



JIMMA UNIVERSITY
COLLEGE OF SOCIAL SCIENCE AND HUMANITIES
DEPARTMENT OF GEOGRAPHY AND ENVIRONMENTAL
STUDIES

PRACTICES AND CHALLENGES OF MICRO AND SMALL SCALE
ENTERPRISES IN GAMBELLA TOWN, GAMBELLA PEOPLES REGIONAL
STATE

BY-

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A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES JIMMA UNIVERSITY,
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DECLARATIONS

I, **Simon Bor Pal**, Registration Number **RM/0918/07** do hereby declare that this thesis is my original work and that not been submitted partially; or in fully, by any other person for an award of a degree in any other university/institution.

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This Thesis has been submitted for examination with my approval as college supervisor.

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APPROVAL

The undersigned certify that they have read and hereby recommend to the Jimma University to accept the thesis submitted by **Simon Bor Pal** and entitled “**Practices and Challenges of Micro and Small Scale Enterprises in Gambella town**”, in partial fulfillment of the requirements for the award of **Master Degree in Urban and Regional Development Planning**.

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ACRONYMS

ADLI	Agricultural Development-Led Industrialization
AEMFI	Association of Ethiopia Microfinance Institutions
CSA	Central Statistic Agency
FMSEDA Agency	Federal Micro and Small Enterprise Development
GDP	Gross Domestic product
GFDRE Ethiopia	Government of the Federal Democratic Republic of
HLCLEP Poor	High Level Commission on Legal Empowerment of the
ILO	International Labour Organization
MFI	Micro Finance Institutions
MoFED	Ministry of Finance and Economic Development
MoTI	Ministry of Trade and industry
MSEs	Micro and Small Scale Enterprises
NBE	National Bank of Ethiopia
NEBO	National Economic Business Office
NSBO	National Small Business Office
OECD Development	Organization for Economic Co-Operation and
SBDB	Small Business Development Bank
UNCTAD	United Nation's Conferences on Trade and Development
UNESCAP	United Nation Economic and Social Commissions for Asia
BoFED	Bureau of Finance and Economic Development
UNIDO	United Nations Industrial Development Organization

ABSTRACT

The major objective of this study was to investigate Practices and challenges of micro and small scale enterprises in Gambella Town, Gambella People's Regional State. The small business sector is also seen as an important force to generate employment and more equitable income distribution, activate competition, exploit niche markets, and enhance productivity and technical change and, through the combination of all of these measures, to stimulate economic development. with special emphasizes on food processing , construction materials and wood and metal work sectors. Relevant Information for study was gleaned through questionnaire from a sample of 96 operators and face-to-face interviews were conducted with 10 officials from regional and town micro and small scale enterprises offices. The respondent operators were selected stratified sampling technique. Finally, , the data collected through a questionnaire and interview questions were analyzed using descriptive narrations through concurrent triangulation strategy. For the sake of achieving the objectives of this study, questionnaires were analyzed using statistical analysis, such as descriptive and cross tabulation table. The empirical study elicited eight major challenges which seems to affect practices of micro and small scale enterprises in Gambella town which include, inadequate finance, lack of working commitment, marketing problems, inadequate infrastructures, poor management practices, and technological entrepreneurial problems including bureaucratic bottlenecks system. The Gambella town Administration bodies should provide affordable alternative sources of finance for micro and small scale enterprises. This can be done by communicating with the banks and other credit institutions to lessen their requirements. This should be done so that micro and small scale enterprises can get enough access to finance for their business activities. The strengthening of government institutions at different levels would play a major role in positively influencing the development of micro and small scale enterprises, thus to reduce delays in processing legal requirements. The government through various relevant departments should specialize more in taking up a facilitative role, specially by reviewing all the blockings by laws, to address issues of getting a license or getting a premise on which to operate. A number of factors should be considered in designing all-encompassing policy for the promotion of the sectors. Marketing

factors are frequently indicated as the explanatory factor for most problems faced by the studied micro and small scale enterprises.

CHAPTER ONE

1. INTRODCUTION

1.1 Background of the Study

The micro and small scale enterprises are lifeblood of most economies. Micro and small scale enterprise are recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty, (Wolfeson, 2007). The dynamic role of micro and small enterprises in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized. It is estimated that micro and small scale enterprises employ 22% of the adult population in developing countries, (Fisseha, 2006).

In developing countries, micro and small scale enterprises by virtue of their size, capital investment and their capacity to generate greater employment, have demonstrated their powerful propellant effectiveness for rapid economic growth. The micro and small scale enterprise has also been instrumental in bringing about economic transition by providing goods and services, which are of adequate quality and are reasonably priced, for a large number of people, and by effectively using the skills and talents of a large number of people without requiring high level training, large sums of capital or sophisticated technology, (ILO, 2008). The sector has potential to provide the ideal environment for enabling entrepreneurs to optimally exercise their talents and to attain their personal and professional goals,(MoTI, 1997).

In all successful economies, micro and small scale enterprises are seen as an essential springboard for growth, job creation and social progress. The small business sector is also seen as an important force to generate employment and more equitable income distribution, activate competition, exploit niche markets, and enhance productivity and technical change and, through the combination of all of these measures, to stimulate economic development. This is not

denying the importance of large industries and other enterprises for the growth of the Ethiopian economy, there is ample evidence to suggest that the labor absorptive capacity of the micro and small scale enterprises is high, the average capital cost per job created is usually lower than in big business, and its role in technical and other innovative activities is vital for many of the challenges facing Ethiopia, (MoTI, 1997).

The Ethiopian government recognizes the significance of this sector and shows its dedication to promote the micro and small scale enterprise development by the issuance of national micro and small enterprise strategy in 1997 and the establishment of the federal micro and small enterprise development agency. Ethiopia's industrial development strategy issued in 2003 also singled out the promotion of micro and small scale enterprise development as one of the important instruments to create productive and dynamic private sector. The promotion of this sector is justified on the grounds that enhancing growth with equity, creating long-term jobs, providing the basis for medium and large enterprise and promoting exports, etc. The strategy puts a means to support the micro and small scale enterprises such as, infrastructure, financial facilities, supply of raw materials, and training, (Ageba and Ameha, 2004).

Due to these reasons and based on the government strategy of capacity building in public and private sectors, donors as well as national governments have attempted to promote micro and small scale enterprises through support for non-financial services appropriate for them, (Solomon, 2007). According to (Mulhern, 1995), MSEs exert a strong influence on the economies of all countries, particularly in the developing countries. He reported that the micro and small scale enterprise has been a major engine in the economic growth, innovation and technological progress. In addition, (Carrier 2008) stated that, the micro and small scale enterprises are more fertile than their larger enterprise in terms of innovation and development.

The strengthening and the expansion of existing micro and small scale enterprises and the support of new enterprises can contribute to fulfill social objectives, attract considerable foreign reserves into a country and have a clear importance in providing employment, meaning they are the backbone of the private sectors in developing countries, (Mead & Liedholm, 1998). The aim of micro and small scale enterprise development and the provision of micro and small scale enterprises services are to enable the entrepreneurs to take

advantage of market opportunities and improve the access to skill development opportunities that strengthen entrepreneurial capabilities,(UNIDO, 2002).

In addition, there are also personal attitudes or internal factors that affect the practices of micro and small scale enterprises, which are related to the person's individual attitude, training and technical know-how,(Werotew, 2010). Generally, there are external (contextual) and internal factors which are still affecting the very performance of micro and small scale enterprises. Furthermore, Micro and small Scale Enterprises serve as a bridge to reach at the technically advanced medium and large enterprises, (Molhotra *et al.*, 2006), (Wattana pruttipaisan, 2003).

Micro and small scale enterprises operate in the same environment as their larger counterparts, but without the associated benefits such as adequate Capital and extended human resources of the larger organizations. Micro and small scale enterprises encounter increasing competitive pressure fuelled by globalization, legislation and the relaxing of trade barriers, as well as an increase in market expansion due to emerging technologies and innovation.

1.2. Statement of the Problem

In most developing countries, micro and small scale enterprises face constraints, both at startup phases and after their establishment. It is typical of micro and small scale enterprises in Africa to be lacking in business skills and collateral to meet the existing lending criteria of financial institutions, (World Bank, 2004). This, according to the World Bank, has created finance gap in most markets. The micro and small scale enterprises are able to source and obtain finance mostly from informal sectors like friends and relatives while medium or large enterprises obtain funds from banks. This unequal access to finance by micro and small enterprises and medium and large enterprises has undermined the role of micro and small scale enterprises in the economic development in African countries, (World Bank, 2004).

The study conducted by Ethiopian CSA discloses that, the contribution of small enterprises in creating job opportunities and in the development of our economy is vital, (FMSEDA, 2006). However, their contribution is very low compared with that of other countries due to financial problem, lack of qualified employees, lack of proper financial records, marketing problems, lack of working premises and raw materials. Lack of information about market opportunities and

standards and regulations is one of the underlying factors that hinder their performance, (Gebreeyesus, 2009). According to Zeleke, (2009), lack of integration between the vocational curriculum taught at academic institutions and skills required at the workplace in small businesses and enterprises is a major obstacle to the growth and development of micro and small enterprises.

The same author continued stating, the performance of the micro and small enterprise sector in Ethiopia is poor in comparison with similar sectors in other African countries such as South Africa, Kenya, Uganda and Tanzania. Small businesses and enterprises in Ethiopia are generally characterized by an acute shortage of finance, lack of technical skills, lack of training opportunities and raw materials, poor infrastructure and over-taxation. Devereux and Sharp (2006 cited in, Zeleke, 2009) identified that lack of access to finance is the most influential factor from among all adverse factors hindering the growth and development of the micro and small scale enterprises MSE sector in Ethiopia.

In Gambella town, micro and small scale enterprises have a problem of finance, particularly when establishing the business most individual lacked sources of finance and expected to rely on personal savings and loans acquired from relatives, friends and moneylenders with high amount of interests (MoTI, 2005). After the business goes operational, the probability of becoming profitable and paying back debts along with accrued interest is less. Besides, micro and small scale enterprises do not conduct market research and develop/design a product or service as per the need of customers, (Zeleke Worku, 2009). For micro and small scale enterprises, lack of premises is unquestionably a serious problem in the city. Most informal operators do not get access to suitable locations where they can get easy access to markets, (HLCLEP, 2006).

Further, the problem of technical procedures and appropriate technology used by the firm are another factor associated with high technology of equipment's and use of new technologies. To address the above problems, this study, therefore, aims to provide a holistic view of practices and challenges of micro and small scale enterprises through a comprehensive review of literature and empirical study available on the study area. From the practical point of view, it serves not only to provide a self-check to the current enterprise sector, but also to increase the involvement in business activities through a better understanding of the determinants of the performance of the

enterprises. An understanding of the pre-requisites for Gambella town' micro and small scale enterprise to perform well in their businesses is of critical importance especially in today's competitive enterprises.

In Gambella town, Gambella people's regional state no research has been conducted on practices and challenges of micro and small enterprises so far. This is the first step and to open away for future direction to be undertaken in mitigating the practices and challenges of micro and small scale enterprises in the study area.

1.3. Objectives of the Study

1.3.1 General Objective

The main objective of this study is to assess practices and challenges of micro and small scale enterprises in Gambella town, Gambella People's Regional State.

13.2. Specific objectives

The specific objectives of this study are to:-

1. assess the status and practices of micro and small scale enterprises in the study area.
2. investigate the role of micro and small scale enterprises in promoting trade and development in
the study area.
3. identify the major types of micro and small scale enterprises in the study area
- 4 examine the challenges of micro and small scale enterprises in Gambella town.
5. suggest possible solution that would help the policy makers and town administration to develop this sector

1.4. Research Questions

On the basis of the objectives, stated above, the study tries to answer the following key research questions,

1. What are the current practices of micro and small scale enterprises in the study area?
2. What are the major types of micro and small scale enterprises in the study area?
3. What are the role of micro and small scale enterprises in promoting trade and development in the study area?
4. What are the major factors that affect the performance/functioning of micro and small scale enterprises in Gambella town?

1.5. The Significance of the Study

The findings of this study are expected to be vital for responsible officials in Gambella Town and its Kebeles Administration. It is also important to assess the strong and weak sides of the performance/function and challenges of micro and small scale enterprises program in the study area. The micro and small enterprise are going to be improved by creating employment to the community in handling the importance of managing them.

More importantly, it has a lot of advantages that the recommendation part can assist the town, micro and small scale enterprise and Regional micro and small scale enterprises offices and helps to alleviate some micro and small scale enterprise problems in the study area. Finally, the study serves as a bridge or stepping stone for detailed studies on issues under consideration of micro and small scale enterprises owners in Gambella Town, Gambella People's Regional state.

1.6. Scope of the study

The study assessed practices and challenges of micro and small scale enterprises in Gambella town. Besides, the scope of this study was spread across micro and small scale enterprises, especially in the business sector of food processes and construction materials, metal and wood work sectors.

Although, there are different issues that can be researched in relation to micro and small scale enterprises, this study is delimited to the working commitments, technological, infrastructural, marketing, financial, management and entrepreneurial factor.

