

Impact of Micro and Small Scale Enterprises on Improving Socio-Economic Status of Women in Ethiopia: The Case of Hawassa City

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Abstracts

Developing countries like Ethiopia are facing extreme poverty, unemployment specially women and youths. To pull out these countries from these problems, Micro and Small Scale Enterprises (MSSEs) are coming in to picture as one of the important remedial development tool for poverty reduction.

This study has dealt with impact of MSSEs on improving socio-economic status of women in Hawassa City. The data used in the study was collected using survey method from primary sources using questionnaire, interviews, personal observations and focus group discussions while secondary data were collected through reviewing the documents, books and scholars research journals.

Techniques of data analysis used in the research work include Chi square tests, ANOVA, Paired sample T-tests and descriptive statistics. In the study, 266 MSSEs owners were participated as a sample of the study by using simple random sampling and stratified sampling design.

The findings and the data of the study show that MSSEs are played vital role on improving the socio-economic status of women in the study area even though their participation is limited compared to their counter parts.

However, despite of their contribution, MSSEs faced problems like shortage of working capital, lack of market and market linkage, lack of improved technologies, inflexible collateral system, inadequate infrastructure and training, etc....

Finally, the study pinouts the important recommendations for the intervention of the problems associated with MSSEs in reducing poverty prevailed on women population in the study area.

Key words: Micro and Small Scale Enterprises, Unemployment, Socio-economic Status of women, Poverty and Development and Developing Countries

Chapter One: Introduction

1.1. Background to the Study

Developed countries have productive Micro, Small and Medium Industries for achieving high living standards without losing price competitiveness, since goods and services produced with more productive workers can be sold at lower prices without sacrificing high wages. However, in emerging and developing countries creating productive job for growing labour force through Micro, Small and Medium Industries is paramount in the struggling to eradicate poverty and improve living standards (ILO, 2011).

Developing countries find themselves to protect against volatile commodity prices and external financing conditions, in some cases through more restrictive macroeconomic policies and reserve accumulation, thereby contributing to the lack of global aggregate demand. On the other hand, they need to step up investment to sustain higher growth and reorient their economies towards faster poverty reduction and more sustainable growth through industrialization. However, the quality of growth should not deprive important groups of workers of decent jobs—not just the working poor mainly the youth (United Nations, 2011).

Micro and Small scale industries (MSSIs) are presumed to be useful for developing countries not only because they provide employment opportunities, but also because they usually used to generate income and reduce the level of poverty. Ethiopia, like many developing countries suffers from severe poverty, unemployment, income inequality, and low per capita income problems and it is the least in any ranking indices related to the stages of the development. Most of the Ethiopian population is categorized under low productivity and employment with little opportunity for increasing income specially women and youths.

According to the Ethiopian Central Statistical Agency (ECSCA) in 2013, Ethiopia is the second most populous country in Sub Saharan Africa with the population of over 98 million in 2019. Due to its high population growth and other related factors such as unemployment, low per capita income, high income inequalities, and poor infrastructures, most of the people of the country are living below poverty level.

Beyond pervasive poverty, structural impediments to growth, low level of human development, dependency in unproductive agriculture and its poor leadership orientations towards the entrepreneurship are some of the reasons for low contribution of private sector. In developing countries like Ethiopia, after 1990 done structural adjustment for decentralization and practiced market oriented economies to enhance private sectors aiming to increase economic development. Thus, the main known structural transformation was made at the end of 1991, was transformed Ethiopian economy from command economy to market oriented economy. Due to this, the relative role of the private sector is being enhanced by the new economic policy with the acknowledged intent of creating an enabling environment for private business.

Towards this goal, developing countries like Ethiopia, was designed the 1st and 2nd Growth and Transformation Plan (GTP) with paying due attention to the promotion and development of Micro and Small Scale Enterprises (MSSEs) to reduce poverty and unemployment. But the participation of women and youths in economic activities in developing countries is very low. As a result, MSSEs are considered as important engines to overcome the challenges of unemployment, poverty and income inequalities mainly prevailed among women and youth population. To this effect, Ethiopia has formulated a National Micro and Small Scale Enterprise (MSSE) Development and Promotion Strategy in 1997 and revised in 2011 and 2015 (Ministry of Urban Development and Housing, 2016).

