ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MARKETING CHALLENGES AND OPPORTUNITIES OF MICRO AND SMALL SCALE MANUFACTURING ENTERPRISES IN KOLFE-KERANEO SUB CITY ADDIS ABABA.

BY

MEKIYA KEMAL MOHAMMED

ID NO. SGS/0154/2008A

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MARKETING CHALLENGES AND OPPORTUNITIES OF MICRO AND SMALL SCALES ENTERPRISES IN CASE OF MANUFACTURING COMPANIES IN KOLFE-KERANEO SUB CITY ADDIS ABABA

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Mohammed M/Nur. (Asst.professor). All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for learning any degree.

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Addis Ababa

JULY 2018

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for Examination with my approval as a university advisor.

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Advisor   **Signature**

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Acknowledgments

The process of this master`s thesis writing has been a wonderful learning experience in my educational life. It was filled with challenges and rewards in gathering knowledge that it contains.

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Acronyms

AEMFI, Association of Ethiopian Micro-Finance Institutions

BDS, Business Development Service ETB, Ethiopian Birr

FeMSEDA, Federal Micro and Small Enterprises Development Agency

GDP, Gross Domestic Product

GE, Global Entrepreneurship Monitor

GTP, Growth and Transformation Plan

ILO, International Labor organization

ME, Micro Enterprise

MFI, Micro Finance Institution

MoTI, Ministry of Trade and Industry

MSE, Micro and Small Enterprise

MSME, Micro, Small and Medium Enterprise

MSSE, Micro and Small Scale Enterprise

UNDP, United Nations Development Program

UNIDO, United Nations Industrial Development Organization

Abstract

Micro and Small (MSEs) play an important economic role in many countries. In Ethiopia, for example the MSE sector contributes over 50 percent of new jobs created but despite their significance. The purpose of this study was to analyze marketing opportunities and challenges Micro and Small Enterprises in accessing Market Opportunities and Challenges in Kolfe-keraneo sub-city Addis Ababa City Administration, Ethiopia. The study used descriptive research design. The study targeted Manufacturing MSEs that are based in Addis Ababa, Ethiopia. Stratified random sampling utilized in selecting the respondents for the study. Primary data were collected from the study respondents using questionnaires which were self-administered and others researcher administered. Data were analyzed descriptively and presented through figures, tables, percentages, bar charts, arithmetic means, standard deviations, pie charts and tabulation to show differences in frequencies. Statistical Package for Social Sciences (SPSS) version 21.0 was used to aid in coding, entry and analysis of quantitative data obtained from the closed ended questions.

Key words: Market Challenges, Opportunities, MSE and Manufacturing Companies.

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Over 95 per cent of the world's businesses are small, medium or micro-sized enterprises. They provide tremendous opportunities for driving economic growth, income and employment opportunities (Oketc, 2000).

The MSE sector in Africa is a vibrant example of small enterprises activities leading to successful growth and development of African economies (Hope Sr., 2002). The urbanization and dynamic population growth in Sub-Saharan Africa, the importance of small enterprises is also growing (Westhead, 1990); (Goedhuys, 2002).

Ethiopia too has been working at state level in elevating MSSE`s opportunities to escalate `the would be` double digit economic growth. The MSEs play a key role in triggering and sustaining economic growth and equitable development in both developed and developing countries (Hope Sr., 2002). They also provide one of the most prolific sources of employment, not to mention the breeding ground for entrepreneurs in medium and large industries, which are critical for industrialization. The exploitation of the potential of the indigenous sector as an engine for growth, using local resources and appropriate technology which is the nature of MSEs, is seen as an alternative development model to the traditional large-scale intensive "stages of growth" paradigm in developing economies (OECD, 2004).

A crucial element in the development of the MSE sector is access to finance, particularly to bank financing, given the relative importance of the banking sector in serving this segment. Firm-level data collected by the World Bank show that access to finance is perceived as one of the main obstacles to doing business (Jasra, 2011).

Many studies have shown that financing is a greater obstacle for MSSEs than it is for large firms, particularly in the developing world, and that access to finance adversely affects the growth of the MSE sector more than that of large companies. Many reason can justifies why financing companies have been unwilling to provide debt for MSSE`s, it is because of

MSSE`s limited life and companies uncertainty feeling towards MSSE`s creditworthiness to cover their debt as needed. It is, therefore, unsurprising that the international development community has listed small and micro enterprises (SMEs) access to finance as an important policy priority. (Shiffer & Wedder, 2001)

In general, Africa's MSEs have little access to finance, which thus hampers their emergence and eventual growth (Hope Sr., 2002). Their main sources of capital are their retained earnings and informal savings and loan associations, which are unpredictable, not very secure and have little scope for risk sharing because of their regional or sector focus. Access to formal finance is poor because of the high risk of default among MSEs and due to inadequate financial facilities. Small businesses in Africa can rarely meet the conditions set by financial institutions, which see MSEs as a risk because of poor guarantees and lack of information about their ability to repay loans (Nabil, 2007)

Besides, MSE`s market opportunities in the developing countries has been the cause for their fail because the more market opportunities they attain they can finance their working capital survive and succeed in the business (Oketc, 2000).