1.8. Limitation of the study

Lack, of organized document on micro and small scale enterprises in the town where the main limitation of the study. Time and budget shortages were also among the limitations of the study. And the security issue in this year was very big limitation in the town. The researcher's experience in the area has helped a lot in finding the relevance in formations from the respondents, heads offices and officers. Also personal interview of the Researcher has contributed to findings of raw data from the study area.

1.7. Organization of the paper

This study is organized into five chapters in which;- Chapter one, deals with an introduction, which focuses on the background of the study, statement of the problem, objectives both general and specific objectives of the study ,research questions ,significance of the study, limitation of the study and scope of the study. , Chapter Two, presents Review of the Related Literature which deals with the practice and challenges of micro and small Scale enterprises in, conceptualizing of micro and Small Scale Enterprises, The Economic approaches in Sub-Saharan Africa, The roles of micro and small scale enterprises, The status of micro and small enterprises, in Ethiopia in general and the roles of micro and small scale enterprises in Gambella People’s Regional State.

Chapter three deals with research design and methodology, description of the study area which includes location, relief and drainage, vegetation, demography and socioeconomic profile, religion, social activities, economic data sources, Research design, sample sizes and sampling techniques and ethical considerations. Chapter four deals with presentation, analysis and interpretation of the data. Chapter five summarizes and concludes the major findings of the study. Please know where and where to use capitalization.

Chapter Two

2. Literature Review

2.1. Conceptualizing of Micro and Small Enterprises (MSEs).

The history of micro and small scale enterprises business has been one of the most controversial stories in economic development in the world. It is not known when micro and small scale enterprises start. The role of small business in an economy has frequently been undermined and misinterpreted this is because of that, many governments emphasize on the attraction and

promotion of large enterprises by thinking that most of the economic development or income comes from large micro and small scale enterprises.

The micro and small scale enterprise sector is characterized by highly diversified activities which can create employment opportunities for a substantial segment of the population. This implies that the sector is a quick remedy for unemployment and poverty problem. The realization of a modest standard of living through curbing unemployment and facilitating the environment for new job seekers and self-employment requires a direct intervention and support of the government and other concerned stakeholders (Mulugeta, 2011:13). Hence, in order to channel all necessary support and facilities to this diversified sector, a definition is needed to categorize the sector accordingly. However, there is no single and universally acceptable definition of a small scale enterprise (Kayanula and Quartey, 2000:35).

This is so because the criteria and ways of categorizing enterprises as micro and small from institution to institution and from country to country depending essentially on the country's level of development. Even within the same country, definitions also change overtime due to changes in price levels, advances in technology or other considerations (Emma, I. et al., 2009:1-9). Firms differ in their levels of capitalization, sales and employment. Hence, definitions that employ measures of size (number of employees, turnover, profitability, net worth, etc.) When applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. The absence of such uniform definition of Micro and Small Scale Enterprises has created a difficulty.

In line with this, Tegegne and Meheret (2010:11) argued that the absence of a single or globally applicable definition has made the task of counting the number of Micro and Small Scale Enterprises and assessing their impact is extremely difficult across countries, though the rationale for most governments to make such definition and categorization is mainly for functional and promotional purposes to achieve the desired levels of development of the sector. United Nations Industrial Development Organizations (UNIDO) gives an alternative definition for developing countries. Accordingly, it defines micro enterprises as the business firms with less than 5 employees and small enterprises as the business firms with 5-19 employees (UNIDO, 2002:53).

The United States of America, the Small Business Act issued in 1953 stated that, small business is one which is independently owned and operated and not dominant in its field of operation. The act also further stated that, number of employees and sales volume a guideline in defining small business (Major L.C. &Radwan N. S., 2010:2-19). In the same country, a committee for economic development (CED) has explained that small business is characterized by at least two of the key features: management is independent (usually the managers are owners), capital is supplied and an individual or small group holds ownership and the area of operation is mainly local (workers and owners are in one home country).

According to Kayanula and Quartey (2000:16) in Malawi, the official definition of enterprise sizes is based on three criteria, namely the level of capital investment, number of employees and turnover. An enterprise is defined as small-scale if it satisfies any two of the three criteria, that is, it has a capital investment of USD 2,000 - USD 55,000, employing 5-20 people and with a turnover of up to USD 110,000 (using 1992 official exchange rate).

The same authors narrated that some of the key characteristics of small enterprises are mobilizing funds which otherwise would have been idle, being a seed-bed for indigenous entrepreneurship; their labor intensiveness, employing more labor per unit of capital than large enterprises; promoting indigenous technological know-how; using mainly local resources, thus have less foreign exchange requirements; catering for the needs of the poor and; adapting easily to customer requirements (flexible specialization).

In Kenya, by referring the 1999 micro and small scale enterprises , national baseline survey, micro and small scale enterprises defined as those non-primary enterprises(excluding agricultural production, animal husbandry, fishing, hunting, gathering and forestry), whether in the formal or informal sector which employ 1-50 people (Ronge et al., 2002 cited in Mulugeta, 2011:15). More specifically, according to them, micro enterprises are those that employ 10 or fewer workers and small-scale enterprises are those that employ 11-50 workers.

The same study argued that the above definitions are based on one of the three criteria mainly used in literature to define Micro and Small Scale Enterprises number of employees. The second criterion relies solely on the degree of legal formality and is mainly used to distinguish between the formal and informal sectors. According to this criterion, Micro and Small Scale Enterprises

are those enterprises that are not registered and do not comply with the legal obligations concerning safety, taxes and labor laws. The last criterion defines Micro and Small Scale Enterprises by their limited amounts of capital and skills per worker.

2.2. Evolution of Micro and Small Scale Enterprises in sub Saharan Africa

Sub-Saharan Africa as a whole remains the world's most technologically backward, food-insecure and politically unstable region with a considerable part of the population remain undernourished. However, recently, countries like Ethiopia have been growing at a relatively fast rate, which in turn has led to improvements in several areas such as trade, mobilization of government revenue, infrastructure development, and the provision of social services (UNCTAD, 2012). Nonetheless, sustainability of the economic progress and diversification of potential sectors requires technical progress tailored to the country's varied agro-ecologies, development of supporting institutions and moreover boosting entrepreneurial skill of the smallholders.

Micro and Small Enterprise Development Strategy in 1997 the Government of Ethiopia is in the process of taking appropriate macroeconomic actions to support the development of the private sector, including many measures to support the development of small enterprises. However, under Ethiopia's land tenure system, the government still owns all the land and provides long-term leases to the tenants. This system continues to hamper growth in the enterprise sector, as entrepreneurs are unable to use land as collateral for loans, and this affects women more than men.

2.3. The Economics of Micro and Small Enterprises

The concept of Micro and Small Scale Enterprises are confronted by many of the problems. According to the CSA Report (1994-1995), the major obstacles experienced by small-scale manufacturing industries where the irregular and erratic supply of raw materials and a shortage of suitable working premises. The lack of working premises was also found to present difficulties for the informal sector operators who, faced with insufficient capital, were often impeded from the start. The problems of raw material shortages, lack of working capital and

effective marketing practices faced by small manufacturing industries result in the failure of these businesses to expand.

The same set of problems, when experienced by informal sector operators, has the effect of preventing their expansion almost from the beginning of their operations. Results of the 1997 CSA Survey showed that for about 50 per cent of informal sector operators, the first major difficulty when starting their operation was the lack of sufficient initial capital.

According to their responses, this problem becomes more critical when they intend to expand their businesses. Until 1997, there were no organized policy and support systems catering to the development of the Micro and Small Scale Enterprises sector, so structural, institutional, and policy barriers were not being addressed. Premises, markets, finance, supply arrangements, regulatory barriers and legitimization of entrepreneurial activity are among the most urgent.

2.4. The Role of Micro and Small Enterprises in Promoting Development

There are many different views about what constitutes development some think it is an increase in average receipt income, on the assumption that people will be better off. Few people now accept this view because, although average incomes have risen in many countries, the differences between rich and poor have widened and a large part of the population is even worse off. More attention is now given to improve the quality of life, using indicators such as health, education and housing.

Others stress the extent to which people control their own destinies. Some people have been concerned that agricultural development in less industrialized countries will increase income differences and decrease income and level of nutrition of the poor. A careful studies of literature(Lepton and Long Hurts, 1985), have shown this concern is often not justified. The agricultural development in the last two decades has decreased food prices, thus increasing the purchasing power of the urban poor. Small farmers have adopted modern varieties crops, fertilizers and pesticides to some extent as large farmers in the same area, usually increasing their ability to bear higher risks.

But after a time, adoption rates reach than same level. Prices of farm products are often higher during the early stage of adoption, so, that the large farmers may reap more benefits from modern technology than the small farmers, (H.S.Hawkins, 1928).in this case the people have the micro and small enterprises for their economic activities.

2.5. Sustainable Micro and Small Enterprises and Development

The integration of population and development referred to sustainable of micro and small scale enterprises meeting the needs of the growing population without altering the natural environment and transferring it as it is for the coming generation is the main aim of micro and small enterprises. This new concept of Micro and Small Scale Enterprises has been defined by the management and conservation of natural resources the base and the orientation of technologies and institutional change in such a manner to ensure the attainment and continued satisfaction of human needs for the present and future generations. Such sustainable development is economically viable and socially acceptable.

2.6. Problems of Micro and Small Scale Enterprise (MSEs)

According to Baum back (1983) among the more important of these external or environmental factors are those related to capital shortage, taxation and regulations, product reliability, patent and franchising abuses, these are discussed, lack of basic infrastructure. The micro and small scale enterprises sector Ethiopia operate in an environment with very poor infrastructure which constitutes a barrier to entry and hinders international competitiveness. In many States in the country, nonexistent of infrastructure, inability to access market, communication, power, water etc.

Prevent development of micro and small scale enterprises. *American International Journal of Contemporary Research, Vol. 2 No. 4, April, 2012 180.* Access to Financing: Lack of short, medium and long term capital, inadequate access to financial resources and credit facilities affect the growth of micro and small scale enterprises. Capital shortage; the author observes that micro and small scale enterprises have a serious financial problem in at least three respects of;-

a) Securing funds in small amount at rates comparable with those paid by large industries.

b) Building and manufacturing adequate financial reserves

c) Securing long term equity capital. Despite the fact that cost of capital is higher for the small scale manufacturer, the effect is even compounded by raising inflation rate.

2.7. The Status of Micro and Small Enterprises in Ethiopia

Government of Ethiopia has adopted a free market economic policy, and an agricultural development-led industrialization (ADLI) strategy to spur the overall development of the country. This includes four key components the maintenance of an appropriate macroeconomic framework; improvements in agricultural efficiency and growth, private sector development and public sector reforms, and reduction of poverty and development of human resources.

The empirical studies of (Gebrehiwot and Wolday 2006), who conducted their research on this subject in Ethiopia, pointed out that inadequate loan size, loan durations that do not match with the gestation periods and cash flow patterns of borrowers' activities financed by the loan, failure to disburse loans timely, and the tendency of group collateral requirements are the problems of micro and small scale enterprises in expanding and diversifying their enterprise. Ethiopian Micro and Small Scale Enterprises stated that, some of the difference may have been to craft traditions rather than any economic factor.

Recently, countries like Ethiopia have been growing at a relatively fast rate, which in turn has led to improvements in several areas such as trade, mobilization of government revenue, infrastructure development, and the provision of social services. However, the average annual income from handicraft-related activities was only 30 Birr per household of those involved in handicraft production, 24 percent were in Weaving, 21 percent basketry, 11 percent pottery, and 18 percent combined in building work, woodcarving and blacksmiths (about 6% each). Major constraints stated were a shortage of raw materials 22 percent and insufficient market demand 18 percent, (UNCTAD, 2012).

2.8. The Role of Micro and Small Enterprises in Ethiopia

To date the Microfinance institute in Ethiopia have reached full cost recovery, this means that they must be subsidized to stay in operation and are continually de-capitalizing unless they get more donations to shore up their balance sheets, (Chao-Beroff et al 2000, IFAD, 2001). It is not clear to what extent the boards of these Microfinance institutes are aware of the dangers that lie ahead. What is lurking in the shadows is the mandate to only lend in rural areas and the heavy emphasis on agricultural lending. Unfortunately, microcredit is not agriculture lending.

The difference between microcredit and agricultural credit is the regular, at most, monthly repayment under microcredit and the balloon payment required with agricultural credit. Microcredit in rural areas can be an incentive for diversifying household income. By forcing regular repayments, families are forced to come up with income sources other than farming. It is also not clear whether they would be willing to actually pay money to the Microfinance institute to honor those guarantees or if, instead, they would insist that the credit be rolled over. The latter choice would likely cause a severe shortage of loan funds, which could have further adverse effects on loan repayment rates.

The heavy dependence on expanding savings deposits to be able to expand the loan portfolio is another danger in that it increases their costs (interest plus the cost of administering the savings accounts) while the Microfinance institute are still losing money. Most Microfinance institute in Ethiopia is losing money every year and are not well enough capitalized to be able to access sufficient other sources to meet the increasing high demand level for even small loans. Until they start charging more realistic interest rates on loans, the pressure to mobilize more expensive savings funds will continue.

