



WOLKITE UNIVERSITY
SCHOOL OF GRADUATE STUDIES

EFFECTIVENESS OF RURAL JOB OPORTUNITY CREATION PACKAGE IN
THE CASE OFMAREKO WEREDA, GURAGE ZONE

BY: MISBAH BULGU

ID, GSE/103/09

A THESIS SUBMITTED TO THE DEPARTMENT OF MANAGEMENT,
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ADMINISTRATION

Advisor: Dr.ShiferawMitiku

Co-advisor: WuletawFente

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WOLKITE ETHIOIA

DECLARATION

I, Misbah Bulgu, declare that the study titled “**Effectiveness of rural job Opportunity creation package in the case of Mareko wereda, Gurage zone**” is my original work and has not been presented for a degree in any other university, and that all sources of materials used for the study have been duly acknowledged.

Declared by:

MisbahBulgu

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Therefore I/we recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

Name of major advisor

Signature

Date

Shiferaw Mitiku (PhD)



30/05/2019

Name of co-advisor

Signature

Date

Wuletaw Fentie


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We, the undersigned, members of the Board of Examiners of the final open defence by Misbah Bulgu have read and evaluated his/her thesis entitled “**Effectiveness of rural job opportunity creation package in the case of marekowereda Gurage zone**”, and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfilment of the requirements for the degree of Masters of Business Administration (MBA).

Name of the Chairperson	Signature	Date
_____	_____	_____

Name of Internal Examiner	Signature	Date
<u>DemelashShalo</u>		<u>October, 2019</u>

Name of External examiner	Signature	Date
<u>ChalaDechassa (PhD)</u>		<u>October, 2019</u>

SGS Approval	Signature	Date
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Acronyms and Abbreviations

RIGA	Rural Income Generation Activities
RNF	Rural Non-farming
MEDaC	Ministry of Economic Development and Cooperation
MSMEs	Micro, Small and Medium Enterprises
IGAs	Income Generating Activities
GDP	Gross Domestic Product
MSE	Micro and Small Enterprises
ILO	International Labor Organization
ETB	Ethiopian Birr
Pas	Peasant Associations
GTP	Growth and Transformation Plan
MFI s	Micro Finance Institutions
OECD	Organization for Economic Cooperation and Development
BP	Business Plan
RJOCP	Rural Job Opportunity Creation Package
PIM	Package Implementing Manual

Abstract

Creating job for jobless or unemployed youth is an activity that engages the youth to new job and gives to solution for rural youth unemployment. The rural job opportunity creation package was a package that started in 2012G.C. The package applied for 6 years by budgeting 10648273.5 ETB as a revolving fund by targeting all the 25 rural kebele jobless and land less youth to participating the locally identified income generating activities like off farm and on farm IGAs. According to the wereda youth and sport office report 485 enterprises or 2951 individuals are participated in the package. From the total population of 485 enterprises the study was selected 144 enterprises by applying Yamaneh / 1967/ formulas. The research used explanatory type of research, relevant data collected from primary and secondary data sources. The study used different sampling techniques like systematic random sampling, simple random sampling, stratified sampling, probability sampling techniques. The major activities of the package were creating continuous and sustainable job for the rural jobless youth by providing different supports. The major focus of the study was assessing the effectiveness or continuity of package participants, how the profitable enterprise becomes profitable, how those create their economic capacity, and identifying the major challenges to implement the package was focus areas of the study. Data's was analyzed by using logit model to test the probability to contribute independent variables to those effective business enterprises. From the result the study was identified among the total targeted enterprise 82 enterprises was continuously run their business, 88 enterprises was profitable with their selected business, and 84 enterprises able to create additional asset or capacity. The result of logit model indicates business profitability, training, saving habit, provision of working place, economic capacity improvement, guiding with BP, are positively probability to increase business effectiveness or continuity. The other result enterprise to become profitable, appropriate IGAs selection was highly contributed for their profitability, to improve economic capacity, saving was primarily identified. Finally the study identified fluctuation of market price and lack of working place as major challenges to implement their business.

Key Words: rural, unemployment, youth, Ethiopia.

CHAPTER ONE

1. INTRODUCTION

In this chapter mainly described briefly about rural job opportunity creation package in the sub title of back ground of the study, statement of the problem, objectives of the study, research questions, scope of the study and delimitations of the study has been presented in the following manner.

1.1 Background of the study

Unemployment and underemployment continue to be serious social problems in Ethiopia. This is mainly a result of rapid population and labour force growth and limited employment generation capacity of the modern industrial sector of the economy (National employment policy and strategy of Ethiopia. 2009). Youth employment presents a particular challenge to Ethiopia; the country faces growing youth landlessness in rural areas and insignificant rural job creation, potentially leading to an increase in migration to urban areas (World Bank, 2007).

There is no minimum school leaving age in Ethiopia, however, primary school ends with grade 8, when students would be approximately 14 years old. Only students who pass the regional exam in grade 8 continue to high school, those who do not pass the regional exam are forced to join the labour force. The standard measurement of unemployment is based on the following three criteria that must be satisfied simultaneously; without work, “currently available for work” and “seeking work” (ILO, 1997). In Ethiopia, there has been a significant increase in educational attainment, however, there has not been as much job creation to provide employment opportunities to the newly educated job seekers (Nzinga H, *et al*, 2012). In Mareko wereda currently/2010E. C/ 1148 male and 778 female total 1926 jobless are exist in the wereda, they are literate or illiterate. According to the wereda employment and social security office from the jobless below grade one 150, grade 1-4th 292, grade 4-8th 852, grade 8-10th 410, and 210 are grade 10th, 6 grade 12th, 4 diploma (level 4), 2 degree (Mareko wereda labor and social office, 2017 report).

Enabling youth to participate in an organized manner, in the process of building a democratic system, good governance and development endeavours and benefit fairly from the outcomes

(The National Youth Policy, 2004). Ministry of youth and sport takes the responsibility by participating rural jobless youth in rural job opportunity creation package by organizing in group as small enterprises. Rural job opportunity creation package as SNNP starts as a package in 2012 G.C which is working with wereda agricultural and natural resource office as one department for three years then the government revise and reshuffle from 2015 G.C -2017 still working with youth and sport office as one department. Rural job opportunity creation package in wereda level co-work with wereda youth and sport office as one department (PIM, 2012).

Micro and small enterprises (MSE) have been identified by the Ethiopian government as important sources of employment and job creation (MOE, 2002). The government of Ethiopia has already established the Micro and Small Enterprises Development Agencies both at federal and regional levels to support the sector with training, finance and accessing working premises (NEPSE, 2009). The major activity of rural job opportunity creation department is to identify the rural jobless youth by using formal selection criteria and form small groups or small enterprise and gives support to the selected rural youth to participate the wereda selected income generating activity. The wereda clearly identify and select common income generating activities which are done in rural youth like on farm activities: fattening, sheep and goat fattening and raring, different crop production, poultry production, dairy production, irrigation, etc. Off farm activities like small trade, Barberry, service providing, animal cart/ transport, value adding or processing that able to create profitable and continuous business for those package participants (PIM, 2012).

Before start to do the selected income generating activity / business the wereda gives to support the participants to takes training like routine financial literacy, technical training which is related to the business , business plan preparation training, entrepreneur skill training etc. Then the selected youth organize in group from and form enterprise in their kebele depends on their similarity and common interest then link to financial service provider which is OMO microfinance. OMO micro finance provides credit for the enterprises depends on their business plan. The credit amount is not limited it is depends on the prepared business plan (PIM, 2012).

. During selection of the participant, the wereda/ sector prepare clear selection criteria which is: living in that kebele, jobless, interested to do the business, age from 18-34, unemployed, face scarcity or land less, before credit interested to save 30% of the credit, healthy and eager, free from any credit, after selecting the participant, the sector provides different skill training on on-

farm activities like crop production, livestock production, etc and off farm activities like trade, transport, cafeteria, barberry, etc depends on the identified business or IGAs, financial literacy training , appreciating culture of personal saving, training on developing entrepreneur skill etc all this and other which is essential for the youth are supported by the wereda youth and sport office the rural youth job creation department (PIM, 2012).

The participant should form group 5 to 9 or in small enterprise, because the participant does not have any collateral to gain credit access. Because they are poor, jobless, youth, land less are not at work or unemployed, so, the group has responsible to each member because of the credit is repaid after a year depends on the selected business activities, it is revolving fund, government does not address credit for all jobless at one time. Some of the selected youth use the credit access first, after doing their business they should repay their loan adding 10% interest to OMO micro finance, and then OMO distribute the credit to the next selected youth. If one of the group member in case cannot repay their loan, the whole group member has responsible to repay the loan (PIM, 2012).

Effective youth employment policies and interventions require a thorough understanding of who the unemployed youth are, where they are located, and the types of jobs youth are engaged in. Youth unemployment is a problem that affects most countries. The ability of youth to engage in productive activities has both social and economic consequences for a country economy. The plan focused on job creation through private sector participation, with particular emphasis given to Micro and Small Enterprises (MSE), based on their potential to create job opportunities (GTP of youth and sport office of Marekowereda, 2012 – 2017 plans).

The sector supports to 2951 youth in 485 group or enterprise in on-farm and off-farm income generating activities from the starting of 2012 G.C up to end of 2017 G.C (Mareko wereda, 2017 annual report).The major goal of the sector is creating sustainable business / job/ to the jobless youth, to decrease unemployment, to increase income of the youth, and appreciate self employment rather than to keep the government.

The major focus of the study was assessing the effectiveness of this package which is represented by continuity of the selected business in the life of the package participants. The effectiveness of the package were represented by the continuity of the business from year to year

which is dependent variable , it was measured or indicated by the following independent variables like:- the accomplishment of their activities with guiding or following their initial business plan or activities based on their sated plan, the improvements of operational and economic capacity of selected enterprise compared to their initial capacity, saving habit of enterprises, profitability of the business, provision of working place, provision of training, average ages of the participants, years of enterprises staying on the business. All those independent variables were evaluated whether there is effect on the dependent variable or not. The government currently gives a great attention for the youth and unemployment; due to this the government funds a huge amount of money for credit to the youth and running cost to achieve the goal. So, assessing the effectiveness of the package is essential because if the result is negative, it helps to take correction before allocating and investing more capital or if it is positive, it helps to address the remaining unemployed youth in effective manner and used for good practice for other related organizations works on business creation for youth.

According to the Mareko wereda youth and sport office 2017 report, government funds 10648273.5 ETB for the rural jobless youth to start their business. This is revolving fund. After carefully selecting the group or the enterprise, they identify income generating activity / business which is suitable and profitable depends on their environment, input supply, their interest, market conditions, potential of individuals etc. After selecting the IGA, the group members should prepare attractive business plan which indicates whether the selected IGA is profitable or not, what resource holds on their hand, what opportunity have to do the business, what they wants to do, where they want to go where they are, what support they need, etc all this and other clearly stated in their business plan. During business plan preparation, it is prepared by the group member and wereda expert. After preparing the business plan, if it is profitable or not approved by the wereda expert, then refers to financial institution OMO microfinance. The credit amount is depends on their business plan. Before disbursing the loan, the group member should save 30% of their total required amount. Finally the group starts to do their business and repay their loan depends on their agreement like:- crop production repay their loan after 2 years, fattening 1 year, dairy production after 3 year, irrigation 3 year, trade 1 year, processing 1 year (PIM, 2012).

According to Mareko wereda youth and sport office yearly report from the beginning 2012 – 2017 G.C for 6 years the wereda able to engage rural unemployed youth in identified business in

each year i.e. in 2012 G.C 123 individuals, in 2013 G.C 339, in 2014 GC 312, in 2015 G.C 469, in 2016 G.C 1014 and in 2017 G.C 694, totally male 2454 female 497 total 2951 individuals and 485 enterprises are supported to start their business.

1.2 Statement of the problem

The governments of Ethiopia promote private sectors for development and employment creation through providing business development services, especially to small- and micro-enterprises and to informal sector operators. The government needs to support public institutions, the private sector and NGOs to provide a more integrated and effective system of business development services. It also needs to support the expansion of such services to rural areas, with special emphasis on emerging regions and remote areas. Indeed, the government of Ethiopia has already established the Micro- and Small-Enterprises Development Agencies both at federal and regional levels to support the sector with training, finance and accessing working premises (Ethiopian employment policy. 2009).

Considering the important role that these enterprises could play in absorbing the youth graduated from schools and colleges. Over the past few years the few regional governments promoted MSEs through training, counselling, finance and credit facilities, production and marketing space, market facilities and raw material supplies (FeMTI, 1997). However, the implementation had leaves much gaps to address huge youth challenges such as rigid project package which do not accommodate flexible market, youth are too dynamic to bind by the strict rules and regulations of the agencies, project duplication, lack implementation capacity and have serious resource constraints.

