

Jimma University
College of Social Sciences and Humanities
Department of Sociology

Contributions of Micro and Small Enterprises to Youth Socio-Economic
Improvement: The Case of Metal and Wood work in Jimma City, Oromia Region

By Kemeru Dalecha

A thesis Submitted to Jimma University, Department of Sociology, in Partial
Fulfillment of the Requirements for the Degree of Masters of Arts in
Sociology and Social Policy

June, 2017

Jimma University

Jimma University
College of Social Sciences and Humanities
Department of Sociology

Contributions of Micro and Small Enterprises to Youth Socio-economic
Improvement: The Case of Metal and Wood work in Jimma City, Oromia Region

By Kemeru Dalecha

A thesis Submitted to Jimma University, Department of Sociology, in Partial
Fulfillment of the Requirements for the Degree of Masters of Arts in
Sociology and Social Policy

Advisors:

Disasa Merga, (Principal advisor)

Tariku Ayele, (Co advisor)

June, 2017

Jimma University

Jimma University
College of Social Sciences and Humanities
Department of Sociology

**CONTRIBUTIONS OF MICRO AND SMALL ENTERPRISES TO YOUTH SOCIO-
ECONOMIC IMPROVEMENT: THE CASE OF METAL AND WOOD WORK IN
JIMMA CITY, OROMIA REGION**

By Kemeru Dalecha

A thesis submitted in partial fulfillment of the requirement for the Degree of Master of Arts
(Sociology and Social Policy) with the regulation of the University and meets the accepted
standards with respect to originality and quality.

Signed by the Examining Committee

Disasa Merga (M.A)	_____	_____
Advisor	Signature	Date
Tesfaye Zeleke (Ph.D.)	_____	_____
External Examiner	Signature	Date
Gudina Abashula (Ph.D. Candidate)	_____	_____
Internal Examiner	Signature	Date

Chair of Department or Graduate Program Coordinator

Declaration

I declare that this thesis work entitled “**Contributions of Micro and Small Enterprises to Youth Socio-Economic Improvement: The Case of Metal and Wood Work In Jimma City, Oromia Region**” is my original work, has not been presented earlier for award of any degree or diploma to any other university and that all sources of materials used for the thesis have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my research advisors.

Name of the student: Kemeru Dalecha

Signature: ----- Date: -----

Name of the Principal Advisor: Disasa Merga (Assistant Professor)

Signature: ----- Date: -----

Name of Co –Advisor: Tariku Ayele, (Assistant Professor)

Signature: ----- Date: -----.

Jimma University

Acknowledgment

First and for most, I would like to express my sincere gratitude to my research major advisor Mr. Disasa Merga (Assistant Professor) for his invaluable comments and professional guidance, utmost cooperation, concrete suggestions, valuable criticism and assistance. His dedication and scientific commitment guidance during the project design taught me a lot.

Next, my special thank to my co-advisor Mr. Tariku Ayele (Assistant Professor) for his valuable comments and significant suggestion during the research process. I would also like to extend my sincere gratitude to the Jimma City Small and Micro-Enterprises Office (JCSMEO) for their cooperation and allowing me to contact and interview the youth entrepreneurs working at the enterprises organized under their supervision and for devoting their precious time in providing the required information from their documents and through the designed questionnaire. Indeed, their cooperation was critical and this work would not have been possible without their willingness.

My sincere thanks are also extended to Jimma Agricultural Engineering Research Center (JAERC), Oromia Agricultural Research Institute for expressing me special cooperation to study. My appreciation and thanks go also to my fiends Ato Abraraw Tesfay and Mengstu Jifara, for their different kinds of support. Definitely their precious advice encouraged me a lot. My thanks to my sisters, brothers and friends here in Jimma, or elsewhere, thank you for your continuous moral support.

I would express my most profound appreciation to my wife, Zafere A. Raya, for her love, prayer, continuous encouragement and multidimensional support during my study period. I would also express my most deep appreciation to my children Salihat, Abdenur and Ihsan for their love, understanding, and endless patience at time of paternal care and supervision failure due to my attention to this study.

Above all for all my achievements and coming to this end, I would say thanks to my lord Allah, the One and the Greatest.

Acronyms

BSC: Balanced Scorecard

CSA: Central Statistical Agency

EEA: Ethiopian Economic Association

ETB: Ethiopian Birr

FDRE: Federal Democratic Republic of Ethiopia

FGD: Focus Group Discussion

FMESDA: Federal Micro and Small Enterprise Development Agency

GTP: Growth and Transformation Program

ILO: International Labor Organization

JAERC Jimma Agricultural Engineering Research Center

JCA: Jimma City Administration

JCSMEO: Jimma City Small and Micro-Enterprises Office

KII: Key Informant Interview

MOFED: Ministry of Finance and Economic Development

MSEs : Micro and Small Enterprises

MSMEs: Micro, Small and Medium Enterprises

TVET: Technical and Vocational Education and Training

List of Table of Contents

Topic	Page
Table 1 Age, Gender and Marital Status of MSE Owners	25
Table 2.The MSE Owners Level of Education	27
Table 3.Year of Establishment of the MSEs	28
Table 4.Reason for Establishment of this Type of Enterprises	30
Table 5.Major Income Sources before Joins the Enterprises.	31
Table 6.Initial Capital of the Enterprises	32
Table 7.Main financial Source to Start Business	33
Table 8.Current Capital of the Enterprises.....	34
Table 9.Five Years (2012-2016) Annual Average Income of Owners from the MSEs	35
Table 10.Response on Ways of Income Utilization.....	36
Table 11.Income Tendency after Starting the MSE.....	37
Table 12.Response on Living Style Condition in Relation to Income	37
Table 13.Changes in living style as a result of increased income.....	38
Table 14.Saving Status of the MSEs.....	39
Table 15.Saving System of the MS.....	40
Table 16.The MSE owners' activity before establishing the enterprises	41
Table 17.Number of the Employees per MSEs.....	42
Table 18.Types of Jobs Created on Average Number of Persons per MSE	43
Table 19.Duration of the Respondent in the MSEs.....	44
Table 20.The Respondents Willingness to Help Each Other	46
Table 21.Contribution of working in enterprise for youth competence and productivity	47
Table 22.Perception on knowledge, skill and experience role on competence and living	48
Table 23.Lessons learned from a Working in the Enterprises	49
Table 24.Types of the Workshops Used by the MSEs.....	50

Abstract

The purpose of this study is to examine the Contribution of Micro and Small Enterprisers mainly the metal and wood work enterprises to the socio-economic improvement mainly in income creation, employment opportunity and social capital development to youth in Jimma City. The primary and secondary data were used while questionnaire, key informant interview and field observation were the main data collection instruments on respondents characteristics and socio-economic concern. For data analysis, descriptive statistical tools such as, frequency distribution and percentages were used to describe the respondents' responses. The study revealed that the young MSE owners of age below 30 constitute the majority constituting 55.17 percent. The 65.52 percent of general metal and woodwork established in the years 2000 to 2006 to get income to their sustenance and other family expenditures as 47.12 percent were dependent on their families before joining the current enterprises. The majority owners' annual average of income is between 15,001 to 25,000 birr. Most incomes obtained by the MSE were allocated for the purpose of conception, education fee, and for saving. Generally, there is a tendency of yearly growth in average number of employee. The response for social capital like willingness to help each other, share skill and knowledge is very high, moderate and low by 60.92%, 36.78% and 2.30% of respondent respectively. Both government and private agencies need assist the youth while starting business privately or in group by creating friendly environment for them avoiding major bottlenecks among micro financial institutions, and MSE sectors since both institutions have a great role in reducing unemployment problems.

Table of Contents

Topic	Page
Acknowledgment	v
Acronyms	vi
Abstract	viii
CHAPTER ONE: INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem	4
1.3 .Objectives of the Study.....	7
1.3.1. General Objective	7
1.3.2. Specific Objectives	7
1.4. Research Questions.....	8
1.5. Scope of the Study	8
1.6. Significance of the Study	9
1.7. Limitations of the Study	9
CHAPTER TWO: LITERATURE REVIEW	10
2.1. Key Terminologies	10
2.2. Theoretical Framework	11
2.2.1. Sociological Theory	11
2.2.2. The Pro-Medium and Small MEs and Anti- Medium and Small MEs Debate	11
2.3 Review of Related Policies.....	12
2.4. Analytical Framework	15
2.5. Empirical Literature	16
CHAPTER THREE: RESEARCH METHODOLOGY.....	19
3.1. Study Area.....	19
3.2 Study Design	19
3.3 Data Collection Methods	19
3.4 Data Sources.....	21
3.5. Sampling Procedure.....	21
3.6 Data Analysis	22
3.7 Data Validity and Reliability	22
3.8. Ethical Considerations.....	23
CHAPTER FOUR: RESULTS AND DISCUSSIONS	24

<i>4.1 Demographic Characteristics of Sample Respondents</i>	24
4.1.1 Sex of the Respondents	25
4.1.2. Age of the Respondents	26
4.1.3. Marital Status of the respondents	27
4.1.4. Educational Level of the Respondents	27
<i>4.2. The Enterprises Characters</i>	28
4.2.1. The Established Year	28
4.2.2. Reason for Establishment.....	29
<i>4.3 Socio economic Conditions</i>	30
4.3.1 Income Creation and Related Issues	30
4.3.1.1 Income Sources before Join the Enterprises	31
4.3.1.2 Initial capital versus current capital of the enterprise	32
4.3.1.3. Source of initial capital of the enterprises	33
4.3.1.4 Current capital of the enterprises	33
4.3.1.5 The Income created by the micro and small enterprises	34
4.3.1.6 Income utilization of the enterprises	36
4.3.1.7. Income trend after the Micro and Small Enterprises Establishment	37
4.3.1.8 Role of income from micro and small enterprises on living style	37
4.3.1.9 Improvements in living style.....	38
4.3.1.10. Savings	39
4.3.1.11. Saving method of the Micro and Small Enterprises.....	40
4.3.2 Employment Creation	41
4.3.2.1 Previous employment status of the respondents.	41
4.3.2.2. Jobs Created within Five Years (2012-2016).....	41
4.3.2.3. Jobs created by the Micro and Small Enterprises	43
4.3.2.4. Duration of worker in the MSEs	44
<i>4.4. Contributions of the Enterprises to Social Capital Development</i>	45
4.4.1 Willingness to Help Each Other.....	45
4.4.2. Shouldering responsibility and sharing skills and knowledge among workers.....	46
4.4.2.1 Contribution to competence and living improvement.....	47
4.4.3. Knowledge Transfer.....	48
<i>4.5. Constraints of the Micro and Small Enterprises (wood and metal works)</i>	49

4.5.1. Working Environment.....	50
4.5.2 Raw material availability	51
4.5.3 Marketing condition.....	51
4.5.4 Other limitations	51
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS	52
5.1. Conclusion	52
5.2 Recommendation.....	53
REFERENCES	55
Annex I	58
Annex II	64
Annex III	66

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

As the number of people living in urban areas increases, a given country's economy needs to be less dependent on agriculture for poverty reduction and economic prosperity. Thus, the industrial sector, having stronger spread out effects and forward and backward linkages to other sectors can push the whole economy (Lanjouw, Jean, & Peter, 2001).

With unemployment rate of ranging from 25 to 45 percent in most developing countries, "self employment" and "micro enterprise development "is seen by many donor agencies as the only way to reach the "poorest of the poor" (Abebe and Belay, 2005). Small and micro enterprises are considered as sources of income, employment, skills, goods, services, etc., for people in developing countries.

The MSE development program has been implemented by having different target groups mainly the TVET, graduate youth from different fields of studies, poor and unemployed women, street beggars, MSE operators under high risk (e.g. Wood and Metal workers, operators on walkways and open air) business operators, disabled people with different skills and all enterprise operating within the selected subsectors' (Urban Employment and Unemployment Survey, 2009).

In order to come out of multiple socio-economic problems, various countries design different development plans at different times and in different sectors at different levels such as micro, small, medium, and large levels. Incorporating the Micro and Small Enterprises (MSEs) sector in the development plans is one of the mechanisms to realize development, which is multi-dimensional in nature mainly economic, social, political, cultural and environmental. MSEs are considered vital business for local, national, or even for the global economy.

The micro and small enterprises have many contributions like absorbing large proportion of labor force, generation of income especially for poor people, create different linkages with other sectors, and provide important goods and services to the society though they are small by their

character, as a sector. Basically, MSEs are huge in the economy though the earlier development thinking considered MSEs as indicators of malfunctioning of the economy; however, this trend has changed recently. The issue of MSEs Development ranked first among the priorities of socio-economic development, given the growing need for employment creation and poverty alleviation (Nugent, 2001).