Microfinance institute regulation and supervision needs support and guidance on how Microfinance institute can efficiently and effectively monitor and control the industry while supporting healthy growth. AEMFI needs to play a greater role in the self-regulation of Microfinance institute by establishing agreed-upon industry standards, facilitating training and other organizational development, and monitoring member performance.

AEMFI appears to be the most appropriate organization to study impacts of specific regulations and supervisory policies and practices, and lobby the GFDRE for any needed changes. Indications are that the NBE may not be as intractable as many think. The NBE merely needs the ammunition to formulate and get through the legislature improved microfinance laws, (Lafourcade, 2005), (Gobezie, 2004).

2.9. Challenges of Micro and Small scale enterprises

Micro and Small scale enterprises are working in this open and competitive environment as a result of Small business enterprises are affected by factors within their boundary. Organizational problems grouped into five areas which are human relations, accounting, marketing; internal management and external management. Although, they have generally concluded that the most prevalent areas in which Micro and Small scale enterprises have problems are sales or marketing, human resource management, and general management, they specifically reported promotion, marketing research and training as the most frequently encountered problems.

Marketing problem has been widely acknowledged as being the most important of all activities and critical for the survival and growth of micro and small scale enterprises. However, many studies found owner/managers of micro and small scale enterprises as having a very limited understanding of the marketing concept generally to be little more than advertising and public relations and lacking adequate marketing skills. Specifically, problems in promotion and marketing research were frequently encountered by micro and small scale enterprises.

These problems include the selection of promotional media (local newspaper or radio, direct mails, outdoors, etc.), difficulty in getting customers to pay, low purchasing power of customers, advertising, content design and format of the promotional materials, market size, location and addresses of potential customers (Solomon, 2007). Specifically, cash flow and debt management were identified as the two most frequently occurring problems. Researchers' grouped problems of Micro and Small scale enterprises into five - finance, government, marketing, equipment and infrastructure and labor and finally found that finance was the most crucial problem. Poor banking services, with high interest rates, high cost of premises and tax, difficulty in obtaining loans for startups, all were cited but stringent loan repayment terms was mentioned as jeopardizing the viability of Micro and Small scale enterprises. Also found that lack of working

capital, poor market selection and rapidly changing external market conditions the major reasons for failures in Micro and small scale Enterprises, (Monk 2000).

2.10. The prospect of Micro and Small Enterprises to Enhance National Development in Ethiopia

The national small business office (NSBO) will be an independent body and will have overall responsibility nationwide for all policies and program relating to small and medium business including micro business, will have its own budget, and will be closely monitored by and answerable to the National Assembly. The national small business office (NSBO) can be replicated at the state level. The state small and medium office will have responsibility for running national policies and program set up by national small business office (NSBO) at the state level and will also be directly answerable to state Assemblies.

The task which will be appropriate to national small business office (NSBO) will be the promotion of exporting activities amongst small businesses to make them more outward looking and more able to participate in the global market place. Another important way of developing micro and small scale enterprise is by establishment of a small Business Development Bank (SBDB) to concentrate solely on the funding to indigenous businesses. The small Business Development Bank (SBDB) will help to combat the problem of undercapitalization by providing the necessary cost effective and easily accessible funding for business.

Moreover, it should not be the sole responsibility of government to provide financial assistance to business. The national small business office (NEBO) will then have to seriously took into how it can is largely practiced in both the U.S and U.K equity funding, or venture capitals as it is widely known, has been the secret behind the growth of silicon valley, and the mass number of fast growing high technology companies that abound in developed countries. With high number of billionaires originated from developing countries like Ethiopia the national small business office (NSBO) has to find a way of encouraging them to invest their wealth in small and medium enterprise, thereby helping them and the country to grow.

Lastly, micro and small scale enterprises should from time to time organize training program for their employees on how to use some modern equipment like computer and other machines to tenable them cope with the changing technology. Employees should equally times be granted study leaves by their employers; this will go a long way producing skilled workers in small and medium enterprise (www.aijcrnet.com).

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Description of the study area

3.1.1. The Physical setting

3.1.1.1. Location

Gambella town is a capital of the [Gambella people's Regional State](#). The town is Located in [Anuak Zone](#), at the confluence of the River and its tributary the Jajjabe, astronomically the town is found at the latitude of [8°0'00" N](#) and longitude [34°0' 00"E](#) [Coordinates](#) and an average elevation of 526 meters above sea level. It is surrounded by [Gambella Zuria](#) district.

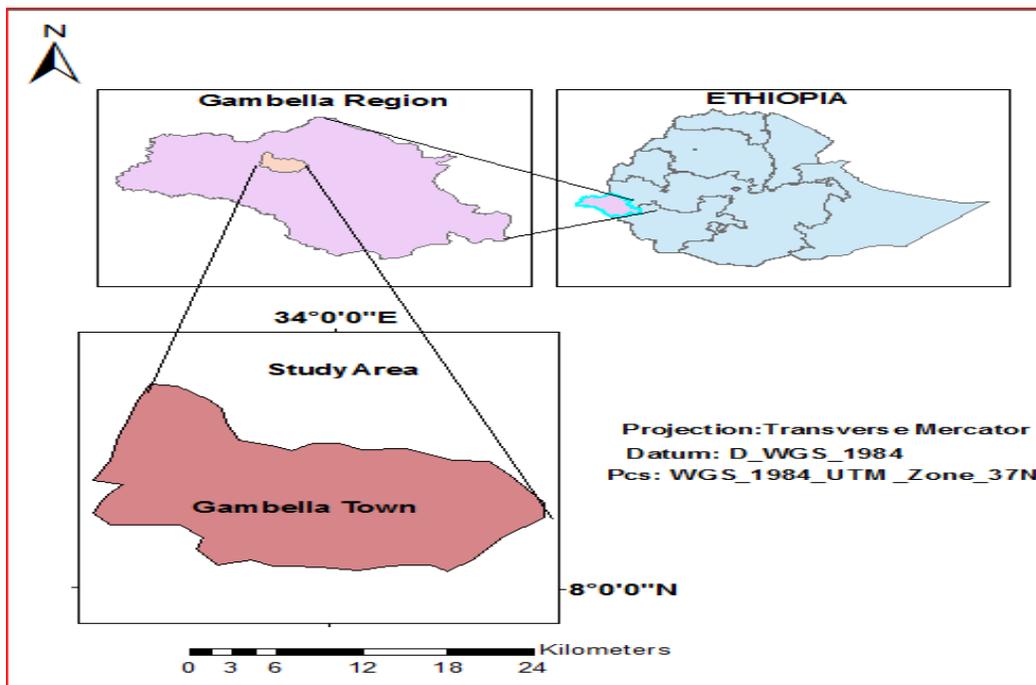


Figure1.1 Location Map of Gambella Town

Source: (Extracted From Ethio- Gis Data, 2016).

3.1.3. Climate and Terrain Characteristics of the Study Area

The mean annual temperature of the Region varies from 17.3°C to 28.3°C and annual monthly temperature varies throughout the year from 27°C to 33°C. The absolute maximum temperature occurs in mid-March and is about 45° C and the absolute minimum temperature occurs in December and is 18°C.-20°C. The annual rainfall of the Region in the lower altitudes varies from 900-1,500mm. At higher altitudes it ranges from 1,900-2,100mm.

The annual evapo-transpiration in the Gambella reaches up to 1612mm and the maximum temperature occurs in March and is about 212mm. The mean annual rainfall distribution by region shows considerable spatial variation due to the wide range of agro ecologic zones whereas the main rainy season is from May to October. The natural factors which make up the normal distribution of the annual rainfall have been influenced by the climate change.

3.1. Temperature and Rainfall Data for Gambella Town

Table 3.1:- Temperature and Rainfall Data Distribution

Temperature -rainfall	Monthly Temperature -rainfall 2015											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Average high in °C	38	38	45	39	35	33	32	32	33	34	33	36
Average low in °C	18	20	24	22	20	21	22	21	21	20	19	18
Av. rainfall – (mm)	5	8	27	56	156	150	239	228	155	113	48	12
Sources. (copying right, 2015 world climate)												

The Gambella region is mainly plain and its elevation ranges from 300-2,200m. It is a gentle slope to the west while the eastern part consisted of high plateau mountain peaks and rugged terrain. The varied topography includes hills, landscape and plains. Moderately dense vegetation coverage includes forests, bushes, and scrublands and grasslands. Natural resources such as stone, sand, charcoal, timber and wild animals are found in the study area. Major rivers in the region include: Baro, Akobo, Alwero pibor and Gilo are found in this area, (Woube, M. (1999).

The natural vegetation around the region varies widely. The predominant vegetation type (64%) is open woodland, crisscrossed with river in vegetation along the drainage channels. Most of the

woodlands are fire-adapted. The region is home to a wide variety of mammals, birds, fish and reptiles, some species of which represents of international importance; the region represents a large and important proportion of the wildlife of Ethiopia.

The area lies in moist every green forest endowed with a vast marginal land which is suitable for Agriculture and other economic activities. The existing land cover (vegetation) types of the region is identified as cultivated land, forest, woodland, bush land, grassland, bamboo, wet (marsh land) etc.

3.1.4. Demographic and Socio-Economic Profile of the Study Area

3.1.4.1. Population of the Study area

According to the study conducted by Central Statistics Agency, (CSA 2007, the total population of the town is about 39, 022, which show an increase of (113.67%) over the 1994 E.C census, of whom 20,790 are males and 18,232 are females, with total number of peoples working in enterprises in five Kebeles are 168 of 01 kebele, 125 of 02 kebele, 246 of 03 kebele, 204 of 04 kebele and 215 of 05 kebele, the total number in five Kebeles are 858 peoples working in enterprises in kebele 01,02,03,04 and 05 respectively and the total of enterprise are 607 enterprises within five Kebeles, three Kebeles of town have 539 population working in enterprises which is 01 kebele has 168 working in enterprises, 02 kebele has 125 population working in enterprises, 03 kebele has 246 working in enterprises and the total number of population in three kebele is 539 peoples working in enterprises. The town growth is known by horizontal expansion rather than vertical development.

3.1.4.2. Social Services

Educational institutions in the Gambella Regional State, particularly in Gambella town, are expanding at a faster rate. There are 8 kindergartens, 10 primary schools, and 5 secondary schools in the city. Furthermore, there are 3 technical vocational training schools (TVT), 1 university and 2 colleges giving training /education to middle-high level professionals. The increment of educational institutions at all levels is encouraging. However, the quality of the

education provided is questionable and requires attention (Gambella, BoED, and education Department 2015).

According to the town health office reports (2011), there is one hospital and one health center and 35 clinics in Gambella towns. There are also banking services both governmental banks and private banks.

3.1.4.3. Economic Activities

Economically, the town depends on agriculture, fishing, trade and administrative services. The [Anuak](#) and [Nuer](#) inhabitants of Gambella each have their own [markets](#). The town has an inadequate water supply with the exception of 13km asphalt road; the inner mobility roads are more congested. The power supply is not sufficient and the town is experienced with limited investment through the Baro river bridge (330meter long) facilitates the economic activities. In Gambella, walking is the most mode of transportation (Gambella Peoples' Regional State, Bureau of Finance and Economic Development (BoFED, 2005), Report.

3.1.4. 4. Major Services and Infrastructures

I. Road Transport

The Gambella People's Regional State town, the total length of asphalt road currently within the town is about 20 km. The remaining road of the town constitutes gravel where it has poor shape and poorly maintained. (Transport, Department, 2014). The Gambella People's Regional State, is the capital city of the region, and is the center of transportation service. According to report of the office of transport, Gambella is the place where the different nation of the country lives in. It is a center of boats going to south Sudan in the summer and big buses to other Ethiopia regions. These buses are providing transportation service to an estimated number of about 2,000 persons a day on average. The taxi transport service is started in Gambella in 2007. At that time there were no taxis that provide service. Nowadays there are a lot of taxis and Bajaj's. According to the report from the office of transport, the existing coverage of transport reached 50 percent (Transport Department, 2014).

II. Water

The Gambella people's Regional State town water supply at present is totally dependent on Baro river water sources. The town has tube water problem event now the water is not enough in the town. As a result, the community has a shortage of water supply in the town. Especially, during the dry season, all peoples use to wash their bodies, clothes and cars while still they are drinking water. The current clean water coverage of the town is estimated to be 35 percent (Gambella people's regional state water supply bureau 2006.)

III. Telecommunication

The Gambella people's regional state town is currently getting a digital telecommunications service. Cellular telephone service has also been introduced recently. At present, everyone who needs cell phone can get easily from Ethiopian telecommunication (Information and Communication Bureau 2006).

IV. Electricity

The Gambella People's Regional State capital, Gambella Town has become the beneficiary of electric power using Thor electric power since 1998. But towards the end of 1998, the town has become the beneficiary of hydro-electric power, at large with 24hours services. Although the city has private and governmental generators which give the services during the time when the, Thor electric power is off. This electric actually covers many places in the town. But there are still many streets which are out of electric light and some needs serious maintenance. In addition, from the available only have one traffic lights (Gambella bureau of electric power 2015).

