

Assessing the Challenges and Opportunities of Micro and Small Scale Enterprise for Economic Development in Shone Town

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ABSTRACT: *This study examines the challenges and opportunities of micro and small-scale enterprises for economic development of Shone town. The general objective of the study was to assess the challenges and opportunities of MSEs for economic development in Shone town. In this study mixed research design was used. Probable and non-probable sampling techniques were used. In this study there were 94 households are selected by using stratified, quota and simple random sampling techniques from 1685 households. This study used primary and secondary data sources were used. Primary data were collected through questionnaire, interview and observations and secondary data were collected from different written materials and documents. In this study both qualitative and quantitative method of data analysis were applied. MSEs have a crucial role because of their potential contribution to development of income distribution, employment creation, poverty reduction, industrial development and export growth and opportunities like providing a new and more important product and services, making products and services easily available, increase their income and improve their livelihood. However, these MSEs have constraints in socio-economic, institutional and physical (infrastructural) problems were identified. Based on the findings of the study different measures were recommended like giving training about the advantages of cooperation for works of MSEs, creating awareness where the respondents can produce and solve market place problems and market center small shops and giving for MSEs at minimum rate, the government should give material and technical support and other measures were recommended.*

KEYWORDS: business, development, entrepreneur, enterprise, micro-scale and small-scale, ,

INTRODUCTION

It is often argued that micro and small scale enterprises (MSEs) play a significant role in the creation of employment opportunity and in income generation for quite a large proportion of the population all over the world (Vanderberg, 2004). Micro and small scale enterprises have a

crucial role because of their potential contribution to development of income distribution, employment creation, poverty reduction, industrial development and export growth. For this reason, government has been supporting their micro and small scale enterprise extensively through many different programs and has played a crucial role in empowering MSEs in developing countries (Tambunan, 2006).

In most developing countries like Africa MSEs face constraints both at starting phase and after their establishment. The micro and small scale enterprises able to finance mostly from informal sectors like friend, families while medium and large enterprises obtains found from banks. These unequal accesses to finance by micro and small scale enterprises have undermined the role of micro and small scale enterprises in economic development in African countries (Bank, 2014) Micro and small scale enterprises make a huge contribution to employment in many developing countries where there is a challenge of high unemployment and poverty exists. But MSEs contribute to economic growth as an engine of development and vehicle towards fulfilling the development goal like poverty reduction through creating employment opportunity with and improvement of living standard (Chen, 2005).

Micro and small scale enterprises in Ethiopia contribute in creation of job opportunities and economic development (MOUDC, 2011). Regarding employment generation of MSEs in Ethiopia in the PSDEP period (2005/06-2009/10), it was planned to create 2.5 million employment opportunity. Accordingly, through 157,835MSEs1.46million opportunities were created (MOUDC, 2011). However, according to (Weldegebriel, 2012) micro and small scale enterprises face a lot of credit and loan, Lack of working space poor production techniques and input access constraints ,lack of information, inadequate market linkage etc. These problems are highly restricting the contribution of MSEs for socio economic development.In Shone town, there are a number of micro and small-scale enterprises, which play a vital role for economic development of the communities by creating job opportunities and minimizing unemployment and increasing communities' daily and monthly income. In the study area five MSEs that entrepreneur are organized which are under construction 594, under manufacturing 440, under service 449, under trade 272 and under urban farming 30. These enterprises contribute a lot for the study area in employment opportunity and economic growth.

Statement of the problem

Micro and small-scale enterprise play a great role in creating job opportunities and it intensifies in rising economy. However, the government of the Federal Democratic Republic of Ethiopia revised strategy (FDRE, 2011) identified constraints facing the development of Micro and small scale enterprises Sectors. These includes mismatch between credit demand and supply due to less capacity of most finance institutions to deliver service failure in working for sustainable and quality capacity building, absence of readiness to accept and use new technology and readiness for change, none in production and service they supply and lack of work commitments, lack of self-reliance spirit and innovative culture for job creation with actors.

In Shone town a number of Micro and small scale enterprises are established to play a vital role in economic growth and development of the households livelihood by increasing their per capital income, reduce unemployment, reduce poverty, provide new products and services in the study area. However, there are different challenges that affect Micro and small scale enterprises in the study area. These are related to socio-economic, physical (infrastructural) and institutional challenges that faces the growth of Micro and small scale enterprises in the study area.