The potentials of MSEs to address multiple socioeconomic problems, especially in developing countries have been recognized by recent development trends, which focus on the grass root to realize development at the country level. The MSE sector is the major source of employment and income for the urban dwellers in most developing countries. For example, this sector generates about 48 % of the aggregate employment in North Africa, about 51 % in Latin America, 65 % in Asia, and 72 % in Sub Saharan Africa (ILO, 2002). Besides, this sector generates about 6.2 % of the aggregate employment in the United States, 22.3 % in China, 80 % in India, 67 % in Japan, and 70 % in European countries (Tegegne and Mehret, 2010). Due to its important characteristics or attributes, such as less capital intensive in nature, innovative and competitive in nature, flexibility, etc., the MSEs sector is believed to play an essential role in economic development in most capital-scarce and labor-abundant countries.

Recently, most developing countries, including Ethiopia, have recognized the essential contributions of MSEs in terms of job creation, income generation and alleviation of poverty. The idea of Micro and Small Enterprise development emerged in Ethiopia as a promising agenda in the 1980s (Endalsasa, 2012). Different reasons have been mentioned for such event: the sector of MSE is a preferable pathway for poverty reduction; the MSEs sector is a platform for sustainable development and productivity; and MSEs are crucial actors within the trade sector and a platform for economically empowering both men and women.

Having recognized the importance of MSEs to the economy in terms of employment creation, income generation and equity, the government of the Federal Democratic Republic of Ethiopia (FDRE), adopted National Micro and Small Enterprise Development Strategy in 1997. Thus, the Federal Micro and Small Enterprise Development Agency (FMSEDA) was established by Council of Ministers in 1998 (Proclamation No.33/1998) to encourage, coordinate and assist

institutions which provide support for the development and expansion of MSEs in the country at large. Subsequently, the Regional Governments also established Regional Micro and Small Enterprise Development Agencies (RMSEDAs) in 2000 to expand system for overall financial and technical service to assist MSEs development at the regional, zonal and district levels.

Most big businesses in Ethiopia have started as SMEs and have grown to their maturity over long period by accumulating capital and business management experiences (EEA, 2015). The sector enables entrepreneurs to start their business from the smallest unit by providing an opportunity to them to exercise their skills and talents and thereby to transfer small business into a large one.

According to Endalkachew (2008) the MSEs are important force to generate employment and equitable income distribution, activate competition, exploit niche markets, enhance productivity, and bring technical change to motivate socioeconomic development. In view of that, MSEs are considered essential facilitators for growth, job creation, and social progress by creating employment opportunities.

In Ethiopia, about half of the urban labor force is engaged in the MSE sectors and for instance, Addis Ababa nearly accounts for about 40% of the total operators in micro and small enterprise activities (Gebrehiwot and Wolday, 2005). Because the sector has high capacity in absorbing large labor force and generating income, the efficiency of the sector is essential to address multiple socio-economic problems in Ethiopia.

The different socio-economic problems of Ethiopia like low economic development, high unemployed labor force, high illiteracy, and so on need to be addressed by involving various sectors at different levels. MSE sector is one of the sectors which play key roles in minimizing socio-economic problems. The presence of micro and small enterprises in Ethiopia are vital being potential to create employment; contribution to a more efficient allocation of resources having labor-intensive production methods.

Thus, the current government of Ethiopia has recognized and paid due attention to the development of micro and small enterprises for they are important tools to address many socio-economic problems in the country.

As a result of supports provided by the government offices, the number of different types of micro and small enterprises has been increasing from year to year. According to the FMESDA, a total of 70,500 new MSEs were established in 2011/12 employing 806,300 people across the country.

According to the Jimma Zone Micro and Small Enterprises Office report (2016), over 300,000 young people have been organized in the micro and small enterprises sector for the past five years, of which about 69 enterprises are on the way to move to the medium size.

In this study, the main issue is to identify the major contribution of the metal and wood work enterprises to the socioeconomic improvement of the youth in Jimma City.

1.2. Statement of the Problem

The early prospect on the small scale enterprises were in view of insignificant and un-productive entities that avoided taxes and had less potential for growth and entrepreneurial capacity development (Elias, 2014). At the period, when most developed countries' economies have shown various signs of stagnation and structural decline, MSEs have been taken as generators of new growth, primary sources of technological changes, job creation, and as one of the major factors in maintaining socioeconomic stability (Giaoutzi, Nijkamp and Storey, 1998). Different studies have been conducted on MSEs operating in Ethiopia. For instance, Andualem (1997) and Mizan (2009) conducted their studies, focusing on the economic role of the micro and small enterprises sector in general. It is also equally important to see the non-economic role of the sector in their input to social capital development in the way that employees in a given group-based enterprises have a chance to share many things like ideas, skills, and knowledge including the enterprises role in social networks, membership and access to various social groups, relationships of mutual trust and reciprocity that enhances youth livelihood and better psychosocial stability.

Existing literatures on socio economic contributions (Helmeling 2005; Rodriguez-Pose and Tijmstra 2009; Blakely and Nancy 2009; Swinburn and Yatta 2006) remark that there are three major actors of local economic development: the government, the private and the community sectors. The private sector incorporates, among others, economic establishments of micro, small, medium, large and extra-large (heavy) industries. Among these, MSEs are taken in this study to represent the private sector. MSEs are remarkably taken to represent the local private sector from among the different economic establishments as MSEs basically play essential role in improving the socio-economic conditions of the people involved in the sector. Issues like widespread unemployment, shortage of the formal sector to absorb fairly sufficient level of labor, increasingly heavy capital shortages, the need for local resource mobilization and stimulation of the local economy and other points of concern made MSEs quite strange and relevant entities that deserve sufficient attention as well as policy focus in the socioeconomic development initiatives of urban areas.

In Ethiopia, the private sector is largely dominated by the MSE “operators” (Alfenburg 2010). MSEs in Ethiopia account for the bulk of non-agricultural economic activities and nearly for 95.6 per cent of total industrial employment (CSA 2003). The relative importance of MSEs is growing as a result of the urban population dynamics and the alarming urban poverty level. In Addis Ababa, for instance, the poverty level is about 60%, which means that over 1.7 million people in the city are living below poverty line (Asmamaw, in Bikila 2011:76). Given the current rapid rural-urban migration and crippling formal sector, MSEs have become important urban economic activities and hence major hosts of urban employment.

MSEs have vital role for creation of employment opportunities and increase economic growth at the local level constitute the very and inseparable objectives of local level development (LEDNA 2011). Though there are several strategies, MSEs remain to be the main players in socio economic development. However, the ability of MSEs to contribute to socio-economic development heavily depends on the strength of their competitiveness in their activities operation to change the livelihood of the members. Though MSEs are believed to contribute to socio-economic change in many different ways, different problems can limit their performance,

competitiveness and ultimate contributions. The MSEs problem is either internal or external mainly those linked to the enterprises' limitations and weaknesses or the general environment, including, the economic policy and institutional situation that affects the MSE sector as a whole (Gebrehiwot and Wolday 2001; Tegegne and Mehret 2010).

The MSE sector constitutes a variety of economic activities ranging from informal to formal micro and small enterprises. Among the manufacturing enterprises, the sub-sector has been selected for this research as it has been identified as one of the key MSE sub-sectors in Ethiopia. The study was conducted on wood and metal work MSE sub-sector focusing on its broader socioeconomic contributions to the youth living in the Jimma City. The trend for growth and the key problems related to the enterprises activities were assessed.

Different studies have been conducted to illustrate the nature, operation and contribution of MSEs and their contributions to socioeconomic development in particular. However, such studies take the issues of general MSE sector with no or little focus on specific sub-sectors like wood and metal work enterprises. For instance, Fitsum (2002), Gebrehiwot and Wolday (2001; 2006), Tsugeureda (2002), Solomon (2004), Tegegne and Mulat (2005), Elias (2005), Eshetu and Zeleke (2008), Eshetu and Mamo (2009) and Tegegne and Meheret (2010) have raised different issues on MSEs in the Ethiopian context.

However, each of these literatures sees MSEs in general within their own viewpoint focusing at limited areas and specific socioeconomic backgrounds. Probably one possible reason for this could be that most of the writers have taken MSEs in general with no focus on a specific sub-sector like wood and metal technical manufacturing enterprises.

The study shows that among the total of 821 enterprises established between the period 2004 to 2008 in Jimma City, most of them did not start their business activities and forced to discontinue their business due to some problems like absence of working site, financial facilities, materials and necessary working infrastructures, and disagreement of the peoples that only about 324 enterprises joined their business activities and considered for as a total active population of MSE including industry, services, trade, construction and urban agriculture enterprises (Diriba, 2013).

Whereas currently, even the metal and wood work enterprises sub-sector alone constitute 348 enterprise owner operators that found in Jimma City serving being as job opportunities mainly for youth (Jimma City MSE Office Report 2016).

Because of labor intensive nature of the metal and wood work enterprises, it has room for a substantial figure of young labor forces serving as a means to manage their livings. But, in Jimma City, manufacturing (wood and metal work) enterprise is neglected that forced some to discontinue their business (Diriba, 2013). However, this specific sector has substantial task in accommodating the huge labor force of young people that require considerable attention by identifying and recognizing its contribution in reducing socioeconomic problems of the youth in the study area through easing bottlenecks that affect its performance and sustainability. The input of this specific activity to the youth socioeconomic improvement is not assessed sufficiently though it needs due attention from the concerned institutions that involved in MSE development activities.

Hence, this study is made with intention to identify the contributions of metal and wood work MSEs to socio economic improvement of the youth in Jimma City as the central concern of this research.

1.3 .Objectives of the Study

1.3.1. General Objective

The main objective of the study is to investigate the contributions of metal and wood work micro and small enterprises to socioeconomic improvement of the youth in Jimma City.

1.3.2. Specific Objectives

The study has the following specific objectives:

1. To assess contribution of metal and woodwork MSEs in employment creation for youth in the Jimma City
2. To investigate the metal and woodwork Operators' income before and after involvement in the enterprises.
3. To assess the role of metal and woodwork MSEs on members willingness to cooperate among themselves in solving social problems.

1.4. Research Questions

This study attempted to answer the following basic research questions:

1. What are the contributions of micro and small metal and wood work enterprises to solve the youth unemployment problems?
2. What are the contributions of metal and wood work MSE to the youth economic improvement?
3. What are the major contributions of the metal and wood work MSE to benefit the youth in improving relationship among the enterprise workers through group work?

1.5. Scope of the Study

In Jimma Town, there are many micro and small enterprises engaged in different activities like metal and wood works, construction, textile, food processing, urban agriculture, and so on. These enterprises are owned by individuals, groups and cooperatives. However, this study targeted those micro and small enterprises engaged in metal and wood works established in the forms of private, partnership and cooperative ownerships, and operated by youth as individuals and groups. Though the contribution of micro and small enterprises can be seen from social, economic, cultural or environmental angles, the study mainly focused on the socio-economic contributions of those enterprises to the livelihood enhancement of the youth in Jimma Town.

1.6. Significance of the Study

The potentials of micro and small enterprises to create job opportunities and to generate income made them vital economic instruments, especially in developing countries where the majority of people earn low incomes. Information which is gathered and analyzed in this study provides empirical findings on the role of MSEs for socio economic improvement of the youth participated in the MSEs. The findings of this study are believed to show the relationship that exists between the workers involved in MSEs and their socioeconomic characteristics.

Hence, this study can help in providing more information to different stakeholders like policy makers, and development planners working in the establishing and expanding area of micro and small enterprise including evaluation and for developing strategies that address the issues of MSEs sector in socio-economic development of the young people involving in the enterprise activities. It will also serve as a reference material for other researchers that are interested to conduct further studies on the similar enterprises.

Furthermore, the findings of this study can serve as a source of information for persons who need to know about the relationship between metal and wood work manufacturing enterprises, and the relative amount of employment opportunity and income they generate as they participate in the MSEs.

1.7. Limitations of the Study

The major limitation of the study is that it targets only those MSEs engaged in metal and wood works with particular focus on their contributions to socioeconomic development of the youth engaged in the enterprise manufacturing activities. This study may not be inclusive enough to encompass all variables used to quantify the MSEs socioeconomic contribution to all operators working in the sector as long as some social contributions aspects of the MSEs are not easily quantifiable and measurable. Moreover, respondents were not limited to youth operating MSEs activities or establishments found in Jimma city and restricted to a limited number of individual operators who are participating in the informal sector activities during the survey period.