In the MSSEs strategy, fostering the capacity of women entrepreneurship and business ownership has given due attention to reduce poverty and inequality in Ethiopia. According to UN Women, the global economy could see as much as US\$ 28 trillion growth by 2025, if women participate equally as men in entrepreneurship. Unfortunately, women MSME entrepreneurs, particularly those from rural poor communities, are often further disadvantaged in

growing their business, lacking land deeds and collateral needed to access formal sources of credit. Despite this, a 99.6% repayment rate was found in the Women's Entrepreneur Development Project (WEDP) funded by the World Bank in Ethiopia in 2014 (Women Entrepreneurs can drive economic growth, 2017).

Hence, this study attempts to assess the impact of MSSEs on Women's Socio-Economic Status in Hawassa city.

1.2. Statement of the Problem

According to the World Bank Survey Report (2004), Ethiopian Urban Informal Sector unemployment of male and female during 1995 to 2001 were 39 and 65 percent; while the youth unemployment for both male and female were 19 and 26 percent respectively. Additionally, the survey showed that between the year 1999 and 2000, the percentage of people in Ethiopia who were living below poverty line in rural and urban areas were 45 and 37 respectively and national poverty line was 44.2 percent. However, according to the Gini-Coefficient or the head count index of the country in 1995 was about 29.2 percent, but it was decreased to 23.4 percent in 2015 and its inequality is still very high (World Bank survey, 2018) where Gini Coefficient equal to zero shows perfect equality and 1 shows perfect inequality.

In this connection, the largest proportion of poor in 1994 was found in Mekele, Hawassa, Addis Ababa, Jimma, and Dessie, respectively (Ravallion, 1996). As a result, MSSEs were considered as an important tool to settle problems of unemployment, income inequalities, low per capita income, low standard of living and extreme poverty. On the effect of these problems, Ethiopia was revised urban development strategy in 2015, which had four development pillars: support for MSSEs and job creation, integrated housing development, improved land infrastructure and services and promoting urban-rural and urban-urban linkages by reducing urban unemployment by 20% that attributes to the poverty reduction (MWUD, 2016).

Moreover, in SNNPR the MSSEs development program was in May, 2009 to promote and develop the sector at its full capacity. But according to the SNNPR's Bureau of Trade and Industry statistical abstract report (June, 2010), 15,267 potential MSSEs employing 36,688 workers. From these, Hawassa city alone contributed 6,142 potential MSSE sectors, which employed 10,009 workers. This shows the contribution of the sector in absorbing huge labor force in general is still minimal compared to the population of the region and the study areas. On the other hand, there is shortage of the study to identify the problems related to the MSSEs development and expansion in the study areas including limited access to credit, lack of promotion support, lack of working premises and lack of skill improvements and lack of research centers to disseminate improved technologies.

Thus, this study tried to identify the impact of MSSEs on women's Socio-Economic Status in Ethiopia in the case of Hawassa city.

1.3. Objectives of the Study

1. To assess the general participation of woman ownership of MSSEs in the study area.
2. To pinout the role of MSSES in improving the socio-economic status of women after intervention in the study area.
3. To suggest possible solutions for the problems identified.

Chapter Two: - Reviews of Literature

2.1. Introduction

Various approaches and theories were made to reduce poverty and to promote the manufacturing sector at different times since 1960s. The modernization theory was one of them, which were developed during 1950s and 1960s for the objective of reducing poverty through GNP growth. The strategy aimed to define modernization from core developed areas to less developed peripheries. To realize its aims, injection of investment and import substitution through industrialization were made in practice to achieve the intended GNP growth in the third world countries (E. Thorbecke, 2000).

