of Challenges and Opportunities of Entrepreneurs in the Case Of
Selected Wood and Metal Works Small Scale Enterprises in Woliso Town
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Contents

Acknowledgement	i
<i>Abstract</i>	iv
Chapter one	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Statement of the problem	2
1.3 Objective of the study	3
1.3.1 General objective	3
1.3.2 Specific objectives	3
1.4 Significance of the study	3
1.5 Scope of the study	4
1.6 Limitation of the study	4
CHAPTER TWO	5
LITERATURE REVIEW	5
2.1. Entrepreneur and Entrepreneurship	5
2.2 An Overview of Small Enterprises	5
2.3 Definition of Small Enterprises.....	6
2.4 The National Small Enterprise Development Strategy in Ethiopia.....	7
2.5 Rationale for Small Enterprises’ Growth and Development.....	8
2.6 Measurement of Small Enterprises’ Growth.....	9
2.7 Challenges to Small Enterprises	10
2.7.1 Financial Challenges	11
2.7.2 Marketing Challenges	11
2.7.3 Working Location Challenges	12
2.7.4 Policy Related Challenges	13
2.7.5 Institutional Linkage Challenges	13
CHAPTER THREE	15
RESEARCH METHODOLOGY	15
3.1 Research design	15

3.2 Target population	15
3.3 Source of data	15
3.4 Sample and sampling method	15
3.5 Method of Data Analysis	15
CHAPTER FOUR.....	17
DATA ANALYSIS AND PRESENTATION	17
CHAPTER FIVE	23
5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	23
5.1 SUMMARY	23
5.2 CONCLUSION.....	23
5.3 RECOMMENDATIONS	24
<i>REFERENCE</i>	25

Abstract

The objective of this research is to assess the challenge and opportunity of MSEs in Woliso Town. The main research question was to find the socio-economic and environmental impact of MSEs and the drivers and barriers for sustainable business practices.. The research was based on review of relevant literatures and research methodology was employed where data was collected from entrepreneurs and employees of the enterprises. This study reveals that the enterprises have created job opportunity for local dwellers and are playing considerable role in the interactions in the local markets through the use of local raw materials and serving the local customers needs. However the firms contribution to sustainable development are restrained by many factors including weak economic performance of firms, business constraints as marketing problems, input constraints and finance constraints, non effective human capital management, weak environment protection measures adopted by the MSEs and lack of relevant knowledge. Though the MSEs entrepreneurs have positive attitude on the benefits from sustainable business practices as cost reduction, profit maximization, attraction of employees and customers, reputation building and comply to legislation, the drivers are not highly influential for the enterprises due to the barriers that strongly hinder the enterprises to implement socially and environmentally responsible business practices. This study is intended to fill the gap by exploring the challenge and prospects of the entrepreneur in the small enterprise particularly in woliso town ,15 samples of the small enterprise, with total number of employees of 75 were selected using judgmental technique, from which the required data were generated and analyzed employing the descriptive design. From these the study was concluding as A high proportion of respondents from the study area were in the severe problem of tax burden category followed by lack of adequate input supply, shortage of power and frequent power cuts, limited access to working capital, linkage among different enterprises, high interest rate on credits and shortage of managerial skills respectively. and recommend as It is also advisable to create and capitalize on opportunities for sharing best experiences of small enterprises at national level through bazaars and trade fairs as this would inspire others to obtain better access to markets, technology, experience, knowledge and managerial skill.

LIST OF TABLE

4.1 Demographic Characteristics of Respondents	17
4.2 General characteristics of entrepreneurs	19
4.3 Number of employees at the start up	19
4.4 Number of employees at present Table.....	19
4.5 Sources of startup capital	20
4.6 Possessions of working location of the enterprise.	21
4.7 Training on how to run the business	21
4.8 Rating of different Challenges.	22

Chapter one

INTRODUCTION

1.1 Background of the study

Policy maker and donors have increasingly recognized the roles of small enterprises in creating employment and income generation with the dual objectives of enhancing growth and sustainable development (Beck and Levine 2003.) according to Kikuyu (2004), small enterprises have shown great resilience during the time of crisis. They also proved to be dependable source of employment by creating opportunities at relatively low capital cost .recently, a policy shift toward the private sector has occurred in many developing countries and in this context the role of entrepreneurs in small enterprises as seedbeds for large-scale entrepreneurship is receiving greater recognition (Abdullah and Baker 2000). Increasing concern about the need to achieve high growth that is shared and that encourages human development has given a new focus to the development of the sector (World Bank 2004). This is because small enterprises tend to develop in different regions of the country, contributing to the reduction in the concentration of enterprises in urban areas and promoting balanced economic growth with increased urban population dynamics in sub –Saharan Africa, the importance of small enterprises is also growing (Goedhuys 2002). The fact that there are rapid rural-urban migrations and that urban centers are proving inadequate in absorbing these migrants, makes the sector important in providing employment opportunities (Gebrehiwot and Welday 2004). Since 1991, the government of the federal democratic republic of Ethiopia has recognized the promotion and development of small enterprises as important vehicles in addressing the challenges of unemployment, economic growth and equity. This sector is also accepted as the basis for medium and large-scale enterprises (Gebeyehu and Assefa2004; Mulatu 2005). In November 1997, the Ethiopian ministry of trade and industry (MoTI) published the micro and small Enterprises Development Strategy (MSEDS), which initiates systematic approaches to alleviate problems and promote the growth of small enterprises (MoTI 1997). The government of the Federal democracy Republic of Ethiopia has earmarked the sector as an instrument to bring about economic transition by

effectively using the scale on the talents of the people. Particular interest has been paid to the process of expansion of small enterprises in to medium and larger sized enterprises to appoint at which their contribution to the socio-economic growth of the country has increased (Geberehiwot 2006).

