



SCHOOL OF GRADUATE STUDIES

**THE ROLE OF MICRO AND SMALL-SCALE ENTERPRISES ON
IMPROVING SOCIO-ECONOMIC STATUS OF YOUTH: IN THE
CASE OF WOLKITE TOWN, GURAGE ZONE, CENTRAL
ETHIOPIA REGIONAL STATE, ETHIOPIA**

M.A RESEARCH THESIS

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Economic Status of Youth: The Case of Wolkite Town, Gurage
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By my signature below, I declare and affirm that this thesis entitled “The Role of Micro and Small-Scale Enterprises on improving Socio-Economic status of Youth in Wolkite Town” for the Master’s Degree of this University is my own piece of original research work. I have followed all ethical and technical principles of scholarship in the preparation, data collection, data analysis, and compilation of this thesis. All scholarly matter that is included in the thesis has been given recognized through citation. I affirm that I have cited and referenced all sources used in this document. Every serious effort has been made to avoid any plagiarism in the preparation of this thesis.

This thesis is submitted for the Master of Arts (MA.) in the Department of Governance and Development Studies, CSSH, under the direct supervision and guidance of principal advisor Aschale Kassie (Ass.Prof.) and Zelalem Dendir (Ph.D.) (co-advisor), CSSH, WKU, Wolkite.

With high regards

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ACRONYMS

| | |
|--------|---|
| ADA | Appui au Development Autonomy |
| BDS | Business Development Service |
| CSA | Central Statistical Agency |
| CSR | Corporate Social Responsibility |
| EEA | Ethiopian Economics Association |
| FMSEDA | Federal Micro and Small Enterprise development agency |
| MLR | Multiple Linear Regression |
| MSEs | Micro and Small Scale Enterprises |
| MSMEs | Micro, Small and Medium Enterprises |
| NBE | National Bank of Ethiopia |
| MoTI | Ministry of Trade Industry |
| SPSS | Statistical Package for Social Sciences |
| WTFEDO | Wolkite Town Finance and Economic Development Office |
| WTEIDO | Wolkite Town Enterprise and Industry Development Office |
| WTPCO | Wolkite Town Plan Commission Office |

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ABSTRACT

Youth unemployment has been a common problem that faces in many urban areas of Ethiopia. In this regard, Micro and Small Enterprises (MSEs) are the main income generating activities of youth operating enterprises in Ethiopian cities and towns thereby contribute to unemployment reduction and poverty alleviation. The main objective of this study was to investigate the role of MSEs on improving socio-economic status of youth in Wolkite Town, Gurage Zone, Central Ethiopia Regional State, Ethiopia. The study followed a mixed research approach with simple random sampling techniques. Both primary and secondary data source were used. Tools of data collection primary sources were questionnaires, in-depth interview, observation and secondary data were collected using desk review. Accordingly, the population of the study consisted of 1687 enterprise owner/chair persons of Wolkite Town Administration. Was used to select 323 enterprise owner/chair persons and 11 key informants were selected using simple random sampling and purposive sampling respectively. Quantitative data were analyzed using descriptive statistics and Multiple Linear Regression (MLR) whereas thematic analysis was employed to analyze the qualitative data. The result indicated that the MSEs have created not only job opportunities for the youths but also improve their social capital by creating friendly environment. However, many of the micro and small enterprises business owners have to deal with several challenges such as lack of skill and know how, lack of working places, lack of access to credit, and lack of continuous follow up and support services. It also recommends it is advisable that the youths' are expected to develop confidence, their social status while running their own business and become interested and cooperative for whatever type of jobs available to them through organizing in groups and this in turn maintains safety of the society. Hence, the study further recommends that concerned bodies need to intervene in order to address these challenges and ensure sustainability of these businesses as an alternative development strategy.

Key words: Wolkite Town, Unemployment, Socio-Economic status, Micro and Small-Scale Enterprises

CHAPTER ONE

1 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Micro and Small Scale Enterprises (MSEs) are continuously playing significant roles in the growth, development and industrialization of developing countries (ADA, 2017). Globally, formal and informal MSEs make up over 90% of all firms and account on average for 60-70% of total employment worldwide and 50% of GDP (Ayyagari, Beck, & Demircuc-Kunt, 2007; World Bank, 2019).

Across all country income groups, young people aged 15–24 years’ experience a higher unemployment rate than the rest of the working age population (ILO, 2019a). In 2018, the global unemployment rate stood at 5.0 per cent – matching pre-crisis levels. Youth were three times more likely to be unemployed than adults (United Nations, 2019). To address youth employment challenges, countries will need an integrated approach involving different levels of government and linking with overall development and employment policy that reaches beyond the labor market and education sectors. To solve such problems different governments are framing different strategies and policies to create job opportunities and to pull these countries out of their problems. One strategy as to create jobs and accommodate maximum number of citizens has been emerged, i.e., the establishment of MSEs. (Ermias, 2011). Like many developing countries, Ethiopia is also suffering from severe poverty, unemployment, income inequality and lower per capita income. In response to the mentioned problem, and also by recognizing the significance of this sector, the Ethiopian government issued the National Micro and Small Enterprises Strategy in 1997 and established the Federal Micro and Small Enterprises Development Agency in 1998.

Micro and small scale business enterprises are seen as the most important alternative sector in fostering socioeconomic developments in both developed and developing countries. Particularly, they make undoubtedly a huge contribution to employment in many developing countries where there is a challenge of high unemployment and poverty

exists. Several studies reveal that MSEs in these countries are considered as crucial in employment creation and generally contribute to economic growth as an engine of development and vehicle towards fulfilling the Millennium Development Goals. Chief among these goals is the reduction of poverty through creating employment, wealth and improvement of living standards, because poverty and unemployment rate are considerably higher in these countries than developed countries (Abiyu, 2011).

The role of MSEs in employment creation and income generation for the poor, the Ethiopian government is advocating for the importance of these enterprises for enhancing development and growth by identifying youth and women as a target group for relevant support measures (MOTI, 1997). The strategy was revised in 2010/11 with renewed interests and more ambitious targets on employment and number of entrepreneurs and transition to medium size level (Amdemicheal Berhanu & Abdishkur Ahemed, 2018).

Currently in Ethiopia, unemployed young and graduated citizens are encouraged to group in to such MSE to share experience, ruing cost of MSE and even the government to create job opportunities for those unemployed citizens to promote economic growth, create sustainable jobs, and provide a platform for transformation to medium and large enterprises. However, according to Weldegbriel and Admasu (2012) in spite of the enormous roles of MSEs sector to the national economy with regards to job creation and the alleviation of poverty, the sector in most developing countries are encountering challenges and constraints including lack of access to start-up and operating financial resources, lack of work premises both for production and sales, shortage of skill and managerial expertise, marketing problems, in adequate training, administrative barriers to entry, lack of commercial knowledge and skills. So, considering the above problems and contributing factors, this study will be designed to assess the role of micro and small scale enterprise and its challenges on improving socio-economic status of the youth in the case of Wolkite town, Gurage zone, Central Ethiopia.

1.2 STATEMENT OF THE PROBLEM

Micro and Small Enterprises (MSEs) have vital contribution to the economic development, poverty reduction and creation of wider employment opportunity in

developing countries with large number of unemployed people. MSEs do serve as a means of bringing economic transition by using the skill and the talent of people without requiring high-level training, much capital and sophisticated technology. This makes the sector more preferable to business entry, unemployment reduction, income generation, and poverty alleviation (Werotaw, 2010; Habtamu, 2013).

In addition to creating a working environment conducive to the growth of the sector, the government of Ethiopia provides direct policy support to MSE operators through different implementing agencies. This support includes access to working space (sheds constructed by the government), access to markets (linkages), access to finance (guarantee provision), access to industrial extension (various business development services such as market linkages and technical support) and access to training & advanced technology (ADA, 2017).

Despite their contribution to economic development and job opportunity, Micro and small enterprises in Ethiopia are facing variety of problems that hinder their growth and development. In Ethiopia the major challenges of MSEs are administration related problems such as high tax level, uncertainty about tax policy, high collateral requirement, lack of inadequate business premise, lack of business support service and inadequate access to credit, inadequate access to finance, lack of infrastructure, access to land, and access to training (Asnake,2020). Generally, various studies have been conducted in Ethiopia based on the role and impacts of MSEs. For instance; a study carried out by Bereket T. (2017) focused his study on the socio economic impact of MSEs in Menharia sub-city, at Hawassa regarding to metal and wood work activity only, Another study conducted by Amdemicheal and Abdilshikur (2018) conducted the study on determinants of the success of SMSEs in Gurage zone, the case of wolkite town and come up with the findings of that impact Entrepreneur performance success was infrastructure and marketing had high impact.

On the other hand Assefa, Y. (2015). Conducted study on Youth Unemployment and Economic Stability in Developing Countries: A Case Study of Ethiopia. This study examines the relationship between youth unemployment and economic stability in

Ethiopia. It discusses the significance of MSEs in improving youth employment rates and suggests policies to enhance the contribution of MSEs in reducing unemployment.

The literature lacks an in-depth analysis of the existing policies and regulatory frameworks that affect the establishment, growth, and sustainability of micro and small-scale enterprises in Wolkite Town. Understanding the barriers and challenges faced by these enterprises in the local context is crucial for designing effective policies to promote youth employment. Moreover, insufficient attention to skills development: While the other study acknowledges the potential of micro and small-scale enterprises to absorb unemployed youth, there is limited emphasis on the role of skills development programs in enhancing youth employability in Wolkite Town. Research that explores the specific skills needed by youth to participate in these enterprises and identifies the gaps in the current skill development initiatives is needed.

Addressing these practical gaps will contribute to a better understanding of the role of micro and small-scale enterprises on improving socio-economic status of youth in Wolkite Town, Gurage Zone, and Central Ethiopia as whole. This knowledge can inform policymakers, practitioners, and researchers in developing and implementing effective strategies to promote youth employment and sustainable economic development in the region.

Therefore, one of the major purposes of this study is to have filled research gaps mentioned above in particular reference to the study area on the issues of the roles of MSEs therefore, analyzing an importance and the current experience of the Role of Micro and Small-Scale Enterprises on improving socio-economic status of youth in Wolkite Town. It also indicates the practice and challenges of Micro and Small-Scale Enterprises and to indicate the necessity for youths and other related organization in Wolkite Town

1.3 OBJECTIVES OF THE STUDY

1.3.1 GENERAL OBJECTIVES OF THE STUDY

The General objective of this research is to investigate the Role of Micro and Small-Scale Enterprises on Improving Socio-Economic status of youth in Wolkite Town.

1.3.2 SPECIFIC OBJECTIVES OF THE STUDY

The study specifically assesses the following specific objectives:

- To identify the current practice of Micro and Small-Scale Enterprises in Wolkite Town.
- To examine the Economic role of Micro and Small-Scale Enterprises for Youth.
- To analyze the Social benefit of Micro and Small-Scale Enterprises for Youth.
- To evaluate the challenges of Micro and Small-Scale Enterprises in Wolkite Town.

1.4 RESEARCH QUESTIONS

- ✚ What are the current practices of MSEs in Wolkite town?
- ✚ What are the economic roles of MSEs for youth's?
- ✚ What are the social benefits of MSEs for youth's?
- ✚ What are the challenges of MSEs in Wolkite town?

1.5 SIGNIFICANT OF THE STUDY

The potentials of micro and small enterprises to create job opportunities and to generate income made them vital economic instruments, especially in developing countries where the majority of people earn low incomes. Information which was gathered and analyzed in this study provides empirical findings on the role of MSEs for improving socio-economic status of youth. The findings of this study were showed the relationship that exists between the youth's involved in MSEs and their characteristics.

Hence, this study can help in providing more information to different stakeholders like policy makers, and development planners working in the establishing and expanding area of micro and small enterprise including evaluation and for developing strategies that address the issues of MSEs sector in economic, social and political development of the

young people involving in the enterprise activities. It was also served as a reference material for other researchers that are interested to conduct further studies on the other town enterprises.

1.6 SCOPE OF THE STUDY

It was difficult to cover wider area and the whole aspects of the issue related to the role of micro and small scale enterprises on improving socio-economic status of youth because of time and resource constraints. Therefore it becomes obligatory to limit the scope delaminated to Wolkite Town to a manageable size. It was focused on the subject of youths working in different types of specialties in Micro and Small-Scale Enterprises and selective experts from Micro and Small-Scale Enterprises office to get unbiased information.

1.7. LIMITATION OF THE STUDY

In studying the role of MSEs on improving socio-economic status of youth at Wolkite Town, the researcher carried out the study successfully, however there were some limitations. The absence of sufficient documentation in EIDO posed difficulties to the researcher in identifying the level and performance progress of MSEs. Additionally, another limitation to this study was availability of accurate information on current capital because respondents showed a tendency of underestimating their income and capital.

1.8. OPERATIONAL DEFINITION OF TERMS

ADA (Appui au développement autonomie) is a Luxembourgish, non-governmental organization that has been increasing the autonomy of vulnerable people in Africa, Latin America and Asia with inclusive finance since 1994, thereby contributing to achieving the sustainable development goals.

An enterprise: can be defined as an undertaking engaged in production and/or distribution of goods & services for commercial benefits, beyond subsistence (household) consumption at the household level. (FMSEDA, 2011)

Micro Enterprise: when the numbers of its employees (including the owner or family) are not greater than 5 & total asset is \leq 100,000 ETB for industrial sector and \leq 50,000 ETB for service sector (FMSEDA, 2011).

Small Enterprise: means a business engaged in commercial activities whose capital is not exceeding birr 1.5million and 6-30 employees for industries and 500000 Birr for service other than high technology and consultancy service institutions (FMSEDA, 2011).

Social Capital: is defined as a collective asset in the form of shared norms, values, beliefs, trust, networks, social relations, and institutions that facilitate cooperation and collective action for mutual benefits (Humnath B., 2009)

Economic Role: refers to the different functions individuals or groups play in an economy. These can include roles as consumers, producers, investors, and government regulators.

Employment: is defined as the number of people who are engaged in product economic activities in a given period of time (Twinokwikiriza Inea, 2018).

Social roles are a socially defined pattern of behavior that is expected of persons who occupy a certain social position or belong to a particular social category (Biddle 1986).

Unemployment: is defined as a situation where someone of working age is not able to get a job but would like to be in full-time employment (Tejvan Pettinger, 2019).

1.9. ORGANIZATION OF THE STUDY

The study was organized into five Chapters. The first chapters contain introductory part that is the problem. It discussed on the background of the study, statement of the Problem, objective, significant, delimitation, Operational definition of key words and terms and Organization of the study. Review of related literature was provided in chapter two. The third chapter deals Research Methodology. Chapter Four describe about Results and Findings. Chapter five is the last chapter. It discussed on the summary of the study, conclusion and recommendation.

CHAPTER TWO

2 REVIEW OF THE RELATED LITERATURE

2.1. The Concept of Micro, Small and Medium Enterprises

There is no universally accepted definition of micro and small enterprises (MSEs). Different countries have defined MSEs differently basing on local operations and conditions. Also, MSEs have been defined differently by different organizations found in the same country. It should be noted therefore that certain definitions may not be applicable in certain regions or settings (Tekele, 2014). This is due to there being different organizations, laws, countries and agencies that all have their own ways of classification and definition (Bloem, 2012).

According to some international organizations such as the Organization for Economic Cooperation and Development (OECD), the variation in definition and size of enterprises indicates the economic, cultural and social dimension of the country (OECD, 2005).

