

ASSESSMENT OF MARKETING PROBLEMS IN SMALL AND MICRO BUSSINESS  
ENTERPRISES (IN THE CASE OF METAL AND WOOD WORKING ENTERPRISE IN WOLKITE  
CITY)



**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MARKETING MANNAGEMENT**

**A senior essay research Submitted to the department of Marketing  
management in Partial Fulfillment for the Bachelor of Arts Degree in Marketing  
Management**

**BY**

**EYOEL HAILE**

**ADVISOR**

**TEKETEL .A**

**Dec 30 ,2020**

## Table of Contents

Acknowledgement.....	i
ABSTRACT.....	ii
Table of Contents.....	iii
List of Table.....	v
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Background of the organization.....	1
1.2 Background of the study .....	2
1.3 Statement of the problem.....	2
1.4 Objective of the study.....	3
1.4.1 General objective.....	3
1.4.2 Specific objective.....	3
1.5. Scope of the study.....	3
1.6. Limitation of the study.....	4

1.7 significance of the study.....	4
1.9 Organization of the study.....	5
CHAPTER TWO.....	6
2. Literature review.....	6
2.1 Definition of micro and small enterprise.....	6
2.2 The contribution of micro and small enterprise.....	7
2.3 An overview of Marketing.....	7
2.4 Marketing MSE sector .....	8
2.4.1. Distribution chanel .....	10
2.4.2 Price setting.....	11
2.4.3 Competition.....	11
2.5. Marketing strategy.....	12
2.6. Marketing mix strategy.....	12
2.6.1 products .....	13
2.6.2 price.....	14

2.6.3 Distribution strategy.....	15
2.9. Marketing communications.....	16
2.10 Marketing problems of MSE.....	17
CHAPTER THREE.....	18
3. Research Methodology.....	18
3.1 Research design.....	18
3.2 Source of data.....	18
3.3 Data collection technique.....	19
3.4 Sample size and sample techniques.....	19
3.5 Data analysis.....	19
3.6 Time schedule table.....	19
CHAPTER FOUR.....	21
4. DATA PRESENTATION ANALYSIS AND INTERPRETATION.....	21
4.1 INTRODUCTION.....	21
4.2 Background of Respondents.....	21

4.3. Market Training.....	22
4.4 Distribution.....	23
4.5. Communications.....	24
4.6 Segmentation .....	25
CHAPTER FIVE.....	34
5. CONCLUSION AND RECOMMENDATION.....	34
5.1 Conclusion.....	35
5.2 Recommendation.....	36
REFERENCE.....	38
Appendix I.....	39
Appendix II.....	42

**List of Table**

Table 4. 1 Sex distribution Respondents.....	21
Table 4. 2 socio demographics characteristic of MSE.....	22

<b>Table 4. 3 Educational level of respondents.....</b>	<b>23</b>
<b>Table 4. 4 Year of work experience.....</b>	<b>23</b>
<b>Table 4. 5 The problem which faces SBE.....</b>	<b>25</b>
<b>Table 4. 6 The Marketing problem of SBE.....</b>	<b>27</b>
<b>Table 4. 7 Strength of product and product quality .....</b>	<b>28</b>
<b>Table 4. 8 Comparison between the price setting with other enterprise.....</b>	<b>30</b>
<b>Table 4. 9 Marketing training and knowledge .....</b>	<b>31</b>
<b>Table 4.10 The way of of acquiring training.....</b>	<b>32</b>
<b>Table 4.11 Communication.....</b>	<b>32</b>
<b>Table4.12 Segmentation.....</b>	<b>33</b>
<b>Table 4.13 Method of segmentation.....</b>	<b>34</b>

## **ACKNOWLEDGEMENT**

First of all I would like to thank almighty GOD in helping with this research and everything.

And second, I would like to express my deep and sincere appreciation to my adviser, I really appreciate the invaluable advice and time that he has given to me.

Last but not list my greatest thanks goes to my family for always being by my side, beleiving in me and for always encouraging me and to my friends too who supported and helped me in collecting qutionery during my study.

## **ABSTRACT**

There are many different micro and small enterprises dimensions which has marketing problems; the major aim of the researcher paper was the assessing of marketing problems of metal and wood working enterprises in Wolkite city. More ever, it try to investigate the problems of marketing mix in small business enterprises. The study employed descriptive research design. Both qualitative and quantitative types of data were used for the purposed of the study. In order to collect primary data structured questionnaires was design and collect through convenience sampling techniques from customers and also structured questionnaires were distributed for employed of the hotel by using simple random technique .all 60 structured questionnaires distributed questionnaires were fulfill returned from employees of the metal and wood working enterprise. The researchers used frequency, table, percentage to analysis the primary data which is collected through questionnaires. Finding the need for the owner to place an emphasis on the under lining dominions of service quality on confidence, tangibility communication and reliability. The owner reinforces and more focus on tangibility .The study includes conclusion of the data analysis and recommendation to the owner and workers based on the problem identified.

# Chapter One

## Introduction

### 1.1 Background Of The Organization

The agency was established in December 1996 E.C by formulating three which are strategic business plan with one supervision and six professionals who're employed temporarily. In July 1997 the agency restructured its organization in order to provide improved and better service for micro and small enterprises under the agency.it also strengthen in better and qualified workers.

With the application of BPR at national and regional level of the agency BPR adopted in may 2001 E.C in order to provide efficient, accessible for better device to all micro and small enterprise in the town by extending it system to Kebele level.

There are different facilitating (factor) for establishment at the agency in wolkite, those are

- High and increasing un employment rate related to interception at kchat trade which as base for many personal income.
- High rural urban migration which farther aggravated the problem or unemployment.
- The chain of economic system adopted by derg which is anti-investment and privatization that are base for employment.

