

**Assessing Micro and Small Enterprises Growth and Its Linkages with Food Security:  
The Case of Mecha woreda, Amhara Region**

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## **List of Acronyms**

ACSI: Amhara Credit and saving Institution

CSA: Central Statistics Agency

EEA: Ethiopian Economic Association

FAO: Food and Agricultural Organization

FSP: Food Security Program

GTP: Growth and Transformation Plan

HABP: Household Asset Building Program

HFS: Household Food Security

HFISA: Household Food Insecurity Access Scale

MSE(s): Micro and Small Enterprise(s)

MFI: Micro Financial Institution

MoARD: Ministry of Agriculture and Rural Development

MoFED: Ministry of Finance and Economic Development

PASDEP: Plan for Accelerated and Sustained Development to End Poverty

PSNP: Productive Safety Net Program

SSA: Sub Saharan Africa

TVED: Technical and Vocational Enterprises Development

TVET: Technical Vocational Education and Training

WFP: World Food Program

MUDC: Ministry of Urban Development and Construction

MWUD: Ministry of Works and urban Development

## **Abstract**

In this thesis I assessed the growth of micro and small enterprises and its linkages with food security in Mecha woreda. The research is mixed research and applied concurrent design. The data collection methods utilized in this study was survey, key informant interview and focus group discussions. The data collection instruments utilized for the study were questionnaire and interview guide. I implement both probability and non - probability sampling methods to select samples. I applied stratified sampling method to select survey respondents and through purposive sampling I selected the interviewees and Focus Group Discussants. The data was analyzed through descriptive statistics, chi-square test and binary logistic regression using SPSS 20 software.

The findings of the study show that there exists government support for MSEs but the support provision was not sufficient and did not meet the demands of the MSEs. Among the supports provided by the government includes training, finance, and working premises. The main challenges that MSEs face in Mecha woreda were shortage of finance, lack of market linkages, shortage of electric supply, shortage of land and lack of working premises.

The determinant factors for MSEs growth identified in this study through a binary logistic regression model were government support, work premise accessibility, training, previous work experience, record keeping, possession of license which affects MSEs growth significantly and has positive relations with MSEs growth while lack of market linkages significantly affects the growth of MSEs and has negative relationship with MSEs growth.

Regarding the linkages of MSEs growth with food security, The chi-square test of independence indicates that there is a significant relationship between MSEs growth and the

households food security status with 1% level of significance which mean that as the MSEs grows the operator's households food security status improves whereas the food security status of operators working in a survival MSEs did not show improvement.

**Key words: Micro and small enterprises, operators, food security, Growth,**

# 1. INTRODUCTION

## 1.1 Background of the Study

The Micro and small enterprises absorb large proportions of the labor force and they are a means of income generation in the developing countries. Regarding the roles of MSEs in the developing countries economy (Prediger & Gut, 2014) stated that the contribution of MSEs to employment is 59% in the developing countries and in some states such as Angola, Burundi and Niger its share in employment generation reaches up to 80%. By considering the MSEs role for economic development in general and reducing of unemployment in particular, countries such as Ghana, Tanzania, South Africa has incorporated the policies and programs for MSEs development. The MSEs has a big share in the economy of many countries especially in the sub-Saharan Africa, they absorb high amount of unemployed labor force and used as a source of livelihood for millions of people. So that these countries has incorporated the MSEs development program in their legal and policy frameworks.

The FDRE government has implemented the MSEs development strategy in 1997 which was revised 2010/11 as the micro and small enterprises development strategy (FDRE, 2011). Likewise different programs for supporting the growth of MSEs were incorporated under the PADSEP and the GTP I in Ethiopia. For instance the PASDEP (2005/06-2009/10) planned, business training for 360,000 MSE entrepreneurs, financial provision (5.2 billion birr) from micro finances and job creation for 1.5 million people. Similarly the GTP I has planned employment creation for 3 million people by expanding MSEs, provision of training and support, land and working space and financial services for the MSEs (MUDC, 2013; MWUD, 2007).

Apart from employment generation for the Ethiopian youth, the MSEs could play a significant role for enhancing food security. It is well known that Ethiopia is among the food insecure countries in Sub-Saharan Africa (SSA), in which poverty and food insecurity remain a big problem for Ethiopia and over 30% of the population lives under poverty line, unable to afford for minimum daily food consumption (WFP & CSA, 2014; World Bank, 2011b).

In urban parts of Ethiopia, MSEs could play a significant role for alleviating poverty and enhancing food security by reducing unemployment and through providing employment opportunities for women and marginalized groups and by making food products available at

affordable prices to urban dwellers. MSEs growth contributes to poverty reduction when it creates employment either through the startup of new enterprises or the expansion of existing ones (Bereket, 2010; Fraser, Moonga, & Wilkes, 2014; Vandenberg, 2006).

Although food insecurity was a major socio-economic problem in urban Ethiopia, little emphasis has been given for alleviating the urban food insecurity. The Food security programs that the FDRE government implemented mainly centered at the rural areas of the country. For instance the 2010 food security program of Ethiopia targeted at increase supply or availability of food, Improve access/entitlement to food,strengthening emergency response capabilities through the Productive Safety Net Program (PSNP), Household Asset Building Program, Complementary Community Investment Program and Resettlement Program(MoARD, 2009). the Productive Safety Net Program, the Household Asset Building Program and the resettlement programs centered at rural food insecure households(MoARD, 2009). The beneficiary food insecure Woredas are identified by regional governments. Since the urban areas of Ethiopia are not incorporated in the PSNP, HABP, Resettlement program and Complementary Community investment programs, the food insecurity alleviation is left for the MSEs.However considering the significance of MSEs in urban food security, the FDRE has set a regulation to establish the Federal Urban job creation and Food Security agency and highlights the need to integrate the MSEs development with that of enhancing urban food security. The Urban productive safety net program was established in 2015 with the objective of increasing income of targeted households living below the poverty line in selected urban areas.

The WFP & CSA, (2014) reported that the Amhara region (about 35%) manifests the highest prevalence of food insecurity in Ethiopia. Mecha was one of the food insecure districts in the Amhara region and the PSNP program was implemented; it is among the highest populated woredas.

## 1.2 Statement of the Problem

The greater part of urban population (30-70%) in developing countries is employed in the informal sector and about one-third of the urban income is generated from the urban informal sector (Todaro & Stephen , 2012). Thus the contribution of MSEs to poverty reduction and employment generation in the urban areas is enormous. The MSEs are a basis of livelihood for owners of MSEs, workers employed in MSEs and the poor people who purchase goods and services from MSEs (Vandenberg , 2006). In Ethiopia, the MSEs were used to be considered as a means of absorbing the urban unemployed youth and the FDRE government has incorporated the MSEs development strategy for reducing of unemployment (FDRE, 2011; MoFED, 2010b)

Various studies have been made by researchers, government institutions and aid agencies regarding the MSEs growth and the challenges of MSEs by using different methodologies. And the findings of researches and studies indicates that the MSEs challenges are not uniform across time and space which means that the MSEs problems across different parts of the country are not the same. Furthermore, researches were not conducted about the challenges of MSEs that operate in Mecha woreda so that this study will help to identify the main challenges of MSEs.

Reports by the government regarding the support provision for the MSEs indicates that the government is actively supporting them through training, finance, marketing, premises and land (MoFED 2013; MoFED 2014) on the other hand the credibility of the immense support provision reported by the FDRE government was questioned by various assessments; for instance the MUDC (2013) survey on MSEs indicates that many MSEs did not receive any credit and loans from government in the regional towns. Similarly, Tegegne & Mulat (2004) studied that government support in the form of training, access to finance, market linkage and new technologies for MSEs was rare.

There are stories about MSEs success for job creation in Ethiopia. For instance the MoFED (2013) states that the MSEs create job opportunities for more than a million citizens, the EEA (2015) also reported that about a million people get jobs through the establishment of new MSEs. Similarly, the MoFED (2014) annual report also shows that about 4 million jobs created by the MSEs. On the other hand, Minilik (2012) brought a contradicting assessment

on the employment growth rate of MSEs is low and the MSEs annual employment growth rate is lower than the African average growth rate (0.18 workers per firm). So finding how the MSEs perform in terms of growth and job creation seems an ongoing task of researchers and academicians.

Researches on the growth of MSEs and its linkages with food security have not yet done in Amhara Regional state. But related studies were made by researchers such as Siyum (2015) studied on the role of micro and small scale business enterprises (cobblestone sector) in urban poverty alleviation at Addis Ababa. Bereket (2010) studies the role of MSEs in employment creation and income generation in Mekelle. So this study was initiated to fill the knowledge and information gap on the area.

### **1.3 Objectives of the study**

The General objective of the study was to assess the growth of Micro and Small Enterprises and its linkages with food security.

Specific Objectives of the study are:

1. To analyze the determinant factors for MSEs growth
2. To investigate the challenges for MSEs growth
3. To examine the MSEs support service system
4. To examine the linkages of MSEs growth with food security.

### **1.4 Research Questions**

The research questions of the study were the following;

1. What are the major determinant factors for MSEs growth?
2. What are the main challenges and prospects for the growth of MSEs?
3. How the support service system works to enhance the growth of MSEs?
4. How the growth of MSEs Links with Food security?

### **1.5 Significance of the Study**

The findings of the study will have the following significances; it will provide suggestions to the policy makers at federal level and policy implementers at regional and Woreda levels to give attention to the major problems existed. For the regional, Woreda and local level MSEs support providers it will show the strength and weaknesses thus it will enhance the institutions effort to improve the services. For the MSE operators it will show their limitations and opportunities and can help them to communicate their wishes to concerned bodies. It will fill the knowledge gaps existed on the issue under study, it will be a base for other researchers that conduct further studies on a related issue. The study was basically a thesis done for the partial fulfillment of MA study in public policy and Sustainable development program.

### **1.6 Scope of the Study:**

The study was delimited geographically at Mecha Woreda and Merawi town administration in the Amhara Regional State. I select the study area because the area is one of the food insecure places' in West Gojjam Zone (Teshome, 2010). The study populations are MSE operators in Mecha Woreda and Merawi Town administration. The study is delimited only to assess the MSEs growth and its linkages with food security. The determinant factors, Challenges for MSEs growth, the MSEs support service system, the linkages of MSEs growth with food security were the main components in the study.

### **1.7 Limitations of the study**

I have faced various problems when conducting the study, among others include; Reluctance of some individuals to provide data, shortage of finance and reluctance of some respondents to return survey questionnaire. The other limitation of this research was the refusal of some interviewees and Focus group Discussants for using sound recording device, which would have reduced the time and cost however I optimally take notes while interviewing them and check missing points on the same day; I have also used extended time to produce good rapport as much as possible. The other limitation was lack of literature on examining the linkages of MSEs growth with food security (objective 4)

## **1.8 Organization of the Paper**

The thesis was organized in to five chapters. The first chapter is an introduction part which comprises of background of the study, justification of the study, objectives, benefits and beneficiaries, research questions whereas the second part is about the review of related literature in which related literatures has been discussed, and in the third part the research Methods are elaborated. The fourth chapter deals about the results and discussion of the study and in the fifth chapter conclusion and recommendation part is organized.

## **2.REVIEW OF RELATED LITERATURE**

### **2.1. Micro and Small Enterprises Growth**

Various theories were proposed regarding the growth of enterprises. On the stages of small business growth Churchill, Lewis, Churchill, & Lewis, (1983) described that small enterprises growth has five successive stages; namely the existence, survival, success, take-off, and resource maturity. In the existence stage the major obstacle that the small enterprise faces is getting customers and delivering service and the company's strategy is to stay alive whereas in the survival stage the enterprise demonstrate that it is viable business entity and its goal is to survive. The third stage is success and the company shows profits and puts the owner at a dilemma whether to use the enterprise as a platform for growth or maintaining the business at status quo by disengaging from the company to run other activity. At the fourth (take-off) stage the underlying issue of the company becomes how to grow rapidly and how to finance that growth. At the resource maturity stage the concern of the enterprise is consolidating the gains brought by rapid growth and retaining the advantages that small business brings.