Regarding this point, Bereket (2017) noted that different criterion for categorizing and defining enterprises is being used by different countries. Among others are the number of employees, amount of capital invested, sales and nature of the business. For the purpose of aiding reader understanding, the following are some of the definitions provided by different countries, agencies and laws. For example, the European Commission (2005) categorizes enterprises as Micro, Small or Medium-sized enterprises based on staff headcount, and annual turnover or annual balance sheet total. Accordingly, an enterprise is medium-sized if, and only if, it employs less than 250 labor with an average annual turnover of \leq €50 million or has a balance sheet total of \leq €43 million a year. A small enterprise, on the other hand, has a staff headcount of <50 and a turnover or balance sheet total of \leq €10 million, while a micro enterprise has <10 employees and \leq €2 million annual turnover.

On the other hand, in Kenya the 2009 Micro, Small and Medium Enterprise Bill indicated that the number of employees and the company's annual turnover is the standard applied. Accordingly, an enterprise can be said to be micro if it hires ≤ 10 people and has an annual turnover \leq 500,000 Kenya Shillings. Whereas a small enterprise hires 11-50 people with an annual turnover of between 500,000 to 5 million Kenya Shillings, and an enterprise is medium if it provides a job opportunity for 51-100 people and has an

average annual turnover of 5 to 800 million Shillings (Kidst et al,2012). Some other countries define or set legal definitions.

The Ministry of Micro, Small and Medium Enterprises of India for example, defined micro, small and medium enterprises from the perspective of the amount of investment made in Rupees, including the machinery. Accordingly, if an enterprise's investment does not exceed 50 lakhs rupees (5 million), the business is considered micro. But, it is small if its capital possession is between 50 lakhs rupees (5 million) to ten crore rupees (100 million), while an enterprise with capital between ten crore rupees (100 million) and thirty crore rupees (300 million) is taken as medium (Tsega, 2014).

In Ethiopia there are three types of definitions of MSE's. The first two are old definitions from the 1998 definition of MSE development strategy of Ethiopia and the Central Statistical Authority. The second definition provided by the Central Statistical Authority uses employment and favors capital intensive technologies as its measurement (Federal Democratic Republic of Ethiopia/FDRE, 2011). Accordingly, cottage and handicraft industry are the kind of businesses performed using the hands and manpower-driven machinery that employ less than 10 persons. However, due to the absence of any uniform definition for the sector, the agency failed in gathering data about cottage and handicraft industry for the seven years before the report was published (i.e. before 2011). The third definition is the new, improved definition of Micro and Small Enterprises of 2011 (Federal Democratic Republic of Ethiopia, 2011; Mulugeta, 2018), which was developed based on the experience of other countries, especially the case of South Africa. The definition was simply based on paid capital or capital investment as most business was confined to family manpower and there was a lack of manpower information in the sector (Federal Democratic Republic of Ethiopia, 2011). For the purposes of this study, the aforementioned 2011 definition given by the Ministry of Trade and Industry (MoTI) of the Federal Democratic Republic of Ethiopia will be used.

According to the revised Small and Micro Enterprises Development Strategy of Ethiopia (Federal Democratic Republic of Ethiopia, 2011) the working definition of MSE's is based on capital and labor. Thus, micro enterprise refers to the industrial and service

sectors, where a manufacturing sector is micro, if it operates with up-to five manpower with total assets up to 100,000 ETB (Metasebia, 2009). A micro enterprise in the service sector, however, and includes services related to retailing, transportation, hotel and tourism, ICT and communication can also hire up to five individuals, but with a reduced total asset of less than 50,000 ETB. On the other hand, a small industrial sector enterprise includes manufacturing, construction and mining activities, hires 6-30 persons with a capital possession of between 100,000 ETB to 1.5 million ETB. Of the same small enterprise type, but service sector, can also be run by 6-30 persons but possess a total asset from 50,001 to exceeding 500,000 ETB (Federal Democratic Republic of Ethiopia, 2011; Mulugeta, 2018).

The revised definition of Micro and Small Enterprises in Ethiopia includes those enterprises in the industrial sector, they should employ 6-30 labor force including business owner and family labor and/or the monetary value of the enterprise's total asset from Br.100,001- 1,500,000 (FDRE MSE's Development, Support Scheme, & Implementation Strategies, 2011). However, service sector have to employ 6-30 labor force including business owner and family labor and the monetary value of the enterprise's total asset from Br.50,001-500,000 (FDRE, 2011; Ermias et al, 2017).

2.2. COMMON CHARACTERISTIC OF MSEs

There are assumptions that are 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).

2.2.1. EMPLOYMENT GENERATION

Available evidence suggests that micro enterprise do not show growth in terms of number of people employed (Mead,D,C and Liedlholm,C, 2000).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 (Snodgrass & Biggs 1998). In contrast, large firms offer better in terms of wages, fringe benefits, good working conditions, opportunities for skill enhancement and job security (Snodgrass & Biggs 1998).

According to the study made by Liedholm (2002), the closures rate for MSEs of developing countries in Africa and Asia is occurred in the early years of firm's existence. In Kenya, Botswana, Swaziland, and Zimbabwe, over 50 percent of the small firms get closed within three years of startup. Ibid page 22 added that "Since small firms have higher gross job creation and destruction rates than large enterprises, small firms may offer less job security than large firms. In the US for both new and already existing jobs, Jobs durability increases with firm size."

2.2.2. INCOME

While there are many exceptions to the basic pattern, the evidence suggests that larger employers offer better jobs in terms of wages, fringe benefits, working conditions and opportunities for skills enhancements as well as job security. In low-income countries, small enterprises have much lower productivity levels than larger firms which lead to lower wages and non-wage benefits. There is some evidence that this divergence in labor productivity and wage rates between small and large firm's narrows as countries become more developed in terms of industrialization (Snodgrass and Biggs 1998).

2.2.3. WEALTH CREATION/CAPITAL FORMATION

MSE's have significant roles in the Ethiopian economy. Their role is immense in terms of employment generation, powerful instrument in economic growth, source of income, quick production response, their adaptation to weak infrastructure and use of local resources, a means of realizing equitable income distribution and injecting a feeling of competition (Diriba & Kassahun, 2013). MSEs also have great value in Ethiopian socio economic growth as it requires small capital, promote inter linkages as it is a base for medium and large scale enterprises, increased domestic saving and investment to get profit which lead them to save some of their income for economic growth (Diriba & Kassahu, 2013).

According to Diriba (2013) conducted a research in Jimma City, Socio-economic contribution of Micro and small enterprises result shows that, the operators of MSEs were not only getting income for current purpose but also or saving some of their income either for future consumption or further investment. About 86.8% of the operators responded that they have saving account, while 23.2% of them have no saving account.

MSEs are sectors that initiate most people to develop businesses and accumulate capital. This result indicated that MSE activities make operators.

2.2.4. SAVING

The development and sustainability of MSEs in a given country is not only depends on the amount of profit generated by the enterprises but also on the method used and amount of the profit assigned for saving and allocated to reinvest in the forms of business activities. In other words, the primary goal of business establishment is income generation and profit maximization. Similarly, When individuals have saved some amount of money, the income growth of MSEs becomes improved, More saving money would mean more capital that enhances the operation of the sector (Demise, 2011).

2.2.5. SOCIAL CAPITAL

Social capital allows a group of people to work together effectively to achieve a common purpose or goal. The accumulation of social capital related to small business has a significant effect on startup and success of the business in the future. An individual with high social capital is likely to have a bigger network, more friends, and is more likely to have norms that facilitate working together, such as trusting others. Norms and networks are related participation in an organization develops norms conducive to cooperation such as trust in others, and these norms facilitate participation in networks (Fukuyama 1995).

2.3. EMPIRICAL LITERATURE

2.3.1. THE ROLE OF MICRO AND SMALL SCALE ENTERPRISES

When we look at from the very general context we can state the role of micro and small enterprise played by MSEs, through the various socio-economic benefits emanating from the sector was found to be important in the overall development effort and process of nations. In other words, by generating larger volumes of employment as well as higher levels of income, the MSEs will not only have contributed towards poverty reduction, but they will also have enhanced the welfare and standard of living of the many in the society(Mukras, 2003).

In relation to employment creation, to reduce unemployment micro and small enterprises make unquestionably a huge contribution, especially in the developing world. Most studies conclude that small enterprises are more labor intensive than larger ones, and

some even finds that the smaller firms also produce more output (or value added) per unit of capital and thus generate more output as well as employment for a given investment than do larger firms. The role played by MSEs, through the various socio- economic benefits emanating from the sector was found to be important in the overall development effort and process of nations.

Moreover in case of poverty reduction, for micro and small scale enterprise the chance to operate their own business at a very low startup capital, and expand from that point will help them support themselves and their family. This intern will operate to a reduced nationwide poverty(Mekonnen L.2014) the basic contributions of MSEs are also believed to be income generation and employment creation and they identified and summarized the contribution of MSEs as the following: Contribution to household income and welfare; which Providing income maintenance for those with few options; Providing basis for growth in income and welfare through asset accumulation, skill development and access to more rewarding economic opportunities; and Providing employment opportunities Contribution to self-confidence empowerments of the individuals to Recognition of the dignity of individuals; and Spreading the vision, that change is possible. Contribution to social change, political stability and democracy through increasing confidence in local representative community based institutions, through developing of individuals feelings of responsibility and participation in governance.

2.3.1.1. Economic Roles

Micro and small enterprise development is the primary strategy of GTP II to expand employment and reducing poverty particularly focusing on women and youths for the government of Ethiopia. In fact, the reduction of unemployment and ensuring sustainable growth is not a simple activity, and it takes long time to achieve goals. (Diriba S.2013). According to Workneh (2007), With the aim of supporting economic growth and prosperity, the economic dimension of proactive CSR is the means by which firms attempt to preempt issues (e.g. customer satisfaction, product quality and safety, and supply chain management) that might arise in their interactions with customers, suppliers and stakeholders in the market place. The way a firm operates in the market is taken as an

indicator of how it has integrated action on economic responsibility concerns into its core business activities and decision-making processes.

The aim of such integration is seen as going beyond short-term profit maximizing issues to emphasize long-term economic performance issues, and the effective exploitation of market opportunities, as well as contribute to the improvement of the standard of living across the whole economy. Economic- related proactive CSR creates value through fostering the development of new and different products that are desired by consumers, lowering the costs of inputs, and improving production efficiencies. However, as this CSR dimension requires effective management of several types of economic capital, firms need to adopt a long-term perspective in management and decision-making, producing a persistent above average return to their shareholders (Donohue, 2012).

Economic outcomes associated with micro and small enterprise which were established or strengthened have included: increased incomes, creation of employment, increased yields, improved saving culture, and improved skill enhancement.

2.3.1.2. Social Role

From the very general context we can state the role of micro and small enterprise through the various socio-economic benefits emanating from the sector was found to be important in the overall development effort and process of nations. In other words, by generating larger volumes of employment as well as higher levels of income, the MSEs will not only have contributed towards poverty reduction, but they will also have enhanced the welfare and standard of living of the many in the society (Mukras, 2003). Other social advantages of micro and small enterprise, concerning responsibility towards customers are, broader social responsibilities lading providing good value for money. These responsibilities may include such issues as the safety and durability of products or services; standard or after sales service; prompt and courteous attention to queries and complaints; adequate supply of products or services; fair standards of advertising and trading; and full and unambiguous information to potential customers (Yodit, 2015).

At the same time, businesses are major contributors to the employment generation of the community. However, social responsibility to employees extends beyond terms and

conditions of the formal contract of employment. Companies need to come up with wider expectations that today's employees have for equality of their working life. Such expectations include taking care of the personnel's welfare and safety at work and upholding their skills and motivation for the work. Beyond these expectations, a socially responsible company secures a just treatment and equal opportunities for all its employees, regardless of gender, age, race, or religion (Yodit, 2015).

In line with companies depend on the health, stability, and prosperity of the communities in which they operate, many companies become involved in community causes, for example by providing additional vocational training places, recruiting socially excluded people, sponsoring local sports and cultural events, and through partnerships with communities or donations to charitable activities. Generally we can infer that, participating in small business developed high social capital/unity between the societies. As reasons given, working in groups and participating in MSEs sector are useful to exchange idea, skills and knowledge, adoption of working culture and to build capacity (human, capital and other resources capacity), and also used to solve their problems in their environment through discussing their local issues.

2.3.1.3. Political role

For this study, there is a direct or indirect intervention of political involvement in the new job opportunity, the work contract agreement, creating suitable condition for credit facility and the social capital, which is produced as the consequence of political expertise and information that is regularly communicated within individual network social relations. There is no doubt that there is a direct or indirect benefit of legitimate political participation (Huntington, 1968). Not only that, for the sake of the success of businesses, they must update with new policy and strategy made by both national and regional government.

2.3.2. JOB CREATION AND UNEMPLOYMENT REDUCTION

In Ethiopia, the challenge of employment creation is equivalent to achieving the objective of sustained growth and reduction of poverty. In fact, the reduction of unemployment and ensuring sustainable growth is not a simple activity, and it takes a long time to achieve

goals. According to the tasks of both federal and local government to create employment opportunities for people, MSEs are one to limit unemployment problem.

A sizable literature reveals that Micro and Small Scale Enterprise play an important role in the creation of job opportunities to unemployed citizens. In Ethiopia, especially in urban areas, strengthening, expanding, and developing micro and small scale enterprises could serve as a major instrument to alter unemployment. In case of economic roles of micro and small enterprise, the corporations' have played important role in employment creation for those who were unemployed, being sources of income and capital creation etc. A study by Furgassa (2014) also stated that MSEs play an important role in creating better income earning opportunity for individuals. It is obvious that when individuals' income increased, there are a better health services, education and other better facilities. This improvement is important to enhance the development of the local economy. Therefore, micro and small enterprise has played a great role on the economic problems of people of Wolkite town. Particularly, for students who have completed their secondary school education and above but have limitation in creating sufficient and sustainable jobs to help themselves and their family.

2.3.3. CHALLENGES OF MICRO AND SMALL ENTERPRISES

Even though MSEs have important roles in economic development, poverty alleviation, employment opportunity, they are critically challenged by certain impeding factors to sustain within the sub-sector. According to the Ethiopian Economic Association (2015), the major challenges facing MSEs include, problems related to finance, access to market and low competitiveness, business information, working premises, poor acquisition of technical skills and managerial expertise, appropriate technology, and access to quality infrastructure.

In Ethiopia, although its economic policy has attached due emphasis to entrepreneurship values and appreciation of the sub- sector contribution to the economy, there are still constraints related to infrastructure, credit, working premises, extension Service, consultancy, information provision, prototype development, imbalance preferential treatment and many others, which therefore need proper attention and improvement. It is

in this context that the Ethiopian Micro and Small Enterprises Development Strategy was conceived and developed (MoTI, 1997).

The inexistence of institutional regulation in the economy of small businesses may influence various settings of the work process. For example labor may be tacit, lacking social benefits and paid under the minimum wage. Workers tend thus to be downgraded, taking fewer benefits, less wages and working under inferior working circumstances than those universally accepted in the formal economy (Tsegereda, 2002) An additional challenge related to MSEs is the difficulty of obtaining reliable statistics and thus lacking a proper insight to address the problems in this sub- sector . Competition in most small enterprises markets is fierce due in part to ease of entry and large number of participants and in part to the small size of many markets served by small sub-sector enterprises.

