CHALLENGES OF ENTREPRENEURSHIP IN SELECTED MICRO AND SMALL SCALE ENTERPRISE (IN CASE OF WOLKITE TOWN)

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

RESEARCH PAPER SUBMITED TO DEPARTEMENT OF MANAGEMENT IN PARTIAL FULFILMENT FOR THE BACHELOR ART DEGREE IN MANAGEMENT

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Dec 29, 2020

Wolkite, Ethiopia

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ACKNOWLEDGMENT

First of all I would like to give my special thanks to God who gives me the strength to finish this study successfully. Secondly I would like to express my deep gratitude and heart full thanks for my advisor instructor Tilahun for his constrictive advice valuable suggestion and correction from beginning to end. Finally I would like to give my heart gratitude for my family for their financial support and motivation for the successfulness of this paper and my friends also.

ABSTRACT

ASSESSING THE CHALLENGES OF ENTREPRENEURS IN SELECTED MICRO AND SMALL SCALE ENTERPRISE (IN CASE OF WOLKITE TOWN).

The purpose of this study was to assess the status and challenges of entrepreneurs in selected micro and small scale enterprise in case of Wolkite town. The objectives were to identify the challenges entrepreneurs face in selected micro and small scale enterprise of Wolkite town, to examine the effectiveness of micro and small scale entrepreneurs and to identify the possible mechanism to solve the identified problems. The target populations of this study was all entrepreneurs of selected micro and small-scale enterprise of Wolkite town. There was seven entrepreneurial sectors in Wolkite town micro and small-scale enterprise office. In this study the researcher used descriptive research design. For this purpose stratified sampling technique was used. In this study, 86 respondents was used. The data obtained from the close-ended items of the questionnaires analyzed quantitatively by using frequency count and percentage. The data from the open-ended items of the questionnaires, and document analyzed through tabulation and statement form. As the finding of this research shows,in the study area there was financial and much more infrastructural problem like electric power, water supply and road, was the most challenging problem in the town. As the researcher recommended, it's advisable that all the concerned bodies give attention or consideration and support of the enterprise to solve the challenges related with finance and infrastructure.

Acronyms

MSEs Micro and Small Scale Enterprises

MFI Micro finance institution

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

Entrepreneurship was a dynamic process of creating and building something of value from practical noting, that was the process of seizing an opportunity and perusing it regardless of resources currently controlled,(Thorbeche, 2000).

Entrepreneurship has long been described as new innovation, flexible ,dynamic creating and risk-taking, and it involves the creating of value , the process starting or growing a new profit making, provide a new product or service and the international creation of value through organization by individual contributor or small group of partner, (Coulter, 2003)

According to Francis Chigunta, (2000) research the new success of economy was depending on the promotion of culture of entrepreneurship. The importance of the promotion should also be seen on the context of improving social attitude towards entrepreneurship. Improving social attitudes towards are also evidence among people that suggested more and more people in both developing and developed countries increasingly view of entrepreneurship as value able career option.

The current Ethiopian government exerting its at most effort to promote and facilitate the development of entrepreneurship. The government provides to its citizens with the basic skill of entrepreneurship by including the course of entrepreneurship, small business management, and business growth strategy in middle level. The government also facilitates conductions for citizens to make them job creators. However, entrepreneurs have not yet been able to contribute substantially as need to the economic development particularly because of financial, infrastructural, production, and marketing problem. This problems were still the major challenges of Ethiopian entrepreneurs that hinder entrepreneurial development,(Hailey,2007).

Therefore, the aim of this study is to identify the major challenges of entrepreneurs by taking wolkite town micro and small-scale enterprise as a case study.

1.2 Statement of the Problem

Entrepreneurship was a combination of tinkers and performers. The entrepreneurship was opportunity for a new product or service, policy and way of solving historical problem. Entrepreneurship was very important for the development of once countries. It was the means which the people can develop creativity and increasing their living standard, (Hailey, 2003).

As evidence from Chaston Tran, (2000) entrepreneurs are disadvantaged in the following. More entrepreneurs face challenges of accessing to resources such as capital for starting their enterprise with low level of initial capital. Most enterprise allows a market value or country they tend to operate from home to street, that was lack of access to space do not being experience and contract to business were owned by entrepreneurs people tends really on simple tools or have no equipment at all.

The current Ethiopian government has recognized the prominent role of entrepreneurship in poverty reduction. Transferring the current agrarian economy into the dynamic one through industrialization can eliminate and minimize backwardness and poverty in the country. Entrepreneurs were the base for achieving industrialization development by creating new things, by developing innovation and by building a team of people with complementary skill and talent, (Hailey, 2003).

As the researcher observed the case area there were some factors which hinder and limit the development of entrepreneurs like, financial, economic, cultural, political and attitudinal are the main which affect the development of micro and small scale enterprise in wolkite town. On the other way, the growths of entrepreneurship task were as less as the attention given by the government.

How this factors was define or identify Financial- was the sum of total an internal financially makes her unique self-confidence define several adaptability and emotional stability finance of the money employees select personal treaties. Economical- the entrepreneurs of factor affect miss understanding and miss image by a lot of people hence the reason most of this people are not able to build solid business. Culturally was the most basic cause of a person wants and behavioral growing up entrepreneurs basic values precautions and wants from the small and micro important group. Politically- the most effort and promote facilitate person or employ attitudinally-the entrepreneurs the right and I absolutely agree with that in fact annual.