CHAPTER TWO: LITERATURE REVIEW

2.1. Key Terminologies

The Concept and Definitions of Micro and Small Enterprises:

The definition and types of micro and small enterprises differ from country to country and there is no universally stated definition for such enterprises. Depending on their realities, objectives, and level of its economic development, each country has to establish its own definition for them. For instance, in Ethiopia, micro and small enterprises are given different meanings at different times. The most applicable definition is given by Ministry of Trade and Industry (MoTI 1997) on the bases of three criteria-level of paid-up capital (fixed asset), using high technology establishment and consultancy services. Accordingly, the definitions of MSEs are presented as follows.

Micro enterprises are business enterprises found in all sectors of the Ethiopian economy with a paid-up capital (fixed assets) of not more than Birr 20,000, and higher consultancy service businesses and other higher technological enterprises are not included. Small Enterprises are business enterprises with a paid-up capital of more than Birr 20,000 but not more than Birr 500,000 excluding high-technological consultancy firms and other high-technological establishments. Large and medium enterprises are those business enterprises with more than 500,000 Birr in paid-up capital.

Alternatively, CSA categorizes enterprises into different scales of operation on the size of employment and the nature of equipment; establishments employing less than ten persons and using motor operated equipment are considered small scale manufacturing enterprises. Micro enterprises are subdivided into informal sector operations and cottage industries.

Cottage and handicraft industries are those establishments performing activities by hand and using non-power driven machines, while the informal sector is defined as household type establishments or activities, non registered companies and cooperatives operating with less than

10 persons. All enterprises employing ten or more workers are grossly considered as medium and large enterprises (CSA: 1999 and 2000 cited in Tegegne and Meheret: 2010; MTI: 1997). Hence, this study preferably used the CSA's definition since it is easier to identify the existing types of enterprises based on the number of the employee that an enterprise has.

2.2. Theoretical Framework

2.2.1. Sociological Theory

The sociological theory of entrepreneurship considers social cultures as the driving force of entrepreneurship. The entrepreneur becomes a role performer in conformity with the role expectations of the society, and such role expectations base on religious beliefs, taboos, and customs. According to Weber (1920), cited in Kamunge, et al, (2014) religion serves as the major driver of entrepreneurship, and the spirit of capitalism is also important, which highlights economic freedom and private enterprise. Capitalism thrives under the protestant work ethic that harps on these values. The right combination of discipline and adventurous free-spirit define the successful entrepreneur.

2.2.2. The Pro-Medium and Small MEs and Anti- Medium and Small MEs Debate

Two schools of thought have emerged in the studies of Medium and Small Micro Enterprises (MSMEs). They are the supporters and against *MSMEs* perspectives. Donor countries and development agencies share the view of the Pro-MSMEs that springing up of such entrepreneurial and innovative ventures help promote economic growth and reduce the high poverty level in such developing economies (Beck & Demirguc-Kunt, 2004, cited in Agyapong, 2010). The Pro-MSMEs have argued that MSMEs enhance competition and entrepreneurship and thus have economy wide benefits in efficiency, innovation and productivity growth. Thus direct government support of MSMEs can help countries obtain social benefits. Second, Medium and small enterprises are generally more productive than large firms but are slow-moving in their development by failures of financial markets and other institutions for capital and other non

financial assistances. Thus, pending financial and institutional improvements, direct government support of MSMEs can advance economic growth and development. Finally, the growth of MSMEs increases employment more than the growth of large firms because MSMEs are more labour intensive (Agyapong, 2010).

However, the Anti-MSMEs advocates questioned the efficacy of MSMEs in promoting growth and reducing poverty. First, they argue that large enterprises may exploit economies of scale and more easily undertake the fixed costs associated with research and development, improving productivity. It was also argued that small businesses are neither more labour intensive nor better at creating jobs than large firms (Thormi & Yankson, 1985, cited in Agyapong, 2010). Moreover, they doubt the crucial role of small businesses and instead emphasize the importance of the business environment facing all firms, big and small (Agyapong, 2010).

The divergent views by researchers indicate that there is no consensus among researchers on this important phenomenon. The varied opinions expressed by the different groups may be due to the different settings, the economic environment where studies were carried out and the different methodological approaches employed (Agyapong, 2010). Hence, this study preferred to depend on the Pro-Medium and Small MEs and Anti- Medium and Small MEs Debate theoretical framework since it was easier to consider the issue of SMEs from varied opinions expressed by the different groups based on the supporters and against MSMEs perspectives.

Generally, through institutional support system and concerted individual or group endeavors, MSEs can help reduce youth unemployment, boost efficiency in production, increase income, improve social status, and make remarkable contributions to the socioeconomic development of a nation.

2.3 Review of Related Policies

The existing policy documents provide broad and detailed policy framework and institutional setting for micro and small enterprises operation and development in the country. Accordingly, the Growth and Transformation Plan (GTP 2010) formulated to cover the period 2010/11-

2014/15, The FDRE, micro and small enterprises development strategy document (1997 and 2011) are the most apparent policy documents in the area. These documents clearly reveal: (i) the emphasis given to the MSE sector (particularly the GTP 2010); (ii) the constraints challenging the sector and what measures should be taken to address the challenges (FDRE 2011); and (iii) the need for redefining the MSE sector (FDRE, 2011). Thus, the national policy framework (the GTP) clearly states that micro and small enterprises constitute “the main strategic direction of industrial development” in the country.

In Ethiopia, the MSEs sector gets the attention of the government because it gives a marvelous benefit for the society at large. To this effect, the government has formulated a National MSE Development and Promotion Strategy in 1997, which enlightens a systematic approach to alleviate the problems and promote the growth of MSEs in view of overall objective to create an enabling environment for MSEs, with specific objectives to create long-term jobs; provide the basis for medium and large-scale enterprises; facilitate economic growth; bring equitable development; strengthen cooperation between MSEs; promote export; balance preferential treatment between MSEs & bigger enterprises (MoTI, 1997).

The strategy targets support measures and beneficiaries like small manufacturers in food, textiles, leather, clothing metal works, and crafts; self-employment (focus on school leavers, disabled and unemployed youth); start-up and expanding firms (focus on women-owned); small enterprises in nomadic and disaster areas; agro-business and small scale farming and fishing. As the strategy clearly stipulates the provision of meaningful supports require the vigorous and synchronized efforts of the various development actors including government bodies, non-governmental organizations, business associations, private enterprises, foreign agencies and similar other government.

Federal and Regional Micro Enterprises Promotion Agencies aiming at providing the above services and coordinating efforts of the various stakeholders. Even though, it might require substantiating with figures and facts, these efforts are not only inadequate but also fragmentary or uncoordinated. Moreover, the strategy does not address the informal sector and promotional measures do not target it. Mechanisms to link the two sectors do not exist (ILO, 2006).

But in March 2011, a task force headed by the Ministry of Urban Development and Construction (MoUDC) and the Federal Micro and Small Enterprises Development Agency (FeMSEDA) published a new strategy for the development of MSEs. The strategy identified and analyzed key MSE development constraints namely, financial, training/consultancy, market, and infrastructure, and technology transfer, institutional and cross-cutting issues. According to the strategy 2011, the overall vision of the strategy is to create a “competitive” MSE sector that lays the groundwork for industrial development. Hence, three objectives have been identified to realize this vision, which are:

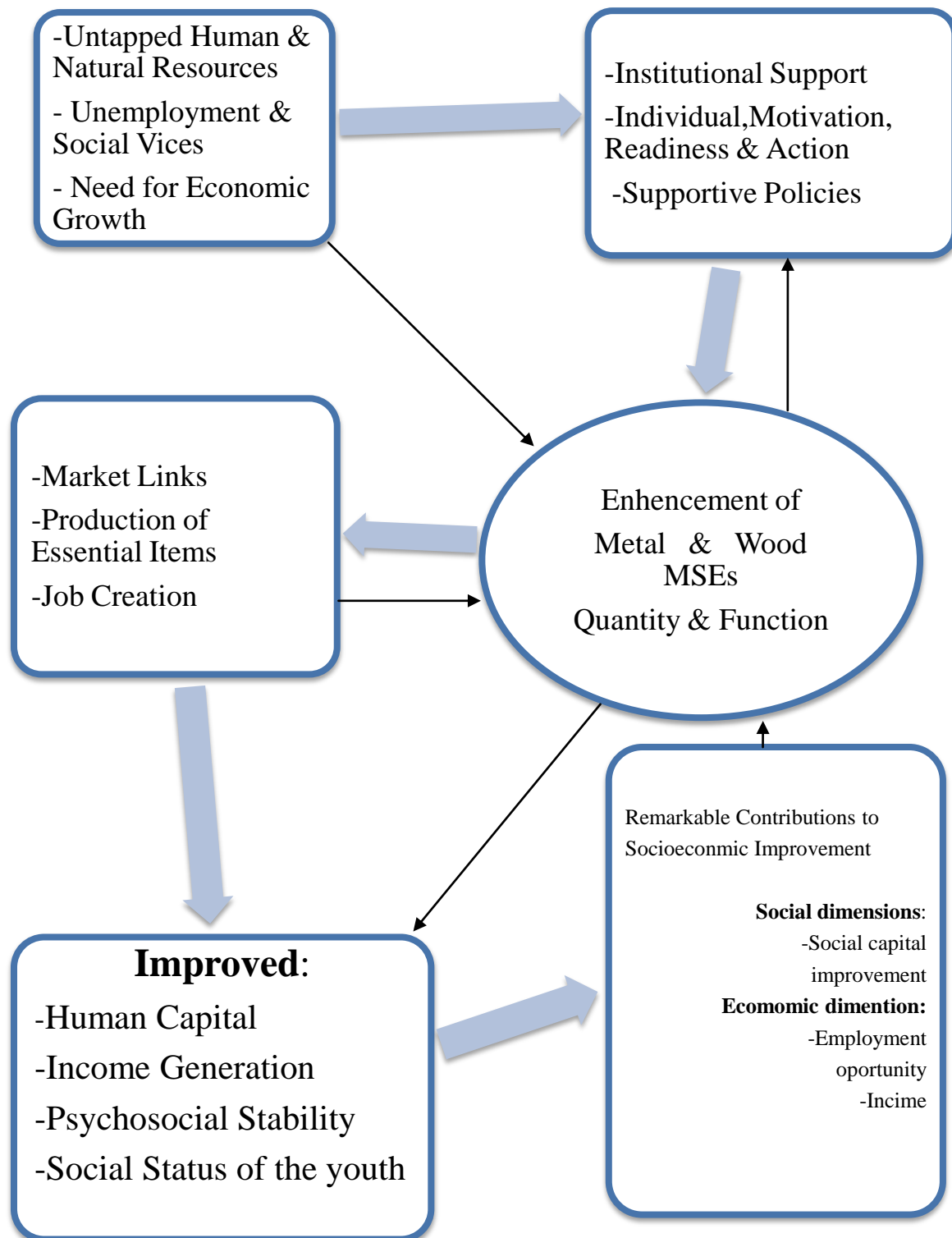
- To increase the employment and wealth creation capability of MSEs,
- To enable the MSE sector to become more competitive and link with agricultural development
- To ensure MSE development by creating a large entrepreneurial base in towns and cities throughout the country.

The major output of the new MSE Development Strategy is the creation of support packages that relate to the areas identified as constraints to the sector. Among many others, the manufacturing sector like metal works and engineering, wood work including, agro-processing were the target areas set for the strategy 2011. The strategy has defined three stages of development (i) Start-up, (ii) growth and (iii) maturity and has developed a specific set of interventions and support packages for each stage.

Some of the key principles are to:

- Sustain growth path through accumulating capital in a short period of time;
- Strengthening the limited capital and technology of MSEs;
- Develop the capacity of youth skills and their job creation ability,
- Make industry and city development areas as a direction of government priority;
- Improve the saving culture of young graduates and assign them in the sector;
- Ensure “industrial extension services” in TVETs will provide sustainable human capacity and technology development, based on the specific industry development strategy direction.

2.4. Analytical Framework



The preceding analytical framework shows key process and factors in the emergence of MSEs as well as their immediate and long-term contributions to youth employment in particular and societal development in general.

Youth unemployment and the concomitant social vices, untapped human and natural resources in a country as well as the need for economic growth constitute the underlying factors for the emergence and expansion of MSEs. The existence of supportive policies, individual motivation, readiness and unreserved endeavors along with good institutional support from relevant government offices enhance the establishment and subsequent performance of such institutions.

MSEs have multiple contributions, such as job creation, production of essential items for home and office uses, creation of market links, income generation and enabling the youth to improve their social status and psychosocial stability. Ultimately, MSEs contribute a lot to local, regional and national socioeconomic development.