Inorder to alleviate such unemployment problem in wolkite the role at micro and small enterprise is indispensable since they are low capital oriented and labor intensive makes them the most feasible solution in order to solve the problem of unemployment.

Beneficiaries at the agency are micro and small enterprises which are engaged in small scale production and trading activity within the range which have to take the following requirement.

- Those small scale enterprises prepaid capital is below 20,000 birr.

- Those small scale enterprise whose prepaid capital is in b/n 20,000-50,000birr.

The main source in order to help this activity is the recurrent budget from government, in addition to this the agency finds different financial sources for instance from NGO. Services provided by the agency to small and micro enterprises under the agency are,

- Provision at production and market place.
- Creating job opportunity for those who are unemployed.

## **1.2 Background of the Study**

Small business enterprise is a business usually private owned and operated with small number of employees and relatively low volume of sale. Small business is generally the driving force behind most local economics. These small businesses through their growth generally are the ones that create most job opportunities for unemployment problem in the area. Also small businesses are vital in today economy because many of the revenue obtained by the government are from business taxes and small businesses which are responsible for job creation innovation contribution to large business stimulating economic competition (Ayele 2011).

The issue of small scale enterprise and entrepreneurship development has got aggregated deal of attention as priority in both private and public interest in the development of small scale enterprise in developing countries and also throughout the world (Alemu 1987).

In the past the definition of Micro and Small Enterprises was based on paid up capital only. An enterprise is categorized as micro if it's paid up capital is less than or equal to Birr 20,000. Similarly, an enterprise is considered small when its paid up capital is less than or equal to Birr 500,000. However, this does not provide information on the size of jobs or number of employees in the MSE. It also did not tell the size of the total asset for the MSE and did not differentiate between manufacturing (industry) and services. Current definition considers human capital and asset as the main measures of micro and small enterprise to address the limitations of old definition.

The new MSE definition(2011), states that for micro enterprise in industry sector human resource is <5 and with the paid up capital of <100,000(birr) and for service sector human resource is <5 with capital of <50,000(birr), And for small enterprise in industry sector human resource is 6-30 with paid up capital of <1.5 million(birr),for servicesector human resource is 6-30 with capital of <500,000(birr). (FeMSEDA,2011)

As part of the industrial sector SBE are increasingly becoming popular and important in the Ethiopia economy as it would play a decisive role in contributing to employment generation, poverty reduction and the opening of wider distribution of wealth and opportunities. (Stevenson and Annette, 2006).

Marketing mix help as the main factor to activities in business aspects of small business enterprises.Hence marketing is a social and managerial process whereby individuals and groups obtain what they need and want through creating and exchanging products and value with others. (P.Kotler 10<sup>th</sup> edition page 5).

According to P. Kotler 10<sup>th</sup> edition page 56,Marketing mix is the set of controllable tactical marketing tools. Product, price, place and promotion that the firm blends to produce the response it wants in the target market, accordingly marketing mix is very important, to do business activities in small business enterprise.

In Ethiopia small scale industries have not been able to contribute substantially as needed to the economic development particularly because of financial, production and marketing problem. These problems are still major handicaps to their development. (Haile Gebretinsae, 2003).

This study was to assess the marketing problems **of MSE ,in the metal and wood working enterprises at wolkite city.**

## **1.2 Statement of the Problem**

Small business enterprises are bases for the development of the country generally,the living standard of the people and the development of the city in particular (Haile Gebretinsae, 2003). However, the growth and sustainability of small scale enterprise in Ethiopia is not that much prominent. The reasons behind this are different factor that obstacle the growth and expansion of small business enterprise. Among these factors marketing problems are the most prominent causes that obstacle the development and

expansions of small business enterprises. The business line of micro and small business activities in Ethiopia is relatively similar. A lack of product diversity however is prevalent and as a result similar products are over crowding the market. (Bds-ethiopia.net/ marketing). Some micro and small business enterprise sell at break-even or even below cost due to lack of knowledge of the exact earnings from sales separately, manufactures do not correctly know how much raw materials and accessories are required to make one unit of product and the likes.

Moreover, Lack of information where the best market areas are located, Inability to analyze their respective market, Lack of skills to set competitive price are the most marketing problems faced by micro and small business enterprises in Ethiopia.

Even if small business enterprises are facing the above maintained marketing problem there is no practical research as to the marketing problems of small business enterprises. As the result this research was designed to address the real marketing problems of small business enterprises and targeted to answer the following research questions.

- What are the major problems of metal and wood working enterprise in relation with product and product related decisions?
- What are the price and price related problems of metal and wood working enterprises ?
- What are marketing communication problem of metal and wood working enterprises?
- What marketing knowledge and skills does metal and wood working enterprises lack?
- What are the major distribution problems in metal and wood working entrprises?

### **1.3 Objective of the Study**

### **1.3.1 General objective**

The overall objective of this study was to assess marketing problems of metal and wood working enterprises in Wolkite city.

### **1.3.2. Specific objective**

- To evaluate the influence of market competitions among MSE.
- To assess the lack of proper pricing strategies.
- To assess the weak market promotion of SBE.
- To assess market related knowledge problems.
- To evaluate challenges related with product quality.

### **1.4 Scope of the Study**

The study was delimited both conceptually and geographically. It was bounded to examine only micro and small business enterprises in metal and wood working enterprise in Wolkite City. Conceptually it was within set boundaries to see only marketing and market related problems of micro and small business enterprises.

### **1.5 Limitation of the study**

It is clear that every researcher had been faced with some degree of limitation, while conducting certain investigation. By the same sense the following were major constraints that faced the student researcher to complete this study successfully.