1.2 Statement of the problem

There is consensus among developed and developing countries that small enterprises can become effective creators of employment, innovation and income generation. Moreover, they can drive economic growth and thus play crucial role the fight against poverty (Belay 2000). For instance, in Barbados there are approximately 6000 small enterprises and they account for approximately 80% of all business activity on the island (Andreff and Dominique 2001).

In sub-Saharan Africa, the sector is important in urban economic activities, practically in the provisions of urban employment and income generation (Harding 2002). The Ethiopian government has also focused on the expansion of small enterprises and their growth in to medium and large enterprises (Abdullah and Baker 2000; CSA 2003; MoTI 1997).

Evidence suggest that although small enterprises have contributed their share, it is the development of medium – sized enterprises that has played a major role in the growth and development of all the leading economies in Asian countries (Cunningham et al 2001).

The Asian experience shows that medium – sized enterprises have propensity to apply technologies and training and to serve specialized niche markets (Watson and Everett 1999).

Regardless of the anticipated contributions of small enterprises to economic vitality, failure and bankruptcy has plagued these enterprises in most Sub-Saharan countries (Eshetu and Eleke2008). According to Timmons and spinally (2004), lack of business skills, limited access to finance and unfavorable economic climate are the most serious causes of bankruptcy among small enterprises wood and metal.

The few available studies that have dealt with the challenges facing entrepreneurs in small enterprises in Woliso are general and scanty, despite the fact that small enterprises in different sectors face challenges of varying magnitude. Hence, this study investigated the critical challenges that specifically affect metals and wood works manufacturing performance. This is of considerable importance as challenge the affect the performance of the particular business and

particularly focus metal wood workin the manufacturing sector, for instance, may not equally affect the performance of business operators in the service, trade or constructions sectors. This study addressed three main research questions:

- ❖ What are the main challenges of wood and metal works small scale enterprises in Woliso town?
- ❖ What are the opportunities for wood and metal works small scale enterprises in Woliso town?
- ❖ What are the levels of performance of wood and metal works small scale enterprise in Woliso town?

1.3 Objective of the study

1.3.1 General objective

The general objective of this study was to identify major challenges and opportunities for small scale enterprises woliso town, 01 kebele metal and wood work enterprises.

1.3.2 Specific objectives

- ❖ To identify the main challenges faced by small scale enterprises in woliso town
- ❖ To identify the main opportunities for small scale enterprises in woliso town sub city.
- ❖ To assess the performance level of wood and metal works small scale enterprises in woliso town?

1.4 Significance of the study

This study focuses on identifying major challenges and opportunities for small scale enterprises in woliso town 01kebele metal and wood works enterprises .this study will be significant in the following grounds .firstly ,findings of this study will help enterprises owners to identify main challenges they are facing and opportunities that they do have .secondly ,it will be valuable reference for scholar and researchers to conduct further similar

research .finally through conducting this study the researcher will develop the skill ,and culture of doing researches in different area of interest.

1.5 Scope of the study

Scope refers to the coverage aspect of related to the particular study are the study Would be concern with the bounded mainly to see the challenges of the small-scale enterprises and opportunities for small scale in woliso town, in metal and wood works enterprises.

1.6 Limitation of the study

In studying factors affecting performance of MSEs in Woliso town the researcher planned to carry out in successfully way, however some limitations suspected for conducting this study.

The registered and actual MSEs are not equal. Some of MSEs were closed due to different problems The MSEs office doesn't have updated information and hence it affects the sampling of the study. To overcome this limitation the study identified the currently existing MSEs in communicating with the MSEs Offices and adjusting the sample. Another problem encountered in the study has to do with the operator's reluctance to cooperate due to suspicion that disclosing information may lead to negative effect on their business and the respondents didn't give required information at required time because the respondents are busy.

CHAPTER TWO

LITERATURE REVIEW

2.1. Entrepreneur and Entrepreneurship

The word “entrepreneur” is derived from the French verb “enterpriner”, which means “to undertake” (Desai 1999). This term has been defined differently by different scholars and there is no consensus on one universally accepted definition. For the purpose of this study, an entrepreneur is an individual who is propelled by an idea, personal goals and ambitions to bring together the financial capital and the necessary equipment to establish and manage a business enterprise (Audretsch and Fritsch 1991).