The Ethiopian government has focused on creating micro and small enterprises, based on their potential to create employment opportunities, more on innovation and creativity as spelled out in the Industrial Development Strategy of the country. To this end, the micro and small enterprises strategy was ratified and came to implementation. The strategy addresses the major challenges and constraints, which have made it difficult for small business growth on their own, and hence it focuses on support areas (National Youth Policy of Ethiopia, 2004).

The major objectives of the rural job opportunity package is to create profitable and continuous business for rural jobless youth, so, in order to support the youths policy and strategy, Identifying and testing the factors that contribute to the continuity or effectiveness of the organized enterprises business, identify the major challenges during package implementation, out shine the current status of the enterprises and identifying entry point for successful package implementation, inspire me to assess the effectiveness of the package participants.

1.3. Research Objective

1.3.1 General objective

The major objective of the research was to assess the rural job opportunity creation package effectiveness which is represented by enterprises business continuity.

1.3.2 Specific objective

- ✓ To examine factors contribute for the effectiveness of business enterprises created under the rural job opportunity creation package to continuously run their operation
- ✓ To assess the profitability of business enterprises started under the rural job opportunity creation package
- ✓ To assess the effectiveness of business enterprises in improving their initial operational capacity compared to the current capacities of enterprises.
- ✓ To identify major challenges of the rural job opportunity creation package implementation in Mareko wereda

1.3.3 Research Question

- How factors contribute for their effectiveness or continuously run their businesses which were created under the rural job opportunity creation package?
- How profitable those business enterprises are which were started under the rural job opportunity creation package?
- How those business enterprises are in improving their operational capacity compared to their initial capacities?
- What are the major challenges for rural job opportunity creation package implementation in mareko wereda ?

1.4. Delimitation of the study

My interest was assessing the effectiveness of rural job opportunity creation package in Gurage zone level. But Gurage zone has 13 wereda and each wereda has 17- 44 rural kebele administration. In order to study at zone level it needs huge amount of budget, requires long period of time, requires government support, it does not any previous research done by in this package, information about the package is not easily available, and the weredas of the zone are far from my working area. As we know this research will conduct by me without any support, due to this and other personal factors like family problem forced to me to limit the scope of the study at gurage zone Mareko wereda in 12 rural kebele administration.

1.5. Scope of the Study

The study was conducted at SNNP in Gurage zone Mareko wereda. The study covers 144 enterprises among the total of 485 jobless groups or enterprises which was from 2013 G.C to 2017 G.C (5 years) enterprise participants on the package. From the total 25 rural kebele administrations (PAs) the study was covered 12 peasant associations. The target groups of the rural job opportunity creation package are jobless and unemployed youths who are living in rural area / kebele. So, my study focused on those organized enterprises that are participated in the package. Data was collected by deep interview with each selected enterprises members and representatives by using prepared questionnaires, during data collection 12 kebele agents, kebele leaders and each selected enterprise representatives and group members were participated. Data's were collected from February 1st to March 30th at kebele level and coded and interpreted up to last June.

1.6. Significance of the study

The study was very significant for policy / decision makers, for academic purpose, entrepreneurs, existing literature, governmental service providers, Nongovernmental organizations, the researchers and others to make the intervention and provide best solution for the identified problems. because the study mainly conducted to out shine the current status of rural job opportunity creation package, to test how factors that contribute for the effectiveness or continuity of the package, how enterprises becomes profitable and how build their operational

and economical capacity, challenges to implement the package, also the study identify good practices of effective enterprises, and tried to show the current status of the enterprises which are participated in the package.

1.7. Limitations of the study

It has hardly to collect data's due to, insufficient literature and research findings around rural enterprises, no enough recorded secondary data at wereda level about each organized enterprises, poor recording keeping habits of enterprises daily activities at kebele level, it makes the study difficult to collect all necessary information from the targeted enterprises easily.

1.8. Organizations of the study

This research work organized in the following chapters. The first chapter was presented in a brief introduction and back ground of the study, and highlights the research problem, objectives of the study, delimitation of the study, scope of the study, significance of the study and limitation of the study. Chapter two provides an overview of related literature and presents the theoretical conceptual frameworks like empirical literature review, conceptual frame work of the study and identified literature gaps were presented. In Chapter three discussed methodology of the study like description of the study area, research problem and design, sampling techniques, data source and type, data collection procedure and method of data analysis and presentation. Chapter four contains results of the study, discussion and interpretation of the study. In the last chapter five was briefly described summary, conclusion and recommendation depends on the findings and finally the study included references and annexes.

CHAPTER TWO

2. RELATED LITERATURE REVIEW

In these chapter facts about job creation and starting small business or enterprise, and different literature and research/ findings which are related to small enterprises and start up new business has been summarized in this chapter.

2.1 Theoretical Literature Review

In Ethiopia, there has been a significant increase in educational attainment, however, there has not been as much job creation to provide employment opportunities to the newly educated job seekers (Nzinga H, *et,al*2012). Unemployment and underemployment continue to be serious social problems in Ethiopia. This is mainly a result of rapid population and labour force growth and limited employment generation capacity of the modern industrial sector of the economy (National employment policy and strategy of Ethiopia. 2009). Youth employment presents a particular challenge to Ethiopia; the country faces growing youth landlessness in rural areas and insignificant rural job creation, potentially leading to an increase in migration to urban areas (World Bank, 2007). The standard measurement of unemployment is based on the following three criteria that must be satisfied simultaneously; without work, “currently available for work” and “seeking work” (ILO, 1997).

Employment generation has two important dimensions that are considered to be the two sides of a coin. The first dimension refers to the ability of the economy to create jobs for various skill categories as per the requirement of the economy. This dimension refers to the demand side of job creation. The second dimension deals with whether or not the skill levels of available pool of persons match with the type of skill that the economy requires. This dimension refers to the supply side of job creation. The National Employment Policy and Strategy of Ethiopia has to squarely address these two important dimensions of job creation (Ethiopian employment policy. 2009).

Micro and small enterprises (MSE) have been identified by the Ethiopian government as important sources of employment and job creation (MOE, 2002). The government of Ethiopia

has already established the Micro and Small Enterprises Development Agencies both at federal and regional levels to support the sector with training, finance and accessing working premises (NEPSE, 2009). Enabling youth to participate in an organized manner, in the process of building a democratic system, good governance and development endeavours and benefit fairly from the outcomes (The National Youth Policy, 2004)

In order to increase the productivity of the rural enterprises, resources should be use effectively and wisely. As we know in Ethiopia context there is scarcity of farm land in rural area relative to the current rapid population growth, due to this unemployment is common problem. In order to compromise those engage youths to identified business, government set strategy like rural youth job opportunity creation package with a huge revolving fund in rural areas. So, applying the strategy by using scarce resource effectively and efficiently and is essential to evaluate the effectiveness of the package relative to their sated goal.

2.1.1. Concepts and Definitions of Terminologies

According to the free on-line dictionary (2008), defines income as the amount of money or its equivalent received during a period of time in exchange for labour or services, from the sale of goods or property, or as profit from financial investments. The same source alternatively describes income as money received by a person or organization because of effort (work) or from return on investments. In order to make profitable the rural jobless youth by generating income source from on-farm, off-farm and non-farm activities.

Off-farm income defined as .wage or exchange labour on other farms, including payments in kind and cash the off-farm income is the sum of rural non-farm income and wage earning in agriculture (Ellis *et al.* 2004). Whereas .non-farm as non-agricultural income sources that includes non-farm rural wage or salary employment, non-farm self-employment income and remittances. And according to (Ovwoh, 2014) off -farm are supplementary or complimentary activities that farmers engage in either off-season or on-season to support themselves such as in casual labour, transportation business, traditional dancing, wine taping, petty trading etc. On the other hand, non-farm refers to all income-generating activities except crop and livestock production while on-farm activities income which is generated by doing different agricultural activities like crop production (wheat, barley, maize, sorghum, different vegetable crop

production by using both rain fed and irrigation, pepper, etc) , animal production.(Barette et.al, 2001, and Lanjouw, 2001). Mareko wereda works on hardly activities that are feasible to the rural jobless youth, by organizing in group and forming enterprise then accessing credit and by giving technical support/ skill training/, selecting achievable income generating activities to creating job opportunity and making profitable for unemployed / jobless youth have to be a solution to decrease unemployment and creating productive youth.

2.1.2. Job creation

“Job creation” means engaging citizens who are capable to work but are not working for different reasons, in permanent or temporary job opportunities (Federal Negarit Gazette No.41, 2016). In Ethiopia, there have been significant increases in educational attainment; however, there has not been as much job creation to provide employment opportunities to the newly educated job seekers (Nzinga H. *et al.* 2012).

Currently it is common to observe young people either find a job suitable to their skills and qualifications or acquire the skills and experience that employers are looking for, so being directly relevant to increasing the probability of finding a job.

Job creation can be stimulated through a stable macroeconomic framework, but also structural policies which encourage innovation, skills, and business development. In order for new jobs to be created, businesses need access to skilled people, to business networks, to finance, and to space to start up and expand. Central governments manage a range of policies whose impact can reinforce each other and contribute to fulfilling economic potential, business expansion and social cohesion at the local level. Where national policies are sufficiently flexible and adjustable, local level actors can develop integrated approaches to growth, maximizing employment opportunities, and helping to tackle inequalities and social exclusion in their communities (OECD, 2014).

New jobs are created as industries expand and as new firms start up and grow. Net job creation is typically led by a small number of young firms, as evidenced by both the (OECD, 2013) and World Bank research on firms in Eastern Europe and Central Asia (Dávalos, *et al.* 2014). While many businesses operate globally, new firms are strongly dependent on the local economic contexts in which they emerge, with most high growth firms developing in localities with high

population density and high levels of tertiary education. By hosting important concentrations of people and ideas in one place, cities enable knowledge sharing which is crucial to innovation (OECD, 2013).

In general, more diverse local economies with complex supply chains and strong links to markets are particularly likely to support new job growth through import substitution and the development of new products and services. Policy makers can support this process by helping to make available technology and capital, affordable premises, and start up financing, while promoting networking between firms. The interdependence between firms at the local level means that interventions may be particularly effective when designed at the level of local value chains (ILO, 2007; Herr and Muzira, 2009). Policies which build capacity for broader sectors of society to engage in entrepreneurship may spur more inclusive job creation. The OECD and European Commission have identified the importance of providing entrepreneurial support to under-represented groups, pointing to a number of ‘missing entrepreneurs’ such as young people, older people, women, ethnic minorities and migrants, as well as people with disabilities (OECD, 2013).

2.1.3. Small enterprise

Micro, Small and Medium Enterprises (MSMEs) have played and continue to play significant roles in the growth, development and industrialization of developing countries. Accordingly, most developing countries have formulated and implemented a wide variety of MSME development strategies in order to support the growth of the sector, thereby transforming economies and generating substantial employment opportunities. The Ethiopian government has historically supported the growth of Micro, Small and Medium Enterprises (MSMEs), especially growth-oriented businesses, through various policy interventions. For instance, the government formulated a national Micro and Small Enterprises Development and Promotion Strategy in 1997 (revised in 2011) to create an enabling environment for the sector. Furthermore, MSMEs were placed at the heart of the first industrial policy strategy in 2002. Similarly, within the framework of the government’s 5 year economic development plans, including GTP I and GTP II, the expansion and development of MSMEs has systematically been a key strategic priority. Small firms face greater challenges in obtaining formal financing than large firms; they are much more

likely to be rejected for loans and are less likely to have external financing due to a lack of collateral and credit history (World Bank report, 2015)

Microfinance institutions predominantly provide micro credit to micro enterprises while banks service medium and large enterprises. Small and medium sized enterprises in Ethiopia are currently excluded from the banking sector credit due to their size (too small to be served by banks) and inability to meet excessive collateral requirements. MFIs, on the other hand, have only been able to meet a small proportion of the demand from small and medium sized enterprises for finance due to limited liquidity, restrictive loan ceilings and strict collateral requirements (ADA, 2017)

The Government of Ethiopia identified growth-oriented MSMEs based on their potential for job creation, poverty reduction, local raw material utilization and ease of transformation to medium and large scale businesses in a short period of time (ADA, 2017). Accordingly, MSEs engaged in manufacturing (metal, leather, textile, wood work, agro processing), construction (contractors and construction material producers), urban agriculture (dairy, cattle fattening, poultry, beekeeping and animal food production), trade (wholesale and retail) and services (hotel, tourism, solid waste collection, etc.) are considered as growth-oriented MSMEs (ADA External document, 2017).

2.1.3.1. Definitions of small and medium enterprises

According to (Ward, 2005) there is no universal definition for SMEs since the definition depends on who is defining it and where it is being defined. For example, in Canada SME is defined as an enterprise that has fewer than 500 employees and small enterprise as one that has less than 100 employees. On the other hand, the World Bank defines SMEs as having no more than 500 employees. SMEs can be defined in two ways: based on the number of employees in an enterprise and/or the enterprises fixed assets. According to (Boon, 1989), the size of the enterprises employment is the most important criterion used in Ghana. But one must be cautious when defining SMEs based on fixed assets because of the continuous depreciation in the exchange rates, which often makes such definition out-dated.