- Unwillingness of the respondents to fill the questionnaires.
- Unwillingness of respondents to give back the questionnaires to the researchers.
- Unclearness of responses given from respondents.
- Lack of experience of the student researchers in practical research work.
- Time limitation and financial problem to conduct the research

### **1.6 Significance of the Study**

The major significance of this research was to provide concrete or clear information for readers about marketing problem of SBE's. Wolkite City undertake marketing strategy, moreover, SBE may benefit from this finding as it would give them an idea of where they presently stand, in terms of the study further on improving marketing activities and what they should do in the future.

In addition to above the significance for the study are the following:

- To provide a better understanding about marketing problem of small business.
- In order to solve the marketing problems of small business enterprises.
- The study enables small business enterprise to know how to improve the activities of SBE's which is related product, price, promotion, marketing related knowledge and competition.
- The study can provide better understanding knowledge of the marketing problems of SBE, for companies, customers and also the researchers.
- To provide a better knowledge and clear understanding of market related financial and production problems that MSE face for both the researcher himself and other researchers

### **1.7 Organizations of the Paper**

The general structure of the study consists of five chapters, the first chapter deals about introduction which incorporates background of the organization, back ground of the study, statement of the problem, objective of study, scope of the study, limitation, significance of study, organizing study. The second chapter presents literature review that is systematically organized from different books, journal articles, internet and other publications. The third chapter consists of research methodology. The fourth chapter is data analyze and interpretation. And the last chapter will be conclusion and recommendation.

## CHAPTER TWO

### Literature Review

#### 2.1 Definition of Micro And Small-Scale Enterprise

The definition of micro and small enterprises is still controversial. There is no generally accepted definition of micro and small enterprises. Micro and small enterprises in one country may be small or medium enterprises in the other country. Many developing countries apply based on specific parameters, which include factors such as the number of employees, asset, capital, sales turnover, etc. The definition which is based on the above criterion partially focuses on specific target groups for any preferential treatment of the various actors in the MSE recognizing that, there are no standard definitions of MSE. Thus, the definition of MSE depends on the stage of economic development of the country. (Alemu 2017)

It's sometimes called small business enterprise. Small-scale enterprise is a business that employs a small number of workers and does not have a high volume of sales. Such enterprises are generally private owned and operated by sole proprietorships, corporation or partnership. The legal definition of small-scale enterprise varies by industry and country. (Flora Richard- Gustafson and been writing professional since 2003).

There are essential characteristics of a small firm; its activities are solely managed by its owner, it serves a relatively small share of the market and it is independent in a sense that ownership is relatively free from external control. (Bolton committee or small firms in its publication support system for small enterprises in developing countries a review (1971, P.42).

In the United States the small business administration in its publication marketing plan guide (2000.P.11) defined small business as one firm which is independently owned and operated and which is not dominant in its operation.

Accordingly, small businesses in the Ethiopia context are defined as those business activities that are:

- Independently owned and operated:
- Have a small share of the market
- Are managed by the owner
- Employ 6-49 employees (Wolday Amha and others, 1997,P.8)

## **2.2 The Contribution of Micro and Small Business Enterprises**

MSE's enhance competition and entrepreneurship and thus have economy wide benefits in efficiency, innovation and productivity growth. Thus, direct government support of MSE's can help countries reap social benefits. Second, MSE's are generally more productive than large firms but are impeded in their development by failures of financial markets and other institutions for capital and other non-financial assistances. Thus, pending financial and institutional improvements, direct government support of MSE's can boost economic growth and development. The growth of MSE's boosts employment more than the growth of large firms because MSE's are more labor intensive So subsidizing MSE's may help reduce poverty (Beck & Demirguc-Kunt, 2005).

Small businesses are accepted as important vehicles of money-making diversification, employment creation, income generation and distribution, and poverty alleviation. The government of Ethiopia has been promoting the development of MSE, through the formulation and implementation of micro and small business development strategy as of November 1997. Abebez (Q)hel.edu.et or Zebebe 61(Q) yahoo.com

Small businesses contribute greatly to the economy all around the world. Almost all business is small business, or even started out as small businesses. They contribute to the society by selling their products to customers, product that people need. They also provide employment opportunities, which can become reasonable carrier path and choice (task 1 Luke-tripod.com/: d 1html-cached-similar)

Small- scale enterprise help stimulate local economics by providing local individuals with Job, as well as product and service to community members. Moreover, such enterprises help diversify and grow their respective industry as many women and minorities make significant contribution to the small business world. When there is a rise in small-scale enterprises, countries may see reforms in basic right. Small businesses also enhance

the supply of products and local raw materials by allowing market force to operate.

### **2.3 An Overview of Marketing**

There are different definitions of marketing. Marketing is determining and satisfying the need and wants of consumers through the exchange process. Key in this definition is satisfying needs and wants, consumers and exchange process. Whenever there is marketing one has to think of meeting what consumers need from the exchange (Fares, Lios and others. 1991. P.40)

Similarly the chartered institute of marketing in a publication marketing of small business (1997. P. 88), defined marketing in a different word as the management process which identifies anticipates and supplies customer requirements efficiently and profitably. If that your business has to focus on two areas. Customer orientation coordination of market led activities and mutually beneficial exchange.

### **2.4. Marketing MSE Sector**

In a free market economy, especially with staff competition, marketing is a key factor to the success of MSEs. Efficiency in market determines sales, profit of growth; marketer should aim at creating markets and developing saleable products of MSE operations.

Like medium of large scale enterprises, marketing in the MSE sector involves three basic inputs: the product, the promotion methods adopted and the distribution system. These impose should be interpreted to achieve maximum consumer satisfaction, sales and profits. Marketing in the MSE sector should address the marketing problems that emanate from the following factors.

- Increased competition between the MSE sectors as well as from medium and large scale enterprises, and improv
- Limited consumer awareness of the product or service of MSE's;
- The need to set-up distribution networks to reach out widely dispersed markets; and
- Inability of MSE's to exploit export markets.