1.3 Objective of the study

1.3.1 General objective

The general objective of the study is to identify the challenges of entrepreneurs in selected micro and small-scale enterprise in wolkite town.

1.3.2 Specific Objective

1. To assess the challenges entrepreneurs face in selected micro and small-scale enterprise in wolkite town.
2. To assess the achieving of micro and small scale entrepreneurs.
3. To assess the possible mechanisms to solve the identified problems.

Research Questions

1. What were the challenges that entrepreneurs faced in wolkiteTown?
2. How much micro and small scale entrepreneurs were effective?
3. What were the possible mechanisms to solve challenge?

1.4 Significance of the Study

This study provides important information about factors affecting entrepreneurs of whom operating in wolkite town. It provides valuable information concerning with challenges of entrepreneurs such as social, cultural, attitudinal, economic, and political factors related information. Therefore, this study would be a significant contribution in different ways. First, it provides information to policy makers to formulate policies. Second, it serves as initial point or idea to other researchers who want to conduct deep study on this idea. Finally, it helps the researcher and other reader to develop knowledge in the area of entrepreneurship.

1.5 Scope of the Study

To make the study manageable in terms of time and other resources, the study will be limited on assessing the challenges of entrepreneur in selected micro and small-scale enterprise of wolkite town.

1.6 Limitation of the study

The researcher would face the following limitation when conduct this research, Lack of experience of doing the research, Lack of sufficient reference book, Lack of sufficient time and resources, Lack of getting organized information and Respondents not give information openly are the main.

1.7 Organization of the paper

The paper organized into five chapters the first chapter describes introduction, statement of the problem ,objective of the study, research questions ,significance of the study, scope of the study and organization of the paper. The second chapter explains literature review and the third chapter includes methodology of the study, research design, type and source of data,

method of data collection, sampling techniques and data processing and analysis, chapter four includes result and discussion and last chapter conclusion and recommendation

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Entrepreneur and Entrepreneurship

Entrepreneurship:-It wills the capability and willingness to develop, organize and manage a business venture along with any of its risk in order to make a profit. According to economist, entrepreneurship combined with land, natural resources and capital can profit and it characterized by innovation, risk taking and will an essential part of a nation ability to succeed in an even changing and increasingly competitive global market place,(Retrieved November 28).

The activity now a day from a job creation, the reason is that organizations cannot accommodate to hire all graduates were expected to create their own jobs to become entrepreneurs. Entrepreneurship wills a dynamic process of creating incremental wealth. This wealth will created by an individual who assumes the major risk in terms of quality, time and career commitment of providing value for some product or service, (Hailey 2007).

Entrepreneurship can be defined in many ways, and four key elements found in most definitions were vision, risk taking, organizing skill, and innovation. Entrepreneurial vision encompasses the persistent quest for operational excellence innovation and being responsible to the needs of the market. The innovation could be process innovation, market innovation, product innovation, factor innovation, and even organizational innovation. These four elements are interrelated and form continuous process in business, (Petter1995).

Entrepreneurs:-Entrepreneur wills one who detects and evaluate anew situation in his environment and directs the making of such adjustment in the economic system as deems necessary. An entrepreneur performs perceive opportunities for profitable investment, explores the prospects of starting such manufacturing enterprise, obtaining necessary industrial licenses, arranging initial capital, providing personal guarantees to the financial institution, promises to meet the short falls in the capital and supplies technical things,(Desai Vasant, 1997).

2.1.1 Types of Entrepreneurship

There are different types of entrepreneurships:

Skeptical Entrepreneurship:-This type of entrepreneurship sees see success of others then immediately starts to question it. It examines that persons business they think that successful entrepreneurs received may be it will the new or previous life experience, but they were skeptical of success and do not believe it will possible without all the starts following into place. When you cannot see or believe success is possible, you would never get to a place in your mind that allows you to take action, (Retrieved, October 29).

Copycat Entrepreneurship:-These types of entrepreneurs see that the success of others and then tries to copy them exactly. There will nothing wrong with modeling success it actually very smart. There was a line however, between modeling and coping. Modeling success means he or she see what works and figure out how to make it relevant to the business, (Retrieved October 29).

Determined Enterpreurship:-These types of entrepreneurship haven't made it but they will not matter that. They see the value in entrepreneurship, they see that success will possible without copying and they do everything they can to start or grow their business, (Retrieved November 27).

Accomplishing Entrepreneurship:-This entrepreneurship has gone through all the stage of entrepreneurship building and has reached success. They were focused on scaling their business and leaving a legacy that extends beyond their life time. The accomplished entrepreneurship has required out the things that will help to reach success. They understand their time will their most valuable resources so they use it wisely, (DawitAyalew and DawitArega, 2005).

Private Entrepreneurship:-It was a type of entrepreneurship that was carried out by an individual on the base of on property such as loan that was acquired and used on legal ground, (DawitAyalew and DawitArega, 2005).

