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Internal Determinants of Micro and Small Enterprises, In the Case of Wolaita Sodo Town, Southern Ethiopia

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Abstract

This paper discusses the internal challenges of group-based micro and small enterprises established in the year 2010-2015 in Wolaita Sodo town. The research design used was descriptive statistical method. From the seventy-three enterprises targeted, 65 enterprises are purposely taken. From each of these enterprises, their respective chairpersons were chosen by non-probability sampling; and with probability sampling, one member from each of the sampled enterprises was chosen. Primary and secondary data were used in this research. Internally, inconvenient working and market places, insufficiency of initial capital and use of new technologies, inadequacy of pre-training, on-job training and managerial skill development, low and moderate work motivation, absence of the use of demand-supply analysis, lack of intra-enterprise regular meeting and low saving culture were found as major constraints in this study. The town and sub-town MSE offices are highly expected to provide trainings, awareness creations and encouragements for the enterprises to let them motivated, stay in the enterprises, use demand-supply analysis, schedule intra-enterprise meetings, raising of saving culture and help them in searching for extra market. The MSE offices should post the needed prerequisites for the applicants to reduce redundant appointment to get the respective services. Promotion and encouragement, provision of information and transfer of new technologies, consultancy and advisory services, opening of free market and searching for extra market are highly required for smooth and healthy functioning from the town and sub-town MSE offices as well as municipality.

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Micro Enterprises, Small Enterprises, Internal Constraints, Demand-Supply Analysis, Skill Development

Introduction

The micro and small-entrepreneurial sector assumes particular importance in Ethiopia. According to the CSA Survey (2003), there are almost 590,000 MSEs in Ethiopia. 99.4 per cent of which are micro-enterprises with fewer than 10 employees, accounting for 88.2 per cent of private sector employment. However, this figure significantly underestimates the total number of micro-enterprises, because it ignores the number of people informally in subsistence "income-generating' activities.

The important role of micro and small-scale enterprises as a source of income and employment to poor households is a widely acknowledged fact in many developing countries. Detailed surveys in a number of these countries suggest that as many as a quarter of all people of working age are engaged in micro and small enterprise activities (Mead and Liedholm, 1998). In addition, micro and small enterprises are the basis for large industrial development. They are these small industries that did develop to medium and large size factories in many of the today's industrialized nations (UNCTAD, 2000).

In Ethiopia, although significant strides have been attempted to allow MSEs to be created, formidable obstacles militate against their development both against the existing MSEs or those that aspire to setup.

Some of the most critical and leading factors constraining the MSE sector in the country include, among others, access to financial capital and credit, lack of access to premises and land, lack of infrastructure, lack of training on entrepreneurial and management skills, lack of incentives, lack of information on business opportunities, and social and cultural factors and the policy environment, etc. (Wolday Amha et al., 1997).

Even though the government has given high attention for the expansion and development of MSE, the sector could not show the expected change or its progress is too passive in Wolaita Sodo town. In addition, some of the enterprises in the town are collapsing and becoming non-functional (SNNPRS WUDB, 2007).

Study area

The study area, Sodo town is located in Wolaita zone of Southern Ethiopia. The town lies within the coordinates from 60 46‘00‘’ North to 6054’ 00”North Latitude and 370 42’ 00’’East to 370 50’ 00‘’ East Longitude and it covers a total area of 91, 829 km^2 (Fig. 1). Regionally, the study area is located in Southern Ethiopia at a distance of 157 kms far from regional capital, Hawassa on the way to Addis Ababa -Arbaminch near Abaya, the southern rift valley lake.

The area has been chosen because of the fast rate of urbanization and little studies were made on it. Uncontrolled urban growth is one of the main problems that reduce the limited highly fertile agricultural land surrounding the town. The altitudinal range of the town is between 1840 to 2660m a.m.s.l.