The economic development of a country can be attributed to the level of entrepreneurial activities, and entrepreneurs are seen as the primary creators and drivers of new business (Baum 2004). Despite many similarities, entrepreneurship and small business are not synonymous. Entrepreneurs are frequently thought to be individuals who discover market needs and launch new firms to meet those needs, and they are risk takers who inspire for change, innovation, and progress (Morrison 2000).

According to Michael Earl (1996), an entrepreneur needs to adopt entrepreneurial attitudes and a characteristic that may be obtained from an entrepreneurial family. Education is less likely to be able to contribute what is required of an entrepreneur than entrepreneurial parents. In this regard, informal learning opportunities through contact with family members who are already entrepreneurs can play a key role in developing entrepreneurial capacity (Niemen et al. 2008).

2.2 An Overview of Small Enterprises

Neman et al. (2008), who studied the nature of small enterprises, have distinguished between promising start-ups and marginal start-ups. Promising start-ups are those enterprises with the potential for attaining significant size and profitability, while marginal start-ups lack such opportunity. The few businesses that have such glowing opportunity for growth are called high potential businesses, and these are strong segments of small businesses that offer substantial financial rewards for their owners (Mensah, 2005). Even in these groups, there are variations in style of operations and approaches to growth, where businesses with high-tech start-ups usually grow faster and make their founders wealthier. The least profitable firms, including many

service firms, provide only very modest returns for their owners and their distinguishing feature is their limited ability to generate significant profits (Charmes, 2000). Entrepreneurs who devote personal effort to such businesses receive a profit that does little more than compensate them for their time.

Ishengoma and Kappel (2008) categorize small enterprises as survivalists, trundle's and flyers. Survivalists are those enterprises that keep the business owner alive although the income that is providing by these enterprises may be poverty line or even sub-poverty line. Such owners pursue the business because they have no other source of livelihood. Trundlers are define as enterprises whose turnover is static. The incomes provide by these businesses is enough to meet basic needs and their owners show no desire to expand. Charmes (2000) and Small bone and Welter (2001) argue that such enterprises form the second largest group of small enterprises in less develop counties. Flyers, on the other hand, are define as enterprises owned by true entrepreneurs who have taken up the business because they see opportunities for growth (Mekonnen, 2006). Their income not only meets basic needs but also enables them to graduate to the medium-scale category.

2.3 Definition of Small Enterprises

There is no single or universally acceptable definition of small enterprise as the criteria and ways of categorizing enterprises as small vary from institution to institution and from country to country, depending essentially on the country's level of development (Gebrehiwot and Wolday 2006).

Within the same country, the criteria for categorizing small enterprises may change over time as a result of factors such as changes in costs and technology (Kolvereid and Isaksen 2006). Mulugeta (2011) define small enterprises based on their growth potential, level of capitalization, sales and employment.

The United Nations Industrial Development Organization (UNIDO) provides an alternative definition for developing countries, defining small enterprises as business finns with between five and 19 employees (UNIDO 2002). The official definition of an enterprise's size in Malawi is based on the level of capital investment, the number of employees and its turnover (Kayanula and Quartey 2000). AnEnterprise is define as small if it satisfies any two of the three criteria.

That is, it has a capital investment of USD 3,000-USD 56,000, it employs between six and 20 people and has a turnover of up to USD 110,000.

In Kenya, small enterprises are non-primary enterprises that employ between one and 50 people, whether in the formal or informal sector, or more specifically, that employ 10 to 50 workers (Mulugeta 2011: 15).

This indicates that the definition of a small enterprise has led to a range of ideas and different approaches. Tegegne and Meheret (2010) confirm that the absence of a single or globally applicable definition has made the task of counting the number of small enterprises and assessing their impact extremely difficult across countries. As there is no uniform definition of a small enterprise, an operational definition used for the purposes of this study is the one offered by the Ministry of Trade and Industry in Ethiopia. This defines an enterprise according to the number of employees and paid up capital. According to the revised Micro and Small Scale Enterprises Growth Stage Guideline of the Federal Democratic Republic of Ethiopia (FDRE), No. 004/2011 (FDRE 2011):

The industrial sector comprises urban agriculture, manufacturing, construction and mining sub-sector and so on is a business enterprise, as it employs between six to 30 workers, including the business owner and family labor and/or with the monetary value of the enterprise's total assets, that is not more than 100,000 Et. Br (USD 5,555);

The trade and service sector includes retail trade, transport, hotels and tourism, information technology and repairs. It is made up of business enterprises that employ not more than five people, including the business owner and family labor and/or with the monetary value of an enterprise's total assets being not more than 50,000 Et. Br (USD 2,777).

2.4 The National Small Enterprise Development Strategy in Ethiopia

In recognition of the important role that small enterprises can play in creating income and employment opportunities and in reducing poverty, the government of Ethiopia has given special attention to these enterprises. The Ethiopian Ministry of Trade and Industry (MoTI) published the Small Enterprise Development Strategy (MSEDS) in November 1997, which takes a systematic approach to addressing the difficulty in promoting the growth and expansion of the sector (MoTI 1997).