VI. Market

In Gambella people's regional state town currently there are 4 market in the town which is anuak market, Nuer market, fish market and cattle those markets up to now they are function in the town. The cattle's market is the regional market because it contains five (5) woredas from Nuer zone for those who use to bring their cattle's up to Gambella for sell. And others from Anuak zone and Nuer zone they use to sell their fishes in the town also from Majang zone they use to bring honey from Godere Woreda.

Although Gambella market was expected to accommodate more than 3,000 societies, the main problems observed in the market areas are narrowness of the plot, unavailability of open markets for the rural, narrowness of the channels, (Gambella trade and economic Department 2009).

3.2. Study Design and approaches

The descriptive research design with survey research strategy was used in an appraisal of practice and challenges of micro and small scale enterprises in Gambella town. The research approach that has-been employed was both qualitative and quantitative research, which is mixed type of research design. The reason for using a combination of both approaches is that to have reliable, valid and representative data since one research approach is not able to address all issues that have been studied under the practices and challenges of micro and small scale enterprises in the town.

3.3. Types and Sources of Data

The researcher used both primary and secondary sources of data. Primary data were gathered by using questionnaires and interviews. The primary data were obtained by questionnaires distributed to micro and small enterprise leaders. Other primary data were obtained from semi-structured interviews and field observations. The secondary data that were used in analyzing the study were obtained from published as well as unpublished documents.

3.4. Sample Size and Sampling Techniques

3.2. 1 Sample Size Determination

To determines the sample size of enterprises, sample size determination formula provided by, Kothari, (2004) was used in order to determine the required sample size the following formula is used to calculate the required sample size:-

$n =$

Where: $n=$ is the sample size for a finite population

$N=$ size of the number of sectors

p = population reliability (or frequency estimated for a sample of size n), where p is 0.5 which is taken for all developing countries population and $p + q = 1$

e = margin of error considered is 10% for this study.

$Z_{\alpha/2}$ = normal reduced variable at 0.05 level of significance z is 1.96 According to the above formula, the sample size for all three Kebeles population is: $n=96$, so the researchers have 96 respondents as a sample Formula used for sample size at sector level. Formula used for sample size at sector level is : $n = \frac{N(\text{sector}) \times n(\text{all sector})}{N(\text{all sector})}$

Where: $n(\text{Sector})$: is the sample size at sector level $N(\text{sector})$: is the enterprises number of a sector $n(\text{all sectors})$: is the sample size of all three sectors $N(\text{all Sectors})$: is the enterprises number of three sectors through which the survey was conducted According to the formula, the sample size for the three Kebeles population is: $n(\text{construction materials}) = \frac{168 \times 96}{539} = 30$

$$539$$

$$= n(\text{food processes}) = \frac{125 \times 96}{539} = 22$$

$$539$$

$$= n(\text{wood work and metal work}) = \frac{246 \times 96}{539} = 44. \text{ Therefore, the total sample size} = 30 + 22 + 44 = 96$$

$$539$$

3.2.2. Sampling Techniques

For this study, a stratified sampling technique was used to get information from different sizes of the micro and small scale enterprises. This technique is preferred because it is used to assist in minimizing bias when dealing with the population. With this technique, the sampling frame can be organized before selecting elements for the sample into one time investigation. Accordingly, stratified sampling step increases the probability that the final sample will be representative in terms of the stratified sampling.

The stratified sampling technique was used in the sectors including, food processing, wood work and metal work and construction materials. According to (Catherine Dawson 2009), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. Although there are no general rules, the sample size usually depends on the population to be

sampled. The total population in the study area is 539 enterprise operators which include Construction Materials 30 respondents, food processes 22 respondents and wood work and metal work 44 respondents.

The sample size selected here is considered as representative of construction materials and wood work and metal work and also large enough to allow for precision, confidence and general ability of the research findings. By using purposive sampling technique, 6 officials from micro and small scale enterprises office and 4 officials from Gambella Regional State micro and small enterprise agency have been interviewed from two selected institutions based on the position and responsibility they have in relation to practices and challenges of micro and small scale enterprises services.

Based on the formula, out of 539 enterprise operators in the full micro and small scale enterprises, 106 of them were included in this study as respondents. The researcher believed that the sample of 106 is sufficient to secure the data from micro and small scale enterpriserespondents, particularly through lottery method with the assumption that all micro and small scale enterprises have equal chance of being selected.

3.4.1. Target Population or Sampling Frame work

This is the set of unit from which the sample is actually drawn. In this case, micro and small scale enterprises in Gambella town are the largest target population for the study. Moreover, Gambella Regional micro and small enterprises office and town micro and small enterprise office heads, in Gambella Regional State micro and small enterprises agency are the second targets group of the study.

The sample frame is the total list of micro and small scale enterprises in the three sectors, that is, 539 operators enterprise(168, 125 and 246 in includes Construction Materials, food processes and wood work and metal work respectively. These three sectors are selected based on their business generation as well as the distance or their location so as to ensure the homogeneity.

3.5. Instruments of Data Collection

In order to realize the target, the study used well-designed questionnaire as best instrument. This was completed by the owner managers or operators of the enterprises. Besides, face-to-face interviews with the Micro and small enterprise operators the relevant owner managers who head the enterprises in the selected sectors.

The interview method of data collection is preferred due to its high response rate. Data from files, pamphlets, office manuals, circulars and policy papers are used to provide additional information where appropriate. Besides, a variety of books, published and or unpublished government documents, websites, reports and newsletters were reviewed to make the study fruitful.

3.6.2 Data Analysis

This is the further transformation of the processed data to look for patterns and relationship between and/or among data groups by using descriptive. The Statistical Package for Social Science (SPSS) version 21 was used to analyze the data obtained from primary sources. Descriptive statistics, Microsoft excel, cross tabulation table and charts) were taken from this tool.

3.6.2.1 Descriptive Analysis

Descriptive analysis was used to reduce the data into a summary format by tabulation (the data arranged in a table format). Moreover, pie charts and paragraphs were used to describe the general characteristics of enterprises. The reason for using descriptive statistics was to compare the different factors.

Besides, the interview questions were analyzed using descriptive narrations through concurrent triangulation strategy study. Both quantitative and qualitative data were collected concurrently and then compares the results of two methods to determine if there is convergence, differences, or some combinations. This is used to offset the weaknesses inherent within one method with the strength of the other.

3.6.2.2 Methods of Data presentation

3.6.2, 2.1 Data Processing

The method of data processing in this study was manual and computerized system. In the data processing procedure editing, coding, classification and tabulation of the collected data were used. Data processing has two phases, namely: data clean-up and data reduction. During data clean-up the collected raw data was edited to detect anomalies, errors and omissions in responses and checking that the questions are answered accurately and uniformly.

The process of assigning numerical or other symbols came next which was used to reduce responses into a limited number of categories or classes. After this, the processes of classification or arranging large volume of raw data into classes or groups on the basis of common characteristics were applied. Data having the common characteristics was placed together and in this way the entered data were divided into a number of groups. Finally, tabulation and pie charts were used to summarize the raw data and displayed in the form of tabulation for further analysis.

3.7. Validity and Reliability Checks

Checking the validity and reliability of data collecting instruments is very important before researchers administer the actual study. To ensure validity of instruments, the instruments were developed under close guidance of advisors and a pilot study is carried out to pre-test the instruments. Therefore, the researcher was conducting a pilot test.

The pilot study helps to determine whether the questionnaires are easily understandable by the respondents and the feedback provide an indication to modify some of the items and remove some items if it is necessary, obtain respondents' suggestions and views on the items; assess the reliability of the questionnaire.

3.8. Ethical Consideration

The purpose of the study was explained to the participants in order to get their permission to answer questions in the questionnaires or interview guide. The writer had also informed the participants that the information they provided was only being used for the study purpose.

Taking this reality in mind, any communication with the concerned bodies was accomplished at their voluntarily consent without harming and threatening the personal and institutional wellbeing. In addition, the researcher had ensured the confidentiality by making the participants unnamed. Their cultures and others ways of life were also very well respected.

CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

4.1 Introduction

This chapter deals with the findings and discussion of the data that were collected using different form of items. The findings and interpretations in this chapter are presented in four sub-sections, instruments assessing the practices of micro and small scale enterprises in Gambella town, investigating the role of micro and small scale enterprises in facilitating trade and development in the study area, examine in the challenges of micro and small enterprises in Gambella town, identifying the major types of micro and small enterprises in the study area, perception of respondents' in regarding micro and small scale enterprises in Gambella town.

4.2. Background Information of Respondents

In the process of data collection, a total of 106 sampled subjects were proposed and all of them were successfully covered. The source of data included were the town, micro and small scale enterprises and the regional micro and small scale enterprises', 10 heads and officers based on their best experiences in the sector are interviewed and 96 samples of micro and small scale enterprises owners from the selected three sectors in three Kebeles are considered.

Socio-demographic and socio-economic profile of any community such as sex, age, education, profession and work status are among the vital inputs in decision making at country level and at the town level in particular. Because of this, the availability of well-defined socio-economic data is very important to examine practices and challenges of micro and small scale enterprises as social agenda. Therefore, respondent of micro and small scale enterprises have been presented, which in turn can serve as a background for the study to be analyzed.

4.2.1. Age and Sex Distribution of Respondents

Table 4.1. Age and Gender of Respondents

Age distribution	Sex Distribution		No, of respondents	%
	Male	Female		
18-35	7	13	20	20.83
36-55	23	24	47	48.95
56 and above	17	12	29	30.2
Total	47	49	96	100

Source: Filed Survey, 2016

As shown in the table 4.1 above 20.83% percent of the respondents, are found in age of 18-35 both males and femals, 48.95% percent respondents are found in age of 36-55 both females and males and 30.2% percent respondents are also found in age of 56 and above are both males and females age distribution both males and females .

And the overall totals of males respondents are 47 and the totals of females' respondents are 49. This shows that, more than half of the total respondents throughout the study done in selected areas are being found as females. It is very important for the micro and small scale enterprises to reach a good level in the locality for women to work in micro and small scale enterprises.

4.3.2:- Marital Status of Respondents

Table 4.2:- Married Status of Respondents

Marital status	No, of respondents	Percent
Married	33	34.37
Single	49	51.
Divorce	14	14.58
Total	96	100

Source field survey 2016

According to information presented in table 4.2 above, 34.37% of the respondents are married, 51.% percent of the respondents are single or unmarried and 14.58% percent are, the overall 100% percentages of respondents are married, single and divorce.

4.3.4:-Educational background of respondents

Table. 4.3. Educational Background of Respondents

Educational status	No, of Respondents	Percentage (%)
Unable to write and read	14	14.58
1-8	9	9.37
9-12	15	15.62
Certificate	19	19.79
Diploma	26	27
Degree	10	10.41
Master	3	3.12
Total	96	100.0

Source: Field Survey, 2016

With regard to table 4.3 above, shows that (14.58%), of the respondents are unable to write and read, 9.37% of the respondents are grade 1-8th complete, 15.62% percent of the respondents are grade 9th -12th complete, 19.79% percent of the respondents are certificate graduate, 27% percent of the respondents are Diploma graduate, 10.41% percent of the respondents are Degree graduate and 3.12% percent of respondents are master graduate. Overall of educational background (86.8%) of respondents are able to write and read.

4.3.5. Distribution of Respondents by their Field Studies

Distribution of Field Studies	No, of respondents	Percent
Accounting	35	36.45
Economic	22	22.91
Law	4	4.16
Agriculture	4	4.16
Teaching	1	1.04
Non profession	30	31.25
Total	96	100.0

Table .4.4; -Distribution of Respondents by their Field Studies

Source: Filed Survey, 2016

As elaborated from table 4.4 above, 36.45% percent of the respondents are graduate from accounting, 22.91% percent of the respondents are graduate from economic, 4.16% percent of respondents are graduate from Law, 4.16% percent of the respondents are graduate from Agriculture 1.04% percent of the respondents are graduate from teaching and 31.25% percent of respondents are unqualified. While (68.75%), of the respondents are qualified in different Field of Studies.

4.3.6. Employment status of respondents

Table 4.5. Work status of Respondents

Employment status	No of Respondents	Percent
Permanence Employees	60	62.5
Temporary employees	36	37.5
Total	96	100.0

(Source: Filed Survey, 2016)

As indicated from, tables 4.5 above, 62.5% of the respondents are permanence employees and 37.5% percent of the respondents are temporary,(contrast) employees. This indicates that the majority of the respondents in the study area are permanence employees.

4.4 Results and Findings

This portion provides information about response rate, demographic data and findings presented in tables form accompanied by text describing the salient in formations contained in table.