Collective Entrepreneurship:-It carried out by two or more entrepreneurs on the base of collective property that was capital contributed by the entrepreneurs, (Dawit Ayalew and Dawit Arega, 2005).

Technological Entrepreneurship:-It invents new technology to produce new products or new process for producing new products, (Dawit Ayalew and Dawit Arega, 2005)

2.2.2 Characteristics of Entrepreneur and Entrepreneurship

Passion and motivation:-The one word that describes the basic requirement for an entrepreneurship venture was passion. It was there something that you can work without getting bored. It was there something that to enjoy the most and want to continue doing for the rest of your life. The demonstration of passion and motivation would determine the success in any entrepreneurial venture, (Shobhit Seth, 2014).

Risk Taking:-Entrepreneurs were risk takers ready to dive deep into a future of uncertainty. But not all risk takers were successful entrepreneurs. Successful entrepreneurs were keeping and plan resource for dealing with unknown in future, (Shobhit Seth, 2014).

Self-belief and hard work:-Entrepreneurs were enjoying what they do. They believe in themselves and were confident on what they do, (Shobhit Seth, 2014).

Adaptability and flexibility:-It was good to passionate or even knows about what to do. But being inflexible about client or market needs would lead to failure. Entrepreneurial venture was not simply about doing what you believe was good but also making successful business out of it, (Shobhit Seth, 2014).

Money management:-It takes time to get to profitability for any entrepreneurial venture; capital was limited and needs to be used wisely. Successful entrepreneurs realize this mandatory money management requirement and plan for present and future financial obligation. A Successful business man keeps a complete handle on cash flows, as it was the most important aspects of any business, (Shobhit Seth, 2014).

2.2.3 The Entrepreneurial Process

Identify and Evaluating Opportunity:-This phase was the first and the most difficult since most business ideas do not suddenly appear. Identification and evaluation phase deals with the personal skills and goals of the entrepreneurs. Good business opportunity were often the result of the entrepreneurs being alter to their environment or extra effort in establishing opportunities identification mechanism. Generally, a new business opportunity may be the results of technological change, market shift, government regulation, or competition, (DawitArega and DawitAyalew, 2005).

Developing Business plan:-A business plan was a document that the entrepreneur prepares before going to the implementation stage. It contains details of every business aspects. The entrepreneurs aspire to establish description of the business, marketing, financial, organizational, and operational plans necessary for the foundation of the business. The

business plan will also useful to develop the opportunity and determine the resource required for the business and their source, (Dawit Ayalew and DawitArega, 2005).

Determining the required resources:-The entrepreneur needs to identify the business before embarking on the business opportunity entrepreneur start this phase with an assessment of their present resources, (DawitArega and DawitAyalew, 2005).

Managing the business:-After the required resource for the business would be acquired the entrepreneur with develop them through the implementation of the business plan. At this stage the entrepreneurs examines and manage the operational problems of growing enterprise, (DawitArega and DawitAyalew, 2005).

2.2.4 Role of Entrepreneurship in the Economy

Entrepreneurship was catalyst that plays a crucial role in developing countries economy. The following were some contribution entrepreneurship and entrepreneurs.

Create new job:-Path breaking offered by entrepreneurs, in the form of new goods and services result in new employment, which can produce a good things for a business, (Hailey, 2003).

Stimulating economic competition:-Many economists, beginning with Adam Smith expounded the values inherent in economic competition. In competitive business situation individuals were driven by self-interest to act in socially desirable manner. Computation acts as the regulatory that forms their selfishness into service, (Hailey, 2003).

Providing goods and services efficiently:-Common sense tells us that the efficiency size of a business varies with the industry that we can easily recognize. For example a big business is better in manufacturing automobiles but an entrepreneur is in leading them, (Hailey, 2003).

Improvement of business policies and procedures:-Entrepreneurs create a business that involves new transaction which dont in fit into the existing business regulatory system and these requires the development of new business system, laws, rules and policies. Such business investigates the revision of the existing business policies and procedures and leads to the development f new ones which ultimately result better and good business environment, (Dawit Ayalew and Dawit Arega, 2005).

2.2.5 Challenges of Entrepreneurs

Entrepreneurs face many challenges in today's competitive business environment. Fortunately, contemporary times also blessed entrepreneurs with more resources for taking those problems that ever before.

Cash flow management:-Cash flow will essential to small business survival. Still many entrepreneurs struggle to pay the bill, while they were waiting for cheeks to arrive in part of problem systems from delayed, (Tanya Roberson, 2004).

Time management:-It was the biggest challenge faced by entrepreneurs. If they only had more times, to accomplish so much more activities, (Tanya Roberson, 2004).

Finance:-One of the biggest challenges for entrepreneurs was involving dealing with finance. For new entrepreneurs it was often difficult to raise enough capital to start up their companies even the business was established. Entrepreneurs will a hard time obtaining loans and lines of credit, (Tanya Roberson, 2004).

Self-motivation:-While many people's were used to having asset work schedule and routine they must adhere to things were little difference with entrepreneurs, while self-employed, (Tanya Roberson, 2004).