In developing countries, where employment rate and education coverage has been so low, MSSEs` has been the second largest employer next to agriculture (Goedhuys, 2002).

Ethiopia, since recent past half century has been operated under Feudal, Command and bogus capitalism system of economy respectively. Under the above-mentioned regimes, the role of MSSE`s has been the focus area in addressing peoples` market need and the production process of the industries (FeMSEDA, 2014).

Currently as per the report of the EPRDF government, Ethiopia has scored double-digit growth in the past 10 consecutive years. Recognizing the role of Micro and Small Enterprises (MSEs) in the socio-Economic development of the country and giving special attention to the sector, MSEs policy and strategy is prepared and imprinted in the past 17 years (Ibid)

According to Micro and Small Enterprises (MSEs) Development Strategy of Ethiopia, designed to ensure the sustainability of the development achieved in all economic sectors of the country, the focus of the government is creating Job opportunities through MSEs development, to reducing unemployment and alleviate poverty and enhancing MSEs to be base for industrial development in the country. The sector is crucially important to the economic and social development of the country in the sense that it generates broader job opportunities and assist to alleviate poverty and facilitates rural and urban economic linkage and boost the economy as well as promotes Entrepreneurship culture and enhance self-employment and serves as fertile ground for the emerging of Medium and Large Industries, etc. (FeMSEDA, 2014).

In-order-to achieve these goals and objectives, the Federal Micro and Small enterprises development Agency (FeMSEDA) has been established 17 years ago, and it is the responsible body to support, coordinate and formulate policies and programs, for the promotion and development of MSEs sector.

1.2. The Statement of the Research Problem

In almost all economies of the world especially in developing countries in Africa, MSSEs` are among crucial and are a key factor player for sustained growth and development. MSSEs has been playing pivotal roles in creating dynamic, market oriented economic growth, employing the growing workforce in developing countries, alleviating poverty and promoting democratization (Oketc, 2000).

The MSEs in Ethiopia have not performed creditably well and hence has not played expected vital and vibrant role in the economic growth and development. This situation has been of great concern to the government, citizenry, operator's practitioners, and the organized private sector groups' year in year out. The government through its budget allocations, policies and pronouncements have signified interest and acknowledgement of the crucial role of the MSSEs` sub-sectors of the economy and hence made policies for energizing the same. MSEs

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have unique issues, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development of the economy. Among those issues is inadequate access to market (FeMSEDA, 2014).

Market challenges and opportunities are the key factors for SMME`s to achieve their established goals and objectives. Though there are many opportunities for SMME`s in Addis Ababa, Kolfe -Kerano like raw materials, encouraging regulations and tax less environment is to mention few. SMME`s in Kolfe-Kerano has been facing many challenges like Capital, Expertise Skills, Place of work and Market. These challenges have hindering SMME`s in the area. Besides the growth of SMME`s has been at risk due to the clear fact that the owners have been staggering in profit and wealth maximization for furthering up their respective SMME`s. This query triggered the researcher to conduct investigation.

Despite the efforts made by various stakeholders, lack of access to market is almost universally indicated as a key problem and challenges facing MSSEs`, it is because, though there are some positive advancement, that market, in Ethiopia has been found scattered and unregulated. These market constraints have been reveling in variety of ways in Ethiopia where markets are challenges for producers and consumer.

Many challenges have been facing for MSSE`s which hinders them not to boost the entrepreneurs and the economy where they belong. The more market there is the more sale will be and this will result in return to MSSE`s to maximize profit and wealth. The maximization of profit and wealth in each MSSE will result to shift from MSSE to SMSE (Small and Medium Scale Enterprise). These, what the MSSEs', are destined to achieve in the long run.

A lot of research have been carried out locally and internationally reviewing challenges facing MSSE`s. Most of these researches are concentrated their study on areas based on their own objectives. The literature available does not concern itself on Market challenges and Opportunities. Therefore, the researcher through this study sought to address the Market Challenge and Opportunities facing Micro and Small-Scale Enterprises in Kolfe-Keraneo Sub-city, Addis Ababa Ethiopia.

1.3. Research Questions

The research study attempts to answer the following basic questions.

- What are the potential and current Market of MSSE`s.
- What are market challenges for MSSE`s.
- What are Market Opportunities of MSSE`s.
- What will be the market prospects of MSSE`s.

1.4. Objective of the Study

This study has one general objective and four specific objectives elaborated here under.

1.4.1. The study general objective

The general objective of this study has intended to examine Market Challenges and Opportunities of MSSE's in case of Manufacturing Companies operating in Kolfe-Keraneo sub-city Addis Ababa, Ethiopia.

1.4.2. The study Specific Objectives

The study has four specific objectives;

- To examine MSSE`s potential and current Market Environment.
- To investigate MSSE`s Market challenges.
- To explore MSSE`s Market Opportunities.
- To predict MSSE`s market prospects.