4.4.1 Practices of micro and small scale enterprises in Gambella town

In Gambella town, the practice of micro and small scale enterprises has not been considered as an important task in bringing sustainability of human economic services

4.4.1. The years of establishments of micro and small scale enterprises

Figure. 4.6. Establishments of Micro and Small Scale Enterprises

Source: Filed Survey, 2016

In the study made from, figure 4.6 above, 4.16% of the respondents are found in year 2010, 9.37% of respondents are found in year 2011, 12.5% of the respondents are found in year 2012, 15.62% of the respondents are found in year 2013, 25% of the respondents are found in year 2014 and 33.33% of the respondents are found in year 2015. This is shown that, in the study area there is growing of enterprises every year. Therefore, it is very important for the establishment of micro and small-scale enterprises to reach a good level in the locality. According to interviews which conduct in the study area all respondents reply that there is a increase to establishment in the town.

4.4.3. Information secured from respondents of micro and small scale enterprises owners

Table 4.7. Characteristic of Micro and small scale enterprises in the Study Area

Characteristic of MSEs in the study area	Number	No, of respondents			
		Yes		No	
		No	%	No	%
The enterprise show growth rate in the last couple years	96	85	88.5	11	11.5
you have ever sought assistance	96	82	85.4	14	14.6
you taken training on, financial training	96	73	76.	23	24
Managerial training, technical training	96	59	61.5	37	38.5
The enterprises socially supported	96	58	60.4	38	39.6
they get adequate market for your product	96	92	95.8	8	8.3
They face constraints when you start up your enterprises	96	78	81.25	18	18.75
They face constraints during operations	96	88	91.6	8	8.3
They take training about the work of micro and small scale enterprises	96	25	26	71	73.9
Total	96				

Source: Filed Survey, 2016

The sampled micro and small scale enterprises owners were asked, about their micro and small scale enterprises system in the study area. From the table 4.7 above shows that,95.8% of the micro and small scale enterprises owners are getting market from their own resources, 91.6% were facing constraints during operations, and 88.5% of them replied that it has shown growth rate, and about 85.4%of them responded that they have a been getting assistance, 81.25% is facing constraints when they start up their enterprises, from their responses, it is found that 76% of them have got some form of training (financial management training)while, 73.9%of them taken on the work of micro and small scale enterprises, 62.5% by their types therefore the respondents disclose that, there is a problem on environmental friendly and training about the

work of micro and small scale enterprises in the study area. This indicates that, micro and small scale enterprises have been considered as a major income of their business.

4.4.4. Analysis of Information Obtained from Relevant Officers and Heads

Characteristic of MSEs in the study area	No, of respondents			
	Yes		No	
	No,	%	No	%
Are there any challenges of micro small scale enterprises in the town	10	100	-	-
Are there any experts for micro and small enterprises services in the town	10	100	-	-
Are there private sectors involved in micro and small scale enterprises services in the town	-	-	10	100
Has the government prepared market place for micro and small scale enterprises to sell their products	-	-	10	100
Is there any budget that allocated to micro and small scale enterprises services in your office in years	-	-	10	100
Are there NGOs working on micro and small scale enterprises issues in collaborating with your office	-	-	10	100
Is your office aware the enterprises owners for those problems relating to practices and challenges of micro and small scale enterprises	10	100	-	-
Have micro and small scale enterprises contribution to employment	8	80	2	20
Do micro and small scale enterprises MSEs are sustainable	7	70	3	30
Do micro and small scale enterprises create income	10	100	-	-
Total		100		100

Table.4.8.analysis of information obtained from relevant officers and heads offices

Source: Filed Survey, 2016

According to table 4.8 above, the sampled micro and small scale enterprises officers and heads of offices were asked about the information on micro and small scale enterprises in the study area. From the sampled officers and heads of offices the total number of them were 10 peoples,

almost all 10 of them replied that there were challenges of micro small scale enterprises in the town; on the other hand the 10 of them indicated that there are employees experts for micro and small enterprises services in the town.

Also they replied that there is no private sectors involved in micro and small scale enterprises services in the town, while they indicated that, there is no government market which have been prepared for micro and small scale enterprises to sell their products, and replied that there no budget allocated by office for micro and small scale enterprises services per year, and there is no NGOs working on micro and small scale enterprises issues in collaborating with their office.

The 10 officers and heads offices response that, there were awareness from office for enterprises owners about the problems relating to practices and challenges of micro and small scale enterprises, and the 8 officers replied that the micro and small scale enterprises have contribution for employment in the town. While other 7 officer's response that the micro and small scale enterprises are sustainable in the study area.

Finally all the 10 officers asserted that micro and small scale enterprises create income. In addition the respondents disclose that, there are a number of challenges of micro small enterprises in the town and there is no market place prepared for micro and small scale enterprises by the local government to sell their products. This indicates that micro and small scale enterprises owners have were facing challenges in their business.

4.4.5. The place to sell their Enterprises in the Study Area

Table.4.9 The place to sell their Enterprises in the Study Area

Types of Micro and Small Scale Enterprises	No of respondents	Percent
Sold in the shops	21	22.81
Cooperative	15	15.62
Mobile marketing	7	7.3
Traditional market	11	11.45
Entrepreneurial factors	19	19.79
Roadside marketing	23	24.0
Total	96	100.0

Source: Filed Survey, 2016

As indicated from, table 4.9 above, 22.81% of the respondents are found to sold their products in the shops, 15.62% of the respondents are using cooperative marketing, 7.3% of the respondents are found to use mobile marketing, 11.45% of the respondents are trading in traditional market, 19.79% of the respondents are using Entrepreneurial factors and 24% of the respondents are trading in the roadside market. Overall of the respondents are replied that the place for selling their enterprises in the study area is the big problems therefore it is needed to select the place for them.

4.4.6. Resources Mobilization

Table.4.10.Resource Mobilization

Resources Mobilization	No of respondents	Percent
Loan from nongovernmental organization	7	7.3
Loan from microfinance	20	20.8
Loan from banks	17	17.7
Family	25	26.0
Saving account	27	28.1
Total	96	100.0

Source: Filed Survey, 2016

With regard to table 4.10 above, 7.3% of the respondents are getting their loan from nongovernmental organization, 20.8% of the respondents are getting their loan from microfinance, 17.7% of the respondents are getting their loan from government banks, 26% of the respondents are getting their income from family, and 28% of the respondents are getting from their saving accounts. And overall of the respondents reply that they were got their income from different resource mobilization.

Most respondents reply that they acquire their business from their saving account follow by family the way the operators gain the income from their own sources and they conclude that if the government have a willing to support our business, the business may growth.

4.4.7. Measurement Growth of Business

Table 4.12.Measurement growth rate

Category	No of respondents	Percent
Employment opportunities	6	6.3
Income creation	25	26.0
Opening other branch	18	18.8
Create business	15	15.6
Use for household needs	6	6.3
Medical expenses	3	3.1
Use for entertainment	4	4.2
Children's education	9	9.4
Putting in to saving account	10	10.41
Total	96	100.00

(Source: Field Survey, 2016)

As elaborated from figure 4.12 above, 6% of the respondents are working for employment opportunities, 25% of the respondents are found working for income creation, 18% of the respondents are found working for opening other branches, 15% of the respondents are found working for creation a large business, 6% of the respondents are found to use for household needs, 3% of the respondents are found for medical expenses, 4% of the respondents are found to use for entertainment, 9% of the respondents are found to use for children schools and 10% of the respondents are found to put in to saving account. Therefore, in the study area there is a good opportunity to provide awareness regarding the measurement growth rate in the study area.

According to the interview result, majority of the interviewee pointed that they have a future of business plan to open other branches in their business. To open other branches of business plan is one of the most problems in developing and growing a venture and one of the main causes of business improvement. A good business plan is not only important in developing the opportunity but also essential in determining the resources required, obtaining those resources, and successfully managing the resulting venture. Taking this into consideration, micro and small scale enterprises sector should therefore ensure that they equip their employees with the necessary business plan skills

4.4.8. Characteristics of the Enterprises exclusive

Figure.4.13; -Sectors respondents engaged in micro and small scale enterprises

Source: Field survey, 2016

As shown in figure above, the sample firms were operating in three sectors of the economy. 41.5% are engaged in wood and metal works, 30.2% are engaged in construction materials, 28.3%) are working in food processes.

This division of micro and small scale enterprises micro by sector type was believed to be helpful to study each sector with the factors that affect the micro and small scale enterprises. This is because firms in different sectors of the economy face different types of problems. That mean the degree of those critical factors in food processing sector may differ from the factors that are critical to Construction Materials and wood and metal work sectors.

4.3.2 The Main Source of Finance for Start-up and Expansion of business.

To capture information regarding the relative importance of the various sources of finance, enterprises were asked whether they ever received credit from each of a given list of sources of finance. The following figure shows the main sources funds.

4.4.9. The Main of Finance for Start-up and Expansion

Figure.4.14. Sources of finance. (Source: Field survey, 2016)

As can be seen from figure, 35.8% are start their business with personal saving, 13.2% are starting their business through iqub/idir, 22.6% are from family, 10.4% are from their friends/relatives, 7.5% are from microfinance institutions, 4.7% are getting from NGOs 4.7% and 5.7%. are getting from banks. This shows that the main the source of finance for micro and small scale enterprises in Gambella regional town is personal saving.

But also other traditional source like iqub/idir, family and friends/relatives plays the greatest role. In the town, informal sources play the greatest role in establishment of micro and small scale enterprises than the formal sources like microfinance and banks. Besides, the result of interview shows that majority of micro and small scale enterprises in the study area uses informal sources. The formal financial institutions have not been able to meet the credit needs of the micro and small scale enterprises.

According to majority interviewee, the reason for emphasizing on informal sector is that the requirement of collateral/guarantor is relatively rare since such sources usually take place among parties with intimate knowledge and trust of each other. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the micro and small scale enterprises. To wind up, such constraint of finance for micro and small scale enterprises affects their performance directly or indirectly.

4.4.10. The Important Aspects for the success of Business Venture

Figure. 4.15. Important aspects for business venture. (Source: Field survey, 2016)

As it can be seen from the figure 4.15 above, 38.7% of the respondents indicated that a business plan is important for the success of their business ventures, and 24.5% of the respondents felt that the availability of training in business skills is important for the success of their business ventures, also 22.6% of respondents alluded to the fact that business opportunities for the success of their business ventures and 14.2% of the respondents concluded that entrepreneurial groups is important for the success of their business ventures.

The closer analysis of the result leads to the conclusion that a business plan is the most important aspects for the success of any business venture. According to Renee (2007:1), sound business plan may make a difference between a business that succeeds and a business that fails. Approximately 80% of small businesses fail before three years, according to the Small Business Association. And even after that two year mark has been passed, there are no guarantees.

This is mainly due to lack of business plan knowledge and the absence of a business plan. Moreover, the availability of business opportunities and entrepreneurial groups are also important aspects for the success of business venture. Because an entrepreneurial groups is necessary to implement the businesses' objectives as outlined in the business plan. The business plan is a framework which a business must operate within. It ultimately determines whether the business performance is good or bad. For management or entrepreneurs seeking external support, the plan is the most important sales document that they are ever likely to produce.

According to the interview result, majority of the interviewee pointed that they have no business plan to run their business activities. A lack of business plan is one of the most often cited reasons by author, such as Renee (2007:1), for problems in developing and growing a venture and one of the main causes of business failure. A good business plan is not only important in developing the opportunity but also essential in determining the resources required, obtaining those resources, and successfully managing the resulting venture. Taking this into consideration, micro and small scale enterprises sector should therefore ensure that they equip their employees with the necessary business plan skills.

4.3 Factors affecting the Performance of Micro and Small Enterprises in the Study Area

Respondents were asked different questions regarding the factors affecting the performance of micro and small scale enterprises in Gambella town.

4.3.1 The responses are organized in the following manner.

There are number of factors that affect micro and small scale enterprises. By using, descriptive statistics calculation on the basis of the factors that affect the micro and small scale enterprises. The respondents are organized in the following manner and from the sample of respondents of food processes, constructions materials and metal and wood works are shown in the following tables.

4.4.11. Challenges of Micro and Small Enterprises

Figure 4.16. Challenges of the micro and small scale enterprises.

(Source: Field survey, 2016)

The Figure 4.16 above shows that 31.1% are the lack of government support, 18.9% are the lack of accessible information on government regulations that are relevant to business, 17.9% are the bureaucracy in registration and licensing, 17.0% are the tax levied on business is not reasonable and 15.1% political intervention. Therefore, it may conclude that lack of government support is the main factor that affects the performance of all sectors. This is followed by average score of the respondent's response with regard to lack of accessible information on government regulations that are relevant to business and related issues. According to the table 4.16 above, enterprises engaged in wood and metal work, food processes and construction materials sector, the tax levied on their business is not reasonable.

The agreement on the non-reasonability of tax amount justified by the calculated frequencies shows that, the operators of wood and metal work in micro and small scale enterprises agree with the problem related to political intervention around their working areas. But, the business owner manager engaged in food processing were neither 'agreed' nor 'disagreed' with this problem. Furthermore, the table indicates that lack of government support is another problem that affects the micro and small scale enterprises engaged in construction materials and wood and metal work respectively.