The Ministry of Trade and Industry is the responsible organ of the Federal Government in the formulation of policies and strategies to promote the growth and expansion of small enterprises. In order to ensure institutional coordination in the sector, the government created the new

Federal Small Enterprises Development Agency (FeMSEDA) in 1998 (Proclamation 33/98) (Belay 2000; CSA 2003).

In 2000, the regional governments also established Regional Small Enterprise Development Agencies (ReMSEDA) to provide extension services to the sector at the regional, zonal and district levels (Mulatu 2005). The strategy paper was first prepared at the national level and then adapted and ratified by each region after harmonization with the prevailing conditions of the region.

2.5 Rationale for Small Enterprises' Growth and Development

It is a fact that small enterprises are widely recognized as contributing to the growth, income and employment generation in many develop and developing countries, such as Japan and the East Asian Tigers (Huang and Brown 1999). Although there are perceived economic benefits, owners and workers in these enterprises are disproportionately poor, with the incidence of poverty higher than in medium and large enterprises (Gebeyehu and Assefa, 2004).

Liedholm (1987) agree that although there are various challenges, one of the approaches taken to reduce poverty is the promotion of the growth and development of small enterprises that can generate income and employment opportunities among the poor and the most marginalized sections of society. Broad-based growth is more likely to be faster in small enterprises and provides greater opportunities for the poor.

As a result, the Ethiopian Government has paid considerable attention to the growth and expansion of small enterprises (Eshetu and Eleke 2008). In particular, the interests of government lie in the expansion of these enterprises into medium and large enterprises, as it is at these stages that their most tangible contributions are realized (CSA, 2003). Cunningham et al (2001) argue that it is the development of medium-sized enterprises that has player the major role in the growth and development of all leading economies in Asia. The Asian experience shows that medium-size enterprises have a greater propensity to apply technology and training that serves specialized niche markets than small enterprises. Small enterprises are regarded as an instrument for bringing about economic transition by using the skills and talents of individuals without demanding a high level of training, capital or technology (Gebeyehu and Assefa2004).

Gebrehiwot (2006) describe the small enterprise as the national home of entrepreneurship; this can be used as a springboard for social progress. The sector contributes to job creation and can become a source of income for many people (Eshetu and Eleke 2008). Furthermore, it can facilitate forward and backward linkages, serving as a seedbed for entrepreneurial development and resource mobilization. The proponents of policies and programmers design to support small enterprises have long clime that these enterprises are labor intensive, and are efficient in promoting equity through the income they generate as they are widely dispersed geographically (Daniel 2007).

2.6 Measurement of Small Enterprises' Growth

Enterprises successes are measure predominantly in terms of increases in turnover, increases in the number of people employ and the average change in sales (Kolverei and Isa me an enterprise's growth by the change in the number of employees over the years since start-up.

Although sales (output), value added assets and the number of workers are among the array of variables that might be employee to measure the growth of small enterprises, the one use most frequently is the number of workers as this is the indicator that is most easily and accurately remember over time and that does not have to be deflate. However, USAID (2002) argue that certain biases might arise from the use of employment as an exclusive measure of growth and by ignoring the alternative measures such as changes in sales, outputs, or assets.

This is because the nature of employment is seasonal, leading to the prevalence of part-time workers and the extensive use of unpaid, family labor, including children. Some critics also raise the issue of job quality in using employment as a measure of growth (Huang and Brown 1999). As a result, they define an enterprise's growth as an average change in sales.

Gebeyehu and Assefa (2004) performance and profitability of enterprises is not related to the growth of sales as some companies may be able to maintain high profits even with a declining sales growth rate. These authors argue that although taking the average change in sales as an alternative measure of an enterprise's growth is feasible, the growth of employment remains the best unit of measurement. Another reason for taking employment as a reliable measure of find

growth in small enterprises is the contribution made by enterprises to creating employment opportunities (Timmons 1999).

2.7 Challenges to Small Enterprises

Despite their significant contribution to the economy, small enterprises face serious challenges. According to Muma (2002) this sector is often referred to as small businesses with big problems.

Sector type is an important determinant of enterprise growth as different sectors face different product demands and encounter various cost structures on the supply side (Liedholm and Mead 1999).

A second variable likely to affect the growth of existing enterprises is location. Complementary enterprises group close together or locate close to the final demand sources might be expected to grow more rapidly than their more isolate counterparts (Arimah 2001). Empirical evidence from Africa has indicated that urban enterprises typically grow more rapidly than their rural-base counterparts because of their location (Liedholm and Mead 1999). Kolvereid and Isaksen (2006) argue that various socio-economic variables influence enterprise growth. For example, increases in “human capital” through increases in the experience or education of the entrepreneur lead to enterprise growth.

In addition to “human capital”, proprietor gender is also thought to be an important determinant of enterprise growth. Blackman (2000) and Liedholm and Mead (1999), for instance, posit that female entrepreneurs in Africa are more risk averse and thus less likely to grow than their male counterparts.