The Enterprises lifecycle model states that enterprises demonstrate a cycle pattern of growth in which the enterprises born grow and decline then they may disappear or reemerge. The model states important changes happens to an enterprise when they grow from one level to the other level and at each stage of the process a firms can grow, decline or even die. (Mbugua, Mbugua, & Kariuki, 2013)

## Development stages Disengagement Stages

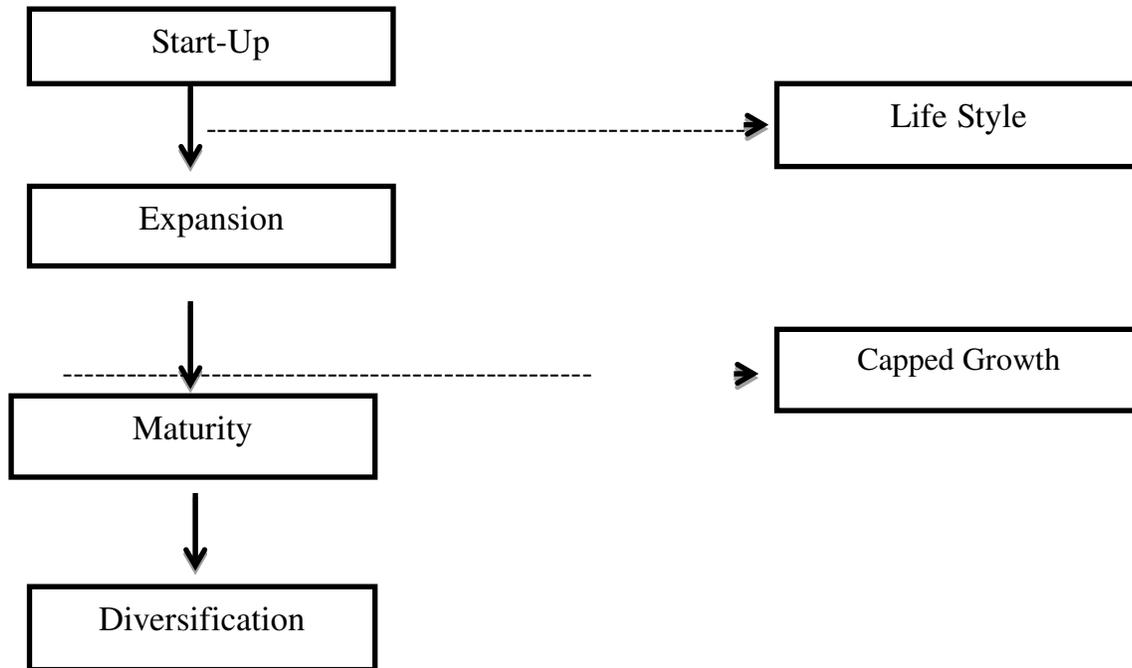


Fig1: Enterprises life-cycle Model; adopted from Mbugua et al., (2013, pp 287)

According to Mbugua et al., (2013) some firms may not follow the lifecycle of firms growth and those common disengagement stages are lifestyle and capped growth. Lifestyle firms have little growth aspiration; principally exist to provide their owner managers with a source of employment and income whereas the Capped growth implies to those firms that do not grow or expand to the level of formal organization operations and management due to a deliberate decision by the owner-manager out of a desire to avoid risk, uncertainty and problems connected with employee increment, market competition and new investments.

The enterprise choice theory on the other hand gave much emphasis on individual attributes, behavior and characteristics as a main ingredient for enterprise growth. In other words the managers' attitude, enthusiasm to grow, abilities to manage the firm determines the growth of an enterprise (Mbugua et al., 2013)

The Stochastic model claims that the firm growth is independent from firm size and emphasizes on the random or stochastic nature of the process of enterprise growth. It suggests that many factors affect growth of firms (Bunyasi, Bwisa, & Namusonge, 2014).

Todaro & Stephen, (2012) says that the informal sector was recognized in the 1970s, the urban population growth and the formal sectors failure to fulfill the employed need of urban youth makes the informal sector to attract attention as a solution for urban unemployment.

For Todaro, the informal sector is “*a part of the urban economy characterized by small competitive individual of family firms, petty retail trade and service, small scale production and services, use simple technology and labor intensive methods, free entry and market-determined factor and product price, workers as unskilled, less formal education, lacks financial capital, workers do not have job security and pensions.*” (Todaro & Stephen, 2012, pp 330).

On the roles of the informal sector they further elaborates that about half of the urban population in the developing countries is employed in the informal sector and about one-third of the urban income generates from the sector and the sector allows excess labor to escape from rural poverty and unemployment. As a result governments shall promote the sector through facilitating training, financial capital access to improved technology and adopting positive initiatives(Todaro & Stephen, 2012).

## **2.2 Micro and Small Enterprises in Ethiopia**

### **2.3.1 Policies on Micro and Small Enterprises Growth in Ethiopia**

The small scale enterprise development strategy was set up in 1997, the Federal Micro and Small Enterprises Development Agency and the regional Micro and Small Enterprises Development Agencies has been established in 1998. The micro and small enterprises development strategy was revised in 2010/11(FDRE, 2011). The FDRE government has given attention for the MSEs while developing the countries development strategies. For instance under the PASDEP period,The FDRE government planned to create jobs for about millions of people through MSEs byfacilitating business development support training to MSE entrepreneurs and providing credit access for MSEs through micro-finance institutions (MUDC, 2013).In the first GTP, the governmentplans to create conducive environment for new MSEs and supporting the existing MSEs and expanding them aiming at bringing job creation and poverty reduction (MoFED, 2010a). The growth of MSEs as a means of creating

jobs to unemployed people and reducing poverty was part of the GTP I target. To achieve the MSEs growth, the government planned to provide comprehensive support, training, capacity building, land, working premises, micro credit and marketing information (MoFED, 2010a).

The National Employment policy and Strategy of Ethiopia stresses the growth of MSEs as was one mechanism of creating jobs and absorbing a large proportion of the unemployed population in the country. Thus the policy urges for promoting private sector development and employment creation through providing business development services, especially to small- and micro-enterprises and to informal sector operators.

### **2.3.2 Micro and Small Enterprises Growth in Ethiopia**

It is difficult to come up with universally accepted definition for MSEs as different countries and agencies employ their own ways of definition. The 1998 FDRE definition of MSE in Ethiopia was laid on the basis of the paid capital of enterprises and it did not consider the firm's employment size for categorizing enterprises into micro and small. Hence, an enterprises whose capital is below 20,000 ETB categorized under micro and a firm's paid up capital is greater than 20,000 and less than 500,000 birr was categorized as small enterprise (Berihu, Abebaw, & Biruk, 2014).

The Central Statistics Agency of Ethiopia (CSA) defines Micro and Small enterprises by using employment and technologies as criterion. Accordingly, cottage and handcraft industry performs their activities by hand and using manpower driven machines; enterprises employing less than 10 persons and using motor operated equipment are considered as small scale manufacturing enterprises (FDRE, 2011).

The 2011 MSE definition by the FDRE made the distinction for Micro enterprise and Small Enterprises by considering the size of employment and the firm's capital. Hence, Micro Enterprise mean the numbers of its employees (including the owner or family) are not greater than 5 & total asset is  $\leq 100,000$  ETB for industrial sector and  $\leq 50,000$  ETB for service sector. An enterprise with 6-30 employees & total asset 100,001—1,500,000 ETB for industrial sector and 50,0001—500,000 ETB for service sector is defined as Small Enterprise. Both the 1998 and the 2011 definitions for MSEs in Ethiopia was provided by the FDRE government.

When ambiguity is encountered between manpower and total assets as explained above, total asset is taken as primary yardstick (FDRE, 2011; MUDC, 2013).

Table 1: Micro Enterprises and Small Enterprises distinctions (FDRE, 2011).

Enterprise Level	Sector	Human power	Total asset
Micro enterprise	Industry	≤5	≤100000 (\$6000 or E4500)
	Service	≤5	≤50,000 (\$3000 or E2200)
Small enterprise	Industry	6-30	≤birr 1.5 million (\$9000 or E70000)
	Service	6-30	≤birr 500,000 (\$30000 or E 23000)

Source: (FDRE, 2011)

In Ethiopia, the MSEs sector constitutes a wide range of economic activities ranging from informal to formal micro and small enterprises. The 2011 MSEs strategy has identified five sub divisions of the MSEs that gets special attention in the first GTP period; namely the Manufacturing sector, construction sector, trade sector, service sector, and the agriculture sector each have its own sub sectors (FDRE, 2011).

The MSEs operates in various sectors, with a variety of technology levels, and degrees of formality. Some of the activities of the MSEs have better market demand while others lack market demand. Hochschwender, Gebrewold, & Abuhay (2000) has categorized Small and Micro Enterprises activities in Amhara region by the feasibility level in to most likely feasible, just feasible, low feasible, not feasible. Under “Most likely feasible” category: carpentry, masonry, compressed concrete block, mud block, gum production, honey processing, beehive making, and retail trade. Under “Just feasible” category the activities included are carpets, wood works, rope chairs, spinning, leather products, tailoring, sliced pulses and cereals, aggregate and sand production. Low feasibility activities include pack animal transportation, cart, pottery, tannery, and cut stone. The Not feasible activities included activities such as weaving, repair and maintenance, and bamboo works.

Table 2: Categories of MSEs by sector and sub-sector in Ethiopia (FDRE, 2011).

Sectors	Sub-Sectors
Manufacturing sector	Textile and garment, Leather and leather products, Food processing and beverage, Metal works and engineering, Agro-processing and Wood works.
Construction Sector	Sub-contracting, Building materials, Cobble stone
Trade sector	Wholesaler and Retailers of domestic products and raw material supply
Service sector	Small and Rural transport, Café and Restaurants, Store Service, Tourism service, packing, Product design and development service, Maintenance, Beauty salon, Electronics software development, Internet café, Decoration.
Urban agriculture Sector	Livestock rearing, Bee production, Poultry, Modern forest development, Vegetables and fruits, Modern Irrigation, and Animal Food Processing.

According to Elias (2014) regarding their growth two categories of the MSE are the “survivalist” and the “growth-oriented”. The “survivalist” category denotes those enterprises basically less entrepreneurial and whose prime interest is in a decent level of living rather than in maximizing profits and/or enterprise growth. From this group, few may be able to “graduate” to small, medium and large-scale enterprises. The “growth-oriented” category, denotes those enterprises engaged in economic activities whereby surpluses are reinvested for business expansion and development.

Various ways of categorizing the growth stages of MSEs is applicable in different countries. In Malaysia the MSEs growth stages are: Startup; Growth; expansion and finally maturity. And the Malaysia government provides a distinct kind of support for each stage of MSEs growth (FDRE, 2011). On the other hand in Japan the MSEs growth has three stages: launching stage, strength stage and secure stage (FDRE, 2011).

In Ethiopia, the growth stages of MSEs have two forms; the first is a growth that took place within the MSE level while the second form is the transition from MSEs to Medium enterprise. Within MSEs there are three levels of growth namely: Startup level, growth level, and maturity level. Enterprises at Startup level incorporate those at establishment stage; MSE

innovated by legally either in the form of association or private. An enterprise is said to be at growth level when it became competent in price, quality and supply and profitable using the support provided. At this level, the enterprise man power and total asset is larger than at startup level and use book keeping system. At Maturity level an enterprise is able to be profitable and invest further (FDRE, 2011).

The MSEs development strategy states that, for each growth stage of the MSEs, the federal and regional governments provides support. At start up level the MSEs are to be supported in facilitating initial capital, legalizing the enterprise, Improve entrepreneur business management and book keeping, provision of training, At the growth level the supports are; facilitating finance, skill and technology and enabling to be legal. At maturity level support for market expansion and competence, help enterprises to shift from growth to medium level, certifying the transition from small to growth medium scale enterprise (FDRE, 2011).

#### **2.4 Determinant factors of Micro and Small Enterprises Growth**

Various determinant factors that enable MSEs to grow and expand rapidly and or to stagnate have been identified by researchers (Bunyasi et al., 2014). The determinant factors of MSEs were commonly categorized as internal and external factors. The internal factors are resulted from the ability, skill and experience of the operators or managers to manage the enterprise while the external factors consists of the market environment, the institutional framework and support services (MUDC, 2013; Simeon & Lara, 2005).

According to Simeon & Lara (2005) the key factors for the growth of MSEs are the business environment, social factors, the firm and individual related factors; the business environment consists of the macroeconomic context, regulatory and institutional context, location and sector, infrastructure, value chain whereas the social factors are inter-firm cooperation and social networks. The firm related factors are firm age, formality, technology and finance. On the other hand individual related factors are mainly education, work experience, gender and the household.

Waktola & Hirpha, (2016) points out the determinant factors for MSEs operators dropout from the business as individual and business environment factors, accordingly they state that the individuals lack of motivation for achievement of business objective and risk taking tendency of members are crucial factors for MSEs dropout. Thus researchers applied

frequencies so as to identify the determinant factors for the MSEs operators dropout from the Business, the methodology may limit them in clearly showing whether those factors are determinant or not. The main factors that determine MSEs growth are summarized in the following sections.

### **Possessing Business License**

Formal registration of the MSEs is a means of getting recognition from the lowest levels of the government and to access the supports that the government is extending to the sector. Thus firms operating with license have a better opportunity to grow than the non-registered.(MUDC, 2013).MSEsregistration status is not uniform across cities and towns in Ethiopia. In Small cities of Ethiopia many of the Enterprises are not registered. On the other hand those MSEs which are organized with the help of the government are mostly registered by the MSE development bureaus, or are in the pre-registration process.(MUDC, 2013).

The registration status of enterprises affects firm growth positively or negatively. Registered MSEshave the opportunityto get support service from the government, sincethe government'ssupport for MSEs is provided for the registered one.The government programs and facilities such as, finance, training, public procurement, business services and bank loans, working places are allowed for the registered/ formal/ one (FDRE, 2011; Mulu Gebreeyesus, 2007; Tegegne & Mulat, 2004).

Simeon & Lara (2005) noted that the not-registration status of an enterprise reduces the chances of growth, such MSEs are not able to participate in contracts with international or government buyers, because they require legal documentation that these MSEs lack. Additionally, informal enterprises face greater difficulties than the registered ones in obtaining formal credit and assistance from law enforcement agencies and courts, so that informal MSEs appear to grow more slowly than do their formal counterparts.

### **Availability of Finance**

Finance is the heart of improvement process for MSEs and it is necessary for MSEs to setup and expand their operations, build up new products and invest in production facilities. If MSEs cannot find the finance they need, innovative projects cannot be implemented and this diminishes the potential for economic growth. The availability for access to finance has strong influence on the growth of MSEs.The main sources of MSEs initial capital are micro finance

institutions but banks play an insignificant role in supporting MSEs; banks in Ethiopia have not created pro-MSEs operations due to their rigid policy of collateral requirement (Brhane, 2011; D. Mekonnen & Kassahun, 2013).