So, one of the main reason motivated us in doing of this study was the existence of different challenges that affect the growth or performance micro and small scale enterprise institutions in Shone town and assess this problems that hinders Micro and small scale enterprises development in the study area like socio economic, institutional and physical(infrastructural) problems.

Objective of the study

General objective

The general objective of this study was to assess the challenges and opportunities of micro and small-scale enterprises in the case of Shone town.

Specific objectives

The specific objective of this study would be

- ❖ To identify the socio-economic, physical and institutional challenges that affect the growth of Micro and small scale enterprises in the study area.
- ❖ To assess the opportunities of Micro and small scale enterprises to be successful in the study area.
- ❖ To evaluate the economic and employment contribution of Micro and small scale enterprises in the study area.

Research question

Based on the above specific objectives the following research questions are derived:-

- What are the socio- economic, physical and institutional challenges that affect the growth of Micro and small scale enterprises in the study area?
- What are the opportunities of Micro and small scale enterprises to be successful in the study area?
- What are the economic and employment contribution of Micro and small scale enterprises in the study area?

Significance of the study

This study would be important for the government to achieve the sustainable development goal of poverty reduction. It also show direction to the policy makers and strategy designers, implementers and other management bodies for the sake of having attention to the problem and

to arrive appropriate solution for the existing problem of Micro and small scale enterprises by alleviating or reducing poverty. In addition to this, the study used for entrepreneurs to solve their problems and create awareness for the local community as well Micro and small scale enterprises. It enables Micro and small scale enterprises officers to identify the problem related to Micro and small scale enterprises to have a better plan for the plan. It will also use as a reference for future studies who have an interest in the area with similar themes of the study.

RESEARCH METHODS AND MATERIAL

Description of the Study Area

The study was conducted in Misrak Badawacho Woreda, which is located in Hadiya zone, South Nations Nationalities and Peoples Regional States (SNNPRS). The capital town of the Woreda is *Shone* that located at a distance of 345km away from Addis Ababa city on the way towards Wolaita Sodo, about 120km far from SNNP Regional city- Hawassa and about 97km far from Zonal town-Hossana. Geographically, the absolute location of the woreda is between 70 9'00'' to 80 15'00'' North latitude and 37 05' 00'' to 40 00' 00' East longitude. The relative location of Woreda is, it bounded by Mirab Badawacho Woreda to the west, Wolaita *zone* to the south, Kembata Tambero *zone* to the north, Alaba zone to the north east and by east Arsi Oromiya zone to the east (Addise, 2014; Woreda road transport office, 2015).

Shone Town is one of the fourth administrative *Towns* in Hadiya Zone of SNNPR. Shone *Town* is the administrative town of Misrak Badawacho Woreda.

RESEARCH METHODOLOGY

Research design

In this study, mixed research designs were used. Those were qualitative and quantitative approaches. The researcher used qualitative approaches to analyze the factors that affect Micro and small scale enterprises. The researcher collects by using observation and interview. In this study quantitative approaches was used to investigate the per capital income of the entrepreneurs before and after they engage in Micro and small scale enterprises.

Sample technique

This study used both probability and none probability sampling techniques. From probable sampling techniques used stratified sampling techniques, because entrepreneurs that engage on MSEs were heterogeneous found in different enterprises classified in to five enterprises. From none probability sampling technique used quota sampling to determine the size of the respondents for each group of association of the enterprise. Then the researchers knows the size of the sample of each group, and used simple random sampling techniques to select the sample that is identified by quota sampling technique.

Sample Size

The total population of Shone town is 92,530 (DTTAO, 2009). From the total population of 92530, the researcher consider at a house hold level that involve in micro and small scale enterprise association. So in the study area 1685 individuals are participating in micro and small scale enterprises in the year of 2009. From these under manufacturing 440, under construction 594, under service 449, under urban farming 30, and under trade organization 172 (DTTAO,2009). From 1685 households or five groups of associations or enterprises we determine the sample size by using (Yamane, 1967) formula

$$n = \frac{N}{1 + N(e)^2} = \frac{1685}{1 + 1685(0.01)^2} = \frac{1685}{1 + 16.85} = \frac{1685}{17.85} = 94.4 \approx 94$$

Where n is the sample size, N is the population size and it was taken the number of households of the town, as the unit of analysis of the study, and considering the fixed time and budget of the research, the investigator decided the confidence level of the study to be at 95% consequently the level of precision (e) is +5.