The climatic condition of the study area is mainly sub-tropical in nature. According to the Office of Agriculture and Natural Resource Development of Wolaita Zone [ANRDZ] (2010), the study area experiences Woina-Dega (sub-tropical) Agro-climate. The annual average temperature of the study area is 17.50c. In addition, the area has an average annual precipitation of 1,225mm. (Tamirat, 1993) indicates that the majority of the soils of the study area were Vertisols black soils with characteristics of high clay content.

Materials and Methods

Research design

The research design used in this study is more of descriptive nature simply to assess the existence and extent of internal challenges that the group-based MSEs face since their organization through the operation of the firms. Descriptive statistical analyses of quantitative method for frequencies and percentages as well as charts and graphs with the use of SPSS are used.

Sampling techniques

Wolaita Sodo town administration had 73 group-based package enterprises which were established in between 2010-2015 in five sectors: construction, food complex, wood and metal works, textile and tailoring and urban agriculture. The construction sector shares 34 - enterprises constituting 46.5 percent, food complex has 19 enterprises or 26 percent, wood and metal works 12 enterprises (16.5 percent), textile and tailoring 4 enterprises (5.5 percent) and the same proportion is operating under the urban agriculture sector.

Due to their greater proportion in number of enterprises, the first three, i.e. construction, food complex, wood and metal works sectors, with the total number of 65 firms were purposely taken in to consideration for this study. From each of these enterprises, their respective chairpersons were chosen with non-probability sampling realizing that they have information about the overall condition of their enterprises and to assess their managerial skill. But, with probability sampling, one member from each of the 65 enterprises is chosen considering that these members provide information for the existence of the challenges in addition to their respective chairpersons.

Nature and source of data

Both primary and secondary data are used in this research for the effective completion of the study. The primary data were solely information about the challenges collected through questionnaire from the chairpersons and members, key informants, the focus group discussants and the informal discussants of the field observation. The secondary ones were from reference books, journals, magazines and web-sites to organize the study background, problem of the study and review of related literatures.

Data collection tools

The required data were collected through questionnaire provided for the selected respondents, interview conducted with the key informants and formal discussion held with the focus group discussants. Furthermore, the researcher's empirical observation of some of the enterprises and informal discussion with some of the sub-towns MSE office workers was used additionally.

Internal challenges of micro and small enterprises in Wolaita Sodo Town

Micro and small enterprises in Wolaita Sodo Town

As table 1 shows, the majority of the enterprises which are established from 2010-2015 are dominated by construction sector (46.5 percent) are followed by food complex (26 percent) and metal and wood work sector (16.5 percent). Textile and tailoring and urban agriculture are few each representing 5.5 percent.

Size of Enterprises by Number of Memberships

As table 2 indicates, 35.4percent of the enterprises have 16-20 members followed by 30.8 percent of 11-15 members and 18.5 percent of 6-10 ones.

Convenience of the Location of Working and Market Place

The majority of the enterprises (35.4percent) are found at commercial district followed by 24.6 percent along the roads in the town and 15.4 percent at the outskirt of the town. Others, located in between, constitute 24.6 percent as to table 3.

According to the same table, 47.7percent of the whole enterprises have inconvenience of their working and market place while 52.3 percent do not have. In their reasons for inconvenience, some stated as its location being at the outskirt of the town while others as problem from renters, exposure to dust and sunlight, inaccessibility of infrastructures, insufficiency of the place, etc.

The discussion group confirmed the insufficiency of the given working and market place, distance from market, distance from the raw materials, tiresome appointment in getting it and request of corruption to give more convenient site as pressing problems with respect to challenges for the place.

The town MSE office heads say that giving of the working place is the concern of the town municipality. The sub-town MSE office gives the enterprises legal recognition based on the fulfillments of their requirement. In general, with this regard, the office has plans to discuss with the municipality for the constraints that the enterprises raise for this issue.

