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The economic role of micro and small-scale business enterprise in case of Meket town, North Wollo, Ethiopia

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This study aimed to assess the economic role of micro and small-scale business enterprises in the case of Meket town, North Wollo. The specific objectives were to investigate employment creation in micro and small-scale business enterprises, assess the role of MSSEs in income generation, and evaluate the major constraints of MSSEs in the study area. In this study, owners of micro and small-scale enterprises and out-of-MSSEs activities in the town were contacted. Two urban kebeles, namely, Kebele 024 and Kebele 025, were selected for the study. Both structured and unstructured questionnaires, as well as key informant interviews, were used to obtain information from individual respondents in the households. The qualitative data collected through key informant interviews and questionnaires were narrated and summarized. Statistical Software Package for Social Science (SPSS version 20) and Microsoft Excel 2010 were used. The collected data were analyzed in terms of the number of respondents (50 sample size), characteristics, and perceptions. In Meket town, there were 35 respondents who had their own micro and small enterprises. There were about seven MSSEs in the study area, which were used for economic purposes, job opportunities, access to knowledge, and trained labor. Demographic data did not have a significant effect on the monthly income of those who participated in MSSEs in the study area ($p > 0.05$). Among challenges and constrains of MSSE in the study area, the most frequents were, lack of finance (64%) followed by lack of suitable land (21%). The government should minimize taxation, attend coordination and activities of MSSE members, motivate, and create awareness between and within the group.

Key words: MSSE, economical role, job opportunities.

INTRODUCTION

Poverty is prevalent in the developing world. GDP per capita, life expectancy, educational enrolment and other indicators of well-being are extremely low. Various development strategies were formulated for developing countries to pull them out of poverty. In the 1950s and 1960s, there was a development strategy aimed at bringing Third World Countries out of poverty. To realize the development in the targeted countries, injection of

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investments and industrialization through import substitution was believed to bring GNP growth (Yaregal, 2018). Since the mid-1990s, Ethiopia has been following a long-term strategy (a 10-year development strategy) of Agricultural-Development-Led Industrialization (ADLI), which is inherently poverty-reducing and forms the basis of the current PRSP process. Under PASDEP, a five-year development program (from 2005/2006 to 2009/2010), urban development receives focus, and micro and small enterprises are given great attention for the alleviation of urban poverty and unemployment (MoFED, 2007).

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Reeg, 2015). Small-scale businesses are a driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Sauser, 2005). Furthermore, the small-scale business has been recognized as a feeder service to large-scale industries (Fabayo, 2009). Micro and Small-scale Enterprises (MSSEs) are the lifeblood of most economies. To be successful in this and other business sectors, finance plays a major role in any aspect of business operation (Anandajayasekeram et al., 2007). As far as micro and small enterprises (MSSEs) are concerned as part of business enterprises, they need finance to start up, expand, diversify, and for working capital of the business firms. Without finance, no business enterprise can achieve its objectives. Finance is the backbone of any business enterprise (Malhotra et al., 2006), including for MSSEs.

Malhotra et al. (2006) elaborated that MSSEs play a pivotal role in developmental goals such as in improving living standard, distributing income fairly among low level and high-level group, reducing unemployment rate, fostering linkages among various economic sectors, easy to begin and expand, labor intensive, require small capital, low technology, little know-how and facilitates import and export transactions among countries. Due to this merit, the sector is receiving due attention of policy makers and development practitioners.

Micro and small enterprises have a great potential of absorbing a huge amount of labor force, and satisfy vital needs of a large segment of the population with their products and services. Despite their undisputable contribution to the overall economic development of the country, they are entangled in varied problems of varied degrees and complexity like those in other developing economies globally. Their problems include lack of access to start up and operating financial resources, lack of work premises both for production and sales, shortage of skill and managerial expertise, inadequacy of supply of material, marketing problems and others (FMSSEDA, 2004). However, the role of micro and small-scale enterprise contributes to people of Meket town have not been well revealed and studied. The availability and existence of those enterprises and challenges which hinder development of MSSE in the study area were also not clearly studied. Therefore, this study was initiated to fill knowledge gap through identifying the role of micro and small-scale enterprise, exploring challenges for its expansion, and suggest possible solutions in case of Meket town, North wollo, Ethiopia.

The alternative hypothesis states that demographic data have a significant impact on the income level of the respondents. The null hypothesis asserts that there is no relationship between demographic data and the income of the respondents.

Literature review Definitions

There is no universally accepted definition of MSSE. Different regions or countries have defined MSMEs based on local operations and conditions. It should be noted, therefore, that certain definitions may not be applicable in certain regions or settings (Agyapong, 2010). According to the micro and small enterprises development strategy, microenterprises are those business enterprises with a paid-up capital not exceeding Birr 20,000, excluding high-tech consultancy enterprises and other high-tech establishments. Small enterprises are those business enterprises with a paid-up capital above Birr 20,000 and not exceeding Birr 500,000, excluding high-tech consultancy enterprises and other high-tech establishments. Small and medium enterprises (SMEs) cover a wide spectrum of industries and play an important role in both developed and developing countries. Ethiopia is no exception, and SMEs occupy a prominent position in the development of the Ethiopian economy. Over the years, the number of SMEs has been growing steadily (Goshu, 2015). The revised definition of micro and small enterprises by the Ethiopian government categorizes an enterprise containing around 5 to 30 employees and total assets (in birr) less than or equal to 50,000 and 500,000, respectively (Tarfasa et al., 2016).