Small and medium enterprise defines in developing countries based on the number of employees in an enterprise. A small enterprise has between 5 and 19 workers and takes the example of the

ubiquitous small shops in the cities such as hair dressing saloons, chop bars etc. A medium enterprise has 20 to 99 workers and these include manufacturing firm and exporting companies. (John A. and Sylvester V, 2011).

Table2.1, In Ethiopia’s manufacturing and service sector categories of enterprise depends on number of employees and their capitals

	Micro Enterprises		Small Enterprises		Medium Enterprises	
	Services	Industry	Services	Industry	Services	Industry
Employees	< 5	< 5	6-30	6-30	31-100	31-100
Capital	< 50,000	100,000	50,001- 500,000	100,001– 1,500,000	1,500,001 - 7,500,000	

Source: federal MSMEs, 2018 (Telephone interview)

2.1.4. Accessing credit to newly start up business

The government of Ethiopia has recognized that access to credit is a key to micro and small enterprise development. Given their significant financial resources and market shares, MFIs are tasked with a leading role in the provision of credits to MSEs operating in their respective regions. These MFIs are also expected to develop and adapt their different loan products to micro and small enterprises at different growth stages (i.e. start-up, growth and maturity) in order better to meet their specific financial needs. In response to the collateral problem, the government has also established a regional credit guarantee fund to the MFIs. The MFIs were able to provide credit to micro and small businesses against the government guarantee during the GTP I period. Despite the promising growth of the sector, MFIs currently face a number of challenges, which

include limited access to funding, high operational costs, weak or inadequate MIS, high employee turnover and limited management capacity (ADA , 2017)

In order to promote a broader, deeper engagement with MSMEs and help them fulfill their full economic potential, the government published its first National Micro and Small Enterprise Development Strategy in 1997. The main objectives of the strategy were to promote economic growth, create sustainable jobs, strengthen collaboration among MSMEs and provide a platform for transformation to medium and large enterprises. MSMEs were seen as the most promising avenue for job creation and tackling pervasive youth unemployment. To achieve this objective, MSMEs received basic training (such as business management, entrepreneurship and production techniques), upgraded business development services and enhanced market linkages. (MoUDC, 2011).

2.1.5. Rural income generating activity /RIGA /

Rural income generating activities encompass agricultural production (crop, livestock), agricultural wage employment, non-agricultural wage employment, non-farm enterprises, transfers and non-labour income sources. RNF will be used as synonymous with non-agricultural, and includes all rural economic activities outside of agriculture. As such, it does not include agricultural wage income, which is part of agricultural activities. Some categories of income in rural areas are :- 1) crop production income; 2) livestock production income; 3) agricultural wage employment income, 4) non-agricultural wage employment income; 5) non-agricultural self employment income; 6) transfer income; and 7) other income. All this are classified in to on-farm income generating activities and off-farm income generating activities. (Smith , 2001)

2.1.5.1 On farm activities / agricultural activities

The Government's strategy is to achieve development objectives through an agriculture centred rural development programmed. The rationales for choosing such a strategy are based on the rural nature of most livelihoods in Ethiopia and the dominance of agriculture in the Ethiopian economy. The strategy acknowledges that the main resources of the country are land and labour

while there is a critical shortage of capital. This factor takes on further significance with 85% of the population living in the rural areas (GezahegnAyele,*et al*,2006).

Agriculture is the largest sector in the Ethiopian economy, accounting for over 50% of GDP and employing over 85% of the labour force (MEDaC, 1999). In these categories the activities which are directly link with agricultural practice. Income which is generated by doing different agricultural activities like crop production (wheat, barley, maize, sorghum, different vegetable crop production by using both rain fed and irrigation, pepper, etc) , animal production (ox fattening and raring). When we see the current practice of the enterprise, most of the enterprises participate in selected on farm income generating activities like crop production, vegetable production by using irrigation, and ox fattening

Ethiopia's crop agriculture is complex, involving substantial variation in crops grown across the country's different regions and The agro ecologies. Smallholders account for 96 percent of total area cultivated and generate the key share of total production for the main crops. Core crop season is the Meher season, with harvests between September and February (*AlemayehuS,etal*. 2017).

The majority of farmers in Ethiopia are smallholder farms, producing mostly for own consumption and generating only a small marketed surplus. Agricultural production patterns vary markedly across Ethiopia according to agro climatic conditions, in particular, widely varying rainfall and elevation in the case of Mareko wereda the climate is suitable to produce some cereal crops like maize and wheat (mareko wereda,agri.office, 2010 EC report)

Poultry production is more common in urban than in rural areas commonly high during holiday periods. The national poultry meat and eggs consumption is estimated, on an average to be 77,000 and 69,000 tons per annum respectively (ILRI, 2000). In the mid 1990s, the per capita egg and poultry meat consumption in Ethiopia was estimated at 57 eggs and about 2.85 kg, respectively (Alemu and Tadele, 1997). When we see marketing status of poultry production, two major poultry marketing channels (Kenea*et. al*. 2003), farmers directly sell to consumers (42% of all transactions), Farmers directly to small retail traders who take the chicken to large

urban markets (39.4% of the transactions). (Goutard and Magalhaes, 2006), average trader handles between 40 to 100 chickens per week.

2.1.5.2 Off- farm activities

Household in rural Ethiopia are diversifying both within agricultural and non-agricultural sectors. In addition, they are involved both in low and high return activities. It is found that households do not have equal opportunities for off-farm activities. Household that are skilled and trained are getting better wages and secured jobs (Smith , 2001).

In Ethiopia, participation into off-farm activities is increasing among rural households. According to (Rijkers et al, 2002) non-farm enterprise makes considerable contributions to rural income and approximately 25% of all households in rural Ethiopia own one or more nonfarm enterprises, however, about 2% of households exclusively rely on nonfarm enterprises. Off-farm activity in Ethiopia includes wage work and self-employment. Wage work, in turn, includes farm wage work, professional wage work (e.g. lecturers), skilled laborer (e.g. mechanics), unskilled wage work, and community work. The employers could be small and/or commercial farmers, NGOs, government organizations, urban dwellers, religious institution, and contractors. Self-employment includes milling, weaving, handicraft, trade in grain and livestock, collecting and selling firewood and selling local food and drinks. Enterprises dealing with milling, livestock and grain trade are relatively profitable. The non-farm activities in Ethiopia are almost labor intensive (WoinishetAsnake, 2010).

Participation in nonfarm activities is one of the livelihood strategies among poor rural households in many developing countries (Mduma and Wobst, 2005). Empirical research has shown that nonfarm sources contribute 40–50 percent to average rural household incomes across the developing world (World Bank, 2008). In Ethiopia, according to (Davis, 2003) and (Deininger *et al.* 2003), some 20 percent of rural income originates from nonfarm sources. In some parts of Ethiopia, off-farm or nonfarm labor income accounts for up to 35 percent of total farm household income (Woldehanna, 2000).

The rural nonfarm sector plays a critical role in promoting growth and welfare by slowing rural-urban migration, providing alternative employment for those left out of agriculture, and improving household security through diversification (Lanjouw and Lanjouw, 1999). For example, (Barrett *et al*, 2001) found that nonfarm activity typically correlates positively with income and wealth (in the form of land and livestock) in rural Africa, and thus appears to offer a pathway out of poverty, if nonfarm opportunities can be seized by the rural poor. The positive wealth–nonfarm income correlation may also suggest that those who begin poor in land and capital face an uphill battle to overcome entry barriers and steep investment requirements to participation in nonfarm activities that are capable of lifting them from poverty (Bezabihet *al*, 2010).

Some poor rural households will make a positive choice to take advantage of opportunities in the rural nonfarm economy, taking into consideration the wage differential between the two sectors and the riskiness of each type of employment. Rising incomes and opportunities off-farm, however, reduce the supply of on-farm labor. Other households are pushed into the nonfarm sector by a lack of on-farm opportunities, for example, resulting from drought or small size of land holdings (Davis 2003; Bezabih, 2010, sited).

Different studies have investigated the determinants or factors that most influence the decision to participate in nonfarm activities and the choice of activity, as well as the extent of rural household participation. For example, (Mduma and Wobet, 2005) found that education level, availability of land, and access to economic centres and credit were the most important factors in determining the number of households that participated in a particular rural local labor market and the share of labour income of total cash income. (Bezueta *al*, 2009) also looked at the activity choice in rural nonfarm employment.

They found education, gender, and land holding to be the most important determinants of activity choice. In sum, involvement in rural nonfarm activities, as a livelihood strategy among poor rural households, plays a vital role in promoting growth and welfare and offers a pathway out of poverty, if nonfarm opportunities can be seized by the rural poor. Second, both “push-and-pull” factors appear to be involved in decisions by rural households to participate in rural nonfarm activities. For example, some might be attracted by the incentives offered and labour availability (when households have more than enough labourers for their farm), whereas others might be

pushed into the nonfarm sector due to a lack of opportunities on the farm (for example, from drought or insufficient land holdings). However, little or no empirical analysis has been done on whether or not, and to what extent, participation in off-farm employment is determined by variability in climatic factors or weather conditions (Bezabihet *al*, 2010)

2.2 Empirical literature review

A study by (Mwania, 2011) on the effect of Biashara Boresha Loan (BBL) on Performance of Micro and Small enterprises owned by Kenya Commercial Bank (KCB) Ruiru branch customers with objectives to review the lending procedures of biashara boresha loan, to assess the effect of BBL on MSEs performance and to find out the challenges faced in lending to SMEs, found out that besides BBL, there are other factors believed to have an effect on business performance. It also found no conclusive results on the relationship between entrepreneurs' level of education and business performance. Of the 51% respondents who received training in their areas of business, 49.5% reported that their businesses were doing well, concluding that relevant training can produce positive results in the running of businesses.

Mwania (2011) concluded that infant businesses need support in their early years when their motivation is high and innovation is low and that collateral requirements at KCB Ruiru should be made a bit flexible and repayment period should be increased to at least a year because SMEs only manage to access a small amount of loan due to short repayment periods. 53% of BBL customers interviewed felt the process was cumbersome. Some felt that after availing all the required documentation, the turnaround time was not acceptable. 52% of the entrepreneurs utilized the loan advanced 100% for working capital and their revenue increased from previous thus boosting the business performance. 11.9% diverted the amounts advanced and they confessed as having difficulties in meeting their repayments on time. They also saw their sales turnover decrease from the previous due to the increase in operating costs brought about by the interest rates on the loans advanced. The study also found a positive correlation between BBL and entrepreneurs business performance and concluded that young businesses require more support financially to supplement their working capital.

The study (Mwania ,2011) recommended that Kenya Commercial bank had a few issues to address such as lending procedures, collateral requirements and repayment period to ensure

better customer satisfaction and that further research should be done on entrepreneur's competencies, competition, government regulations etc. our infant SMEs are not have long lasting because most of the loan repayment period is is one year. Due to this the attention of the enterprise is not focus on the future profitability, wealth accumulation, building their financial and material capacity rather their attention is paying the loan because of short repayment period. So, government or other finance providers better to give special attention for the infant SMEs because SMEs are source of entrepreneurs. The study agree with (Mwania ,2011).

Another study by (Gathitu, 2007) on Factors affecting performance of entrepreneurs in privately run secondary schools in Thika had objectives, to find out factors that entrepreneurs consider important when locating a business, to identify the resources and facilities entrepreneurs consider important for a secondary school, to determine the performance of private secondary school owned by professional teachers, to investigate whether those schools owned by professional teachers are more successful than the rest, to investigate the marketing strategies used by entrepreneurs in private schools, to investigate the problems faced by entrepreneurs in secondary schools and what entrepreneurs thought could solve these problems. The study found out that many entrepreneurs do not assess the need when locating a school, but are mainly attracted to their location by personal convenience. It also found out that marketing strategies used were wanting and that most entrepreneurs appear to have more charity like objectives than business, which explains why their enterprises are not doing well. The study recommended that the government should have a policy change to encourage more entrepreneurs to start private schools. The study notes that the government is the main beneficiary of private schools as their presence would go a long way in reducing its fiscal burden in education. The entrepreneurs should also be more aggressive in marketing their schools.