However, this approach was not condemned for not recognizing the indigenous capacities and efforts of developing countries to solve the problems of poverty, unemployment and income inequalities prevailed in developing countries. Thus, because of the failures of development strategy the intended objectives are not succeeded. As a result, another development strategy was developed in 1970s to improve the level of living standards of the poor people. Based on this, the promotion of the manufacturing industries was taken as an intervention tool to reduce the problem of unemployment and hence to reduce poverty through the development of private sectors. In this effect, MSSEs had got great attention for they have potentials to absorb labor-force and increase the income of women.

2.2 Theories of MSSEs

Various theories were developed on the development of MSSEs at different times. For example, Tambunnan (2006) was developed two theories regarding MSSEs: the Classical and the Modern theories. The classical theory- states that poverty and the importance of micro and small scale enterprises development correlate positively. In the course of rapid economic growth, the economic share of MSSEs declined; while, those of large and modern enterprises dominate the economy. In other words, the higher the proportions of people living in poverty, the more will be the contribution of MSSEs in reducing poverty. This theory is however criticized for neglecting the economic growth of MSSEs through networking and clustering. It only focused on the relationship between the level of income and the growth of MSSEs. Due to these short comings of this theory, the modern view was emerged in 1980s.

The modern theory- postulates that the major reason for the emergence of the notion of flexible specialization was the long debate of how to interpret the new global pattern of production caused by globalization forces and industrial restructuring. Global production had transformed from mass to individual production system and flexible specialization is the result of this debate. Hence, according to Tambunnan (2006), flexible specialization or modern theory has three characteristics:

1. Flexible and specialization- firms in the community form part of abounded community which outsiders are largely excluded.
2. High levels of competitive innovation- there is a continuous pressure on firms in the community to promote innovation in order to keep an edge of their competitor and
3. High level of cooperation- there is a limited competition among firms in the community over wages and working conditions encouraging greater cooperation among them.

2.3 Definition of MSSEs

There is no commonly agreed definition or success criterion for Micro and Small Scale Enterprises in the world. Instead there is a wide range of definitions and measures of MSSEs depending on the level of each country's economic development, nature of development policy of the particular country, number of employees, capital invested in the sector, turn over income, technological advancement and types of jobs used by the sector. Based on this, the standard criteria for categorizing firms by size include: the number of employees, total net assets, volume of sales and level of capital investment. According to the World Bank 2009 survey of 132 countries covered, 46 countries defined MSMEs as those having 250 employees, and in 29 countries variables other than the total employees are used. Among such other variables the number of employees differentiated by industry, annual turnover and investment (Kushnir, Khrystyna, 2010).

Moreover, African development Bank, 2015, defined MSEs based on size and make differences between small and medium by the loan size operated by the sector. But in Ethiopia, MSEs are defined by the size of employees and total asset they have owned. Accordingly, in Ethiopia, enterprises those have and own less ≤ 5 employees and owned 100,000 total asset and enterprises those have 6- 30 employees and operated total asset between 101,000 and 1,500,000 are defined as Micro and Small Enterprises respectively.

2.4 Development of Micro and Small Scale Enterprises

The vast majority of firms around the world fall into the category of micro, small- or medium-sized enterprises (SMEs). In terms of enterprises, more than 95 percent fall into this category, but even in terms of employment in low- and lower-middle-income countries, more than 50 percent of employees work in companies with fewer than 100 employees (Ayyagari, Demircug-Kunt and Maksimovic, 2011a). While in the 18th and 19th centuries, manufacturing industries took place in workers in cottage or in small workshop. Through the production process, the industrial productivity motivated the division of labor and linked with the process of market availability (Hallberg, 2000). After the emergence of steam power, small scale manufacturing's was dominated the economic activities. Later on, France, Germany and Russia became the owner of large factories. In the mid of 1960s about half of the entire value of the output of manufacturing in developing countries was contributed /by industries which produce food staffs, beverages, and textiles. This structure was typical of the initial stage of industrialization (Geiger and Armstrong, 1964).