2.3 Micro and Small Scale Enterprise

The history of small business has been one of the most controversial stories in economic development in the world. It will not know when MSEs start. The role of small business in an economy has frequently been undermined and misinterpreted this was because that many governments emphasize on the attraction and promotion of large enterprises by thinking that most of the economic development or income comes from large industries.

2.4 Common Characteristic of MSEs

There were assumptions those common characteristics of MSEs. These common characteristics are; they have few employees, give low income, not experience much growth and do not produce for markets outside their local environment, (Eversole, 2003).

Employment Generation:-Available evidence suggests that micro enterprise do not show growth in terms of number of people employed. While small firms experience both high job creation and destruction rates, it appears that job destruction during recession is lower in small enterprise than in large enterprises perhaps due to greater wage flexibility in small firms. In contrast, large firms offer better in terms of wages, fringe benefits, and good working conditions, opportunities for skill enhancement and job security, (Snodgrass & Biggs, 1998).

Efficiency and Innovation in MSEs:-Efficiency and innovation was one of the determinants in MSES Survival. Snodgrass and Biggs (1998) stated that; there has been a substantial difference detected in economic efficiency among enterprise of varying sizes. It was often argue that small firms was more innovative, particularly when they follow "niche strategies"

using high product quality flexibility and responsiveness to customer needs as a means of competing with large scale mass producers

2.5 Empirical Literature Review

According to Mead and Liedholm (1998) and Swierczek and Ha (2003), the main factors that affect the performance of entrepreneurship in developing countries is not their small size but their separation, which delay access to markets, as well as to information, finance and institutional support. The argument that small businesses in Africa are crucial in the role they play in employment creation and general contribution to economic growth is not new. Although this may be true, the vast majority of new enterprises tend to be oneperson establishments Mwega (1991). This has tended to ensure that the journey of the youth entrepreneur in many instances is short-live, with the statistic of entrepreneurship failure rate in Africa being put at 99 per cent Rogerson, (2000). Various reasons for these failures have been proposed by scholars including lack of supportive policies for entrepreneurship development McCormick (1998), intense competition with replication of micro businesses (Manning and Mashego (1993); manager characteristics including lack of skills and experience Katwalo and Madichie (2008 and Verhees and Meulenberg (2004). A study by Hall 1992 has identified two primary causes of small business failure appear to be a lack of appropriate management skills and inadequate capital (both at start-up and on a continuing basis). The research undertaken in Tanzania by surveying 160 micro enterprises showed that high tax rates, corruption, and regulation in the form of licenses and permits, are found to be the most important constraints to business operations of micro enterprises in Mulugeta (2011). A view expressed by Freeland and Morris (2009) argued that the causes of failure cannot be isolated and that 'any attempt to do so is, at base, a futile exercise'. Roy and Wheeler (2006) identified that the level of training of micro entrepreneurs (both formal and informal); experience and number of years in operation; knowledge of the market; level of differentiation (in terms of price, quality or other) and diversification of products; access to the necessary resources and/or technologies; level of planning; vision for the future; and the entrepreneur's level of poverty are among the Developing Country Studies www.iiste.org ISSN 2224-607X (Paper) ISSN 2225-0565 (Online) Vol.8, No.8, 2018 56 factors contributing to success of entrepreneurship although lack of market knowledge and training, limited access to capital, and lack of co-operation among possible business partners are some of the factors inhibiting the growth and development of the micro enterprise sector.

2.6 Identified Empirical Literature Gap

A lot of researches have been accepted out locally and internationally reviewing small and micro enterprises. Most of these research concentrate on businesses in the cities and urban centers. They also concentrate on their study areas based on their own objectives. There are scarcities of literature touching on the rural traders. Therefore, the proposed study would build on the local literature on the determinants of entrepreneurial success in wolkite of urban market traders. Similar studies have focus on the challenges face by SME traders but this study will concentrate on what affects their success. The impact of access to business information, access to finance and availability of managerial experience are yet to be research as a single intervention in an urban setting. These studies would concentrate mainly on the determinants of entrepreneurial success and entrepreneur in Wolkite. The scarce availability of reliable and valid data continues to be one of the key obstacles in understanding small and micro entrepreneurs in the urban area Wolkite. These studies would helpful to building on the locally scarce available data.

CHAPTER THREE

3. RESEARCH METHODOLOGIES

3.1 Research Design

In this study, descriptive types of research design based on survey will be employed. The reason for selecting descriptive type of research design is that it will clear that the researcher will simply describe the available data which already exist and also the study will describe characteristics of particular events.

The important of this research the researcher understanding the employ performance and how this research Cleary and describe the research.

3.2 Target Population

The target population of this study will be all entrepreneurs of selected micro and small-scale enterprise of wolkite town. There will be five entrepreneurial sectors in wolkite town micro and small-scale enterprise office. These were service, manufacturing, construction, trade, urban agriculture with a total population of 226,121,157,93,69 respectively. The total population will 666. So the researcher would use 666 as target population together and assess information regards to the challenge of entrepreneurs.

Table 1.Table of Population and sectors

No.	Sectors	Population	Sample
1	Service	226	29
2	Manufacturing	121	16
3	Construction	157	20
4	Trade	93	12
5	Agriculture	69	9
Total		666	86

3.3 Source of Data and Method of Data Collection.

To address the basic research questions, to acquire real source of data in the process of the study was unquestionable. To have thick and valuable data, both primary and secondary sources of data were used for this study.