Many location decisions are based on personal preferences that could mean that a business owner will locate a business within proximity. It is important though for an entrepreneur to eliminate personal preferences that are emotional other than rational (Gichira& Dickson,1991). It is very important for a business to be near market areas in order to serve the customers. A business owner must study the market and find out who is interested in buying your service or product. Since almost all businesses need to have extra hands apart from the owner, it therefore needs to be located close to workers you need. Some areas especially the remote areas do not attract

workers. Some communities will seek development and will welcome new business ventures while others will be hostile. Where the community is hostile, the location should be avoided as it affects the business negatively (Gichira& Dickson, 1991). The study agree with (Gthitu, 2007) because during rural job opportunity creation package implementation, location is not mostly considered the participants more of them live in rural areas so they fare from market centre. So, the study rises good points essential for my study. During package implementation considering location before implementing the business besides to other essential criteria is necessary. SMEs as a business needs market access, workers/ professionals, and other supports that are essential to their business needs appropriate business location.

(Kinyua, 2014), researching on factors affecting the performance of small and medium enterprises in the Jua Kali Sector in Nakuru town, Kenya with objectives to investigate the role of finance, management skills, macro-environment factors and infrastructure on performance of small and medium-sized enterprises in the Jua Kali sector in Nakuru town. The findings indicated that; that access to finance had the potential to positively affect performance of SMEs; management skills were found to positively and significantly affect performance of SMEs; macro environment factors were found to significantly affect performance and Infrastructure did not significantly affect performance of SMEs in the study area. The study results also indicated that as number of years in operations increased the performance in SMEs increased. The study recommended that banks should improve access to finance through offering better lending terms and conditions and collateral requirements; focus on acquiring appropriate management skills such as financial, marketing and entrepreneurial skills and effectively strengthen the macro environment in order to increase SMEs performance. The study agreed with (Kinyua, 2014), the study strengthen the unemployed youth they are living in rural and urban areas of Ethiopia. The major challenge is getting credit or finance to start their business. The other one is small enterprises organized in groups are raising as a problem getting credit easily, besides to this there is knowledge gap, so they need different technical and financial literacy training and support.

(BereketTadese, 2010), researching on the role of micro and small enterprises in employment creation and income generation a survey study of Mekelle city, Tigray region, Ethiopia, with the objectives of to assess whether MSEs create employment opportunities and income increase in Mekelle city. Micro and small enterprises (MSEs) are among the major economic activities in

the Tigray region next to agriculture (MOFED, 2002). Many people in Tigray are employed and get income by working in these organizations. Besides employment and income contribution, they played a great role in economic development of the region by supplying different goods and services to the community. The author concludes in employment creation, MSEs created jobs for many individuals. The average employee of MSEs is 7.05 per MSEs in Mekelle city. Based on this average employee of MSEs, those 23,834 MSEs exist in Mekelle employee 168,029 persons. There is an increase in average employees of MSEs from year to year. The dominant type of employment in these MSEs is full time self business for owners of MSEs and full time recruited for employees of MSEs. From this it can be concluded that most of MSEs has a great role in reducing unemployment of the city.

The other investigation of the study is owners and employees get income from MSEs and use for different purposes. Most of the MSE owners (44.6 percent) annual average income of five years is between 30,001-60,000 birr and 42.2 percent of the employees get annual average income of five year from 7,201-8,400 birr. Most of the owners use income for creating new businesses. However, the employees use income primarily for household needs and this is because income of employees is very low to save or create new business. Regarding sustainability of the business, majority of MSEs are sustainable because of they are supported by the society, do not affect the environment and get demand for their product.

Obstacles or constraints are faced during the operation of MSEs in a majority of the respondents, while majority of the MSEs during startup do not faces constraints. The major constraints are financial problems and shortage of work premises work premises as mentioned by majority of respondents. This study supports the objectives of the rural job opportunity creation package because the major objective is to create sustainable work opportunity and creating economic benefits for the participants. So, the study agree with (Bereket Taddeses, 2010), findings because the focus of these study is to identify how many of enterprise participants benefited and becomes effective and how many of enterprises creates employment opportunity for rural jobless and how many of them benefited with this package.

A study by (Mugo, 2012) to investigate factors affecting women entrepreneurs' performance in Central Business District (CBD) of the city of Nairobi, had the objectives, to assess the financial accessibility, assess the effect of record keeping challenges, to establish effect of budgeting on

financial factors affecting women entrepreneurs' performance, and to establish the effect of working capital management on the women entrepreneurs' performance. The study also identifies other factors affecting performance of women entrepreneurs as, lack of entrepreneurial training and education, outdated technology on women, poor access to markets, mismanagement of resources by women, lack of management skills and fraud. The study identifies finance as the major impediment affecting performance of women entrepreneurs.

The study recommends that banks should develop a product for women entrepreneurs that are special to allow them access loans. It further recommends that government should offer business training to women and that it should have good policies in support of women entrepreneurs. The study advocates for women education through seminars to help them keep proper records which shows proper business operation, and help them assess the business margins and mark-up to weigh the rate of business returns on their own. The findings of (Mugo, 2012) will support the study because participating and empowering females and women's in political, economic, social and other activities of the country Ethiopia is issues and essential. The rural job opportunity creation package also gives a great attention for considering females participation during participant selection.

A study by (Arega S. *et al*, 2016) investigates growth of micro and small enterprises in Addis Ababa city administration: A Study on Selected Micro and Small Enterprise in Bole Sub City. The main objective of this study was to investigate the factors that affect growth of Micro and Small Enterprises (MSEs) in Addis Ababa City. The study tested impact of availability of technical and business management training for owners, the size of initial investment, the output of Micro and Small Enterprises (MSEs) as product versus rendering service, working in cooperatives versus working without cooperative on growth of Micro and Small Enterprises (MSEs) in Bole Sub City of Addis Ababa City Administration.

The result shows that respondents who attended technical or business management training showed better growth than those who did not attend. In connection to this, training was provided to 2,174,290 business operators on business management and technical skills throughout the country which is 73% of the GTP target to enhance the growth of micro and small enterprises (GTP annual progress report, 2013). However, majority of the respondents believe they did not get sufficient access to training.

On the other hand, results also reveal, MSEs that comes to business with higher initial investment shows better growth than those MSEs that started business with lower initial investment. Previous researches in the country made the same conclusion, finance as one of the main factors that affect starting, success, performance and growth of MSEs (Habtamu, 2007; Admasu, 2012; Berhane, 2011 and Mulugeta, 2011).MSEs do not have enough access to loan to start and they need to have pre- credit compulsory saving before acquiring business loan. Supporting this, the major source of startup finance and working capital is own saving, family and friends followed by microfinance and ‘equb’ (Selamawit, Aregawi&Nigus, 2014).

In addition, as per multivariate analysis of the study, MSEs engaged on the service sector are growing more than MSEs in the other sectors. In 2012/13 the respective shares of agriculture, industry and service sectors in the GDP stood at 43%, 12% and 45%. The share of the service sector to GDP increased from 38% to 45% in the past 10 years while the share of agricultural declined from 52%t to 43% in the same period (UNDP, 2014).

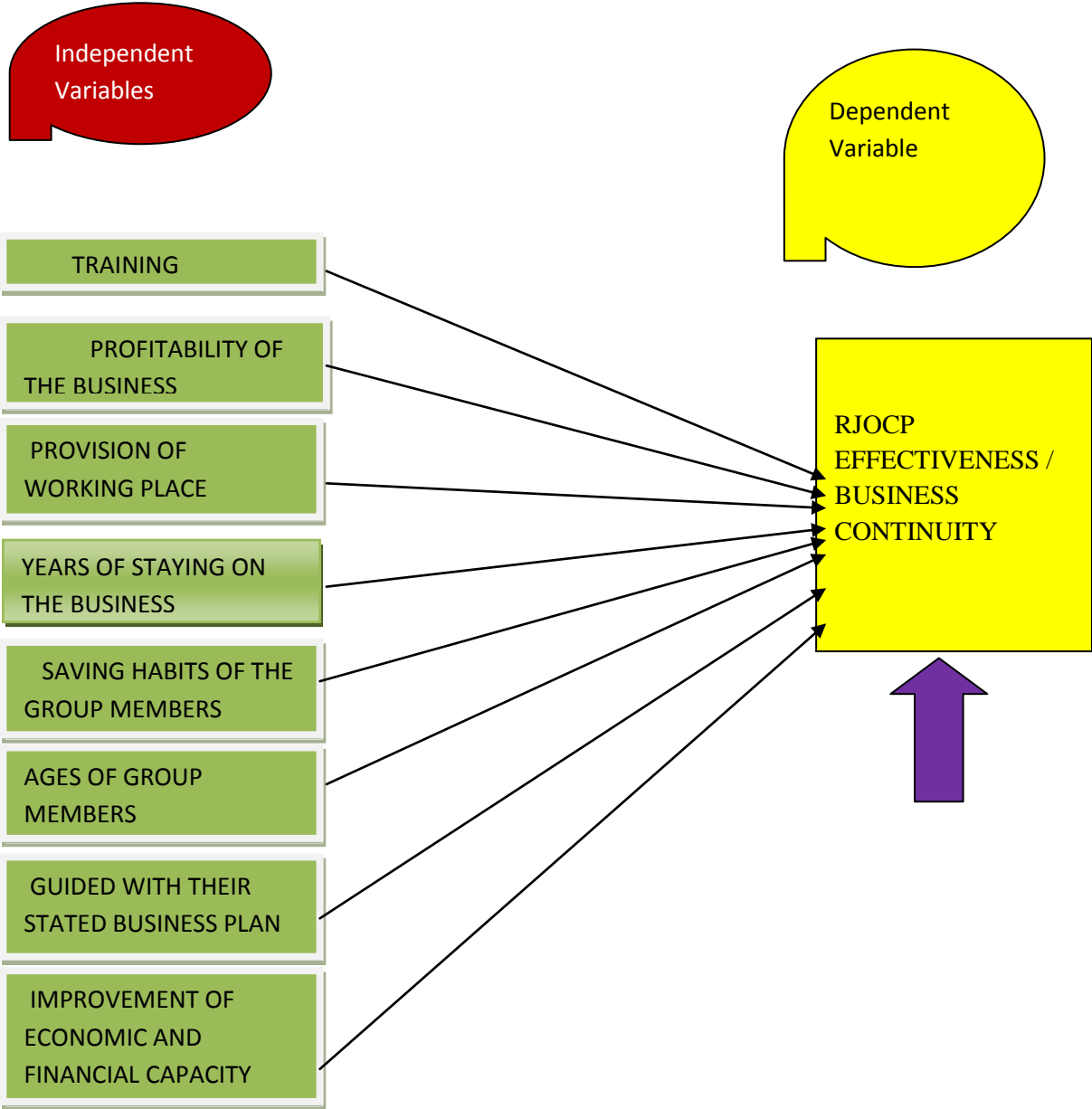
Regarding, MSEs in cooperative form or non- cooperative form, those in non- cooperative form shows better growth than those working in cooperative. This is in agreement with the current government practice that MSEs in cooperatives form are encouraged to stay in business only until they acquire starting capital for their business, and then they are encouraged to establish the other types of MSEs which include, Sole proprietorship, PLC or partnership.

The study agrees with the findings of study by (Arega S. et al, 2016). The authors finding result is supporting enterprises by providing technical and financial management or literacy training to become enterprises profitability or effectiveness. The major supports provided by department of rural job opportunity creation was continuous providing technical and financial literacy training is major tasks of the department. So, this study supports the ideas of training for the success of enterprises effectiveness.

2.3 Conceptual Frame work

The main objectives of the rural job opportunity creation packages was creating their own sustainable and continuous business for the selected participants or enterprises and decreasing unemployment. In order to achieve their goals there are different activities have to be done like identifying profitable business, selecting volunteer participants, accessing credit access, provision of working place, providing different technical trainings, linking with input supplier, creating value chain and continuous follow up are the major activities to support the participants and ways to achieve the goal. The study was identified variables which affect each others like dependent and independent variables. In this study package effectiveness was represented by business continuity has been affected by profitability of the business, improvements of participant's economical and operational capacity, following their business plan, saving habits of the enterprises member, ages of participants, years of staying on the business, training, provision of working place. So, the package effectiveness depends on the above mentioned independent variables. Therefore, effectiveness of the package or continuity of the business was dependent variable and others are independent variables. The study evaluates how much contribute each independent variables on increment the dependent variable which is effectiveness or continuity of the business. The conceptual frame work of the study was presented graphically below.

Fig.1. conceptual frame work of the study



Source: - own 2019

2.4. Identified literature gap

A lot of research has been carried out locally and internationally reviewing small and micro enterprises. Most of these research concentrate on businesses in the cities and urban centres. They also concentrate on their study areas based on their own objectives. There is scarcity of literature touching on the rural enterprise like rural job opportunity creation package. Therefore, the study were more build on the local literature on assessing effectiveness of the package, there is no any research which is done on the rural job opportunity creation package, there no enough written material source. Similar studies have focused on the factors that affect performance of SME traders at cities and town level but this study was concentrated on what affects their continuity or effectiveness of the selected enterprise at rural level. The impact of access to business information, access to finance and availability of managerial experience are yet to be researched as a single intervention in a rural setting. This study concentrated mainly on the effectiveness of the package outside the urban and the cities. The packages participants are local peoples are living rural areas of Ethiopia at SNN in Gurage zone Mareko wereda. The scarce availability of reliable and valid data continues to be one of the key obstacles in rural Ethiopia.