Table. 1 Number of respondents that engage in each type of enterprise and their sample

Enterprise	Enterprises that engage	Sample from each
Manufacturing	140	25
Construction	94	33
Service	149	25
Trade	172	10
Urban farming	30	2
Total	585	94

Data source

This study used both primary and secondary data sources in order to collect reliable data.

Primary data source: - in this study primary data source used. This includes those entrepreneurs engaged in different micro and small scale enterprises in the study area.

Secondary data sources: - to achieve the research objective secondary source of data also used .Secondary data sources from various sources which include published and unpublished materials like municipal documents, books, and Internet sources, research findings of various scholars on the topic under investigation, journals, and text books used.

Method of data collection

The primary and secondary data could be collected by using questioner, observation and interview. The questioners were prepared in both open ended and close-ended question to collect necessary information from selected household. The questioners were prepared in Amharic language. Because all the respondents can communicate im Amharic in the study area the

researcher uses open ended question to find out full information and to prove respondents full to comfortable and to rewrite their idea freely and also the researcher uses close ended questioner to find out what is needed by the researchers. From interview, the researcher used semi structured interview to get full qualitative and quantitative information about the respondents. And the researchers observed that the areas of MSEs and try to identify the visible problems and opportunities of MSEs.

Method of Data Analysis

This study used both qualitative and quantitative method of data analysis. The study used qualitative data to analyses the idea of the respondents attitude and knowledge in statement form (narration) that could be obtain from interview and used quantitative methods to analyses data from which are obtained through questioners result are expressed in the form of tables, charts, graphs and percentage.

DATA ANALYSIS AND INTERPRETATION

This chapter deals with description and explanation about the challenges and opportunities of MSES for economic development in Shone town. The data which has going to analyzed and interpreted was collected through questioner, observation and interview which get from respondents.

Age distribution of the respondents

Age distributions of the respondents are important for MSES in terms of productivity to work.

Table. 1 Age distribution of respondents

Age distribution	Frequency	Percentage (%)
18_28	46	49
29_39	30	32
40_50	13	13.8
>50	5	5.3
Total	94	100

Source: - Own survey, 2021

With regard to the age composition of the respondents, 49% of the respondents are found in 18-28 age categories while 32% of the respondents were found in the range of 29-39 years age group. Age groups 40-50, greater than 50 constituted 13.8%, 5.3% of the respondents respectively. The majority of the respondents or more than 94.8% were found in the age range of 18_50 years and the remaining 5.3% of the respondents were found in the age range above 50

years. This result shows that when the age of the respondents increases, the probability to engage in MSEs is decreases and most of the respondents were under the age range of 18_49 why, because they are more active compared to at the age range of above 50 years old, these shows the participation of the peoples which age have above 50 is low because these age groups are pensioner peoples and they are not active and productive

Sex distribution of the respondents

Sex distribution of the respondents in participation of Micro and small scale enterprises is important to look the labor division and to know about the male and female participation in MSES in the study area. According to the above figure 4.1 from the total 94respondent 58(61.7%) of the respondents were male and 38.3% of the respondents were female. This indicates there is no equal participation between male and female in the study area. As we get from interview information most of Micro and small scale enterprises in the study area were manufacturing, construction, and those are not comfortable for females, but the inverse is true for male. Generally, this shows that sex distribution is a factor for each type of business.

Educational status of the respondents

Education is essential for running of business. According to (UNESCO, 2006) in many countries the current level of basic education is low that is severely hinders development options and plans for a sustainable future. A higher education level is necessary to create jobs and industries that are greener or having lower environmental impact.