Finally, the overall socio-economic and political situation in a country is a key determinant in the growth of small busies and Penna (2000) grouped problems of small enterprises into five clusters: Finance, government rules, marketing, labor, equipment and infrastructure are the most critical problem.

Monk (2000) also found that deficiencies in working capital, poor market access and rapidly changing market conditions were the major reasons for the failure of small enterprises. Despite the numerous determinants of growth and expansion in small j enterprises, the Ethiopian

government has identify finance, market factors, working premises, policy and legal factors and institutional linkage-related problems as major obstacles in the way of optimal performance of the small enterprise sector (MoTI 1997).

2.7.1 Financial Challenges

The accessibility of finance is crucial for dynamic enterprises whose growth potential exceeds their internal sources of finance. However, because of limitations in the credit markets of It' developing countries, the majority of entrepreneurs start their businesses with little or no support from formal financial institutions (Deckle and Ligthelm 2005).

In particular, credit presents a challenge to small-scale enterprises because banks are reluctant to offer them loans on the assumption that the risk accompanying loans to small enterprises is high (USAID 2002).

Furthermore, the low returns expected from small loans provided to small enterprises have jeopardized their relationship with formal financial institutions. The inability of entrepreneurs in small enterprises to provide precise information about themselves has also contributed to the lack of access to credit (Kavanamur 2002).

According to the formal money-lending institutions, collateral is seen as a way of reducing risk, shortening the selection process, and as a mechanism for compensating for bad debts (Mishkin 2006). A number of development economists have observed that the most widely accepted forms of collateral in most credit markets are mobile and fixed assets such as motor vehicles, real estate and industrial equipment; these are rarely attained by entrepreneurs in small enterprises (Monk 2000).

2.7.2 Marketing Challenges

Access to markets is crucial; not having access to markets has an adverse effect on the entrepreneurs" performance as their objective of achieving competitive advantage ends in failure (Beck and Levine 2003). For instance, in terms of location, the majority of small enterprises are

home-based with limited markets for their products and services (Paul and Rahel 2010). Their interaction with other businesses increases transaction costs and this contributes to limited access to marketing information (Gebeyehu and Assefa 2004). Supply constraints are also considered a hindrance to the normal functioning of enterprises as in one way or another these limit the ability of entrepreneurs in small enterprises to generate goods and services for better income generation (Belay 2000).

According to Andualem (1997) and Negash and Kena (2003), market constraints experienced by small enterprises have been listed as among the most serious obstacles to growth beyond subsistence level. The CSA's report (2003) on Ethiopia, which is based on 31,863 small-scale industries all over the country, indicates that 48% of all establishments faced difficulties related to demand or access to markets, and weaknesses in or total absence of appropriate marketing channels, exhibitions, trade fairs and display centers.

Furthermore, a shortage of inputs and their costs are common constraints. Although specific problems differ by country, most crucial in all this is whether entrepreneurs regard access or their costs as the most pressing problem (Solymossy and Penna 2000). Whether inputs are primarily imported or domestic is also another important issue.

2.7.3 Working Location Challenges

The obstacles experienced by entrepreneurs running small enterprises include unavailability of work premises, high rent and poor access to good quality business infrastructure (Liedholm 1992). According to the CSA's 2003 survey result, problems associated with working premises are mentioned as one major constraint hindering the smooth performance of small enterprises (CSA 2003).

Some enterprises operate in open spaces, a situation that limits their access to public services such as toilets, water and electricity supplies. The main reason for enterprises being concentrated in urban areas is the greater availability of various types of infrastructure relative to rural areas (Liedholm and Mead 1999). However, the shortage of such infrastructure has also been one of the main obstacles to the development of the sector in many urban areas of the country (Mulatu 2005).

According to Beck and Levine (2003), technology designates a combination of machinery, labor, skills and techniques. These technologies need to be consistent with local resources and conditions in order to make effective use of the relatively abundant resources. However, the issue of adopting appropriate technology and the limited access to this type of technology has presented serious problems and obstacles for operators of small-scale enterprises (Watson and 12machinery failure as the major reason for their 1 inability to be operational (CSA 2003) Assefa (1997) also notes that small enterprises have difficulties 11' accessing appropriate technologies and information.

2.7.4 Policy Related Challenges

A government that is committed to the promotion and development of small enterprises makes? fiscal policy and monetary setting stable with reasonable interest and exchange rates (Berkham et Everett 1999). Among the entrepreneurs studied by the CSA in Ethiopia, 29% reported 2'4' a 1996). Furthermore, markets and tax rates should be stable and moderate in addition to endorsing policies that minimize the cost of business registration and licensing. In many countries, the overall economic policies such as trade, pricing, taxation and credit policy are biased in favor of large enterprises (Brown 1999). Under trade policy, for example, government can directly allocate import inputs and this favors large enterprises that are more likely than smaller ones to gain access to import quotas. Large enterprises are often granted industrial investment incentives that enable them to import their capital goods duty-free for a certain period (Ishengoma and Kappel 2008).