The subsistence economy is provided most raw materials necessary for shelter, clothing, Utensils, containers and other objects. These products were made by the specialized groups of Artisans with in local areas. Each members of the community received a share of the total output in accordance with his/her status and in immemorial customs governing the distribution of income. Gradually, local and long distance trade was developed and there came a competition in the production of goods in the international markets. As a result, improving both quality and quantity of products had become a paramount importance and the role of MSSEs for better production was given due attention (Frank, 1964).

In Ethiopia, the MSSEs sector was neglected for long period of time. The socio-cultural and political problems were the main obstacles for the development of the private enterprises including MSSEs. This is because of lack of enterprise culture, lack of positive attitudes towards MSSEs and the out casting of those people or groups of people engaged in the sector, etc..... One example on the casting out those groups of people was the considerations given for weavers and leather product producers and as a result this approach contributed to hinder the development and promotion of MSSEs in Ethiopia (Adil, 2007).

Rweyemamu (1980) identified that there were about 52,000 small scale and cottage manufacturing establishments employing 223,000 workers during 1957 in Ethiopia. However, these establishments were highly discouraged by those bad cultures towards the sector. Their importance for poverty reduction was not well recognized. It was after 1980s that the importance of MSSEs for poverty reduction, improving production, empowering people, and reducing unemployment had been recognized well than before.

After 1990s, through the adoption of decentralization and market economy, the private sector including MSSEs were provided promotional supports by the Ethiopian Government. The already existing MSSEs and the emerging ones were indiscriminately encouraged. As a result, many NGO's, and researchers were diverting their interest towards MSSEs in order to support grass root developments of enterprises (Wolday, 1997). To date, due to the precedence rate of growth of urban population in developing countries expected to continue and with increasing failure of the rural and urban agricultural sector to absorb additions to the labor force, more attention is being devoted to the role Micro and Small sector in serving as a solution for growing unemployment, poverty and income inequality.

2.5 The Policy Environment on the Ethiopian MSSEs

Industrial growth in Ethiopia is very young phenomenon which include cottage and small scale manufacturing enterprises such as the black smith, poetry, weaving and metal and woodworks and made the country to be remained in the grip of subsistence economy. But after 1991st, Ethiopia exercised decentralization policy and entered into the market economy. In addition, the country developed different policies towards poverty reduction. The Agricultural Development Led Industrialization (ADLI) was designed to increase the productivity of the agricultural sector and thereby to form both backward and forward linkages to the industrial sector. It was intended to achieve rapid growth in the agricultural sector and finally to promote and develop the manufacturing sector (MOI, 2015).

Moreover, after ADLI, a five year development strategy called a Plan for Accelerated and Sustained Development to End Poverty (PASDEP) 2005/06 to 2009/10, which was focusing mainly on poverty reduction both in the rural and urban Ethiopia, was developed. In this strategy, the unemployment level and increasing the income of individuals were the main focus areas. Hence, as an instrument, MSSEs were given a due attention to achieve those objectives in urban Ethiopia. Therefore, different strategies were designed towards the promotion of MSSEs. The 2015 revised Development Strategy Document and the report of Industrial Development Strategy of Ethiopia were some of the outcomes of policies towards MSSEs. In the document, great emphases was given to MSSEs and enabling institutional and policy environments which were expected to make easier and supportive to promote and expand the sector (MoUDH, 2016).

Nowadays, in Ethiopia, according to MOTI (2015) report, great attention is given for the development of MSSEs as they are believed that they can achieve rapid development through reducing unemployment and income inequalities and improving the living standards of the people at large. To achieve those objectives, potential sub-sectors were selected by the Federal Bureau of MSSEs on the basis of large market size, employment absorption capacity, short period of return over investment and the high role of the play for the poverty reduction. These sub-sectors include: Textiles and garments, Construction, Metal and Woodworks, Food processing, urban agriculture and municipal activities. Hence, different stakeholders were made to work in the promotion of MSSEs and bureaus were allocated at different local levels to provide one stop shop services to all existing and emerging enterprises. Likewise, the Bureau of SNNPR Trade and Industry (2015) was also revised ten years MSSEs Development Program to support and promote the sector in the region.