2.4. CONCEPTUAL FRAMEWORK OF THE STUDY

The Government has recognized the significant role that the micro and small-scale enterprises sub sector can play in the national development particularly, in the creation of employment opportunities, reduction of poverty and one of the urban poverty eradication strategies of the government of Ethiopia in urban areas is creating job opportunity by organizing unemployed members of society in Micro and Small Scale Enterprise (Habtamu, 2005).

Thus, in this study the dependent variable is socio-economic implication and independent variables role of micro and small scale enterprises that link in economic role and social role. Economic role includes; income generation, saving, creating employment and wealth/capital formation. Social role besides health, education and food security it includes; develop a culture of work habit, shouldering social responsibility, improve skill and knowledge enhancement, develop trust and collaboration are the major components, Wolkite town administration is selected for the study because it has almost all types of the business located in Wolkite. These factors have been seen have a relationship with the number of youth's who get jobs in a particular period of time and leads remarkable contribution to improve social status of the youth, confidence, reducing social vices

Unemployment: Unemployment in this study is defined as the number of people who are not engaged in product economic activities in a given period of time. This study

investigated employment based on the key indicators or factors which include; income creation, social capital, working conditions, attitude towards work and years of experience that one requires to get a job from these enterprises.

Thus to achieve this, MSEs should get the proper attention and support from concerned bodies. The local government or agencies should develop strategies to ease the enhancement of Micro and Small Scale Enterprises managers either through providing institutional support or creating linkage with stakeholders and other non-governmental support agencies in different direction.

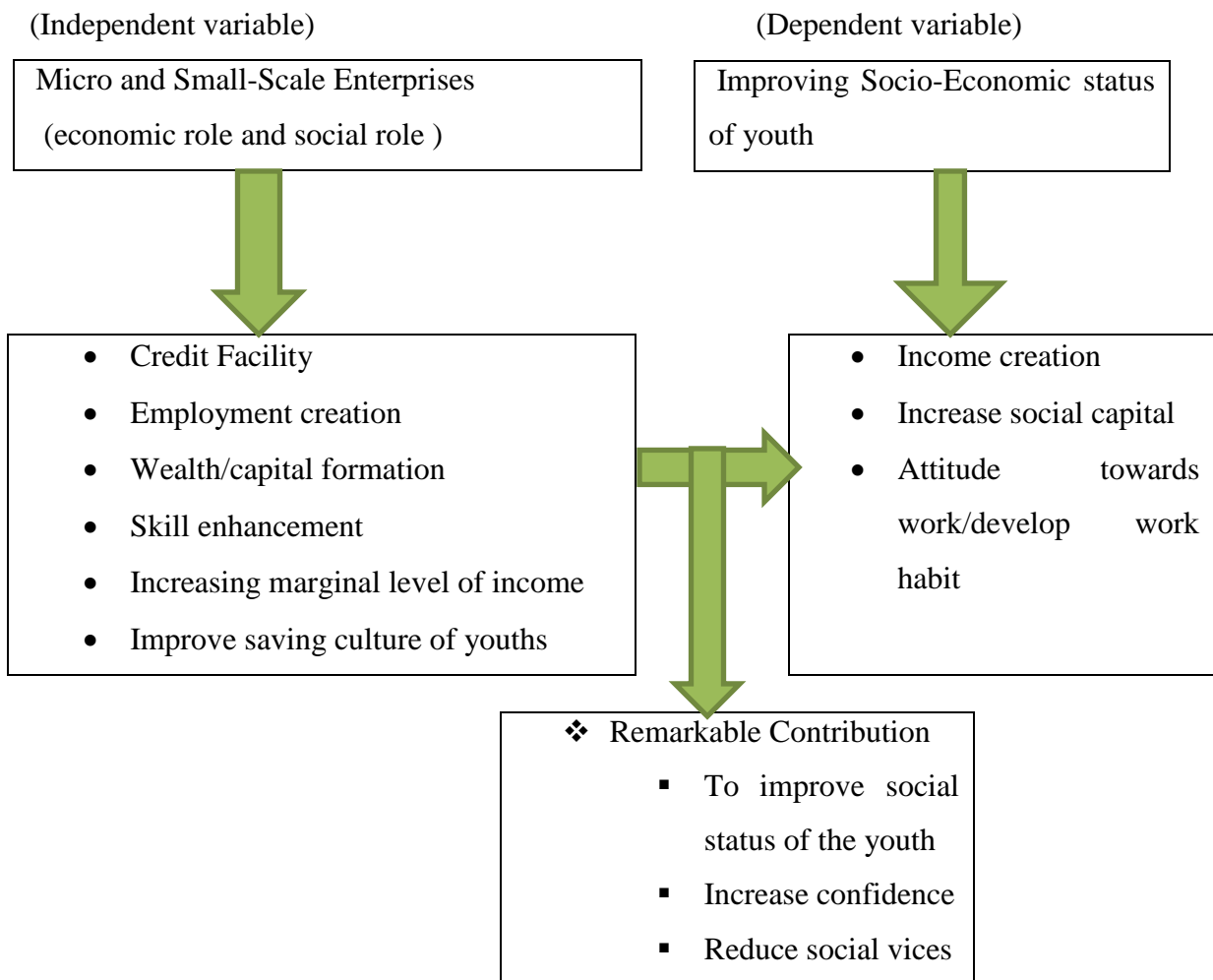


Figure1: Conceptual Framework of Role of Micro and Small-Scale Enterprises on Improving Socio-Economic status of youth that developed from review of related literature.

(Source: Researcher, 2023)

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 DESCRIPTION OF THE STUDY AREA

Wolkite town is found in Gurage Zone, Central Ethiopia. The town comprised of the estimated total population of 116,957 (WTPCO, 2023). The town is the capital city of Gurage Zone and located 158 kilo meters from Addis Ababa (south of Addis Ababa). Furthermore, the town is divided into three sub-cities such as Addis ketema sub-city, Bekur sub-city and Gubre sub-city.

The majority of the population of the town is engaged in micro and small enterprise. The enterprises are established by a group of 5 to 10 or sometimes more people. The establishments of these types of enterprises are supported and their working conditions are facilitated (access to credit service, access to land, etc.) by Wolkite town enterprise and industry development office in collaboration with other government organs in Wolkite town such as Omo micro finance, integrated housing development project office, the municipality and other responsible government organs. The five major sectors operated by sole proprietors and cooperative types of MSE are trade (business), service delivery, manufacturing, construction and urban agriculture. 1) trade include: sales of all goods, local drinks, construction materials, clothes and shoes, electronic equipment, vegetables and fruits, drug store, stationary and general food items, 2) service delivery include: barber and beauty salon, bicycle rent and repair, bar/restaurants and hotels, transportation, etc. and 3) manufacturing include: bakery, tailor, grain mill, wood and metal work, ‘baltina’, etc. 4) construction 5) urban agriculture: livestock production, poultry production, urban sanitation and green development.

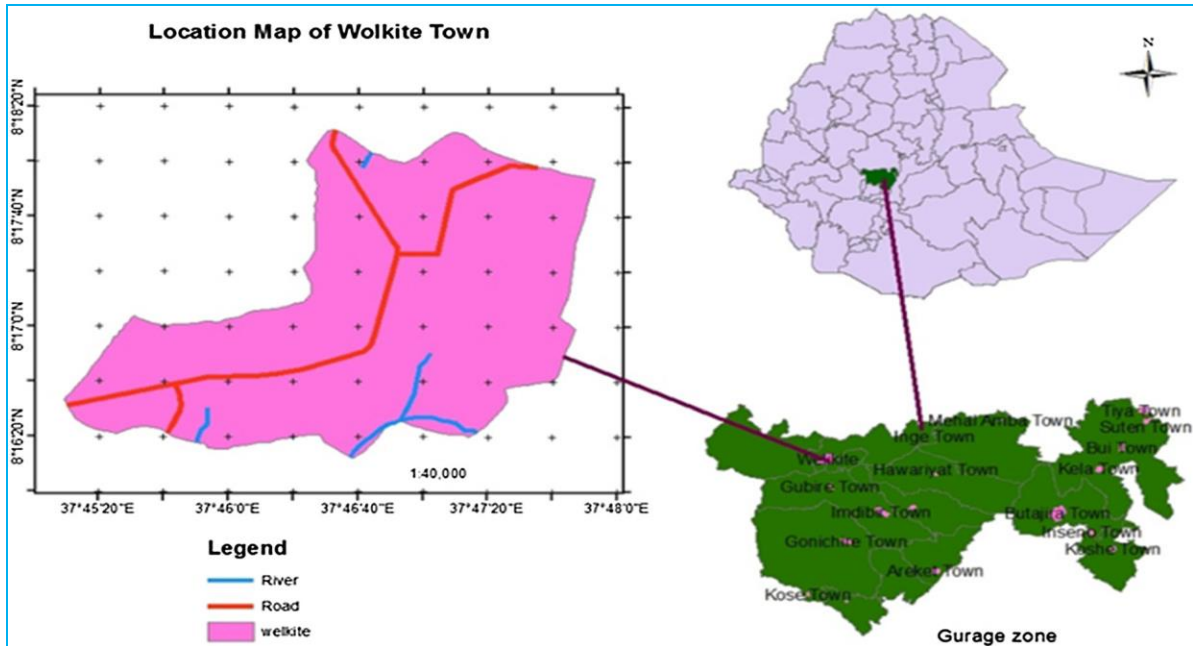


Figure 2. Map of Wolkite town (source .adopted from yenenesh, 2020)

3.2 RESEARCH DESIGN

This research study was adopted an explanatory research design because the result, role of Micro and Small Scale Enterprises, independent variable will show effects on Improving Socio-Economic Status of youth (dependent variables) in Wolkite Town.

3.3 RESEARCH APPROACH

As described in (Creswell, 2009) in terms of research study there are three familiar types of research approaches on business and social science researches namely: quantitative, qualitative and mixed research approaches.

Concerning the research approach for this study mixed approach was employed. The main assumption for this approach is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone. Each qualitative and quantitative data collection has both strengths and limitations. The mixed approach enables to consider combining strengths to understand the research problem strongly and to overcome limitations (Creswell, 2014). The mixed approach has different models. Among them, a convergent parallel mixed model was chosen. In this model, both forms of data will be collected at roughly the same time and integrated into the interpretation of the overall results (Creswell, 2014). The convergent

parallel mixed approach was chosen based on the assumptions stated above. Therefore, qualitative and quantitative data were collected nearly at the same time, analyzed separately, and merged to create comprehensive meaning.

3.4 SOURCE AND TYPES OF DATA

In this study, two sources of data evidence (primary and secondary) were utilized because the researcher collected specific data related to the study objectives. To get quantitative evidence, primary data was utilized by using questionnaires for enterprise owner/chairperson & for qualitative evidence; interview was used for 11 office experts from Enterprise and industry development office in Enterprise department. Personal observation was utilized on working areas of MSE. The secondary data was obtained by reports and documents on Wolkite Town Enterprise and Industry Development office in Enterprise department.

3.5 TARGET POPULATION

According to Wolkite Town Enterprise and Industry Development office, the total number of different Enterprise in the Town is 1687 in number in 2023G.C. The Target Populations are selected systematically from 1687 enterprises that found in five categories of Micro and Small-Scale Enterprises and related experts in Wolkite Town.

3.6 SAMPLES AND SAMPLING TECHNIQUES

For this study the researcher was utilized simple random sampling technique. The sample size for this study was used Micro and Small-Scale Enterprises in Wolkite Town Administration. The process aimed at having each representative out of five categories of Micro and Small-Scale Enterprises first, the population was divided into the strata to form homogenous groups. Thereafter a simple random sampling technique was used to get a population sample from each stratum. This study therefore, made use of 1687 Micro and Small-Scale Enterprises of the population and thus target sized 323 (19.15%) respondents as the sample size from all Enterprises owners side/chairperson, 11(100%) officers from Enterprises office will be taken . thus, 3.68% from Urban Agriculture, 4.33% from Business, 2.67% from manufacturing, 4.39% from Service delivery and 4.09% from Construction. The desired level of confidence to be

considered was 95% and at most 5% margin of error will be expected. Therefore this sample size was representative of the entire population in the research because it takes

$$\text{proportionally using the formula: } n = \frac{N}{1+N(e)^2} = n = \frac{1687}{1+1687(0.05)^2} = 323$$

Table1. Sample Size Distribution

| No | Name of Population | Total population | Sample Size determination | Sample Size |
|-----|-------------------------|------------------|--|-------------|
| 1 | Enterprises officer | 11 | 11(census form) | 100% |
| 2 | Enterprises | 1687 | 323 | 19.15% |
| 2.1 | Urban Agriculture | 322 | $ni = \frac{Ni}{N} * n$; $ni = \frac{322}{1687} * 323 = 62$ | 3.68% |
| 2.2 | Business | 382 | $ni = \frac{Ni}{N} * n$; $ni = \frac{382}{1687} * 323 = 73$ | 4.33% |
| 2.3 | Manufacturing | 234 | $ni = \frac{Ni}{N} * n$; $ni = \frac{234}{1687} * 323 = 45$ | 2.67% |
| 2.4 | Service delivery | 387 | $ni = \frac{Ni}{N} * n$; $ni = \frac{387}{1687} * 323 = 74$ | 4.39% |
| 2.5 | Construction | 362 | $ni = \frac{Ni}{N} * n$; $ni = \frac{362}{1687} * 323 = 69$ | 4.09% |
| | Sub-total (2.1 to 2.5) | 1687 | $ni = \frac{Ni}{N} * n$; $ni = \frac{1687}{1687} * 323 = 323$ | 19.15% |
| | Grant total Population | 1698 | 334 | 19.67% |

Where: n = desired sample size; N = total population; e = significance level

(Source: Wolkite town enterprise and industry development office)

3.6.1 INSTRUMENTS OF DATA COLLECTION

The research data mainly was gathered through questionnaires, interview and observation. Two types of questionnaires were prepared for Enterprise and Industry development officers and Enterprise owners/chairperson. The questionnaires had close ended items set in five rating scales and multiple choices. The semi-structured interview was prepared for the Enterprise department experts. To get supplementary information about the study Observation was also utilized in the research.

3.6.1.1 Questionnaire

The questionnaire was selected because it enables to collection of data from a large population at a time. Also, it is suitable for such a sample population that shows more similarity. Questionnaires were prepared as close-ended items set in five rating scale and multiple choices. It will be prepared in English for analysis. To minimize ambiguity and

other communication barriers, questionnaires would translate into Amharic. Self-Administered Questionnaires were dispatched to 323 enterprise owners/chair persons collected back within five days. Respondents were oriented about the aim of the questionnaire and how to complete it. After the questionnaire had been collected back, organized, and tabulated before analyzing.

3.6.1.2 Interview

The interview is used widely to supplement and extend our knowledge about individual(s) thoughts, feelings and behaviors. So, the researcher allows the interviewee to talk from their own perspective using their own ideas and meanings that are familiar to them. Flexibility is the key with the researcher able to respond to the interviewee, to trace the meaning that s/he attaches to the conversation with a purpose (Burgess, 1984).

Similarly, Key informant interview was chosen who are engaged in identifying, recording, organizing work seekers who give professional support to enterprises. to obtain in-depth information, accordingly, a semi-structured type of prearranged questions were prepared and conducted with Wolkite town Enterprise and Industry Development office for enterprise department experts to get relevant and in-depth information from respondents with different work experiences. 11 experts were selected concerning about the condition of unemployment, role of MSEs for youths, current practice and challenges of enterprises under the office. The researcher attempted to obtain better information by asking additional questions based on their responses.