The primary data would collect from entrepreneurs in wolkite town by structured questioners. Both open-ended and close-ended questioners will be distributed to entrepreneurs. Secondary data obtained from documents. In this regard, assess the documents related to the area of the

study. These documents include government policies, reports, strategies, published and unpublished books, and other important material.

3.4 Sampling Technique

In this study, the researcher would use stratified sampling technique to categorize the target population in to different sartorial group and select respondents by using simple random sampling technique from each strata. Questionnaires will be distributed for selected respondents. The reasons for selecting stratified sampling technique will that homogeneous population, it will simple to categorize in to different groups and it will systematic error free and reduce bias.

3.5 Sample Size Determination

Sample size refers to the number of sample unites selected from investigation. To determine the sample size Ronald Miweiers (2002) states that "because of the tremendous of time and money required for a complete census of large population a sample can actually be more accurate than a census in conducting real world study". When sample will be used there also sampling error, which occurs because of using sample. This sampling error can decrease by taking large number of sample size depending on this assumption the researcher will estimate 10% of sampling error at the time of sampling and used the following formulas to calculate sample size. The total population of the study is 666.So

$$\text{Sample size (n)} = \frac{N}{1+N(e)2}$$

Where N = Population size

e =Sampling error

Sample size (n) =666/1+666(0.1)2

n = 86

The population was divided in to five strata depending on their sartorial activities. The sample size from all strata will 86. The populations will 226 of service, 121 of manufacturing, 157 of construction, 93 of trade, 69 of agriculture to take sample from each stratum the researcher would stratified sampling technique based on sample size that is 86 and selected from each stratum as follows.

Service (n) =226/666 people x 86 =29 Sample

Manufacturing (n) =121/666 people x 86 = 16 Sample

Construction (n) =157/666 people x 86 = 20 Sample

Trade (n) =93/666 people x 86 = 12 Sample

Agriculture (n) = 69/666 people×86= 9 sample

Total = 29+16+20+12+9 =86Sample size were select from the total population, (Ronald Miweiers, business statics, 2002).

3.6 Method of Data Analysis

To analyze the data obtained from primary and secondary sources, the researcher will used different data analyzing techniques. The technique will be based on the nature of the collected data and the research questionnaires. The researcher will be used descriptive technique. The data obtained from the close-ended items of the questionnaires analyzed quantitatively by using frequency count and percentage. The data from the open-ended items of the questionnaires, and document analyzed through tabulation and statement form.

CHAPTER FOUR

4. DATA PRESENTATION AND ANALYSIS

This chapter deals with analysis and interpretation of data. The data were obtained through questionnaires containing both closed and open ended questions. 86 questionnaires were distributed to entrepreneurs of selected micro and small scale enterprise of wolkite town. Among the total sample 86 questionnaires were returned to the researcher. The rest 1 questionnaires were not returned.

4.1 Personal information of respondents

Table 2.Personal information of respondents by age, sex, educational, qualification and marital status.

No.	Items	respondents	frequency	Percentage%
1	Sex	Male	46	53%
		female	40	47%
		total	86	100%
2	Age	18-23	25	29%
		24-29	42	49%
		30-35	15	17%
		Above 35	4	5%
		total	86	100%
3	Qualification	Grade1-8	14	16%
		Grade9-10	48	56%
		Grade11-12	14	16%
		Diploma	10	12%
		total	86	100%
4	Marital status	Married	52	60%
		Single	23	27%
		Divorced	11	13%
		Widowed	-	-
		total	86	100%

Source survey, 2020

The above table dealt with the background information of respondents in the research area. Specifically it explores sex, age, educational qualification and marital status. As shown on table out of total respondent 47% (40) were female and 53% (46) were male.

Concerning the age composition of participants, 29%(25) of the participants were at the age group of 18-23 years, 49% (42) at age group of 24-29, 17% (15) at age group of 30-35 and about 5% (4) were those who were 35 and above age.

With regard to the level of educational qualification, the table shows that 56%(48) of the respondents grade 9-10; 17% (10) of the respondents were diploma holder, 16% (14) of the respondents were grade 1-8, and 16% (14) of the respondents were grade 11-12,

With regard to the marital status of the respondent out of the total respondent 60% (52) more than half of the respondents were married, 27%(23) were single and the remaining 13%(11) of them were divorced.

4.2. The engagement of MSEs Entrepreneurs

4.2.1 Types of business activities engaged

Table 3.Engagement of MSEs Entrepreneurs

No.	Item	Response	frequency	Percentage%
1.	Type of business Activities engaged	Service	18	21%
		Manufacturing	13	15%
		Construction	25	29%
		Trade	30	35%
		Total	86	100%
2.	The reason to engage this type of business?	Access to market	24	28%
		To help family	38	44%
		Have enough skill	16	19%
		Un employment in the past	8	9%
		Total	86	100%

Source survey, 2020

As the above table shows the types of business activities in the town are service enterprise like maintenance, restaurant, and barber shop. Manufacturing enterprise which includes enterprise produce wood work, metal work. Trade which includes whole sale shops, retail shops and construction includes building of house. As indicated on table 2, above 35%(30) of the respondents are engage on trade, 21%(18) of the respondent were engage on service enterprise, 15%(13) of the respondents are engage on manufacturing and the remaining 29%(25) of the respondents are engage on construction in the town. As Hailey stated, path breaking offered by entrepreneurs, in the form of new goods and services result in new employment, which can produce a good things for a business,(Hailey, 2003).