Chapter Three Research Methods and Data Sources

3.1. Introduction to the Study Area

Hawassa is the capital city of SNNPR and the Sidama Zone. It is sub-divided into eight sub-cities and 32 kebeles. The city has a population of 387,087 (CSA, 2009). Additionally, 6,142 MSSEs were found with employing 10,009 workers in the city (SNNPR Bureau of Trade and Industry, 2009). From those sub cities Menaharia, Bahil Adarash and Mehal Ketema sub-cities were selected for this study, which were laid at central part of the city. As a result of their location, they share large number of trading activities and services than others in the city as well as unemployed people who seek jobs in the area. Thus, the sub cities have been exposed to the socio-economic and environmental problems that aggravate unemployment and poverty. Therefore, the city as well as sub-cities has engaged to run MSSEs program aiming to reduce unemployment, poverty and income inequalities between genders.

3.2. Data sources

The sources of data were primary and secondary. The primary sources of data were collected through field research based on questionnaires, interviews, personal observation and focus group discussions. Secondary sources of data were collected from different published and unpublished documents, books, journals and magazines and government policies and reports.

3.3. Sampling Design

The study design to be employed in this study was the survey design including both quantitative and qualitative approaches. This study was focused both on potential MSSE sectors those were given due attention within MSSEs Development Strategy: Textile and Garments, Construction, Metal and Woodwork, Food Processing, Urban Agriculture and Municipal based activities. In order to generate reliable data, MSSEs from Menaharia (1,434) Bahil Adarash (1,000) and Mehal-Ketema (977) sub cities respectively were selected purposely because the researcher has observed the identified research problem in those areas. Accordingly, 7.8 percent of 3,411 MSSEs were taken as a sample of the study. Based on this 266 were taken as a sample of the study proportionately from MSSE's potential sectors using stratified sampling technique. Additionally, simple random sampling method was used to select the respondents for questionnaire administration and disproportionate stratified sampling tool was used to select 18 MSSE operators for FGDs and interviews.

3.4. Methods of Data Collection

Data were collected from targeted population by using survey method through quantitative to collect data using open and close ended questions to get information on household asset building, and participation of women and problems of MSSEs. While qualitative data were collected from focus group discussions, personal observations and key informant interviews were used to check the validity and reliability of the data.

Finally, the data collected were scrutinized for completeness and correctness. Inconsistent responses were validated and errors were corrected by re-contacting participants and the document was revised and the final data were coded.

3.5. Methods of Data Analysis

The data collected through the above methods and tools were properly analyzed by different ways. The quantitative data were analyzed through the help of Statistical Package for Social Sciences (SPSS) such as Frequency Tables, Chi Square Test(cross tabs), ANOVA, Paired Sample T-Tests, Pie Charts, Bar Graphs, Histograms, Percentages,

Mean, Median and Modes to facilitate the analysis and interpretation of the data collected. The qualitative data were analyzed through narrations, descriptions and discussions by organizing them into themes and issues.

Chapter Four: Results and Discussions of the Study

4.1.1. Ownership of Enterprises

No	Types of enterprise	Frequency			percentages
		Male	Female	Total	
1	Textile & garments	28	11	39	14.7
2	Construction	47	11	58	21.8
3	Metal & woodworks	46	4	50	18.8
4	Food processing	27	41	68	25.6
5	Urban agriculture	13	6	19	7.1
6	Municipal works	8	24	32	12.0
	Total	169	97	266	100

Source: Primary Data, 2010

As shown in the above Table 4.1.1 regarding the participation of women, it is possible to say women participation is progressively increasing than before. But the distribution of men and female in the ownership of the business enterprises is significantly different ($\chi^2 = 63.673$, $df = 5$, $P < 0.001$). In the sectors like food processing and municipal works, the owners are predominantly females while in the textile and garments, construction, metal and woodworks, and urban agriculture the owners are entirely men dominant.