2.7.5 Institutional Linkage Challenges

One of the most important issues affecting the growth of small enterprises is the linkage with other enterprises, including research organizations (Aggarwal 2006). Arimah (2001) argue that the nature of these linkages and commercial relationships between small and large enterprises is weak and unbalanced, which harms the smaller enterprises. The most dominant linkage relationship between these two types of enterprise is one in which medium and large enterprises provide inputs to small enterprises; this is regard as exploitative (Chen 2005).

A forward linkage, in which small enterprises supply medium and large ones and which is believed to have a positive effect on the performance of the small enterprise is not very common in developing countries (Ishengoma and Kappel 2006). This imbalance in linkages between sectors is among the factors that explain low competency in the small enterprise sector. The majority of small enterprises that are involved in bilateral vertical linkages with medium and large enterprises have relatively low bargaining power as a result of their weak legal status and inadequate capabilities (Gebrehiwot and Welday 2004) consequently, they are likely to be exploited and to incur relatively

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

Among different research design, both qualitative and quantitative exploratory and analytical research design is used for the purpose of this study which enable the research to interpret the finding adequately and accurately.

3.2 Target population

In Woliso Town there are 75 Employee in 30 wood and metal work enterprises. I would focus on Woliso Town the research would consider only the entrepreneur owners.

3.3 Source of data

In this study, primary data would be used to gather information from entrepreneur about the challenge and opportunity of micro and small-scale enterprises. The source of primary data would be collected from entrepreneur through questionnaires. They used structured questionnaires and the questions in the questionnaires would close ended questionnaires and it would be prepared based on questions regarding the various aspects of the topic of the study.

3.4 Sample and sampling method

I would use judgmental technique to carried out this study would be select 15 among 30 enterprises from woliso town. 5 from 01 kebele 6 from 02 kebele 4 from 03 kebele enterprises and I would take total number of 75 owners enterprises as a sample size.

3.5 Method of Data Analysis

Analysis of data would be depending on the information gather from different sources .The data would be process and analyze by using tables. The questionnaires would manually sorted out by editing classifying and coding. In this study descriptive analysis used because of its appropriate and clarity, and necessary interpretation would make under each table through descriptive method.

Distract	ENTERPRISES	OWNERS	MELE	FEMEL	Sample
01 kebele	9	21	20	-	5
02 kebele	11	29	28	1	6
03 kebele	10	25	25	-	4
Total	30	75	74	1	15

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter includes a discussion of the demographic features of entrepreneurs, the characteristics and the growth of small enterprises measured in terms of increases in employment since start-up up to the time of data collection. The challenges affecting the performance of small enterprises in general are discussed and the challenges facing each sector are examined, together with the Opportunity of these small enterprises.

Generally, the analysis and discussion were carried out using a descriptive research design, including statistical tools such as, pie charts, and tables. In Weliso town there are 15 Metal and woodworks enterprises with total of 75 owners who are working as an entrepreneur. For this study, through judgmental 5enterprises from 01Kebele, 6 enterprises from 02kebele and 4 enterprises from 03kebele, a total of 15 enterprises have been taken to undertake the analysis.

4.1 Demographic Characteristics of Respondents

Table 1Distribution of Respondent by sex

Item	Number of respondents	
	Frequency	percentage
Sex		
Male	74	98.7%
Female	1	1.3%
Total	75	100

Source: Own survey, 2018

The above table shows that the sex distribution of sample respondents out of the total of 75 respondents surveyed, 74 were male and the remaining 1 were females. This represents that 98.7% were male and 1.3% were females. Therefore, the result shows that most of respondent were male. The finding reveals that the gender of the entrepreneurs is dominated by and is in favor of male entrepreneurs when compared to that of their female counterparts.

Table 4.1.2 Distribution of Respondents by Age

Table4. 1.3 Distribution of respondents by educational level

Description	Number of respondents	
	Frequency	Percentage
Educational level		
Can write and read	22	29.3%
Grade 10 complete	35	46.7%
Diploma	6	8%
TVT graduate	12	16%
Total	75	100%

Source: Own survey, 2019

As shown in table 2, majority of the respondents 35 (46.7%) were grade 10 complete, 22 (29.3) were respondents who can write and read, 12 (16%) were

TVET graduates and the remaining 6 (8%) were Diploma holders. The result

Shows that the owners are less educated and this may have impact on managerial decisions.

Table4.1.4 Distribution of Respondents by marital status

Description	Number of respondents	
	Frequency	Percentage
Marital status		
Married	18	24%
Un married	50	66.7%
Divorced	2	2.6%
Widowed	5	6.7%
Total	75	100%

Source : Own survey, 2019

As shown in table 3, 18(24%) of the respondents were married, 50 (66.7%) were un married, 2(2.6) were divorced and the remaining 5(6.7) were widowed. This result indicates that the younger class is on the job and this may reduce employment rate.