In general, any marketing effort to improve the growth and performance of MSEs should focus on finding out what consumers want, planning and developing products/services to satisfy these wants, and determine the best way to price, promote, and distribute them. Thus, in order to facilitate the market effort of MSEs, the government, NGOs and other stakeholders should encourage and support the operations of market organizations or units that are engaged in promoting sales of MSEs products (GebrehiwotAgeba and WoldayAmha, June 2004 page 42)

#### **2.4.1. Distribution channels**

They are the different ways of getting products of enterprises in to the hands of final users. These include using intermediaries (such as brokers, wholesalers and retailers) and selling directly to customers. The simple channel is selling directly to the customer. The goal of enterprises is to build a distribution network that increase sales and operates at the least possible cost. Distribution channel are key strategic assets that can lead to sustainable competitive advantage to business operators. Distribution channels of MSE operators vary across enterprises and change over the time. We asked MSE operators to indicate, from a given list of possible distribution channels the main channels they normally use in selling their product/service (Source: GebrehiwotAgeba and WoldayAmha page 45 Jin 2004).

#### **2.4.2. Price setting**

Efficient pricing of good and service is critical for the operation of MSE's. Low price could be used as instrument to build market share. Price that under-cut competitors attract new customers and allow for greater utilization of facilities. However, low prices also sequence margins and often reduce net profits. Thus, the challenge of MSE's is to find a pricing strategy that balances the increase of sales against the demand for profits.(source: GebrehiwotAgeba and WoldayAmha page 47 Jun 2004).

#### **2.4.3. Competition**

The degree of competition in the MSE's sector depends mainly to market attractiveness (market size and growth rate, economic climate, possibilities for economic of scale, technological innovations, differentiate, and segmentation) and industry structure (number and diversity of competitors, case of entry and barriers to exist). The

relationship between competitors is a continuum, ranging from conduct to collusion passing through competition, coexistence, and cooperation along the way. As indicated earlier, competition in the SE's sector can be within the sector itself, with medium and large-scale enterprise and/or with imported product. (Source: GebrehiwotAgeba and WoldayAmha page 47 Jun 2004).

## **2.5. Marketing Strategy**

At the heart of any business strategy there is a marketing strategy. Businesses exist to deliver products that satisfy customers.

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services. (Quick MBA/marketing/.)

Marketing is also the concept of building an organization around the profitable satisfaction of customer needs. It also helped firms to achieve success in high growth through moderate competitive markets. However, to be successful in marketing in which economic growth has leveled and in which there exist many competitors who follow the marketing concept, a well developed marketing is required such a strategy consider a portfolio of product and take in to account the anticipated moves of competitors in the market.

Strategy is a long- term plan to achieve certain objectives. The strategic plan is the defined planning involving marketing research and then developing a market mix to delight customers every organization needs to have clear marketing objectives, and the major route to achieving organizational goals will depend on strategy. A marketing strategy is composed of several interrelated components called the marketing mix. (MARKETING STRATEGY 2000, 5<sup>TH</sup> EDITION P.529)

## **2.6. Marketing Mix Strategy**

- **The most basic marketing mix tools are:**

**2.6.1 Products:** The firms tangible offer to which includes the product quality, specify market needs that may be served by different companies to market stratifies, that eventually come to dominate both overall strategy and the spirit of the company. Product strategies deal with such matters as number and diversity of products, product

innovations, product scope, and product design.

**2.6.1.1. Product scope:** Deal with the perspective of the produce mix of a company (i.e., the number of product lines and items in each line that the company may offer).

The product scope strategy is determined by making reference to the business unit mission.

**2.6.1.2. Product designs:** A business unit may offer a standard or a custom designed product to each individual customer. The decision about whether to offer a standard or a customized product can be simplified by asking these questions, among others; what are our capabilities? What business are we in? With respect to the first question there is a danger of over identification of capabilities for a specific product.

**2.6.2. Price:** Is the amount of money charged for a product or service. Pricing decisions are the key decisions all the way through business transaction. There are different kinds of pricing strategies available for business. The two most common types of pricing policies that firms can pursue are:

**2.6.2.1. Market penetration pricing:** Here the firm prices low, sacrificing short term profit to aim at a dominant market share circumstances favoring this policy are:

- Where the market is highly price elastic.
  - Where total unit costs will decline substantially with production experience,
  - Whereas low price will discourage new competitors entering the market.
- Source( Opcit, Baker page 309)

**2.6.2.2 Market skimming pricing:**

This entails setting high initial price and generally for a short period of time. It is available active.

- A segment of significant size exists which will buy at the high initial price
- The firm has limited production or resource with which to expand.
- The high initial price will not attract or immediate competitive takeover of the market

- The high price creates an image of superior product.

Source (Opic, Baker page 309)

**2.6.3. Distribution strategies:** These are concerned with the channels that a firm may employ to make its goods and service available to customers. Channels are organized structures of buyers and seller that bridge the gap of time and space between the manufacturer and the customer, marketing is defined as a change process. In relation to distribution exchange process of two problems,

**first**, goods must be moved to a central location from the warehouses of producers who make heterogeneous goods and who are geographically widespread.

**Second**, the goods that are accumulated from diversified sources should represent a desired assortment from the view point of customer. These two problems can be solved by the process of sorting which combines concentration (i.e. bringing the goods from different sources to a central location) a dispersion i.e., picking an assortment of goods from different points of concentration). Two basic questions need to be answered here. Who should perform the concentration or dispersion tasks the manufacturer or intermediaries? Which intermediary should the manufacturer select to bring goods close to the customer? These questions vertical use to distribution strategies.

#### **2.6.4. Marketing communication**

- **Elements of marketing communication:**

Marketing communication can be understood best by examining the two constituent elements, Marketing communication is the process whereby thoughts which are covered of meaning shared between individuals or between organization that create transfer of value (exchanges) between themselves and their customers to marketing more general activities. Taken together, marketing communication represents the collection of all elements in a brand's marketing mix that facilitate exchanges by establishing shared meaning in the brand customer of clients.