2.5. Empirical Literature

Most empirical literatures deal with different range of MSEs in Ethiopia. The studies have different orientations and areas of focus mainly on overview and nature of Ethiopian MSEs (for instance, Mulu 2007), while others (Tegegne and Meheret 2010; Elias 2005) have center of attention on role of MSEs as means for poverty alleviation, employment generation and economic growth enhancing the livelihood of the people that involved in the sector. Basically, livelihood refers to the group of activities that an individual regularly carries out and the entitlements it claims in order to support and prolong a given standard of living (Dessalegn and Aklilu, 2002, cited in Meron, 2005). The development of social capital in the enterprises is believed to be the basic instrument for effective way to economic development in the enterprises which have influence on economic activities mainly capabilities, assets both material and social resources and activities required for living

Other literatures show attempts made to identify the key constraints challenging the MSE sector at large (for instance, Gebrehiwot and Wolday 2001; Andualem 2004, cited in Tegegne and Meheret 2010) and the problems distinctly felt at start up and operation levels (CSA 2003). This sub-group consists of literatures about MSE finance, more of microfinance (for instance, Gebrehiwot and Wolday 2006; Itana 2002; Haftu et al 2009, cited in Tegegne and Mehert 2010).

Philipose Ageze (2006) revealed that BDS (Business development service) in Ethiopia is at an infant stage. The service is more of donor side or supply driven in nature that is not initiated by the operators. The program didn't achieve a good level of performance in developing high quality, diverse and competitive market. The researcher also try to identify the challenge faced by MSEs in BDS program in Addis Ababa some of them are low level of MSE operators' awareness for majority of BDS, unwillingness to pay for BDS, lack of diversity of BDS providers and service and lastly limited knowledge of BDS intervention. The researcher concludes that it has weak supply and demand status. As a way forward Philipose recommend that the intervention should be designed based on market development principles to stimulate BDS demand and supply condition.

Workeneh (2006) in his study entitled Constraints of micro and small enterprise in addressing employment opportunity found that MSEs operators in usually face lack of adequate training, unfavorable regulatory policy of the government institutions, problem of premise, and inadequate training in the area of marketing and bookkeeping affect the performance and contribution of the sector.

Solomon Worku in his thesis work entitled Socio Economic Determinants of Growth of Small Manufacturing Enterprises revealed that business experience is associated with new start-ups calls for the promotion of the culture of apprenticeship and intern experience sharing for the young as a possible area of intervention in employment generation schemes to minimize the extent of unemployment. He also found that the extent of business product diversification is related with the employment growth of enterprises. It is possible to create awareness of enterprises to follow a strategy of diversifying their products through training, mass media, or through experience sharing opportunities.

The above referred and some other researches try to find out the employment and income creation, and factors that hinder the noble performance of MSEs. However, these researches are more specific for mainly Philipose finding raise one issue of the component of MSEs that is BDS. The finding of Worekneh focuses on the challenge faced by the enterprise during their performance. Lastly the finding of Solomon covers only about product diversification and business expansion. However, these researches are failed to investigate the socio-economic contributions of MSEs in particular to young operators' life improvements in Jima citify in the household level.

.CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Study Area

The study area is Jimma Town located in Jimma Zone, Oromia Regional State, South Western Ethiopia. Jimma Town is located at a distance of 355 Km from Addis Ababa. Its astronomical location is 7° 4' North Latitude and 36° 5' East Longitude. The town was founded in 1837 by King Aba Jifar, who was the descendant of one of the five kings in the former Gibe Kingdom. Jimma was redesigned by the Italians during the Italian occupation. Although the town was modeled after the Italian city of Napoli, the Italians used to call it 'piccolo Roma', the little Rome. Jimma may have somewhat lost its luster and past glories, but it is still a popular commercial center for most of the coffee brands coming from the region.

Currently, Jimma is one of the reform towns in the region and has a city administration, municipality and 13 Kebeles (grouped in 8 Town-Centers). The projected population of the town is 177,900 (CSA 2015). The town is inhabited by people with diverse ethnic and religious backgrounds, speaking multiple languages and endowed with cultural varieties.

3.2 Study Design

The study is cross sectional survey to describe the MSEs' contribution to socio-economic improvement of the youth in the study area through the economic dimensions like employment, income and expenditures as well as, social aspects mainly social capital development of the young people engaged in the group work of the enterprises as main variables of the study. The information collected includes financial sources, and the linkage that enterprises have with the markets.

3.3 Data Collection Methods

The required data was collected through employing different data collection instruments mainly interview by using questionnaires, key informant interview (KII), and non-participant

observations was made by the researcher to get more information about the situation of the enterprises.

Structured questionnaire consisting of both closed and open-ended questions concerned with socio-demographic characteristics of the respondents and social dimensions like education, social capital as well as economic dimensions mainly employment, asset changes, income and members' expenditures was provided to the sample respondents working in the sample micro and small of metal and wood works enterprises.

Similarly, Key Informant Interviews also was conducted to collect primary data, using semi-structured interview guide, interacting face-to-face with the selected concerned officials or experts from the MSEs development offices and town administration levels to collect different information like year of establishment, level of initial and current capital, number of working members, sources of inputs, market condition and linkages to with other sectors and the constraint prevailing on the enterprises' activities.

On the top of that, observation guide was used during field observation to see different situations of the enterprises. This method allows the researcher to see some essential aspects of MSEs like nature of interaction between members, the physical arrangement of the working premises, with particular emphasis on the suitability of the working conditions. Hence, observation was under taken while respondents were doing their activities as a way of data collection to examine how they can manage their enterprise activities.

Generally, both the primary and secondary data were collected in terms of their appropriate information required to measure the social dimensions like education, social capital as well as employment, asset changes, income and expenditures of the people engaged in the enterprises that was also used as main variables of the study.

3.4 Data Sources

Both primary and secondary data were used in the study. The primary data collection was from MSE operators through interview method. Moreover, primary data was also collected from the Trade and Industry Office of the city and Microenterprises Agency Officers or experts regarding problems that MSEs usually faced and the access available for the operators through the key informant interview.

Similarly, the secondary data such as documents relevant to the study was gathered from different government institutions like, Zonal Trade and Industry Office, Jimma Town MSEs Development Agency and the respective MSEs Offices at Centers or Sub-towns levels on the basis of information available in terms of micro and small enterprises promotion in different aspects.

3.5. Sampling Procedure

The enterprise owner samples were taken through stratified sampling technique based on the enterprise type. There were three categories of enterprise types that considered based on the activity types. They were established in the forms of metal work, Wood work, and general metal and wood work enterprises. In Jimma, there are 348 such types of micro and small enterprises owners, 202 out of which are participate in wood work, 97 in metal work while the remaining 49 established as general metal and wood work enterprises.

The sample size was determined by considering 25% of the total 348 population of enterprise owners for the sample size which is 87enterprise owners. From these three different enterprise activity types or each stratum, 29 samples were selected by disproportional stratified sampling using judgmental decision for the purpose of comparison between different enterprise types of same size in their contribution to income, employment and other social aspects of the youth working in the enterprises.

Accordingly, the population of enterprise owners in the three strata was 202 for wood work enterprise, 97 for general metal and wood work enterprise and 49 for metal work enterprise strata. The operators sample was taken through disproportionate stratified sampling by selecting equal sample size from each enterprise types. This method helps to compare and contrast the three types of the enterprise activities relating to their contribution towards employment, income and other social aspects of the enterprises and the constraints of the three types of the enterprises activities on their sustainability of serves provision to the youth livings through income and employment creation. In view of that, the number of sample one was 29 from wood work enterprise, the number of second sample was 29 from metal work enterprise and the number of third sample was 29 from general metal and wood work.

Generally, samples of 29 MSE owners were selected non- proportionally from each stratum or the three enterprise activity types to make a total of 87 sample representative of the enterprise owner or operators.

3.6 Data Analysis

Both quantitative and qualitative methods were used in the analysis of data that were collected from different sources. Quantitative data was analyzed through descriptive statistical techniques and expressed using tables. Moreover, qualitative data was systematically organized, and then thematic analyses and interpretation was made.

3.7 Data Validity and Reliability

The appropriateness of the data collected with the intended techniques to analyze the information gathered was considered. Appropriate care has taken in the preparation of questionnaire as well as KII, and observation guides so that proper instruments are used in collecting reliable data. Data collector or research assistants were trained and closely guided so as to ensure proper understanding of the tools and procedures that assists in collection of dependable data. On the

same manner, care has taken to avoid misrepresent of the information provided by the respondents during analysis and interpretations.

3.8. Ethical Considerations

All respondents were properly informed about the objectives of the study, and their informed consent was secured before conducting interviews. Moreover, the necessary care was taken to avoid psychological discomfort and their preferences of time and space were respected. The participants' responses were made confidential in order to respect their right to privacy and protect their personal security.

CHAPTER FOUR: RESULTS AND DISCUSSIONS

This chapter is concerned with the discussion on the survey results on different issues. The characteristics of the respondents mainly sex, age, marital status, educational conditions, and previous occupation are among the issues that are discussed in the first section of the chapter which followed by the characteristics of enterprises like year of establishment, reason for establishment, initial and current capital, and the like issues are discuss in the second section.

The discussion under third section describes socio-economic contribution of enterprises to the youth in terms of employment opportunity, income creation and enhancing the social capita in solving social problems sustainably. The last section of the discussion topic under this chapter is concerned with the issue about the main constraint that encounters the MSEs as a challenge on their work activities.

The study embrace the three categories of enterprise types based on their activity types namely woodwork, metalwork, and general metal and wood work enterprises that amount 202, 97 and 49 enterprises respectively. The sample size is determined by considering 25% of the total 348 population of enterprise owners consisting of 87sample enterprise owners used for the purpose of this particular study by selecting 29 samples from each three different enterprise types or stratum through disproportional stratified sampling as stated in research methodology section of the chapter one.

In order to provide response to the problems cited in the first chapter of this study, the data are collected and then analyzed. The findings are based on the responses of the owners and employees of the sample MSEs collected with the help of a structured and semi structured questionnaire, focus group discussion and non participant observation.

4.1 Demographic Characteristics of Sample Respondents

The performance competence of most business organizations usually depends on the educational background of the individuals for its sustainability. Consequently, the owners' level of

education, age, gender, and marital status of the respondents are shown to indicate the general demographic conditions of the respondents under the enterprise types as stated below:

Table 1 Age, Gender and Marital Status of MSE Owners

Demographic characteristics	Woodwork MSE		Metalwork MSE		Wood and Metal MSE		Total	
A. Sex	Fre	%	Fer	%	Fer	%	Fer	%
Male	20	68.97	23	79.31	22	75.86	65	74.71
Female	9	31.04	6	20.69	7	24.14	22	25.29
B. Age	Fre	%	Fer	%	Fer	%	Fer	%
Less than 20	2	6.89	5	17.24	6	20.69	13	14.94
20-29	7	20.69	15	51.72	17	55.17	39	40.23
30-39	15	51.72	6	20.69	4	13.79	25	29.74
40-49	5	17.24	3	10.35	2	6.89	10	11.49
50 and above	-	-	-	-	-	-	-	-
Total	29	100	29	100	29	100	87	100
C. Marital Status	Fre	%	Fer	%	Fer	%	Fer	%
Married	11	12.64	10	11.49	15	17.24	39	41.37
Single	14	16.20	18	20.69	10	11.49	39	48.28
Divorced	3	3.45	1	1.15	2	2.30	6	6.90
Widowed	1	1.15	-	-	2	2.30	3	3.45
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

4.1.1 Sex of the Respondents

As shown in the table 1 above, result from the survey made by the researcher shows that, 68.97 percent of the respondents of woodwork enterprise, 79.31percent of the metalwork enterprise and 75.86 percent of the wood and metal enterprise are owned by males. Whereas those 31.04 percent of the woodwork enterprise, 20.69 percent of the metalwork enterprise and 24.14 percent

of the general wood and metal work enterprise owned individually or cooperatively are owned by females.

Thus, the survey result shows that female entrepreneurs have possession of lesser number of the MSEs in the case of wood and metal manufacturing enterprises in the study area. On the other hand as data obtained from focus group discussion illustrated, the socio-cultural attitude could be the main factor for decreasing participation of female in wood and metal works MSE in this study.

In the contrary, the survey result shows that the numbers of male owned MSEs exceeded that of MSEs owned by female which are 74.71 percent and 25.29 percent respectively. This implies that the activities of wood and metal manufacturing enterprises selected by the researcher for the study are highly dominated by male.