3.6.1.3 Observation

The other data collection method that was considered during the study was field observation. It was used because the researcher can get the chance to see the practices, challenge and the social role of MSEs in reality. On the top of that, observation guide /checklist / was used during field observation to see different situations of the enterprises. This method allows the researcher to see some essential aspects of Micro and Small Scale Enterprise like nature of interaction between members, the physical arrangement of the working premises, with particular emphasis on the suitability of the working conditions.

Hence, observation was under taken while respondents were doing their activities as a way of data collection to examine how they can manage their enterprise activities.

3.6.1.4 Document Analysis

Secondary sources were reviewed to obtain statistical data showing previous and current practices in the role of micro and small scale enterprises for improving socio-economic status of youth in wolkite town. Five years of annual reports from 2017-2022G.C and official documents of wolkite town enterprise and industry development office was reviewed. From the document review, data about jobs created by establishing enterprises, trends of termination of enterprises, current practices of enterprises, and government support trends are extracted by the researcher.

3.7 PROCEDURE OF DATA COLLECTION

For all respondents, the questionnaires was prepare in Amharic. However to make understanding of some key terms easy, to maximizing the quality of responses, and the rate of return, was making convenient time to all of questionnaires respondents, and was given clarification to Know to fill the rating scale for all respondents. The questionnaire was distributed and collected by the researcher.

3.8 DATA COLLECTION METHODS

This is the activities that are undertaken after the proposal writing and before analyzing the collected data. The developed questionnaire was pilot tested, before administering it to the whole population. Only 10% of the earlier determined sample size was used for the pilot test. Before pilot testing the questionnaire on people who were representatives of the target population, it was evaluated by the researchers Advisor.

3.9 DATA ANALYSIS METHODS

To address the specific objectives and answer research questions the data was analyzed both qualitatively and quantitatively. Qualitative collected from interview interpreting by narration and quantitative data are first analyzed separately. As to (Creswell, 2014) the interpretation in the convergent approach is typically written into a discussion section of the study. Therefore information obtained through qualitative and quantitative methods was integrated to construct the concept in the discussion section. The SPSS program

version 20.0 was used to analyze the data. Data analyzes through calculation of percentages. Descriptive statistics and frequencies was applied to establish patterns, correlations and to make it easier for the interpretation of implications of the study. Descriptive analysis included a measure of central tendency: Mean and a measure of variability, Standard Deviation.

3.10 MODEL SPECIFICATION

The respondents are stratified as enterprise owner/chair persons and enterprise experts in enterprise and industry development office. The total population of the Enterprises is 1687. Out of these 323 samples was selected. The study applied the correlation and multiple linear regression analysis to establish the relationship between the dependent or improving socio-economic status of youth and the independent /Economic role & Social role/ variables. The following empirical model specification was used to analyze the Role of Micro and Small-Scale Enterprises in Socio-Economic status of youth in Wolkite Town.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon, \text{ Where:}$$

Y = Dependent variables (Socio-Economic status of youth)

β_0 = Constant Term

$\beta_{(1-5)}$ = Beta coefficients

X_1 = Economic role

X_2 = Social role

ε = Error Term

The reliability of instruments measures the consistency of instruments. Creswell (2009) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. In this study each statements were rated on a 5 point Likert scale (from strongly disagree to strongly agree), and an internal consistency reliability test was conducted. The Cronbach's alpha coefficient for the instrument was found to be 0.93 which ensured acceptable reliability result.

CHAPTER FOUR

4 RESULTS AND DISCUSSION

4.1 INTRODUCTION

This study investigated the Role of Micro and Small-Scale Enterprises on Improving Socio-Economic Status of Youth in Wolkite Town. This chapter deals with the presentation, analysis and interpretation of data that were collected through questionnaires, in depth interview and observation. The data was collected in the form of quantitative variables and analyzed by using SPSS software. The chapter presents the descriptive statistics that were obtained and have been presented in the form of tables and figures.

4.2 SOCIO- DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

This section considers respondents demographic characteristics such as gender, age, educational level, marital status, family size, religion and experience.

Table2. Distribution of Demographic factors

| Sex of respondents in % | | Respondents age by years in % | | | | | Education level of Respondent in % | | | |
|-------------------------------|--------|---------------------------------|-------|-------|-------|----------|------------------------------------|-----------|---------|---------------|
| (a) | | (b) | | | | | (c) | | | |
| Male | Female | 18-25 | 26-33 | 34-41 | 42-49 | 50&above | Primary | Secondary | Diploma | Degree& above |
| 64.1 | 35.9 | 5 | 51.7 | 37.8 | 5.3 | 0.3 | 6.2 | 53.3 | 30.3 | 10.2 |
| Marital status of respondents | | Family Size of respondents in % | | | | | Experience of the respondents | | | |
| (d) | | (e) | | | | | (f) | | | |

| | | | | | | | | | |
|--------|---------|----------|---------|------|------|----------|------|------|------------|
| Single | Married | Divorced | Widower | 1-3 | 4-6 | 7& above | 1-5 | 6-10 | 11 & above |
| 19.2 | 76.2 | 3.1 | 1.5 | 38.2 | 58.7 | 3.1 | 24.1 | 68.7 | 7.1 |

Own Survey: 2023

Gender of Respondents

As it has been illustrated in table 2a among 323 respondents 207(64.1%) were males and 116(35.9%) were females. Thus, one can conclude that majority of respondents were male operators. Apparently, there is gender gap resulted due to the predominant types of activities/business categories (such as construction). So it needs an improvement action to ensure equal participation of females.

Respondents Age

Concerning the age of respondents as it has been illustrated in table 2b, 16(5%) were between 18 and 25 years old. 167(51.7%) were found to be between the age of 26 and 33. Between the age of 34 and 41, were 122(37.8%). Operators aged between the age of 42 and 49 were 17(5.3%). Operators aged 50 and above were only 1(0.3%). Accordingly, most of the entrepreneurs those who were involved themselves with the Micro and Small-Scale Enterprise age between 26 and 41. Thus, we can infer that micro and small scale enterprises have a good future and can help to reduce poverty and positive relationship of an entrepreneur's age and affirms tendency to grow and expand in employment. According to Nigus Hiluf (2018), from his study people at this age are head of their families and need job opportunities in order to generate income and serve their families.

Respondents Education Level

The educational level of respondents as it has been illustrated in table 2c, there were 20 (6.2%) completed primary education. 172 (53.3%) were completed secondary education. The rest 98 (30.3%) and 33 (10.2%) were graduated with diploma and degree and above respectively. It reveals that the majority of the respondents 303 (93.8%) completed secondary education and above. In addition, from the study we can justify that the education status of the respondents have a good opportunity to deal with plans that can lead to business growth and also look for more training to improve their businesses which

is normally run by development organizations because educational level of the respondents is important to cope with new ideas and the more you educated the more you could have to use new technologies and increases the productivity of enterprises.

Marital Status of Respondents

As indicated table 2d above, Micro and Small Enterprises sector are capable of absorbing both single and married individuals in discriminately. Among 323 respondents 246(76.2%) were married, 62(19.2%) were single, 5(1.5%) were widowed and 10(3.1%) were divorced. So married entrepreneurs participate more in the operation of micro and small enterprises because culturally they have the responsibility to keep family by generating income, educate their children and cover the expenses of medication for their family.

Family size of respondents

As it has been illustrated in table 2e revealed that 38.1% of the MSE operators have a family size of 1-3, while 58.5% of the respondents have a family size of 4-6 and the remaining 3.1% of the respondent have a family size of 7 and above. The number of family size characterized as a contributory factor to the need and utilization of the income from the MSE business. This is because the bigger the family, the greater the demands for the basic necessities of life like food, clothing, shelter and education. Ermias T. (2007) also indicated that when there is more demand than the supply of these services that the household head, searches for alternatives to enable him to provide for the family. This indicates that MSEs have greater social and economic roles for the people.

Experience of respondents

The experience of the respondents as shown in table 2f above 78(24.1%) served between 1-5years, 222(68.7%) served between 6-10years and the remaining 23(7.1%) were served 11 years and above. There is an indication that majority of the MSEs were served between 6-10 years. Since work experience proves to be highly important for developing capabilities within micro and small enterprises. Fikadu T. (2020) indicated from his study that links experience with performance of MSEs, as entrepreneurs with more years of work experience typically have faster-growing MSEs by enhancing professional and social networks that helps to access financial resources, identify business opportunities and management advice to solve the problems easily.

4.3 CURRENT PRACTICE OF MICRO AND SMALL-SCALE ENTERPRISES

4.3.1 Initial and current Capital of respondents

Table3. The Initial and current capital of respondents

| Category in ETB | Initial Capital | | Current Capital | |
|-------------------|-----------------|------|-----------------|------|
| | Frequency | % | Frequency | % |
| 5000-20,000 | 64 | 19.8 | 0 | 0 |
| 20,001-50,000 | 102 | 31.6 | 14 | 4.3 |
| 50,001-100,000 | 148 | 45.8 | 190 | 58.8 |
| 100,001-500,000 | 9 | 2.8 | 107 | 33.1 |
| 500,001-1,000,000 | 0 | 0 | 5 | 1.5 |
| Above 1,000,000 | 0 | 0 | 7 | 2.2 |
| Total | 323 | 100 | 323 | 100 |

Source Own Survey: 2023

In terms of initial capital Table 3 above shows that 19.8 % of the respondents have started their business between 5,000 and 20,000 Birr, 31.6% of the respondents have started their business between 20,001 and 50,000 Birr, 45.8% of the respondents have started their business between 50,001 and 100,000 Birr and the remaining 2.8% of the respondents have started their business above 100,000 Birr. On the other hand, in case of current capital 4.3 % have 20,000-50,000 birr capital, 58.8% have 50,001-100,000 working capital, 33.1% has 100,001-500,000 Birr, 1.5% have 500,001-1,000,000 Birr and the remaining 2.2% have above one million working capital. From this, we can understand that most MSEs were started their work by using low initial capital and doing the same thing currently because there is a little capital improvement. This result matches with Asnake,(2020) from his study many small enterprises start with very small amount of capital from personal savings and household assistance, from family, and steadily build up their enterprise by reinvesting profits. So it needs sufficient support service, continuous monitoring and follow up.

Table4. Condition of unemployment and its effect

| Variables | Scale | | | | | | | | | | Mean | SD |
|---|-------|-----|----|------|----|------|-----|------|----|------|------|-------|
| | SDA | | DA | | UD | | A | | SA | | | |
| | F | % | F | % | F | % | F | % | F | % | | |
| We didn't get wage employment immediately after our graduation/completion | 11 | 3.4 | 42 | 13.0 | 74 | 22.9 | 126 | 39.0 | 70 | 21.7 | 3.63 | 1.066 |

| | | | | | | | | | | | | |
|---|----|-----|----|------|----|------|-----|------|----|------|------|-------|
| We were ready to work other than in government organizations | 24 | 7.4 | 85 | 26.3 | 81 | 25.1 | 94 | 29.1 | 39 | 12.1 | 3.12 | 1.151 |
| We were unemployed more than 5 months after graduation/completion | 7 | 2.2 | 82 | 25.4 | 66 | 20.4 | 97 | 30.0 | 71 | 22.0 | 3.44 | 1.152 |
| We registered as job/vacancies seeker. | 10 | 3.1 | 48 | 14.9 | 82 | 25.4 | 132 | 40.9 | 51 | 15.8 | 3.51 | 1.026 |
| Work experience and field of study affects wage employment. | 15 | 4.6 | 50 | 15.5 | 64 | 19.8 | 117 | 36.2 | 77 | 23.8 | 3.59 | 1.145 |
| We think that the lives of unemployment faces:- | | | | | | | | | | | | |
| a. decrease personal income | 9 | 2.8 | 64 | 19.8 | 37 | 11.5 | 128 | 39.6 | 85 | 26.3 | 3.67 | 1.147 |
| b. unable to afford household expense | 6 | 1.9 | 40 | 12.4 | 59 | 18.3 | 153 | 47.4 | 65 | 20.1 | 3.72 | .984 |
| c. getting stress | 18 | 5.5 | 34 | 10.5 | 51 | 15.8 | 163 | 50.5 | 57 | 17.6 | 3.64 | 1.006 |
| d. hopeless ness | 1 | 3.1 | 4 | 1.4 | 6 | 1.8 | 1 | 3.9 | 7 | 2.3 | 3.66 | 1.10 |
| e. exposed to different addiction | 12 | 3.7 | 50 | 15.5 | 54 | 16.7 | 134 | 41.5 | 73 | 22.6 | 3.64 | 1.104 |
| f. isolation from social participation | 1 | .3 | 61 | 18.9 | 64 | 19.8 | 125 | 38.7 | 72 | 22.3 | 3.64 | 1.038 |
| Aggregate Mean & SD | | | | | | | | | | | 3.57 | 1.08 |

Note- SDA=strongly disagree, DA=disagree, UD=undecided, A=agree, and SA=strongly agree

4.3.2 YOUTH UNEMPLOYMENT

4.3.2.1 Attitude towards Work

Job seekers' mindsets can have positive or bad consequences on the development of jobs. Individuals that actively participate in the creation of jobs have a higher chance of success. If people participate because they are forced by different factors, they are more likely to fail. Our understanding of entrepreneurship has been enhanced by the work of several academics (Hamilton and Harper 1994, in Regan, 2021). In addition to having the seeming ability to launch their own company, which is dependent on assets like social, financial, and personal capital, individuals must also show that they are willing to work

for themselves. Moreover, Ajzen's (1991, in Regan, 2021) theory of planned behavior makes a distinction between how individuals feel about their own behavioral control and how they feel about the desired activity, which is self-employment.

In regarding to this, the study assessed to evaluate the role of MSEs in reducing socio-economic implication in Wolkite Town. The respondents asked to indicate their rating on the current status of the role of MSEs on improving socio-economic status of youth using the key (5 = strongly agree, 4 = agree, 3 = undecided, 2 = disagree, 1 = strongly disagree). The mean score of 3.57 with standard deviation 1.08 in table 4 above shows that 60.7% (21.7% strongly agree and 39% agree) about they didn't get wage employment after graduation or completion, about 52% were unemployed more than 5 months after graduation/completion and 64.8% (15.8% strongly agree and 40.9% agree) about they registered as a job seeker this is because 60% of the respondents agreed that work experience and field of study affects their wage employment. On the other hand, the finding shows that 41.2% (12.1% strongly agree and 29.1% agree), 25.1% undecided, 33.7% (7.4% strongly disagree and 26.3% disagree) about graduates were eager to involve themselves in organizations other than government jobs. This showed that from the total respondents only 41.2% were ready to work other than government organization. With Relation to this the responses from the interview expressed that the unemployed (work-seekers) perceive the enterprise sector as ineffective. They have reported that when they advise the work seekers to start their own business, work-seekers searching work in government organization rather than creating their own work. They have stated that lack of skill is one of the challenges for the unemployed to start a business

Moreover, according to table 4 a-f above also, respondents responded that the aggregate mean score 3.66 with standard deviation 1.07 showed that the lives of unemployment faced decrease personal income, unable to afford household expense, getting stress, hopeless ness, exposed to different addiction and isolation from social participation.