1.5. Significance of the Study

This study provides a general insight on Market challenges and Opportunities of MSSE`s that have various advantages for the country economic growth and development through boosting GDP and as job opportunity creation and its market orientation. The study provides information for the better understanding of the present status of the Market Challenges and Opportunities of MSSE's based in Kolfe-Keraneo sub-city Addis Ababa, Ethiopia. More over this study serves as a stepping-stone for researchers engaged in MSSE and for the Agency.

1.6. Scope and limitations of the Study

Addis Ababa has been a capital city of Ethiopia. Addis Ababa has ten sub cities namely Arada, Lideta, Nifassilk-lafto, Gullele, Kolfe Keraniyo, Akaki Kaliti, Kirkos, Bolle, Yeka and Adiss Ketema.In Addis Ababa there are two broad sectors of MSSE (i.e. Manufacturing and Service giving enterprises) the scope of the study will be limited on Manufacturing Enterprises that are MSSE`s based operating in Kolfe-Keraneo sub-city, Addis Ababa Ethiopia. From manufacturing sectors that will be selected purposively from each 15 weredas` that are found in Kolfe-Keraneo sub- city. The researcher focused on Kolfe-Keraneo, because compare to other sub-cities in Addis Ababa, the MSSE`s in manufacturing sector are found in Kolfe Kerano has large number.

1.7. Definition of Terms

- **Market**; is an actual or nominal place where a force of demand and supply operates and where buyers and sellers interact (directly or through intermediaries) to trade goods, services or contracts or instruments for money or barter. The market for an item is made up of existing and potential customers who need it and have the ability and willingness to pay for it. (Kotler P. 2014)

1.8. Organization of the Study

Chapter One provides the research Introduction background, statement of the problem, basic research questions, research objectives, definition of terms, significance of the study, scope and the delimitations of the study; *Chapter Two* presents literature review on MSEs` worldwide continental wise at national capital city level, a Theoretical framework and empirical review of the study; *Chapter Three* deals with the methodology employed in the study; and Chapter *Four* the study findings and their interpretation are presented; while *Chapter Five* has conclusions of the study and recommendation.

CHAPTER TWO

REVIEW OF RELEVANT LITERATURE

2.1. Historical Background of Micro and Small-Scale Enterprises

These days, the important contribution of vibrant small and medium enterprises (SMEs) sector in the national economic (GDP and GNP) and social development of a country has been widely recognized. Attention to the SME sector has heightened because of the globalizing economy and the increasingly severe competition that is inherent in this development (H. Abdullah, 2009). Countries where SMEs flourished intertwined with their economy in their sovereign territory committed to deter competition and not to be wiped out of the market (Mutoko, August,2014)

The importance of SMEs is well recognized in academic and policy literature (Birch, 1989). Both developed and developing countries have realized the importance of SMEs in economic and social development. In Europe, the annual report of European SMEs confirmed that SMEs remain the European Union's economic backbone despite the global financial crisis. Representing 99.8 per cent of all enterprises, SMEs contribute to 66 per cent of employment in the European Union (Commission, 2011).

Policy makers, throughout the world, have embarked in supporting SMEs at their various stages of development. Furthermore, with an attempt to reduce the worldwide phenomena of unemployment and poverty, worldwide organizations such as the International Labor Organization (ILO), United Nations Industrial Development Organization (UNIDO), and the World Bank have shown a great deal of interest in supporting businesses in the small sector (McChomick, 2000). These international organizations usually publish reports to assess the business environment in several economies. For example, the *Doing Business* report series published by the World Bank includes annual reports going back to 2004. These reports assess regulations affecting domestic firms in 183 economies and rank the economies in 10 areas of business regulation, such as: starting a business, paying taxes, resolving insolvency, and trading across borders. One of the largest ongoing studies of entrepreneurial activity and its

impact on economic growth is the Global Entrepreneurship Monitor (GEM). The study often publishes global, national, and special topic reports that assess and review the state of entrepreneurship in different countries (O. Kula, 2006).

SMEs in Ethiopia has been playing a pivotal role in the development of the country`s economy. The importance of SMEs is evidenced by their high presence in the economic structure of the country. According to The United Nations Economic Commission for Africa (UNECA) (2008), 93% of all Ethiopian industrial firms are SMEs and account for 38% of production, 38% of investment, 31% of exports and 45% of all jobs. The sectors occupying the top three highest shares of SME value-added in 2010 were chemical industry, food processing industry, and metal & engineering industry with 42%, 31% and 11% respectively. As for contribution to employment, the textile & leather industry, food processing industry, and chemical industry occupied the three highest shares with 35%, 21% and 20% respectively in 2010 (Ministry of Industry, Commerce, and New Technologies (MICNT, 2011).

The performance of SMEs has been of interest to many researchers, international organizations, and policy makers, at least, since the Bolton report (1971), and therefore has become the subject of a great deal of analysis. In a management field, success and failure can be interpreted as measures of good or indifferent management (Jennings & Beaver, 1997), but it may occur for other reasons such as luck (Storey, 2011).