4.1.2. Age of the Respondents

Pertaining to the respondents' age composition, majority respondents are found in the working age group. Such productive work force with majority of young workers is often believed to be an engine for the overall development of a country. The table 1 above shows the age structure of the respondents where the youth age group below 30 constitutes the majority that accounts 55.17 percent workers. Whereas, among the total MSEs owner respondents that 69.94 percent exist in the age group of 20-39 years. The others that constitute 14.94 percent and 11.49 percents of the respondents are found in the age group below 20 years and 40-49 years respectively.

For the wood and metal work MSE in order to play a significant role in accommodating more number of the youth and make them beneficiaries, issues like capital, working area land, building the skill of enterprises owners' have significant roles. With this circumstance, thus, it can be drawn that majority of the MSE owners age are youth who has better energy and speed that would help to benefit more young people is among the ones the country's desired intention to improve livings for the existing unemployed youth can be achieve.

4.1.3. Marital Status of the respondents

It is also illustrated in the same table 1 above, according to the survey result, the sample respondents' response for their marital status shows that the majority of MSEs owner respondents that account to 48.28 percent of the total respondents are found to be single or unmarried where as 41.37 percent are married. The rest of the sample respondents are among workers that divorced and widowed that account for about 6.90 percent and 3.45 percent of the respondents respectively.

4.1.4. Educational Level of the Respondents

Obviously the existence of economically active age group young people is very important to enhance their socio-economic advancement in the study area. On the top of enhancing youth income through efficient use of their existing potential energy, education is equally essential for the growth and productivity of the MSEs. Understanding the level of respondents' education helps us in identifying and determining the development approaches to be followed (Aklilu.W, 2010). High level of human capital and research and development are positively associated with the performance of firms. They promote the growth of firms from low level of activities to large and better enterprises (Aklilu,W. 2010).The education level of the respondents is important to cope with new business ideas, new technologies, and to increase the productivity of operators and enterprises.

Table 2.The MSE Owners Level of Education

Level of Education	Wood MSE		Metal MSE		Wood and Metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Illiterate	1	3.45	-	-	-	-	1	1.15
Read and write only	3	10.35	2	6.89	1	3.45	6	6.90
1-4	4	13.79	6	20.69	3	10.35	13	14.94
5-8	8	27.59	5	17.24	7	24.14	20	22.99
9-12	9	31.04	10	34.48	13	44.83	32	36.78

Diploma	4	13.79	6	20.69	5	17.24	15	17.24
First Degree and above	-	-		-	-	-	-	-
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

As it is shown in table 2 above, it is exemplified that the majority's levels of education ranges from grade 9-12 which constitutes about 36.78 percent. Next to grade 9-12, the respondents in the range of grade 5-8 level of education and diploma accounts for 22.99 and 17.24 percent of the sample respondents respectively.

In general, as clearly observed from the table 2 above that the education level of the respondents is low where the majority of the MSE operators have less than diploma level of education representing 82.76 percent of the total respondents. In terms of linking level of education among the three types of enterprises considered for this study, 54.02 percent of the enterprise owners have the highest level of education which is above grade 9.

4.2. The Enterprises Characters

4.2.1. The Established Year

The longest duration for the enterprise considered for this study is MSEs established during the years 2000-2005 that representing 6.90 percent having very low quantity (6) in relation to highest number of the enterprises established more recently in the years 2010 to 2015.

Table 3. Year of Establishment of the MSEs

Year of Establishment	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
2000-2005	1	3.45	4	13.79	1	3.45	6	6.90
2006-2010	14	48.28	5	17.24	9	31.04	28	32.18

2011-2015	14	48.28	20	68.97	19	65.52	53	69.92
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

The rest 32.18% enterprises have medium duration in relation to those MSEs established earlier and more recent years as clearly indicated in table 3 above.

However, according to table 3 above, the majority of the MSEs have established recently in the years between 2011 to 2015 representing 69.92 percent of the total enterprises responded by the respondents.

By evaluating the three types of the enterprises most of the respondents of woodwork enterprise that represents 51.73 percent showed established earlier than metalwork about 31.03 percent and that of general metal and woodwork 34.49 percent of enterprises in the years 2000 to 2010. Majority of the metalwork that account 68.97 percent and 65.52 percent of general metal and woodwork is established in the years 2000 to 2006 and this shows that among the three types of metal and wood work manufacturing enterprises stated in table 3 above, metalwork and general metal and woodwork enterprises have increased in number more recently while the woodwork enterprises have more earlier experienced by the owners than the rest of the two enterprises namely metal and general wood and metal work MSE.

4.2.2. Reason for Establishment

Regarding to the reason for establishing the stated types of MSEs as stated in table 4 below, the majority about 48.28 percent among the sample respondents stated they establishment and participated in the manufacturing activities of metal and woodwork enterprises primary to get good income to cover their sustenance and other family expenditures.

Table 4. Reason for Establishment of this Type of Enterprises

Reason for Establishment	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
To get good income	10	34.48	14	48.28	18	62.07	42	48.28
Improve skill by doing	18	62.07	13	44.82	9	31.04	40	45.98
Low start-up capital	1	3.45	2	6.89	2	6.89	5	5.74
Other (specify)	-		-	-	-	-	-	-
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

The other 45.98 percent of the respondents have preferred to establish their current enterprises because working in wood and metal work activities did not require special skill at high level of education. However, there are only 5.74 percent of respondents replied that the preference of the MSEs is because the enterprises nature require low start-up capital.

The information obtained during focus group discussion shows that most owners were interested to engage in MSEs mainly due to the background skill they have though their ultimate goal is to get better income.

4.3 Socio economic Conditions

4.3.1 Income Creation and Related Issues

MSEs Play an important role in creating better income earning opportunity for the young people that need to improve their living condition. It is understandable the increase in individual's income will have positive impact on balanced nutrition, better health services, and other better facilities. This improvement is important effect on the overall socio economic development of the young people in the study area. Usually unemployed youth lacks income generation where unemployment problem is high. The role of family, government and other stakeholders is important in assisting young people by capacitating them to be productive citizens.

4.3.1.1 Income Sources before Join the Enterprises

Regarding to the income sources before joins the enterprises of the sample enterprises; the survey result shows that the employees were used to get income from different sources before their involvement in present MSE activities.

Table 5. Major Income Sources before Joins the Enterprises.

Income Sources	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Family	13	44.82	11	37.93	17	58.62	41	47.12
Working in similar jobs	7	24.14	8	27.59	5	17.24	20	22.99
No income	9	31.04	10	34.48	7	24.14	26	29.89
Other (specify)	-	-	-	-	-	-	-	-
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

As indicated in table 5 above, the majority respondents that accounts for 47.12 percent stated that their families were used as the main income sources before joining the current enterprises. Whereas some other 22.99 percent of the respondents illustrated that they used to acquire income by working similar jobs in the form of daily laborer workers searching for where the work opportunity exists. Nevertheless, the other 29.89 respondents were among those who do not have any promising means of income and hence have been suffering as the consequence of severe income shortage.

4.3.1.2 Initial capital versus current capital of the enterprise

As clearly indicated in table 8 below, the highest and lowest initial capital of MSEs for starting business is 8,000 and 2500 birr respectively. On the other hand most of the MSEs representing 45.96 percent were their initial capital between 2500 to 4000 birr which belong to the lowest income group of the respondents.

Table 6.Initial Capital of the Enterprises

Initial Capital	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
2500 - 4, 000	24	82.75	23	79.31	22	75.87	69	45.96
4,001- 5, 500	2	6.90	5	17.24	5	17.24	12	13.79
5,501- 6, 500	1	3.45	-	-	2	6.89	3	3.45
6,501- 8, 000	2	6.90	1	3.45	-	-	3	3.45
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

Others that account to 13.79 percent of the enterprises were their initial capital between 4001 to 5500 Birr. The respondents that belong to the heights income category represented only 3.45 percent which are very few in number having similar number or percent with those initial capital ranges from 5,501 to 6, 500 birr.

When the enterprises compared, there is no as such more dissimilarity among the enterprises. Majority of all the sectors were their initial capital between 2500 to 4 000 birr that was 82.75 percent, 79.31 percent, 75.87 percent for Wood MSE, Metal MSE and Wood and metal MSE respectively. The enterprises next to the lower income category (4,001- 5, 500) are Metal MSE and Wood and metal MSE having similar 17.24 percent where as the woodwork enterprises accounts 6.90 percent being exist within the same income category.

4.3.1.3. Source of initial capital of the enterprises

The common problem of the young people is that it requires having starting capital to establish new enterprises and expand their business. Clearly MSEs need support from different sources to have initial capital so as to start their business activities. As far as the startup capital sources for MSEs in Ethiopia, Wolday (2002) stated that the major sources of initial/startup capital for MSEs are their personal savings, followed by loans from micro finance institutions. Besides, MSEs do not use banks since banks require high collateral for their loans.

Table 7. Main financial Source to Start Business

Source of Fund	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Family	15	51.72	13	44.83	15	51.72	43	49.43
Loan From Microfinance	11	37.93	16	55.17	14	48.28	41	47.13
Government Loan	3	10.35	-	-	-	-	3	3.45
Others Specify	-	-	-	-	-	-	-	-
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

According to this survey result indicates in table 7 above, among the total sample enterprises the majority of the enterprises, 49.43 percent have got their initial capita from their family support where as 47.13 percent could get loan from microfinance savings and but only 3.45 percent of the respondents stated that they are aided by government loan.

4.3.1.4 Current capital of the enterprises

According to the survey information, majority of the respondents that include 37.93 percent of the enterprises have current capital between 500-15,000 birr. And 24.14 percent of the enterprises have a capital between 15,001-25,000 birr. The rest of the respondents' current capital is 25,501-100,000 birr, 100,001-300,000 birr, which amounts to 20.69 percent and 17.24 percent of the MSE owners respectively.

Table 8.Current Capital of the Enterprises

Current Capital	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
5, 000 - 15, 000	10	34.48	11	37.93	12	41.38	33	37.93
15, 001- 25, 000	6	20.69	8	27.59	7	24.14	21	24.14
25,501- 100, 000	8	27.59	6	20.69	4	13.79	18	20.69
100,0001- 300,000	5	17.24	4	13.79	6	20.69	15	17.24
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

In fact it is not easy task obtaining the accurate information on current capital compared to that of initial capital as some times the owners are not fully cooperative however the necessary information is provided to them by the researcher because of the issues of taxation, expectation to other new competitors will engage in the business and socio- cultural problem.

Nevertheless, the comparative analysis of initial capital of the MSEs with current capital as indicated in table 6 and 8 above indicates that there is significance differences in the capital amount invested. In table 6 above most of the MSEs having 59.75 percent their initial capital were between 2,500 -5,500 birr while in table 8 above, most of the MSEs account to 62.07 percent of current capitals are above 15,000 birr.

4.3.1.5 The Income created by the micro and small enterprises

As far as comparative investigation of income generated crosswise the MSEs is concerned with compare and contrast among the three types of enterprises to indicate their annual average income in birr to identify whether one enterprise income is better than the other enterprise.

Table 9. Five Years (2012-2016) Annual Average Income of Owners from the MSEs

Income category in birr	Wood MSE	Metal MSE	Wood and metal MSE	Total
	%	%	%	
Below 5,000	14.3	13.2	12	13.2
5, 001 - 15, 000	21.2	16.2	27.4	21.6
15, 001- 25, 000	42.3	39.7	45.5	42.5
25,501- 100, 000	9	10	8.6	9.2
100,0001- 300, 000	4.5	2.4	3.5	3.5
Total				100

Source: Own Survey, 2017

According to this study data in table 9 above, majority of the respondents that account to 42.5 percent of the total respondent have stated that their annual average of five years income is between 15,001-25,000 birr. The other 21.6 percent of the respondents also got a five year annual average income between 5,001-15,000 birr. While 9.2 percent of the MSEs receive a five years annual average income between 25,001-100,000 birr. Accordingly, the 3.4 percent of the respondents got the highest five year average annual income of MSEs of 100,001-300,000 birr.

However, 13.5 percent of the total respondents get the lowest five years average annual income of below 5,000 birr. The three types of the enterprises income also differs from each other. The highest income category that is between 100,001-300,000 birr belongs to 4.5 percent of the woodwork enterprises and 3.5 percent of the general wood and metal work MSE. As to the sample respondents response in table 9 above, the woodwork MSEs also represent the highest portion with 14.3 percent among those enterprises recorded the lowest income category that is below 5,000 birr followed by metalwork MSE being 13.2 percent. Where as that of the general wood and metal work MSE proportion that belongs to the lowest income category below 5,000 birr is found to be 12 percent.