Lastly, the table indicates that the owner managers engaged in all sectors are neither 'agreed' nor 'disagreed' with related to lack of necessary information on government regulations. When the above responses compared with the interview conducted with operators of micro and small scale enterprises, it was confirmed that there are problems related to government bodies at the regional levels. The interviewees pointed out the problems widely observed in the side of the heads and lower level experts and employees of government sector offices such as lack of responsiveness to the demands of the operators. This arises either from the deliberate tendency of the executives to

be bureaucratic or their lack of awareness about the peculiar procedures, policies and proclamations that favor micro and small scale enterprises.

The other possible explaining factor for this non-responsiveness to the operators can be the fact that the concerned government offices are overburdened with other routine activities of their respective offices, which resulted in abandoning or being irresponsible to the issues of the micro and small scale enterprises operators. Even when opportunities have been created, micro and small scale enterprises have not been able to draw the full advantage due to absence of appropriate policy support. According to interviewees, there still exists an overly bureaucratic government system that often results in unnecessary delays in compliance and is excessively. This includes a complex system, lengthy procedures and rules. For example, registration of a business, getting working places, payment of stamp duty among others.

For enterprises found in Gambella town, this poses a major challenge and cost as the owners of the business would need to close for days in order to travel to concerned governmental offices to access these services sometimes without success. Operators believe that these requirements force enterprises to operate informally, which limits their opportunities for growth, or to go out of business.

4.4.12. Challenges of the Work factors on micro and small scale enterprises

Figure .4.17. Challenges of the Work factors on micro and small scale enterprises

(Source: Field survey, 2016)

As shown in figure 4.17 above revealed, of the total number of respondents were 44.3% of them reported that their work performance is primarily affected by the absence of commitments on the side of workers, and 32.1% of the respondents described the problem to highly escalating house rent and still a significance number of respondents, the 23.6% of the respondents replied that their performance is affected by the absence of commitment working place.

The respondents of wood and metal work and food processing reported that their current working place is not convenient to run their business. The interview conducted with operators of the food processing is confirmed that, they operated in high rental charges and impeded the performance of their businesses as some charges are higher than the capacity to pay. Similarly, in an interview conducted with owner managers of construction materials confirmed this idea. According to them, this high rent of house it resulted to the absence of commitment to run the business.

4.4.13. The technological factors on micro and small scale enterprises in the study area.

Table.4.18. Technological, factors that affects the performance of micro and small scale enterprises.

Technological Factors	No of respondents	Percentage
Lack of skills to handle new technology	20	20.83
Lack of money to acquire new technology	28	29.16
Lack of appropriate machinery and equipment	33	34.37
Unable to select proper technology	15	15.62
Total	96	100.0

(Source: Field survey, 2016)

As it can be seen in table 4.18 above, 34.37% are reply that the lack of appropriate machinery and equipment is the main problem of Micro and Small Scale Enterprises engaged in construction materials and wood and metal work, 29.16% reply that the lack of money to acquire new technology. According to table 4.18, for operators engaged in construction materials and wood and metal work, lack of appropriate machinery and equipment is moderately affects their performance.

20.83% lack of skills to handle new technology for operators of wood and metal work and construction materials respectively. On the other hand, the unable to select proper technology table above depicts that the respondents' agreement scale is more than undecided, indeed less than agreed, 15.62% unable to select proper technology. The studied micro and small scale enterprises own a variety of working machines, equipment's and tools, most of which were purchased. According to the interview with the operators, the loan to purchase equipment's and materials were obtained from both formal and informal sources.

Welding machine, singer, grinder, stove, drill machine, screw driver, hammer, chisel and clamps are some of the work related machines and equipment's owned by the studied micro and small scale enterprises. The operators indicated that the presence of these machines, tools and equipment's has allowed the operators to produce products. In contrast to this, according to some interviewees of food processing sector, they lack money to acquire new technology (equipment, machinery, tools, etc.). Moreover, respondents replied that, if new and appropriate technologies obtained, the presence of them will result in performance improvement.

4.4.14. Infrastructural factors that affect the performance of micro and small scale enterprises Table 4.4.19. Infrastructural factors that affect, the performance of micro and small scale enterprises.

Infrastructural factors	Frequency	Percentage
Power interruptions	28	29.16
Insufficient and interruption of water supply	24	25
Lack of business development services	26	27
Lack of sufficient and quick transportation services	18	18.75
Total	96	100.0

(Source: Field survey, 2016)

The result presented in table 4.19, shows that, 29.16% power interruption is the main problem followed by lack of business development services that hinders the business performance of all sectors for wood and metal work, food processing and construction materials respectively, 27% are the lack of business development services for metal and wood work, and food processing and construction materials respectively, 25% insufficient and interrupted by water supply and 18.75% were the lack of sufficient and quick transportation services system are the main challenges that hinder the performance of business operators engaged in food processing.

As opposed to this, the table shows that insufficient and interrupted water supply does not affect the performance of MSEs engaged in wood and metal work sectors in the selected area. The disagreement on the variables is justified by the calculated frequencies. That engaged in wood and metal work respectively. It seems that these operators neither agree nor disagree on the issue related to insufficient and interruption water supply system. Accessibility of a location is the ease with which it can be accessed by different modes of transport (Brown and Lloyd, 2002:188-204).

Divergent from these aspects, however, most of the studied area is situated far from the main asphalt road and the condition of the road leading to the cluster from the main road is extremely poor. This poor state of the road condition of locality has culminated in high transportation service costs to the micro and small scale enterprises, in addition to making the sector difficult for accessibility by the existing and potential customers. Concerning transport facilities, access to affordable and appropriate public transport is of paramount vitality in expanding the employment

opportunities of the urban poor who need inexpensive access to areas of economic and commercial activity.

Equally, the importance of physical capital especially infrastructure in enabling people to access, and directly support, income-generating activities is well recognized by writers on urban livelihoods such as (Rakodi2002:22). Housing which is close to employment opportunities or markets will improve residents' access to income-generating work and will reduce transport costs, which can be a significant expenditure and time-drain for the urban poor (Farrington et al., 2002:57).

In the view of majority operators interviewed, this poor state of the local road has hampered the accessibility of their working site by existing and potential customers. In addition, it has forced the operators to incur high transportation service cost, damaging their already continuously declining income. The other impediment, according to interviewees of the sector, is the increasing cost or price of transportation service especially the hardly affordable price of those private cars on which the operators load raw materials from places of supply.

The operators associate this expensive transportation service price with the unsuitability of the road facility. The operators agree that, if the road infrastructure around their working area is maintained or improved, there would be possibility of a remarkable reduction on their expenses related to running their businesses.

4.4.15. Marketing factors that affect the micro and small scale enterprises

Table.4.20. Marketing factors related that affect the micro and small scale enterprises

Marketing related factors	No of respondents	Percentage
Failure to forecasting demand	12	12.5
Inadequate market for product	14	14.58
Lack of market information	13	13.54
Difficulty of searching new market	15	15.62
Absence of relationship with the other to supported market	13	13.54
Lack of promotion strategy to attract potential users	16	16.66
Poor customer relationship and handling	13	13.54

Total	96	100.0
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(Source: Field survey, 2016)

As shown in the table 4.20 above, marketing factor is consisted of seven items. From these factors 14.58% are found in inadequacy of market, 15.62% are found in difficulty of searching new market, 12.5% are found in Failure to forecasting demand, 13.54% are found in the lack of market information, 13.54% are found with Absence of relationship with the other to supported market are critical factors that affect the performance of micro and small scale enterprises engaged in all sectors. The frequencies clearly show respondents agreement on the variables, 16.66% are the Lack of promotion strategy to attract potential users and 13.54% are found in poor customer relationship and handling for micro and small scale enterprises engaged in wood and metal work, food processing and construction materials.

The respondents of wood and metal work, food processing and construction materials agree that, there is difficulty of searching new market respectively. Similarly, majority of respondents agreed that they have no relationship with an organization and/association that can support market. For any operator engaged in construction materials, wood and metal work and food processing respectively. On the other hand, the table above shows that respondents of all sectors are neither 'agreed' nor 'disagreed' with poor customer relationship and handling that affect their performance for respondents engaged in wood and metal work, construction materials and food processing respectively.

Likewise, in relation to lack of promotion to attract potential users, the respondents of wood and metal work and construction materials do not like to decide on it. But, as the table above shows, lack of promotion to attract potential users is the main factor that affects the performance of micro and small scale enterprises engaged food processing sector. Clearly depicts, the respondent operators agree on their inability to promote potential users. In an interview conducted with any operator of the sectors, it was confirmed that absence of selling place has aggravated the already existing 'inadequacy and crowdedness' of the internal working space of the shades.

The operators intelligently argued that lack of selling place is a direct contributor for their inadequate market low income of the studied micro and small scale enterprises. Absence of

selling place obviously narrows the chance to access new customers. The operators indicated that the continuous increasing price of inputs has been checked by the government action. They also indicated that the materialization of this ceiling has also saved them from being ‘exploited’ by illegal merchants, who always increase prices of basic commodities unreasonably.

On the other hand, currently the owner managers attributed the sky rocketing price of commodities to the shortage or inadequacy of supply of commodities. Brilliantly enough, one respondent linked the issue with population increase. This is true since when there is an ample demand for a given goods or services, in this case higher population; it is likely that the price of that goods or services becomes high.

4.4.16. Finance related problems affecting the performance of micro and small scale enterprises

Figure .4.21. Financial related factors affecting performance of micro and small scale enterprises.
(Source: Field survey, 2016)

The table 4.21 above shows that, those operators engaged in food processing, wood and metal work and construction materials have faced the problem related to shortage of working capital. Regarding inadequacy of credit institutions depicts that the respondents’ of the three sectors agreement scale is more of undecided. The results show that the shortage of working capital is (23. %), inadequacy of credit institutions is (19. %), lack of cash management skills is (18. %), high collateral requirement from banks and other lending institutions is (15%), loan application procedures of banks and other lending institutions are too complicated is (13. %) and high interest rate charged by banks and other lending institutions, high interest rate charge by bank and other lending institution (12%).

This shows that the respondents of the three sectors are in dilemma to say that the credit institutions are adequately available or not. With regard to shortage of working capital the (23%) is for entrepreneurs engaged in wood and metal work, food processing and construction materials respectively. Similarly, in inadequacy of credit institutions for operators of wood and metal work, food processing and construction materials respectively by the same token, respondents of

the three sectors agreed with the complexity of loan application procedures of banks and other lending institutions. This is justified by the operators engaged in metal and wood work, construction materials and food processing respectively.

Moreover, lack of cash management skills are serious problem of micro and small scale enterprises as the table above shows very well. The respondents agree for micro and small scale enterprises engaged in wood and metal work, food processing and construction materials respectively. According to (Rakodi2002:2-22) financial issues are more salient in urban areas due to the highly monetized nature of urban economies. Operators were interviewed to give their opinion on the nature of problem related to financial factors. It was found that, mainly ensuing from low market, the operators usually suffer of shortage of cash leading to their inability to cover their daily needs adequately.

The other cause of this low cash presence at the disposal of the operators could be the increasing expense incurred by their respective micro and small scale enterprises in relation to purchase of raw materials and services. Such as transportation, in addition to cost of utilities consumed both at home and work place. The operators frequently mitigate this problem of cash shortage through borrowing and lending each other. The other mechanism of easing such cash shortage is through diversification of income generating activities. The presence of affordable credit is essential for enterprise growth. With regard to credit access and availability, there are both formal and informal sources serving the operators in the studied area.

The informal sources are consisted of loan from other fellow operators, family, relatives and friends. According to responses from the operators, the credit generated from such sources, along with a loan secured from micro finance institution and own savings constitutes a portion of the start-up capital of the micro and small scale enterprises. Gambella microfinance institute is the formal source of credit used by operators, though there are other financial service providers like state-owned and private commercial banks. Even if many writers including Vandenberg support the already established opinion on micro-finance that holds a view that micro-finance is a useful way of channeling finance to the poor and overcoming the difficulties they face in securing credit from formal financial institutions such as banks (Vandenberg, 2006:33).

It was reported that the terms of credit of Gambella microfinance institute are not suitable to the operators as the microfinance institute fixes short repayment period with higher interest rate that charged by the banks. Majority of respondents indicated that, microfinance institute charges them totally 12.3% of the extended credit, of which paid as interest on the loan, as service charge. This high loan cost puts the affordability of the loan of the microfinance institute demanding by the users. Obviously, such high loan cost further damages the already low meager revenue of the enterprises. On the other hand, the interviewees' pointed that the short repayment period scheduled by the microfinance institute put them in worrisome state as they face shortage of market resulting in their inability to repay the loan with in the period stipulated by the microfinance institute.

Given the market problem of the micro and small scale enterprises, it is fair to suggest the microfinance institute to effectuate a 'grace period policy'. Majority of interviewees widely outlined that, they are frequently uses informal sources as a main sources. According to them, this is because of the view that the requirement of collateral and loan application procedures are relatively rare (completely none) in case of informal sources. Since such sources usually take place among parties with intimate knowledge and trust of each other, making the need for security (in the form of asset collateral /guarantee) low. In conformity with this finding, Currie (2009:87-122) stated that: majority of micro and small scale enterprises in countries such as Ethiopia operate at under capacity due to lack of credit or over-regulation.