Table 4.1.2. Age Characteristics of Respondents

No	Age group	Frequency			percentages
		Male	Female	Total	
1	18-28	68	43	111	41.7
2	29-39	86	40	126	47.4%
3	40-50	12	13	25	9.4%
4	51-60	3	1	4	1.5
	Total	169	97	266	100

Source: Primary Data, 2010

Table 4.1.2. shows that the age characteristics of the respondents that includes 41.7%, 47.4%, 9.4% and 1.5% are found in the age group 18-28, 29-39, 40-50 and 51-60, respectively. Generally, it is possible to conclude that MSSEs are benefitting all working age groups more significantly the youth and adults (with the age group of 18-28 and 29-39) and their contributions for employment generation are very important.

Table 4.1.3. Education level of Respondents

No	Educational level	Frequency			percentages
		Male	Female	Total	
1	Read and write	18	8	26	9.8%
2	Less than grade	31	15	46	17.3%
3	Grade 9-10	21	20	41	15.4%
4	Grade 11-12	31	31	62	23.3%
5	College/TVET diploma	62	23	85	32%
6	BA degree	6	0	6	2.3%
	Total	169	97	266	100

Source: Primary Data, 2010

As indicated in the table 4.1.3. Owners of the enterprises are in the different status of educational levels. Of the 266 respondents 26 (9.8%) can read and write and 46 (17.3%) are less than grade 9. Likewise, those who are grade 9-10 and grade 11-12 are 41 (15.4%) and 62 (23.3%), respectively and those who hold TVET and college diploma and university BA degree are 85 (32%) and 6 (2.3%), respectively; however, none is attending more than BA degree. Hence, from the educational levels mentioned above, it is possible to say that large proportions of the participants in MSSEs are those completed their secondary school education (grade 9-10 and grade 11-12), those who could not join the colleges and universities. In general, these are also groups of population who are unemployed in governmental and nongovernmental offices. On the other hand, those who hold TVET and college diploma are 85 (32%) respondents which are mainly benefitted from MSSEs while individuals who are holding BA degree are only 6 (2.3%) respondents who are the least beneficiaries from MSSEs development program in the study areas. This is may be due to the fact that BA degree holders may not be interested to participate in such activities, rather to search another job on their professions in government and nongovernmental offices.

4.2. Characteristics of Enterprises and Entrepreneurs'

Under this part, the characteristics of enterprises and entrepreneurs are discussed. As it is shown in the methodology part, six potential sectors of MSSEs are attempted to be included in the study. Hence, according to the survey of MSSEs in Menaharia, Bahil Adarash and Mehal-Ketema sub-cities of the sectors which include: Textile and garments, Construction, Metal and woodworks, Food processing, urban agriculture and Municipal works are the part of the study. Concerning the years of establishments of enterprises, most are young which are established after and between 2004 and 2009 which can be shown in the following table.

Figure 4.2.1 Year of Establishment of Enterprises

Year of establishment	Frequency	Percentage	Cumulative percentage
1976	1	0.4%	0.4%
1994	1	0.4%	0.8%
1995	3	1.1%	1.9%
1996	2	0.8%	2.7%
1998	6	2.3%	5.0%
2000	4	1.5%	6.5%
2002	4	1.5%	8.0%
2003	2	0.8%	8.8%
2004	14	5.3%	14.1%
2005	21	7.9%	22.0%
2006	18	6.8%	28.8%
2007	46	17.3%	46.1%
2008	69	25.9%	72.0%
2009	68	25.6%	97.6%
2010	7	2.4%	100%
Total	266	100%	

Source: Primary Data, 2010

As indicated in the Figure 4.2.1 the 23 (8.8%) enterprises are established between 1976 and 2003. Similarly, 236 (88.8%) enterprises are established between 2004 and 2009 and only 7 (2.4%) enterprises are established during 2010. Hence, it is concluded that most of the surveyed enterprises are too young but able to change the income of the participants in the sector.