4.3.3 TRENDS OF JOB CREATION

Table.5. Trends of Job Creation

| | | | | | |
|-------------|--------------------|--------------|---------------|---------|--------------------|
| Year in G.C | Identified seekers | work seekers | Work employed | seekers | Operators withdrew |
|-------------|--------------------|--------------|---------------|---------|--------------------|

| | M | F | T | M | F | T | % | M | F | T | % |
|---------|------|-----|------|-----|-----|------|------|----|----|-----|-----|
| 2017/18 | 292 | 212 | 504 | 180 | 136 | 316 | 62.7 | 14 | 19 | 33 | 10 |
| 2018/19 | 268 | 196 | 464 | 190 | 140 | 330 | 71 | 16 | 8 | 24 | 7 |
| 2019/20 | 276 | 176 | 452 | 124 | 100 | 224 | 49.5 | 15 | 17 | 32 | 14 |
| 2020/21 | 208 | 136 | 344 | 104 | 76 | 180 | 52 | 9 | 4 | 13 | 7 |
| 2021/22 | 267 | 189 | 456 | 235 | 140 | 375 | 82 | 14 | 9 | 23 | 6 |
| Total | 1311 | 909 | 2220 | 833 | 592 | 1425 | 64 | 68 | 57 | 125 | 8.7 |

Source: Wolkite Town Enterprise and Industry Development Office

As it is illustrated in the table.5 there is a trend of identifying and recording the unemployed in town and there is an effort to create employment for those job seekers by organizing cooperatives and establishing enterprises by government intervention. During the years 2017-2022 on average 444 work-seekers each year total of 2220 job seekers were recorded. Among 2220 work seekers, 1425 (64%) of them were employed by organizing cooperatives. On the other hand, there is a trend of withdrawal of operators. Each year on average 8.7% of the operators had withdrawn. There was a difference between males and females when identifying work-seekers and creating employment. Among 2220 total unemployed identified, females were 909(40.9%), and from the employment that was created through enterprise development for 1425 work seekers, the share of females was 592(41.5%). In sum, the trend shows there was limitation in creating sufficient and sustainable jobs for those work-seekers entering the workforce each year. Alemtsehay, (2016) also indicated that MSEs play an important role in the creation of job opportunities to unemployed citizens. In Ethiopia, especially in urban areas, strengthening, expanding, and developing MSEs could serve as a major instrument to alter unemployment and address poverty problems. With respect to this, in different activities, many people have become beneficiaries from the job opportunities, related to MSE activities .Generally the study identified that the growth and expansion of enterprises is positively related to the growth of employment opportunities of the youths', and economic improvement of entrepreneurs in the study area.

4.3.4 TRENDS OF ENTERPRISE EXPANSION AND GROWTH

Table6. Trends of Enterprise Expansion and Growth

| Year in G.C | Total enterprises | Growth from | | | job created | |
|-------------|-------------------|--------------------|--------------------|--------------------|-------------|-----------|
| | | start up to growth | growth to maturity | maturity to medium | Permanent | Temporary |
| 2017/18 | 1173 | 195 | 68 | 28 | 11 | 121 |
| 2018/19 | 1357 | 211 | 75 | 19 | 6 | 54 |
| 2019/20 | 1461 | 212 | 77 | 14 | - | 54 |
| 2020/21 | 1589 | 238 | 78 | - | - | 51 |
| 2021/22 | 1687 | 242 | 71 | - | - | 39 |
| Total | | 1098 | 369 | 61 | 17 | 319 |

Source: Wolkite Town Enterprise and Industry Development Office

As illustrated in table 6 in the previous five years, 1098 enterprises have graduated from start-up to growth and 369 enterprises have graduated from growth to maturity, 61 enterprises graduated maturity to medium enterprise level. Thus currently 159(9.4%) start-ups, 1098(65%) growth, 369(21.87%) matured and 61(3.6%) medium enterprises are operating in Wolkite Town. Regarding job creation through growth and expansion, enterprises had created 319 temporary employment opportunities in them and 17 permanent job opportunities was created by enterprises through their expansion. This indicates that graduation of enterprises especially from maturity to medium was slower. Generally, enterprise development is a key instrument to create job and income opportunities for the urban youths.

4.3.5 SUPPORT PROVIDED BY GOVERNMENT TO MICRO AND SMALL ENTERPRISES

In this section level of support provided by Wolkite town administration has been discussed. The range of the rating scales were Very High = 5, High = 4, Moderate = 3, Low = 2 and Very Low =1.

Table7. Support provided by government to micro and small enterprises

| Types of Support Service | Level of Support | | | | | | | | | | Mean | SD |
|--------------------------------|------------------|------|-----|------|-----|------|----|------|----|------|------|-------|
| | VL | | L | | M | | H | | VH | | | |
| | F | % | F | % | F | % | F | % | F | % | | |
| Provide Training | 24 | 7.4 | 72 | 22.3 | 106 | 32.8 | 81 | 25.1 | 40 | 12.4 | 3.13 | 1.120 |
| Business counseling and advise | 47 | 14.6 | 112 | 34.7 | 68 | 21.1 | 73 | 22.3 | 23 | 7.1 | 2.73 | 1.169 |

| | | | | | | | | | | | | |
|---|-----|------|-----|------|-----|------|-----|------|----|------|------|-------|
| Market integration opportunity | 19 | 5.9 | 79 | 23.5 | 111 | 34.4 | 80 | 24.8 | 37 | 11.5 | 3.12 | 1.079 |
| Access to credit and financial support | 138 | 42.7 | 87 | 26.9 | 56 | 17.3 | 37 | 11.5 | 5 | 1.5 | 2.02 | 1.096 |
| Access to working premises | 35 | 10.8 | 124 | 38.4 | 60 | 18.6 | 75 | 23.2 | 29 | 9 | 2.81 | 1.174 |
| Provide Tax incentives | 10 | 3.1 | 72 | 22.3 | 44 | 13.6 | 104 | 32.2 | 93 | 28.8 | 3.61 | 1.204 |
| Linking enterprise with other enterprises | 38 | 11.8 | 116 | 35.9 | 57 | 17.6 | 71 | 22 | 41 | 12.7 | 2.88 | 1.244 |
| Support and follow up | 141 | 43.7 | 62 | 19.2 | 48 | 14.9 | 59 | 18.3 | 13 | 4 | 2.20 | 1.282 |
| Aggregate Mean | | | | | | | | | | | 2.81 | |

Source: Computed from questionnaire (2023)

Respondents were asked to rate the level of support provided by Wolkite Town administration to MSEs. As entrepreneurship training enables individuals create to own businesses rather than seeking employment in any organization, the enterprise sector facilitates the necessary skill development training for the youth before and after starting their job in the enterprise. From table 7 above the survey result show that provision of entrepreneurial training to MSEs before and after starting their job was at moderate level with a mean of 3.13 and standard deviation of 1.12. And also, respondents were asked to rate the level of support provided in market integration to create a continual stream of new business, they must work on marketing their business every day. And micro and small entrepreneur needs to access and acquiring information on business opportunities. Respondents agreed that provision of market integration to MSEs was at moderate level with a mean of 3.12 and standard deviation of 1.079. Similarly, respondents agreed that town administration providing tax incentives was high with a mean value of 3.61 and standard deviation 1.204.

However, town administration support of MSEs in relation to providing business counseling and advise, accessing credit and financial support, access to working premises, linking enterprise with other enterprises and continuously support and follow

up is low with a mean value of 2.73, 2.02, 2.81, 2.88 and 2.20, respectively. Besides this, the response from interview show that with regarding to provision of support service of town administration to MSEs in relation to providing business counseling and advice, accessing credit and financial support, access to working premises, linking enterprise with other enterprises and continuously support and follow up was not sufficient to uphold their business.

4.4 ECONOMIC ROLE OF MICRO AND SMALL-SCALE ENTERPRISES

The major aim of establishing and supporting the MSEs is related to enhancing the economic benefit of human being particularly the urban youths' through job creation. As mentioned in the literature review, problem statement and back ground of the study, MSEs are believed to play an important role in creating better income earning opportunity for individuals. It is obvious that when individual's income increased, they will have balanced nutrition, better health services, send their children to better school, and participate in social activities and other better facilities. This improvement is important to enhance the development of the local economy. As the survey result shows that the establishment of these MSEs helped more individuals to get job in the locality then creating better income earning opportunities for individual members or operators in the enterprise.

Table8. Role of MSEs for creation of employment, income, capital formation, saving

| Variables | Scale | | | | | | | | | | Mean | SD |
|---|-------|------|-----|------|----|------|-----|------|----|------|------|-------|
| | SDA | | DA | | UD | | A | | SA | | | |
| | F | % | F | % | F | % | F | % | F | % | | |
| We employed before we engage in the current job. | 60 | 18.6 | 116 | 35.9 | 38 | 11.8 | 68 | 21.1 | 41 | 12.7 | 2.87 | 1.239 |
| We permanently employed before we started to work in this enterprise. | 68 | 21.1 | 112 | 34.7 | 47 | 14.5 | 73 | 22.6 | 23 | 7.1 | 2.73 | 1.171 |
| We have observed an increase in our income since we | 1 | 0.3 | 51 | 15.8 | 72 | 22.3 | 102 | 31.6 | 97 | 30.0 | 3.75 | 1.061 |

| | | | | | | | | | | | | | | | | | | | |
|---|----|-----|----|------|-----|------|-----|------|-----|------|------|-------|--|--|--|--|--|--|--|
| started this MSEs. | | | | | | | | | | | | | | | | | | | |
| The trend of our expense is increasing since we started this business. | 8 | 2.5 | 46 | 14.2 | 33 | 10.2 | 98 | 30.3 | 138 | 42.7 | 3.97 | 1.151 | | | | | | | |
| We believe that the income that we get from this job allow us to finance all costs of the household | 1 | 0.3 | 49 | 15.2 | 122 | 37.8 | 119 | 36.8 | 32 | 9.9 | 3.41 | .874 | | | | | | | |
| We are advantageous in involving this enterprise in order to cover our basic needs, health expense, to buy durable assets (mobile phone, TV, etc.) and so on. | 7 | 2.2 | 44 | 13.6 | 67 | 20.7 | 141 | 43.7 | 64 | 19.8 | 3.65 | 1.014 | | | | | | | |
| Most of our sources of income get from this enterprise. | 6 | 1.9 | 42 | 13.0 | 73 | 22.6 | 157 | 48.6 | 45 | 13.9 | 3.60 | .945 | | | | | | | |
| We save money in Iqub or bank that earned from this enterprise business. | 7 | 2.2 | 45 | 13.9 | 62 | 19.2 | 127 | 39.3 | 82 | 25.4 | 3.72 | 1.059 | | | | | | | |
| We have parents, sisters, brothers or other relatives that depend on our income. | 13 | 4.0 | 54 | 16.7 | 64 | 19.8 | 110 | 34.1 | 82 | 25.4 | 3.60 | 1.152 | | | | | | | |
| We have been able to recover all the operation cost of this enterprise. | 18 | 5.6 | 51 | 15.8 | 72 | 22.3 | 108 | 33.4 | 74 | 22.9 | 3.52 | 1.167 | | | | | | | |
| We are provided with meals and transport to cater for daily expenses. | 11 | 3.4 | 64 | 19.8 | 69 | 21.4 | 109 | 33.7 | 70 | 21.7 | 3.50 | 1.135 | | | | | | | |

| | | | | | | | | | | | | |
|---|----|-----|----|------|----|------|----|------|----|------|------|-------|
| I have been the manager of this business since its beginning. | 10 | 3.1 | 73 | 22.6 | 56 | 17.3 | 95 | 29.4 | 89 | 27.6 | 3.56 | 1.200 |
| We use mobile money as the major medium of saving our money. | 9 | 2.8 | 72 | 22.3 | 93 | 28.8 | 99 | 30.7 | 50 | 15.5 | 3.34 | 1.072 |

Source Own Survey 2023

4.4.1 INCOME GENERATION

MSEs Plays an important role in creating better income earning opportunity for the young people that need to improve their living condition. It is understandable the increase in individual's income will have positive impact on balanced nutrition, better health services, and other better facilities. This improvement is important effect on the overall socio economic development of the young people in the study area. Usually unemployed youth lacks income generation where unemployment problem is high. With this regard the respondents in Table 8 above 61.6% agreed that there is an increase in income since they started working in the enterprise but 16.1% were agreed that there was not an increase in income since they started working in the enterprise and 62.5% agreed that most of their sources of income get from the enterprise. However, 14.9% of the respondents agreed that most of their sources of income didn't get from the enterprise.

4.4.2 GOVERNMENT REVENUE

Governments' revenue is boosted through the activities of Micro, Small and Medium Enterprises by way taxes. Governments can persuade their revenue if they are able to support more people to engage in Micro, small and medium enterprise businesses. The more Micro and small enterprises there are in the community, the more revenues that the government could generate through taxes. Society will also be able to generate income thereby reducing poverty levels in the country (Daniel, 2010).

One of the ways to unleash the growth potential of a locality is to enhance its revenue generation capability. There has to be a continuous flow of revenue to support economic and other activities in the locality. Expanding existing revenue base and introducing new

sources of income should therefore be seen as key areas of local development (Tegegne *et.al*, 2011). Income generating to the local government in the form of taxation is one of the contribution of the MSEs to the local economic development. With this regard, respondents were asked whether they are paying tax or not, and how town administration provide support service. Similarly, from table 8 no.6 respondents agreed that town administration providing tax incentives was high with a mean value of 3.61 and standard deviation 1.204.

4.4.3 LIVELIHOOD DIVERSIFICATION

Livelihood diversification is an approach for reducing youth unemployment which intensifies rural to urban and cross boarder illegal migration and other countless socioeconomic problems (Yenesew 2015). The survey result show that 63.6% (13.9% strongly agree and 43.7% agree) ,20.7% undecided, 15.8% (2.2% strongly disagree and 13.6% disagree) about their engagement in the MSEs has resulted in an improved health and clothing, and increased ownership of basic household assets such as TV, Refrigerator, bed, and so on. Moreover, MESs not only raised their consumption but also enabled them to support other expenses like paying school fees for their children, medical expense and also 59.5% (25.4% strongly agree and 34.1% agree), 19.8% undecided, 20.7% (4% strongly disagree and 16.7% disagree) about helping their parents, brothers, sisters and relatives. So MSEs have a remarkable role for youths to generate their own income and asset base in order to improve their social status and to become self-reliant.

4.4.4 ASSET CREATION AND WEALTH ACCUMULATION

In Ethiopia micro and small enterprise (MSE) have played important role in terms of employment generation, powerful instrument in economic growth, source of income, quick production response, their adaptation to weak infrastructure and use of local resources, a means of realizing equitable income distribution and injecting a feeling of competition (Diriba, 2013).

MSEs also have great value in Ethiopian socio economic growth as it requires small capital, promote inter linkages as it is a base for medium and large scale enterprises, increased domestic saving and investment to get profit which lead them to save some of their income for economic growth (Ibid). According to Diriba (2013) conducted a research in Jimma City, Socio-economic contribution of Micro and small enterprises

result shows that, the operators of MSEs were not only getting income for current purpose but also or saving some of their income either for future consumption or further investment. In Table 8 no.6 above the survey result showed that 63.5% (19.8% strongly agree and 43.7% agree), 20.7% undecided, 15.8% (2.2% strongly disagree and 13.6% disagree) about they are advantageous in involving the enterprise in order to cover their basic needs like housing, to buy durable assets like mobile phone, TV, Refrigerator, etc. with mean value 3.51 and standard deviation 1.026.