This problem has been exacerbated by the demand for collateral by commercial banks as a prerequisite for the approval of loan applications. This is also consistent with previous findings. For instance, according to Woldehanna et al., (2008:177-201) stated that formal money lending institutions have so far failed to produce innovative, affordable and user friendly financial services with a particular view to assist the struggling micro and small scale enterprises sector in Ethiopia. Respondents were also interviewed to give their opinion regarding saving, majority of them had a prior saving, though incomparable with their current level.

The money accessed from Iqub sources is usually spent for undertaking other income generating activities by other family members such as informal indigenous rotating saving and credit schemes have a remarkable role in consolidating the enriched social life among the operators.

To wind up, the operators had better level of cash possession in comparison with the past but it is declining as time passes because of the inflation, increasing price of inputs, basic commodities and services such as transportation.

4.4.17. Management factors that affect the micro and small scale enterprises

Table 4.22 Management factors that affect the performance of micro and small scale enterprises

Management factors	No of respondents	Percent
Lack of clear division of duties and responsibility among employees	14	14.58
Poor organization and ineffective communication	24	25
Poor selection of associates in business	15	15.62
Lack of well trained and experienced employees	18	18.75
Lack of low-cost and accessible training facilities	11	11.45
Lack of strategic business planning	14	14.58
Total	96	100.0

(Source: Field survey, 2016)

As shown in table 4.22 above, 14.58% of the respondents were replied that lack of clear division of duties and responsibility among employees is great of challenge, in the town, 25% of the respondents are replied that Poor organization and ineffective communication, 15.62% of the respondents are Poor selection of associates in business, 18.75% of the respondents were response that the Lack of well trained and experienced employees, 11.45% of the respondents were response that there is a lack of low-cost and accessible training facilities and 16% of the respondents were response that there is a lack of strategic business planning.

This shows that micro and small scale enterprises have a problem with developing and implementing the activity successes of the lack of well trained and experienced employee's. Likewise, in relation to Lack of clear division of duties and responsibility among employees, the table above shows 18% for micro and small scale enterprises engaged in construction materials, food processing and wood and metal work respectively. The table also shows lack of well trained and experienced employees is the problem of operators engaged in wood and metal work and construction materials respectively.

But as the table above shows, the problem of poor selection of associates in business for operators engaged in food processing is moderate .In the contrary, the respondent of all sectors are neither 'agree' nor 'disagree' with the issue of Lack of low cost and accessible training facilities, for micro and small scale enterprises engaged in construction materials, wood and metal work and food processing respectively. Similarly, the Lack of strategic business planning

is for micro and small scale enterprises employed in food processing, and wood and metal work respectively.

It is argued from a theoretical perspective that management experience and continuous training provide a particular entrepreneur with the necessary skills and competences needed for successful entrepreneurship (Enock N., 2010:43). With adequate education mixed with management experience and training puts a manager in a better position to make tough decisions and forecasting under conditions of uncertainty which in turn with those competencies making these particular managers perform better than untrained individuals.

In this regard in an interview conducted with operators of micro and small scale enterprises, it was confirmed that they had many management problems which stem from factors such as poor record keeping, insufficient training and lack of relevant qualifications. Furthermore, most of these enterprises operate without systems in line with good management practice in which the owner manager is the sole decision maker and his/her absence leads to a halt (temporarily stop) in decision making.

Similarly, interviewees unanimously indicated that, inability (low technical skills) to troubleshoot failures on machinery and/or equipment's is a critical problem. Since the operators of micro and small scale enterprises cannot afford to employ specialists in the fields of maintenance with technical knowledge. Coming down to the matter of lack of a proper business plan for the business, in an interview conducted with operators, it was confirmed that operators of micro and small scale enterprises have no proper business plans at start faces the most challenges during the course of their lives. According to operators, lack of trust in doing business on the other hand seems to have prevailed in most of the cooperative and partnership business (mistrust between business associates).

As evident in the study eleven have had a case of distrust among members of cooperatives and partners in their particular business. To conclude, all these managerial constraints were confirmed by the respondents in this survey who indicated that their businesses were constrained by poor management practice, mistrust among business associates, insufficient training, lack of proper business plan and lack of relevant qualifications among employees.

4.4.18. Entrepreneurial factors that affect the micro and small scale enterprises

Table 4.4.23. Entrepreneurial factors that affect the performance of micro and small scale enterprises

Entrepreneurial factors	No of respondents	Percent
Lack of motivation and drive	15	15.62
Lack of tolerance to work hard	20	20.83
Lack of persistence and courage to take responsibility for one's failure	13	13.54
Absence of initiative to assess ones strengths and weakness	16	16.66
Lack of entrepreneurship training	15	15.62
Lack of information to exploit business opportunities	18	18.75
Total	96	100.0

Source: Field survey, 2016

Among the entrepreneurial factors, lack of persistence and courage to take responsibility for one's failure are the factors for operators engaged in metal and wood work, food processing and construction materials respectively. The second most important factor that affects the performance of micro and small scale enterprises is absence of initiative to assess ones strengths and weakness, for owners engaged in construction materials, food processing and wood and metal work respectively.

This shows that the operators of all sectors agreed with that they have faced the problem of assessing their weaknesses and strengths. Furthermore, the lack of entrepreneurship training is the third entrepreneurial factors that hinder the success of entrepreneurs employed in all sectors. That is for micro and small scale enterprises engaged in wood and metal work, food processing construction materials respectively. Regarding lack of information to exploit business opportunities, it includes the operator engaged in food processing, wood and metal work and construction materials respectively.

Thus, it may be concluded that lack of information to exploit business opportunities is the fourth factor that affected the performance of micro and small scale enterprises engaged in three sectors. As opposed to this, the table shows that lack of motivation is not a serious problem of operators engaged in three sectors. The disagreement on this factor is justified by respondents the operators engaged in metal and wood work, construction materials and food processing

respectively. However, the table indicates that lack of tolerance to work hard moderately affected the performance of Micro and Small Scale Enterprises operated in food processing, construction materials and wood and metal work respectively.

Starting with lack of motivation and drive, this has to do with the main reasons for the entrepreneur establishing the business and the relationship of this with the performance of the firm (Enock N., 2010:39). In an interview conducted with respondents of micro and small scale enterprises, few (two) interviewees replied that lack of motivation and drive affect the performance of micro and small scale enterprises. Even though the results in this study show only two operators whose business is constrained by lack of motivation and drive, it has been proven that this is a major constraint to many small business owners.

Bark H. R., (1992:53), shows a positive relation between motivation of the entrepreneur(s) and the performance of the firm; in other words the more positive motivation of the entrepreneur(s) the more likely the business will grow. According to interview conducted with respondents it was confirmed that, lack of tolerance to work hard and absence of initiative to assess ones strengths and weaknesses are another factor affecting the performance of micro and small scale enterprises.

According to them this is due to negligence on the part of employees and/or owner managers to develop and implement such a culture of tolerance and assessment of strengths and weaknesses. Amazingly, all of the interviewees confirmed that, lack of persistence and courage to take responsibility for one's failure (low level risk taking) is the main entrepreneurial factor that affects the performance of micro and small scale enterprises. Lack of entrepreneurial training was mentioned by operators in the entire study area. According to interviewees, it featured as a key problem in all sectors.

Furthermore, with regard to lack of information to exploit business opportunities interview was conducted with operators of micro and small scale enterprises. It was confirmed that, the respondents do not heightened the ability and awareness for recognizing and audaciously exploiting business opportunities. According to them, this is due to lack of persistently and continually seeking of information opportunities. Consequently, it hampers the performance of micro and small scale enterprises and the fulfillment of competitive urges in general.

4.5.2. Comparison of Factors

Even though, all the politico-legal, infrastructure, working commitment, technology, marketing, financial, management and entrepreneurial factors affect the performance of micro and small scale enterprises, this does not necessarily mean that all factors have equal impact. The following table clearly compares the overall impact of all key factors discussed in detail above.

4.24. Comparison of the major factors

Figure;- 4.24. Comparison of the major factors.

(Source: Field survey, 2016)

It can now be seen that financial and working commitment factors has the biggest potential to contribute to the performance, followed by marketing, Management factors, technological, entrepreneurial factors, and infrastructural. In other words, the result shows that working commitment factors is the top of most factors that affect the performance of micro and small scale enterprises in the selected area.

This result is supported by (HaftuBerihun et al. 2009:84-86) who found that lack of working commitment factors rank on top being reported as the major constraints by a large proportion of the enterprises. Therefore, the respondents concluded that finance and working premises factors do largely affect the performance of micro and small scale enterprises.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

In this chapter the conclusions and recommendations were discussed. For clarity purpose, the conclusion is based on the research objectives of the study. Based on the findings of the study

recommendation is made to government bodies, to operators of micro and small scale enterprises. In this chapter the conclusions and recommendations were discussed. For clarity purpose, the conclusion is based on the research objectives of the study. Based on the findings of the study recommendation is made to government bodies, to operators of micro and small scale enterprises.

5.2 CONCLUSIONS

This research was conducted in Gambella town of Gambella people's regional state with the prime intent of critically assessing the practices and challenges of micro and small scale enterprises, operators engaged in food processes, construction materials, and metal and wood work activities. Specifically, the study attempted to examine the practices and challenges of micro and small scale enterprises, to investigate contextual factors, to assess the internal factors and to recommend possible solution to alleviate the problem of micro and small scale enterprises.

Based on the objectives and findings of the study, the following conclusions are worth drawn. The main sources of startup and expansion finance or funds for most micro and small scale enterprises are personal savings followed by iqub/idir, family and friends/relatives. The formal financial institutions have not been able to meet the credit needs of the micro and small scale enterprises. Since there is high interest rate and collateral requirement, most micro and small scale enterprises have been forced to use the informal institutions for credit.

But the supply of credit from the informal institutions is often so limited to meet the credit needs of the micro and small scale enterprises. In some cases this problems may be the inability of many operators to meet formal financial institutions requirements for example business plan, governance systems and other accountability issues which are linked to business risk. This shows that the studied operators accessed finance mainly from informal sources. The most important contextual factors identified are financial factors which include high collateral requirement from banks and other lending institutions, shortage of working capital, high interest rate charged by banks and other lending institutions, and to complicated loan application procedures of banks and other lending institutions. The workings premises factors include absence of own premises and the rent of house is too high.

Marketing factors include inadequacy of market, difficulty of searching new market, lack of demand forecasting, lack of market information and absence of relationship with an organization/association that conduct marketing research. Though, various governmental bodies designed various programs aimed at developing micro and small scale enterprises sector. Most of the programs were not given the appropriate backing and as such the impact of the programs could not be felt in the performance and competitiveness of micro and small scale enterprises.

This is mainly because of the fact that these program or policies are not effectively implemented in line with their intended objectives owing to various reasons. According to the findings, the reason ranges from lack of visible commitment of some governmental bodies to lack of regular integration between the micro and small scale enterprises, operators and the concerned bodies of the government. The main internal factors identified were management factors which include poor selection of associates in business, lack of strategic business planning, and costly and inaccessible training facilities.

Lastly, the major entrepreneurial factors include lack of persistence and courage to take responsibility for one's failure and absence of initiative to assess ones strengths and weakness. Finally, the study has further identified that the different influences in which each of the factors under study have in different categories of the business.

The research clearly illustrates that, even if the degree of those critical factors in food processing sector slightly differ from the factors that are critical to wood and metal work sectors, most of the factors are considerably common for three sectors. It has been noted that the contextual factors are prevalent to the businesses such as financial, workings premises, marketing and infrastructure had very high effects on the performance of micro and small scale enterprises compared to other factors in the research area.

5.3 RECOMMENDATIONS

Suggestions for corrective and complementary measures to enhance the potential performance of micro and small scale enterprises are essential. Such recommendations demand an in-depth

analysis of the influence of different factors regarding the sector. Based on the findings and conclusions of the study, the following recommendations are forwarded. A number of interviewee respondent felt that enough training in entrepreneurship would better prepare to perform in their business endeavors.

The Gambella town government bodies should provide affordable alternative sources of finance for micro and small scale enterprises. This can be done by communicating with the banks and other credit institutions to lessen their requirements. This should be done so that micro and small scale enterprises Micro and Small Scale Enterprises can get enough access to finance for their business activities. The strengthening of government institutions at different levels would play a major role in positively influencing the development of micro and small scale enterprises, thus to reduce delays in processing legal requirements.

The government through various relevant departments should specialize more in taking up a facilitative role, especially by reviewing all the blockings by laws, to address issues of getting a license or getting a premise on which to operate. A number of factors should be considered in designing all-encompassing policy for the promotion of the sectors. Marketing factors are frequently indicated as the explanatory factor for most problems faced by the studied micro and small scale enterprises.

Therefore, it is necessary to solve this deep-rooted problem. Some of the ways of doing so can be:

- Providing selling and display places in areas close to working area.
- Linking the micro and small scale enterprises with other private contractors working within or around Gambella regional state so that the operators are able to secure market opportunity,
- Changing the perception of the general public through extensive awareness creation mechanisms since private individuals are envisaged to be the main buyers of the products manufactured by micro and small scale enterprises in the long run.