CHAPTER THREE

The chapter consisted how data of the study has been gathered, about the study area, research approach and design, sampling techniques and sample size, type and source of data, data collection procedure, method of data analysis and presentation, validity and reliability test were briefly discussed in the chapter below.

3. Research Methodology

3.1. Description of the Study Area

The research was conducted at S/N/N/P/ Regional State, Gurege zone Mareko woredas; about 184 km west of the capital city, Addis Ababa and 140 km from Hawassa. The woreda has a total area of 32750 ha. The woreda altitude ranges from 1820 to 2020 meter above sea level, mean annual rain fall ranges from 750 to 950 mm and the temperature is 10 -27⁰c. The woreda has 25 rural kebele administrations and 1 urban kebele administration totally the woreda has to be organized in 26 kebeles. The total populations of the wereda are 81892 among them 1926 are jobless or un employed most of the wereda populations are farmers their life was depends on agriculture, some of them were participated in off farm activities peoples who are living in urban rural area. Road networking between PAs connected which makes access to any part of woreda to using transportation. Intensive agricultural production system is practiced in the woreda. 80% of the woreda topography is gentle slope (flat) and the remaining is hilly, soil type is silt loam. The farmers cultivate cereals principally maize, wheat, teff vegetables (onion) and green pepper, while livestock mainly cattle, sheep, goat, donkey and horse are kept. The dominant food crops are maize, wheat and teff, while the cash crops are onion and pepper. Because of the nature of low and uneven distribution of rain fall, the wereda was classified as chronically food in secured. Average farm size is estimated at 1.38ha and oxen are used for cultivation.

3.2 Research Approach and Design

The research was conducted by using both qualitative and quantitative approach. The study was adopted explanatory type of research. All the required data was collected by developing questionnaires and observation of the target group. Qualitative nature of the questionnaires was more concerned with subjective assessment of attitudes, opinions and behaviour of the targeted enterprise participants. The study used Sample of population to determine its characteristics like, depth interviews with group members and representatives of an enterprise and focus group discussion was used during major challenge identification.

Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). The study was involved field survey where goes to the population to ask certain issues about the problem under the study. The research design was a survey conducted on a sample of selected enterprises within the Mareko wereda rural job opportunity creation package.

3.3 Sampling Techniques

Different sampling methods used to select sample enterprises. In the first stage, the kebeles (peasant associations) in woreda are listed based on their agro ecological zone like similarities of agricultural practice, similarity of weather condition, livelihood and topography, grouped/stratified into four clusters. In the second stage, 3 kebeles in each cluster which is 12 kebele were selected by using quota and systematic random sampling. Then the selected kebeles list their all enterprises and selected 12 enterprises in each selected kebeles enterprises by using systematic random sampling system. If the sample kebeles above 12 kebeles I can't cover all selected because of lack of access to transport and lack of logistic and if less than 12 kebeles the sample size may not represent all the woredas. From the total 485 enterprise 144 sample enterprises were selected. The study also applied a simplified formula provided by Yamane (1967), to determine the required sample size at 93 % confidence coefficient, and level of precision = 7% (0.07).

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

n= the sample size

N= the size of population

e= the error of 7 percentage points

$$\text{Sample size(n)} = N / 1 + (N \times e^2) = 485 / 1 + (485 \times (0.07)^2) = 485 / 3.3765 = 143.63 \approx 144$$

Finally frame (complete village enterprises lists) was obtained from each kebele's administrative office and wereda youth and sport office.

3.4 Data Source and Type

The study used both primary and secondary data's, which was qualitative and quantitative in nature. Primary data was collected from sampled youth enterprises by using structured interview with selected enterprises by using prepared questionnaires and focus group discussion with stake holders. Secondary data was obtained from mareko wereda youth and sport office like previous computer recorded, enterprises list data's, previous prepared business plans and saving status of the selected enterprises was used.

3.5. Data Collection Procedure

Before starting to collect the detail data, first target groups was carefully identified. Then essential general information was collected at wereda youth and sport office and at field / kebele level about the participants who are benefited/ participated in the package enterprise. Then focus groups were selected at wereda level they are group of individuals represented in each sectors food security, youth and sport, omo microfinance, wereda worker and social, women's and children, wereda rural job creation office, wereda administration, total 7 stake holders represented their representatives and deeply discussed about what are the major challenges to implement the package? After discussion, the participants identified key challenges to implement the package. Next to this by preparing questionnaire depends on the objectives of the study, clearly awared about the questionnaires for the field workers of the rural youth job opportunity creation office. Depends on the selected kebele 12 field workers all of them are first degree holders was selected and discussed with them openly and distributed and filled the

questionnaires with them. During data collections the selected groups representatives or enterprise members were freely participated in the interview. Finally, after` collecting all the essential information, the collected data's was coded, organized, analyzed and interpreted the final result.

3.6. Method of Data Analysis and Presentation

After collecting all the necessary data's and information in the above mentioned techniques and procedure, the collected data was summarized in excel and then analyzed by using SPSS and STATA soft ware. In this research explanatory type of research were used to analyze the data collected from sample enterprises. After computing the descriptive statistics, binary logistic regression model used to identify the contribution of independent variables on dependent variable. According to this statistical methods, use both qualitative and quantitative categorical types of data's was analyzed using percentage and frequency. In general in order to analyze the data descriptive statistics mainly frequency, percentage, mean and standard deviation by using tabulation and non parametric test will be used through the help of SPSS soft ware and to analyze explanatory part the study used both dummy and continuous variables analyzed by STATA version 13.

Model Specifications

Both probit and logit analysis are well-established approaches in the literature to estimate dummy dependent variables (Feder, and Zilberman, 1985).The cumulative probability functions of the probit and logit models are quite similar, so they usually generate predicted probabilities that are almost identical. Logit, however, has the advantage that these predicted probabilities can be arrived at by hand calculator. Further, when there are many observations at the extremes of the distribution then logit is preferred over probit (Liao, 1994). Also, Sharma (Sharma,1997) reported that the logit model is computationally easier to use than the other type.

The study was applied logit model to assist in estimating the probability of contribution of independent variables over effectiveness or continuity of the business

Specification of the logit Model

The logit model was applied in this study to estimation of propensity scores. According to Gujarati (Gujarati, 1995), the functional form of the logit model is presented as follows:

$$P_i = E(Y_i/X_i) = \frac{1}{1 + e^{-(\beta_0 + \beta_1 X_i)}} \dots \dots \dots (1)$$

$$P_i = E(Y_i/X_i) = \frac{1}{1 + e^{-Z_i}} \dots \dots \dots (2)$$

Where P_i is a probability that a i^{th} group continuity of the business and ranges from 0 to 1; Z_i is a functional form of m explanatory variables (X) which is expressed as:

$$Z_i = \beta_0 + \sum_{i=1}^m \beta_i, 1, 2, 3, \dots, m \dots \dots \dots (3)$$

Where; β_0 is the intercept and β_i are the slope parameters in the model. The slope tells how the log-odds in favour of a given continuity of the business change as independent variables change. If P_i is the probability of the continuity of the business, then $1 - P_i$ indicates the probability that a given business is not continuously run, which can be given as:

$$1 - P_i = \frac{1}{1 + e^{Z_i}} \dots \dots \dots (4)$$

$$e^{Z_i} = \frac{P_i}{1 - P_i} = \frac{1 + e^{Z_i}}{1 + e^{-Z_i}} \dots \dots \dots (5)$$

Equation (5) indicates the odds ratio in favor/in terms of a given group business is continually run. It is the ratio of the probability that a given group business is run to not continually run business. Lastly, the logit model is obtained by taking the natural logarithm of equation (5) as follows:

$$L_i = \ln\left(\frac{P_i}{1 - P_i}\right) = \beta_0 + \beta_1 X_i \dots \dots \dots (6)$$

Where; P_i =the probability that $Y=1$ (that a given group business is run); $1 - P_i$ =the probability that $Y=0$ (thata given group business isnot continually run);

L=the natural log of the odds ratio or logit;

β_i =the slope, measures the change in L (logit) for a unit change in explanatory variables (X);

β_0 =the intercept. It is the value of the log odd ratio; $\pi/(1+\pi)$ when X or explanatory variable is zero. Thus, if the stochastic disturbance term (U_i) is taken into consideration the logit model becomes

$$L_i = \beta_0 + \beta_i X_i + u_i \dots \dots \dots (7)$$

Definitions of the Variables

- 1. Effectiveness or business continuity:**-is dependent variable, data's has collected by using dummy variables (yes or no). in order to achieve the goal of the package, keeping continuity of the business is essential because the aim of the package is creating sustainable and continuous business and decreasing unemployment means the participants become self employed, due to this the enterprise participants should do their business continuously to out of themselves from unemployed categories. The study identified from the target enterprise how many of them effective or continuously do their business and after that the study was tested which independent variables has probability contribute to become those enterprises effective by using the above model.
- 2. Profitability of the business:**-data's was collected by using dummy variable (yes or no). The income generating activities which is preferred by the participant are profitable business or not, is the business fit with their environment, is it practicable, can the business generate profit, has the business good market, is there inputs around and so on finally are participants profitable with the selected business?, all those will considered during concluding is the identified business profitable or not? After that the study was assessed the contribution of business profitability on those effective businesses or business continuity.
- 3. Improve economic and financial capacity:** - the data's collected by using dummy variable (yes or no).The focus of the package was create or improving economic capacity of the participants. The study was assessed the economic capacity of participants relative to the initial capacity. The study also consider is there any economic and financial

capacity after participating the package? Then the study tested the contribution of this variable on those effective or continuously do their business.

- 4. Training is dummy:** - the wereda RJOCP department provides training and support for the package participants to achieve their goals. The study focused how many of the package participants gain business related training and how many of them not. From this the contribution of training on that effective business continuity was tested. Data was collected as Participants gain technical training yes (1) not (0)
- 5. Provision of working place :-**the study was identified among those package participants how many of enterprises get accessed or provided working place with support of wereda department and tested the probability to contribute for those effectiveness enterprises. Data was collected as participants gain working place yes (1) otherwise no (0). So, the variable used dummy variables.
- 6. Ages of group participants:-**the data was collected by using continuous variable. Among the selected enterprise the study will identify the average age of the group participants and tested how much contribution this variables for those effective business.
- 7. Years of staying on the business:-**the study will identify each of selected enterprises with their years of established. After that the study will test probabilities of contribution over those effective or continuously do their business (continuous variable)
- 8. Saving habits of the group participants:-**the study was investigated the saving practice of the targeted enterprise. Data's was collected by grouping enterprises bad saving habit saving amount below 10000 ETB (0) and current saving amount above 10001 ETB good saving habit (1), so, the study will use dummy variable. Then the study was tested effect of this variable for those identified effective enterprise or their business continuity.
- 9. Follow or guided with their business plan:-**the study was identified how many of targeted enterprises are guided with their initially stated business plan. Data's was collected by observing their initial business plan and current status of the enterprises. Data's was collected if the enterprise follow their stated plan yes (1) and otherwise no (0) so, type of variables was dummy. Then the study was tested achieving stated task had contribute for the effective or continuity of the business

Correlation among Variables

Correlation refers to synonym for association or the relationship between variables. Higher correlation value indicates stronger relationship between both sets of data (Coetzee, 2003). In positively correlated variables, the value increases or decreases in tandem. Brooks (2008), Correlation between two variables measures the degree of linear association between them. To find the association of the independent variables with the dependent, correlation coefficient was used. Values of the correlation coefficient are always ranged between ± 1 . A correlation coefficient of $+1$ indicates that a perfect positive association between the two variables, while a correlation coefficient of -1 indicates that a perfect negative association between the two variables. A correlation coefficient of zero on the other hand, indicates that there is no linear relationship between the two variables. The table below indicates the correlation coefficients for the relationship between dependent and independent variables have strong correlations (see annex 3).

Interitem correlations (reverse applied) (obs=144 in all pairs)

	CON	PRO	CAP	Age	Year	saving	BP	Training	WPlace
CON	1.0000								
PRO	0.6010	1.0000							
CAP	0.6021	0.9150	1.0000						
Age	0.1603	0.1738	0.1624	1.0000					
Year	0.1228	0.1160	0.1118	0.0086	1.000				
Saving	0.4997	0.6179	0.5383	0.0594	0.0789	1.0000			
BP	0.6585	0.8831	0.8283	0.1604	0.1552	0.5885	1.0000		
Train	0.5333	0.4149	0.3419	0.1683	0.1235	0.3056	0.4456	1.0000	
WPlace	0.3401	0.3619	0.3578	0.1347	-0.1322	0.2485	0.3290	0.2162	1.0000

3.7. Validity and Reliability Test

In order to ensure the research findings becomes a true reflection of reality, validity and reliability test has been done. In order to increase the truthfulness and accuracy of these findings, after completing the thesis proposal questionnaires has been prepared based on the objectives of the thesis. The questionnaires contain all the necessary information's to gather all the required data which is used to interpret and analyze the findings. In order to improve the validity of the data, before distributing the questionnaires to the selected participants, the questioner has been checked by experts and colleague and the result was the same in both linear regression and logit model.