Brhane (2014) noted that access to finance is not as such a determinant factor for the growth of MSEs rather lack of access to medium and long-term credit and appropriate loan size hinders and or facilitates the MSEs growth.

### **The Business Sector of the MSEs**

The growth of firms is affected by the kind of sector in which the enterprise operates. In providing support service, the government prioritizes some sectors over others and provides support for them as a result firms operating in sectors prioritized by the government grow faster than the firms operating in less (not) prioritized sectors. For firms operating in the prioritized sectors the government facilitates market linkage for MSEs; provide working place and the government acts as the largest buyer of their products (Berihu et al., 2014; Mulu Gebreeyesus, 2007).

### **Record Keeping Practice**

According to the MUDC (2013) regular and organized record keeping practice enables owners of micro and small enterprises to calculate risk associated with production, marketing, and purchasing decisions by clearly determining expenditures and income. Thus enterprises who are a habit of record keeping can easily calculate their profits and loss that will enable them to act on the problems their MSE face immediately.

### **The Operators' Gender**

MSEs growth differs systematically by the owner's gender. Female owned firms grow slowly than male operated firms. The problem is visible when the firm's size increases in which women operators perform less than their counterpart. When the size of the firm increases the women perform less than their counterpart. The effect of gender on the performance of an enterprises is significantly manifested among firms in the small firm's category with 5-10 workers, but not in the micro firms with 1-4 workers (Mulu Gebreeyesus, 2007). The attitude of the customers towards the operator's gender affects the MSEs growth positively or negatively.

## **The Operators' Previous Business Experience**

MSEs operated by experienced owners can survive better than those owned by inexperienced ones. Previous business experience of the owner affects growth significantly and positively. Owners with poor business experience need training of marketing skill for running their business properly (L. Mekonnen, 2014; Mulu Gebreeyesus, 2007). Berihu et al. (2014) also identified that MSE operators who have worked as employees in the formal sector tend to perform better and utilize their accumulated experience and knowledge to lead their own business. At the same token experience in family business background also has influence on the MSEs growth. According to Berihu et al. (2014) those who have worked in family business tend to succeed more than those who have not.

## **Ownership Structure of the MSEs**

Many MSEs in Ethiopia are businesses dominated by sole proprietorship businesses followed by the cooperatives formed with the help of the local government. MSEs are also established through a share company and partnership (MUDC, 2013). The way an enterprise is established and owned affects the growth of the enterprise positively or negatively.

## **Market linkages**

According to Simeon & Lara (2005) inter-firm cooperation is a driver for MSE growth and has three aspects: vertical linkages, horizontal linkages, and supporting markets. Individual firms' commercial relationships with their buyers and suppliers refer to a vertical linkage while a horizontal linkage refers to firms grouping or organized to work together. Supporting markets are also important in value chains for services such as finance; consulting, legal, and tax advice; market information; and skills training.

The UNIDO & GTZ (2008) also indicated that linkages among small and large, modern and traditional, or domestic and international enterprises in value chains or through clusters have a number of positive effects which ultimately contribute to company competitiveness; cooperation allows firms to reap economies of scale and scope. Innovations, learning and skills development can evolve from interaction among firms. In the case of the SSA inter-firm linkages are weak and many firms are not integrated into value chains, and existing chains tend to be short (UNIDO & GTZ, 2008).

## 2.5 Challenges for Micro and Small Enterprises Growth

In Ethiopia the MSEs face a number of challenges that deter their growth and influence the enterprises survival in the business. Based on the (MUDC, 2013) enterprises survey, the challenges for MSEs growth are internal challenges which are inherent to the enterprise such as record keeping practice, education background, experiences whereas the external challenges mainly comprises of the support service system; accordingly the major challenges for the MSEs growth in the major regional towns of Ethiopia are lack of finance, lack of working premises, lack of access to market (absence of market linkage) on the other hand for those MSEs operating Addis Ababa Lack of access to land became another challenge in addition to the above mentioned ones. Various studies have identified the challenges for the growth and survival of MSEs.

(Minilik & K.P.P, 2012) observed that; Lack of working space and high rent for working spaces, seasonality of work input supply problem and inputs being costly, lack of skill and negative perception of the people for the MSEs as major challenge for the growth of MSEs.

**Shortage of Finance:** Finance is a principal challenge to micro and small scale enterprises in Ethiopia; finance for MSEs is provided by Micro Financial Institutions followed by personal savings. To fill the finance shortages, the MSEs use finance generated from family, relatives and Ikub. Banks follow rigid collateral obligations and requirements but the MSE operators lack the capacity to present collateral for obtaining a loan from banks so that banks play a limited role on MSEs growth. Lack of finance is manifested at starting the enterprise and for running the established MSEs. The finance that MSEs receive from the Micro Finance Institutions is inappropriate; insufficient in size; short term loan that do not match with the gestations periods and cash flow patterns of the borrowers' activities financed by the loan; failure to disburse loans timely; credit ceiling, and a tendency for group collateral requirements are the constraints of MSEs expansion and diversification. MSEs themselves has also problems such as opposing to repay the loan by some individuals has influenced the relation between the Micro Finance institutions and MSEs and some operators use the loan for other purposes rather than using it to the targeted goal (Belay et al., 2015; Brhane, 2011; Demis, 2011; Mekonnen & Kassahun, 2013; Nichter & Goldmark, 2009; Tsega, 2014).

### **Lack of working premises**

Both producing and selling place is a serious challenge for MSEs in Ethiopia. Most of the available working spaces are built far from industrial zones, which affect the Market linkages of MSEs. The MSEs demand for working space is much greater than the supply. The lack of appropriate working place influences the operators to start the enterprise in inaccessible location (Berihu et al., 2014; Demis, 2011; Tsega, 2014).

### **Weak government support**

Support services include the supports that enterprises receive from local, regional and federal government bodies. The major ones, among others, include provision of loan services at preferential interest rate, providing working premises, trainings, consultancies, and one-stop-services, organizing in clustering and others for to the enterprises improved performances. The availability and quality of such support instrument has its own impact on their growth (MUDC, 2013). Supportive programs from the government are essential for the continued growth, long-term competitiveness and sustainability of the MSEs. The MSE support institutions are the basic pillars for MSEs growth, the commitment and cooperation of the government determines the success or failures MSEs. In the Ethiopian MSEs a number of institutions has direct and indirect links with MSEs growth among others include; Ministry of Trade and Industry, the Regional Bureau of trade and industry, Federal MSE Development Agency, Regional MSE Development Agencies, or other similar designated organs at the local levels, and Business Associations for MSE's sector support programs, Micro finance institutions. The Ministry of Trade and Industry has roles for the formulation of the country's industrial and trade policies and strategies; the regional bureau also set criteria for prioritization of MSEs for support, to create proper networking within business associations, regional chambers, and other stakeholders to strengthen the flow of information. Micro and Small Enterprises Development Agency with its respective hierarchies has roles to provide human resource training and development, information and consultancy, facilitation, technical, marketing and promotional support services to MSE's owners/managers to equip their managerial, technical and business management skills (FAO, 2015; D. Mekonnen & Kassahun, 2013).

The Government of Ethiopia is supporting MSEs through the Micro and Small Enterprise Development Agency (MSEDA) that provides support through training, equipment, loans, and working places. The MSE support service system's effort is questionable due to rigid bureaucratic and inflexible work Procedures, lack of commitment and responsiveness, and unsuitable regulatory issues. Weak institutional capacity and the existence of restrictive laws, regulations and rules are the most common constraints that hamper the development of MSEs (Demis, 2011; Mekonnen & Kassahun, 2013).

### **Shortage of Market Linkages**

Market linkages comprises of the relationships that MSEs have with suppliers, buyers, other MSEs and the government. The inter-firm linkages are between wholesalers, retailers and buyers (Elias, 2014). Availability of market to sell the MSEs products and access for raw material affects the growth of MSEs. Enterprises with access to market premises grow faster than those who lack it. Inability to sell the products and services, lack of adequate marketing channels, and lack of marketing skills are the problems to the starting of business and further growth of the MSEs. The government acts as the buyer and Market facilitator of MSEs to fill the existing market gap. MSEs in Ethiopia has a small market linkages with the private companies (K. Belay et al., 2015; Elias, 2014; D. Mekonnen & Kassahun, 2013). The market environment is one of the determinants for the successes or failures of MSEs. According to Stephen (2014) the volumes of goods to be produced and sold are determined by the quantity of products purchase by consumers so that producers have to produce according to the tastes and preferences of consumers. Lack of market to sell the MSEs produces is one of the sources of the closure of MSEs operating in the trade sector followed by the agriculture sectors (Tsega, 2014).

### **Poor purchasing power of the local people**

The main customers of micro-enterprises in small towns are local farmers and town dwellers and they have low purchasing power (Tegegne & Mulat, 2004). The low purchasing power of the consumers is influenced by the negative attitude that people develop for MSEs produces. The perception that MSEs are yet to produce quality products that can compete with similar products is the primary challenge that MSEs are yet to overcome it. The negative image that

the customers have towards the quality of MSEs products decreases their capacity to reduce unemployment and to achieve growth (Berihu et al., 2014).

## **2.6 Food Security in Ethiopia**

It is known that the issue of food security has got the attention of many intellectuals and international organizations. In the 1996 World Food Summit food security defined as when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. Based on FAO (2006) the 1996 World Food Summit definition of food security is widely accepted meaning and it contains the concepts of Food availability (The availability of sufficient quantities of food of appropriate quality); Food access /entitlements/ for acquiring appropriate foods for a nutritious diet; Utilization( Utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being where all physiological needs are met) and Stability (access to adequate food at all times). On the other hand food insecurity is a situation where people lack secure access to sufficient amounts of safe and nutritious food for normal growth and development and an active and healthy life (FAO, 2014).

Ethiopia throughout many years has experienced Food insecurity. At times like 1984 the country has face the famines. Amhara Regional State is among the food insecure regions of Ethiopia. The region suffers from frequent food shortages. Many households in the region are only able to produce sufficient food to meet their food requirements for less than six months of the year. More than 37% of the total population of Amhara region is living in absolute poverty. In places such as Sekela, Mecha, and East Estie Woredas the food insecurity situation is severe and there are very small proportion of the households (3.33%, 5% and 5.56% households respectively) who can cover their annual food consumption. Majority of the households are able to cover their food consumption only for some months of the year (Teshome, 2010; USAID, 2000; WFP, 2009).

The factors that increase food insecurity are different among the rural and the urban areas. The factors for low food access and availability includes: poor supply, high transport costs, and increased exports of food items, poor level of asset base, High poverty conditions, High level of expenditure on food (more than 60% of income), increased inflation on

food commodities and other services that led households to have deteriorated purchasing power (WFP, 2009).

### **2.6.1 Instruments for Enhancing Food Security**

The problem of food security has influenced the Ethiopian government policy agenda; as a result the country has developed a series of policies and strategies so as to respond for food insecurity. Ethiopia has launched The National Policy on Disaster Prevention and Management of 1992/93 which emphasized the need to give priority to disaster prevention programs in all development endeavors. In 1996 The Federal Food Security Strategy was developed with the objective of increasing supply and availability of food, improving access and entitlement to food and strengthening emergency response capabilities (FDRE, 1996).

The Food Security Program targets food insecure populations in chronically food insecure woredas of Ethiopia. Its major components comprises of the Productive Safety Net Program (PSNP), Household Asset Building Program (HABP), Complementary Community Investment and Resettlement Program (MoARD, 2009).

The Productive Safety Net Program focuses primarily on the chronically food insecure households or households that have a food gap of three months or more even during a normal year. Eligibility for the PSNP benefit depends on the frequency with which they required food assistance. the Productive Safety Net Program (PSNP) was launched in 2005 with the objective of facilitating transfers of food or cash to chronically food insecure Woredas so as to create assets for households. The beneficiaries of the PSNP are the food insecure populations living in chronically food insecure woredas. The vast majority of PSNP beneficiaries are resource poor households who fail to produce enough food even in times of normal rains (MoARD, 2009).

Whereas the Household Asset Building Program targets both chronically food insecure and food sufficient/transitorily food insecure households or households who have food gap of three months or more in either a normal or moderately bad year. in addition to that the HABP provides the same services to households in the PSNP program and those having graduated from the PSNP though not yet food secure. However, in case of capacity and/or resource constraints the first priority of the Household Asset Building Program will be those within the PSNP and those who have recently graduated from the PSNP (MoARD, 2009).

The Resettlement Program targets chronically food insecure households who are voluntarily for resettlement. Whereas the Complementary Community Investment is a program of capital intensive community infrastructure development aimed at benefiting groups of food insecure populations (MoARD, 2009).

## **2.7 The linkages of Micro and Small Enterprises with Food Security**

The MSEs are connected with the livelihood of urban poor and have key roles in creating employment opportunities for poor people, contributes for poverty reduction, enable mobilization of local resources, provide the ground for utilization of labor-intensive technologies, serves as a training ground for entrepreneurship, encourage local capital accumulation, and help to balance regional disparities (Bereket Tadesse, 2010; Demis, 2011; Elias, 2014; Siyum, 2015).

The informal economy in the SSA is integral to addressing urban food insecurity; Fraser et al. (2014) highlights that the food security in the urban SSA interconnects with the informal economy in many aspects and the existence of high urban poverty makes the urban poor to depend their livelihood on the informal economy.