On the basis of environmental criteria, the generally accepted divisions are as follows: up to 19 workers for micro or very small enterprises, 20 to 100 workers for small enterprises, and 101 to 500 workers for medium enterprises. Based on this criterion, micro enterprises are those small business enterprises with a paid-up capital not exceeding 20,000 ET Birr. Small enterprises are those business enterprises with a paid-up capital above US$ 2,350 and not exceeding US$ 58,750 (Goshu, 2015).

Common characteristic of MSSEs

Small-scale rural and urban enterprises have been one of the major areas of concern to many policy makers in an attempt to accelerate the rate of growth in low-income countries. These enterprises have been recognized as the

engines through which the growth objectives of developing countries can be achieved (Dalitso and Peter, 2000). Mostly micro and small-scale enterprises have the following common characteristics.

Employment Generation

Employment in micro and small-scale enterprises expands as a result of new enterprises starting up in business and through the expansion of existing enterprises (Mead and Liedholm, 1998). While small firms experience both high job creation and destruction rates, it appears that job destruction during a recession is lower in small enterprises than in large enterprises, perhaps due to greater wage flexibility in small firms. In contrast, large firms offer better terms in wages, fringe benefits, good working conditions, opportunities for skill enhancement, and job security. Micro and small-scale enterprises are more labor-intensive than larger firms and therefore have lower capital costs associated with job creation (Dalitso and Peter, 2000). In Kenya, Botswana, Swaziland, and Zimbabwe, over 50 percent of small firms close within three years of startup. Reports on the same study confirm that small firms have higher gross job creation and destruction rates than large enterprises; small firms may offer less job security than large firms. In the US, for both new and existing jobs, job durability increases with firm size.

Geographical and sectoral composition

MSSEs are distributed across various sectors and industries, such as agriculture, modern services as well as the traditional manufacturing sectors (Blankson et al., 2018). The largest group, however, engage in petty trade and street vending (about 27%), but a substantial number operate in light-manufacturing sectors (16%) with the most common being textiles and apparel, food and beverages, and wood and forest products (World Bank, 2013).

Labour distribution in MSSEs

Small firm expansion boosts employment more than large firm growth, because small firms are labor intensive, coinciding with the factor market structure of most developing countries. Many analysts argue that within industries, for a given scale of production, small firms are more labour intensive than large firms. However, there are some evidences suggests that enterprise scale is an unreliable guide to labor intensity because many small firms are more capital intensive than large firms in the same industry. Labor intensity exhibits more variation across industries than among firm size groups within industries (Sauser, 2005). Thus study conducted by Daniels (1999) stated that MSSE sector contributes a significant amount to employment approximately over one million people or one-third of all working persons in developing countries. MSEs comprise the majority of all enterprises and create the bulk of employment in least and medium income countries (Reeg, 2015).

Income

While there are many exceptions to the basic pattern, evidence suggests that larger employers offer better jobs in terms of wages, fringe benefits, working conditions, opportunities for skills enhancement, and job security. In low-income countries, small enterprises often have much lower productivity levels than larger firms, resulting in lower wages and non-wage benefits. Development requires industrialization, where micro and small enterprises come into focus as one of the packages and instruments to help accelerate economic growth, socio-economic progress, and ultimately the overall reduction of poverty in the nation (Yaregal, 2018).

Efficiency and innovation in MSSEs

It is often argue that small firms are more innovative, particularly when they follow niche strategies using high product quality flexibility and responsiveness to customer needs as a means of competing with large scale mass producers. Measures of enterprise efficiency vary greatly both within and across industries. Those that varies are labor productivities or total factor productivities. Among the total factor productivities; financial market, imperfections such as information asymmetries, transaction costs and contract enforcement costs are particularly affecting the poor who lack collateral and credit histories not to work efficiently (Amare and Raghurama, 2017). Innovation in MSSEs can be prevalence if some indicators are visual; such as, introduced a new product, service, method of manufacturing, offering service in their business, and introduced new methods of discipline in managing system. The study conducted by Tarfasa et al. (2016) approve that, in micro enterprise, about 12% of micro enterprises reported to have introduced a new product or service in their business, 9% introduced new method of manufacturing or offering services and 11% introduced new methods of discipline in managing system. In small enterprises, 17% introduced a new product or service in their business, 17% introduced new method of manufacturing or offering services and 9% introduced new methods of discipline in managing system.

Market linkage

In a study made by (Baumol, 2007), it is described that market linkages amongst small firms are quite limited. The majority of small firms sell directly to final consumers although some use contracting and clustering. Marketing and infrastructure availability is the core of enterprise

development of once country (Tarfasa et al., 2016). This limited market linkage may hinder the growth and competitiveness of those enterprises. The study by Tarfasa et al. (2016) reported that about 67% of micro-enterprise and 75% of small enterprise owners had a challenge of access to market and transport.