Financial and Technological Capital of the Enterprises

Initial and Current Financial Capital of the Enterprises

At the time of establishment, only 4.6 percent of the total enterprises lie under micro level ($\leq$20,000 birr capital) while all the rest were under small level (20,000-500,000 birr capital). Those with initial capital of 60,000 birr and above constitute 44.5 percent. As it can be observed from table 4, food complex were under the lower financial capital level, wood and metal works in the middle and construction sector in the upper level. But, currently (based on the field survey of this research) 57 percent of them have a capital of 60,000 birr and above as shown in table 4.

Insufficiency of Initial Financial Capital of the Enterprises

Table 5 shows that nearly 3/4th of the enterprises, i.e. 72.3 percent, have faced insufficiency of their initial capital while 27.7percent have not. Constituting 76.6percent of the enterprises which faced insufficiency of their initial capital was due to insufficient loan given to the enterprises. But the remaining 23.4 percent faced the problem due to exhaustion in fixed capital, misuse of the capital or other reasons like running the organization with their own limited initial capital.

The use of new technologies in the enterprises

It is found that 73.8 percent of the enterprises are using new technologies while others do not use as shown in figure 1.

Even though, most of the enterprises use the technologies, they informed the data collectors orally that the extent of its use was not sufficient. In addition, to this effect, some of the members could have introduced the technologies by their own effort which would have been better if the government as well as other concerned

bodies would have helped them in introducing and transferring it.

Similarly, the group in their discussion confirmed that, most of the time, information about new technologies was only through personal effort rather than government or NGO assistance. Hence the use of it is limited in general.

Manpower nature in the enterprises

Pre-training in the enterprises

It is found that 58.5 percent of the respondents replied that they had no any pre-training for the establishment of their enterprises (Table 6). Even those, who are pre-trained, admitted that it was insufficient to run the enterprises properly.

The town MSE offices confirmed lack of pre-training due to limited office staffs and lack of specialized trainers to train the MSEs in each aspect specifically. In some cases, an expert comes from some other office.

On-job Training in the Enterprises

Most of the respondents, i.e. 73.8%, have taken on-job training while others did not (Table 7). When the respondents were further asked about the sufficiency of their training, 85.4 percent witnessed as its insufficiency and suggested for the need to provide more intensive training by the responsible bodies.

From amongst those who have not taken the training, 52.9 percent mentioned the reason as lack of the opportunity, while 35.3 percent pointed out to inconvenient time and place of the training and the rest 11.8 percent showed lack of awareness about its importance for their work.

Almost all the discussion group agreed with the insufficiency and impartiality of pre-training and on-job training for both the members and the chairpersons. Even if the provision of the consultancy, advisory and relevant information service exist, they are not regular and satisfactory and are request based.

The key informants confirmed the insufficiency of on-job training even if efforts have been made. This is because of the shortage of the experts for specific item training, reluctance of the members, lack of awareness of the members, etc.

The level of technical know-how

The level of technical know-how of members about production systems in a certain enterprise shows or cross checks the extent of taking training. Hence, its low level implies limited extent of training and vice versa.

In general, the level of technical know-how about the production processes in the enterprises is seen as moderate (56.9percent). It is also expressed in low by 32.3 percent respondents (Table 8).

In line with the overall level of technical know-how, the respondents stated the reason why the level is under low and moderate as lack and/or insufficient provision of pre-training as well as on-job training.

Managerial skill taking of the chairpersons in the enterprises

From the total chairpersons, only 21.5 percent have got managerial skill while more than $3/4^{th}$ (78.5 percent) have no such skill as shown in table 9.

Furthermore, those who have taken the managerial skill development state that it was not sufficient and varied but simply general management rather than its explicit provision as financial management, human resource management, etc.