According to Berihu et al. (2014) “...the FDRE government strongly believes that MSEs are the right solution to reduce urban unemployment and urban poverty” (p.9). The interest of the FDRE government to use MSEs as a means of alleviating food insecurity was clearly stated in the FDRE food security program. The food security program of Ethiopia stresses the emphasis given for the growth of MSEs by the government which states that: *The government will promote micro and small-scale enterprises and will assist the growth of micro and small-scale enterprises through initiating industrial extension services, developing infrastructure, encouraging competitive marketing of inputs and Outputs and utilizing tax incentives for selected commodities to shift the consumption patterns* (MoARD, 2009).

Regarding the job creation through MSEs in Amhara Region, the Regional TVED office reports success stories; for instance the 2012 annual reports that through MSEs for about 358,837 individuals new employment opportunities were created claiming a 131% achievement. Bereket (2010) also points out that the MSEs in Mekelle have created jobs for many individuals and increases income for operators so that they play a key role for improving peoples' livelihood.

Based on Siyum (2015) the MSEs can decrease the food shortage of the operators and increase income; those individuals who have been experiencing food shortage before joining the enterprises declines rapidly through operating in the micro and small enterprises. However Demis (2011) finds out a different result which says that prior to establishing on the MSEs many operators were not able to cover their food expenditure, but there is an improvement in the number of individuals who were able to cover food expenses operating in an MSEs though the majority of operators were not still able to cover their food expenses.

This shows that operating in an MSE does not bring a radical improvement in food security status but there is an improvement in the number of households who became food secured due to operating in MSE. According to Demis (2011) those who operate in the construction, retail and service, artisan and clothing, wood and metal work, food processing, show an improvement in covering their food expenses after joining MSEs but operators of the urban agriculture show a negative result.

## 2.8 Conceptual Framework

The of MSEs growth is depends on various internal and external factors(Simeon & Lara, 2005). These factors comprises of access to finance, accessibility of working place, market linkages, possession of license, access to support services, operators work experience and availability of trainings. The major challenges that hinder for MSEs are shortage of finance, land, raw materials, infrastructure such as electricity, and shortage of working premises. The growth of MSEs has direct relationships with enhancing food security or the growth of MSEs affects the state of urban food security. The following diagram show show the challenges and determinant factors of MSEs growth and urban food security interacts.

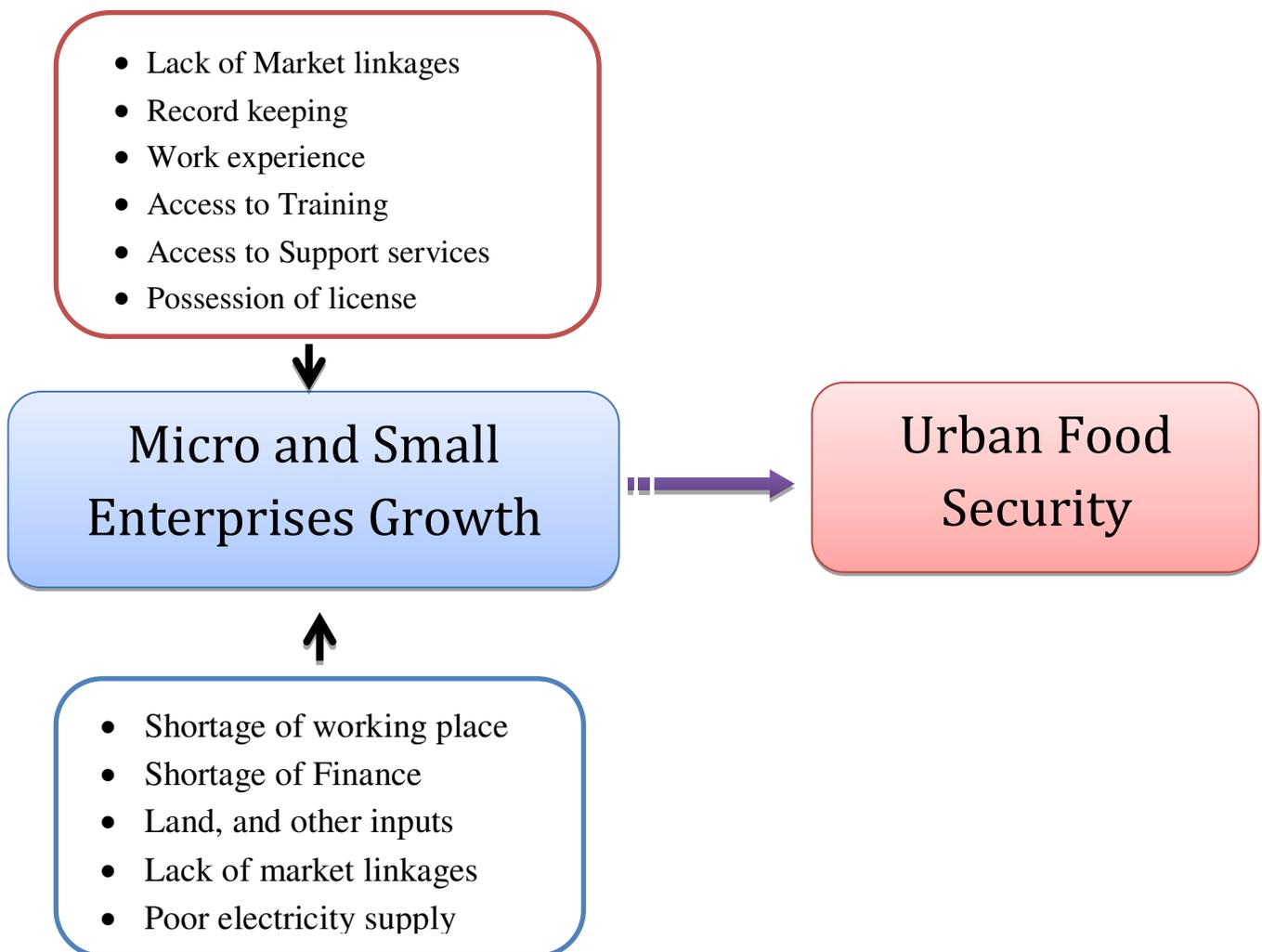


Fig 2: Conceptual Framework: Own formation

## 2.9. Operational Definition of Terms

Table (3): Operational definition of terms.

Terms	Operational Definitions
Cooperative (s)	An enterprise owned by a group of persons who take full part in the activity of the enterprise by coordinating their knowledge and assets.
Enterprises sector	Sectors that an MSE operates that can be categorized in to the construction, Manufacturing, service, trade and urban agriculture sectors.
Formal enterprises	Business establishments that mainly engaged in production of marketed goods and services but formally registered at respective government agencies to undertake the business and hence have licenses to operate (MUDC, 2013).
Growth oriented Micro and Small Enterprises	MSEs engaged in production of goods and services in the sectors given priorities in policy documents of the government. The GTP identifies sectors like, construction, metal and woodworking, textile and garments, agro-processing and related businesses as growth oriented sectors (MUDC, 2013)
Growing MSEs	In the Study, those MSEs whose employment growth is $>0$ are categorized as growing MSEs.
Informal enterprises	Enterprises which are not formally (legally) registered, not licensed, unregistered at any government agencies to undertake their business and hence have no licenses(Belay, 2012; MUDC, 2013).
(MSE) Operator	A person who owns an MSE or an individual who runs an MSE
Partnership	An enterprise established by more than one person with legal status. The responsibility/liability is equal for all the partners irrespective of their share.
Sole proprietorship	Sole proprietorship is a type of business enterprise owned by an individual andthere is no legal distinction between the owner and the business.
Support Service	The supports and that MSEs receive from the government and non-governmental organizations that could enhance their operations.
Survival MSEs	In this study, those MSEs whose employment growth is $\leq 0$ are categorized as survival MSEs.

### **3. RESEARCH METHODOLOGY**

#### **3.1 Description of the Study Area and Population**

Mecha Woreda is located at 11.5000° N, 37.0000° E, in West Gojjam Zone of the Amhara National Regional State. It has an area of 1,481.64 square kilometers. According to Habtamu (2012) Mecha woreda is situated at an altitude ranging from 1800 to 2500 meter and has area coverage of 156 thousand of hectares. The area receives an average annual rain fall ranging from 1000 to 2000 mm and average daily temperature from 24 - 27°C. The Woreda is divided into 39 rural and 4 urban *kebeles*.

Based on the CSA (2007) national census a total of 66,107 households live in Mecha, Mecha woreda has a total population of 292,080 of whom 147,611 are men and 144,469 women; 22,677 (7.76%) of the population are urban inhabitants. The CSA (2013) population projection report that the total population of Mecha Woreda is 334,789 of whom 168,724 are male and 166,065 are females; and the urban population of Mecha woreda is 33,607, from these 17,475 are males and females are 16,132.

According to Molla et al. (2014) Mixed farming is the major economic activity of Mecha woreda in which crop production and animal husbandry are practiced side by side and the farming is subsistence and practiced in fragment land holdings. Livelihood in Mecha woreda depends to a large extent on agricultural production and trading.

#### **3.2 Research Design**

The research approach was a mixed research, to triangulate the data collected from primary and secondary; qualitative and quantitative sources; the research design for the study was a concurrent design. Based up on the aim of the study which is for the partial fulfillment of Masters of Arts degree in Public policy and Sustainable Development so this research was a cross-sectional type conducted at once. Neuman (2014) suggested that cross-sectional research examine a single point in time or take a one-time snapshot approach.

#### **3.3 Sample Size Determination and Sampling Techniques**

I select the study area purposively because Mecha was one of the a food insecure woredas in Amhara region (Teshome, 2010) and it was incorporated in the PSNP program. The populations of the study were the MSEs operators of Mecha Woreda. At Mecha woreda the

MSEs are operating in eight sub-divisions (*Ketenas*) namely; *Merawi Ketena, Wotet Abay, Biraqat, Dagi, Gerchech, Riim, Amarit, and Merawi Zuria.*

Istratifiesthe MSEs operators in to five strata based on the type of a business their business sector. The MSEs sectors that I apply for stratification are the Manufacturing sector, Construction sector, Trade sector, Urban agriculture and Servicesectors. The rational for stratifying the MSEs in to five stratawasmade by considering the influences of MSE sectors in the growth of MSEs and that the government support for different sectors may not be uniform across sectors and the growth period that each sector requires is might not be the same.

The determination of the five strata is based on the 2011 FDRE classification of MSEs business sectors which was made so as to facilitate the government monitoring support provision of the MSEs(FDRE, 2011).

From each stratum, sampleswere taken through proportionate Stratified Sampling method.I took the samplesthrough Yamane(1968) formulae

$$n = \frac{N}{1 + N \times (e)^2}$$

Where; **n**= the sample required;

**N**= the total population (i.e. all MSE operators in Mecha woreda) which is 3260;

**e** = is the sampling error which is 0.05 at 95% confidence.

$$n = \frac{3639}{1+3639 \times (0.05)^2}$$

Hence; the Sample is 360

From the total population, thesamples for survey for the study were taken from each stratum.

To select the samples from the five strata the following formulae was applied:

$$n_j = \frac{n}{N} N_j$$

Where:

$N_j$ =  $j^{\text{th}}$  strata population

$n_j$ =  $j^{\text{th}}$  strata sample

$n=n_1+n_2+n_3+n_4+n_5$ ; is the total sample

$N= N_1+N_2+N_3+N_4+N_5$ ; is the total population

Sample frame for the survey participants' from each strata were accessed from the Mecha woreda TVED office and Merawi town TVED offices in which the offices has been using the list of MSEs with their operators for the purposes of supporting, and monitoring the enterprises.

Hence the total population with its sample is presented as follows

Table 4: The study population and samples for survey

<b>Sectors of the MSEs</b>	<b>Number of MSEs</b>	<b>Number of operators</b>	<b>Samples</b>
<b>Manufacturing</b>	589	912	90
<b>Construction</b>	22	185	19
<b>Urban Agriculture</b>	75	315	32
<b>Service</b>	692	1099	108
<b>Trade</b>	1036	1128	111
<b>Total</b>	2414	3639	360

Source: Mecha woreda TVED office and Merawi Town administration TVED office

I applied a purposive sampling method to select key informant interviewees. Key informant interviewees were selected from those organizations that have a direct or indirect link with MSEs growth.

### **3.4 Data Types**

For the study, I used both qualitative and quantitative data. Through survey questionnaire I collected both qualitative and quantitative data. Through key informant interview and Focus Group Discussions mainly a qualitative data was collected. The data from secondary sources has both a qualitative and quantitative nature.

### **3.5 Sources of Data**

I utilized both primary and secondary sources of data; the primary sources were used to get firsthand information from the MSE operators and the responsible government offices while the secondary data has been utilized to fill the gaps that are not covered through primary data sources and to crosscheck the primary data. The methods implemented for collecting data from primary sources were; semi-structured interview, questionnaire, and Focus Group Discussions. The sources for the secondary data were taken from the TVED bureau of Amhara Regional state, TVED office of Mecha woreda and Merawi town TVED offices, Reports from the Mecha Woreda Agriculture and rural development office; other related reports of the woreda offices linked with the MSEs; Central statistics agency documents and assessments were used.

### **3.6 Methods of Data Collection**

#### **3.6.1 Survey**

To collect data from respondents I utilized a household survey that incorporated open and closed ended questionnaire. I choose questionnaire as an instrument for collecting data so as to address more individuals of the population so that it increase representativeness, beyond that it will make the respondents to freely answer questions in which they may not be willing to answer through other methods of data collection.