Numerous terms have been used in the literature to describe firm failure, for example: bankruptcy, insolvency, liquidation, death, deregistering, and discontinuance, ceasing to trade, closure, and exit. These terms overlap each other to some extent (Sten, 1998) and thus, the concept of failure is ambiguous, as it can have different interpretations by different people (Wickham, 2001). The many different interpretations and definitions of both success and failure make it very hard to compare research findings on the performance of small firms.

In the entrepreneurship literature, the concept of success remains a topic of debate (Gorgieveski et al., 2011). This is despite the evidence that the 'success' of small firms has been subject to a great deal of research. However, there is no general agreement in the literature on what is meant by the success of a firm. Indeed, a myriad of perspectives, ranging from mere survival to the achievement of certain levels of performance, exist about such a

concept in the entrepreneurship literature. Very often, the terms 'success', 'survival', 'growth' are very closely linked and sometimes used interchangeably. Besides the multi-dimensional aspect of success, variables that contribute to the success of SMEs are not unanimously agreed upon by researchers. While some analysts suggested that the dynamics of the success of businesses remain a black box (Deakins & Freel, 1998; Dockel & Ligthelm, 2005; Ligthelm, 2010), others argued that the success of enterprises is a function of both external and internal factors (Penrose, 1959; McCline et al., 2000; Guzman & Santos, 2001; Markman & Baron, 2003).

As for the *external* factors, it is widely recognized that successful organizations are those that best adapt to fit the opportunities and the constraints inherent in the environment in which they operate (Kalleberg & Leicht, 1991). According to Miller & Dess (1996), the external environment of the enterprise can be classified into two dimensions, namely the general and competitive environments.

➢ The general environment consists of the political-legal, macroeconomic, socio-cultural, technological, demographic and global factors that might affect the organization's activities.

➢ On the other hand, the competitive environment consists of other specific organizations that are likely to influence the profitability of the enterprise, such as customers, suppliers and competitors.

Several previous studies in both developed and developing countries have identified a range of external performance factors that relate to the general as well as the competitive environment of the firm.

For the general environment, data from several sources have identified economic factors, in particular financial resources and taxation, as central for the success of businesses (T., Demirguc-Kunt, & V., 2005).Other studies have found that political legal factors significantly relate to business performance (Yusuf, 1995). Much literature has focused on the technological factors. These studies have highlighted the positive relationship between technology, information, and infrastructure and business performance (Ha, 2005)*; Olawale & Garwe, 2010{* Olawale, F., & Garwe, D. (2010).

Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach. *African Journal of Business Management, 4* (5), 729-738.*}).* The networking factor, which could be classified under the socio-cultural factors, has been subject to a great deal of research. Numerous studies have documented a positive association between networking and various aspects of firm performance (Duchesneau & Gartner, 1990).

2.2. Background of MSSEs` development in Ethiopia

The Ethiopian economy, although still highly dominated by the Agricultural Sector in terms employment (80%), its contribution to the GDP (44%) and its share in the export market (80%), is witnessing one of the fastest growing economies in Africa as well as in the world (FeMSEDA, 2014).

In its commitment to the socio-economic development of the country, the Government of Ethiopia has given greater and prior focus for the development of the MSSEs Sector. To realize this, the Government of Ethiopia has designed the first MSEs Development Strategy in 1997. This strategy was intended to create coherence with the other economic sectors and outline duties and responsibilities of all the stakeholders at all level (from Federal to Woreda/Kebele level) (FeMSEDA, 2014).

The revised MSEs Development Strategy was designed in 2011 to integrate the development of the sector with the country's 5-year (2003-2007 E.C) Growth and Transformation Plan (GTP), hoped to bring about rapid economic growth and lift up the country to middle income level. The MSEs` Development was integrated in the GTP as one of the pillars of the Industrial Development Plan and taken as one of the best tools to implement the country's Industrial Development Strategy. According to revised strategy MSEs are defined on the base of total capital and working labor engaged.

Table 2.1; Definition of Micro and Small enterprises (MSEs)

Type of Enterprise	Sector	Human power	Total asset
Micro Enterprise	Industry	< 5	< 100,000
	Service	< 5	< 50,000
Small Enterprise	Industry	6-30	< birr 1.5 million
	Service	6-30	< birr 500,000

Source: Addis Ababa MSE development agency 2018.

The revised MSEs Development Strategy outlined the Institutional set-up from Federal to Kebele / (One Stop Service Centers) and defined stakeholders entrusted with responsibilities of providing different supports for the development of the sector. The Federal Micro and Small Enterprises Development Agency (FeMSEDA) is the responsible organ for the development of the sector at the Federal level (FeMSEDA, 2014).

This strategic direction enables the expansion of MSEs in urban areas for the development of broad based and competent private sector. Moreover, with a total population of 90 Million and annual growth 2.6%, the MSE sector is believed to control the effects of unemployment and urban poverty (FeMSEDA, 2014).

The Implementation and realization of the GTP bases itself on the establishment of Mega Projects of different size and complexity. The MSEs` sector elements, specifically those in the Metal and Construction sector, are linked to these projects. This linkage benefits the sector elements in building their capacity, technology transfer, employment generation capacity, etc. (FeMSEDA, 2014).