**2.6.4.1. Personal selling;** is a form of person to person communication whereby sales people have information, educate and persuade prospective buyers to purchase the

company's product or services

**2.6.4.2. Advertising:** It involves either mass communication via news paper magazines, radio television, and other media (bill board, the internet, etc), or direct communication that pinpointed to each business to business customer or ultimate consumer.

**2.6.4.3. Sales promotion:** consists of marketing activities that attempt to stimulate quick buyer action or immediate sales of a product. Sales promotions are directed both at the trade (wholesalers and retailers) and consumer.

Trade oriented sales promotion include the use of various types of allowance to encourage wholesaler and requires response.

Consumer oriented sales promotion involve the use of coupons premium, free samples, contest or sheep's takes, rebates and other devices.

**2.6.4.4. Sponsorship marketing:** is the practice of promotion the interest of a company and its brand by associating the company or one of its brands with a specific event.

**2.6.4.5. Publicity:** like advertising describes non personal communication to mass audience, but unlike advertising, the sponsoring company does not pay for advertising time or space.

**2.6.4.6. Point of purchase communication:** encompass displays, posters signs, and a variety of other materials that are designed to influence buying decision of the point of purchase.

This individualistic tendency quite often results in irrational division making about price product development etc. this is also highly inter related with the management skill of the owner which indeed incorporates marketing skill such as marketing research and marketing planning

Few small business, if not at all none, conduct informal marketing research and quite often the majority of these marketing research neglect the basic elements of market research. Peacock (2000.p63) highlights that small enterprise owners cannot set standard and price in a well informal manner there by resulting in products without acceptable quality or product with exaggerated high or significantly low price.

Customers of small business come to buy when they pass. This depicts the prevalence of direct information small business which make consumer products sell them direct to the final users without going through intermediaries, they are able to do this because they are small and can dispose of their product to the relatively small number of people who pass by their shops.

## **2.7. Marketing Challenges of Micro and Small Enterprises**

Despite the contribution to employment and economic growth this day, most MSEs face critical constraints both at the operation and start up level. According to research report of Commission on Legal Empowerment of the Poor(2006), some of these constraints include lack of access to finance, lack of access to premise, lack of infrastructure, lack of training in entrepreneurial and management skills, lack of information on business opportunities, social and cultural facts, in particular deficient entrepreneurial culture and excessive corruption.

MSEs entangle with many problems. Harper (1984. PP.30, 120-122 underscores) Capital alone is not the only, or even the most important problem for most small business.

Lack of demand is probably the problem most business people will mention after the shortage of capital; this is not something which can be remedied by providing anything tangible, such as finance a machine of raw material, and the nature of small enterprise marketing problems must be clearly understood before an attempt is made to solve them. In addition, small businesses are also at a disadvantage when attempting to promote their products.

Traditional personal links become less important, and are replaced by mass media such as posters, radio and news papers. Advertising is only economic if its cost can be spread over a large volume of sales, So that these advertising agencies are out of the reach of small businesses. It thus appears that small enterprises are unlikely to obtain more than a small share of the greater purchasing power which comes with economic development.

Not only weak advertisement endeavor but also the individualistic decision making characteristics of a small business owners, as Baker (1999, P 622-623)stated, impedes the growth and development of small enterprises; such decision making will invariably be simplistic because of the limited expertise with regards to marketing, it tends to be

unstructured because it is so reactive to events with little or no market researches.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Research design**

The researcher used descriptive research design. Because it helps to describe the marketing problems of MSE. And also it determines how the information will be obtained.

#### **3.2 Source of data**

To get reliable information to explain the problem, the researcher would use both primary and secondary source of data.

#### **3.3 Data collection technique**

Primary data had been collected through questionnaires. The questionnaires had a number of open and close ended types that are relevant and not exhaustive as to the subject of the study. The researcher also used secondary sources of data which had been obtained from written documents of the organization, internet website and reference books.

#### **3.4 Sample size and sampling techniques**

There are 64 small business enterprises in Wolkite city. Among those small enterprises 50 had been selected, 25 from metal, whereas 25 from wood working enterprises because it's concentrated on manufacturing sector. The sampling technique that the researcher used is convenience sampling, because it had research advantage that it allows the researcher to obtain information and trends regarding the study at a convenient place and time.

#### **3.5 Data analysis**

After the data were collected through questionnaire it had been analyzed by descriptive statistics and had been presented by percentage in tables.

#### **3.6 Time and budget schedule**



### 3.6.2 Budget plan

<b>ITEM</b>	<b>No. Of item</b>	<b>Unit cost</b>	<b>Total</b>
<b>Paper</b>	One package	150	150
<b>Internet</b>	–	100	100
<b>Photocopy</b>	50	0.50	25
<b>Pen</b>	10	8	80
<b>Ruler</b>	1	10	10
<b>Transport</b>	6	10	60
<b>Print</b>	100	3	300
<b>Miscellaneo</b>	-	200	300

<b>us expense</b>			
<b>Total cost</b>			<b>1125</b>

## CHAPTER FOUR

### Data Analysis Interpretation and Presentation

#### 4.1 Introductions

- **Descriptive analysis of marketing problems of small business sector (the case of metal and wood working).**

In this chapter the data gathered through questionnaires to assess the marketing problem of small micro business enterprise (the case of metal and wood working enterprise in wolkite city) is presented interpreted and analyzed

A total of 50 questionnaires were distributed to respondents who were selected using convenience sampling techniques.

Table and percentage were used to present in a summarized and easy way to understand and described as the research team believed as.

Sample sizes of 50 questionnaires were distributed to the respondents among which 47 were collected and remaining 3 questionnaires were not collected due to lack of willingness of the respondents.