Contribution of MSSEs in economical development and job creation

Globally, the small-scale industries are well-known for their immense contributions to poverty reduction, development process and as engines of economic growth, critical segment of the manufacturing sub-sector, effective strategy for tackling unemployment, diversifying output, achieving trade and balance of payment (Yaregal, 2018). Micro and small-scale enterprises (MSSEs) have been played an important role as a major source of employment creation and income generation in many countries of the World because of that the share of the total population engaged in such activities is growing over time (Mead and Liedholm, 1998). In US, 115 million workers were employed at companies by 2001, from these, 12,328,094 worked at businesses with fewer than ten employees; 20,602,635 at businesses with fewer than twenty employees (Agyapong, 2010). Many countries in Africa suffer from high rates of unemployment and under-employment and low labour productivity (Tarfasa et al., 2016). These countries have been promoting job creation through a variety of means such as targeting labour-intensive manufacturing industries, promoting labor-intensive infrastructure, expansion of micro and small enterprises and education expansion (Ferede and Kebede, 2015). According to Tarfasa et al. (2016), the income contribution of the micro and small enterprises sector in Tanzania was about 20 to 30% of the GDP, and they consist of more than 1 million enterprises engaging 3 to 4 million persons, that are about 20 to 30% of the labour force of the country

It is recognized as important vehicles of economic growth and diversification, income generation and distribution, and accelerating the economy of a country (Baumol, 2007). In a developing country like India, small scale enterprises play a significant role in economic development of the country. They are a veritable vehicle for the achievement of national economic objective in term of employment generation at low investment cost and obtaining a better income (Ukpabio, 2004). Researchers in the field of entrepreneurship agree that this sector is crucial for economic growth, employment creation, poverty reduction and reducing levels of inequality (Chimucheka and Mandipaka, 2015). These industries represent large stage in economic transformation/transition from traditional to modern technology. The role of such enterprises in economic development involves more than just increasing output and income, it involves initiating and constituting change in the structure of business and society (Sherefa, 2012). Economical change is accompanied by growth and increased output, which allows a more wealth to be divided by the various participants. Newly emerged revenue due to launching many micro and small enterprises expands the capacity for growth and development (Chimucheka and Mandipaka, 2015). In spite of the importance of investment and innovation in the economic development of an area there is still lack of understanding of the product evolution process. This is a process through which innovation develops and commercializes entrepreneurial activity, which in turn stimulates economic growth (Gebreyohannes, 2015).

Besides playing economic role for the country, small enterprises because of their unique economic and organizational characteristics also play social and political role in local employment creation, balanced resource utilization, and in helping to promote change in gradual and peaceful manner (Yaregal, 2018). The need for industrialization also lies in the fact that at all levels of promotion process, other than the final demand level, industrial investment has more forward and backward linkages with various industries. It has been associated in developing countries with enormous economic advancement and increase in the level of engagement in occupation opportunities to nurture the productivity and enlargement of one country (Mead and Liedholm, 1998). MSSEs play a significant role in terms of their employment generation capacity, quick production response and their adaptation to weak infrastructure and use of local resources, and as a means of developing indigenous entrepreneurial and managerial skills for sustained industrialization (Gebreyohannes, 2015).

Diversity of MSSEs in Ethiopia

Due to limited growth in employment prospects in the public sector and declining absorptive capacity of the agricultural sector, the numbers of new job seekers are turning to micro and small enterprises (MSSEs). The Ethiopia government is focusing on the micro and small enterprises basically because of their contribution in reducing poverty and unemployment becomes better than other sectors (Yaregal, 2018). A MSSEs establishment in Ethiopia is important for poverty reduction and employments generated. It has grown from 73,775 in 2008/2009 to 271,519 in 2014/2015. The employment creation of newly established MSSEs is increasing from 530,417 people in 2008/09 to 2,800,000 people in 2014/15 (Amare and Raghurama, 2017).

The sample survey, conducted in 48 major towns by the Central Statistical Authority (CSA), in May 1997, showed that there were 584,913 informal sector activity operators and 2,731 small-scale manufacturing industries, employing a total of 739,898 people. The survey revealed

that a micro enterprise on average engages one person, with the average annual operating surplus at about Birr 1,300 (Ethiopian currency). The distribution of MSSEs activities, about 6% was engaged in community and personal services and about 5% involved in the areas of agriculture, hunting, forestry and fishing, construction and transport activities (CSA, 1997). Each small-scale manufacturing activity engages, on average, 3 persons per establishment including the owner. The average annual wage per employee was 1,914 ETBR. The average operating surplus per industry was 18,934 Ethiopian birr (ETBR), which shows that the average paid for wage is much greater in the informal sector. The average capital per informal sector activity during the survey period was Birr 3,528, while the average capital per small-scale enterprise was Birr 38,354, which also implies income generated by small manufacturing activities is much greater than that generated by operations in the informal sector (CSA, 1997).

Challenges of micro and small-scale enterprises

Micro and Small-Scale Enterprises in developing countries confronted with several challenges such as inexperience in the field of business, lack of technical knowledge, poor managerial skills, lack of planning skills, lack of marketing skills and market access, limitation of raw material access, financial constraint, competition, unfriendly business environment, government regulatory and law issues (Chimucheka and Mandipaka, 2015). Financial constraints may include factors that prevent micro and small-scale enterprises from accessing funds easily, inadequate sources and supply of funds (Osotimehin et al., 2012). Lack of ffamily reaction and support to a plan for self-employment is also a majore cause for failerity in micro and smale enterprise activities. Family, colleague, and friends support is a crucial as it brings motivation, aspiration and initiation over the task succesfully continued (Naituli et al., 2006). On the same author, socio-cultural aspects also raised as a challenege for running bussines enterprise by being owner especialy females. Societal attitude to ownership of business by women and the lack of any previous opportunity to develop business skills and knowledge.