I prepare the questionnaire in English language. Since the respondents mainly speak Amharic language, the questionnaire was translated in to Amharic language to make it understandable by them. Before administering the survey, I arranged a pre-test for about 36 operators to test the instrument, to ensure that all questions and instructions are clear hence I modify the questionnaire based on feedbacks from pre-testing. I adapt part of the questionnaire from the standardized HFIAS measurement tool prepared by Coates, Swindale, & Bilinsky, (2007) which has been used by the USAID to measure the food security condition of households in 30 days.

#### **3.6.2 Key Informant Interview**

I conducted a semi-structured interview. The interview enabled to balance the data gathered through the questionnaire and FGDs. The instrument for the key informant interview was an

interview guide(checklistthat guided the interview). The information gathered through interview was used to triangulate information collected through other methods.

Table5: Interview Participants

Interviewees	Position of the interviewee	Number
Mecha woreda TVED office	Office head and Industry extension officer	2
Merawi town TVED office	Office head and vice	2
Merawi TVET college	Trainer	1
Mecha woreda agriculture office	Food security personnel	1

### 3.6.3 Focus Group Discussions (FGDs)

Utilized FGDsto getmainly qualitative data. Check list for the FGDs was prepared as a data collection instrument the checklist helpedme to guide the FGDs and to raise important issues in the FGDs.Four FGDs hasbeen prepared: one FGD from the operators in construction and the second group from manufacturing sector, the third group from the trade and service sectors;and the other group was taken from urban agriculture sector. I present The FGDs participants with their respective MSEs sectors in the following table (6)

Table 6: Focus Group Discussants

FGDs	Participant's sector	Number
<b>Group 1</b>	Manufacturing	5
<b>Group 2</b>	Construction	6
<b>Group 3</b>	Urban agriculture	5
<b>Group 4</b>	Trade and service sector	7
<b>Total</b>		23

### 3.7.Exclusion and Inclusion Criteria

Age of the operator, age of the enterprise, experience of the operator in the enterprise was usedas a means to exclude and include a participant in the survey. Age of the participants was considered while selecting the samples, those who were below 15 years of age were not

included as a sample; similarly work experience of the participants in the MSEs has also been used as a selection criterion; those operators who worked in MSEs younger than two years were not part of the study.

### **3.8 Method of Data Analysis**

#### **3.8.1 Quantitative data analysis**

The study draws on empirical evidence from the 2016 survey covering 360 MSE operators in Mecha woreda in the Amhara regional state. The study employed manual and computerized data processing techniques. The data processing activities such as editing, coding, classification have done. Those actions had helped to clean up and detect errors and omissions. So as to analyze the quantitative data gathered through semi-structured questionnaires, I utilized Statistical Package for Social Sciences (SPSS) software version 20.00. The SPSS version 20.00 is the latest software and it will reduce errors that could otherwise be created when using manual way.

Before addressing the determinant factors for MSEs growth, it was necessary to distinguish whether the MSEs were growing or not growing. Regarding the measurement of firms' growth there is little agreement on the literature. Tefera, Gebremichael, & Abera, (2013) indicated that many studies employ objective measurements such as employment size, sales turnover, and total assets, but it is difficult to access reliable data on the growth of fixed assets and sales hence measuring of growth through changes in employment size is objective. Most MSEs operators/owners do not keep records so that it is difficult to get reliable time series data on growth of fixed assets/sales, MSEs operators/owners are extremely reluctant to give accounting information to external parties (Haftom, Fisseha, & Araya, 2014). Evans, (1986) also said that measuring growth through employment size growth is similar with those measuring growth through sales besides growth in sales and growth in the number of workers are highly correlated. Therefore To identify the MSEs growth, I used employment size through Evans (1986) formula of firm growth

$$gr = \frac{\ln St' - \ln St}{Ea}$$

Where,

$S_t'$  = represents the enterprises current employment size

$S_t$  = represents the enterprise's initial employment size

$Ea$  = represents the enterprise's age

$gr$  = represents the MSE growth

The MSEs growth using Evans growth formula was calculated through the SPSS 20.00 software. By taking the growth ( $gr$ ) result, the MSEs are assumed to be either growing or survival (not growing) in other words if " $gr$ " is  $> 0$  then the MSE is growing and if " $gr$ " is  $\leq 0$  the MSE is not growing (survival).

A binary logistic regression model was used in the study to identify the determinants of MSEs growth and to assess the relative importance of the factors in determining for an MSE to be Survival or growing. The analysis of the data was focusing on the binary MSEs growth outcome (with 1 indicating "growing" and 0 indicate "Survival") and the factors that may have affected the probability of growth. According to Woldeyohanes (2014) if the dependent variable is categorical variable with only two categories (growing & survival valued as 1 & 0 respectively) a binary logistic (logit) regression model is appropriate.

The functional form of logistic regression model is specified as follows (Gujarati, 2004; Landau & Crc, 2004).

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

For ease of exposition, (1) is written as:-

$$P_i = \frac{1}{1 + e^{-Z_i}} \quad (2)$$

The probability that a given MSE is growing is expressed by (2) while, the probability for an MSE being Survival is expressed by:-

$$1 - P_i = \frac{1}{1 + e^{Z_i}} \quad (3)$$

Therefore we can write:-

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

Now,  $\frac{P_i}{1-P_i}$  is simply the odd ratio in favor of MSE growing; the ratio of the probability that a MSE growing to the probability of the MSE being Survival.

Finally, taking the natural log of equation (4) we obtain:-

$$L_i = \ln \left[ \frac{P_i}{1-P_i} \right] = Z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n \quad (5)$$

Where  $P_i$  is a probability of growing ranges from 0 to 1

$Z_i$  is a function of “n” explanatory variables (x) which is also expressed as:-

$$Z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n \quad (6)$$

$\beta_0$  is an intercept

$\beta_1, \beta_2, \dots, \beta_n$  are slopes of the equation in the model

$L_i$  is log of the odds ratio, which is not only linear in  $X_i$  but also linear in the parameters.

$X_i$  is vector of relevant MSE characteristics

If the disturbance term ( $U_i$ ) is introduced, the logistic regression model becomes:

$$Z_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n + U_i \quad (7)$$

There exists different types of measuring household food security; among those the HFIAS has been utilized by the USAID, FAO and aid agencies because it was found to be effective in indicating poverty and food consumption for monitoring food security-related activities (Odusina, 2014). according to Coates et al. (2007) the HFIAS yields information on food insecurity (access) at the household level and it is a continuous measure of the degree of food insecurity (access) in the household in the past four weeks (30 days). Similarly Seifu, Tasew,

Bernt, & Mariam,( 2015) reflect that the HFIAS is a simple and valid tool to measure the household food insecurity in urban and rural settings.

I use the Household Food Insecurity Access Scale (HFIAS) so as to know the food security status of the respondent's households. The HFIAS score variable was calculated for each household by summing the codes for each frequency-of-occurrence question. Before summing the frequency-of-occurrence codes, I coded frequency-of-occurrence as 0 for all cases where the answer to the corresponding occurrence question was "no" (i.e., if Question 1=0 then Question 1a=0, if Question 2=0 then Question 2a =0, etc...). The maximum score for a household is 27 (i.e. the household response to all nine frequency of occurrence questions was "often", coded with response code of 3); the minimum score is 0 (the household responded "no" to all occurrence questions, frequency-of-occurrence questions were skipped, and subsequently coded as 0.) The higher the score, the more food insecurity (access) the household experienced. The lower the score, the less food insecurity (access) a household experienced. Three degrees of severity of food insecurity was developed adopting the approach of FAO (2008) cited in Odusina (2014): food secure = scores of 0-11; moderately food insecure = 12-16; and severely food insecure = 17 or more.

Through a chi-square test of I show the links between the MSEs growth with food security as the chi-square test of independence applies for testing the independence of relationship between two variables (Ajai & Sanjaya, 2009) .

### **3.8.2 Qualitative Data Analysis**

I applied a narrative analysis to analyze the qualitative data; I analyze the qualitative data manually then it was presented with narratives. The qualitative data was analyzed with the quantitative data concurrently; I used the qualitative data to triangulate the quantitative one.

### **3.9 Ethical considerations**

The participants of the study were an anonymous. I have informed the participants that their views, personal information will not be disclosed to anyone else. I asked the consent of the participants during the data collection and they were informed their right to participate or not. Information on the research objective was read to the participants, informed consent was received, and the privacy and confidentiality of respondents was also maintained.

## **4.RESULTS AND DISCUSSION**

### **4.1 Introduction**

In this chapter, I present and discuss the primary data which was collected through Survey, focus group discussions, key informant interviews and the secondary data sources. Hence I presented results and the discussions through five sections; the first part is about the operators/owners profile and characteristics which demonstrates the age, sex, marital status, educational status, and experience of the participants. The second section discusses about the support service system. In the third part the main challenges and constraints that MSEs faces was triangulated. The fourth part is about the determinant factors for the growth of MSEs, identified through binary logistic regression model. The final section deals with the growth of MSEs and its linkages with food security, I analyze it through chi-square test of independence, and triangulate it by interview results.

## 4.2 The Socio- Demographic Characteristics of Survey Respondents

From the survey participants, about 68.7% of MSE operators were male operators while females were 31.3% which shows that male operators dominate the MSEs sector in Mecha woreda which still require further mobilization to promote female operators engagement in the MSEs. The participants' age lies in 15-24 (30.4%), 25-30 (29.3%), 31-40 (27.9%) and about 12.4% of the operators were above 40 years of age. Regarding the operators marriage status; the majority of the participants were married (about 70.7% of the participants) the rest 29.3% were single. In terms of education level of the participants; about 43.4% of the participants completed secondary school followed by tertiary (college graduates, BA/BSC holders) which were about 27.5% of the operators' while 23.4% of the operators completed the primary school level and the rest 5.4% of the participants did not attend school .

Table 7: Socio-demographic characteristics of the participants

<b>Variables</b>		<b>Count</b>	<b>Percent</b>
<b>Sex</b>	Male	244	68.7
	Female	111	31.3
	Total	355	100
<b>Age</b>	15-24	108	30.4
	25-30	104	29.3
	31-40	99	27.9
	Above 40	44	12.4
	Total	355	100
<b>Marital Status</b>	Single	104	29.3
	Married	251	70.7
	Total	355	100
<b>Level of Education</b>	Not attend school	19	5.4
	Grade 1-8	83	23.4
	Grade 9-12	154	43.4
	Above 12 <sup>th</sup> Grade	99	27.5
	Total	355	100

Source: own survey, March-April 2016

**The ownership Structure of MSEs:** Most of the MSEs (70.4%), in Mecha woreda were owned by sole-proprietorship or single owners where as 23.1% of the MSEs run through partnership and cooperative ownerships were only 6.5% (see table 8). This indicates that the practice of working in partnerships and cooperatives by group of individuals as a way to overcome financial, personnel and working premise problems has not yet developed in the study area.

Table 8: the ownership structure of MSEs

MSEs Ownership structures	Count	Percent
Sole-Proprietorship	250	70.4
Partnership	82	23.1
Cooperatives	23	6.5
Total	355	100

Source: own survey, March – April, 2016

**Ownership of working premises:** In terms of owning working places about 40% of the operators' works in their own premises, 38% of the MSEs works in government owned premises and about 22% of the MSEs works at rented premises (see table 11). So there are many MSEs that pay for renting the working places that would be invested for their livelihoods if the government owned premises were accessible for them. There are many operators who use their living houses as a business and residence place simultaneously.

Table (9): participants' response about the working premises ownership

	Owners	Count	Percent
Who owns the working Premise?	Self	142	40 %
	The Government	135	38 %
	Rent from other private	78	22 %
	Total	355	100 %

Source: own survey, March -April 2016

### 4.3 Examining the Support Service System for the Micro and Small Enterprises

The support services are the supports that enterprises receive from local, regional and the federal government bodies. The support services mentioned in the FDRE MSE strategies of include provision of loan services, providing working premises, trainings, consultancies, and one-stop-services, organizing in clustering and others for the enterprises improved performances (FDRE, 2011; MUDC, 2013). The survey result shows that support services provision in Mecha woreda varies across the MSE sectors.

Table 10: Availability of government support with the MSE sectors cross tabulation

		MSE Sectors					Total	
		Manufacturing	Trade	Service	Construction	Urban Agri.		
Have the government provided support for the MSE?	No	Count	29	49	45	6	10	139
		Percent	31.9%	45.8%	42.5%	33.3%	30.3%	39.2%
	Yes	Count	62	58	61	12	23	216
		Percent	68.1%	54.2%	57.5%	66.7%	69.7%	60.8%
Total		Count	91	107	106	18	33	355
		Percent	100%	100%	100%	100%	100%	100%

Source: Own survey, March-April 2016

About 60.8% of the whole operators recognize the availability of government support but the remaining 39.2% of operators did not get support from the government. Government support provision was not uniform across various MSE sectors. Operators from the urban agriculture (69.7) followed by manufacturing (68.1%) and construction sector (66.7%) says that there exists government support to the MSEs. Similarly among the operators in the service sector about 57.5% of them say there is government support while the rest rejects it. On the other hand 54.2% of the trade sector operators accept the availability of government support whereas 45.8% of the trade sector operators say that there is no support for their MSEs from the government.