- Allowing those Micro and Small Scale Enterprises located and operating at Gambella regional state town to participate in biddings opened in other area of Gambella regional state town.

The operators of micro and small scale enterprises should form groups and make use of pooled negotiating power for borrowing purposes. They can use such negotiating power to purchase raw materials and receive discounts which might lead to a reduction in the cost of production. Through networking, micro and small scale enterprises of Gambella regional state town, this will enhance their competitiveness through a reduction in the cost of production. The benefit of sharing such service for the operators of micro and small scale enterprises is that it will strengthen the future survival, profitability and eventual growth of micro and small scale enterprises.

To make micro and small scale enterprises competitive and profitable, increasing the capacity and skill of the operators through continuous trainings, experience sharing from successful enterprises, and provision of advice and consultancy are crucial. Moreover, improved provision of necessary infrastructure and enabling the environment for business operations is generally an imperative. Uninterrupted power supply and quick transportations are basic to effective performance of these enterprises.

Finally, investigating different factors based on the right information are vital for the good performance of any business venture. This can be achieved by conducting more Researches in related areas. The focus for this study was on the manufacturing sectors particularly in food processes, constructions materials and wood and metal work. It is the researcher's view that future research could therefore investigate the other sectors like construction, urban agriculture, and retail and come up with specific findings which will potentially contribute a lot in the development of the country in general.

This study, deal with more of contextual and internal factors that affect the performance of micro and small scale enterprises. Further research could target the medium and larger firms that have dominated the markets having graduated from the micro and small scale enterprises. The field of micro and small scale enterprises is large and very diverse. It is an interesting area with many unresolved issues. It would be encouraging to get more solutions to many issues arising.

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ANNEXES I

Jimma University

College of Social Science and Humanities

Department of Geography and environmental studies

Structured questionnaire designed for the selected micro and small enterprises holders in 01, 02, and 03, Kebeles in Gambella town.

Dear respondents, the purpose of this interview questions is to collect information's for the purpose of the practices and challenges of micro and small enterprises **in Gambella town**. The information collected is for academics purpose.

Part one: Personal information

Instructions: You are kindly requested to put (√) for the following information.

1 Fill the following background information

Woreda _____ Kebele _____ Interviewer name _____

Code _____ Interview date _____ Checked by _____ entered by _____

2 Fill the following information

2.1. Sex 1. Male 2. Female

2.2. Age A.18-30 C.31-45 D.46 and above,

2.3. Marital status

1. Married 2. Unmarried 3. Divorced 5. Widowed

6. Other (specify)

2.5. Educational level

1. Illiterate 2. 1-8 4. 9-12 5. Diploma 6. First degree

7. Second degree and above 8. Read and write only

3. Enterprise information

3.1. What is your type of sector or business? _____

3.2. When does this enterprise started operation? _____

3.3. What is the form of ownership of this enterprise? 1. Sole 2. Cooperative

3. Others (specify) _____

3.4. How is the location of your enterprise in relation to market area? 1. Home 2. Mobile

3. Industrial site 4. Traditional market 5. Commercial district shop 6. Roadside

7. If Other (specify) _____

4. Resource mobilization

4.1 What the principal source is of fund to start business? (Rank them on their percentage)

1. Loan from nongovernmental organization 2. Loan from microfinance

3. Loan from government 4. Loan from banks 5. Family

4.2. What is the principal source of fund for current operation? (Rank them on their Percentage)

1. Loan from Ngos 2. Loan from microfinance 3. Loan from government

4. Loan From banks 5. Family 6. Saving

7. Other (specify) _____

5. Process of establishment (start up)

5.1. The major reason to engage in this business? (Rank them) 1. Back ground skill (education)

3. Requires low start-up capital 2. Expectation of good income

4. _____ Other

(specify) _____

5.2. Do you get any support from government during start-up of your enterprise? 1. Yes 2. No

5.3. If your answer for question number 5.2 is (Yes), what kind of support?

1. Managerial training 2. Technical training 3. Credit facilities 4. Financial training

5. Work premises 6. Market linkage

7. Other (specify) _____

6. Measure of growth rate.

6.1. Does your enterprise show growth rate? 1. Yes 2. No 3. Stagnant 4. Not known

6.2. What are your measurements for growth rate? (Rank them)

1. Employment opportunities 2. Income creation 3. Opening other branch

4. Other (specify) _____

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

1. Create business 2. Use for household needs 3. Medical expenses 4. Use for entertainment
5. Children's education 6. Put into saving account

7. Other (specify) _____

9. Services provided

8. .1. List the most critical support you need to be provided by government in the order of priority?

9.2. Have you ever sought assistance? 1. Yes 2. No

9. 3. If your answer for question number 9.2 is yes (1), what kind of assistance did you ask for?

1. Financial training 2. Managerial training 3. Working place

4. Technical training 5. Working place 6. Market creation 7. Finance

9.4. If your answer question number 9.2 is yes (1), to which organization do you ask for? (Rank them)

1. Government 2. Nongovernmental organization 3. Private organization

4. Other (specify) _____

9.5. Have you taken training on?

1. Financial training 1. Yes 2. No

2. Managerial training 1. Yes 2. No

3. Technical training 1. Yes 2. No

10. Sustainability of the enterprises

10.1. Is your enterprise socially supported? 1. Yes 2. No

10.2. Is your enterprise environmental friendly? 1. Yes 2. No

10.3. Do you get market for your product? 1. Yes 2. No

10.4. Do you think that other new similar MSEs, if established will get market? 1. Yes 2. No

10.5. Do you think that will get market for your product, if you expand your enterprises?
Yes 2. No

11. constraint

11.1. Is there any challenges faced in your enterprise or business in the last four to five months?

If yes, the type of challenges? A. money B. materials C. others

- 11.2. Did you segregate challenges by their type? Yes No
- 11.3. Do you face constraints when you start-up your enterprise? 1. Yes 2. No
- 11.4. Do you face constraints during operation? 1. Yes 2. No
- 11.5. If your answer for questions number 11.1 is yes (1), please mention the main problems that affect negatively your enterprise during start-up? _____
-

11.6. If your answer for question number 11.2 is yes, please mention the main problems that affects your enterprise negatively? _____

12. Training

- 12.1. Did you take training about the work of micro and small scale enterprises? Yes No 1
- 12.2. If your answer for question number 12.1 is yes, what type of training? Financial training
2. Managerial training 3. Technical training 4. If you take all

Annex II

Jimma University

College of Social Science and Humanities

Department of Geography and environmental studies

Semi-Structured interviews questions designed for Gambella regional state micro and small scale enterprises agency.

Dear respondents, the purpose of this interview questions is to collect information for the purpose of **practices and challenges of micro and small scale enterprises in Gambella town.**

The information collected is for academics purpose.

Part one: Personal Information

Instructions: You are kindly requested to put (√) for the following in formations.

1. Sex: male female
2. Age _____
3. Educational status _____
4. Profession _____
5. Work status _____

Gambella regional state, micro and small scale enterprises agency.

Part two: main body of interview questions

Instructions: You are kindly requested to specify for the following information accordingly.

1. What are the role and responsibility of your office on practices and challenges of micro and small enterprises in the town? _____

2. Is there any challenges of micro small enterprises in the town? Yes, No, if yes, what are the Challenges _____

If No, explain the changes? _____

3. How does an institutional frame work for practices and challenges of micro and small enterprises in the town? Or Services in the town looks like? _____

4. Are there any experts for micro and small enterprises services in the town? If yes
How many of them?

If No why? _____

5. What rule and regulations are used to control challenges of micro and small enterprises condition in the town by your office? Explain some mechanism that your offices used _____

6. Are there private sectors involved in micro and small enterprises services in the town? If yes, who are they? _____ In which Kebeles they service? _____ what is their coordination with your office looks like? In what, form? _____

9. Is the government prepared market place for micro and small scale enterprises to sell their products? Yes No If others, specify _____

11. When did micro and small scale enterprises started in the study area? _____

12. What are the important of micro and small scale enterprises in the study area? _____

13. Write the role of Micro and Small scale Enterprises in Gambella town? _____

14. Is there any budget that allocated to micro and small scale enterprises services in your office in years? 1. Yes, 2.NO, if yes how many (in birr); _____ if No, why? _____

15. How do you evaluate the existing challenges of micro and small scale enterprises services of the town? _____

17. Among the micro and small scale enterprises challenges, which one do you found the most serious challenges in the town? _____

18. What are the main challenges that your office faced in improving micro and small enterprises services of the town? _____

19 What suggestions do you put forward to improve challenges of micro and small enterprises practices in the town? _____

Annex III

Jimma University

College of Social Science and Humanities

Department of Geography and environmental studies

Semi-Structured interviews questions designed for Gambella town micro and small scale enterprises services office.

Dear respondents, the purpose of this interview questions is to collect information for the purpose of practices and challenges of micro and small scale enterprises in Gambella town. The information collected is for academics purpose.

Part one: Personal information

Instructions: You are kindly requested to put (√) for the following in formations.

1. Sex: male female

2. Age_____

3. Educational status_____

4. Profession_____

5. Work status _____

Part two: main body of interview questions

Gambella town, micro and small enterprises services office.

Instructions: You are kindly requested to specify for the following information accordingly.

1. What are the role and responsibility of your office on practices and challenges of micro and small scale enterprises provision of the town? _____

2. Does your office allocate budget for micro and small scale enterprises services per year? If yes how much for last three years? _____ (in birr) if no, why? _____

3. Do you think that micro and small scale enterprises provision is adequate in the town? _____

_____.

4. If your answer for Question number 3 is not adequate, what are the micro and small scale enterprises problems associated with improper practices of micro and small scale enterprises in the town? _____

5. Among the micro and small scale enterprises challenges, which one do you found the most serious challenges in the town? _____

6. Do you think that there are challenges of micro and small scale enterprises in the town? If yes, what type of challenges? _____

7. How do you explain the prevalence of challenges of micro and small scale enterprises in term of affected their profit in the last three years affected? _____

8. What do you suggest to improve the condition of practices and challenges of micro and small scale enterprises in the town? _____

9. What can be done by your office to improve the challenges of micro and small scale enterprises problems resulted from low incomes? _____

10. Are there NGOs working on micro and small scale enterprises issues in collaborating with your office? If Yes in what way are they helping the micro and small scale enterprises owners?

11. Is your office aware the enterprises owners for those problems relating to practices and challenges of micro and small scale enterprises? If Yes, And in what way are you aware them? _

12. What are the challenges of your office is experiencing on micro and small scale enterprises?

13. What suggestions are you putting to the enterprises owners so as to improve their micro and small scale enterprises? _____

14. What plan your offices have for the improvement of micro and small scale enterprises in the town? _____

Annex V

Check List of Focus Group Discussion One for micro and small scale enterprises Owners and Others

What are micro and small scale enterprises? _____

2. Do micro and small scale enterprises have contribution to employment? 1. Yes 2. No If yes, to what extent? To what age group, sex etc? _____

2.1. If your answer to question number 2 is yes, what are the types of employments and what types of employment have more employees? _____

3. What is the most dominant type of employment? _____

4. To what extent most of the employees get income? _____

5. For what purpose do the employees of micro and small scale enterprises use income? _____

6. Do micro and small scale enterprises MSEs are sustainable? 1. Yes 2. No If the answer is yes, to what extents are most of the employees' sustainable _____

7 .Do micro and small scale enterprises create income? 1. Yes 2. No If the answer is yes, to what extent will they create income? _____

8. What kinds of supports are provided to micro and small scale enterprises MSEs? _____

9. Do micro and small scale enterprises s are sustainable? 1. Yes 2. No If the answer is yes, to what extents are micro and small scale enterprises sustainable? _____

10. Do micro and small scale enterprises face challenges? 1. Yes 2. No If the answer is yes, what is the obstacle that faces micro and small scale enterprises _____

11. What kinds of measures have to be taken to solve the challenges? _____

12. Are there organizations in the town which are organized by the micro and small enterprises?

YesNo If yes, their number. Male _____ Female _____ Total _____

13. Are their Micro Enterprises organized in the town for supporting the government?

Yes No

If yes, Please list names of Micro and Small Scale Enterprises MSE and their numbers;

15. How many Micro and Small Scale Enterprises are there in the town? _____

16. How is the distribution of the in Micro and Small Scale Enterprises in each kebele

17. Are there any NGOs or organizations that support the micro and small scale enterprises to control challenges of Micro and Small Scale Enterprises in the town? _____.

19. What types of micro and small scale enterprises are common in Gambella town?

Woodwork _____

Metal work _____

Construction materials _____

Food processes _____

20. Does the micro and small scale enterprises office practiced to create awareness about practices and challenges of micro and small scale enterprises and it's positive and negative consequences to the enterprises owners? _____

21. What actions does the micro and small enterprises office take on challenges of micro and small scale enterprises? _____

22. How do you explain the prevalence of challenges of micro and small scale enterprises related to poor management of micro and small scale enterprises in the last three years? _____

23. What is the type of micro and small scale enterprises problems experienced in the town? Mention them _____.

24. What can be done by the concerned bodies to improve the micro and small scale enterprises problems resulted from poor management? _____