As indicated in the Ethiopian urban socio-economic survey, the problems of MSSEs in Ethiopia, both at the existing and the emerging enterprises and confront some challenges such as; access to financial capital and credit, lack of sufficient loan able funds, access to land and facilities (Agyapong, 2010). In addition, unsuitability for market linkage associated with infrastructures, lack of training on entrepreneurial skills, lack of business information, weakness of specific national policy to enhance the development MSSEs sectors are problems or challenging issues on MSSEs in Ethiopia. Federal micro and small-scale enterprise development agency stated that despite their undisputable contribution to the overall economic development of the country, they are entangled in varied problems of varied degrees and complexity.

In general, micro and small enterprises have great potential to achieve the desired development goal and to reduce poverty and unemployment. They do have the capacity to increase the level of income of individuals and to improve the living standards of the large poor. They are highly applicable in developing countries since they require low start-up capital and have great potential to absorb a huge amount of work force. However, there are some problems for expansion of MSSE which includes shortage of finance, human capital and technological capability, poor efforts of firms in developing their own capabilities (Osotimehin et al., 2012).

METHODOLOGY

Description of study area

Meket town is located in the north of the Amhara region, 400 km from Addis Ababa (capital city of Ethiopia) and 50 km north of Woldeya (Figure 1). This town has a latitude and longitude of 8°58'N 37°46'E, with an elevation of 2101 m above sea level. Meket is famous for its TLKIT River falls and year-round vegetable production, using plentiful water resources in the vicinity.

Based on figures from the Central Statistical Agency in 2007, Meket has an estimated total population of 17,084, from these, 8,272 are men and 8,812 are women. It is one of five towns in Meket District. According to the 1994 census report, this town had a total population of 9,562, of whom 4,486 were men and 5,076 were women. The five largest ethnic groups reported in Meket were the amhara (83.79%), and the AGEW (12.34%), all other ethnic groups made up 3.87% of the population. Amharic was spoken as a first language by 79.15% and 18.92% spoke agew, the remaining 1.93% spoke all other primary languages reported. The majority of the inhabitants professed Ethiopian Orthodox Christianity, with 97.47% of the population reporting they practiced that belief, and 2.53% were Muslim.

Research design

The research was quantitative descriptive survey in Meket town on the economic role of micro and small scale business enterprise. The study was used inferential and descriptive statistics for quantitative data analysis. Analysis of descriptive statistics was displayed in chart or tabulation expression and those expressed in frequency and percentage. Descriptive statistics are procedures for organizing and summarizing sample data so that we can communicate and describe their important characteristics. It can describe relationship between variables, average, sum and summary of the result (Horvath, 1985). Inferential statistics were also used to reach conclusions, and to infer from the sample data about what the population looks. Employment, social capital of enterprises owners, education and health status, income level of the people engaged in the enterprises were used as main variables of the study. All respondents were asked the same questions. Questions were being framed in a way that is easy to understand.

Sampling technique and sample size

The sample respondents were selected by multi stage sampling techniques. For the achievement of the objective of this research

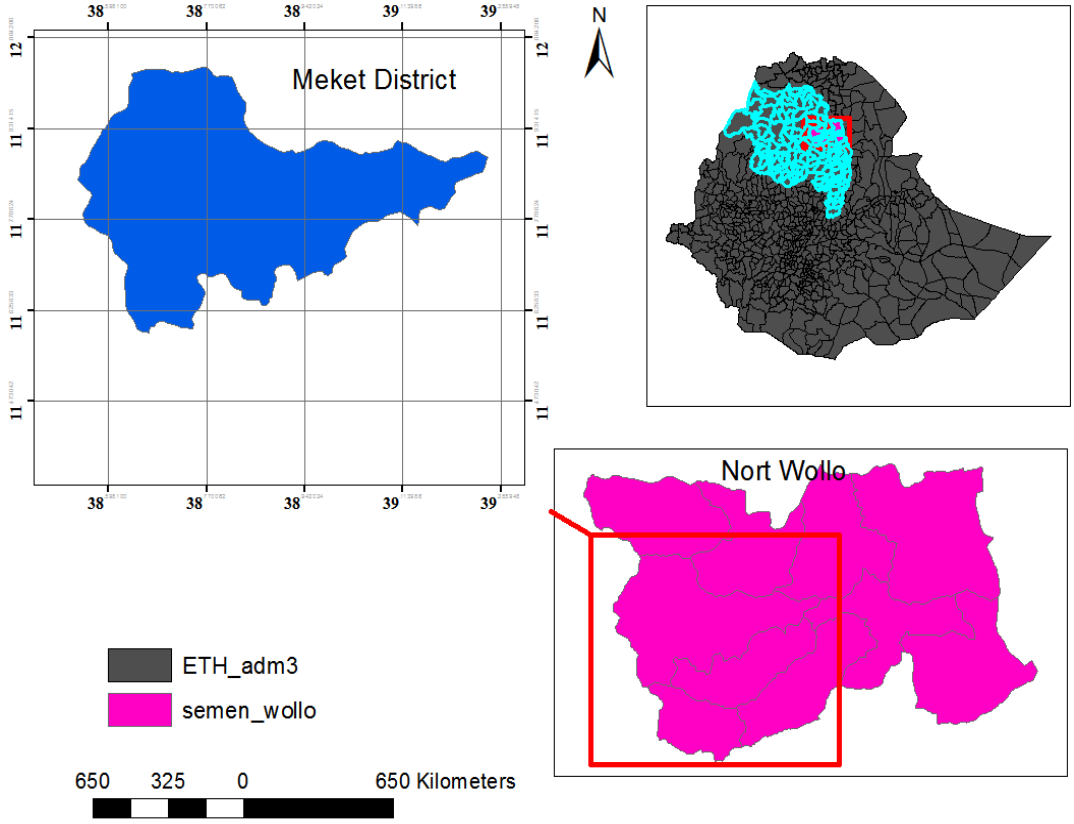

Figure 1. Map of the study area.