4.4.5 ACCESS TO CREDIT AND SAVING

Youths with better access to credit have higher tendency to save more than that of youths who do not access to credit service. As indicated in table 8 no.8 above, the survey result shows that 64.7% (25.4% strongly agree and 39.3% agree), 19.2% undecided, 16.1% (2.2% strongly disagree and 13.9% disagree) about the MSEs contributed to growth of the saving habits and opportunities for those owners of Micro and Small Scale Enterprises. And among those owners of MSEs 64.7% had been saving from the income they generated at the time working in the enterprises. From this we can conclude that MSEs have crucial role in introducing and improving saving practice among the young workers. Nevertheless, there are low portion of the youths that accounts 16.1% responded they did not start saving due to income and with insufficient credit facility. Moreover, from table 8 accessing credit and financial support is low with mean value 2.02 and the response from interview show that with regarding to provision of support service of town administration to MSEs in relation to providing credit and financial support was not sufficient to uphold their business.

4.4.6 SUMMARY OF REGRESSION ANALYSIS OF ECONOMIC ROLE OF MSEs ON IMPROVING SOCIO-ECONOMIC STATUS OF YOUTH

From table 9 the study further sought to show the economic role of micro and small-scale enterprises in improving socio-economic status of youth in wolkite town.

The model summary in table 9 (a) shows that economic role MSEs contributes 60.4% for improving socio-economic status of youth; the remaining percent is contributed by other variables not included in the model. The ANOVA table (b) value for p value of 0.00 shows that the model is significant. As seen in the table 9 (C), there was a positive

significant relationship between the Economic Role of MSEs and improving socio-economic status of youth at Wolkite Town with a beta 0.777 of with the t-value at 22.104 which was significant. However, the response from interview show that with regarding to provision of support service of town administration to MSEs in relation to providing business counseling and advice, accessing credit and financial support, access to working premises, linking enterprise with other enterprises and continuously support and follow up was not sufficient to uphold their business

This implies that indeed socio-economic status of youth at Wolkite Town is largely affected by economic role of micro and small scale enterprises.

$y = \beta_0 + \beta_1 X + \Sigma$: where y = socio-economic status of youth; X = economic role

$$y = 0.645 + 0.814x + \Sigma$$

The regression result implies that to have achievement in improving socio-economic status of youth, need to facilitate employment opportunity and income generation with proper provision of support services from concerned bodies for MSEs in Wolkite Town. This was shown by the above regression equation:

Table9. Regression Analysis of Economic Role of MSEs

a. Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .777 _a | .604 | .602 | .45967 | .604 | 488.596 | 1 | 321 | .000 | 2.162 |

a. Predictors: (Constant), economic role

b. Dependent Variable: socio-economic status of youth

b. ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 103.238 | 1 | 103.238 | 488.596 | .000 ^b |
| | Residual | 67.826 | 321 | .211 | | |
| | Total | 171.063 | 322 | | | |

a. Dependent Variable: socio-economic status of youth

b. Predictors: (Constant), economic role

c. Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-----------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| 1 (Constant) | .645 | .128 | | 5.058 | .000 |
| 1 Economic role | .814 | .037 | .777 | 22.104 | .000 |

a. Dependent Variable: socio-economic status of youth

Source: survey Result, 2023

This result matched with Asnake (2020), noted that the major aim of establishing and supporting the MSEs is related to enhancing the economic benefit of human being particularly the urban population through job creation. Nigus (2018), as stated his research that the establishment of MSEs helped more individuals to get job in the locality than creating better income earning opportunities for individual members or operators in the enterprises.

4.5 SOCIAL ROLE OF MICRO AND SMALL-SCALE ENTERPRISES

Micro and small enterprises not only contribute to the economic growth but also have greater roles in the improvement of societal issues like education, health, and social capital. The social role of these MSEs deals with their effect to the development of social capital in terms of the member willingness to help each other, shouldering responsibility, skills, knowledge etc. These social capital measurements are believed to be the basic instruments for effective ways to economic development of the youths in the enterprises which in turn have influence on their living activities. Accordingly, the respondents provided their perception related to the development of social capital in the enterprises.

Table10. Social Capital Benefits of MSEs

| Variables | Scale | | | | | | | | | | Mean |
|--|-------|-----|----|------|----|------|-----|------|-----|------|------|
| | SDA | | DA | | UD | | A | | SA | | |
| | F | % | F | % | F | % | F | % | F | % | |
| We have developed a culture of working together. | 1 | 3 | 51 | 15.8 | 72 | 22.3 | 102 | 31.6 | 97 | 30.0 | 3.75 |
| We have social interactions beside the work. | 8 | 2.5 | 46 | 14.2 | 33 | 10.2 | 98 | 30.3 | 138 | 42.7 | 3.97 |

| | | | | | | | | | | | | |
|---|----|----|-----|----|------|----|------|-----|------|-----|------|------|
| We have trust and collaboration with in the group members of the enterprise | 10 | 10 | 3.1 | 36 | 11.1 | 55 | 17.0 | 127 | 39.3 | 95 | 29.4 | 3.81 |
| We improved our skills to support the rest of the team. | 10 | 10 | 3.1 | 48 | 14.9 | 44 | 13.6 | 111 | 34.4 | 110 | 34.1 | 3.82 |
| We believe that working in this enterprise improve our living condition. | 19 | 19 | 5.9 | 58 | 18.0 | 51 | 15.8 | 100 | 31.0 | 95 | 29.4 | 3.60 |
| We help to maintain our competence and productivity to enable shouldering responsibility. | 10 | 10 | 3.1 | 72 | 22.3 | 44 | 13.6 | 104 | 32.2 | 93 | 28.8 | 3.61 |
| We believe that the skills and experience we have acquired so far working in this enterprise will help us to be competitive in our future career development. | 5 | 5 | 1.5 | 70 | 21.7 | 43 | 13.3 | 98 | 30.3 | 107 | 33.1 | 3.72 |
| Aggregate Mean | | | | | | | | | | | | 3.75 |

Own Survey 2023

Note- SDA=strongly disagree, DA=disagree, UD=undecided, A=agree, and SA=strongly agree

4.5.1 WILLINGNESS TO HELP EACH OTHER

In this sub section, the benefit of helping each other among working members in the enterprises is discussed. Respondents believed that they help each other in terms of developing a culture of working together, social interaction besides the work and develop trust and collaboration with in the group members of the enterprise. As it has been illustrated in table 10 above respondents responded with regard to the benefit that they obtained as a result of helping each other in terms of developing a culture of working together, 61.6% (30% strongly agree and 31.6% agree), 22.3% undecided, 15.8% disagree, and 3% strongly disagree with relation to social interaction besides the work 73% (42.7% strongly agree and 30.3% agree), 10.2% undecided and 2.5% strongly disagree and with relation to develop trust and collaboration with in the group members of the enterprise 78.7% (29.4% strongly agree and 39.3 agree), 17% undecided, 11.1% disagree and 3.1% strongly disagree.

From this we concluded that the respondents responded with regard to the benefit that they obtained as a result of helping each other in terms of developing a culture of working together, social interaction besides the work and develop trust and collaboration with in the group members of the enterprise when they are required in time of difficulty is high.

4.5.2 SHOULDERING RESPONSIBILITY, SHARING SKILLS AND KNOWLEDGE AMONG WORKERS

The survey result show that the advantage of group working in the enterprises as an element of social capital is illustrated by sample respondents when asked about their perception or knowledge towards the contribution of working together in the enterprise and its effect on workers sharing skills and knowledge as shown in table 10 above show that 68.5% (34.1% strongly agree and 34.4% agree), 13.6% undecided, 18% (14.9% disagree and 3.1% strongly disagree). And with regard to benefits of working together in the enterprise in terms of maintaining competence, productivity shouldering responsibility among the workers of the enterprises 61% (28.8% strongly agree and 32.2% agree), 13.6% undecided, 25.4% (3.1% strongly disagree and 22.3% disagree). From this survey result we can conclude the majority of the respondents have got advantage in working together in the enterprises being in group helped the enterprises owners to share knowledge and skill, maintain competence and productivity by enhancing the members' ability to shoulder responsibility in common.

The low response level for is acquired from respondents that account an average 25.7 percent of the total respondents regarding to share knowledge and skill, maintain competence and productivity by enhancing the members' ability to shoulder responsibility in common needs improvement.

4.5.2.1 Contribution to competence and living improvement

Accordingly to the data presented in table 10 in the above about 63.4% (33.1% strongly agree and 30.3% agree), 13.3% UD, 23.2% (1.5% strongly disagree and 21.7% disagree) that the skills and experience they gain after they joined the micro and small enterprises and started working in together have contributed a lot in improving their competitiveness in their future career development more better than they were before they joined the micro and small enterprises. And with regard to improvements in their living condition 59.4% (29.4% strongly agree and 31% agree), 15.8% UD, 23.9% (5.9% strongly disagree

and 18% disagree). Nevertheless, there were about 23.55% on average of the respondents responded that they were unconfident or unable to improve their skills and experience that enhances their competitiveness in their future career development which enable them earn better income for to support their living conditions. From this it is possible to conclude that though many workers can learn a lot from doing together, there are still some workers that cannot learn easily from friends in group work and need continuous follow up to cope up with other similar work group members.

4.5.3 SUMMARY OF REGRESSION ANALYSIS OF SOCIAL ROLE OF MSEs ON IMPROVING SOCIO-ECONOMIC STATUS OF YOUTH

From table 11, the study further sought to show the social role of micro and small-scale enterprises on improving socio-economic status of youth in wolkite town. The model summary in table 11(a) shows that the social role of MSEs contributes 55.1% for improving socio-economic status of youth, the remaining percent is contributed by other variables not included in the model. The ANOVA table 11(b) value for p value of 0.00 shows that the model is significant. As seen in the table 11 (C), there was a positive significant relationship between Social role of MSEs and reducing socio-economic implication in Wolkite Town with a beta 0.742 of with the t-value at 19.859 which was significant. Besides, according to table 4.2.3 in the Appendence respondents responded that the income that have got from their enterprises used 50.5% for household needs, 14.8% for medical expense, 31.7% for children education and the remaining 2.5% for personal education upgrade. .This shows that 49.5% of their income invested in social services. However, the response from interview with regarding to the overall social roles of MSEs for youth's being involved in the activities show that even if, there were a culture of working habit, collaboration, share knowledge and skills, and shouldering responsibility was not developed in the required level because there was low safety among the community in the town. This implies that indeed socio-economic status of youth at Wolkite Town is largely influenced MSEs by Social Role.

$y = \beta_0 + \beta_1 x + \Sigma$: where y = socio-economic status of youth; X = Social Role

$$y = 0.871 + 0.762x + \Sigma$$

The regression result implies that to improve socio-economic status of youth, need to facilitate and provide the necessary support service for MSEs to develop the social status and confidence of youths' for maintaining safety of the community in wolkite town. This

was shown by the above regression equation:

Table 11. Regression Analysis of Social Role of MSEs

a. Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .742 ^a | .551 | .550 | .48900 | .551 | 394.393 | 1 | 321 | .000 | 2.013 |

a. Predictors: (Constant), social role

b. Dependent Variable: socio-economic status of youth

c. ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 94.306 | 1 | 94.306 | 394.393 | .000 ^b |
| | Residual | 76.757 | 321 | .239 | | |
| | Total | 171.063 | 322 | | | |

a. Dependent Variable: socio-economic status of youth

b. Predictors: (Constant), social role

d. Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .871 | .131 | | 6.665 | .000 |
| | Social role | .762 | .038 | .742 | 19.859 | .000 |

a. Dependent Variable: socio-economic status of youth

Source: survey Result, 2023

The finding matched with Nigus (2014), point out that, the social role MSEs are playing remarkably in improving and creating new social capital in terms of trust developed by members, collective responsibility, cooperatives and knowledge transfer in the enterprises were common. Kemeru (2017) also explained that the benefits of group working in enterprise in terms of increasing bargaining power, shouldering responsibility, develop common work habit as well as in sharing skills and knowledge among the workers of the enterprises.

4.6 CHALLENGES FACED BY MSEs IN THE STUDY AREA

4.6.1 LACK OF SKILL AND KNOWHOW

Lack skill and know how is one of the main problems in business activity that hinder the performance of MSEs. According to (EEA, 2015) poor acquisition of technical skills and managerial expertise are factors to enterprise development. They also become factors against employment creation by affecting the success of enterprises thereby minimizing the capacity of enterprises to create additional jobs. As indicated in table 4 no.2, the survey result shows that from the total respondents only 41.2% were ready to work other than government organization. With Relation to this the responses from the interview expressed that the unemployed (work-seekers) perceive the enterprise sector as ineffective. They have reported that when they advise the work seekers to start their own business, work-seekers searching work in government organization rather than creating their own work. They have stated that lack of skill is one of the challenges for the unemployed to start a business

And also in table 10 no.7, the skills and experience they have acquired so far working in the enterprise will help them to be competitive in their future career development. The low response level for is acquired from respondents that account an average 25.7 percent of the total respondents regarding to share knowledge and skill, maintain competence and productivity by enhancing the members' ability to shoulder responsibility in common needs improvement. According to (Betcherman and others 2007 in Regan, 2021) lack of appropriate skill and work experience are perceived as key entrance barriers to the labor market. So, lack of skill directly factors against employment creation. So lack of skill and know-how was a challenge for them to start business as well as their success.

4.6.2 LACK OF WORKING PLACES

Suitable and safety working area is necessary to make the enterprises activities more productive and sustainable. Among these working place is one of the essentials for MSEs growth and development and its lack therefore will challenge the ability of MSEs to contribute effectively to reduce unemployment. As indicated in table 4 the survey result shows that 50.2% (10.8% very low and 38.4% low), 18.6% moderate about the level of

support in facilitating working places. However, 32.2 % (9% very high and 32.2% high) that do not encounter this problem. Hence from the result we can conclude that there is a lack of working place for the operation of the MSEs in the town. Moreover, With Relation to this the responses from the interview expressed that there was a big challenge in facilitating suitable working places, due to this some enterprises paid higher price of rent for working place and this affected the success of enterprise and employment creation. This research agrees with findings of Fufa (2015), EEA (2015), Ageba and Amha (2001) that included working premises among the main challenges of MSEs.

4.6.3 LIMITED ACCESS TO CREDIT FACILITIES

Access of credit facilities for micro and small enterprise both at the start up levels and during operations is very important for achieving the objectives of enterprises for reducing youth unemployment. As indicated in table 4 the survey result shows that 69.6 % (42.7% very low and 26.9% low), 17.3% moderate, and the remaining 13 % (1.5% very high and 11.5% high) about credit and financial support. With Relation to this the responses from the interview expressed that there was challenges related to credit and finance like, inadequate microfinance, low saving culture, the loan administration problem and not paying back the credit on time were some of the problems of micro and small enterprise in the study area. So it can be concluded that credit and finance is one of the challenges to reduce youth unemployment in the town that this research agrees with Asnake (2020) role of MSEs for urban unemployment in Chacha town.

4.6.4 ADMINISTRATIVE CHALLENGES

From the survey result, it was recognized that even if opportunities have been created; MSEs have not been able to draw the full advantage due to absence of government official support. As illustrated in table 9 in the appendices 61.3 % (22.6% strongly agree and 38.7% agree) about there is political interference in the operation and similarly, 67.2 % (27.9% strongly agree and 39.3% agree) about there is bureaucratic obstacles in the operation of MSEs. So the survey revealed that the government on supporting and strengthen micro and small enterprise in the study area is not sufficient. Because there are a lot of problems, like inadequate training, political intervention, bureaucratic challenge (lengthy procedures and rules), and lack of responsiveness in the government offices to the demands of the operators. Accordingly, interviewees also forwarded that there still exists an overly bureaucratic administration system that often results in unnecessary

delays to our issues. Similarly, Admasu (2012) also stated that the politico-legal environment is one of among the key constraints to enterprises in the field survey.