The nature of the respondents and their earlier occupations before owning the business enterprises are shown in the Table 4.2.1. Accordingly, 216 (81.2%) respondents are owners, 41 (15.4%) respondents are legal delegates of

the enterprises and 9 (3.4%) are managers of the enterprises. This shows most of the business enterprises are run by the owners. This fact was also assured by the interviews of officials at operational levels that the owners themselves are encouraged and advised to run their business in order to facilitate productivity and to promote their experience and creativities.

Respondents are also asked about the ownership of working premises of their enterprises and their respective responses are depicted in the table 4.3.2 below:

Figure 4.2.2. Ownership of working premise

Types of ownership	Frequency		Total	Percentage	Cumulative percentage
	Male	Female			
Ours	38	20	58	21.8%	21.8%
Rented from government	17	23	40	15.0%	36.8%
Rented from private owners	107	52	159	59.8%	96.6%
Rented from private owners	7	2	9	3.4%	100%
Total	169	97	266	100%	

Source: Fieldwork (Survey, 2010)

As shown in the Table 4.2.2, the large numbers of enterprises (159 or 59.8%) are working in the premises those are rented from private house owners. On the other hand, 58 (21.8%) and 9 (3.4%) are working on their own and on inherited premises. But only 40 (15%) enterprises are running their businesses at government rented premises. This indicates that most enterprises had neither government owned nor their own premises to run and promote their business activities. So it may be concluded that, the government and nongovernmental organizations should work in facilitating the working premises for enterprises those have potential to increase income of the individuals and economic development of the country as well as the study areas and hence play significant role in poverty reduction.

Table 4.2.3 Benefits of Women from MSSEs establishment

In your enterprise the status of income earner females increased on not?	Frequency	Percent	Percentage	Cumulative percentage
Increased	187		70.3%	70.3%
Not increased	79		29.7%	100%
Total	266		100%	
if your household is benefited from income of employed women, you're benefited or not				
Benefited	109		41%	41%
Not benefited	157		59%	100%
Total	266		100%	
What is your opinion on the capacity of women having job than jobless for poverty reduction?				
Increased	228		85.7%	85.7%
Not increased	22		8.3%	94%
Remained the same	16		6%	100%
Total	266		100	

Source: Fieldwork (Survey, 2010)

Table 4.2.3 indicates the contributions of MSSEs for increase in income and improvements of women's status. Hence, 70.3% of the respondents replied that in their enterprises/or households, women earning income have increased while 29.7% responded negatively. Similarly, respondents were asked if their household is benefited from income of employed women and 157 (59%) indicated that they not benefited; while 109 (41%) responded otherwise. The respondents were asked to give their opinion and perception on the women who have job has better

chance for poverty reduction than jobless or not. Accordingly, 228 (85.7%) of the respondents replied that such capacities of employed women have better chance for poverty reduction. On the other hand, 22 (8.3%) and 16 (6%) respondents replied that their capacities for poverty reduction have not increased and they remained as it was, respectively.

To sum up, because of employments of women in the enterprises, most households are benefitted from the income of women and thereby contribution of poverty reduction is increasing. These are the benefits of MSSEs to improve women's income and as a result to improve the status of them. Most respondents indicated that there is the general increase in the income of female earning during the survey time.

Chapter Five: Conclusions and recommendations

5.1 Conclusions

MSSEs are absorbing the labor forces of the less educated, the unemployed youths, women, men and those who are unable to graduate from high schools, colleges/TVETs and universities. Even though, there is limitation in the participation of women in MSSE's ownership and employment, there is progressive income of women involved in the sector that has been improved their living conditions and their social and economic status. Similarly, increase in income of women can also result in better income distributions and increase their capacities to expend on their food, clothing, housing facilities, medications, schooling and different ceremonies.

Women, who are employed in governmental and non-governmental offices are relatively few in number and restricted in indoor activities, are beneficiaries from the employment created by MSSEs and as a result their income and status have been improving through time. In general, MSSEs are contributing a lot for increasing income of women and youths involved in the sector and fastening the urban development as well as the study areas through rising saving capacities of owners of the enterprises and thereby creating the bases for industrialization in developing countries like Ethiopia that has greater role for reducing poverty, income inequalities and unemployment.