Cronbaches alpha measure was used to assess the reliability of internal consistency of asset of scale or test items. In other words, the reliability of any given measurement refers to the extent to which it is consistent measure of a concept, and cronbach' alpha is one way of measuring that consistency (Torres, 2007). Cronbache's alpha is computed by correlating the score for each scale item with the total scale for each observation (usually individual survey respondents or test takers), and then comparing that to the variance for all individual items scores. So to increase the reliability or make more consistence must standardized and the total result of reliability of data was 82% which is very good that explains the more internal consistencies as well as the reliability measurement. A coefficient of 0.70 or more implies that there is a high degree of data reliability, so the reliability test of the model was 0.82 (see annex 3).

Table 3.1. Reliability test result

No	Variables	Items reliability(Cronbach's Alpha)	No of obs
1	Profitability of the business	0.767	144
2	Improvements of economic and financial capacity	0.773	144
3	Training	0.808	144
4	Provision of working place	0.824	144
5	Ages of group participants	0.842	144
6	Years of staying on the business	0.850	144
7	Saving habits of group participants	0.799	144
8	Guided with their business plan	0.767	144

CHAPTER FOUR

Data Presentation, Data Analysis and Discussion

Introduction

This part was mainly concerned with the description and interpretation of the findings. The analyses were conducted as to assess the effectiveness of targeted enterprises. Descriptive statistics analysis made use of tools such as mean, percentage, frequency and standard deviation. Logit model is used to assess probability of contribution of independent variables to increase effectiveness or business continuity of the selected enterprise. Questionnaires were administered to 144 enterprises representatives and 144 respondents or representatives returned the questionnaires. This translated to a response rate of 100 %. The high response rate was attributed to the fact that before distributing the questionnaires in each selected kebele 1 degree holder total 12 degree holders were well trained to making it easy for the respondents to fill in the questionnaires. Furthermore, the questionnaires were delivered and collected by hand and hence there was a close contact and follow-up with the respondents.

4.1. Demographic profile of sampled enterprises

In this subtitle, the study presents all necessary information about the targeted enterprise was summarized below.

Table :-4.1.1 categories of Sampled enterprises in years of establishment

no	Years of established	No stay on the business	frequency	percent
1	2013 G.C	5	14	9.72
2	2014G.C	4	15	10.41
3	2015 G.C	3	30	20.83
4	2016G.C	2	68	47.22
5	2017G.C	1	17	11.80
	Total		144	99.98

Source: Own survey data (2019)

From the result majority of sampled enterprises that are 47.22% are organized in 2009 E.C that means those sample enterprises has 2 years experience in their selected business and the result also indicates more enterprises were able to participate that year relative to other fiscal year. In the other hand the result shows small number of enterprises were participated in the year 2006 E.C which is 9.72%, means the sample enterprises were start their business around 5 years ago, and have 5year work experience. The learning model also has implications about the relationships between growth rates and firm size and age. On average older firms grow more slowly than younger ones. With respect to firm size, bigger firms grow more slowly controlling for firm age. The result indicates majority of the sampled enterprises was young it may contribute for improvements of economic capacity and also their business continuity.

Table :- 4.1.2Categories of sampled enterprises in terms of their income generating activities

no	Types of IGAs	Number of enterprises	percentage
1	Fattening (oxen)	48	33.33
2	Irrigation	42	29.16
3	Crop production	32	22.22
4	Poultry production	13	9.02
5	Small trade	2	1.39
6	Sheep and goat fattening	3	2.08
7	Dairy production	4	2.78
	Total	144	100

Source: Own survey data (2019)

The sample enterprises engaged themselves to the rural job opportunity creation package by identifying and selecting income generating activities which is suitable for their environment, market conditions, initial capacity to do the business, and experience of the group members of the package enterprise, selecting appropriate and profitable business or income generating activities were the common practices of the package. The result shows majority of the enterprises

33.33 % was participated by selecting fattening, then 29.16 % irrigation because of to produce three times or twice per year. Thirdly 22.22 % of the selected enterprise selects crop production, fourthly poultry production 9.02% then dairy production, sheep and goat fattening and small trade were selected and practiced from the sampled enterprise. The study indicates majority (98.6 %) of package participants practiced on-farm activities and only 1.39% of participants practiced non-farm activities. So, there is still dependency on agricultural activities.

Table :- 4.1.3 Educational status of sampled enterprises group member

no	Educational status	Number of participants	percentage
1	Illiterate	44	5.89
2	1-8 th	576	77.00
3	9 – 12 th	126	16.84
4	Diploma	2	0.27
	Total	748	100

Source: Own survey data (2019)

The result shows the educational status of the selected enterprise group members were stated as among the total number of group member 748, majority of the participants which is 77.00% were categorized under literate from grade 1-8th grade, 16.84% from grade 9th -12th , only 5.89% of participants were categorized under illiterate, 0.27% of participants were higher level of education. From this, the result indicates majority of the package participants are literate and elementary schools and some of them are high school graduates. Education helps entrepreneurs to make good judgments, best use of information, exploit opportunities well leading to firm growth and success. Study conducted by Goedhuys and Sleuwagen (2000), argue that higher education not only raises enterprise performance, but also increases outside options such as wage employment. so, the participants need close follow up and continuous training because of their less educational status and to improve their awareness.

Table:- 4.1.4 Categories of participants on their average age

No	No of enterprises	Average ages of participants	percentage
1	42	28	29.16
2	13	25	9
3	1	22	.69
4	8	24	5.55
5	23	26	15.97
6	25	27	17.36
7	17	29	11.80
8	7	30	4.86
9	4	31	2.77
10	4	32	2.77
Total	144		100

Source: Own survey data (2019)

The result of the table indicate from the total participant 42 (29.16%) of enterprise participants was an average age of 28, 13 (9 %) of the participant at average age of 25, 1 (.69 %) age of 22, 8 (5.55 %) participants age of 24, 23 (15.97%) 26 average age, 25 (17.36%) of participants are 27 average age, 17 (11.80 %) are 29 average age, 7 (4.86%) are 30 average age, 4 (2.77%) of participants are av.age of 31 and 4 (2.77%) are average age of 32. The result indicates almost all of package participants was young age and categorized under youth categories, so they are potential to do their activities. Older individuals are seen as less productive in particular in firms with a higher proportion of senior workers (Remery et al. 2003)

Table :-4.1.5 categories of participants in gender

no	Gender	Number of group members	percent
1	Male	564	75.40
2	Female	184	24.60
	Total	748	100

Source: Own survey data (2019)

The table shows categories of genders participation in the sampled enterprise. According to this result 75.40 % of participants were male and the remaining 24.60% female. According to this result the participation of female is three times less than that of male or the participation of male was three times greater than females. Gender equality is smart economics; it can have large impacts on productivity. Women now represent more than 40 per cent of the global labour force, 43 per cent of the agricultural workforce, and more than half of the world's university students. For an economy to be functioning at its potential, women's skills and talents should be engaged in activities that make the best use of those abilities (World Bank, 2012).The study indicates there is no gender inequality or the package during participant selection there is no or less attention for gender equality because the result clearly shows small numbers of women's were participated in the sampled enterprises.

Table :- 4.1.6 Amount of credit consumed by sampled enterprises

No	Amount of credit (in ETB)	Frequency	Percentage
1	5000 – 20,000 Birr	3	2.08
2	20,001 – 50,000	106	73.61
3	50,001 – 100,000	32	22.22
4	Above 100,000 Birr	3	2.08
	Total		99.99

Source: Own survey data (2019)

The result shows amount of credit to start their selected business initially. According to the result, almost all of the participants 73.61% get credit from 20,001 – 50,000 birr, 22.22% from 50,001 – 100,000 birr, and 2.08% of participant get credit 5000 – 20000 birr and above 100,000 birr. The result indicates amount of credit is not fixed it is depends on participants interest and business plan. MSEs that comes to business with higher initial investment shows better growth than those MSEs that started business with lower initial investment (Arega S.et al.2016).

Table 4.1.7Support provided by woreda department for the sampled enterprise

No	Types of support	No of enterprise	percentage	Total
1	Credit access	144	100	144
2	Technical training	99	68.75	144
3	Provision of working place	35	24.3	144

Source: Own survey data (2019)

The table indicates almost all of the package participants initially start their business with credit means from the result the wereda provides credit that is 100% of participant enterprises take credit. (Mbugua Stephen K. *et al.* 2016) concludes on their findings that access to finance exposes businesses in Limuru Town Market to better opportunities to a great extent while it also leads to improved business performance to a great extent. The other one is technical training, from the total 99 (68.75%) participants gain training related to their selected business, which indicates before starting their business the wereda provides training and support; the result shows majority of the participant gain training it improves business continuity of the package. (Arega S. et al .2016) concludes on their study that respondents who attended technical or business management training showed better growth than those who did not attend. From the total participant only 35 (24.3%) enterprises gain working place to do their selected business, which means most of the participants do not get this service.

Table 4.1.8Enterprises saving habits

No	Amount of saving (Birr)	Total enterpris es	frequ ency	Percent	Status
1	Below 1000	144	14	9.72 %	Bad
1	1000-10,000	144	62	43.05 %	Poor
2	10,001-20,000	144	45	31.25 %	Good
3	20,001-30,000	144	10	6.94	V .good
4	Above 30,001	144	13	9.03	Excellent

Source: Own survey data (2019)

The result indicates the packages participants saving habit and status of sample enterprises. According to the result 43.05% of participant save on their saving account from 1000 – 10,000 birr with the status of poor, 31.25% of selected enterprise save from 10,001 – 20,000 birr with status of good, 9.72% enterprises save below 1000 birr bad status, 9.03% of participants enterprises save on their account book above 30,000 birr with excellent status, and 6.94% save from 20,001 – 30,000 birr with v.good status. From the result, 54 (37.5%) of participants has good saving habit they able to save above 1001ETB and the remaining 90 (62.5%) of participants has their saving amount on each account has below 1000 ETB. In general the result indicates majority of the package enterprise participants were poor saving status and saving habits.(Agrawal et al., 2010) brings on their research, low level of domestic savings is said to be one of the reasons for slow and stagnant economic growth in the developing countries. So, poor saving habit/ practices may force the participant’s stops to run their business means affects the effectiveness/ continuity of their business.

4.2. Factors contribute for the effectiveness/ continuity of business enterprises under RJOCP.

The table shows the participants were asked whether they do their business continuously without withdrawing from their selected business or not. The result shows 56.94% (82) participants were

continuously do their business from the starting up to now and the remaining 43.06% (62) participants stop their business means currently they are not at work due to different factors. In general majority of the respondent continuously do their business

Table 4.2.1 Are you continuously do your business from the starting up to now?

No	Response	Frequency	Percentage
1	Yes	82	56.94
2	No	62	43.06
	Total	144	100

Source: Own survey data (2019)

4.2.1 Logistic Regression Model Result Analysis

This section focuses on the results from the econometric analysis from the logit model. This study used logit model to identify the contributing factors for effectiveness of rural job opportunity creation and the effectiveness of the business is represented by the continuity of the business and continuity of the business is the dependent variable.

But before estimation was done, data exploration is an important step. To start with, to check whether multicollinearity is present or not a simple correlation coefficient matrix was conveyed. Gujarati (2005) establishes a rule of thumb, which says that multi collinearity is a serious problem when the correlation coefficient is 0.8 or above. Thus, though correlation is present, multicollinearity is not a serious problem in our data. (Annex 3)

To test the significance of the logit model; the log-likelihood ratio test, the pseudo-R² are used. The computation result for pseudo R² is 0.49 this results show that the models are statistically acceptable as 41% of the variation is explained in the logit model (table 4.13). For the Wald test, the calculated wald chi² (8) is 41.8 The chi-square test shows that the model is significant at 1 percent level of significance showing that the overall model is a good fit and p value is too small, Prob> chi² = 0.00. Hence, our data fits the logit model very well. (See table 4.13)

In most econometric data particularly in cross-sectional data, we are more likely to encounter heteroscedasticity problem. Since our data is cross sectional by its nature we are likely to encounter with the problem of heteroscedasticity. One of the important methods used to test the existence of heteroscedasticity in both logit and probit model is the log-likelihood ratio (LR) tests show the existence of Heteroscedasticity problems. (see Annex 3). This test shows that the null hypothesis of homoscedasticity is rejected, i.e. heteroscedasticity is the problem for the model. To correct these problem robust standard errors can be estimated. The coefficients of the bivariate logit model only give the significance and the direction of the effects of each explanatory variable on effectiveness. The marginal effects indicate that the probability that respondents accept or reject the offered bid due to a unit change in continuous explanatory variables and a change of dummy variables from 0 to 1, for discrete variables (Greene, 2003). Both the coefficients and marginal effects of the logit of the general model with all covariates without constrained model are presented in below table:

Cronbach's alpha is a measure used to assess the reliability of internal consistency of asset of scale or test items. In other words, the reliability of any given measurement refers to the extent to which it is consistent measure of a concept, and cronbach' alpha is one way of measuring that consistency (Torres, 2007).