Table. 2 Educational levels of respondents

Educational status	Frequency	Percentage (%)
Illiterate	1	1.1
1_4	0	0
5_8	4	4.3
Secondary school(9_10)	17	18.1
Preparatory school(11_12)	10	10.6
TVET	30	31.9
College diploma	14	14.9
First Degree	18	19.1
Total	94	100

Source:-Own survey, 2021

From the table 4.3 shows that 31.9% of the respondents were have get training in TVET, 18.1% of the respondents learn up to secondary school (9-10), 19.1% of the respondents have first

degree, 14.9% of the respondents learn in college and got diploma and 1.1% of the respondents were illiterate and 4.3%, and 10.6% of the respondents were learn or attend in 5-8 and 11-12(preparatory school) respectively. This shows that most of the respondents can read and write and they can manage their business or their capital with a documented way.

Occupational status of the respondents before engaging MSEs

The main objective of MSES is to alleviate unemployment and poverty through creating job opportunity by increasing the income level of the respondent's .Thus the role of MSES should be seen with respect to employment creation and poverty reduction.

Table. 3 Occupational status of respondents before engaging in MSEs

Occupational status of respondents before engaging in MSEs	Frequency	(%)
Daily laborers	14	14.9
Engaged in private business	34	36.2
Employed in non-governmental organizations	3	3.2
Employed in governmental organizations	3	3.2
Un employed	40	42.5
Total	94	100

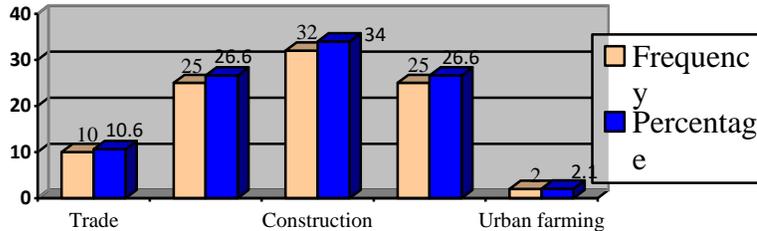
Source:-Own survey, 2020

The survey result shows in table 4.4 that most of the respondents 34(36.2%) and 40(42.5%) they engaged in MSEs were private workers and unemployed respectively and 14(14.9%) of the respondent were daily laborer and the least of 3 (3.2%) of the respondents were work in governmental and non-governmental organizations .In general the table indicated that MSEs are important instruments to absorb the unemployed labor .Hence MSEs can primarily benefit for poor who are unemployed and can bring development through improving their income.

Type of Micro and small scale enterprises that entrepreneurs engage

According to Vandenberg, 2004 MSEs play a great role in creating job opportunity, increasing their income and reducing poverty .In the study area Micro and small scale enterprises contributed significant roles for the communities in improving their way of life by creating different job opportunities and increasing their monthly income .The entrepreneurs in the Micro and small scale enterprises in this study were engaged in five pectoral types, namely, trade, service, manufacturing, urban agriculture and construction.

Figure. 1 Types of Micro and small scale enterprises that entrepreneurs engage



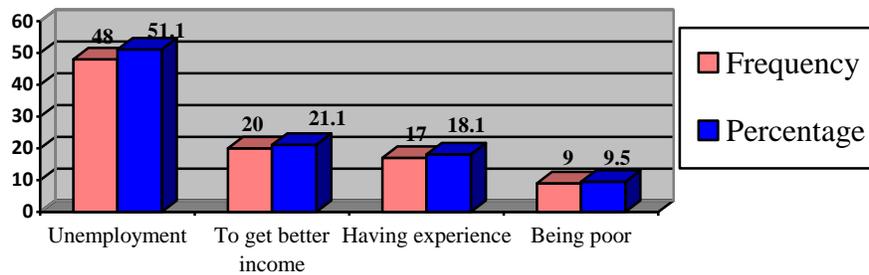
Source: - Own survey, 2020

The above figure .1 shows that 34%, 26.6%, 26.6%, 10.6% and 2.1% of the respondents were engaged in construction ,manufacturing, service, trade, and urban farming respectively .In general the table shows that construction and urban farming takes the maximum and minimum level of distribution in the study area respectively.

Reasons of respondents to engage in Micro and small scale enterprises

The reason to engage in MSEs is different from one person to the other. There are many reasons to engage in Micro and Small scale enterprises. From that reasons in the study area peoples engage in to Micro and small scale enterprises because of to get better income, being poor, unemployment and having experience to the business are the reasons to engage in Micro and small scale enterprises.