Staffing in the enterprises

Sufficiency of manpower in the enterprises

The majority of the respondents, 55.4percent, have stated the insufficiency of manpower in their enterprises as shown in table 10. From those with insufficient manpower, 41.7 percent were due to members' turnover after the establishment of their enterprises. Others constituting 38.9 percent justified it was like lack of varied skilled manpower, improper labor division or due to two or more reasons of the mentioned ones.

Labor division in the enterprises

In the study area, 78.5 percent of the respondents stated their opinion for improper labor division in their enterprises as presented table 11.

From the respondents who have the opinion of improper labor division in their enterprises, 41.2 percent stated their reason for management problem, 19.6 percent for

disinterest of the members, 7.8 percent for both reasons and 31.4 percent for other reasons like due to problem during organizing membership of varied skills and others.

Through their discussions, the group described the existence of improper labor division due to managerial problem as well as shortage of various skilled members in the enterprises. Similarly, there is insufficiency of man-power partly for shortage of various skill owing members and mainly for members' turnover due to insufficiency of government encouragement to let them stay realizing the long-term effect. They also mentioned as there is a range of work motivation from low to high. But most of them agree with the overweight of low and moderate motivations due to limited government encouragement after the establishment of the enterprises, disagreements between the members, market restrictions of the government and the likes.

The decline of members in the enterprises

Two-fifth or 40 percent of the total enterprises has shown decline in the number of members from those who initially established the enterprises, while 60 percent do not as shown in table 12.

In the enterprises which have shown decline in the number of members, 30.8 percent for income decline, 19.2 percent due to death, 15.4 percent for each of getting better job and decline of motivation, 11.5 percent for managerial problem while 7.7 percent for other reasons like dismissal for their misbehavior or unethical deeds as their major reason for the decline of members in their enterprises as shown in the same table.

The level of work motivation of the members in the enterprises

In terms of the overall level of work motivation of the members, the majority constituting 49.2 percent have moderate level followed by 29.2 percent of the low level. But it is the least to find high level motivation, i.e. 21.6 percent only, as to Table 13.

When the respondents were asked about the reason why their work motivation became low and/or moderate, some say due to low technical know-how, current income decline of the enterprise, disagreement among the members, lack and/or insufficient government encouragement.

The key informants confirmed the existence of moderate and low work motivation in the members. This is mainly because emotionality of the members establish the enterprises and when the profit is below which they expect to be, they lack patience and become demotivated.

This in turn shows that there is a gap in awareness creation, market and project study and need assessment of the town in which the members become more profitable before the establishment of the enterprises from the town MSE office and also the enterprises do not depend on the cost benefit analysis from the applicants' side.

Management capacity and practice

Demand-supply analysis in the enterprises

The use of demand-supply analysis of enterprises shows the market plan to produce in line with the market demand to solve supply shortage as well as overproduction of some commodities. It is found that only 18.5 percent of the enterprises produce based on demand-supply analysis while more than $4/5^{th}$, 81.5 percent do not use it as described in figure 2.

Regular staff meeting to discuss intra-enterprise challenges

Table 14 displays that 70.8 percent of the enterprises do not have regular meeting to discuss challenges that their enterprises face. Some of them representing 29.2 percent say that they have regular meeting. Most of the respondents said that rather than its being regular, the meeting is very limited, it is not regular and some others say the existence of meeting is intermittent.

Similarly, the absence of regular meeting and discussion for most of the enterprises, but as to a few occasion, the members discuss. For some others, the meeting is not regular, intermittent and limited. In general, lack of the interest of the members to discuss, the chairpersons' failure to organize it and also lack of awareness and low culture of doing so influence the enterprises internally.

Advertising of products in the enterprises

Advertising of products enables a business firm to find extra market in an area. It is found that 52.3 percent of the enterprises advertise their products for extra market while 47.7 percent do not as shown in table 15.

Enterprises' future development plan

Nearly 3/4th or 73.8 percent of the enterprises do not plan to expand in the future while 26.2 percent plan to expand as shown in table 16.