Hence we can see that government support is available for MSEs but the support varies across the MSE sectors in other words the MSES operating in the trade and service sectors seem to

be neglected than the urban agriculture, manufacturing and construction sectors. The provision of support services was made through categorizing the MSEs by sector and ownership form of the enterprises. As an interviewee states *“The MSEs who get special attention and encouragement were the Manufacturing, urban Agriculture, construction sectors. The three sectors are considered as development oriented sectors which can provide more job opportunities for the youth and requires better performance than the other sectors. In terms of ownership form, the MSEs operated through partnership are prioritized over the sole-proprietorship and the cooperatives because the cooperatives are not feasible and the sole-proprietorship did not provide more job opportunities so that little attention is given for them.”* (TVED office employee, Gizachew, Interview, 23, 3, 2016). He also said that *“government support service was provided for MSEs who were formally registered”*.

The major areas of services provided for the MSEs include availing loan services, providing working premises, trainings, and one-stop-services. Provision of finance for the MSEs was among the supports provided for the MSEs. The MSEs strategy of the FDRE government indicated that the government would facilitate provisions of loan services at preferential interest rate to small and micro enterprises (FDRE, 2011).

The MUDC assessments of the MSEs shows that support services were not reaching all MSEs in an equitable manner for instance those enterprises organized by the government receives an increasing formal training on production technologies than any other ownership forms. The cooperatives received the highest proportion of loan services and more proportions of enterprises organized by the government received working premises or land than other forms (MUDC, 2013). Likewise, Girum A., (2015) study shows the cooperatives benefited from the state support excessively, cooperatives have better access to training, credit, land, one stop services, and working premise than other forms of ownership.

Regarding the provision of finance in Mecha woreda the key informant interviewees said that *“credit services from micro financial institutions (ACSI) were facilitated to the MSEs. For those MSEs that cannot provide collateral, we write CPO for them to ACSI office as a form of guarantee to provide credits for the MSEs.”* But the MSEs operators expresses about the shortage of loan services to the enterprises, operators said that it is difficult to access loan from Banks and the ACSI and the available loans provision was not sufficient for running business. To put in their own words: *“the woreda ACSI office provides financial access if we fulfill collateral such as house and other permanent guarantees but we are unable to provide the*

*collateral requirements.* (MSE Operator, Teshome, FGD, 13, 04, 2016). One of the plausible reasons for the failure to bring credit service to the enterprises could be unavailability of enough money to be lent to the large number of MSEs existing in the sub-sector. Or, it can also be due to the height of service barriers which might push away potential borrowers. There are some MSE operators complaining about the existing system, for instituting a number of different criteria on borrowers to be eligible for the service. Similar to this result, the MUDC (2013) also assessed that majority of MSEs in regional towns of Ethiopia did not receive any credit services though there is variation in loan shortage across the assessed towns.

Training was among the support services provided by the Mecha woreda administration in collaboration with Merawi TVET College. The MSEs get training about record keeping, kaizen, business management, entrepreneurship. FGDs participants said that training were provided for the MSEs operators but the of selecting trainees was not fair. The MSE operators have many objections regarding the training provision in terms of the selection procedure and the quality of the training. There were some operators who honestly indicated that some of the so called trainers were less qualified, less experienced and were so new to the job to handle things. Even in some cases, operators were heard of articulating for having better knowledge and experience than trainers. *“Selection of trainees who have person relation with the officials... the trainings are not provided with competent trainers, the Trainers’ lacks skills and, sometimes the trainees excel the trainers in technical skills...for instance to train about entrepreneurship the our trainer was an ICT teacher in Merawi TVET College. In addition to these the trainings were not given frequently, when we start the enterprise we get the trainings once then they promise to provide trainings frequently but we never get trainings frequently”* (Operator, Abay, FGD, April 2, 2016). In addition to this the trainings were not provided frequently, in FGDs the operators said that trainings were given when they formalize their MSEs and in-service trainings were rare.

Likewise the MUDC (2013) MSEs survey show that many of the MSEs had not received any trainings; *“Of the total MSEs surveyed in the nation, about 76% indicated that they had not received such formal production skill enhancing trainings.”*

One center services are important establishments that can enhance support provision for MSEs. the MSEs strategy of FDRE the expresses *“one center service is a service established*

*to provide MSE to be involved in production and services legally, to be beneficiary from government support and to enable to provide services in an integrated, transparent and efficient way . One center services objective was to ensure legality of enterprise, facilitate enterprise growth and transition process through supplying services(FDRE, 2011)*

In Mecha woreda there is only one stop service center located at Wotet Abay town for providing support to the nearby MSEs. *“The one stop service is not accessible for the majority of the MSEs in Mecha, who mainly reside in and around the Merawi town. Due to transportation and information gaps, small number of operators were using from the one stop service most of them operates in Wotet Abay town. Besides, we have not hired the required personnel for the one stop service center due to budget constraints” (KII, Melkamu, April 6, 2016).* Generally we can conclude that the Federal and the regional governments emphasized the need to support the MSEs for reducing urban unemployment but their commitment in helping the growth of MSEs was not grounded and implemented at lower levels (woreda) as intended in the MSE strategies.

#### **4.4. The Challenges of Micro and Small Enterprises Growth**

There are various challenges the MSEs face in their operations which limits their growth (MUDC, 2013). In this study the participants were asked whether they strongly agree, agree, neutral, or disagree strongly disagree regarding the occurrence of various challenges and constraints' in their MSEs and the results were presented in table (10). The proposed challenges that the participants asked in the survey were shortage of finance, lack of technical skill, lack of working premises, lack of market linkages, shortage of electricity, inadequate support services, and lack of market information, negative attitude of the customers, shortage of raw materials, and shortage of land. These challenges and constraints of MSEs growth were selected through observing previous researches and assessments.

The survey result shows that the MSEs operating in the study area have encountered various challenges. The main challenges of MSEs as agreed by the majority of respondents were lack of market linkage, inadequate support service provision, and shortage of working premises, shortage of electricity supply, shortage of land and shortage of finance.

Other challenges which were identified by small proportion of the respondents includes negative attitude of customers to the MSEs, lack of market information, shortage of raw materials and the operators poor technical skill and ability. The FGD and key informant interview results also indicate the prevalence of most of those constraints identified in the survey as a major challenge. In the FGDs, operators have identified shortage of finance, shortage working and selling premise, poor market linkage, and shortage of electricity as the main constraints of their MSEs.

Table 11: The challenges of MSEs in Mecha Woreda

Challenges		Participant's Response on presence of the Challenges					Total
		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Lack of technical skill	Count	67	112	62	70	44	355
	Percent	18.9%	31.5%	17.5%	19.7%	12.4%	100
Shortage of finance	Count	33	99	34	142	47	355
	Percent	9.3 %	27.9 %	9.6 %	40 %	13.2 %	100
Lack of working Premises	Count	39	99	19	117	81	355
	Percent	11%	27.9%	5.4%	33%	22.8%	100
Inadequate support service	Count	33	92	24	126	80	355
	Percent	9.3 %	25.9 %	6.8 %	35.5 %	22.5 %	100
Lack of market linkages	Count	22	95	19	123	96	355
	Percent	6.2 %	26.8 %	5.4 %	34.6 %	27 %	100
Shortage of electricity	Count	67	56	28	70	134	355
	Percent	18.9 %	15.8 %	7.9 %	19.7 %	37.7 %	100
Lack of market information	Count	57	103	59	71	65	355
	Percent	16.1 %	29 %	16.6 %	20 %	18.3 %	100
Negative attitude of customers	Count	86	92	39	75	63	355
	Percent	24.2 %	25.9 %	11 %	21.1 %	17.7 %	100
Shortage of raw materials	Count	78	100	44	68	65	355
	Percent	22%	28.2%	12.4%	19.2%	18.3%	100
Shortage of land	Count	41	102	15	107	90	355
	Percent	11.5%	28.7%	4.2%	30.1%	25.4%	100

Source: own survey, March – April, 2016

**Shortage of finance:** The majority of MSE operators' faced financial shortages to run their MSEs. About 53.2% of the respondents said that they were unable to access sufficient finance while 37% of participants said that financial shortage was not their problem. In the FGDs, the discussant expressed that financial shortage handicapped their MSEs operations. *"The loan provision from ACSI is corrupted in which those operators who have good relation with the ACSI workers get the loan but it is difficult to get loan for the rest of us. ACSI office demands*

*us difficult collateral requirements such as house and immovable property. In addition to this the amount of loan provided by ACSI is smaller than our demand*” (MSE operator, Iyassu, FGD, 13, 04, 2016). The operators said that it was difficult to get loan from Banks and there are no alternative MFIs in the study area that could provide alternative financial services.

Various studies indicated that shortage of finance was among the critical challenges for MSEs operation in Ethiopia. Operators have faced shortage of finances for establishing and running the MSEs (F. Belay, 2012; Eshetu, Ketema, & Kassa, 2013; Gebrehiwot & Wolday, 2006; D. Mekonnen & Kassahun, 2013; Minilik & K.P.P, 2012; World Bank, 2011a).

Bereket, (2010) said that the MSEs financial shortages was more critical at the operational period than at initial time of business establishment. The government financial provision was not sufficient for the MSEs as Brhane (2011) has observed the problem in Debre-Markos MSEs for accessing to finance is that *“due to poor access to finance from banks and microfinance institutions, operators rely on traditional financial sources (Idir and Iqub), donation from families and own savings to start and expand their business”*. The MUDC (2013) puts finance among the main constraints of MSEs in Ethiopia.

**Lack of Market linkages:** it was identified as a major constraint for MSEs growth in Mecha woreda. About 62% of the operators accept that there was lack of market linkages for their MSEs, and about 33% said lack of market linkages was not a challenge for their MSEs and the rest were neutral. The MSEs face challenges for creating market linkages; even if the market linkages established they become seasonal and fluctuating as a result the markets were not reliable. The government officials (TVED office) stress the achievements of brought in creating market linkages through government efforts: *“The government facilitates market linkages made between the MSEs and government organizations, between the MSEs and other private organizations and among the MSEs themselves. The MSEs get a 7% bonus than other big enterprises to compete for government owned projects and bids. To facilitate market linkages the government prepares bazaar, advertisement of the MSEs products, and prepare Sunday markets used for MSEs. The Sunday market were prepared for those MSEs whose products have not been noticed by consumers and other related enterprises”* (TVED office employee, Gizachew, KII). But the MSE operators said that there was no market linkages created by the government *“ the government promised to create market linkages with universities, Hospitals and other organizations but nothing has been done until now, we are*

*waiting their promises*” (MSE Operator, Dessalegn, FGD, 13, 04, 2016). Mecha Woreda TVED office employees said that the MSEs has faced market problems and the cause of lack of market linkages were the MSE operators attitudes, as an interviewee said *“the operators want the government to do everything, lacks the enthusiasm to create new markets by themselves, the operators do not prioritize on producing quality product that enhance the customers trust on their produces.”* (TVED office employee, Alemayehu, interview, 26, 03, 2016). One thing is clear that market linkages were not created for MSEs and the linkages created were not sustainable, both the MSEs operators and the woreda government blame each other for the prevailing lack of market linkages which handicaps MSEs growth.

The shortage of market linkages that MSEs face is accompanied by shortage of raw materials especially operators in the urban agriculture sector were affected on the raw materials shortage. *“There is shortage of Fagulo, Birint and molasses. This inputs are too costly, and the market is fluctuating, sometimes we sell our oxen in a price of salt though we brought them by feeding in the price of sugar”* (MSE operator, Yetinayet, FGDs). The shortage of market linkages in Mecha woreda is supplemented with poor market information. As one of the urban agriculture operator explained: *“We did not have organized market information and the market is unpredictable. When we bring our livestock to market, operators from other places do the same so that the price of our oxen reduced and we sell them in a lower price”* (MSE operator, Yetinayet, FGD).

Minilek & Chinnan (2012) stated that marketing problem hinders the MSEs for employment generation. Mekonnen & Kassahun, (2013) also observed that lack of access to market was a significant challenge of the MSEs. Bizusew (2015) has observed a similar result on market linkages of the MSEs. According to her the market related challenges are caused by lack of market research, lack of market information, absence of market fairs, lack of product exhibition, lack of advertising, and operators require the government to alleviate thus market related challenges.

### **Shortage Electric supply:**

The MSEs require reliable power supply to carry out their activities (K. Belay et al., 2015). Shortage of electric supply was recognized as main constraint of MSEs, about 57% of the operators said that they face frequent power interruptions while 35 % said that shortage of

electric supply is not a problem for their MSEs. In Mecha woreda, the operators from the Manufacturing, construction and service sectors consider the frequent power interruption as a primary problem for their business. *“We often face power shortage for days we have no capacity to use other options such as fuel generators”*. (MSE operator, Ahmed, FGD, 28, 03, 2016). TVED office employees share the MSE operators' concern about the frequent power interruption affecting the MSEs' activities *“...the shortage of electric power affected MSEs whose operations rely on electricity such as grind mill, wood works, café and restaurants and metal works. The power interruption is more frequent in the towns of Riim, Gerchech, Wetet Abay and Amarit towns.”* (TVED office employee, Gizachew, KII, 23, 3, 2016). Shortage of electric supply and frequent power interruption was identified as a main problem of MSEs in various studies. Mekonnen & Kassahun (2013) finds out the poor infrastructure facilities such as electricity are main challenges of MSEs. Wolday Amha & Ageba, (2006) also stated that power interruption and shortage of electric supply handicaps the MSEs' growth.

Similarly K. Belay et al., (2015) indicated that the manufacturing and service sectors have faced the frequent power shortage which negatively affects the qualities of their goods and services.