Figure. 2 Reasons of respondents to engage in MSEs



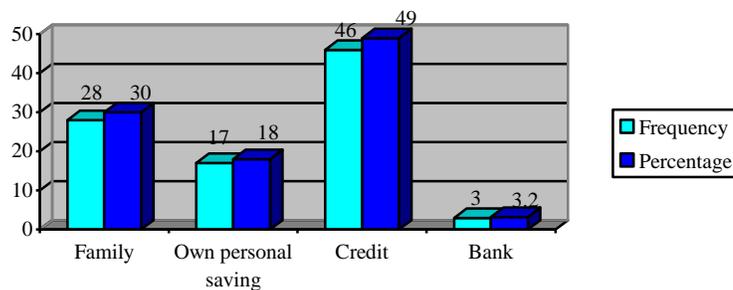
Source:-Own survey, 2021

The above figure 2, shows that 51.1% of the respondents were unemployed, 21.3% of the respondents engaged in Micro and small scale enterprises to get better income, 18.1% of the respondents that engage in MSEs due to having experience before engaging to the enterprise and 9.5% of the respondents engaged in Micro and small scale enterprises because of being poor (to fulfill their basic needs).

Source of finance to start the business

Starting one’s own business requires seed money (initial capital) over and above the existence of business ideas. In order to capture information regarding the relative importance of various sources of finance, enterprise owners or managers were asked whether they had received credit from a given list of sources of finance such as micro finance institutions, banks, families, own saving or iqqub.

Figure. 3 Sources of finance



Source:-Own survey, 2021

Figure 3, shows that the principal source of startup money for the Micro and small scale enterprises in the study area. A large portion (48.9%) of the respondents started their business by borrowing money from credit(micro finance institutions) and 29.8% of the respondents (enterprises) obtained money from family ,18.1% and 3.2% of the respondents were obtained money from own personal saving and bank respectively .

Table. 4 Income of respondents

Income birr/month	Before they engage in MSEs		After they engage in MSEs	
	Frequency	Percentage (%)	Frequency	Percentage (%)
150_500	42	44.7	6	6.4
500_1000	27	28.7	15	16
1000_1500	19	20.2	22	23.4
1500_2000	4	4.3	18	19.1
>2000	2	2.1	33	35.1
Total	94	100	94	100

Source:-Own survey, 2018

According to table.4 the income of the respondents before engaging in MSEs most of the respondents (44.7%) income ranges between 150_500 and few of the respondents (4.3%) income range >2000 and in contrary to this the income of the respondents after they engaged in MSEs most of the respondents(35.1%) range at the income level >2000 and few of the respondents(6.4%) income ranges 150_500 .In general as the table shows that MSEs important

for improving(increasing) the income level of the respondents by creating different job opportunities. However, few of the respondents still now under the income range of 150_500 due to different challenges like socioeconomic, institutional and infrastructural problems.

Outcomes of Micro and small scale enterprises profit

MSEs play a significant role in the creation of employment opportunity and in income generation. So the entrepreneurs used the profit that get from MSEs for different purposes like for expansion of the business, for house hold consumption, and save in to financial institutions for contingency of the future. The above figure,4 reveals that the profitable enterprises utilize their profit for business expansion (46.8%),for house hold consumption (37.2%) ,and 16% of the respondents save in to the bank .

Challenges of MSEs

According to legal empowerment of the poor commission (2006) Micro and small scale enterprises faces challenges at starting up and during operational phase .These challenges are socio economic, institutional and physical (infrastructural) problems .In the study area these challenges tackle the growth of Micro and small scale enterprises.

Socio economic challenges

There are many challenges which affect the growth or performance of Micro and small scale enterprises. From these challenges socio economic challenges are the one which affect the growth of MSEs greatly. According to (commission, 2006) faces crucial constraints of socio economic problems both at starting and operational level like lack of sufficient marketing, raw material problem, lack of business cooperation among enterprises and others are socio economic challenges which affect the growth or performance of Micro and small scale enterprises.