Cronbach's alpha is computed by correlating the score for each scale item with the total scale for each observation (usually individual survey respondents or test takers), and then comparing that to the variance for all individual items scores. So to increase the reliability or make more consistence must standardized and the total result was 82% reliability which is very good that explains the more internal consistencies as.

business that is not profitable cannot survive and Conversely, a business that is highly profitable has the ability to reward its owners with a large return on their investment

Capacity building

Those participants' able to build economic and financial capacity or participants able to create additional asset run their business continuously more than not build economic capacity. Participants able to build additional economic capacity supports increase the probability for the continuity of the business by 55% other things remain constant. The variable is statically significant at 5% level of significance.

Saving habit of the groups

Groups that have good saving habit there business are more effective than business that have less saving habit. Businesses those have saving habit increase the probability for continuity of the business by 33% and other factors remaining constant. The variable is statically significant at 5% level of significant. Similar findings like (Agrawal et al., 2010) brings on their research, low level of domestic savings is said to be one of the reasons for slow and stagnant economic growth in the developing countries.

Training on the business

Groups' received training on the business have positive contribution for the continuity (effectiveness) of the business. Being trained on the business increase the probability of the continuity (effectiveness) of the business by 52% other factors remaining constant. And this is statically significant at 1% level of significance. The result supported by A study by (Mwania, 2011) Of the 51% respondents who received training in their areas of business, 49.5% reported that their businesses were doing well, concluding that relevant training can produce positive results in the running of businesses

Guided with business plan

Groups properly applied what their business plan said, and followed their plans are more likely continuously run their business than groups not followed their business plan. Groups achieved their business plan increases the probability of continuity of the business by 46% and other

factors remain constant. And the variable is statically significant at 5% level of significance. ASIS International Business Continuity Management Survey (2006) showed that, less than fifty percent (50%) of UK organizations have business continuity plan in place and Swartz (2003) revealed that only twenty percent (20%) of businesses have a plan which they believe will be effective in the event of an emergency.

Provision of working place

Enterprises received working place from the wereda service providers, has positively contributes for their business continuity. Being received working place, increase the probability of effectiveness or continuity of the business by 23.1% other factors remain constant. It was statistically significant at 10% level of significance. The findings strengthen by the result Mboniyane & Ladzani (2011) found that small businesses select a site without first thoroughly analysing the suitability of location and the study concludes that most of the micro-enterprises are failing owing to a lack of space provided by the government and the various shortcomings of the small business owner's regarding their businesses. Olawale&Garwe (2010) concludes on their study, that poor location has a negative impact of the performance of micro and small enterprises.

4.3 Profitability of business enterprise started under rural job opportunity creation package

The response of the selected enterprise focuses on the profitability means during operating their business the respondent were asked are they profitable relative to their sated business plan?. The result shows among 144 selected enterprise, 88 (61.11%) of enterprises are becomes profitable. The remaining 56 (38.89%) of the respondent are not profitable or are not able to achieve their plan due to different factors. In general most of the respondent becomes profitable means the result indicates most of the package participants are profitable on their selected business.

Table 4.3.1 Are you profitable on your business or not?

No	Question	Response	Frequency	Percentage
1	Are you profitable on your business?	Yes	88	61.11
2		No	56	38.89
		Total	144	100

Source: Own survey data (2019)

Table 4.3.2 How that profitable enterprise becomes profitable on their business?

In the table below shows from the total 144 enterprise, the study were selected only the profitable enterprises and shows what practices mainly supports to their profitability.

No	Factors that support business profitability	strongly support	moderately support	low support	no support	Total	Mean	S.D	Rank	
1	Appropriate IGAs selection	60	26	2	0	88	3.66	0.52	3	1st
2	Suitable market access	22	39	27	0	88	2.94	0.74	8	4th
3	Using value chain	11	27	24	26	88	2.26	1.02	3	5th
4	product promotion	6	33	20	29	88	2.18	0.97	7	6th
5	Availability of input access	42	38	6	2	88	3.36	0.71	4	3rd
6	Decreasing unnecessary cost	54	28	6	0	88	3.55	0.62	3	2nd

Source: Own survey data (2019). SPSS result

The profitable enterprises asked from the above listed factors rank the activities depends on their level of support to become their business profitable. The result shows during business operation, appropriate and carefully income generating activity selection was primarily selected by the participants and all respondent agreed with care full IGAs selection has highly contribution for our business profitable with 3.66 Mean and 0.523 SD, next decreasing unnecessary cost means covering minor costs by group participants rather than to pay for other labour, were agreed by the respondent secondly contribute for our business profitability with 3.55 Mean and .623 SD, followed availability of input access 3.36 Mean and .714 SD, suitable market access 2.94 Mean and 0.748 SD, using value chain for our product 2.26 Mean and 1.023 SD, product promotion with Mean 2.18 and 0.977 SD. All those factors support to our business to become profitable means we are profitable due to practicing the above activities and the degree of the activity to support our business were stated in rank depends on their contribution. Different previous studies were supported for this result like:- Norma MdSaad (2011) resulted on their findings, In addition to providing micro-credit to the poor, it is crucial that AIM provide relevant training to its members to impart proper skills and knowledge necessary to be involved in high-income generating activity selection for their profitability. The other study strengthen the result, Lawal Babatunde Akeem(2017) concludes on their study, For an organization to ensure more profit growth by producing quality goods and services with available resources on the ground there is a need to control cost and reduce cost to the acceptable limit a regards to control and reduction on wastage and loss.

4.4 Effectiveness of business enterprise in improving their initial operational capacity

The respondent asked to answer how was your economic and financial capacity relative to their initial capacity and current status of their economic capacity. The result of study indicates from the total 84 (58.33%) of respondent improve their financial and economic capacity after participating in the package. The remaining 60 (41.67%) of respondents does not create any additional asset, they are not improve their economic and financial capacity due to different factors. In general majority of participants has able to improve their capacity by implementing different techniques. Therefore, the result shows majority of the package participants expected improve their capacity.

Table 4.4.1 Are you improving your economic or financial capacity?

No	Question	Response	Frequency	Percentage
1	Are you improving your economic or financial capacity?	Yes	84	58.33
2		No	60	41.67
		Total	144	100

Source: Own survey data (2019)

Table 4.4.2 How those enterprises improve their economic or financial capacity?

The Table below clearly describes by practicing the following activities enterprises able to improve their economic or their financial capacity, the degrees of contribution of activities to improve their capacity were stated in rank.

No	Factors that contributes to improve their capacity	v.high contrib	High contribun	Moderate con.	low contr.	Very low con.	Total	Me an	S.devat ion	Ra nk
1	Saving	49	20	8	6	1	84	4.31	0.994	1st
2	Group member integration	10	17	26	25	6	84	3.8	1.13	4th
3	Market oriented	24	34	17	8	1	84	3.8	0.986	2nd
4	Attending training support	39	15	15	9	6	84	3.8	1.309	2nd

Source: Own survey data (2019). SPSS result.

The result of the study shows among those enterprises able to create or improve their capacity after participating on the package, by applying the activities listed in the above table. The majority of the respondent gives priority for saving habits supports and greatly helps for their roles of accumulating or improving their economic capacity. Means majority of the respondent

improve their capacity by primarily implementing saving followed by attending all the required technical training and support, decreasing unnecessary cost by covering with group members rather to pay for other daily labour, and experience sharing. Dhanya Jagadeesh (2015) resulted on their research saving is usually considered as the main source of economic growth and concludes on their study there is a significant relationship between savings and economic growth in Botswana. Other study suggests Low level of domestic savings is said to be one of the reasons for slow and stagnant economic growth in the developing countries (Agrawal et al., 2010). Other study strengthen by Arega S., Muhammed A., Daniel T (2016) concludes who attended technical or business management training showed better growth than those who did not attend

4.5 Major challenges to implement Rural Job Opportunity creation packages

In the table below mentioned major challenges were selected by the woreda stake holders during focus group discussion. Many challenges were raised during discussion but the group agrees with those five common factors were selected and the selected sample enterprises were asked their level of agree or disagreement relative to their business operation.

The result was analyzed by using 5 point likert scale and in order to compare the challenges used mean and standard deviation.

Table 4.5.1major challenges to implement the package

N o	Challenges	frequenc y	S.agre e	Agre e	Not sur e	Dis agre e	S.dis agre e	Tota l	Mea n	S.deviation
1	Limited market place	frq.	47	48	10	29	10	144	3.65	1.309
2	market price fluctuation	frq.	62	52	12	15	3	144	4.08	1.058
3	un availability of input	frq.	27	62	4	25	26	144	3.27	1.42
4	un favorable environment	frq.	50	37	13	23	21	144	3.5	1.468
5	lack of working place	frq.	55	49	5	18	17	144	3.74	1.388

Source: Own survey data (2019). SPSS result

. The result of the study shows :- suitable market place from the total respondent 32.6% of respondent strongly agreed lack of suitable market place was challenges to implement the package , 33.3% agree,6.9% not sure, 20.1% disagree, and 6.9% strongly disagree for lack suitable market place was challenges to implement the business.

Change of market price, 43.1% of respondent strongly agreed it was a major challenge to implement the business, 36.1% of respondent agreed, 8.3% not sure, 10.4% disagree, and 2.1% of respondent strongly not agree change of market price is not major challenge to implement the business.

Unavailability of input, 18.8% of respondent strongly agreed and 43.1% of respondent agreed unavailability of input was major challenge to implement the business, 2.8% of respondent was not sure whether it is challenge or not, 17.4% of respondent disagreed and 18.1% of respondent strongly disagreed unavailability of input is not challenges to implement the business.

Unfavourable environment, 34.7% of respondent strongly agreed and 25.7% agreed with it is challenges to implement the business, 9% respondents are not sure either it is challenge or not, 16% disagreed and 14.6% of respondent strongly disagreed that is unfavourable environment is not major challenges to implement the selected business.

Lack of working place, 38.2% of respondent strongly agreed and 34% agreed with lack of working place was major challenge, 3.5% of respondents does make sense during business implementation, 12.5% disagreed and 11.8% of respondent strongly disagreed they believed lack of working place does not affect to implement the business therefore it does not major challenge. According to the aggregate result of the respondents, among those identified challenges, market price fluctuation with mean 4.08 and SD 1.058 and lack of working place with mean of 3.74 SD 1.388 are major challenges prioritized by the respondents. So, market price fluctuation and lack of working place was prior challenges among those identified challenges.

This result supported by Temtime and Pansiri (2004) also reported in their study of Small business Critical Success/Failure, Factors in Developing Economies, in Botswana shows that; marketing activities such as product marketing, market research, and demand forecast and so forth have a greater impact on the success of small businesses performance. From this study report one can understand the importance of marketing skills of the business owners to be successful in their competitive environment. Other findings strengths the result like Mboniyane&Ladzani (2011) found that small businesses select a site without first thoroughly analyzing the suitability of location the study concludes that most of the micro-enterprises are failing owing to a lack of space provided by the government and the various shortcomings of the small business owners regarding their businesses. Olawale&Garwe (2010)concludes on their study, that poor location has a negative impact of the performance of micro and small enterprises

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

INTRODUCTION

In this chapter short summary of the study, conclusion of the researcher, findings of the study, for future recommendations the action which should be taken by responsible body and package participant's precautions before starting their business was described below.

5.1. SUMMARY

The study was set out to investigate effectiveness of rural job opportunity creation package like factors that contribute to the package effectiveness/ business continuity, major challenges to implement the package, and outline the current status of the selected package participant enterprises. Specifically the study sought to answer the research questions as: -1) How factors contribute for their effectiveness or continuously run their businesses which were created under the rural job opportunity creation package? 2) How profitable those business enterprises are which were started under the rural job opportunity creation package? 3) How those business enterprises are in improving their operational capacity compared to their initial capacities? 4) What are the major challenges for rural job opportunity creation package implementation in marekowereda ?.