**Shortage of Land:** shortage of land was identified as another challenge for the enterprises. About 55.5 % of the participants agreed shortage of land was a main challenge for their MSEs but about 40% of the operators did not accept shortage of land as a challenge for their MSEs. For some of the MSEs' sectors such as the trade (retail) land is not a priority in their business operations and the abundance or lack of it may not affect their growth but for other sectors, such as the urban agriculture, lack of land could wreck their MSEs' business. The FGD participants stress that they face a serious problem for accessing land. The shortage of land has hit hard those MSEs operating in the urban agriculture, the construction and manufacturing sectors. But the interviewees from the TVED offices say that there is shortage of land but the government is resolving land shortage by reserving land in the form of stocks from the town administration and distributing it for those MSEs operating in the urban agriculture sector but the construction and manufacturing sector operators could not get from the reserved stock of land. Relating to the findings in this study, the World Bank (2011a) observation states that shortage of land is a main challenge for MSEs operating in Ethiopia

next to shortage of finance. Relating to this the MUDC (2013) found that lack of access to land has been one of the most crucial bottlenecks against the growth of firms.

**Shortage of working premises:** In the survey, the majority of participants ( about 55.8%) agreed that lack of working premises was a main problem of their MSEs but about 39% of them did believe that shortage of working premises was not a challenge of their MSEs. Those who did not select lack of working premises could be operators who build the MSEs working and selling place themselves or have access to government owned shades.

Lack of working premises was selected among the primary challenges according to the FGDs participants *“We were unable to build the premises ourselves due to lack of finance and land, and it is too difficult to get premises built by the government especially at the center of town”* Operators who get government owned shades said that the working premises have weaknesses that affect their business operations. *“The size of premise (which was 3m by 3m) is smaller than the working places required for operating in the service and trade sectors so that the enterprises utilize the Verandah due to the small size of the shades”* (MSE operator, Leykun, FGDs). This indicates that the government was distributing inappropriately built shades and those small shades has negatively affected the business operations of the MSEs

The interviewees said that that: *“...to reduce the shortages of working premises, the government in collaboration with the community built and distribute shades but it was difficult to satisfy the high demand for working premises which was higher especially for those shades located at the center of the towns. We distribute shades by considering the sector of the MSE, permanent residence of the operator and the operator shall not own other working space. The MSEs are allowed for using the government built shades for a duration of five years, and if in case the MSE graduate/transfer/ to medium enterprise level or Survival, and if the place is need for industry zone the user will be forced to leave the shade before five years.”* (Chalie, Mecha woreda Government employee, interview, 26, 3. 2016)

The FGD participants has criticized the distribution of shades stating that *“the distribution of shades (premises) is not fair and it is corrupted and party loyalty and membership to ANDM is a hidden criterion to get the working premises, for the distribution of shades the performance of the MSEs in the precedent years was not taken in to consideration.”*

Various assessments and researches also indicated that Shortage of working premises was a major challenge that hinders the MSEs growth in Ethiopia (F. Belay, 2012; Eshetu et al., 2013; Minilek & Chinnan, 2012).

#### 4.5 Determinant Factors of the Micro and Small Enterprises Growth

The determinant factors for the MSEs growth were tested through a binary logistic regression model. The dependent variable was whether the MSEs are stagnant or growing. The binary logistic regression model was applied to estimate the effects of hypothesized independent variables on the growth status of MSEs.

Table (12): Binary logistic regression model result

Variables	B	Sig.	Exp(B)
Age	.113	.519	1.120
Sex	-.209	.596	.811
Educ. Level	-.050	.816	.951
Ownership form	-.079	.773	.924
Licensing	1.790***	.007	5.989
Record Keeping	1.645***	.000	5.183
Experience	1.646***	.000	5.187
Training	1.738***	.000	5.689
Premise Accessibility	.949***	.000	2.584
Shortage of finance	-.103	.475	.902
Lack of Market Linkage	-.440***	.001	.644
Gov't Support	1.478***	.000	4.385
Constant	-7.367	.000	.001
<b>-2Log likelihood</b>	<b>215.961</b>		
Model Chi-square	249.330	0.000	
Correctly predicted Survival MSEs			
Correctly predicted Growing MSEs	83.7%		
Overall cases correctly predicted			

Note: \*\*\* significant at 1% level.

Variables entered: Age, Sex, Educlevel, Licensing, ownrshipform, MSErecord, ExperienceOp, TrainOp, Govtsuport, Financeshort, Poormrkt, PremiseAccsibility.

Source: own survey, March-April 2016.

The binary logistic regression result indicates that the Availability of government support, Lack of market linkage, Accessibility of working premises for customers, Access to relevant training, Previous experience in a related business, Record keeping practice, Possession of license are the determinant and significant factors for MSEs growth.

**Availability of government support:** The availability of support from the government is statistically significant factor for the growth of MSEs at less than 1% level of significance and it has a positive relation with the MSEs growth. Enterprise who gets government support has a better opportunity to grow than those MSEs who did not get support services. The odds ratio shows that a unit increase in the availability of government support for enterprises would cause an increase in the growth of MSEs by 4.385 units. Berihu et al., (2014) study also supports this finding, he says that government support was essential for the MSEs and those enterprise who have utilized all available government support achieved better since the government provides resources, entrepreneurial training, and skill upgrading.

**Lack of Market linkages:** lack of market linkage was a significant factor for the growth of MSEs at less than 1% level of significance. Lack of market linkages has a negative relationship with the growth of MSEs; which means that MSEs that do not create dependable market linkages have a lower opportunity to grow than those MSEs that have dependable market opportunities. The odds ratio shows that a unit increase in lack of market linkages would adversely affect the growth of MSEs by 0.64 units. This indicates that access for better market linkage facilitates the growth of MSEs, but lack of market linkages will bring its failure.

**Accessibility of working premises:** accessibility of working premises for the customers positively affects MSE growth at less than 1% level of significance. Accessibility of working premises has a positive relationship with the MSEs growth. By looking at the odds ratio, an MSE whose working premises are accessible to customers has 2.584 times greater opportunity to grow than other MSEs whose working premise is inaccessible for customers. Accessibility of working premise to customers indicates access to market, the presence (or absence) of which can affect firm growth.

**Access to training:** Access for relevant training is a significant factor for MSEs growth at 1% level of significance. Access for training has positive relationship with the MSEs growth. The odds ratio indicates that a unit increase in access for training would cause a 5.689 units increase in the growth of MSE.

**Operators Previous work experience:** Previous experience in a related business affects the MSE growth at 1% significance level. Previous work experience and MSEs growth has positive relationships. By looking at the odds ratio, a unit increase in previous experience in a related business would cause a change in the growth of MSEs by 5.187 units. Berihu et al., (2014) also observed that previous work experience was a main factor for MSEs success and “...those who have worked as employees in factories in the formal sector tend to perform better. They utilize their accumulated experience and knowledge to lead their own business”.

**Record Keeping:** record keeping practice affects the growth of MSE positively at 1% significance level. Record keeping practice has positive relationships with the MSEs growth. The odds ratio shows that a unit increase in keeping records affects MSEs growth by 5.2 units. This impact could be the positive contribution of properly recording the overall activities of the business enterprises. Recording the profits and losses show for operators about the progress and failure of their enterprises and force the operators to made adjustments in the operations of their MSEs.

**Possession of a business license:** possessing License is another significant factor for MSEs growth, which is a determinant factor at less than 1% significance level. MSEs who are licensed grow 5.987 times much better than others who do not have business license. Possession of license was used as a pre-requisite for the MSEs to access the support services. Because the support services are provided for registered (licensed) MSEs this could positively affect their growth. Licensing also facilitates for market opportunities and enables the MSEs to compete for bids and contracts.

Age, Sex and education level of the operators and the MSEs ownership were insignificant factors that have no effect on the overall growth of the MSEs in Mecha woreda. The age of operators was an insignificant factor for the growth of MSEs at 5% level of significance. For Tarfasa, Behailu, Tadele, & Shiferaw, (2016) MSEs managed by relatively older persons grow more than those managed by younger persons. But in Mecha woreda the majority of the MSEs operators' age lies in the same generation in which about 30% of them are 15-24 age group and about 29% of them lies between 25-30 years (see table 7). Thus the operators

being in a relatively similar age group shows that they did not demonstrate variation in their skill and experiences for running business so that the impact of age on MSEs growth became insignificant factor.

Education level of the operators was an insignificant variable for the growth of MSEs at 5% level of significance. In contrast to this finding, Tarfasa, Behailu, Tadele, & Shiferaw, (2016) observed a different result on the effect of education level of operators on MSEs growth performance, they observed that Micro enterprises managed by individuals having secondary education (grades 9-12) and technical and vocational education training show higher growth performance compared with those with primary education, but growth performance gap due to variation in operators level of education was not observed among the small enterprises.

Variation in education level of operators being insignificant factors for MSEs growth in the study area could be because of the majority of operators in the study area are mainly primary school and secondary school graduates (see table 7) and at these levels of education students did not get training about to business operations and entrepreneurship so that primary and secondary school graduates could not have significant difference in knowledge, attitude and skill to run the MSEs.

#### 4.6 The Linkages of the Micro and Small Enterprises Growth with Households Food Security

In this study, the MSEs growth status was categorized into survival (not growing) and growing by using change in the size of employment as an indicator of enterprises growth ,and the food security level of households was categorized into food secure, moderately food insecure and severely food insecure which was done by using the HFIAS index result. Then the linkages of MSEs growth with households food security was assessed through chi-square test. The chi-square result was presented in table (13).

Table (13): Chi-square test result of MSEs growth status with food security level of households

		Level of food security				Chi-square Tests	
		Food secure	Moderately food insecure	Severely food insecure	Total		
<b>MSEs Growth Status</b>	Survival	Count	73	97	56	226	26.092***
		Percent	48.7%	72.4%	78.9%	63.7%	
	Growing	Count	77	37	15	129	
		Percent	51.3%	27.6%	21.1%	36.3%	
	Total	Count	150	134	71	355	
		Percent	100%	100%	100%	100%	

Note: \*\*\* indicates that coefficients are statistically significant at 1%.

Source: own survey, March-April, 2016

The survey result indicates that about 150 households were food secure from the whole participants in the survey and 134 households were moderately food insecure but 71 households were severely food insecure (see table 13). From the whole severely food insecure households 78.9 % of them works in an enterprises whose growth status is Survival and the rest 21% operators works at a growing MSEs. From those operators whose household

was moderately food insecure (134 households), about 72% of them works in a Survival MSE while 27.6% of them works in a growing MSE. About 150 households were food secured households and from those households 51.3 % of them works in a growing MSEs while the rest 48.7% works in a Survival MSEs.

The MSEs are the basis of livelihood for many urban dwellers and the MSEs sector is an integral component for addressing the urban food insecurity because food security in the urban SSA intersects with the MSEs in many ways: the MSEs employees women and other disadvantaged groups, high amount of urban food consumption sourced from the MSEs sector, and the existence of high urban poverty makes the poor to depend on the MSEs for food consumption (Fraser et al., 2014). The statistical result in this study indicates that the MSEs sector could play a key role for alleviating food insecurity.

The chi-square test result indicates that there is a significant relationship between the MSEs growth status and the households level of food security at 1% level of significance ( $\chi^2=26.092$ ,  $df=2$ ,  $p=.000$ ). In a chi-square test, we reject the null hypothesis if 2-sided significance reported in the last column and in the row corresponding to the Pearson Chi-Square is less than the significance level selected (5% or 10%) (Ajai & Sanjaya, 2009).

We can state the null hypothesis in this study as “*the operator’s household food security level is not dependent with the MSEs growth status*”. As it is clearly seen in table (13) the p- value (0.000) is less than the commonly accepted level (0.05) so that we can reject the null hypothesis. In other words the chi-square test indicates that there is a significance relation between the MSEs growth status and the households level of food security. From this result, we can claim that when the MSE grows then the food security status of operator’s households becomes better in other words the operator’s household’s food security status improves due to the growth of the MSE they own.

From the above statistics result (see table 13) we can pronounce that as the MSEs growth improves from survival to growth status, the operators households food security level improves but it does not mean that the MSEs growth did brought the eradication of food insecurity of households because there exists food insecure households even if their MSEs were growing.

A Key informant interviewee also supports the positive contribution of MSEs growth on the improvement of households food security status: *“The MSEs improve the operator’s income and enhance the ability of households to cover basic household expenses and enable them to send children to school in addition to the MSEs contribution to generate asset. The MSEs are showing strong performance for attaining food security and employment generation for instance in this year alone more than 2000 unemployed youth get jobs through the MSEs which will rise incomes and enable households to attain food security. The MSEs role for food security is more than the role of agriculture and the MSEs role for food security is irreplaceable. The MSEs require small capital and they could absorb larger unemployed, manpower and they ,are a bridge to economic development and through the MSEs the community not only attains food security but also is generating assets so that special attention shall be given for the MSEs.”* (Tariku, Mecha Woreda employee, interview, 8, 4, and 2016).

Studies on the role of MSEs for food security in Ethiopia shows that operating in an MSE does not bring a radical improvement in food security status but there is an improvement in the number of households who became food secured due to operating in MSE. For instance Siyum (2015) reported that the MSEs can decrease food shortage of the operators and increase income; those individuals who have been experiencing food shortage before joining the enterprises declines rapidly through operating in the micro and small enterprises. However Demis (2011) says many operators were unable to cover their food expenditure before establishing an MSE but there is an improvement in the number of individuals who were able to cover food expenses by operating the MSEs though the majority of operators in his study were unable to cover their food expenses. Demis (2011) study indicated that those who operate in the construction, retail and service, artisan and clothing, wood and metal work, food processing, show an improvement in covering their food expenses after joining MSEs but operators of the urban agriculture were unable to cover their food expenditures.