4.2 General characteristics of entrepreneurs

Table 4.2.1 Initiator to start the business

Items	Responses	Number of respondents	
		Frequency	Percentage
Who initiated to start the business	My self		
Married	Government	60	80%
Un married	Family	5	6.7%
Divorced	Friends	2	2.7%
Widowed	Relatives	-	-
	Others	3	4%
Total		75	100%

Source: Own survey, 2019

As shown in the above table, 60 (80%) of the enterprises owners have responded that the government was the initiator to start the business, 4 (5.3) responded that themselves were initiators to start the business, 5 (6.7) of them said that families were imitators, 3 (4 %) of them responded other initiating body there were behind their business startup.

4.3 Number of employees at the start up

Table 4.3.1 Number of employees at the start up

Type of employment	Min	Max	Average
Full time	4	6	5
Part time	-	-	-

Source: Own survey, 2015

As shown in the above table, at the startup of the enterprises, the minimum number employees in the 15 enterprises were 4, and the maximum number of employees in the 15 enterprises was 6 with average number of employees of 5.

4.4 Number of employees at present Table

Type of employment	Min	Max	Average
Full time	4	16	10
Part time	-	-	-

Source: Own survey, 2019

As shown in the above table, at present time, the minimum number employees in the 16 enterprises is 4, and the maximum number of employees in the 15 with average number of employees of 10.

4.5 Sources of startup capital

Table 4.5 Sources of startup capital

Items	Responses	Number of respondents	
		Frequency	percentage
What were the sources of your startup capital?	Responses		
	Family	12	17.3%
	Own saving	16	21.3%
	Credit institutions	40	53.3%
	Bank	2	2.7%
	Others	5	6.7%
Total		75	100%

Source: Own survey, 2015

As shown in the above table, 40(53.3) mentioned their source of startup capital was credit institutions, 16(21.3) indicated their source of startup capital was own saving, 12(17.3) responded their source of startup capital was family, 2(2.7) of the respondents indicated bank as a source for their startup capital and 5(6.7%) indicated other sources like relatives as a source for their startup capital.

Table 4.5 Sufficiency of the amount of loan.

Items	Responses	Number of respondents	
		Frequency	percentage
Is the amount of loan that you got sufficient?	Sufficient		
	Sufficient	2	2.7%
	Moderate	8	10.7%
	No sufficient	65	86.6%
	Total	75	100%

Source: Own survey, 2018

As shown in the above table, 65(86.6%) of the owners responded that the load they got from different institution was not sufficient so that they can run and expand the enterprise, 8(10.7%)

responded that the loan was moderate, and 2(2.7) of the respondent's responded that the loan was sufficient.

4.6 Possessions of working location of the enterprise.

Table 4.6 Possessions of Working location of the enterprise.

Items	Responses	Number of respondents	
		Frequency	percentage
Possessions of working location to undertake the business is	Owner house	-	-
	Rented house	75	100%
	From government	-	-
	From relatives	-	86.6%
	Total	75	100%

Source: Own survey, 2019

As shown in the above table, the possessions of working location/ house are 100% rental. This refers that the government didn't support the enterprises by providing working locations.

4.7 Training on how to run the business

Items	Responses	Number of respondents	
		Frequency	Percentage
What were the main problems of the training offered?	Not customized	20	26.7%
	Not regular	50	66.7%
	No problem	5	6.6%
	Total	75	100%

A Source: Own survey, 2019

From the above table, it is concluded as being not regular (on-off nature) of the training was the most prominent problem with the training provided on how to run the business and followed by not being customized(giving the same or standardized training for all type of business).

4.8 Rating of different Challenges.

Table 4.8 Rating of different Challenges.

Challenges	Sever	Moderate	Low
1. High interest rate on credits	Frequency	Frequency	Frequency
	18	35	22
2. Limited access to working capital	30	28	17
3. Tax burden	40	35	-
4. Lack of adequate input supply	38	36	11
5. Shortage of marketing skill	15	40	20
6. Linkage among different enterprises	28	37	10
7. Shortage of power and frequent power cuts	36	30	9

Source: Own survey, 2019

As shown in the above table, based on the severity of the challenges that the small enterprises are facing the main are tax burden, lack of adequate input supply, shortage of power and frequent power cuts, limited access to working capital, linkage among different enterprises, high interest rate on credits and shortage of managerial skills respectively.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY

The study was conducted with the aim of assessing Opportunity and challenges small enterprises in Woliso town. 75 questionnaires were distributed to small enterprises owners. Descriptive survey research design was employed to conduct the study. According the study result, the demographic information is as follows: shows that the sex distribution of sample respondents out of the total of 75 respondents surveyed, 74 were male and the remaining 1 were females. This represents that 98.7% were male and 1.3% were females. Therefore, the result shows that most of respondent were male. The finding reveals that the gender of the entrepreneurs is dominated by and is in favor of male entrepreneurs when compared to that of their female counterparts. As shown in table 2, majority of the respondents 35 (46.7%) were grade 10 complete, 22 (29.3) were respondents who can write and read, 12 (16%) were TVET graduates and the remaining 6 (8%) were Diploma holders. The result shows that the owners are less educated and this may have impact on managerial decisions. 18(24%) of the respondents were married, 50 (66.7%) were un married, 2(2.6) were divorced and the remaining 5(6.7) were widowed. This result indicates that the younger class is on the job and this may reduce employment rate. 60 (80%) of the enterprises owners have responded that the government was the initiator to start the business, 4 (5.3) responded that themselves were initiators to start the business, 5 (6.7) of them said that families were imitators, 3 (4 %) of them responded other initiating body there were behind their business startup. at the startup of the enterprises, the minimum number employees in the 15 enterprises were 4, and the maximum number of employees in the 15 enterprises was 6 with average number of employees of 5.