Table 5 Socio economic challenges

Socio economic challenges of MSEs	Level of the problem					
		High	Medium	Low	None	Total
Lack of raw material	Freq.	32	42	17	3	94
	Percent	34	44.7	18.1	3.2	100
Lack of business cooperation among enterprises	Freq.	37	33	14	10	94
	percent	39.4	35.1	14.9	10.6	100
Problem of credit access	Freq.	43	26	16	9	94
	percent	45.7	27.7	17	9.6	100
Market linkage problem	Freq.	49	21	15	9	94
	percent	52.1	22.3	16	9.6	100

Source:-Own survey, 2021

The above table shows a number of socio economic challenges that emerge in the study area that could affect the growth and performance of Micro and small scale enterprises.

The series socio economic challenges are :-

Raw material problems:-According to (Muchie, 2009) raw material is a basic component for the existence of the MSEs since they create a back ward linkage and demand for other sector products. In the study area raw material problems are problems which affect the growth and performance of Micro and small scale enterprises. In the study area 34% of the respondents have high raw material problems 44.7%, 18% of the respondents would have medium and low raw material problem and 3.2% of the respondents that engage in MSEs would have no raw material problem. Lack of business cooperation among enterprises: - 39.4% of the respondents would have high business cooperation problem, 35%, 14.9% of the respondents would have a medium and low business cooperation problem and 10.6% of the respondents have not business cooperation problem.

Lack of access to credit: According to legal empowerment of the poor commission, 2009 access to finance is a major bottleneck for the rapid growth and development of Micro and small scale enterprises. However, in the study area respondents borrowed money from formal financial institutions such as micro finance institutions and banks were asked about the adequacy the amount of credit they had received. As the table.5 indicated that 45.7% of the respondents responded high, 27.7%, 17% of the respondents would have high credit (finance) problem and 9.6% of the respondents have no a problem of lack of access to finance. This implies that 45.7% of the respondents have a problem of lack of access to finance means that the formal financial institutions were not meeting the credit demands of their clients.

Lack of sufficient market linkage: - As the above table shows one of the most common challenges is facing the growth of MSEs is the weak links among them self and with other institutions .When we observe market linkage situation in table 4.6 indicated a high proportion (52.1%) of the respondents responded high, 22.3% of the respondents responded medium lack of sufficient market, 16% of the respondent were responded low and 9.6% of the respondents responded that have no market linkage problem.

Institutional challenges on Micro and small scale enterprises

MSEs Plays a great role in creating job opportunities and it improves the livelihood of the people. However, these MSEs face for different challenges. From these challenges, institutional challenges are the one which affect the growth or performance of Micro and small scale enterprises. According to (Mulugeta, 2011) there are many institutional challenges which affect the growth of Micro and small scale enterprises like absence of training, poor monitoring, complex loan procedure and other institutional challenges are identified.

Table, 6 Institutional challenges of Micro and small scale enterprises

Institutional challenges in MSEs	Level of the problem					
		High	Medi	Low	None	Total
Absence of training	Freq.	46	34	8	6	94
	Percent	49	36.2	8.5	6.4	100
Poor monitoring from MSEs	Freq.	38	38	14	4	94
	percent	40.4	40.4	14.9	4.3	100
Complex loan procedure	Freq.	44	36	8	6	94
	percent	47	38.2	8.5	6.3	100

Source:-Own survey, 2021

As the table 6, shows institutional challenges that are absence of training, poor monitoring and complex loan procedures that affect the growth of Micro and small scale enterprises. Most of the respondents (49%) would have high absence of training .In addition to this 36.2% ,8.5% of the respondents would have medium and low training problem respectively and 6.4% of the respondents have no the problem of absence of training .

The problem of poor monitoring: - Monitoring is important to sustain the growth and development of Micro and small scale enterprises. However, the above table shows 40.4% of the respondents were high monitoring problem ,40.4% of the respondents were get medium monitoring problem and 14.9 % of the respondents have get low monitoring problem and 4.3% of the respondents has no a problem of monitoring .This shows that in the study the problem of monitoring activity were high .Because 40.4% of the respondents cannot get monitoring activity .In addition to this complex loan procedure is another problem 47% of the respondents were fussing in high complex procedure ,38.2% of the respondents have medium complex procedure ,8.5% of the respondents have low complex loan procedure and 6.3% of the respondents have no problem about it .

Infrastructural problem on MSEs

Infrastructure is important for the growth of MSEs. However, in the study area there are different infrastructural problems which affect the growth of Micro and small scale enterprises like lack of water service, lack of electricity service, lack of telecommunication service.