purposive sampling techniques were used to select North wollo zone from amhara region and Meket town from North wollo zone purposively because of constrains such as time and budget. Two kebeles (kebele 024and kebele 025) was selected by simple random sampling techniques among five kebeles of Meket Town. Totally 50 sample respondents were selected from the two kebeles using stratified sampling technique (Figure 2). 024 kebele have 56 total populations who have MSSEs (6 from manufacturing out of 11, 10 from trade out of 20, and 11 from service out of 25; from which 27 total samples were selected in this kebele) and 025 kebele have 49 total populations who have MSSEs (5 from manufacturing out of 14, 9 from trade out of 20 and 9 from service out of 15 which becomes 23 member sample in the village) for this study. Finally Using the Slovene's formula sample size is obtained as at the 90 level confidence interval and proportional stratified sampling technique as follows:

Slovin formula: $n = N/1+N(E)^2$
n =105/ (1+105(0.1)2), n= 50 n1/56 = 50/105, n1 = 27 n2/49 = 50/105, n2= 23

where, n = sample size, n1 = sample size of kebele 024 and n2= sample size of kebele 025, N = total population of the two kebele (105), E = margin of error occurrence in social science, its value is 10%.

Thus, the sample size of the respondents from kebele-024 and kebele-025 as computed using this formula is 83. But, because of different constrains the sample will be reduced into 50.
Participants in key informant interview were selected purposefully based on their long-term awareness of micro and small scale enterprise and utilization experiences in the study area those include; Meket town administrator, managers of MSSEs, long lived in MSSEs activities.

Types of data and methods of data collection

The study used both quantitative and qualitative data. Quantitative data includes amount of income an entrepreneurs get monthly and amount of labor worked in MSSEs. Qualitative data contains; importance of MSSEs in job opportunity, skilled and trained labor, challenges of MSSEs in the study area. In this study both the primary and secondary data was collected from primary and secondary sources respectively. Primary source of data was collected from sample respondents by interviewing with residence in the community through preplanned interview. The scheduled interview used with open ended and close ended type of questions. Questions were translated in the language that respondents can understand for the sake of simplicity and to get sufficient information. Secondary data was used to support the topics in some different issues which were collected from relevant documents especially previous evaluation reports, different written document available; such as magazines, internet, book, and central statistics agency of Meket town and research articles.

Primary data was collected by using semi-structured questionnaire and key informant interview. Questionnaire used to investigate information through exploring ideas of individual respondents without any external influence on their response. It helps the researcher to develop better understanding which happened on the study site about significance of MSSE in economical, job creation and

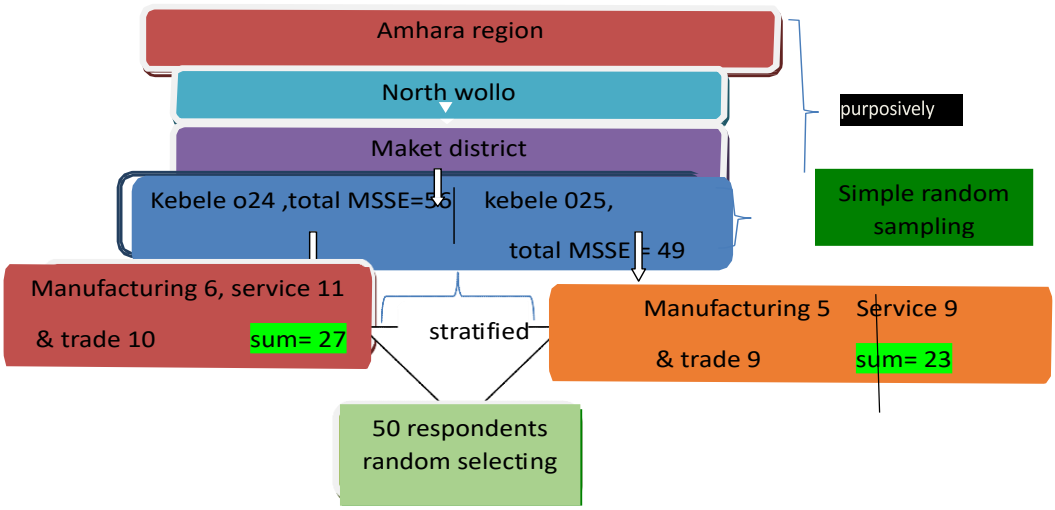

Figure 2. Sampling procedure.

and experience sharing aspects (Kawulich, 2005). Key informant interview has been used to explore experiences, motivations and provide deeper phenomenon on role micro and small-scale enterprise and challenges for its development. It is more essential because any misunderstanding and mistake can be rectified easily in an interview (Gill et al., 2008).