Achievements/Success of the Sector

Because of the comprehensive support extended from the government and concerted effort of the major stakeholders, the development of the sector is bearing fruit. This is justified through

performance of the sector in the first 4 years of the GTP. During the plan period 2011-2014 the sector was able to;

- Generate 6,671,012 jobs, exceeding the goal set for the total GTP period (3 million Jobs),
- Generate ETB 25.62 billion through Domestic Market linkage, exceeding the goal set for the total GTP period (ETB 10 billion),
- Generate 65,375,026 USD through Foreign Market linkage, exceeding the goal set for the total GTP period (46,166,142USD),
- The success and strives in the development of sector is also reflected in the transfer of 3,141 MSEs to Medium Enterprises level.

In order to realize this, the government has;

- Facilitated credit amount ETB 9.87 billion,
- Facilitated saving amount ETB 11.037 billion,
- Provided working premises 16,753 shades and 567 buildings,
- Provide technical and management training for 5,087,358 Million MSE operators,

In the remaining GTP period the government is committed to sustain the results gained.

The main supporting packages for MSEs` developments are;

- Awareness creation about the sector
- Provision of legal services, to form legal business enterprises
- Providing Technical and business management training
- Financial support based on personal saving, 20/80 (The beneficiaries are save 20% and the MFIs provide Loan 80% of the projects.
- Facilitate working premises
- Industry extinction services and BDS provision

- Bookkeeping and Audit services

According to the MSSEs` development strategy the supporting packages are provided based on the growth stage of MSSEs`. In Ethiopia, the enterprises have four growth stages namely,

➢ *Start-up,*
➢ *Growth,*
➢ *Expansion and*
➢ *Maturity.*

Therefore, since the enterprises have different needs and problems, according to their growth level, the provision of supporting packages is also based on their growth stage.

Major Achievements/Success of the Sector;

- Regarding policy guidance and regulation, a new strategy is adapted in 2011 with the objective of the sector play alleviating poverty and creating Job opportunities.
- Therefore, to help the sector to play its role as a base for medium and large industries. Organs responsible to enhance and development of the sector are established from federal to district/ local city administration level.
- Supporting packages like working premises and credit services to manufacturing and growth oriented sectors have been developed procedure and strategy on transformation of Small enterprises to Medium scale, and manuals to select model enterprises are developed.
- Regulation on accessing market priority on government development programs, and on MSEs` production, sales and display centers administration has been developed and implemented.
- At the end of the period of growth and transformation plan (GTP) (2011-2014) the plan is to create job opportunities for 3 million citizens.

- But we perform that for 6.67 million citizens, job opportunities were created in the first four years of "GTP" period

- This achievement has helped to reduce urban unemployment rate from 20.4% in 2009/10 to 16.5% in 2014, and improving citizen's income and domestic saving of the country.

- Totally 6,671,012 jobs are created through MSE`s development in the past four years 2011-2014 (FeMSEDA, 2014).

Even though, the government of Ethiopia has done such supports and the above-mentioned success has been achieved, the Market Opportunities and Challenges remain uncertain and challenging for profit and wealth maximization of Micro and Small-Scale Enterprises. To analyze and reach to the conclusion the researcher will use descriptive method of analysis by gathering purposive sampling data from the manufacturing enterprises that are organized and working under Kolfe-Keraneo sub-city, Addis Ababa-Ethiopia. The researcher focused on Kolfe -Keraneo, because it is outskirt of the city and many MSSE`s found in other sub cities has been reshuffled due to the urban reshuffling made by Addis Ababa city administration and there are many MSSE`s organized in Kolfe-Kerano sub city.

2.3. Classification of MSSE's

Micro, Small & Medium Enterprises can be defined as in accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

❖ **Manufacturing Enterprises-t**hese enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. The Manufacturing Enterprises are defined in terms of investment in Plant & Machinery. Under industry sector (manufacturing, construction and mining): An enterprise operates

with 5 people including the owner and/or their total asset is not exceeding Birr 100,000 (One Hundred thousand).

Service Enterprises: -The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment. Under service sector (retailer, transport, hotel and Tourism, ICT and maintenance service): It operates with 5 persons including the owner of the enterprise and/or the value of total asset is not exceeding Birr 50,000 (Fifty thousand).

Since the main concern of this study is to see the market challenges and opportunities of SMME`s specifically of manufacturing enterprises, so the researcher was mostly emphasized on MSSE Manufacturing enterprises that are currently working in Kolfe-Keraneo, Addis Ababa, Ethiopia. Other sectors are Construction, urban agriculture & trade.

2.4. Empirical Review

Osotimehin, Jegede, Akinlabi and Olajide on their thesis, ``An Evaluation of the Challenges and Prospects of Micro and Small-Scale Enterprises Development in Nigeria`` reveal that SMEs can bring about economic growth and national developments in Nigeria. SMEs are faced with significant challenges that compromise their ability to function and to contribute optimally to the economy. This study examines the challenges and prospects of micro and small-scale enterprises development in Nigeria. Financial constraints and Lack of management skill hamper the efficient performance of micro and small scale enterprises in Nigeria and recommend that government and other non-governmental organization should regularly organize seminars for potential and actual small and medium enterprise operators on how to plan, organize, direct and control their businesses, and that micro, small and medium enterprises operators' should device effective marketing strategies and good management customers relations at all times.