Constituting 22.9 percent of those which do not plan to expand for the future are for the fact that they have limited market followed by 18.8 percent of those due to seasonality in demand. Reasons of insufficiency of working place and loss of the enterprise at the current situation (during the time of this study) constitute 16.7 percent and 12.5 percent respectively. The remaining 22.2 percent of them justified other reasons as low working motivation of the members, insufficient current capital, increased input cost and two or more of the stated reasons.

Table.1 Distribution of micro and small enterprises established from 2010-2015 by types in Wolaita Sodo Town

S.No.	Type of Enterprise	Count	%
1	Construction	34	46.5
2	Food Complex	19	26.0
3	Wood & Metal Work	12	16.5
4	Textile and Tailoring	4	5.5
5	Urban Agriculture	4	5.5
Total		73	100

Source: Wolaita Sodo Town MSE Office, Sept. 2017

Table.2 Distribution of the enterprises by size of membership

Size of Membership	Enterprises	
	Count	Percent
≤5 members	1	1.2
6-10 members	12	18.5
11-15 members	20	30.8
16-20 members	23	35.4
>20 members	9	13.8
Total	65	100

Source: Researcher's Field Survey, 2019

Table.3 Distribution of enterprises by location and convenience of working and market place

Location	Enterprises	
	Count	Percent
Commercial District	23	35.4
Roadside	16	24.6
Outskirt of the town	10	15.4
Others	16	24.6
Total	65	100
Convenience of Working and Market Place for the Enterprises		
Convenient	34	52.3
Inconvenient	31	47.7
Total	65	100

Source: Researcher's Field Survey, 2019

Table.4 Distribution of the enterprises by amount of initial and current financial capital

Capital in 1000 Birr	Initial							
	Frequency of Enterprises by Sector							
	Construction		Food Complex		Wood & Metal		Total	
	Count	%	Count	%	Count	%	Count	%
<20	-	-	3	100	-	-	3	4.6
20-39.9	-	-	11	68.8	5	29.2	16	24.6
40-59.9	5	29.4	5	29.4	7	41.2	17	26.2
60-99.9	9	100	-	-	-	-	9	13.8
100-149.9	14	100	-	-	-	-	14	21.5
≥150	6	100	-	-	-	-	6	9.2
Total	34	52.3	19	29.2	12	18.5	65	100
	In the Year 2019							
<20			1	100	-	-	1	1.5
20-39.9	-	-	8	88.9	1	11.1	9	13.8
40-59.9	5	27.8	6	33.3	7	38.9	18	27.7
60-99.9	9	56.3	4	25	3	18.8	16	24.6
100-149.9	15	100	-	-	-	-	15	23.2
≥150	5	83.3	-	-	1	16.7	6	9.2
Total	34	52.3	19	29.2	12	18.5	65	100

Source: Researcher's Field Survey, 2019

Table.5 Distribution of the enterprises by insufficiency of initial financial capital

Sufficiency of Initial Capital	Enterprises	
	Count	Percent
Sufficient	18	27.7
Not Sufficient	47	72.3
Total	65	100
Major Reason For Insufficiency of the Initial Capital		
Insufficient Loan	36	76.6
Exhaustion in Fixed Capital	4	8.5
Misuse of the Capital	5	10.6
Others	2	4.3
Total	47	100

Source: Researcher's Field Survey, 2019

Table.6 Distribution of the Respondents by Pre-Training and Managerial Skill Taking

Pre-Training	Respondents	
	Count	Percent
Pre-Trained	54	41.5
Not Pre-Trained	76	58.5
Total	130	100

Table.7 Distribution of the respondents by on-job training status

On-Job Training Status	Respondents	
	Count	Percent
Taken	96	73.3
Not Taken	34	26.2
Total	130	100
Sufficiency of the Given On-Job Training		
Sufficient	14	14.6
Not Sufficient	82	85.4
Total	96	100
Main Reason For Not Taking On-Job Training		
No Need of it	-	-
Lack of Opportunity	18	52.9
Already Have the Skill	-	-
Lack of Awareness about its importance	4	11.8
Inconvenient Time and Place of the Training	12	35.3
Other	-	-
Total	34	100