From this it can be concluded that entrepreneurs wants to run or open new MSEs, will get more income if they engaged in general wood and metal work MSE that is establishing woodwork in conjunction with metalwork simultaneously since general wood and metal work MSE is the

second in terms of highest income category and also it is the third or last from the three types of the enterprises in terms of low income category.

4.3.1.6 Income utilization of the enterprises

According to the response of the sample respondent indicated in table 10 below, most of the income obtained that amounts to 58.62 percent is allocated for the purpose of house hold conception, education fee, and saving.

Table 10. Response on Ways of Income Utilization

Income Allocation	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Create business(1)	2	6.89	-	-	1	3.45	3	3.45
For hh needs (2)	6	20.69	5	17.24	5	17.24	16	18.39
Medical expenses (3)	1	3.45	1	3.45	1	3.45	3	3.45
Entertainment (4)	1	3.45	2	6.89	-	-	3	3.45
Education fee (5)	-	-	1	3.45	3	10.35	4	4.60
Saving (6)	2	6.89	4	13.79	2	6.89	8	9.20
Reinvest (7)	1	3.45	2	6.89	3	10.35	6	6.90
2, 3& 6	4	13.79	4	13.79	4	13.79	12	13.79
2, 5 & 6	5	17.24	6	20.69	6	20.69	17	58.62
2,6 & 7	7	24.14	4	13.79	4	13.79	15	17.24
Total	29	100	29	100	29	100	87	100

Source: own survey, 2017

When the income utilization is comparatively observed among the different types of the enterprises, wood MSE, metal MSE and general wood and metal MSE represents higher proportion that 20.69 percent, 17.24 percent and 17.24 percent allocated for the purpose of house hold conception respectively. There is relatively low cost allocated that is 3.45 percent by the respondents for every medical expenses, business creation and Entertainment.

4.3.1.7. Income trend after the Micro and Small Enterprises Establishment

According to the response from sample respondents indicated in table 11 below, the income of MSEs increased after starting their enterprises stated by higher number or 91.95 percent of the respondents.

Table 11. Income Tendency after Starting the MSE

Incomes Increased	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Yes	25	86.21	26	89.65	29	100	80	91.95
No	4	13.79	3	10.35	-	-	7	8.05
Total	29	100	29	100	-	100	87	100

Source: Own Survey, 2017

In this study also among the MSE owners, a small number of them that account 8.05 percent had responded that no significant change or increment in their incomes that still trying to improve their income for future hopefully.

4.3.1.8 Role of income from micro and small enterprises on living style

As it is indicated in the table 12 below most of the MSEs 82.76 percent responded that they have observed some changes in their living style.

Table 12. Response on Living Style Condition in Relation to Income

Condition of the Living Style	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Some changes happen	24	82.76	22	75.86	26	89.65	72	82.76
No change in living style	5	17.24	7	24.14	3	10.35	15	17.24
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

On the other hand, there are still 17.24 percent MSEs that stated they have not significance changes in level of living as such different from that of pre MSEs establishments mainly those recently started the enterprises.

4.3.1.9 Improvements in living style

As it shown in Table 13 below, different types of improvements in living style have been mentioned with figures. According to the study there are observable changes illustrated in different areas of living style such as improvement in food intake, better housing, better clothing, better health care and improved education etc.

Table 13.Changes in living style as a result of increased income

Areas of change in living styles	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Food intake progress (1)	3	10.35	2	6.89	4	13.79	9	10.34
Better housing (2)	5	17.24	3	10.35	5	17.24	13	14.94
Better clothing (3)	1	3.45	2	6.89	1	3.45	4	4.60
Better health care (4)	3	10.35	3	10.35	1	3.45	7	8.05
Improved education (5)	2	6.89	2	6.89	3	10.35	7	8.05
1, 2, &3	6	20.69	8	27.59	7	24.14	21	24.14
1, 3 & 4	5	17.24	4	13.79	2	6.89	11	12.64
2,3 &5	4	13.79	5	17.24	6	20.69	15	17.24
Total	29	100	29	100	29	100	-	100

Source: Own Survey, 2017

Among those type of improvements; living in better house either through rent or having private house to live in or use for the enterprises work activities is a type of improvements in living style having mentioned more repeatedly as only than any other type of changes in way of life with 14.94 percent of the sample respondents.

Those who have illustrated improvements only in terms of better food intake also represent 10.34 percent respondent of the total sample. Those respondents that provided multiple reactions on the life improvement issues during the interview represent 54.02 percent of the MSE workers. The lowest improvement of the enterprise indication sing is reflected in terms of better clothing affordability that indicated by the sample respondents which accounts only 4.60 percent people working in the MSE.

4.3.1.10. Savings

As indicated in table 14 below, the survey result shows that the MSEs contributed to augmentation of the saving habits and opportunities for those owners of MSE. And among those owners of MSEs 83.91 percent had been saving from the income they generated at the time working in the MSEs, this means that MSEs helped the workers in creating income opportunity. From this we can conclude that MSEs have crucial role in introducing and improving saving practice among the young workers.

Table 14.Saving Status of the MSEs

Save From Income	Wood MSE		Metal MSE		Wood And Metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Yes	23	79.31	26	89.65	24	82.76	73	83.91
No	6	20.69	3	10.35	5	17.24	14	16.09
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

Nevertheless, there are low portion of the workers that accounts 16.09 percent responded they did not start saving due to income and increasing cost of consumption material for their sustenance as response obtained during the focus group discussion. From this we can conclude that experience or skill that were gained by working in MSEs helped most of the workers to earn better returns and save some parts of their earnings .

4.3.1.11. Saving method of the Micro and Small Enterprises

The development and sustainability of MSEs in a given country is not only depends on the amount of profit generated by the enterprises but also on the method used and amount of the profit assigned for saving and allocated to reinvest in the forms of business activities. In other words, the primary goal of business establishment is income generation and profit maximization. Similarly, those employed people in MSEs may save and start their own business and employ extra labor force.

Table 15.Saving System of the MS

Saving Method	Wood MSE		Metal MSE		Wood And Metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
1. Bank	24	82.76	18	62.07	23	79.31	65	74.71
2. 'Iqub'	5	17.24	10	34.48	5	17.24	20	22.99
3,Using Gold Ornaments	-	-	1	3.45	1	3.45	2	2.30
Total	29	100	29	100	29	100	87	100

Source: Own Survey, 2017

Accordingly to the data presented in table 15 above, out of the total sample respondents included in the survey, 74.71percent of the respondents indicated banking system is used to save the income obtained from the MSE. There are also some others about 41.23 percent of the respondents replied that they used local method of saving locally named 'Iqub' that involved workers of similar income. The remaining 2.30 percent of the respondents have indicated the prevalence of saving experience by the method of investing on gold ornaments as option to use it when they face money shortage stating that the paper money vale is usually decreasing frequently due to inflation. However, currently, the proportion of saving in this method is relatively low.

4.3.2 Employment Creation

4.3.2.1 Previous employment status of the respondents.

As stated in table 16 below, in this study among the MSE owners, majority about 82.76 percent of the respondents were used to work participating in various occupations except 17.24 percent were found to have no any regular occupations. The result of this survey also indicated that the establishments of MSEs have created employment opportunities for those owners of MSEs and for others that are working in the enterprise as contract worker or daily laborer. Among those owners of MSEs 17.24 percent had been unemployed before engaging in the present enterprises. This implies that they become employed because of the opportunity created following the establishments of these MSEs.

Table 16. The MSE owners' activity before establishing the enterprises

Previous work	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Daily laborer	11	37.93	17	58.62	18	62.07	46	52.87
Student	7	24.14	5	17.24	8	27.59	20	22.99
Government employee.	-	-	3	10.34	-	-	3	3.45
Jobless	8	27.59	4	13.79	3	10.34	15	17.24
Other, (petty trade)	3	6.90	-	-	-	-	3	3.45

Source: Own Survey, 2017

Similarly the MSEs created employment opportunity for 22.99 percent students who were mainly from high school and technical colleges. Hence this leads us to conclude that MSEs have a considerable role in employment creation.

4.3.2.2. Jobs Created within Five Years (2012-2016)

As indicated in table 17 below, the survey result informs the average numbers of employees for the three types of MSE. When the three types of MSEs are comparatively investigated, the

general wood and metal work enterprises have more employees than woodwork and metalwork enterprises having an average employee of 5. However the woodwork MSEs represents the next better proportion of employment accommodation with an average of 4 employees.

In the case of almost all of MSEs, there is a tendency of growth in average number of employee from year to year. Accordingly, in the three types of the enterprise cases, the average employee was 3, 3 and 4 in 2012 and become 5, 4 and 6 in 2016 for woodwork, metalwork, and general wood and metal work MSEs respectively.

According to the survey result information, there is indication of growth of employees from year to year in all types of the sample MSEs under this study. The issue of employment growth is also raised during the focus group discussion stating that it needs special attention from the concerned stakeholders to enhance the MSEs establishment that have essential role in minimizing unemployment problem of the young people which is the current strategic issues of young workers income generating business activities.

Table 17. Number of the Employees per MSEs

Employees per year	Wood MSE			Metal MSE			Wood and metal MSE			Total
	Mi	Me	Ma	Mi	Me	Ma	Mi	Me	Ma	Me
2012	2	3	10	1	3	6	2	4	9	3
2013	2	4	10	1	3	8	3	5	9	4
2014	2	4	10	1	4	8	3	5	10	4
2015	2	4	10	2	4	10	3	5	10	5
2016	2	5	10	2	4	10	3	6	10	5
Average	2	4	10	1	3	8	3	5	9	4

Source: Own Survey, 2017

NB: Mi=minimum, Me =mean, and Ma= maximum

The minimum and maximum employee counts of MSEs are indicated and the minimum employee count is one worker in Metalwork MSE for the first three consecutive years where as

the maximum employee count of ten in almost all types of the enterprises particularly during the more recent two consecutive years. Generally it can be concluded that the general wood and metal MSE can have the capacity to recruit more employees. Highlighting to strengthen the wood and metal manufacturing enterprises has to be given due emphasis as it has considerable role in decreasing youth unemployment problem.

4.3.2.3. Jobs created by the Micro and Small Enterprises

The primary goal of MSEs' establishment is employment generation. In most developing countries including Ethiopia, the MSEs have been recognized as potential sector to minimize unemployment problems. The development of MSEs in a given locality has multiplier effects. Firstly, those employed people in MSEs earn an income and spend it within the locality. Directly or indirectly, this investment in the locality gives benefit for other business entities and residents in the locality. Secondly, those employed people in MSEs may save and start their own business and employ extra labor force. This chain of action helps the society to get improved facilities like food, schooling, health facilities, and etc. The cumulative effect of this ultimately widens the economic base of the locality, which is one of the principal objectives of economic development.

Table 18.Types of Jobs Created on Average Number of Persons per MSE

Type of job created	Wood MSE	Metal MSE	Wood and metal MSE	Total
Full time recruited	2	-	1	1
Part time recruited	-	-	3	1
Full time self business	3	3	-	2
Part time self business	-	-	-	0
Causal work	1	-	2	1
Family part time job	-	-	-	0
Family full time job	1	2	-	1
Average	7	5	6	6

Source: Own Survey, 2017

As it shown in table18 below, several types of employment have been mentioned. According to the study there are different kinds of jobs such as full time self business, part time self business, full time recruited, part time recruited, casual work, family part time job, family full time job, etc. Among those type of employment; full time self business is a type of business having more employees per enterprise than any other type of business with an average of 2 people. Full time recruited, Part time recruited, Causal work and family full time jobs also were created on average for one people per MSE. Both family part time job and part time self business created no person per MSEs on average.

4.3.2.4. Duration of worker in the MSEs

According to table 21 below, this survey result indicates that, among the total sample enterprises the majority of the enterprises, 42.53 percent have worked in the enterprises for minimum range of 1-5 years and the next with similar account of workers that have worked in the present enterprise are for a range of 6-10 years services.

Table 19. Duration of the Sample Respondent in the MSEs

Duration in MSEs	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
1-5	10	34.48	15	51.72	12	41.38	37	42.53
6-10	14	48.28	8	27.59	15	51.72	37	42.53
11-15	3	10.34	6	20.69	2	6.90	11	12.64
16-20	2	6.90	-	-	-	-	2	2.30

Source: Own Survey, 2017

The other used to work in their enterprises for a range of 11-15 service years representing 12.64 percent of the total sample MSE. But only 2.30 percent of the respondents stated that they worked in the current enterprises for relatively long time ranging from 16 to 20 years.