As shown on the above table out of the total respondents 38(44%) engaged because of to help their family, 24(28%) for access to market, 16(19%) because of have enough skill to perform the business and the remaining 8(9%) is because of past unemployment.

4.2.2. Source of startup capital

Table 4Startup capital

Item	Alternatives	frequency	percentage
Source of startup capital	Personal saving	29	34%
	Bank loan	15	17%
	Family effective loan	37	43%
	Micro finance	5	6%
	total	86	100%

Source survey, 2020

As shown on table 3, above out of the total respondents 37(43%) get the startup capital from family elective loan, 29(34%) from own personal saving, 15(17%) get from bank loan and the remaining 5(6%) of the respondents get from micro finance. So as data implied the source of startup capital to the majority of them was family elective loan.

4.3. Challenges of MSEs Entrepreneurs

Table 5Challenges of Entrepreneurs

Item	Alternatives	frequency	percentage
Is there challenges when you run the business	Yes	59	69%
	No	27	31%
	Total	86	100%
What are those challenges	Capital shortage	25	29%
	Land shortage	13	15%
	Government rule and regulation	10	12%
	Economic factor	14	16%
	Political factor	8	9%
	Cultural factor	7	8%
	Technological factor	5	6%
	Attitudinal factor	4	5%
	Total	86	100%

Source survey, 2020

The above table shows that from the total respondents 69%(59) of respondents have a challenge when run to the business and 31%(27) responds that, they have no challenge when run the business.

As table shows the challenge those entrepreneurs face when run the business. Out of the total respondents 29% (25) of them face capital shortage. According to Tanya one of the biggest challenges for entrepreneurs is involving dealing with finance. It is often difficult to rise enough capital to start up their companies even the business is established. (Tanya Roberson, 2004).

As above data implied, 15%(13) face the challenges ofland shortage, 16%(14) face challenges of economic factors, 12%(10) challenged by government rule and regulation, 6%(5) challenged by technology, 8%(7) challenged by cultural factors and the remaining 9%(8) challenged by political and 5%(4) challenged by attitudinal factors.

Table 6.Infrastructural problem

Item	alternatives	frequency	Percentage%
Do you think that the town has infrastructure problem for Running the business?	Yes	86	100%
	No	0	0%
	Total	86	100%

Source survey, 2020

As table 5 shows out of total respondents 100% (86) responds that the town has infrastructural problem and no one respondents responds the town has no infrastructural problem.

Table 7.types of infrastructural problem

Item	alternatives	frequency	Percentage%
Which type of infrastructure	Road	17	20%
	Electric	35	40%
	Water supply	13	15%
	Communication	11	13%
	Toilet	10	12%
	Total	86	100%

Source survey, 2019

From the above table out of the total respondents 35(40%) respondents argued that the town has lack of electric supply, 13(15%) argued that the problem of water supply, 17(20%) argued that the problem of road, 10(12%) argued that the problem of toilet and 11(13%) argued that the problem of communication in the town.

Table 8.Problem solving

Item	alternatives	frequency	Percentage%
How do you think the problem of infrastructure will solve by?	Your self	3	3%
	Town administration	43	50%
	NGOs	6	7%
	Governments	17	20%
	MSEs office	17	20%
	Total	86	100%

Source survey, 2020

From the above table out of total respondent 50%(43) argued that the problem of infrastructure in the town were solved by the town administration, 20%(17) argued it solved

by MSEs office, 20%(17) argued it solved by government, 7%(6) argued its solved by NGOs and the remaining 3%(3), it may be solved by itself.

Table 9.Attitude of society towards Entrepreneurs

Item	Alternatives	frequency	Percentage%
Does your business get acceptance by the Society?	Yes	80	93%
	No	6	7%
	Total	86	100%
What are the attitude of the society towards entrepreneurs and entrepreneurial sectors in the town?	Poor	6	7%
	Good	50	58%
	Very good	22	26%
	Excellent	8	9%
	Total	86	100%

Source survey, 2020

As respondents response 80(93%) of the respondents respond that their business are get acceptance by the society and the remaining 6(7%) of the respondents are not accepted by the society.

As shown on table 58 %(50) of the respondents argued that the attitude of the society towards entrepreneurs and entrepreneurial sector is good, 26%(22) it's very good, 7%(6) argued that its poor and the remaining 9%(8) of the respondents argued that its excellent.

4.4. Effectiveness of MSEs Entrepreneurs

4.4.1. Initial capital

Table 10.Initial capital

Item	Alternatives	frequency	Percentage%
How much was your initial capital to start this business?	Less than 5000	37	43%
	5000-10000	18	21%
	11000-15000	11	13%
	16000-20000	8	9%
	21000-25000	6	7%
	26000-30000	4	5%
	Above 30000	2	2%
	Total	86	100%

Source survey, 2020

Performing every activity should have initial capital. From the above table out of total respondents 43%(37) of the respondents initial capital are less than 5000, 21%(18) are 5000-10000, 13%(11) are 11000-15000, 9%(8) are 21000-25000, 7%(6) are 26000-3000, 5%(4) are 16000-20000 and the remaining 2%(2) were above 30000.