Source: Researcher's Field Survey, 2019

Table.8 Distribution of the respondents by their perception on level of technical know-how

Level	Respondents	
	Count	Percent
Low	42	32.3
Moderate	74	56.9
High	14	10.8
Total	130	100

Source: Researcher's Field Survey, 2019

Table.9 Distribution of the Chairpersons by Managerial Skill Taking

Managerial Skill Taking of Chairpersons	Chairpersons	
	Count	Percent
Have Taken	14	21.5
Have Not Taken	51	78.5
Total	65	100

Source: Researcher's Field Survey, 2019

Table.10 Distribution of the respondents' opinion on sufficiency of manpower

Sufficiency 0f Manpower	Respondents		Reason for Insufficiency of Manpower	Respondents	
	Count	Percent		Count	Percent
Yes	58	44.6	Few members Established	8	11.1
			Members turnover	30	41.7
No	72	55.4	Death	6	8.3
			Other	28	38.9
Total	130	100	Total	72	100

Source: Researcher's Field Survey, 2019

Table.11 Distribution of Respondents by their Opinions on Labor Division in their Enterprises

Labor Division	Respondents		Reason for Improper Labor Division	Respondents	
	Count	Percent		Count	Percent
Proper	28	21.5	Management Problem	42	41.2
			Disinterest of Members	20	19.6
Improper	102	78.5	Both	8	7.8
			Other	32	31.4
Total	130	100	Total	102	100

Source: Researcher's Field Survey, 2019

Table.12 Distribution of enterprises by decline of members and major reasons for the decline

Decline in Number of Members	Enterprises	
	Count	Percent
Declined	26	40.0
Has Not Declined	39	60.0
Total	65	100
Major Reasons For The Decline In Number of Members		
Getting Better Job	4	15.4
Income Decline	8	30.8
Death	5	19.2
Decline of Motivation	4	15.4
Managerial Problem	3	11.5
Other	2	7.7
Total	26	100

Source: Researcher's Field Survey, 2019

Table.13 Distribution of the Respondents in their Opinion for Level of Work Motivation

Level of Work Motivation	Respondents	
	Count	Percent
Low	38	29.2
Moderate	64	49.2
High	28	21.6
Total	130	100

Source: Researcher's Field Survey, 2019

Table.14 Distribution of the enterprises by presence of regular staff meeting to discuss intra-enterprise challenges

Presence of Regular Meeting in the Enterprises	Enterprises	
	Count	Percent
Have Regular Meeting	19	29.2
Do Not Have Regular Meeting	46	70.8
Total	65	100

Source: Researcher's Field Survey, 2019

Table.15 Distribution of the enterprises by advertising their products

Advertising of their Products	Enterprises	
	Count	Percent
Advertise their Products	34	52.3
Do Not Advertise their Products	21	47.7
Total	65	100

Source: Researcher's Field Survey, 2019

Table.16 Distribution of the Enterprises by future Development Plan

Future Plan	Enterprises	
	Count	Percent
Plan to Expand	17	26.2
Do Not Plan to Expand	48	73.8
Total	65	100
Reasons for Not Planning to Expand For The Future		
Insufficiency of Working space	8	16.7
Limited Market Demand	11	22.9
Seasonality of Demand	9	18.8
Loss suffered by Enterprise	6	12.5
Lack of Interest of the Members	4	8.3
Other	10	20.8
Total	48	100