#### 4.2. Background of Respondents

The researcher selected the study areas which are related with the marketing problem of MSE's, namely product, price, distribution, and communication. To collect data the researcher distribute 50 questionnaires out of 64 total populations.

**Table -1: Sex distribution of respondents**

Sex	Number	Percentage
Female	-	-
Male	47	100
Total	47	100

(Source: Primary data)

As it indicated on the above table 100% of respondents respond that, the major operator of wood and metal working enterprise is male. The student researcher can understand from the above data this sector highly dominated by male respondents. This implies that female participation is nil in this business area.

**Table – 2: Socio demographic characteristics of MSE**

Age	No of respondent	Percent
18-28	25	53.2
29-38	19	40.4
39-48	3	6.4
49and above	-	-
Total	47	100

(Source: Primary data)

The above table shows that,25(53.2%) of the respondents are found between the of age 18-28 years old,19(40.4%) of the respondents are found the age of 29-38 years old,3(6.4%) of the respondents are found in the age of 39-48 years old and 49 and above years old are not participated among MSE.

**Table 3: Educational level of respondents**

Education status	No of respondent	Percentage
Illiterates	-	-
Primary school	16	34
Secondary school	21	44.7

Certificate	6	12.8
College diploma	4	8.5
Total	47	100

(Source: primary data)

As the above table 3, shows that, 16(34%) of the respondents are completed primary school, 21(44.7%) of the respondents are completed secondary school,6(12.8%) of the respondents who have certificate and 4(8.5%) of the respondent are completed diploma. The researcher understand from the above data that the respondents of MSE's are participated in wood and metal work enterprises that have completed secondary school.

**Table - 4: Year of work experience**

<b>Experience in year</b>	<b>No of respondent</b>	<b>Percent(%)</b>
Less than 2 year	7	14.9
3 up to 5 year	28	59.6
Equal or above 6 year	12	25.5
Total	47	100

(Source: primary data)

As shown in the above table 4, 7(14.9%) of the respondents who have less than 2years work experience, 28(59.6%) of the respondents have 3 up to 5 year work experience and 12(25.5%) of the respondents have equal and above 6 years work experience. This implies the experience of respondents who are operated metal and wood working enterprises. From those respondents 3 up to 5 year work experienced enterprise are dominated in the work area of these enterprises.

**Table - 5: The problem which faces the operation of SBE**

<b>Item</b>	<b>No of respondent</b>	<b>Percent</b>
-------------	-------------------------	----------------

Lack of money	10	21.3
Lack of market place	15	32
Lack of market access	13	27.7
Government policy	-	-
Lack of input	9	19
Other	-	-
Total	47	100

(Source: Primary data)

The above table 5, presents respondents response about the problems that hinder the working process of SBE's. 10(21.3%) of the respondents faced lack of money, 15(32%) of the respondents are faced lack of market place, 13(27.7%) of the respondents are faced lack of market access and 9(19%) of the respondents are faced lack of input. All the above factors which face SBE's during starting their own business and to performed their work process. It also affect not got enough profit from business area.

**Table 6: The marketing problem of SBE's**

How could you think about the market problem of small business enterprise?					
Item	No of respondents				
	Only have 1 choose	%	Above 1 choose	(%)	Total (%)
• Lack of marketing knowledge and skill	4	8.5			
• Competitive problem	9	19.15			

• Lack of market place	3	6.4		55.	
			26	391	
• Lack of finance	5	10.62	-	-	
Total	21	44.7	26	55.3	100%

(Source: Primary data)

According to the above table 6, respondents gave their response about the marketing problem of metal and wood working enterprise, 4(8.5%) of the respondents that faced the lack of marketing knowledge and skill,9(19.15%) of the respondents are faced competition situation, 3(6.4%) of the respondents faced lack of market place and 5(10.62%) of the respondents are faced lack of finance. On the other hand the respondents that had respond and selected above one choice from the given alternatives, 26(55.4%) of the respondents are faced lack of marketing knowledge and skill, competition situation and lack of market place. Based on the above interpretation the researcher understood that, metal and wood workers had faced marketing problems and also the above conditions are hindering their growth and income level of the enterprise when they operate their business.

**The major products that are produced by metal and wood working enterprises are:**

According to the respondents responses products which are produced by metal and wood, from the total respondents 22 are metal working enterprise, whereas; 25 are wood working enterprise. Metal working enterprise produce products like: Door, Window, Metal Bed and general metal work. On the other hand wood working enterprise produce products like: Buffet, Shelf, Box, TV set, Bed, Dressing, and Table, home and office furniture and general wood work. These are the major products of metal and wood working enterprise.

**Table 7: Strength of product and product quality**

<b>How do you evaluate your product quality and strength?</b>
---

<b>Response</b>	<b>Frequency</b>	<b>Percent (%)</b>
Excellent	6	12.8
Very good	7	14.9
Good	12	25.5
Modest	22	46.8
Poor	-	-
<b>Total</b>	<b>47</b>	<b>100%</b>

(Source: Primary data)

As we can see from the above table (7) , 6(12.8%) of the respondents said that, strength of their product and quality product is excellent, 7(14.9%) of respondent said that strength of product and product quality is very good, 12(25.5%) of respondents said that strength of product and quality product is good, 22(46.8%) of the respondents said that strength of product and product quality is satisfying. From this data it can easily be understood that most of the enterprise offered are satisfying products. However it is believed that companies should produce qualified products to win the competition in the market place where there are competitions like the market of the MSE's are operating.