Generally it can be concluded that majority of the MSE owners have low working experience that need continuous supervision and follow up including provision of short term on job training to strengthen their performance and sustainability of the enterprises specially to those exist in the beginners level.

4.4. Contributions of the Enterprises to Social Capital Development

The investigation of social capital which is non-economic aspects of group-based MSEs is needed in this study as economic relations thought to be derivative of social relations along with the development of social capital in MSEs is believed to be the basic instrument for effective way to economic development enterprises which in turn have influence on the owners income improvement activities. Investigation of non-economic role of these MSEs deals with their effect to the development of social capital in terms of the members' willingness to help each other, shouldering responsibility, skills knowledge etc.

These social capital measurements are believed to be the basic instruments for effective ways to economic development of the workers in the enterprises which in turn have influence on their living activities. Accordingly, the respondents provided their perception related to the development of social capital in the enterprises.

4.4.1 Willingness to Help Each Other

In this sub section, the benefit of helping each other among working members in the enterprises is discussed. Respondents who were included in the survey believed that they help each other in time of difficulties at work. The following table shows respondents' response with regard to the benefit that they obtained as a result of helping each other in the enterprises.

As it can be observed in the table 20 below, out of the total sample respondents included in the survey about 60.92 percent of the respondents replied that their members' willingness to cooperate and support each other when they are required in time of difficulty is very high.

Table 20.The Respondents Willingness to Help Each Other

Willingness rate	Wood work		Metal work		Wood and Metal work		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Very high	17	58.62	16	55.17	20	68.97	53	60.92
Moderate.	11	37.93	12	41.38	9	31.03	32	36.78
Low.	1	3.45	1	3.45	-	-	2	2.30
Total	29	100	29	100	29	100	87	100

Source Own Survey 2017

The ext respondents found in moderate levee of members' willingness to cooperate and support covers the 36.78 percent. The low response level for is acquired from respondents that account 2.30 percent of the total respondents regarding members' willingness to cooperate and support each other in time of difficulties at work. However, no respondent responded the total absence of willingness to cooperate and support either on job or any other assistance among the members when needed.

4.4.2. Shouldering responsibility and sharing skills and knowledge among workers

The survey result show that the advantage of group working in the enterprises as an element of social capital is illustrated by sample respondents when asked about their perception or knowledge towards the contribution of group work in the enterprise and its effect on workers competence and productivity as shown in table 23 below. Incidentally, the following figure illustrates the percentage of the respondents with regard to benefits of group working in enterprise in terms of increasing bargaining power, shouldering responsibility as well as in sharing skills and knowledge among the workers of the enterprises.

Table 21. Contribution of working in enterprise for youth competence and productivity

Advantages	Wood work		Metal work		Wood and Metal work		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Increase bargaining power	4	13.79	9	31.04	5	17.24	18	20.69
Shouldering responsibility	3	10.35	5	17.24	4	13.79	12	13.79
Skills & knowledge Share	22	75.86	15	51.72	20	68.97	57	65.52
Other	-	-	-	-	-	-	-	-
Total	29	100	29	100	29	100	87	100

Source: Own Survey 2017

As stated in table 21 above, in this study among the MSE owners, majority of them about 65.52 percent have got advantage of improving their skills and knowledge by teaching and learning from each other during the group work. Similarly the other respondents that account 20.69 percentage of the total respondents illustrated the being working in enterprises have enabled to have better bargaining power in to get a considerable attention from the concerned bodies when they need cooperation and assistances for their enterprises development and sustainability. Working together in the enterprises being in group also helped the enterprises owners by enhancing the members' ability to shoulder responsibility in common as stated by 13.79 sample respondents (table 21 above).

4.4.2.1 Contribution to competence and living improvement

Accordingly to the data presented in table 22 below, out of the total sample respondents included in the survey, 75 (86.21%) of the respondents do agree that the knowledge, skills and experience they gain after they joined the micro and small enterprises and started working in group have contributed a lot in improving their competence and livelihood more better than they were before they joined the micro and small enterprises.

Table 22. Perception on knowledge, skill and experience role on competence and living

Helpful	Woodwork		Metalwork		Wood and Metal work		Total	
Freq.	%	Freq.	%	Freq.	%	Freq.	%	
Yes	23	79.31	25	86.21	27	93.10	75	86.21
No	6	20.69	4	13.79	2	6.90	12	13.79
Total	29	100	29	100	29	100	87	100

Source: Own Survey 2017

But only about others, 13.79 percent of the respondents responded that they were unconfident or unable to improve their knowledge, skills and experience that enhances their competence which enable them earn better income for to support livings.

From this it is possible to conclude that though many workers can learn a lot from their co-workers, there are still some workers that cannot learn easily from friends in group work and need special trainings to make them cope up with other similar work group members.

4.4.3. Knowledge Transfer

As stated in table 25 below, this survey result indicates that, among the total sample enterprises the majority of the enterprises, 55.17 percent have got chances to lean more technical skills from co-worker as an opportunity through transfer of knowledge during the group work in the enterprises. The others that account 40.23 percent of the respondents replied that they learned a practice of cooperation and team work since they start working in the enterprises.

Normally knowledge transfer between members in the enterprises is essential responsibility of most of the group based enterprises as they usually established by individuals who have different educational and occupational background, they will have a great role in creating opportunities for the transfer of knowledge. Knowledge transfer makes individual workers capable to do their job effectively within the enterprises and outside the enterprises. In this regard, respondents in the

survey explained that besides the training offered different stalk holders in the enterprises, workers have gained different experiences from their colleagues or co-workers.

Table 23. Lessons learned from a Working in the Enterprises

Type of Skills gained	Wood work		Metal work		Wood and Metal work		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Technical skills	19	65.52	20	68.97	9	31.04	48	55.17
Cooperation & Team work	9	31.04	8	27.59	18	62.07	35	40.23
Trust	1	3.45	1	3.45	2	6.90	4	4.60
Other	-	-	-	-	-	-	-	-
Total	29	100	29	100	29	100	87	100

Source: Own Survey 2017

In addition, based on the data obtained during the group discussion, the respondents explained that workers who have good work experience in metal works share their experience to other metal as well as wood workers. That means, if one individual who have only wood work experience join the enterprise, there will be a chance to share both metal and wood work experience simultaneously specially for those workers engaging in general wood and metal work enterprises.

4.5. Constraints of the Micro and Small Enterprises (wood and metal works)

As discovered by the study, like any other developing countries experiences, the micro and small enterprises activities in Ethiopia is also challenged by various constraints mainly lack of financial capital in addition to lack of raw material, skilled staffs, market problem, and etc. In this particular study, the challenges of enterprises can be observed from different point of views.

According to the response obtained during focus group discussion, majority of the enterprises face constraints more during the operation unlike during start-up of the business as the wood and metal work manufacturing enterprises require enough finance, technology and manpower of technical skill. Inability to get the necessary support and assistance from the concerned collaterals and stalk holders can increase problems during operation. Some of the problems which hindered the activity of the enterprises that included in the study are stated as follows:

4.5.1. Working Environment

Suitable and safety working area is necessary to make the enterprises activities more productive and sustainable.

Table 24.Types of the Workshops Used by the MSEs

Workshop area	Wood MSE		Metal MSE		Wood and metal MSE		Total	
	Freq.	%	Freq.	%	Freq.	%	Freq.	%
Home	1	3.45	5	17.24	6	20.69	12	13.79
Rented house	16	55.17	13	44.83	12	41.38	41	47.13
Temporary shade	10	34.48	10	34.48	9	31.04	29	33.33
Commercial shop	2	6.90	1	3.45	2	6.90	5	5.75
Total		100		100		100	87	100

Source: Own Survey, 2017

In average nearly 80.46 percent of them lack appropriate workshops and perform production in rental houses and temporary shade using the same area for working, assembling, and storage and office purposes.

There were only few respondents replied they used home and commercial shop for their MSEs production activities which account to 13.79 percent and 5.75 percent respectively.

4.5.2 Raw material availability

Timber

Almost all Micro enterprises indicated shortage of timber for wood work activities as the timber factories are established at a distant & their price is too costly. As a result they depend on local supplier sometimes informal, illegal and of poor quality having more wastage.

Metal

Since the raw material supply is from the central market, its price at zonal level gets higher. Moreover, it is difficult to get by the quantity and quality that is required to manufacture the products.

4.5.3 Marketing condition

The enterprises owners indicated also that lack of appropriate working area has an adverse effect on their marketing condition. Most workshops are found at far and hidden areas where they can not attract the customers easily. This problem is worst in the case of agricultural development farm implements production since their get in touch with the customer farmers is too less.

4.5.4 Other limitations

Less opportunity to participate in bid process: the newly established enterprises lack capacity to participate in local bidding computation due to inadequacy in financial capacity.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

Based on the major findings of the study, the following conclusions were drawn:-

As far as characteristics of the owners of the enterprises is concerned, the study revealed that majority of the MSEs owners were young people of age below 30 amount to 55.17 percent of the respondents while about 69.94 percent of the respondents found in the productive age group of 20-39 years. Majority of metalwork accounts to 68.97 percent and 65.52 percent of general metal and woodwork established in the years 2000 to 2006 mainly to get income to their sustenance and other family expenditures in view of the fact that the majority that accounts for 47.12 percent were dependent on their families for income sources before joining the current enterprises.

In the cases of the MSEs' starting capital for income generation, the initial capital of majority of MSEs represent 45.96 percent were 2, 500 to 4, 000 obtained from family and microfinance about 49.43 percent 47.13 percent respectively. However, about 37.93 percent of the majorities of the enterprise owners have current capital between 500-15,000 birr while others that accounts to 3.4 percent and 13.5 percent have got 100,001-300,000 birr and below 5,000 birr. Similarly, majority of the respondents that account to 42.5 percent of the total respondent have confirmed that their annual average of five years income is between 15,001-25,000 birr while others 3.4 percent and 13.5 percent have got 100,001-300,000 birr and below 5,000 birr higher and lower income respectively. Most incomes obtained by 58.62 percent of respondents were allocated for the purpose of conception, education fee, and for saving.

As far as employment creation of the enterprises is concerned, in almost all of MSEs, there is a tendency of yearly growth in average number of employee that 3, 3 and 5 in 2012 and become 5, 4 and 6 in 2016 for woodwork, metalwork, and general wood and metal work MSEs respectively. Similarly, the response to obtained on willingness to help each other, share skill and

knowledge indicated that very high, moderate and low motivation to cooperate among the workers by 60.92%, 36.78% and 2.30% of the respondent respectively.

Accordingly, the enterprises have contributed with this regard in creating strong bond among members which resulted in good social capital development in terms of skills, knowledge, Experience, bargaining power, helping one another as required and etc. Consequently, developing such social capital can serve the youth of the study area as an input in improving their business activities having good social relation within the enterprise that ultimately helps to improve their income.

Concerning constraints, the study result also revealed that lack of suitable and safety working areas appropriate for production, lack of proper machine and raw material shortage for production activities, marketing problem and inability to participate in local bidding computation due to financial capacity are among some of their main limitations.

5.2 Recommendation

Based on the major findings mentioned in the analysis, a number of policy recommendations have been drawn with the view to improve the role of micro and small enterprises in contribution to employment and income generation for the young people.

1. Entrepreneurial training, which is invaluable for trainees, needs to be revised by incorporating the experience of indigenous exemplary entrepreneurs supplemented with different field visiting where the actual work is found so that the trainees develop practical skills and self-employing business.
2. The three institutions (Micro-finance, TVET and MSE sector) need work together to mitigate the problem of youth unemployment problem by working towards alleviating poverty in the study area through enhancing MSEs' performance for better socio-economic contribution mainly as employment creation and income sources. It is also advisable that administrators work

towards assisting the unemployed young people by arranging different project works and facilitate linkages with stalk holders in order to reduce the number of youth unemployment.

3. Both government and private agencies need assist the youth to start business privately or in group by creating friendly environment for them avoiding a major bottleneck among micro financial institutions, and MSE sectors since both institutions have a great role in reducing unemployment problems.

4. The government body mainly trade and industry bureau is responsible for provision of on job training and work towards improvement of young workers competence through short-term training in collaboration with different agencies.

5. It is advisable that the young people are expected to develop confidence while running their own business and become enthusiasm and cooperative for whatever type of jobs available to them through organizing in groups.

6. It is also advisable that government and private agencies, which are working on the poverty alleviation, make cooperation to capacitate and allocate jobs so that many young people become successful in getting job in the labor market by facilitating encouraging situation for youngsters to have business enterprise through support and strengthening MSE strategy and other mechanisms. All the above suggestions are recommendable for superior socio-economic contribution of the MSEs to youth engaged in the wood and metal work manufacture activities.