4.4.2. Profitability of Business

Table 11.profitability of business

Item	Alternatives	Frequency	Percentage%
Does the business you are running are profitable?	Yes	78	91%
	No	8	9%
	Total	86	100%

Source survey, 2020

The main aim of performing every business activity is to generate profit. The performance ability that has no profit ability is value less, (Retrieved April 5). The above table shows 91 %(78) of the respondents that their business activities are profitable and the remaining 9%(8) are not profitable in the town. This implies most of the entrepreneurs businesses are profitable.

Table 12.Purpose for which profit is used

Item	Alternatives	frequency	Percentage%
For what purpose use the profit?	For consumption purpose	41	48%
	For establishing other business	16	19%
	To change living standards	20	23%
	For saving purpose	9	10%
	Total	86	100%

Source survey, 2020

In the real world the human need and want is unlimited. They have different goal and objectives. To fulfill goals and objective they do different activities and gain money and use for different purpose (Retrieved April 5). As table 11 indicates that the respondents replied that they use for different purpose. From profitable business 48%(41) of the respondents use the profit for consumption purpose, 23%(20) uses to change their living standard, 19%(16) uses for establishing other business and 10%(9)uses for saving purpose

Table 13.Unprofitability of business

Item	Alternatives	Frequency	Percentage%
What makes your business unprofitable?	Lack of managerial skill	19	22%
	Absence of internal relationship	27	31%
	Lack of suitable market condition	40	47%
	Total	86	100%

Source survey, 2020

Whatever activity engaged in given activities all are not leads to profit easily. It may be some times being unprofitable. As indicated on the above table from unprofitable business 47% (40) of the respondents business unprofitable due to lack of suitable market condition, 31% (27) responds due to absence of internal relationship and 22%(19) responds due to lack of managerial skill.

Table 14.Monthly Incomes Before and After Starting the Business.

Item	Alternatives	frequency	Percentage%
Monthly income before starting the business?	No income	39	45%
	Less than 2000	26	30%
	2000-4000	16	19%
	Above 4000	5	6%
	Total	86	100%
Monthly income after starting the business?	Less than 2000	37	43%
	2000-5000	28	33%
	6000-10000	14	16%
	Above 10000	7	8%
	Total	86	100%

Source survey, 2020

As the above table indicate from the total respondents 45% (39) of the respondents have no income before starting the business, 30%(26) have an income less than 2000, 19%(16) have an income 2000-4000 and the remaining 6%(5) of the respondents have an income above 4000 before starting the business.

As indicated on the table above the income level of the respondents changed after starting the business. From the total respondent 43%(37) of the respondents get less than 2000, 33%(28) of the respondent get 2000-5000, 16%(14) of the respondents get 6000-10000 and the remaining 8%(7) of the respondents get above 10000 after starting the business.

4.5. Government Support for Business Development

Table 15..Government Support for Business

Item	Alternatives	frequency	Percentage%
Did you get government support for your business development	Yes	66	77%
	No	20	23%
	Total	86	100%

Source survey, 2020

As indicated on the above table out of the total respondents 77% (66) get government support for their business and the remaining 23% (20) don’t get government support for their business development according to the response.

Table 16.kind of government support

Item	Alternatives	frequency	Percentage%
What kind of support you get from government?	Training	17	20%
	Financial support	13	15%
	Loan support	14	16%
	Free land	27	31%
	Exemption from tax	15	18%
	Total	86	100%

Source survey, 2020

As the above table indicate among the total respondent 27(31%) get free land, 17(20%) get training, 15(18%) exemption from tax by government, 14(16%) get support from government and 13(15%) get financial support for their business development.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Based on finding the researcher concludes the following:

Most entrepreneurs engage on trade business activities in the town. To engage and operate the business most entrepreneurs get their startup capital from family elective loan, but source from own personal saving bank loan and micro finance were the minimum amount of source for entrepreneurs startup capital. And the reason for engagement to the business are most of the entrepreneurs were to help their family.

Financial problem, lack of awareness about the importance of MSEs, Lack of ability and know how to run their business are the challenges for the entrepreneurs.

Among different challenging factors for entrepreneur's capital shortage are the major challenging factors for the entrepreneurs in the town. Land shortage, economic factors, government rule and regulation are the other major challenging factor for entrepreneurs to develop their business. Also the infrastructure is the most challenging factors which affects the growth and development of the enterprise. In this study area there is much more infrastructural problem like electric power, water supply and road, were the most challenging infrastructural problem in the town.

Most of the entrepreneurs businesses were accepted by the society. The attitude of society towards entrepreneurs and entrepreneurial sector are good.

Most of the entrepreneur's initial capital are less than 5000 so this indicates there is no sufficient initial capital to start the business. Most of the entrepreneurs businesses were profitable and most of them use their profits for consumption purpose. Some of the entrepreneur is unprofitable and the reason of their unprofitable is due to lack of suitable market condition and absence of internal relationship.