**Table 8: Comparison between the price settings of enterprise with others**

<b>Price setting</b>	<b>No of respondent</b>	<b>Percentage</b>
Very good	6	12.8
Good	17	36
Medium	22	46.9
poor	2	4.3
vary poor	-	-
<b>Total</b>	<b>47</b>	<b>100</b>

(Source: Primary data)

The above table 8, shows that the respondent who respond about their price setting of the enterprise relative with other firms, 6(12.8%) of the respondent said that the price setting is very good comparing with others, 17(36%) of the respondent respond that the price setting of the enterprise is good relative to others, 22(46.9%) of the respondent said that the price setting is medium and 2(4.3%) of the respondents said that the price setting is below when comparing with other firms. Based on the respondent's response the researcher said that the enterprise should understand the price setting strategy in considering to any potential competitors that might want to join the market.

### 4.3 Market Training

**Table 9: Marketing training and knowledge**

<b>Do you think that you and your employees have marketing skill?</b>		
<b>Response</b>	<b>No of respondents</b>	<b>Percent</b>
Yes	10	25.3
No	37	79.7
Total	47	100

(Source: Primary data)

The above table 9, indicate that regarding to the marketing training and knowledge of the SBE's, 37(79.7%) of the respondents are not received marketing training whereas, 10(21.3%) of the respondents said that they have received marketing training. From this, as we understood that SBE's are produce products through their experience, but not using of their marketing knowledge and training.

**Table 10: The way of acquiring marketing training**

<b>How do you get marketing skill and training?</b>		
<b>Item</b>	<b>No of respondents</b>	<b>Percent</b>
By training from Government body	8	80
By education	2	20
By experience	-	-

Others	-	-
Total	10	100

(Source: Primary data)

As we have shown on the above table 10, 8(80%) of the respondents acquired training from the government and 2(20%) of the respondents they have taken training through by education. From the above interpretation we understood that, the government plays a great contribution for SBE's by providing marketing training and education to improve the country economy

#### 4.4. Distribution

- **The way of distribution to the market:**

Most of the respondents have said that they distribute their product without the use of any intermediaries that is the way they use is direct distribution method which is from producer directly to the consumer. The reasons these enterprise use this method of distribution is because they have finance constrains, lack of place due to the rule and regulation of the city administration and the negative attitude that the intermediary have for those small scale enterprise product and are not good quality products.

#### 4.5. Communication

**Table 11: Communication**

<b>Did you use promotional activity in your organization when you stay in the market?</b>		
Response	No of respondent	Percentage
Yes	15	31.9
No	32	61.1
Total	47	100

(Source: Primary data)

As shown in the table 11, 15(31.9%) of the respondent are using promotional activity,

whereas; 32(61.1%) of the respondent are not using promotional activities. Because the respondents have lack of finance, lack of marketing knowledge and skill. In addition to this respondents produce small amount of product, due to this the respondents did not engage in promotion activities. Moreover the respondents believe that, if they produce quality products, the customers will come at any time to buy the needed products from the enterprise. As we have expressed on the above table 14, the respondents who are using promotion activities to introduce their product to the customers and to the target market, by using the following promotion activities like; Banner, Billboards, Word of mouth communication and Bazaar etc.

#### 4.6. Segmentation

Table 12 segmentation

Does you use segmentation?		
Response	No of respondent	Present
Yes	20	42.6%
NO	27	57.4%
Total	47	100%

Source :(primary data)

As shown the table 12, 20(42.6%) of the respondent said that the enterprise are using segmentation, whereas 27 (57.4%) of the respondents said that the enterprises are not using market segmentation. In the above table12, shown that 57.4% of the respondent response said that market segmentation is not applicable in the enterprise.

Tabel13, method of segmentation

By which method segmentation market?		
Response	No of respondent	Present
Geographical	3	15%
Demography	13	65%
Psychograph	-	-

behavioral	4	20%
total	20	100%

Source: primary data

As shown the above table, 3(15%) of the respondent said that the enterprises are use geographical segmentation, 13(65%) of the respondents said that the enterprises are use demography segmentation, 4(20%) of the respondents said that the enterprises are use behavioral segmentation. clearly indicated, that the above table, 13(65%) of the enterprises, support the demography market segmentation.

## CHAPTER FIVE

### 5. Conclusion and Recommendations

#### 5.1. Conclusion

It was widely accepted that, small scale enterprise are the back bone for the development of medium and large scale enterprise, and also micro and small scale enterprise are very important for the overall socio-economic development of any country. In addition, small business is generally driving force behind most local economics. These SBE's through their growth generally are ones that create most job opportunities for unemployment problem in the area. Also small businesses are vital in today's economy; because much revenue obtained by the government is from business taxes and small businesses are responsible for job creation innovation contribution. But this research has attempted to identify major marketing problems that affect the growth and expansion of micro and small scale enterprise. Therefore, depending on the analysis and the interpretations there are identified marketing problems in metal and wood working enterprises in Wolkite city.

Conclusions are given according to the identified problem. Therefore, the major factors that hinder SBE's the case of metal and wood working enterprise are the following.

- Weak marketing communication: Most of the respondents didn't conduct promotional activities to introduce their product to the target market. Because there is lack of awareness about how to promote their product to their target market. In addition to this we understood from the customer point of view, SBE's not introduce (inform) about their product to them.

However, the literature dictates that, marketing communication (promotion) is the essential and the basic aspect of marketing mix elements in winning the competition.

- Lack of price setting strategy: It is one of marketing problems of SBE's that affect those metal and wood working sectors. As we seen from the finding, they set their product price by experience and considering the cost of production without using pricing setting methods. But every business sectors better to use the price setting strategy in order to make the price reasonable and affordable to the customers.
- As we understood from the finding of this research, most of the time SBE's are producing similar types of products to the market. Due to this, there is lack of product diversity or Variety which is produced by metal and wood working enterprises in Wolkite City. However, if SBE's produced Variety products where they are operating, firms can get competitive advantage through product diversity or Variety.
- Lack of skill and knowledge that related with marketing strategy: According to the study, most of the respondent's educational background indicates that they have lack of marketing knowledge, skill and training. As the result, most of them doing business traditionally, they produced product without market analysis, setting price arbitrarily, marketing communication activities is nil and so on.
- The problem that related with distribution: From the finding, most of the respondents have said that, they distribute their product without the use of

intermediary that is directly from producer to customer. The reason this enterprise didn't use distribution channels because they have financial constraints and lack of market place. In this case, distribution problem was faced for small SBE's. However, it is better for SBE's find and use less cost marketing intermediaries as they produced consumer products.