Wilbert R. Mutoko on his MBA studies ``Challenges of Access to Markets and Opportunities for Small, Medium and Micro Enterprises (SMMEs) In Botswana, `` the study explores how SMMEs are negatively affected by lack of markets. Since the advent of the world financial crisis in 2008, Botswana MSSEs` have struggled to market their products because their major

market was the government challenges include lack of or limited access to markets, financial inadequacies, limited management skills, poor work ethics and lack of competitiveness.

(G.K. Berhanu, 2015), in their research the role of SME in employment and income generation. The study was investigated the Opportunity and Challenges of SME on eight randomly selected enterprises in four major towns. And they reach on the conclusion, even though the government gives more emphasis and attempts to liberalize and improve the policy and regulatory environment of the sector there is a divergence between policy and directives issues and their actual implementation frame work consisting of appropriate action program, schemes and regulatory acts.

As study was conducted by (Tezera, 2016) on Opportunity and Challenges of SME in Arada sub-city. The study shows that SMEs use informal source of finance than formal source. The source of the capital for SMEs in the sub city falls under two traditional sources; borrowing from friends & relatives and personal savings.

(Gebreyohannes, 2016) The study reveals that the enterprise has created job opportunities for local dwellers and are playing considerable role in the interactions in local markets through the use of local raw materials and serving the local customer's needs. However, the firms' contributions to sustainable development are restrained by many factors including weak economic performance of firms, business constraints as marketing problems, inputs constraints.

MSSE`s, in Ethiopia, has been a recent phenomenon. It became the source of entrepreneurship for Ethiopian jobless citizens and strengthening the country's economic sustainability as it has been for the rest of the world. Peoples whether they are educated or not they engaged themselves by creating job for themselves and the citizens who are around them. Most of MSSEs` owners` are peoples who have entrepreneurial skills, little capital and aided by government through capital and workplace (Darroch, 2005). For the sustaining of their existence MSSE`s in Addis Ababa, Ethiopia needs market for their produced goods and services. These markets have been their challenges which affect their growth and continuity.

Therefore, the researcher tries to investigate Market Challenges and opportunities of MSSE`s in Kolfe Kerano, Addis Ababa, Ethiopia.

Besides, as shown above in the review Market challenge and opportunity has not been researched very well, besides, as per the report done by FeMSDA MSSE`s has not been researched area. Due to this gap this thesis proposal has been conducted.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1. The Research Design

A research design is the strategy for a study and the plan by which the strategy is to be carried out (Sarantakos, 2005). This study adopts descriptive research design. It specifies the methods and procedures for the collection, measurement, and analysis of data. The main purpose of this design is to describe what was prevalent with respect to the issue or problem under study. It provided answers to questions like *who, what, when, where and* sometimes *how.* According to (Mugenda, 2003) it enables respondents to give more information freely. It also determines and reports the way things are and attempts to describe such things as possible behavior, attitudes, values and characters.

3.2. Research Approach

Even though some simple statistical computations are used in the analysis part, the study was based on qualitative research approach, because the nature of the study is analyzing participants ideas using descriptive statements. According to Patton, (1990) qualitative research consists of detailed descriptions of events, people, interactions and observed behaviors and general opinion. It seeks to describe and explain both perspectives and behavior of the people studied (Brannen, 1992). According to Hancock (1998), the main examples of methods of collecting qualitative data are individual interviews, focus groups discussions, questioner, direct observation and case studies.

3.3. Target Population of the Study

The target population for this study were all MSSE`s in Kolfe-Keraneo, Addis Ababa City administration. In this sub-city there are 15 woreda`s. out of these wereda's, considering the MSSE's are categorized into five sectors namely: Manufacturing sector, service sector, trade sector, construction sector, and urban agriculture.

Among the above sectors the researcher focused on the manufacturing sector due to the fact that the government has currently special emphasis on the sector. MSSEs` registered by FDRE Federal Union Job Creation and Food Security Agency under this sector are classified by industry as Textile and Clothing, Leather and Leather Products, Wood and Metal Works, Agro-Processing and Art work. According to the data obtained from the Kolfe Keranio Sub-city MSSE's Administration office, the total number of enterprises in the selected sector is 1,292 enterprises. From each these manufacturing sectors population the sample size was demonstrated hereunder.

3.4. Sampling Size and Sampling Techniques

3.4.1 Sample Size

The participants of the study were MSE`s- Manufacturing which are registered under Kolfe-Keraneo Sub city. The sample size was 10% of the population. This is because; the researcher believes that 10% of the respondents as a sample can explain the interest of whole. Accordingly, sample size is depicted on the below table from each sector.