5.2 CONCLUSION

This part concludes the general endings of the study and makes recommendations to policy makers, researchers and practitioners or entrepreneurs in small enterprises.

In assessing and comparing the general characteristics and opportunity of the entrepreneurs in the study, variables such as age, level of education, gender distribution and marital status were discussed. The discussions revealed that most of the small enterprises were owned and run by ayouthful labor force. Entrepreneur's level of education was also assessed; the level of education

of the majority in the study area was below grade ten. A high level of education is a significant criterion if one is to be able to make strategically important business decisions, carry reasonable costs and take calculated risks. Furthermore, high levels of education increase operational efficiency, portability and the success of business operators. The study found that women's participation in small enterprises, particularly in heading these enterprises was relatively good. A high proportion of the entrepreneurs were unmarried.

A high proportion of respondents from the study area were in the severe problem of tax burden category followed by lack of adequate input supply, shortage of power and frequent power cuts, limited access to working capital, linkage among different enterprises, high interest rate on credits and shortage of managerial skills respectively.

While assessing the level of performance of wood and metal works of small scale enterprises in Woliso town in, the enterprise's performance have been increasing in terms of number of employees and amount of capital. So, the sector has hoped to invest or expand in good consideration.

5.3 RECOMMENDATIONS

Based on the findings, the conclusions and the relevant literature, the researcher proposes the following recommendations:

- ❖ Most entrepreneurs have low educational status. Hence, to make the small enterprises more competitive and profitable, boosting the capacity and skills of the operators through continuous training and provision of business advice and consultancy is crucial.
- ❖ Improved provision and expansion of the necessary infrastructure, such as an uninterrupted electrical power supply, are necessary and basic to the effective performance of these enterprises
- ❖ It is also advisable to create and capitalize on opportunities for sharing best experiences of small enterprises at national level through bazaars and trade fairs as this would inspire others to obtain better access to markets, technology, experience, knowledge and managerial skills

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type of employee	Male	Female	Total
Full time			
Part time			

4. How many employees you have at presents?

Type of employee	Male	Female	Total
Full time			
Part time			

Challenges and opportunities of micro and small scale enterprises.please encircle your choice

1. What were the sources of your start up and explanation capital?
 - A. Family
 - B. Own saving
 - C. Microfinance
 - D. Iqqub
 - E. Bank
 - F. Others please specify _____
2. Did you obtain a credit facility?
 - A. Yes
 - B. No
3. If your answer for Q2 is No, why?
 - A. Inadequate loan amount
 - B. High interest charge
 - C. Lack of collateral
 - D. The procedure is complex
 - E. I don't need credit
 - F. If other reason , please specify _____
4. If your answer for Q.2 is yes, is the amount of the loan sufficient ?
 - A. Sufficient
 - B. Moderate
 - C. Not sufficient
5. Possessions of working location to undertake your business is ?
 - A. Owner house
 - B. Rented house
 - C. From government
 - D. From relatives
6. Did you get any assistance in market linkage?
 - A. Yes

- B. No
7. If your answer of Q.6 is yes, what is the natural of the market linkage?
- A. Linkage with customers
 - B. Linkage with suppliers
 - C. Both
 - D. Other please specify _____
8. Did you take any training on how to run the business?
- A. Yes
 - B. No
9. If yes to Q.8 what do you think are the main problems with the training offered?
- A. Not relevant (not customized)
 - B. On-off nature(not regular)
 - C. No problems , I have seen
 - D. Others , specify _____

Challenge and opportunities of micro and small scale enterprises .please make it sigh of (x)

Rating different challenges

NO	CHALLENGES	SEVER	MODERATE	LOW
1	High interest rate on credits			
2	Limited access to working capital			
3	Tax burden			
4	Complex Loan Procedures			
5	High collateral requirement			
6	Lack of market information			
7	Lack of adequate input supply			
8	Shortage of marketing skill			
9	Limited market opportunity creation			
10	Linkage among different enterprises			
11	Linkage b/n government organizations and micro and micro and small enterprises			
12	Linkage b/n Micro and small enterpises and customers			
13	Shortage of power and frequent power cuts			
14	Working location and market distance			
15	Technology			

Rating different Opportunities

How would you rate the following Opportunities based on the provided degree of level ?

	Opportunity	High	Moderate	Low
1	Low interest rate on credits			

2	Government support			
3	Exposure to foreign markets			
4	Cost of labor			
5	Access to technology			
6	On time market information			
7	Adequate and regular input supply			
8	Talented human resource			
9	Better customer satisfaction			
10	TAX			
11	Competition			