## **5.2. Recommendation**

As has been pointed out in the conclusion the marketing problems of small business enterprise, the researcher have tried to recommend to the owner of the small business enterprise in order to arrange the business activities. Therefore, the following recommendations are forwarded to the city administration body and metal and wood working enterprise.

- **Concerning the city administration body**

SBE's are favorable for the expansion and development of the country's economy. Therefore, all micro and small scale enterprise need support and conducive environment in order to grow themselves and to create job opportunity for the society. The city administration better to facilitate things which are needed to the small business enterprise like, electric power, road, water supply and different communication network, regulating the market in suitable way, controlling those illegal business enterprise providing different credit centers for the micro and small scale enterprise. The government and other concerning bodies have to contribute their share in order to communicate modern technologies to those micro and small scale enterprise, which help them to produce more quality product and to reduce their overall production cost.

The government should control those illegal or non licensed enterprise and make them realized or likened with minimum cost as their capital was concerned, in order to make conducive environment for the overall growth and expansion of micro and small scale enterprise in the Wolkite city. In addition to this the government should support small business enterprise in providing place for the

business activities that enables them to distribute their product to the market.

- **Concerning the owner of the metal and wood working enterprise**

- The concerned body better to promote the product smoothly or accessibility by modifying the existing working system, so as to attract many customers and to create awareness to the customer about the product which are provided to them.
- To solve the problem that related with the distribution, it is advisable develop and use marketing intermediary like retailer and whole seller to offer the product to the market. Those intermediaries buy the product and they distribute the product to different areas. Even if the problem of distribution exists within business enterprise, intermediaries can reduce the problem that related with distribution.
- The small and micro business enterprise department in the local administrative office has so far provided several training.

So, if you take training what the government provides, the gap of skill and knowledge will be reduced to you.

- The researchers recommended that, it is better to produce products based on the needs and wants of the target market. Producing Variety products in terms of quality as well as type is very important in addressing customer's needs and wants as customers in market have different preferences.

In general, it is advisable to develop positive relationship as well as strong integration and coordination between the enterprise and customers in order to solve the problem that is related with the market.

Wolkite University

School of Business and Economics

Department of Marketing Management

These questionnaires are prepared in Wolkite university, College of Business and Economics by marketing management student.

Dear respondents first i would like to thank you for giving your valuable time and for your cooperation in filling this questionnaires.

The questionnaires aim to study marketing problems of metal and wood working enterprises in Wolkite city. So, dear respondents we need your ideas and feelings, while we use your response only for education purpose.

Guideline: Not allowed to write your name

: Put your answer on the given tick mark ()

: Write your answer on the given space

: If it is necessary you can chose above one alternative answer

•

•

• Sex: Male Female

•

•

•

• Age: 18 – 28 39 – 48 49 and above

•

• Education status:

illiterates primary school secondary school

Certified Diploma Other -----

- How many years your enterprises stay on the job?

less than 2 year      3 – 5 year      6 and above year

- What type of problems faced on operating your business?

Lack of money      Lack of market place

Lack of market access      Lack of input

Government policy

If you have others -----

- Which problem do you think that faced SBE's

Competition

Luck of skill      Lack of finance      Market problem

If you have other -----

- How do you evaluate your product strength and quality product?

Excellent      Very good      Good      Medium      Poor

Vary poor

- How is your enterprise price setting strategy compare with other similar firms?

Very good    Good    Medium    Poor    very poor

- Do you think that you and your employees have marketing skill?

Yes            No

- For the above question 9 your answer "Yes" how do you get marketing skill and training?

By training from government body            By education

By Experience                            If you have other.....

- 
- 

- Did you use promotional activity in your organization when you stay in the market?  
A. Yes            B. No

- For the above question 10 if your answer is "Yes" what type of promotional activities do use -----

- 
- 

- dose you use segmentation?

Yes            No

14. for the above question 13, your answer "yes" by which method segmentation market  
?Geograpcal                            demography

Sychogeraphy                            behavioral

Thank you for your corporation!!

## Bibliography

Opcit, Baker, 1999, page 309, *Marketing Communication and Related Major Problems*

Bolton committee on small firms in its publication support system for small enterprise in developing countries a review, 1971, page 42.

Entrepreneurship HailayGebretnsae 2003

Fares, Lios and other 1991 p. 40, Module Entrepreneurship

Flora Richard –Gustafson and been writing professional since 2003

Harper, 1984, Assistance to Resource Institution for Enterprise Support CAPACI

In the United States the small business administration in its publication marketing plan guide 2000 page 11

Introduction to entrepreneur ship and small business development (Ayele Beyero July 2011)

Ministry of trade and industry

P. Kotler principle of marketing 10<sup>th</sup> edition page 5

P. Kotler (1998) 5<sup>th</sup> edition, *Marketing Management* North Western University, New Delhi, India.

Pea conch 2000, page 03, Module Entrepreneurship

Quick mba |marketing|

Stevenson and Annette, 2006, Entrepreneurship

The chartered institute of marketing a publication marketing a small business (1997 page 88)

The issues of small scale enterprise and enterprise development have got aggregated deal of attention as propriety in both development developing countries (Alemu 1987)

Woldayamha and others 1997 small scale enterprise development in Ethiopia.

Abebez (q) hel.edu.et or bebeb 61(q) yahoo.com

(Task 1 luke-tripod.com/:d 1htm-cached-similar)

Bds-ethiopia.net/marketing