Method of data analysis

The collected data was analyzed in terms of the number of respondent characteristics and perception. The collected data was being analyzed and organized by SPSS version 20 and Microsoft Excel 2010. Results were reformed into tabular for access to check whether the hypothesized variables proved the economic contributions/roles of MSSEs to the economic development. Interaction or influence of demographic data of the respondents on monthly income also analyzed using Pearson correlation in order to check the alternative hypothesis which said that demographic data have significant influence or effect on income level of the respondents and null hypothesis which said there is no relationship between demographic data and income level. Result was displayed using frequency and percentages on tables and figures. Dependent variable, amount of deposited (saving potential and amount) by the effects of independent variable such as monthly revenue also analyzed by regression.

RESULTS AND DISCUSSION

This chapter deals with the analysis of the survey data and interpretation of the analytical findings. As already noted, semi structured questionnaire was administered to 50 sample in Meket town, two kebeles (kebele 024 and and field observation was carried out. The questionnaire was designed in such a way that it enables to collect data on household characteristics, economical role of micro and small-scale enterprise in income maximization, skill and knowledge achievement, job creation opportunity, challenges to participate in MSSEs and the economic as well as livelihood aspect variation between non entrepreneurs and entrepreneurs.

Types of MSSEs in Meket town

As discussed previously, micro enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EURO 2 million (Ocloo et al., 2014). Micro enterprises are those business enterprises with a paid up capital of not exceeding Birr 20,000. Whereas small enterprises are those business enterprises with a paid up capital above Birr 20,000 and not exceeding Birr 500,000 (about $ 29,411). Based on this, mostly there are three micro and small-scale enterprise (Trading, service and manufacturing) on two kebeles (kebele 024 and 025). Based on data collected from Meket town, more or less people live there under poverty, thus all people can't build their business because of limitation of startup capital and other cases. Types of micro and small-scale enterprise exist in Meket town are listed subsequently.

As shown in Table 1, higher numbers **of** respondents answered that they have run on shop working (7 and 6 in kebele 024 and 025 respectively). Metal maintenance has the least numbers of entrepreneurs in both kebeles due to it requires large capital to conduct and accomplished.

Role of micro and small-scale enterprise in Meket town

Economical role

Meket town peoples are going on conducting MSSEs either solely or in group with villagers and relatives to

Table 1. Types of MSSEs and frequency in two kebeles.

Types of MSSE		Name of kebeles		Total	%
		0.24	0.25		
Trade	Merchant	3	3	6	12
	Shop	7	6	13	26
Service	Café	5	3	8	16
	Beauty salon	3	2	5	10
	Restaurant/Hotel	3	4	7	14
Manufacture	Furniture	4	3	7	14
	Metal maintenance	2	2	4	8
Total		27	23	50	100

Table 2. Pearson correlation between demographic data and income.

		Education status of the respondent	Monthly income	Marital status	Age of the respondent
Education status of the respondent	Pearson correlation	1	0.057	0.022	-0.084
	Sig. (1-tailed)	-	0.347	0.439	0.280
	N	50	50	50	50
Monthly income	Pearson correlation	0.057	1	0.199	0.141
	Sig. (1-tailed)	0.347	-	0.083	0.164
	N	50	50	50	50
Marital status	Pearson correlation	0.022	0.199	1	-0.144
	Sig. (1-tailed)	0.439	.083	-	0.160
	N	50	50	50	50
Age of the respondent	Pearson correlation	-0.084	0.141	-0.144	1
	Sig. (1-tailed)	0.280	0.164	0.160	-
	N	50	50	50	50

alleviate expanded poverty.

Respondents of Meket town (kebele 024 and 025) have respond as shown in Figure 3. The maximum income from enterprise was 10,000 birr monthly in kebele 025 and 7,000 in kebele 024. The total sum of income obtained monthly from those enterprises was 66,050 in kebele 024 and 85,000 ETB in kebele 025 (Figure 3). From the figure bellow, we can say that the better income was got from kebele 025, which shows that this kebele have more potential micro and small scale enterprise activity than kebele 024 (Table 2).

When we see the correlation between demographic data and monthly income from micro and small scale enterprise, there was not enough evident to say demographic data's have significant effect on monthly income ($p>0.05$). This result proclaims accepting null hypothesis that declares demographic data have not impact on income of the respondents. Fantaye (2017) investigation also shows that no significance difference between income from micro and small enterprise with respect to demographic data (age, education level and marital status) of the principal owners and colleagues of the enterprises at 5 % significance level.

Amounts of deposited (saved) and interest of respondents to save from their monthly revenue who have a micro and small scale enterprise mostly linked with their monthly revenue. People who have a maximum amount of income have a better deposit of money.