Although MSSEs have significant roles for poverty reduction in urban areas of Ethiopia, there is still very low number of women's and youths are participating in the sector in number and owned capital for running their business.

But regarding the expansion of MSSEs aiming to reduce urban poverty associated with women and youth population, they are facing with multi-dimensional problems like lack of working capitals, shortages and poor qualities of raw materials, lack of markets, lack of improved technology, inadequate and shortage of working premises (including manufacturing or service giving spaces, display rooms, selling rooms, etc.), high interest rates and high collateral requirements, bureaucracies in credit provisions, inadequate training and business support services, poor infrastructures, lack designs for their products/or services and the like are the main hindering factors of the developments and expansion of MSSEs.

5.2. Recommendations

On the bases of the major findings of the study, the following recommendations have been drawn with the view to increase the contributions of MSSEs for poverty reduction in Hawassa city in general and in the study area in particular.

1. There should be available and adequate credit for MSSEs both at the start-up levels and during operation which is very essential for achieving the objectives of enterprises in poverty reductions. Even if MSSEs

need small start-up capital, indigenous knowledge and local raw materials to run their business compared to the medium and large enterprises, it is revealed in the study that most have no access to credits from MFIs and other financial institutions due to high interest rates and high collateral requirements specially women and youths. Additionally, from the study it is revealed that there is an unnecessary bureaucracy in credit provision that hinders the attraction MSSEs to get loan for their business. Hence, there should be fair adjustments of the interest rates and collateral requirements based on respective types of enterprises that will facilitate the way for women. Therefore, the government and non-government organizations should facilitate financial support by providing adequate amount of loans with fair interest rates through avoiding unnecessary bureaucratic chains for MSSEs both at the start-up levels and during their operations.

2. The study attempted to show the contributions of MSSEs for participation of women as the owners of enterprises and increase their income. As it is revealed in the study, women's participation is better in food processing and municipal activities than other potential sectors of MSSEs. Therefore, women entrepreneurs should also be supported and encouraged in order to make them to participate in both sectors for employment generation to themselves and their families to increase their decision making capacity in their households and to contribute for the economic development of the country as well as for the study area.
3. One of the important factors that determine the productivity, the quality and the quantity of the products/services of MSSEs is the availability and quality of the raw materials they used in the process of their productions/services. As it is found in the study, MSSEs faced with inadequate and poor quality supplies of raw materials for their products/services. Therefore, there should be strong market linkages between suppliers of raw materials and MSSEs that can be facilitated by the government, NGOs and enterprise owners by setting specifications and signing written agreements for the requirements of raw materials quality and quantity.
4. There should be continuous improvements on the market of the products/services from MSSEs in the study areas. The government and non-governmental organizations should promote and encourage MSSEs through: creating market segmentations/linkages, providing adequate information as to where they sell their products/services, providing the facilities of show rooms, selling rooms, advertising their products/services in different media, facilitating bazars and exhibitions of MSSEs in various times for the purpose of creating customers' demands for products/services of MSSEs specially by focusing on women and youth. In general, developing market research is very important to predict about the future market trends of MSSEs and to take the necessary solutions for the problems beforehand.
5. The government and non-government bodies should support MSSEs in supplying improved technologies at fair prices which is very essential for the sector to improve the productivities of their products/services and thereby to increase the income of women and youth and thereby to develop their capacity to reduce poverty, income inequality and unemployment.
6. Infrastructural problems are also one of the problems of MSSEs that need more efforts in the study areas. Hence, problems like inadequate and shortage of working premises including manufacturing service providing spaces, display and selling rooms, storage transport facilities, inadequate supply of electricity, etc. facilities should be improved and reduced by the all stakeholders of the MSSEs.
7. Finally, the researcher believes that the overall development cannot be achieved in the study areas only by MSSEs. Hence, integrated development programs have to be developed and further research should be conducted on different areas which directly or indirectly have impacts on improving the socio-economic status women and youths in Ethiopia.

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