Table 3.1; Sample Size

S.No	Sector	Population	Sample Size 10%
1	Textile and Clothing	790	79
2	Leather & Leather Products	32	3
3	Wood and Metal Works	320	32
4	Agro-Processing	101	10
5	Construction	36	4
6	Art Work	11	1
Total		1,292	129

Source; Kolfe-Keraneo sub city MSE bureau 2018.

3.4.2 Sampling Techniques

The target population was classified into strata considering the types of industry in the manufacturing sector namely Textile and Clothing, Leather and Leather Products, Wood and Metal Works, Agro-Processing, Construction and Art work. This was done because the population of study are not homogenous. Then proportional random sampling technique was used to select the sample from each stratum (the industry). This method was used to select the sample from each stratum in proportion to their size.

3.5 Data Source

The study was focus on primary and secondary data. Primary data was gathered through questionnaires. Each Enterprise sectors` Manager and Marketing Departments heads of firms operating in different sectors were selected. The secondary data was collected from related areas and organizing Agency`s document.

3.6 Data Collection Methods

Questionnaires were constructed based on the research objectives. Questionnaires are preferred since they will be easy to administer and time saving *(Mugenda & Mugenda, 2003)*. The questionnaire contained closed-ended questions using a Likert scale that has been used by Iyota (ranging from 1= No Extent; 2= Little Extent; 3= Moderate Extent; 4= Large Extent; 5=Very Large Extent). A few open-ended questions which elicited qualitative data on subjective thoughts and different responses related to access to market. Self-administered questionnaires were complete by those who could interpret and understand the questionnaire. The researcher administered the questionnaires to respondents who were not able to easily interpret and understand the questions probably because of their educational or literacy levels. The questionnaires had three sections: Section I gives general information on business enterprises and personal information, Section II provides information on Marketing challenges and opportunities facing MSSE`s and Section III provides the respondent open-ended question.

3.7. Methods of Data Analysis

The data collected through questionnaire were coded and edited for their completeness and filled into Statistical Package for Social Science (SPSS) version 21.0 software. To analysis the data descriptive statistics was used. These included the table that consists of frequency, percentage, mean score and standard deviation. Once the percentage analysis is conducted, to strengthen the result it was supported by mean score and standard deviation. Subsequently, interpretation and discussion was made for the result.

3.8 Ethical Considerations

The researcher was explained to the respondents about the study was for research and that the academic purpose only. It was made clear that the participation was voluntary and that the respondents was be free to decline or withdraw any time during the research period. Respondents were not coercing to make the choice to participate or not. They were guaranteed that their privacy was protected by strict standard of anonymity.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS

In this chapter, the researcher discusses the analysis that has been attained from the disbursed questionnaires based on each specific objective. For each specific objective, then follows summary for both the open ended and close ended responses.

4.1 Response Rate

Table 4.1; Disbursed and Gathered Questionnaire.

S.No	Sector	Population	Sample Size 10%	Collected
1	Textile and Clothing	790	79	66
2	Leather & Leather Products	32	3	3
3	Wood and Metal Works	320	32	20
4	Agro-Processing	101	10	5
5	Construction	36	4	2
6	Art Work	11	1	1
Total		**1,292**	**129**	**97**

Source; Kolfe-Keranyo sub city MSE bureau 2018.

The above table shows the response rate i.e. the questionnaires distributed versus collected. Out of the distributed questionnaires of 129, only 97 respondents have filled and retuned back which accounts 75.3 % of the total sample size which is enough to continue analysis.

4.2. Background Profile of The Respondents

Table 4.2; Summary of Demographic profile of the respondent.

Gender		Frequency	Percent	Valid Percent
	Male	58	59.8	59.8
Valid	Female	39	40.2	40.2
	Total	97	100.0	100.0
Educational Level		Frequency	Percent	Valid Percent
	Up to High School	15	15.5	15.5
	Up to Grade 12	14	14.4	14.4
Valid	Diploma	61	62.9	62.9
	BA/Bsc. Degree	7	7.2	7.2
	Total	97	100.0	100.0
Sector Type		Frequency	Percent	Valid Percent
	Textile and Clothing	66	68.0	68.0
	Leather & Leather Products	3	3.1	3.1
	Wood & Metal Works	20	20.6	20.6
Valid	Construction	2	2.1	2.1
	Agro - Processing	5	5.2	5.2
	Art Work	1	1.0	1.0
	Total	97	100.0	100.0
Experience in Years		Frequency	Percent	Valid Percent
	1-5 Years	62	63.9	63.9
	5-8 Years	26	26.8	26.8
Valid	9-10 Years	4	4.1	4.1
	>10 Years	5	5.2	5.2
	Total	97	100.0	100.0

Source: Field Survey 2018

The above table depicts the respondent's main characteristics. The demographic information of respondent gathered for the studies were gender, educational level, sector type that they involve in and experience in years. Out of 97 respondents 59.8% were male. These results

show that the study was gender sensitive and thus the results were not bias in terms of gender. Majority of the respondent's educational status is diploma level i.e. 62.9%, these indicates that most of the respondents can analyze the questionnaire. About the sector type textile and clothing take the major share 68% followed by wood and metal work by 20.6% this implies that even if majority of the respondents' sector are textile and clothing and wood and metal work the other sectors also participated. Working experience of 63.9% 1-5 years and but only 5% of them had an experience of >10 years of experience. Generally, the demographic data showed that the respondents have different characteristics' and it increases the quality of the data and overall generalizability of the study.