5.2. Recommendation

Based on the concluded problems the researcher forward the following suggestions:

- It is better to that all the concerned bodies i.e. government, and MSEs office provide relevant information for entrepreneurs like how to increase their capital, how to take risk, how to run their business, how to use technology, how to develop their business, how to control their business, how to be a profitable business in the future and etc…through different public and social medias.
- It is advisable when the concerned body give more training in relation to their business and related activities.
- Its better when the owners of the enterprise should seek information from client, suppliers and competitors and do research how to provide product/service, merchandize with best quality, type and design
- Its better when MSEs entrepreneurs should adopt, search and use different technologies those helps to be productive and profitable.
- It's advisable that all the concerned bodies give attention or consideration and support the enterprise especially the micro finance in loan provision condition. Additionally, it is better that the micro finance institution (MFI) provide fund for entrepreneurs.
- To solve problems related with availability of market condition the government and MSEs Office of the town it's better to support the entrepreneurs to improve marketing linkage, marketing information system and selection of appropriate marketing channels and good internal relationship with customer.
- The government and MSEs office It's better to give awareness for the community about the importance of entrepreneurship in order to encourage the entrepreneur to develop their business and motivate them to increase their positive psychological attitude towards entrepreneur and entrepreneurial activities.
- In general, it's better to create strong integration and cooperation among government bodies and entrepreneurs in the town. The policy of entrepreneur MSEs sector development come to practice rather than serving only as theory, economist policy market, manager psychologist and other have to go together and work hard to expand and develop the contribution of entrepreneurs

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APPENDIX

WOLKITE UNIVERSITY

DEPARTMENT OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

These questionnaires are designed by Wolkite University graduating class student. While he is fulfilling the requirement for BA degree in management. The purpose of this questioner is to gather the relevant information or data regarding assessing the challenges of entrepreneurs in selected micro and small scale enterprise in case of Wolkite town.

The objectives were to identify the challenges entrepreneurs face in selected micro and small scale enterprise of Wolkite town, to examine the effectiveness of micro and small scale entrepreneurs and to identify the possible mechanism to solve the identified problems. The data will be used for academic purpose only. So I kindly request you to give clear and precise information confidentially. No need of writing your name.

Instruction

- **Put a tick (√) mark in box infront of each item provided.**
- **If necessary you can tick more than two.**
- **Thank you for your willingness in advance.**

Part I: Personal information

1. Sex: Male□ Female □
2. Age: 18-23 □ 24-29 □ 30-35 □ above 35 □
3. Educational status: Grade 1-8 □ Grade 9-10 □ Grade 11-12 □ Diploma Holder □ Degree Holder □ MA/MSC and above □
4. Marital status: Married □ Single □ Divorced □ Widowed □

Part II: Questioner regarding the study

5. Type of business activity you engage? Service □ Manufacturing □ Construction □ Trade □ Other----------
6. The reason for you engages this type of business? For Access to market □ To help my family □ I have enough skill □ Unemployment in the past □ Other----------

7. Source of your start up capital? Personal saving □ Bank loan □ Family elective loan □ Micro finance □ If any other please specify----------
8. Is there a challenge when you run the business? Yes □ No □
9. If your answer is Yes for question No 8 what are those? Capital shortage □ land shortage □ Government rule and regulation □ Economic factors □ Political factors □ Cultural factors □ Technological factors □ Attitudinal factors □ Other----------
10. How much was your initial capital to run this business in birr? Less than 5000 □ 5000-10000 □ 11000-15000 □ 16000-20000 □ 21000-25000 □ 26000-30000 □ above 30000 □
11. Does the business you are running are profitable? Yes □ No □
12. If your answer for question No 11 is yes for what purpose does use the profit?
    For consumption purpose □ For establishing other business □ To change living standard □ If any other please specify----------
13. If your answer for question No 11 is No what make it unprofitable?
    Lack of managerial skill □ Absence of internal relationship □ Lack of suitable market condition □ If any other please specify----------
14. Your monthly income before starting this business in birr? No income □ Less than 2000 □ 2000-4000 □ Above 4000 □
15. Your monthly income after starting this business in birr? Less than 2000 □ 2000-5000 □ 6000-10000 □ Above 10000 □
16. Does your business get acceptance by the society? Yes □ No □
17. In your opinion what is the attitude of the society towards entrepreneurs and entrepreneurial sectors in the town? Poor □ Good □ Very good □ Excellent □
18. Did you get government support for your business development? Yes □ No □
19. If your response for question No 18 is YES what kind of support you get? Training □ Financial support □ Loan support □ Free land □ Exemption from tax □
20. Do you think that the town has infrastructural problem for running business? Yes □ No □

21. If your answer is yes for question No 20 what type of infrastructural problem are there? Road □ Electric □ Water supply □ Communication □ Other---------
22. Who do you think solve that problem? Yourself□ town administration □ NGOs □government □ MSEs office □ Other----------
23. What are the different mechanism to make better micro and small scale enterprise in wolkite Town? Please write three main mechanisms that you expect to make better micro and small scale enterprise

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