4.7 CORRELATION ANALYSIS OF IMPROVING SOCIO-ECONOMIC STATUS OF YOUTH WITH ECONOMIC ROLE AND SOCIAL ROLE OF MSEs

The Pearson Correlation summary (r) and p-value in table 12 below show that there is a positive correlation relationship between improving socio-economic status of youth with Economic Role of MSEs (r= 0.777, P=0.000). There is a positive correlation relationship between improving socio-economic status of youth with Social Role of (r= 0.742, P=0.000). Therefore the above information implies that all the variables are significant & the organization and concerned bodies control or adjust either of the variables (factors), it is easier for improving socio-economic status of youth.

Table 12. Correlations

| | | socio-economic status of youth | Economic role | Social role |
|--------------------------------|---------------------|--------------------------------|---------------|-------------|
| socio-economic status of youth | Pearson Correlation | 1 | .777** | .742** |
| | Sig. (2-tailed) | | .000 | .000 |
| | N | 323 | 323 | 323 |
| Economic role | Pearson Correlation | .777** | 1 | .955** |
| | Sig. (2-tailed) | .000 | | .000 |
| | N | 323 | 323 | 323 |
| Social role | Pearson Correlation | .742** | .955** | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 323 | 323 | 323 |

** . Correlation is significant at the 0.01 level (2-tailed).

4.8 RELIABILITY

The results of Cronbach's alpha of 0.933 in table 13 below is greater than 0.70, therefore it was reliable.

Table13. Analysis of Reliability Statistics

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .933 | .934 | 3 |

Source: Survey Result, 2023

4.9 ANALYSIS OF AUTOCORRELATION

To detect the presence of autocorrelation between the variables in the study a Durbin-Watson test was conducted. The Durbin-Watson statistic varies from 0 to 4 where a value near 2 indicates non- autocorrelation. Table 14 of Durbin-Watson test is 2.162 it indicates non- autocorrelation model.

Table14. Analysis of Autocorrelation

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|------|------|---------------|---------------|
| | | | | | R Square Change | F Change | df 1 | df 2 | Sig. F Change | |
| 1 | .777 ^a | .604 | .601 | .46038 | .604 | 243.540 | 2 | 320 | .000 | 2.162 |

a. Predictors: (Constant), social role, economic role

b. Dependent Variable: socio-economic status of youth

Source:2023 Own Survey

4.10 NORMALITY TEST

Normality analysis helps to check that data is normally distributed. In this study the Histogram Test and the P-P Plot test were presented in figure 1-3 of the appendices.

CHAPTER FIVE

5 CONCLUSIONS AND RECOMMENDATIONS

This research was aimed to assess the current practice of Micro and Small-Scale Enterprises, to examine Economic role of Micro and Small-Scale Enterprises for Youth, to analyze the social benefits of Micro and Small-Scale Enterprises for Youth and to evaluate the challenges of Micro and Small-Scale Enterprises in Wolkite Town.

The Study applied explanatory research design method while simple random sampling was used to select the target population of the study which was enterprise owner/chairperson and office experts of enterprise and industry development experts. Primary (questionnaire, observation & interview) & secondary source of data was applied for this research. The sample data was then presented in the form of tables, figures & percentage based on the research question by using SPSS. Accordingly, based on the analysis of data obtained from document review, questionnaire, and interview major findings were summarized as follows.

- ❖ Regarding characteristics of respondents (64.1%) were male and (35.9%) were female. This shows the participation of males in enterprises is dominant. It may lead to think ensuring the equal participation of males and females. Concerning the age of respondents (5%) was between 18 and 25 years old. (51.7%) were found to be between the age of 26 and 33. Between the age of 34 and 41, were (37.8%). Operators aged between the age of 42 and 49 were (5.3%), Operators aged 50 and above were only 0.3%. Accordingly, most of the entrepreneurs those who were involved themselves with the Micro and Small-Scale Enterprise age between 26 and 41. Concerning the educational level of respondents, (6.2%) were completed primary education, (53.3%) were completed secondary education. The rest 98 (30.3%) and 33 (10.2%) were graduated with diploma and degree and above respectively. It reveals that the majority of the respondents 303 (93.8%) completed secondary education and above. About marriage (76.2% of) respondents were married, (19.2%) were single, (3.1%) divorced and 1.5%Widower. So this reflects married entrepreneurs participate more in the

operation of micro and small enterprises because culturally they have the responsibility to keep family by generating income, educate their children and cover the expenses of medication for their family. Concerning with family size of the respondents 38.1% has family size of 1-3, 58.5% has family size of 4-6 and the remaining 3.1% has family size of 7 and above. This indicates that the number of family size featured as a contributory factor to the need and utilization of the income from the MSE business for basic necessities of their life. The fact that MSEs are able to support such large family size directly and indirectly is a remarkable achievement in the town. So the result showed that MSEs have a great economic and social role to the people particularly the youths.

- ❖ Regarding with the current practice of MSEs the initial and current capital thorough interview and survey questionnaire, this study found that the accumulated initial as well as current capital is vital for the proper running of their businesses. But from this study, we can understand that most MSEs were started their work by using low initial capital and doing the same thing currently because there is a little capital improvement. This is due to lack of providing business counseling and advice, accessing credit and financial support and follow up to uphold their business
- ❖ In the practice of job creation and unemployment reduction through MSEs, in the previous five years, 2220 work seekers were identified and 1425(64%) of them were employed by establishing 1687enterprises in five sectors (trade, manufacturing, service, construction, and urban agriculture). Among 2220 total unemployed identified, females were 909(40.9%), and from the employment that was created through enterprise development for 1425 work seekers, the share of females was 592(41.5%). In sum, the practice shows there was limitation in creating sufficient and sustainable jobs for those work-seekers entering the workforce each year.
- ❖ In the case of growth of enterprises, 1098 enterprises have graduated from start-up to growth and 369 enterprises have graduated from growth to maturity, 61 enterprises graduated maturity to medium enterprise level. Thus currently 159(9.4%) start-ups, 1098(65%) growth, 369(21.87%) matured and 61(3.6%)

medium enterprises are operating in Wolkite Town. Regarding job creation through growth and expansion, enterprises had created 319 temporary employment opportunities in them and 17 permanent job opportunities was created by enterprises through their expansion. This indicates that graduation of enterprises especially from maturity to medium was slower. Generally, enterprise development is a key instrument to create job and income opportunities for the urban youths.

- ❖ In the case of current Support provided by government to micro and small enterprises thorough interview and survey questionnaire provision of training and market integration to MSEs was at moderate level. However, town administration support of MSEs in relation to providing business counseling and advise, accessing credit and financial support, access to working premises, linking enterprise with other enterprises and continuously support and follow up is low
- ❖ Regarding with the condition of unemployment and its effects, 60.7% (21.7% strongly agree and 39% agree) about they didn't get wage employment after graduation or completion, about 52% were unemployed more than 5 months after graduation/completion and 64.8% (15.8% strongly agree and 40.9% agree) about they registered as a job seeker this is because 60% of the respondents agreed that work experience and field of study affects their wage employment. With Relation to this the responses from the interview expressed that the unemployed (work-seekers) perceive the enterprise sector as ineffective. They have reported that when they advise the work seekers to start their own business, work-seekers searching work in government organization rather than creating their own work. They have stated that lack of skill is one of the challenges for the unemployed to start a business. More over respondents' from letter a-f showed that the lives of unemployment faced decrease personal income, unable to afford household expense, getting stress, hopeless ness, exposed to different addiction and isolation from social participation.
- ❖ Regarding With Income generation 61.6% agreed that there is an increase in income since they started working in the enterprise and 62.5% agreed that most of

- their sources of income get from the enterprise with mean value 3.67 and standard deviation 1.003.
- ❖ Regarding with livelihood diversification of the youths 63.6% (13.9% strongly agree and 43.7% agree) ,20.7% undecided, 15.8% (2.2% strongly disagree and 13.6% disagree) about their engagement in the MSEs has resulted in an improved health and clothing, and increased ownership of basic household assets such as TV, Refrigerator, bed, and so on. Moreover, MESS not only raised their consumption but also enabled them to support other expenses like paying school fees for their children, medical expense and also 59.5% (25.4% strongly agree and 34.1% agree), 19.8% undecided, 20.7% (4% strongly disagree and 16.7% disagree) about helping their parents, brothers, sisters and relatives. So MSEs have a remarkable role for youths to generate their own income and asset base in order to become self-reliant.
 - ❖ In case of access to credit and saving, among those owners of MSEs 64.7% had been saving from the income they generated at the time working in the enterprises. From this we can conclude that MSEs have crucial role in introducing and improving saving practice among the young workers. Nevertheless, there are low portion of the youths that accounts 16.1% responded they did not start saving due to income and with insufficient credit facility. Moreover, the response from interview show that with regarding to provision of support service of town administration to MSEs in relation to providing credit and financial support was not sufficient to uphold their business.

As the study showed, MSEs has linked its Economic Role on improving socio-economic status of youth (mean score of 3.39). Most of the sources of income get from MSEs (mean score of 3.49). They are advantageous in involving MSEs in order to cover their basic needs, health expense, to buy durable assets (mean score of 3.51). Therefore, the study showed that improving socio-economic implication in Wolkite Town had effect on MSEs. This was evidenced by Economic Role of MSEs had contribution of 60.4% and a positive significant relationship with socio-economic status of youth at Wolkite Town, with a beta of 0.777.

- ❖ In case of Social role the respondents responded with regard to the benefit that they obtained as a result of helping each other in terms of developing a culture of working together, social interaction besides the work and develop trust and collaboration with in the group members of the enterprise when they are required in time of difficulty is high.
- ❖ The low response level for is acquired from respondents that account an average 25.7 percent of the total respondents regarding to share knowledge and skill, maintain competence and productivity by enhancing the members' ability to shoulder responsibility in common needs improvement.
- ❖ Regarding with competitiveness and living improvement there were about 23.55% on average of the respondents responded that they were unconfident or unable to improve their skills and experience that enhances their competitiveness in their future career development which enable them earn better income for to support their living conditions. From this it is possible to conclude that though many workers can learn a lot from doing together, there are still some workers that cannot learn easily from friends in group work and need continuous follow up to cope up with other similar work group members.

The study also showed, They are advantageous in involving MSEs in order to cover their basic needs, health expense, to buy durable assets (mean score of 3.51). However, the study showed that working in MSEs improve their living condition (mean score 3.28) in the town had drawn backs. One of draw backs came from social role. This was evidenced by social role had contribution of 55.1% and a positive significant relationship with improving socio-economic status of youth at Wolkite Town, with a beta of 0.742. All the above findings indicated that improving socio-economic status of youth would be affected by Economic and Social role of Micro and Small Scale Enterprises.

5.2 CONCLUSION

In case of economic roles of micro and small enterprise, the firms have played important role in employment creation for those who were unemployed, being sources of income and capital creation etc. Therefore, micro and small enterprise has played a great role on the economic problems of people of Wolkite town. Particularly, for youths who have

completed their secondary school and above. Alemtsehay, (2016) also indicated that MSEs play an important role in the creation of job opportunities to unemployed citizens. With respect to this, the study identified that the growth and expansion of enterprises is positively related to the growth of employment opportunities, and social improvement of entrepreneurs in the study area. But the practice of creating sufficient and sustainable jobs for youths' through micro and small scale enterprise in the research areas was not sufficient. So, it needs improvement.

MSEs have crucial role in introducing and improving saving practice among the young workers. Nevertheless, the survey results show that there are low portion of the youths that accounts 16.1% responded they did not start saving due to income and with insufficient credit facility. Moreover, the response from interview show that with regarding to provision of support service of town administration to MSEs in relation to providing credit and financial support was not sufficient to uphold their business. So it needs continuous support service, monitoring and follow up.

The study assessed to evaluate the current status of the role of MSEs in reducing socio-economic implication in Wolkite Town. With Relation to this the responses from the interview expressed that the unemployed (work-seekers) perceive the enterprise sector as ineffective. They have reported that when they advise the work seekers to start their own business, work-seekers searching work in government organization rather than creating their own work. They have stated that lack of skill is one of the challenges for the unemployed to start a business.

Moreover, according to table 4 letter a-f above also, respondents responded that the aggregate mean score 3.66 with standard deviation 1.07 showed that the lives of unemployment faced decrease personal income, unable to afford household expense, getting stress, hopeless ness, exposed to different addiction and isolation from social participation. So it needs special attention to create jobs for unemployed youths.

According to the findings, there was a positive significant relationship between Economic role of MSEs and improving socio-economic status of youth at Wolkite Town. Therefore it concludes that improving socio-economic status of youth at Wolkite

Town is affected by Economic role of Micro and Small Scale Enterprises. The regression result also implies that to have achievement in reducing socio-economic implication, need to facilitate employment opportunity and income generation with the necessary support services from the concerned bodies for MSEs in Wolkite Town.

The social capital measurements are believed to be the basic instruments for effective ways to economic development of the youths in the enterprises which in turn have influence on their living activities. Accordingly, the respondents provided their perception related to the development of social capital in the enterprises. From this the survey result with regard to the benefit that they obtained as a result of helping each other in terms of developing a culture of working together, social interaction besides the work and develop trust and collaboration with in the group members of the enterprise when they are required in time of difficulty is high.

- ✚ The survey result show that the advantage of group working in the enterprises as an element of social capital is illustrated by sample respondents when asked about their perception or knowledge towards the contribution of working together in the enterprise and its effect on workers sharing skills and knowledge the majority of the respondents have got advantage in working together in the enterprises being in group helped the enterprises owners to share knowledge and skill, maintain competence and productivity by enhancing the members' ability to shoulder responsibility in common. However, the low response level for is acquired from respondents that account an average 25.7 percent of the total respondents regarding to share knowledge and skill, maintain competence and productivity by enhancing the members' ability to shoulder responsibility in common needs improvement.
- ✚ The skills and experience they gain after they joined the micro and small enterprises and started working in together have contributed a lot in improving their competitiveness in their future career development more better than they were before they joined the micro and small enterprises. Nevertheless, there were about 23.55% on average of the respondents responded that they were unconfident or unable to improve their skills and experience that enhances their

competitiveness in their future career development which enable them earn better income for to support their living conditions. From this it is possible to conclude that though many workers can learn a lot from doing together, there are still some workers that cannot learn easily from friends in group work and need continuous follow up to cope up with other similar work group members.

The study concludes that the social role of micro and small scale enterprises has linked to improving socio-economic status of youth; the study also found that the income that they get from MSEs used to provide children education, medical expense, personal education upgrade and household needs. This was evidenced by Social role of MSEs had a positive significant relationship with improving socio-economic status of youth at Wolkite Town. However with regarding to the overall social roles of MSEs for youth's being involved in the activities show that even if, there were a culture of working habit, collaboration, share knowledge and skills, and shouldering responsibility was not developed in the required level because there was low safety among the community in the town.