Table. 7 Infrastructural problems on MSEs

Infrastructural problems of MSEs	Level of the problem					
		High	Medium	Low	None	Total
Lack of electricity service	Freq	74	13	3	4	94
	Percent	78.7	13.8	3.2	4.3	100
Lack of water service	Freq	71	16	3	4	94
	Percent	75.5	17	3.2	4.3	100
Lack of communication service	Freq	20	18	24	32	94
	Percent	21.3	19.1	25.5	34	100

Source:-Own survey, 2021

In the above table 7, shows that the problem of lack of electricity service 78.7% of the respondents fall high lack of electricity service, 13.8% of the respondents fall medium electricity service problem, 3.2% of the respondents falls the problem of electricity service is low and 4.3% of the respondents have no problem of electricity service. The other infrastructural problem is lack of water service .water essential for all. In the above table of lack of water service many of the respondents (75%) fall high water problem,17% of the respondents fall medium water service problem ,3.2% of the respondents have a low water service problem and 4.3% of the respondents have no a water service problem .

The other infrastructural problem is lack of communication (telephone) services. Telephone is important to exchange information about the business .But in the study area there is communication (telephone) service problem, but entrepreneurs do not worry about telephone service due to mobile phone. In this study 21.3% of the respondents would have high telephone service problem,19.1% of the respondents have medium telephone service problem and 25.5% of the respondents were low communication(telephone) service problem and 34% of the respondents haven't a problem of telephone (communication) service .They cannot worry about telephone service, they use mobile phone .

Generally, as we observed and interview some respondents and Micro and small scale enterprises officers, there are many problems which affect the growth or performance of MSEs in the study area. This problems effect are different from one type of enterprise to the other .For example when we see the effect of electricity service is a more bottleneck problem in manufacturing and construction enterprises than trade, urban farming and services. And the same thing to this the effect of other challenges is different from one enterprise to the other.

Opportunities that entrepreneurs (communities) get from MSEs

One of the main concerns of this study was to assess the important role of MSEs in employment creation. As the information that we get from questionnaire and interview MSEs get many opportunities at starting and operational stage to themselves and the community like they get training in working and saving habit, they get work place, build cooperation work habit, and these MSEs give opportunities to the community in creating a lot of employment for the poor and unemployed peoples .This MSEs would have opportunity for providing a new and more important products and services, making products and services easily available and for themselves these MSEs create mental satisfaction, increase their income and improve their livelihood.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study focused on the challenges and opportunities of micro and small scale enterprises (MSEs) for economic development in the study area. For this success, the study examines relevant MSEs and their opportunities for development in Shone town.

The study sample involved sectors of MSEs of the Shone town. Therefore, the study assessed the challenges and opportunities of MSEs in the study area. The respondents enterprises state that has constraints of socio economic ,institutional and physical(infrastructural) problems to start up the lack of market linkage ,lack of credit access , absence of training, poor monitoring from MSEs ,complex loan procedure, raw material problem, lack of business cooperation ,lack of water ,electricity and communication(telephone) service are the main problems for the respondents work . opportunities of MSEs were seen in case of improving the life of each household, generate job opportunities, provide goods and services easily and provide new products by indigenous knowledge and increase the ability of the respondents saving capacity and habit and most of the respondents livelihood standard were changed from its former lowered livelihood condition. Even though the MSEs are faced with several problems that tackles the work of the entrepreneurs however, by challenging these factors it becomes more and more productive and create further opportunities for socio economic development.

Recommendations

The main target of this paper was to identify the major challenges and opportunities of MSEs and how it might be improve the people's livelihood. Thus, based on the findings of the study the following measures are recommended.

- Creating awareness where the respondents can produce and solve market place problem and construct market center small shops and giving for the micro and small enterprises at minimum rate.
- Establishing the market information centers that could collect, analysis, stores and disseminate market related information such as prices, sources of input potential market, consumers need in the town.
- The government should organize and create access to credit for facilitate of businesses to the MSEs.
- MSEs Offices should give training on the practice of MSEs, saving habit and managerial skill to the MSEs association members.
- There should be Collaboration with non-governmental organizations to alleviate the challenges and develop the association of MSEs.
- Encourage the establishment of more training, technology and demonstration centers that provides training and basic technical services to MSEs in Shone town.

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