$$Y= 1046.9 + 0.053(X)$$

where, Y= dependent variable (amount of saving), X= monthly income

Job opportunities

Decades of research on private sector development have

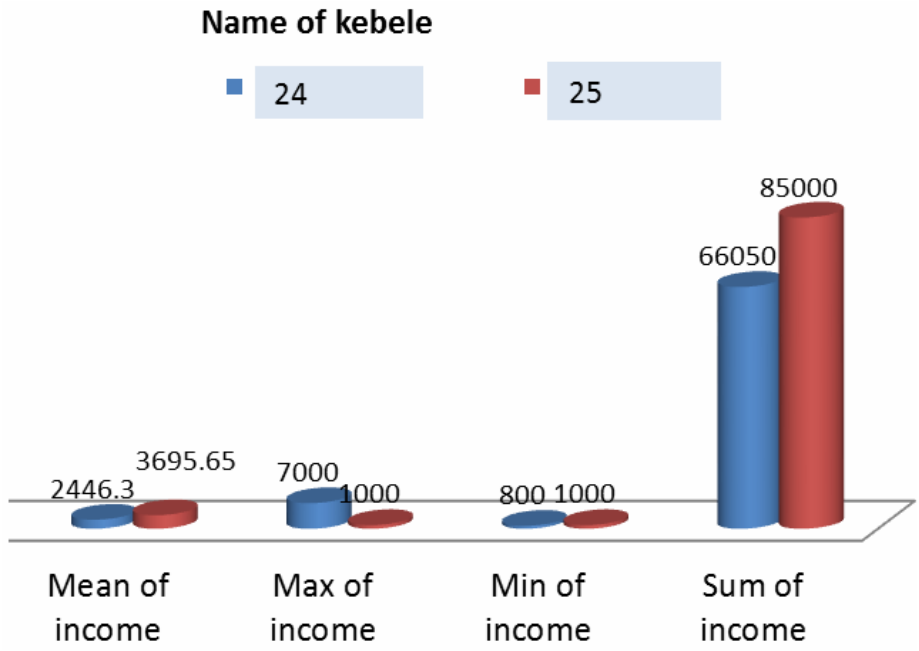

Figure 3. Amount of monthly income got from MSSEs in kebele 024 and 025.

Table 3. Regression.

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
1	(Constant)	1046.949	138.523	-	7.558	0.000
	monthly income	0.053	0.097	0.078	0.545	0.588

a Dependent Variable: how much save.

made it clear that the majority of MSSEs in high, middle and low income countries do not grow. Recent work has emphasized that fast growing and opportunity driven MSSEs hold substantial job-creating potential (De Mel et al., 2008). Recent policy debates have focused on the identification and targeting to achieve higher productivity and employment gains among MSSEs. The idea has emerged of adopting special enterprise support schemes that are explicitly targeted at growing and job-creating MSSEs rather than at the large heterogeneous group of mostly survivalist (World Bank, 2013).

There were so much unemployed labor in Meket town, as obtained during survey data collection. From three major micro and small scale enterprise occurred in two kebeels of Meket town, service cover the maximum number of labor which was 86 followed by manufacturing (61). From service category, hotel and restaurants require better labor amount relatively other MSSEs. The total numbers of employed labor in micro and small scale enterprise in two kebeles were 186 (Table 4). This shows that micro and small scale enterprise can be taken as the fundamental for creating employment opportunity especially for jobless youths. Similarly, Tefera et al. *(*2013) revealed that MSSEs in Ethiopia are the second largest employment creating sector next to agriculture. Another study made by Geleta (2013) and Kangori (2014) prove that the role of micro and small enterprises in poverty reduction and employment opportunities is significantly important and incomparable.

Access to skilled and trained labor

Key Informants (KI) raised that participates in MSSEs collaboratively can develop skills and knowledge of participants due to all workers shares their pervious working experience for a long period of time. They also added that one potentiated or skilled man among the members of their MSSE deliver training to colleagues and other interested worker. In study area which was Meket town, through questionnaire, most of sampled respondents were also answered as micro and small scale enterprise use in knowledge feeding and improve skill.

When MSSE owners wish to become and remain competitive, their employees are a crucial resource.

Table 4. Number of employees in MSSEs.

Type of MSSEs		Kebeles		Total number of labors
		0.24	0.25	
Trade	Merchant	5	5	39
	Shop	18	11	
Manufacturing	Furniture	21	24	61
	Medial maintenance	8	8	
	Beauty salon	8	5	
Service	Care	18	8	86
	Restaurant, hotel	18	29	
Total		96	90	186

Indeed, empirical evidence in LMICs suggests that a lack or a shortage of skilled and adequately educated labor or human capital inhibits productivity and employment growth amongst MSSEs (Osotimehin et al., 2012). Without employees being adequately educated, trained and incentivized to constantly take on new and more sophisticated tasks, a firm's potential to innovate, grow and expand will remain limited. This has further implications for several dimensions of job quality, in particular wages and working conditions. Most MSSEs find the stuck in a human capital trap as they are major employers of uneducated, untrained and unskilled workers that need to undergo substantial on-the-job training (Almeida and Robalino, 2014). However, only a few MSSEs make investments in the further quality training of employees as they fear that they may lose skilled workers to better paying and larger firms once the training has been completed.

Constraints of MSSE in Meket town, kebele 024 and 025

Studying MSSE dynamics has led to the insight that there is no single factor, but rather a number of factors from internal as well as external categories that drive enterprise development and job creation. Regarding the determinants driving enterprise growth, MSSEs generally confronted a lot of constraints which retard its development and expansion (Ocampo, 2008).

In Meket town, many of the respondents raise different types of challenges and constraints of engaging in micro and small scale enterprise. Among those challenges and constrains, the most frequents were, lack of finance (64%), lack of suitable land (12%) and group dynamic (Figure 4).

The micro and small scale enterprises in the study area are still restricted by major financial challenges in their operations. About 64% of MSSE's have been stifled because of poor financing and other associated problems. This result is in line with the study conducted by Ephrem (2010) that states the main problems for MSSEs in developing country is lack of access to credit, and low initial capital. The other problems of MSSE in kebel 024 and o25 were access to land which is suitable to activate/run such micro and small business works and build house for the purpose of shop, hotel, café, and any types of MSSE. The study conducted by Gebreyohannes (2015) in Adis Ababa also clearly stated about working premise (land) constraints and that is the major challenges which retard the growth of the enterprises. Key informants also point out some other constraints which retard the growth of MSSEs in Meket town; which includes limitation of strong supervising, lack of appropriate coordination based on profession, unbalanced taxation, lack of well-prepared plan and exaggerated interest requirement on credited money. Debtors paid extra interest which was not appropriate and balance with their income got from profit of micro and small enterprise product. This result is in line with the study made by Fantaye (2017) in Addis Ababa that states awareness problem, less market skill, lack of plan and inappropriate tax are some of the determinants of expansion and development of these enterprises.