REFERENCES

Agyapong, Daniel 2010. "Micro, Small and Medium Enterprises' Activities, Income Level and Poverty Reduction in Ghana-A Synthesis of Related Literature", in International Journal of Business and Management, retrieved from: <https://www.google.com>, on August 8, 2016.

Andu Alem T., 1997, Small Enterprise and Entrepreneurship Development in Ethiopia: Concepts, Definitions and Major Issues.

Creswell, J W. 2003. Research Design Qualitative, Quantitative, and Mixed Methods Approaches, 2nd edition. Thousand Oaks: SAGE Publications, Inc.

CSA, 2003. Report on MSE and Urban Informal Sector Sampling Survey. Central Statistical Authority, Addis Ababa.

CSA, 2015. The Population of The Regions of Ethiopia, Addis Ababa, Retrieved from: <http://www.citypopulation.de>, on August 9, 2016

Federal Democratic Republic of Ethiopia (FDRE), Ministry of Trade and Industry. 1997. Micro and Small Enterprises Development Strategy. Addis Ababa, Ethiopia

Federal Democratic Republic of Ethiopia (FDRE), 2011. Micro and Small Enterprises Development Strategy, Provision Framework and Methods of Implementation. January 2011, Addis Ababa, Ethiopia.

Gebrehiot A. and Wolday A., 2004, Survey report on Micro and Small Enterprise Development in Ethiopia.

Gebrehiwot A. and Wolday A., 2005, Policy Impact and Regulatory Challenges of Micro and Small Enterprises in Ethiopia. Presented at the Second International Conference on the Ethiopian Economy of the Ethiopian Economic Association, Addis Ababa.

Gebrehiwot A.&Wolday A. 2006. Micro and Small Enterprises (MSEs) Finance in Ethiopia: Empirical Evidence. Eastern African Social Science Research Review 22(1).

Hamde, M. 2012. Enterprise wide Resource Altekhar, Rahul. V. Prentice- Hall of India planning: theory and of fact: new ash Russell penguin books India for 2007 335.

Hasan, L. 1998. Contextualizing Local Economic Development for Developing Countries. <http://www.mpra.ub.uni-muenchen.de>. Accessed on 2009-10-1.

ILO, 2002, Women and men in the informal economy: a statistical picture. International Labor Office, ILO Geneva.

Itika, J S. 2009. Structures and Patterns of Domestic Cotton Value Chains and the Interface in Selected Companies from Mwanza, Tanzania, in Industrializing Africa in Era of Globalization. Challenges to Clothing and Footwear, edited by D McCormick, J AKuzilwa and G E Tegegne. Nairobi: Colorprint Limited.

Kamunge, M. Stephen, Njeru, Agnes, and Tirimba, O Ibrahim, 2014. "Factors Affecting the Performance of Small and Micro Enterprises in Limuru Town Market of Kiambu County, Kenya", in International Journal of Scientific and Research Publications, Volume 4, Issue 12, retrieved from: <https://www.google.com>, on August 8, 2016.

Lanjouw, Jean, O & Peter L., 2001. The rural non-farm sector: issues and evidence from developing countries.

Leedy, P D and Ormrod, J E., 2001. Practical Research: Planning and Design. 7th edition. New Jersey: Prentice-Hall, Inc.

Mizan G., 2009, Study on Role of Micro and Small Enterprises in Local Economic Development in Mekele, Post graduate program thesis, Addis Ababa

MOFED, 2011, IMF REO Oct 2011 Staff Report (for monetary, fiscal, investment, BOP data); CSA (for inflation data); National Bank of Ethiopia. Access Capital estimates for most 2010/11 data points and for all 2011/12 projections.

Mulu G. 2007. Growth of Micro Enterprises: Empirical Evidence from Ethiopia. Ethiopian Development Research Institute (IDRI), Addis Ababa.

Nugent, J. B. and Yhee, S. J.(2001), Small and Medium Enterprises in Korea: Achievements, constraints and Policy Issues, World Bank, Washington D.C.

<http://www.csae.ox.ac.uk/conference/2007-EdiA-LawBiDC/Papers/275-Gebreyesus.pdf>.
Accessed on 2014-5-20.

Tegegne G. and Mehret A., 2010, Micro and Small Enterprises as Vehicles for Poverty Reduction, Employment Creation, and Business Development: The Ethiopian Experience. FSS research Report No.6. Addis Ababa: Forum for Social studies (FSS).

Annex I

QUESTIONNAIRE FOR MSES' OPERATORS

JIMMA UNIVERSITY, COLLEGE OF SOCIAL SCIENCES AND HUMANITIES

DEPARTMENT OF SOCIOLOGY, POSTGRADUATE PROGRAM IN

SOCIOLOGY AND SOCIAL POLICY

This questionnaire has been prepared to collect information from metal and wood works micro and small enterprises found in Jimma City, Jimma Zone, Oromia Region. The questionnaire will be administered for assessing the main contributions of the metal and wood micro and small enterprises in the Jimma City to socio-economic improvements of the youths. It has three parts: demographic characteristics of the respondents, economic contributions, and non-economic contributions of the MSEs. The information you are going to provide will be used for only academic purpose, and your privacy will be strictly respected.

So, you are kindly requested to give genuine answers.

Instructions:

- For closed- ended questions, you are kindly requested to encircle your choice
- For multiple answers of the question, it is possible to mark or indicate more than one choice.
- For open-ended questions, you write your answer in the space provided.

Thank you in advance!

I- Demographic characteristics of the respondents

1. Fill the following background information

Woreda _____ Kebele _____ Interviewer's name _____
Code _____ Interview date _____ Checked by _____

2. Fill in the table the age and sex of the enterprise operators within the given age ranges

1. Fill in the table the age and sex of the enterprise operators within the given age ranges

Sex	Age				
Male	< 20	21-30	31-40	>40	
Female					

3. Is there any member aged less than 14 years? If yes, indicate number and sex (____,____).

4. Fill in the table the educational level of the enterprise operators

Sex	educational level								
	Illiterate	1-4	5-8	9-10	10 Complete	11-12	diploma	1 st degree	Others
Male									
Female									

5. Marital Status:

1. Married 2.Single 3.Separated 4.Divorced 5.Others Specify_____

II General Condition on Enterprise Start Up

6. What type of the enterprise you are working in now?

1. Metal Work enterprise 2.Wood work enterprise 3.Both metal & wood work enterprise

7. What is the form of ownership of this enterprise?

1. Individual ownership 2.Partnership/share 3.Cooperative 4.Others (specify)_____

8. What type of workshop area are you using for your enterprise activities?

1. Home 2. Rented house 3. Temporary shade
4. Commercial shop 5. Roadside 6. Other (specify) _____

9. When did your enterprise start operation? Year _____, month _____

10. Why have you been engaged in this type of enterprise?

1. To get good income 2. Requires no special skill 3. Low start-up capital 4. Other (specify) _

III-The socio economic conditions

a) Income Generation and Saving

11. What was the major source(s) of income before you join this enterprise?

1. Family 2. Working in similar jobs 3. No income 4. Other(s), specify _____

12. What is the total initial capital during the start up of your enterprise? _____

13. What is the main source of fund to start business?

1. Family 2. Loan from microfinance
3. Government loan 4. others specify _____

14. How much income did you get from this enterprise at initial stage per month (in birr)?

15. What is the amount of income you are getting now monthly (in birr)?

16. From where do you get other source of income(s) other than this enterprise?

1. Family support 2. Working in similar jobs 3. Other(s), specify _____

17. Fill in the following regarding income questions

Type of job you work in this enterprise.	Yearly income before MSE.	Average personal annual income, including MSEs and other sources.	Average annual income from MSEs only.				
			12	13	14	15	16

18. How do you use the income that gained from business? (Rank them)

1. Create business 2. For household needs 3. Medical expenses 4. Use for entertainment
5. Education fee 6. Put into saving 7. Reinvest 8. Other (specify) _____

19. Have you observed any increase in your incomes since you started this MSE? 1. Yes 2. No

20. If yes to Qn. No. 19, what do you feel about your living style in relation to the increase in your income?
1. Some changes in living style 2. No change in living style

21. If there are some changes in your living style, what are these changes?

1. Food intake improvement 2. Better housing 3. Better clothing
4. Better health care 5. Improved education 6. Other(s), specify _____

22. Fill the mount of profit you get the following table

Years	2012	2013	2014	2015	2016
Amount of profit					

23. Do you save your incomes? 1. Yes 2. No

24. If 'yes', how do you save? 1. in bank 2. Use 'Iqub' 3. Buy and preserving gold ornaments

25. If 'yes', how much do you save per month in Birr? _____

b) Employment creation

26. How many employees does this enterprise have? 1. Initially____ 2.Currently_____.

27. For how long have you worked in this enterprise? Year _____ Month. _____.

28. What was your previous occupation before you join this enterprise?

1. Daily laborer 2.Student 3. Government employee 4.Jobless
5.Other(s), specify _____

27. How do you compare the number of female workers to that of male in your enterprise?

1. More females 2. Less females 3.Balanced number 4.Very few
females 5.No female worker at all

28. If your answer for Q24 is Very few or no female worker what do you think is the reason?

1. Less payment for female 2. Females' low interest in technical work
3.Employers prefer male operators. 4. Others, Specify_____

29. In order to see the trends of job creation, fill in the following table

Type of job created	Skill level		Number of employee									
	Unskilled (1)	Skilled (2)	2012		2013		2014		2015		2016	
			M	F	M	F	M	F	M	F	M	F
Full time workers												
Part time workers												
Casual worker												
Family part time job												
Family full time job												
Full time own business												
Part time own business												
Others												
Total No.												

VI. Non-Economic Aspect

30. What benefits do you think young workers can get from working in group in this enterprise?

(Multiple answers are possible)

- | | |
|--|---------------------------|
| 1. Help each other during difficulty on job. | 2. Motivation to work |
| 3. Reduces personal burden | 4. More social ties |
| 5. Create common interest | 6. Other(s), specify_____ |

31. How do you rate the willingness of individuals to help each other in this enterprise?

- | | | | |
|--------------|-------------|--------|--------------|
| 1. Very high | 2. Moderate | 3. Low | 4. No at all |
|--------------|-------------|--------|--------------|

32. How can working in enterprise help young workers to maintain their competence and productivity? (Multiple answers are possible)

- | | | |
|------------------------------|-------------------------------|-----------------------------|
| 1. Increase bargaining power | 2. Shouldering responsibility | 3. Skills & knowledge Share |
| 4. Other(s), specify _____ | | |

33. What have you learnt from a working in such enterprise? (Multiple answers are possible)

- | | | |
|-------------------------------|----------------------------|----------|
| 1. Different technical skills | 2. Cooperation & Team work | 3. Trust |
| 4. Other/specify/_____ | | |

34. How do you find willingness of your colleagues to share skills and knowledge, which help the young workers to improve their productivity and living conditions?

- | | | | |
|---------|--------------|--------|--------|
| 1. High | 2. Moderate. | 3. Low | 4. Nil |
|---------|--------------|--------|--------|

35. Do you believe that the knowledge, skills and overall experience which you have acquired so far working in this enterprise will help you to be competitive in your future career development, as well as improve your living condition? 1. Yes 2. No

33. If, yes, how will that help you? What are the lessons and skills that maximize your future opportunities?

THANK YOU FOR YOUR CO-OPERATION!

Annex II

Key Informant interview guide

1. When were the MSEs established in Jimma City? _____

2 What were the basic objectives for establishing the MSEs?

3. List the types and number of enterprises which exist in your locality?

4. What is the form of ownership of this enterprise?

5. Do you think that support for MSEs is necessary?

1. Yes 2. No

6. If your answer to question number 4 is yes (1), what kinds of support are to be provided?
(Multiple answers are possible)

1. Financial training 2. Managerial training 3. Working place 4. Technical training
7. Market creation 6. Provision of loan 7. Provision of grant 8. Other (specify) _____

8. List the most critical types of support that need to be provided by government in the order of
priority? _____

9. What kind of support did your organization or office give to the MSEs so far? (Multiple
answers are possible)

1. Financial training 2. Managerial training 3. Working Place 4. Technical training
5. Market link 6. Provision of loan 7. Provision of grant 8. Other (specify) _____

11. What are the main constraints do the enterprises usually face during establishment and
operation? _____

12. What are the major contributions of MSEs to youth employment and social development?

13. Please mention the major measures to be taken to tackle the problems related to the establishment and operation of MSEs in this zone, sub-town or Kebele?

14. What are expected from youths to be successful in operating MSEs?

Annex III

Observation guide

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

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