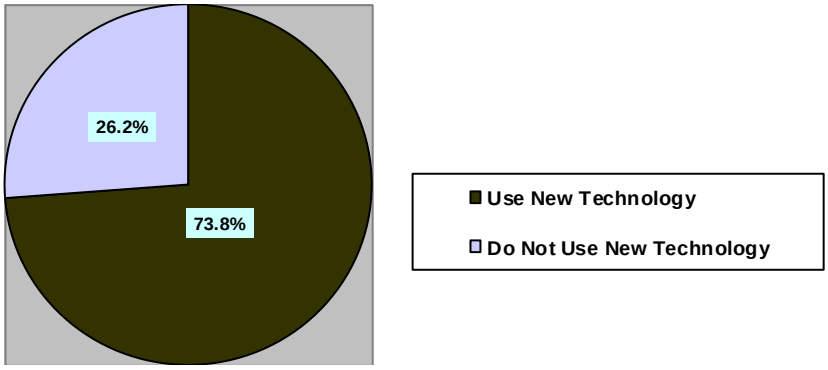
Source: Researcher's Field Survey, 2019

Table.17 Distribution of the enterprises by reasons for not saving

Reasons for Not Saving	Enterprises	
	Count	Percent
Lack of Interest of Members to Save	16	30.8
Lack of Proper Financial Management	13	25
Lack of Access to Deposit	-	-
Other	23	44.2
Total	52	100