There are different challenges against job creation and unemployment reduction through MSEs development in the research areas. These are the lack of skill and know how about creating their own work and the effectiveness of enterprises, lack of financial and credit facility, business counseling, linking with other enterprises, continuous follow up due to inefficient government support and lack of working places. Hence, to create sufficient and sustainable employment opportunities through micro and small enterprise to development social and economic status of the youths , if not illuminated these challenges should be minimized.

5.3 RECOMMENDATIONS

The followings are the recommendations for improvement and further studies. The recommendations are drawn from the study findings.

- Before creating jobs for the unemployed, awareness creation should come first because the attitude of work seekers about enterprises and effectiveness needs to be shaped. Skill development training must be given before work-seekers start a

business. Currently, there is an agreement that lack of skill is one of the barriers for new entrants to start a business.

- The concerned body should provide business counseling and advice, facilitating market integration opportunity, accessing credit and financial support, continuous monitoring and follow up, to MSEs must be given.
- The government body mainly Enterprise and industry development office is responsible for provision of on job training, to fill skill gap, knowledge transfer and work towards improvement of young workers competence through short-term training in collaboration with different agencies.
- It is advisable that the youths' are expected to develop confidence, their social status while running their own business and become interested and cooperative for whatever type of jobs available to them through organizing in groups and this in turn maintains safety of the society..

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Introduction

**This Questionnaire to be filling by: Enterprise Owner/Chair Person & Enterprise
department expe**

Dear respondents: I would like to inform you that this questionnaire is designed to collect primary data to produce a research thesis on; the Role of Micro and Small-Scale Enterprises on improving socio-economic status of youth in Wolkite Town. Hence providing genuine information will help to identify the Role of MSEs on improving socio-economic status of youth, indicate the current practice and evaluating the challenges of MSEs. Any response you provide will be used exclusively for the research purpose only and the information you provide will be kept confidential.

The result of the investigation will benefit the government, entrepreneur, and other stakeholders who wish to support MSE development by providing important information on the existing situations. Your contribution for this study is very important I am very grateful for your cooperation.

General directions:

- *You do not have to write your name or identify yourself in any way*
- *Respond to all questions*
- *Please follow the instruction carefully*

Instruction: Answer the questions below by circling the correct letter of your choice.

Appendices 1: Questionnaire

Part I. Background of the respondents

1. Sex
 - a. Male
 - b. Female
2. What is your age?
 - a. 18-25 years
 - b. 26-33 years
 - c. 34-41years
 - d.42-49years
 - e.50 and above
3. Education level
 - a. Completed 1st Level
 - b. Completed 2nd Level
 - c. diploma
 - d. degree and above

4. Marital status
 - a. Single/Unmarried
 - b. Married
 - c. Divorced
 - d. other (specify)-----
5. Family Size-----Male----- Female-----
6. Years of experience -----
7. The sector of your organization or business
 - a. Urban Agriculture
 - b. Manufacturing
 - c. Service delivery
 - d. Trade
 - e. construction
8. Year of Establishment-----
9. Number of members-----M-----F-----
10. The initial capital of your organization/business-----
11. Your current capital-----

Unemployment

The following are lists of questions that are asking you about unemployment and the lives of unemployment. Please put a tick mark (√) under the choices below. Where,

5=Strongly Agree, 4= Agree, 3 = Undecided, 2 =Disagree and 1=Strongly Disagree

Table 1 Condition of Unemployment and its effect

| No. | Activities | Rating | | | | |
|-----|---|--------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | We didn;t get wage employment immediately after our graduation/completion | | | | | |
| 2 | We were ready to work other than in government organizations | | | | | |
| 3 | We were unemployed more than 5 months after graduation/completion | | | | | |
| 4 | We registered as job/vacancies seeker. | | | | | |
| 5 | Work experience and field of study affects wage employment. | | | | | |
| 6 | We think that the lives of unemployment faces:- | | | | | |
| | a. decrease personal income | | | | | |
| | b. unable to afford household expense | | | | | |
| | c. getting stress | | | | | |
| | d. hopeless ness | | | | | |
| | e. exposed to different addiction | | | | | |
| | f. isolation from social participation | | | | | |

Support provided by government to micro and small enterprises

In this section level of support provided by Wolkite town administration has been discussed. The range of the rating scales were Very High = 5, High = 4, Moderate = 3, Low = 2 and Very Low = 1.

Table 2 Support provided by the Government to MSEs

| No. | Types of Support | Level of Support | | | | |
|-----|--|------------------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | Training | | | | | |
| 2 | Business counseling and advise | | | | | |
| 3 | Market integration opportunity | | | | | |
| 4 | Access to credit and financial support | | | | | |
| 5 | Access to working premises | | | | | |
| 6 | Tax incentives | | | | | |
| 7 | Linking your enterprise with other enterprises | | | | | |
| 8 | Support and follow up | | | | | |

Economic role of MSEs

Information on employment, income, capital formation and saving

The major economic roles of MSEs are listed below. Please indicate the degree to which these roles in your business enterprise regarding to employment, income, capital formation and saving. After you read each of the roles, evaluate them in relation to your business and then put a tick mark (✓) under the choices below. Where,

5=Strongly Agree, 4= Agree, 3 = Undecided, 2 =Disagree and 1=Strongly Disagree

Table 3 Information on employment, income, capital formation and saving

| No. | Activities | Rating | | | | |
|-----|---|--------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | We employed before we engage in the current job. | | | | | |
| 2 | We permanently employed before we started to work in this enterprise. | | | | | |
| 3 | We have observed an increase in our income since we started this MSEs. | | | | | |
| 4 | The trend of our expense is increasing since we started this business. | | | | | |
| 5 | We believe that the income that we get from this job allow us to finance all costs of the household. | | | | | |
| 6 | We are advantageous in involving this enterprise in order to cover our basic needs, health expense, to buy durable assets (mobile phone, TV, etc.) and so on. | | | | | |

| | | | | | | |
|----|--|--|--|--|--|--|
| 7 | Most of our sources of income get from this enterprise. | | | | | |
| 8 | We save money in Iqub or bank that earned from this enterprise business. | | | | | |
| 9 | We have parents, sisters, brothers or other relatives that depend on our income. | | | | | |
| 10 | We have been able to recover all the operation cost of this enterprise. | | | | | |
| 11 | We are provided with meals and transport to cater for daily expenses. | | | | | |
| 12 | I have been the manager of this business since its beginning. | | | | | |
| 13 | We use mobile money as the major medium of saving our money. | | | | | |

Social role of MSEs

Social Capital/Social Benefit

The major social roles of MSEs are listed below. Please indicate the degree to which these roles in your business enterprise regarding to social capital or social benefit. After you read each of the roles, evaluate them in relation to your business and then put a tick mark (√) under the choices below. Where,

5=Strongly Agree, 4= Agree, 3 = Undecided, 2 =Disagree and 1=Strongly Disagree

Table 4 Social Capital/Social Benefit

| No | Activities | Rating | | | | |
|----|---|--------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| 1 | We have known each other before the formation of the group. | | | | | |
| 2 | We are benefited because we know each other before the formation of the group | | | | | |
| 3 | We have developed a culture of working together. | | | | | |
| 4 | We have social interactions beside the work. | | | | | |
| 5 | We participated in different social affairs of interaction | | | | | |
| 6 | We have a better social acceptability around the working environment. | | | | | |
| 7 | We have a better contacts or networks with outsiders. | | | | | |
| 8 | We have trust and collaboration with in the group members of the enterprise | | | | | |
| 9 | We improved our skills to support the rest of the team. | | | | | |

| | | | | | | |
|----|---|--|--|--|--|--|
| 10 | We believe that working in this enterprise improve our living condition. | | | | | |
| 11 | We help to maintain our competence and productivity to enable shouldering responsibility. | | | | | |
| 12 | We believe that the skills and experience we have acquired so far working in this enterprise will help us to be competitive in our future career development. | | | | | |

13. For what purpose do you use your income? (Rank them)

1. Use for household needs
2. Medical expenses
3. Children's education.
4. for personal educational upgrade

Table 5 Challenge of MSEs during operation in Wolkite Town.

Where,

5=Strongly Agree, 4= Agree, 3 = Undecided, 2 =Disagree and 1=Strongly Disagree

Table 5 Challenge of MSEs during operation in Wolkite Town.

| Items | 1 | 2 | 3 | 4 | 5 |
|--------------------------|---|---|---|---|---|
| Infrastructure | | | | | |
| Political Interference | | | | | |
| Obstacles of bureaucracy | | | | | |

Appendices 1I: In depth interview with micro and small enterprise department experts

1. How is the condition of unemployment in this area?
2. How is the trend in the number of MSE establishment and expansion?
3. What kind of support does your office provides to MSE operators at the time of establishment and then onwards?
4. With which organizations do you have working relationship? On what area? And how effective the relationship is? What problems observed?
5. How do you evaluate the level and effectiveness of beneficiary participation on those matters affecting/related to their venture such as decisions about type of activity to be engaged, credit facility, location of work place, priority and nature of support service needed etc.?

6. How do you evaluate the practicality of the MSEs? What problems do you observe on them?
7. How can those drawbacks of the MSEs be solved?
8. What are the overall economic, social and political roles of MSE for youth's being involved in these activities?
9. What are the major internal and external constraints that hinder your organization from realizing its vision?

Appendices III: Observation Checklist

The focus is mainly on nature of interaction between members, the physical arrangement of working premises, with particular emphasis on suitability of working conditions as follows:

1. Observe and evaluate the nature of relations among the enterprise workers through non-participatory observation.
2. Observe and rate the existing work motivation, cooperativeness, common interest, social ties among the youths working in MSEs through orderly observation.
3. Observe and evaluate by rating the suitability of working environment in terms of accessibility and safety of the workshop for production, assembling, finishing and transportation to market outlets or customers.
4. Observe and make overall evaluation of the enterprise in terms of its efficient and effective performance as well as its sustainable contributions to youth socioeconomic improvement.

Table 6 Trends of Job Creation

| Year in E.C | Identified work seekers | | | Work seekers employed | | | % | Operators withdrew | | | |
|-------------|-------------------------|---|---|-----------------------|---|---|---|--------------------|---|---|---|
| | M | F | T | M | F | T | | M | F | T | % |
| 2017/2018 | | | | | | | | | | | |
| 2018/2019 | | | | | | | | | | | |
| 2019/2020 | | | | | | | | | | | |
| 2020/2021 | | | | | | | | | | | |
| 2021/2022 | | | | | | | | | | | |

| | | | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|--|--|
| Total | | | | | | | | | | | |
|-------|--|--|--|--|--|--|--|--|--|--|--|

Table 7 Trends of Enterprise Expansion and Growth

| Year in G.C | Total enterprises | Growth from | | | job created | |
|-------------|-------------------|--------------------|--------------------|--------------------|-------------|-----------|
| | | start up to growth | growth to maturity | maturity to medium | Permanent | Temporary |
| 2017/2018 | | | | | | |
| 2018/2019 | | | | | | |
| 2019/2020 | | | | | | |
| 2020/2021 | | | | | | |
| 2021/2022 | | | | | | |

Table 8 For what purpose do you use your income?(Rank)

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|--------------------|-----------|---------|---------------|--------------------|
| Valid | household needs | 164 | 50.5 | 50.8 | 50.8 |
| | medical expense | 48 | 14.8 | 14.9 | 65.6 |
| | children education | 103 | 31.7 | 31.9 | 97.5 |
| | personal education | 8 | 2.5 | 2.5 | 100.0 |
| | upgrade | | | | |
| Total | | 323 | 99.4 | 100.0 | |
| Missing System | | 2 | .6 | | |
| Total | | 325 | 100.0 | | |

Table 9 Analysis of Challenge of MSEs during operation in Wolkite Town.

| Variables | Scale | | | | | | | | | | Mean | SD |
|------------------------|-------|-----|----|------|-----|------|-----|------|----|------|------|-------|
| | SDA | | DA | | UD | | A | | SA | | | |
| | F | % | F | % | F | % | F | % | F | % | | |
| Infrastructure | 9 | 2.8 | 74 | 22.9 | 115 | 35.6 | 71 | 22 | 54 | 16.7 | 3.27 | 1.077 |
| Political intervention | 6 | 1.9 | 39 | 12.1 | 80 | 24.8 | 125 | 38.7 | 73 | 22.6 | 3.68 | 1.013 |
| Bureaucratic Obstacle | 18 | 5.6 | 38 | 11.8 | 50 | 15.5 | 127 | 39.3 | 90 | 27.9 | 3.47 | 1.064 |
| Aggregate Mean & SD | | | | | | | | | | | 3.47 | 1.05 |

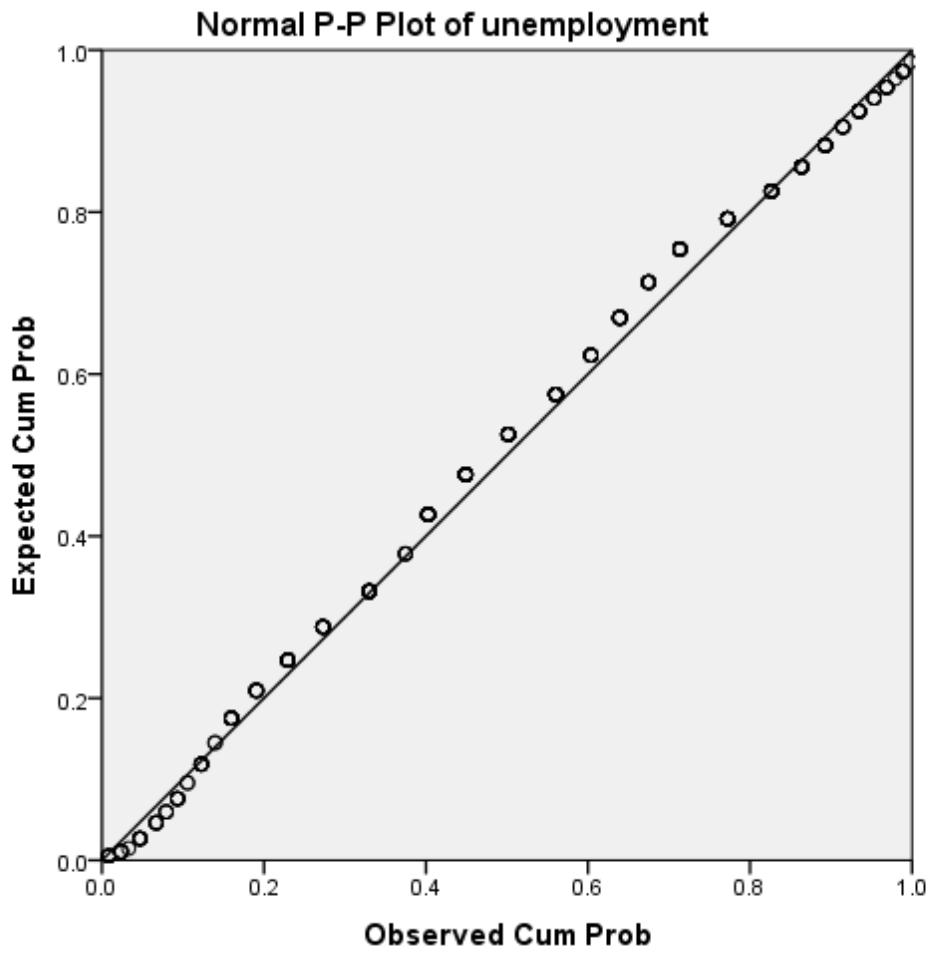


Figure 1 p-p plot (Normality test) of socio-economic implication