Ethiopian rural populations migrate towards town and this leads to dense populated on urban. This situation also brings suitable land scarcity for the sake of micro and small scale enterprise. The challenge related to group dynamic is going with lack of motivation and incentives related with coordination, and absence of group sustainability. Goshu (2015) also pointed out the determinants of micro and small Enterprises growth in Ethiopia such as; sources of finance for MSSE operators, loan term (duration of loan period) and marketing skill of the entrepreneurs.

Other constraints listed on Figure 4 such as; market problem was directly related with the consumer or users demand. Most goods supplied by enterprisers couldn't sell on time and on appropriate price since there was no enough promotion on such goods and products. Lack of

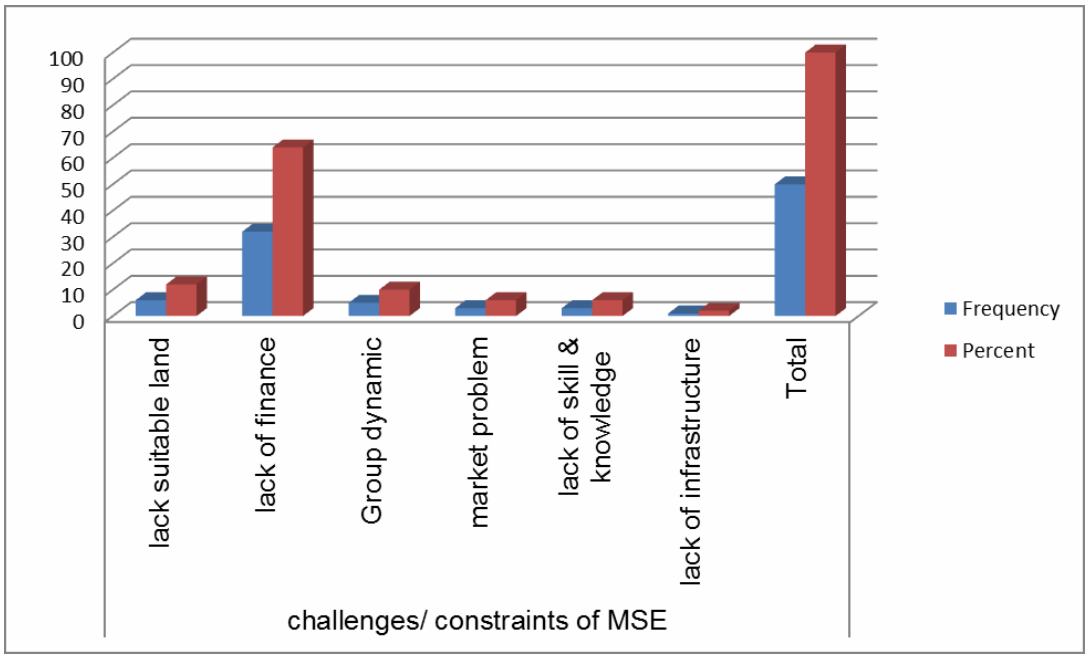

Figure 4. Challenges/constraints of MSSEs.

skilled and knowledgeable human resource was the other basic limitation because of without profession nothing can be done.

Conclusion

In Meket town, Kebele 024 and 025 have approximately three types of micro and small enterprises: trading (including merchants and shops), services (such as restaurants, hotels, cafes, and beauty salons), and manufacturing (metal maintenance and furniture). Among these types of MSSEs, services cover the highest number of labor participants. Among the micro and small-scale enterprises conducted in both kebeles, those in Kebele 025 tend to achieve a higher income level compared to Kebele 024 (85,000 birr and 66,050 birr, respectively), with a mean income of 3,070 ETB for both kebeles combined. This indicates that, on average, individuals engaged in micro and small-scale enterprises have a probability of sustaining and earning sufficient monthly income.

In addition to their economic role, MSSEs provide opportunities for job creation for unemployed youth and employed individuals alike. In my study area, restaurants and hotels employ the highest number of laborers compared to other sectors. A total of 186 individuals are employed and work in various micro and small-scale enterprises in Meket town, specifically in these two kebeles.

Despite the younger population of Meket town engaging in various types of MSSEs, they face numerous challenges and constraints, which are often experienced in a biased manner. Among these challenges, the usual and common ones include a lack of finance, inadequate access to suitable land, and issues related to group dynamics.

Recommendation

Based on the findings, the following recommendations are forwarded:

The government should enhance financial support and allocate suitable working places for entrepreneurs and enterprise associations. Market chains and linkages should be established and strengthened to facilitate market access for micro and small-scale enterprises. Awareness creation and motivation programs should be provided to inspire youth, members, and owners in micro and small-scale enterprises. The government should minimize taxation and actively participate in coordinating and supporting the activities of MSSE members. Further research should be conducted on the rate of change of micro and small-scale enterprises in Meket town to better understand their dynamics and challenges.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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