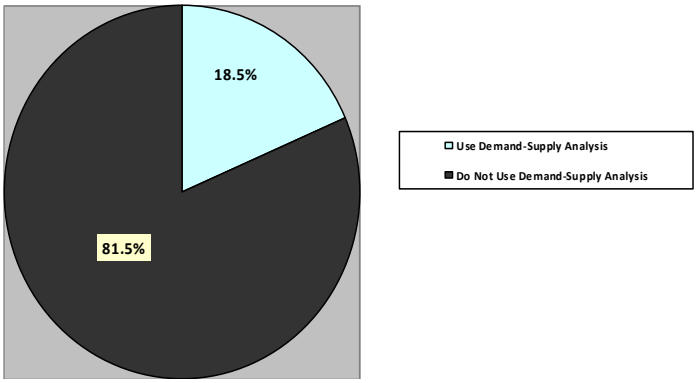
Source: Researcher's Field Survey, 2019

Figure.1 Distribution of the enterprises in their use of new technologies



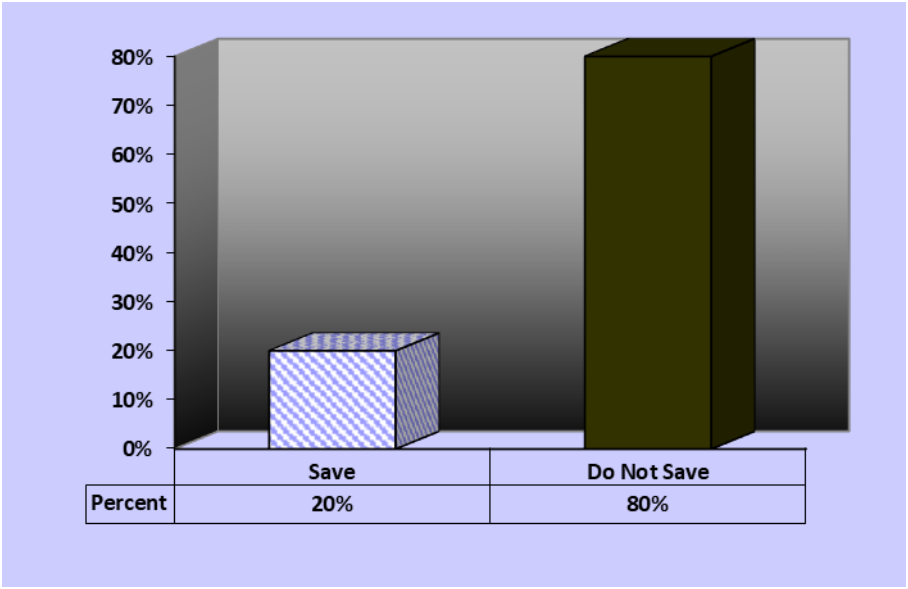
Source: Researcher's Field Survey, 2019

Figure.2 Distribution of the enterprises by the use of demand-supply analysis



Source: Researcher's Field Survey, 2019

Figure.3 Distribution of the enterprises by their saving and reinvesting scheme



Source: Researcher's Field Survey, 2019

Saving and reinvesting schemes of the enterprises

Lack of saving in an enterprise implies lack of its future reinvesting scheme. Four-fifth, i.e. 80 percent, of the enterprises do not save their remaining profit while only 20 percent of them do it as shown in figure 3.

As shown in table 17, from the total enterprises which do not save their profit, 30.8 percent are due to lack of interest of the members to save and 25 percent are due to lack of proper financial management in the enterprises. The remaining 44.2 percent are for other reasons like lack of awareness to save, the insignificance of the profit to save and some others for two or more reasons of these.

Conclusion of the study is as follows:

- In Wolaita Sodo town, 46.5 percent of the enterprises which were established in between 2010-2015 are functioning or operating in the construction sector followed by 26.0 percent food complex and 16.5 percent wood and metal work.
- The data show that 47.7 percent of the enterprises have been facing inconvenience of their working and market place.
- In the enterprises, 72.3 percent is found for insufficiency of their initial financial capital mainly due to insufficient loan given from the MFI. There is unfairness of the interest rate of the loan and inconvenience of the repayment time gap. Tiresome appointment is found to be the main challenge that the enterprises were facing during obtaining loan from the MFI.
- Even if the use of new technologies is found for 73.8 percent of the enterprises, the extent of its use is not sufficient for most of them.
- For most of the respondents, there is lack and/or insufficiency of pre-training, on-the-job training as well as managerial skill development for chairpersons in most of the enterprises mainly due to absence of the opportunity and inconvenient time and place of the training. Due to this fact, the level of technical know-how is found to be low and moderate in most of the enterprises.
- In the study area, 78.5 percent of the respondents stated their opinion for improper labor division in their enterprises mainly due to management problem, disinterest of the members and for other reasons like due to lack of various skilled members in the enterprises.
- Two-fifth or 40 percent of the total enterprises has shown decline in the number of members in their enterprises mainly due to income decline and decline of motivation.
- Work motivation of the members in general is under moderate and low.
- Above 80 percent of the enterprises do not depend on demand-supply analysis for their production.
- It is found that 70.8 percent of the enterprises do not have intra-enterprise regular meeting to discuss any challenge their enterprises face, but rather than being regular, it is limited and intermittent for most of them.
- The use of advertising for extra market is observed to be limited for different reasons like existence of one or limited customer, lack of advertising culture and limited awareness of the members.
- Mainly due to limited and seasonal market and insufficiency of the working and market places, most of the enterprises do not plan to expand their enterprises for the future.
- Saving and reinvesting scheme in the enterprises is found to be very low constituting only 20 percent mainly due to disinterest of members to save and improper financial management.

Recommendation

- The town MSE office is recommended to employ the needed experts and trainers in each sub-town MSE office dealing with the town administration to strengthen its capacity so that pre-training, on-job training and managerial skill development services are to be provided properly to raise the technical know-how and profitability, to build proper labor division as well as to keep the sustainability of the enterprises. The office should develop and strengthen lateral linkage with other organs of the government and NGO for the provision of the service sufficiently.
- Intensive encouragement and awareness creation for raising declining work motivation and to let the members patiently stay in the enterprises by convincing the long-term goal of the policy is highly needed particularly from the sub-town MSE offices.
- The town and sub-town MSE offices are highly expected for information provision and transfer

of new technologies and new working styles as well as relevant information for the enterprises.

- Intensive awareness creation effort for developing saving and reinvesting culture in the enterprises is expected from the sub-town MSE offices.

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