## **5. CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

In this chapter the conclusions and recommendations are discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to government bodies, to operators of MSEs and suggestion for other researchers.

### **5.2. CONCLUSIONS**

In Mecha woreda, the male operators dominate the MSE sector, and the majority of operators are married, in terms of education the high school graduates dominate the MSE sector; sole-proprietorship is the dominant form of MSE ownership.

The findings show that the support service system for the MSEs is provided by the government mainly the Mecha woreda TVED office, Merawi Administration town TVED office, Merawi TVET college, Mecha town ACSI branch office and the Amhara region TVED bureau. The support services provision varies across MSEs sectors, ownership form and growth stage. The construction, manufacturing and urban agriculture sectors are favored in the support provision and tagged as development oriented sectors and potential areas of employment generation. MSEs run through partnership are also prioritized than the cooperatives the sole-proprietorships. Formally registered MSEs receive better support than unregistered ones.

Finance, training, one center service, working premises (shades) were identified as the main areas of government support service. There exists an institutional framework for providing finance for MSEs but the MSEs operators condemned the difficult collateral requirements that prevents them to accessing loans from MFIs. Small amount of loan provision that could not enable to run businesses was also another weakness of the loan service as identified by MSEs operators. The one center service has a limited capacity to serve the entire MSEs in Mecha woreda. There is only one establishment located at Wotet-Abay town run by small personnel.

The main challenges that MSEs face in Mecha woreda were shortage of finance to start and run the MSEs: Shortage of working premises and (small size) of the premises built by the government, lack of market linkages, shortage of land, shortage of electric supply. The result

shows that frequent electric power interruption was affecting MSEs operation especially for those enterprises operating in the service, construction and manufacturing sectors. It was observed that the MSEs in Mecha woreda have financial shortages at initial period of business establishment and operational periods due to difficult collateral requirements to get loan from MFIs, unable to access financial (loan) provisions from alternative sources such as banks and smaller amount of loan provisions. The findings shows that MSEs have critical market problems and most of the enterprises did not establish reliable market linkages and brought their products and services in a traditional way to customers.

The logistic regression result indicates that the major determinant factors for the growth of MSEs are availability of government support, accessibility of working premises for customers, access for relevant training, prior work experience of the operators, record keeping practice at the MSE are a significant factors for the MSEs at 1% level of significance. These factors affect enterprises growth positively. Similarly lack of market linkages is a significant factor at 1% level of significance but negatively; this means that when an MSE does not have market linkages its growth will be significantly slower than MSEs who have market linkages.

The findings show that the MSEs growth has contributing for the improvement of households food security status. The chi-square result shows that there is a significant relationship between MSEs growth status and the operator's households food security at 1% level of significance. The households food security status of operators workings in a growing MSEs shows a better status than those who work in a stagnant MSE. This could happen through the income rise that the operators get from a growing MSE and subsequently increasing the ability to afford for the demands of households.

### 5.3. RECOMMENDATIONS

Based on findings of the research, I propose the following recommendations to be made.

The support system has many problems so that it needs to be improved through:

- Establishing additional one center services that could facilitate the support services.
- Setting a clear and objective criterion for the provision of the support services to MSEs.
- To broaden the financial support for MSEs, encouraging private MFIs institutions to involve in loan provision for MSEs in Mecha woreda. The MFIs and the TVED offices shall consider other ways to ease the difficult collateral requirements for loan provision.
- For the better performance of the MSEs, provision of training is crucial so that enhancing the capacity of the trainers, enlarging the personnel (trainers number) improving the contents of training and selecting the trainees objectively is among the interventions need to provide effective training for the MSEs.
- Possessing of a business license is a key to compete in market and to get support services so that the woreda government shall encourage the MSEs operators to possess license through awareness creation.
- In the discussion, electric power interruption was recognized as a main constraint that affects the MSEs operations especially for manufacturing, service and construction sector MSEs so that alleviating the problem is essential. In fact the Mecha woreda administration may not be able to solve the electric shortage but at least they can minimize the problem through providing fuel operated generators since provision of machinery was part of the support services to MSEs as indicated in the FDRE strategy of MSEs development (FDRE, 2011)
- The results show that the MSEs growth and food security has a positive relations, as the MSEs grows the households food security status improves. So the government shall have policy that target enhancing the MSEs growth so as to reduce urban food insecurity. The MSEs sector must be supported through strengthening municipal level capacity to address the nexus between urban food insecurity and informal economy and enhancing institutions that provide an enabling environment for informal enterprises.

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## Appendix I: Sample Survey Questionnaire

**Dear Sir/Madam:**

This questionnaire is prepared to collect data for a research entitled “*An Analysis of the Micro and Small Enterprises Growth and its Linkages with Food Security; the Case of Mecha Woreda in the Amhara Regional State.*” Hence you are selected to participate in the study as a sample and your participation is entirely voluntarily and the personal data that you provide here will be kept confidential and only used for academic purposes and your identity will not be disclosed or shared to anyone for these purposes please do not write your name and address in this questionnaire. The success of the research relays on the information you provide in this questionnaire so that please properly answer the questions and return the questionnaire as fast as you can. Thank you in advance for your kind cooperation and dedicating your time!

**General Direction:** For questions that provide multiple alternatives you can choose more than one alternative and put a “√” mark at the box in front of the alternative that you select; and for questions that require explanation please write precise explanations on the given blank space. In this questionnaire the Enterprise refers to the Micro and Small Enterprise in which you are operating.

### Section 1: Socio-Demographic characteristics of the Respondent

1. Age: \_\_\_\_\_

2. Sex: \_\_\_\_\_

3. Educational Level \_\_\_\_\_

4. Marital Status: A. Single  B. Married  C. Divorced

**Part 2: About the characteristics and Status of the Enterprise and operators.**

5. At which sector does the MSE operates?

- A. Manufacturing sector  B. Trade Sector  C. Construction Sector   
 D. Service Sector  E. Urban Agriculture sector

6. On which ownership structure does of the MSE that you are operating is functioning?

- A. Sole proprietorship  B. Cooperative  C. Partnership

7. Under which category the enterprise does belong? \_\_

- A. Micro enterprise  B. Small enterprise

8. Based on the TVED office category of enterprises growth, in which growth stage do your enterprise operates?

- A. Startup Stage  B. Growth Stage  C. Maturity stage

9. The following table is about the employment growth of the enterprise in the last five years (including this year) and at the first year of the enterprise’s establishment, please indicate the number of employees that works in your MSE.

i. When do you establish the enterprise? \_\_\_\_\_

ii. Please indicate the employees number in the enterprise here under the table

Employees	Years					
	Initial year	2011/12	2012/13	2013/14	2014/15	2015/16
Permanent						
Part-time						
Total						

10. In terms of the Enterprise income and employees increment, do you think that your enterprise is growing?

- A. Yes  B. No

11. Does the Enterprise have a business license?

A. Yes  B. No  C. I don't know

If your answer is "No" why the Enterprise does not have a business license? \_\_\_\_\_

12. Does the enterprise keep records (about input-outputs, sales and service delivery) on a regular basis?

A. Yes  B. No  C. I do not know

If your answer is "No" why the enterprise does not keep records? \_\_\_\_\_

13. Before you became an employee of the current enterprise, have you worked in other relevant business organization (enterprise)?

A. Yes  B. No

14. Do you get training that improves your work in the enterprise?

A. Yes  B. No  (if you answer no skip to question 15)

If your answer is "Yes" which organization offers the training? \_\_\_\_\_

On what subjects (issues) do you get training? \_\_\_\_\_

15. Does the enterprise have sufficient working premises?

A. Strongly agree  B. Agree  C. Neutral

D. Disagree  E. Strongly disagree

16. Is the working premise of the enterprise accessible for customers?

A. Strongly agree  B. Agree  C. Neutral

D. Disagree  E. Strongly disagree

17. Who owns the working premise of the Enterprise

A. self-ownership  B. Government ownership  C. Other private ownership

18. Have the government provided support for the MSE?

A. Yes

B. No

C I don't know

If your answer is "yes" specify the kind of support the Enterprise receives from the government. \_\_\_\_\_

### Section 3: Challenges for the Growth of Micro and Small Enterprises

19. In the following table the major challenges that could affect the MSEs growth are listed. Hence, show your agreement on the occurrence of the challenge in your MSE.

Challenges of the MSEs	The occurrence of the challenge in the MSE				
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1. Shortage of land					
2. Shortage of finance					
3. Shortage of working Premises					
4. Inadequate business Support Service					
5. Poor electricity supply					
6. Lack of technical skill and Ability					
7. Lack of adequate market linkages					
8. Shortage of raw material supply					
9. Negative attitude of customers					
10. Shortage of Market information					

**Section 4: Questions regarding the Respondent's household food (in) security status.**

The following questions targeted at measuring the household food insecurity access in the last one month. Dear respondent please read carefully and indicate and show whether the issue raised here happens in the previous one month in your household.

**Rarely** - means the issue happens once or twice in the past four weeks

**Sometimes** - mean the issue happened three to ten times in the past four weeks

**Often** - means the issue happened more than ten times in the past four weeks

1. In the past month did you worry that your household would not have enough food?

A. No  (skip to question 2) B. Yes

1.a How often did this happen?

1. Rarely  b). Sometimes  c). Often

2. In the past four weeks, were you or any household member not able to eat the kinds of foods you preferred because of a lack of resources?

A. No  (skip to Question 3) B. Yes

2.a How often did this Happen?

a). Rarely  b). Sometimes  c) Often

3. In the past four weeks, did you or any household member have to eat a limited variety of foods due to a lack of resources?

A. No  (skip to Question 3) B. Yes

3.a How often did this happen?

a) Rarely  b) Sometimes  c) Often

4. In the past few weeks, did you or any household member have to eat some foods that you really did not want to eat because of lack of resources to obtain other type of food?

A. No  (skip to question 5) B. Yes

4.a How often did this happen?

a) Rarely  b) Sometimes  c) Often

5. In the past few weeks, did you or any household member have to eat a smaller meal than you felt you needed because there was not enough food

A. No  (skip to question 6) B. Yes

5.a How often did this happen?

a). Rarely  b). Sometimes  c). Often

6. In the past few weeks, did you or any other household member have to eat fewer meals in a day because there was not enough food?

A. No  B. Yes

6.a How often did this Happen?

a). Rarely  b). Sometimes  c). Often

7. In the past few weeks, was there ever no food to eat of any kind in your household because of lack of resources to get food?

A. No  (skip to question 8) B. Yes

7.a How often did this Happen?

a). Rarely  b). Sometimes  c). Often

8. In the past few weeks did you or any household member go to sleep at night hungry because there was not enough food?

A. No  (skip to question 8) B. Yes

8.a How often did this happen?

a). Rarely  b). Sometimes  c). Often

9. In the past few weeks, did you or any household member go a whole day and night without eating anything because there was not enough food?

A. No  B. Yes

9.a How often did this happen?

a). Rarely  b). Sometimes  c). Often





ሀ. አዎ  ለ. አይደለም

መልስዎ “አይደለም” ከሆነ ለምን? \_\_\_\_\_

13. አሁን በሚኖሩት ኢንተርኔት ውስጥ ስራተኛ ከመሆንዎ በፊት በሌላ ኢንተርኔት ወይም የቢዝነስ ድርጅት ውስጥ ሰርተዋል?

ሀ. አዎ ሰርቻለሁ  ለ. አይ አልሰራሁም

14. \_\_\_\_\_ን ለማንቀሳቀስ የሚጠቀምና ከ\_\_\_\_\_

\_\_\_\_\_? ሀ. አዎ  ለ. አይደለም

\_\_\_\_\_ “\_\_\_\_\_” \_\_\_\_\_፤

ሀ. \_\_\_\_\_ ሰራተኛዎች ተቋም \_\_\_\_\_?

ለ. ስልጠና \_\_\_\_\_ በምን በምን ጉዳዮች ላይ ያተኮራ?

15. \_\_\_\_\_ ለ\_\_\_\_\_ ለ\_\_\_\_\_ ለ\_\_\_\_\_ ለ\_\_\_\_\_?

ሀ. በጣም እስማማለሁ  ለ. እስማማለሁ  ሐ. እርግጠኛ አይደለሁም  መ.

አልስማማም  ሠ. በጣም አልስማማም

16. የምትሰሩበት ቦታ ደምበኞቻችሁን በቀላሉ ለማግኘት አመቺ ነው?

ሀ. በጣም እስማማለሁ  ለ. እስማማለሁ  ሐ. እርግጠኛ አይደለሁም

መ. አልስማማም  ሠ. በጣም አልስማማም

17. የኢንተርኔት የመስሪያ ቦታ ባለቤቱ ማነው?

ሀ. የግል ይዘታ  ለ. በመንግስት የተስራ  ሐ. ከግለሰብ የተከራየነው

18. መንግስት ለኢንተርኔት ድጋፍ ለሰጠው ድጋፎችን ያደርጋል?

ሀ. አዎ  ለ. አይ አያደርግም

መልስዎ አዎ ከሆነ መንግስት ምን ምን አይነት ድጋፎች እንደሚያደርግ ያብራሩ

\_\_\_\_\_