According to the descriptive result, 88 (61.11%) enterprises are profitable by implementing the activities which are ranked by the participants depends on their degrees of support to the business to become profitable like:- 1st identifying the appropriate income generating activities, 2nd decreasing unnecessary cost, 3rd availability of input access, 4th suitable market access, 5th using value chain, 6th product promotion. The other 84 (58.33) enterprises are able to build their economic capacity by implementing the following activities those are ranked by the participants depends on their level of contribution to their economic capacity building like:- 1st improvement of saving habit, 2nd attending training and support, 3rd production based on market/ market oriented, 4th group member integration. The study also identified major challenges during business implementation, the result shows change of market price, lack of working place, lack of market place, unfavorable environment and unavailability of input are major challenges accepted

by the participant. From the total targeted enterprise 82 (56.94%) of enterprises was effective or continuously run their business.

The study also used logit model to test the effect of independent variable over dependent variable which is effectiveness or continuity of the business. From the result out of eight independent variables six variables was positively contribute for the effectiveness or business continuity, but two variables does not have effect on the continuity of the business. From the result, profitability of business or being the business profitable, has a probability to increase business continuity by 49% if other things are constant, capacity building 55%, saving habits of enterprises 33%, guided with business plan 46%, training 52%, and provision of working place increases the probability of effectiveness or continuity of business by 23% but the result indicates from the independent variables ages of enterprises participants and years of stay on the business are insignificant means there is no effect or contribution for the effectiveness of the business or for continuity of the business.

5.2. CONCLUSSION

The aim of RJOCP package was creating continuous and sustainable business for the rural jobless youth. The result of this study was identified some entry point to achieve the aim of the package. The result of the study shows among those selected participants 82 (56.94%) are effective means the participants run their business continuously. The study identified factors that contribute for the effectiveness or continuity of the business, to increase business effectiveness or business continuity the following activities has positive contribution. Profitability of the selected business has 49.1% probability to contribute for the business effectiveness, improved saving habit of business participants 33.4% , follow or guided with their stated business plan 46.3%, technical training depends on their identified business has 52.5% of probability contribute for business continuity, improvement of economic capacity 55%, and provision of working place has 23.1% of probability to increase business continuity other factors are remains constant but ages of participants and years of staying on the business does not have any contribution for the package effectiveness. In general the participants able to improve their economic and financial capacity and participants who get technical training and support has greater effect to continuously run their business.

Enterprise to be profitable on their business, special attention needed for the income generating activities selection. The selected business activities should be suitable to implement, profitable, environmental friendly, and so on. From the result selecting viable income generating activities strongly supports for the business profitability. The result of the study indicates 84 (58.33%) of the selected participants was able to create additional asset or improve their economic and financial capacity relative to their initial capacity. To improve economic and financial capacity of the business participants the study identified factors like saving mobilization and technical training has greater contribution. Finally the study was identified major challenges to implement their business, from the result the study conclude change of market price and lack of working place was major challenges to implement the package.

5.3. RECOMMENDATION

From the result the study overviewed the package implementers how increase their business effectiveness , the result indicates the following activities should needed special attention during package implementing:- sure on their profitability of the selected income generating activities, continuous technical training related to their identified business, saving mobilization and financial literacy training for the enterprise group members, helping to create economic capacity or additional asset, provision of appropriate working place all those activities has positive effect on business continuity.

In order to apply the identified activities to achieve participant's effectiveness the following organizations and service providers has responsible:-Governmental organizations as **wereda youth and sport/ job opportunity creation department** should provide continuous training and awareness for kebele agents and kebele administrator, accessing finance source, preparing update brochures and training manuals on each identified income generating activities, preparing experience sharing programs at kebele to kebele and wereda to wereda, scheduled continuous monitoring and evaluation program creating value chain access, creating access to attract other service providers like NGOs, **kebele agent** should provide awareness about the package during participant consultation, support participants during IGAs selection and business plan preparation, prepare financial literacy and technical training depends on their identified IGAs, should provide continuous follow up and consultation, provide updated information about the selected activities, **kebele administration** selection of right participants, creating suitable

conditions for the participants like training centre, provision of working place, accessing inputs, supporting the kebele agents and so on may increase the effectiveness of package participants.

To solve the major challenges selected by the participants like change of market price and lack of appropriate working place, the service providers should provide for the participant update market information continuously and during IGAs selection identifying business which does not consume more working place may decrease the challenges. For those enterprise they are not effective, they need close support depends on identifying their prior problems. In general additional research should be carried out on the uncovered areas on this study.

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ANNEXES

Annex 1, Budget plan

Annex table.1. Budget plan

No	Activities & Item	unit	quantity	Price	remark
1	Stationeries (Paper, pen pencil ,and carry bags) cost			3000	
2	Data collection (primary data or questionnaires and secondary) cost	Birr		9000	
3	Transport cost	Birr		10000	
4	Printing cost	Birr		2000	
5	Internet use cost	Birr		1500	
	Total	Birr		25500	

Annex 2.

QUESTIONNAIRE

WOLKITE UNIVERSITY,

COLLEGE OF BUSINESS AND ECONOMICS

MASTERS OF BUSINESS ADMINISTRATION

QUESTIONNAIRE to be filled by _____

Dear Respondent,

This is an academic survey questionnaire which is aimed to evaluate effectiveness of rural job opportunity creation package enterprises with evaluating criteria of profitability of the business, continuity / continuously run the business/, improvement of operational capacity and identifying the major challenges to implement the package. Your kind and objective response will significantly highlight the point to evaluate the package and contribute finding on practical solution to this problem.

Your response will be used for academic research purpose and will be kept confidential, hence, you don't have to write your name

Section A: General information of the enterprises

1. Name of your enterprises ----- kebele-----
2. Years of established -----
3. Total number of the Members of your enterprise -----M-----F----T----
4. Average age of enterprise members _____
5. Educational status

Illiterate []

Diploma holder []

From 1-8th grade []

Degree holder[]

From 9-12th grade []

Masters and above[]

A) Yes B) No

4. Do your enterprise prepare business plan?

A) Yes B) No

5. Your enterprise follows or guided with your sated business plan?

A) Yes B) No

6. Are your business achieving their plan?

6.1 . If yes, how many percent you achieve?

A, below 1 % B, 1-15% C, 16-30% D, 31-45% E, above 46 %

6.2 . If no, what is the reason?

A) lack of input access B) market problem C) unfavorable environment

D) other Please specify it _____

7 On your assumption, are you profitable on your business?

A) Yes B) No

7.1 If yes, how your business becomes profitable? Please give rank depends on their degree of support in the provided space of the table.

No	Activities	Degree of support			
		Strongly support (4)	Moderately support (3)	Low support (2)	No support (1)
1	Selecting viable IGAs				
2	Suitable market access				
3	Using Value chain				
4	Product promotion / advertising				
5	decreasing unnecessary costs				
6	Availability of Input access				
7	Other factors that support profitability				

7.2 For what purpose do you use your income / profit?

A. Create business

B. Use for household needs

- C. Medical expenses
- D. Use for entertainment
- E. put into saving
- F. Other (specify) _____

8 How was your enterprise saving habit?

- A) good (10001 and above ETB) B) Bad (10000 and below ETB)

9 In average how many birr save per year?

- A) 1000-10,000 Birr
- B) 10,001-50,000 Birr
- C) 50,001-100,000 Birr
- D) 100,001-500,000 Birr
- E) Above 500,000 Birr

10 After joining the business world through the rural job opportunity creation package did your business improved your current economic capacity relative to your initial operation? A) Yes B) No

10.1) If your answer for question for 10 is “ YES” Please tick what kind of improvements you have achieved through your business (you can select more than one items)

No	Improvements achieved through your Business Operation	Yes	No
1	There is increasing number of workers		
2	Additional assets is created		
3	financial capacity of the business is increased		
4	The skill requirement of the employee and myself is improved		
5	I become self employed		

10.2) How your enterprise is improving your capacity? Which activities support you to improve your capacity? Please give rank in terms of degree of contribution for improvement from 5= Very highly contribute 4= highly contribute 3= moderately contribute 2= less contribute 1= no contribution

No	Activities	Degree of contribution				
		1	2	3	4	5
1	by improving saving habits					
2	by applying all given trainings and support					
3	by creating good team sprit integration					
4	Producing market oriented product					
5	Others					

11 What are the major challenges to implement your business? From the following listed major challenges please agree or disagree by ticking in the space provided

No	Challenges	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	Limited market place					
2	Market price fluctuation					
3	Lack of enough working place					
4	Un availability of input					
5	Suitable environment like pest, disease, frost					

On your assumption what measurements needed to solve the challenges? -----

Thank You !

Annex 3

. alpha CON PRO CAP Averageage YEAR savinghabitachieveBP training workplace, std item label detail

Test scale = mean(standardized items)

item-test item-rest interitem

Item	Obs	Sign	corr.	corr.	corr.alpha	Label
CON	144	+	0.7810	0.6976	0.3112	0.7833 CON
PRO	144	+	0.8788	0.8285	0.2910	0.7665 PRO
CAP	144	+	0.8398	0.7755	0.2991	0.7734 CAP
Averageage	144	-	0.3506	0.1864	0.4001	0.8422 Average age
YEAR	144	-	0.2739	0.1045	0.4159	0.8507 YEAR
savinghabit	144	+	0.6805	0.5695	0.3319	0.7990 saving habit
achieveBP	144	+	0.8728	0.8202	0.2922	0.7676 achieve BP
training	144	+	0.6136	0.4874	0.3458	0.8087 training
workingplace	144	+	0.4937	0.3461	0.3705	0.8248 working place
Test scale				0.3398	0.8224	mean(standardized items)

Reliability test result of how participants become profitable was

Cronbach's Alpha	N of Items
.659	6

Reliability test result of how participants improve their financial and economic capacity was

Cronbach's Alpha	N of Items
.496	4

Cronbach's Alpha	N of Items
.947	5

Reliability test result of major challenges to implement the package was

Interitem correlations (reverse applied) (obs=144 in all pairs)

	CON	PRO	CAP	Averageage	YEAR	savinghabit	achieveBP	training	workingplace
CON	1.0000								
PRO	0.6010	1.0000							
CAP	0.6021	0.9150	1.0000						
Averageage	0.1603	0.1738	0.1624	1.0000					
YEAR	0.1228	0.1160	0.1118	0.0086	1.0000				
savinghabit	0.4997	0.6179	0.5383	0.0594	0.0789	1.0000			
achieveBP	0.6585	0.8831	0.8283	0.1604	0.1552	0.5885	1.0000		
training	0.5333	0.4149	0.3419	0.1683	0.1235	0.3056	0.4456	1.0000	
workingplace	0.3401	0.3619	0.3578	0.1347	-0.1322	0.2485	0.3290	0.2162	1.0000

.logit CON PRO CAP Averageage YEAR savinghabit training achieveBPworkingplace,robust

Iteration 0: log pseudolikelihood = -98.419805

Iteration 1: log pseudolikelihood = -51.156878

Iteration 2: log pseudolikelihood = -50.080507

Iteration 3: log pseudolikelihood = -50.065728

Iteration 4: log pseudolikelihood = -50.065715

Iteration 5: log pseudolikelihood = -50.065715

Logistic regression Number of obs = 144

 Wald chi2(8) = 41.85

Prob> chi2 = 0.0000

Log pseudolikelihood = -50.065715 Pseudo R2 = 0.4913

| Robust

CON	Coef.	Std. Err.	z	P> z	[95% Conf. Interval]	
PRO	2.430776	1.229791	1.98	0.048	4.841122	.0204304
CAP	2.517372	1.010413	2.49	0.013	.537	4.497745
Averageage	-.0170777	.0404621	-0.42	0.673	-.096382	.0622266
YEAR	-.0808458	.1981079	-0.41	0.683	-.4691301	.3074385
savinghabit	1.547359	.7654373	2.02	0.043	.0471297	3.047589
training	2.335034	.5875321	3.97	0.000	1.183492	3.486575
achieveBP	2.036317	.8250385	2.47	0.014	.419271	3.653363
workingplace	1.080749	.6368257	1.70	0.090	-.1674069	2.328904
_cons	-2.539579	1.28046	-1.98	0.047	-5.049235	-.0299227

. mfx

Marginal effects after logit

y =Pr(CON) (predict)

= .6179299

variable	dy/dx	Std. Err.	z	P> z	[95% C.I.]	X
PRO*	.4912958	.18333	2.68	0.007	.850609	.131983	.611111	
CAP*	.5505916	.17319	3.18	0.001	.211138	.890045	.583333	
Averag~e	-.0040319	.0096	-0.42	0.675	-.022854	.01479	26.7153	
YEAR	-.0190871	.04643	-0.41	0.681	-.110083	.071909	2.55556	
saving~t*	.3345222	.13326	2.51	0.012	.073329	.595715	.375	
training*	.5252163	.10684	4.92	0.000	.315815	.734618	.6875	
achiev~P*	.4633443	.16478	2.81	0.005	.140382	.786307	.611111	
workin~e*	.2319204	.11878	1.95	0.051	-.000884	.464725	.25	

(*) dy/dx is for discrete change of dummy variable from 0 to 1