4.3. Current status, challenges, opportunities and prospects

4.3.1. Respondents Opinion on current market of MSSEs`.

Market for MSSEs` have both current market which is currently being used for marketing of produced goods and potential market which is not yet used but it will be useful if things are necessarily get comfortable. Based on this assumption the under listed queries will help to see how market is utilized and intended to be utilized for current and future use.

SA= Strongly agree, A = Agree, N = Neutral, D = Disagree, and SD = Strongly Disagree

Table 4.3; Respondents Opinion on market of MSSEs`

Item	Percentage						Mean and SD	
	SD	D	N	A	SA	Total	M	SD
The current market is utilized at optimum capacity.	0	1.0	17.5	45.4	36.1	100	4.1649	.745
Markets are fairly distributed to all sectors.	0	9.3	18.6	40.2	32.0	100	3.9485	.939
Market place is accessible at affordable rent.	1	2.1	20.6	48.5	27.8	100	4.0000	.816
Government has identified potential market areas.	2.1	8.2	20.6	55.7	13.4	100	3.7010	.879
The identified potential market areas by Government are ready for use.	0	3.1	2.1	61.9	33.0	100	4.2474	.646
Market places provided by the Government areproximateto consumption place.	4.1	6.2	8.2	44.3	37.1	100	4.0412	1.04
There is unutilized market access in the sub city.	0	3.1	8.2	61.9	26.8	100	4.1237	.680
Unutilized market access in the sub city will have encouraging prospect.	0	2.1	18.6	39.2	40.2	100	4.1753	.803
					Grand mean		4.05025	

Source: Field Survey 2018

Among the above items, respondents were asked to give their idea on the optimum utilization of current market. Accordingly, most of the respondents 81.5% confirmed that existing market places are optimally utilized. This is supported by the mean score of M = 4.1 and SD =

0.74555. On the same table, according to 72.2 % of the respondents in the study area there is fairly distribution of market place to all sectors which supported by M = 3.9485 and SD = 0. 93954.When we see respondents respond about the affordability of market place rent 76.3% confirmed that market place is accessible at affordable rent, which is supported by M = 4.0000 & SD = 0.8165.

Though existing Markets are the basis for every company, potential markets should be identified and included with the current market too. So that companies` product will be accessible to potential customers, based on this assumption 69.1% of the respondents confirmed that Government has identified potential market areas for MSSE & this is supported by M = 3.701 & SD =0.87993.

As a rule-making and implementing body, government once identified potential market areas it should strive to make it ready for use for entities like MSSEs which have no financial and material capacity for identifying potential market areas. Concerning about the readiness of identified market areas 94.9% the respondents confirmed positively. This implies that, there are potential market which has uses for MSSEs` and these potential markets are identified and are being ready for use for MSSEs` by the Government. And this is supported by M = 4.2474 & SD = 0.646.

When entities produced a product, it needs consumers which use that product either as a final use or as raw material for further production input. So, these processes need place proximation for both consumers and producers who are about to use these products. Based on this 81.4% of the respondent confirmed that the market places facilitated by government are proximate to consumption place & this is supported by M = 4.0412 & SD = 1.04001.

Hence, the researcher tried to identify that there are current and potential markets, and from these markets MSSEs` are using the current market. As per the respondents` response there are unutilized market access in the sub city and it is confirmed by 88.7% of the respondent, supported by M = 4.1237 SD = 0. 68096. The last point on the above table is that the unutilized market access in the sub city will have encouraging prospect. Therefore, from these 79.4% of the respondent confirm that MSSEs` owners are eagerly waiting to utilize the

unutilized market access in the sub city in-order-to have encouraging prospects. This is supported by M = 4.1753 & SD = 0.80377.

According to the analysis of the above table the grand mean is 4.05025 this confirm respondents respond positively.

4.3.2. Respondents opinion on Market Challenges for MSSEs`

Table 4.4 To investigate market challenges for MSSE'.

Item	Percentage						Mean and SD	
	SD	D	N	A	SA	Total	M	SD
Access to Market in the sub city has been difficult for MSSE`s.	3.1	8.2	4.1	28.9	55.7	100	4.2577	1.073
Poor location/ Business site	0	2.1	9.3	48.5	40.2	100	4.2680	.714
There is weak market networking structure among MSSE that hinders their growth.	3.1	5.2	18.6	55.7	17.5	100	3.7938	.900
Lack of market linkage between MSSE and customers has been challenging for MSSE`s to grow.	12.4	3.1	4.1	22.7	57.7	100	4.1031	1.365
There is Poor customer relationship & handling within MSSEs`.	0	6.2	4.1	63.9	25.8	100	4.0928	.737
There is Lack of Knowledge of marketing for MSSE`s.	0	9.3	26.8	38.1	25.8	100	3.8041	.931
There is Lack of skill to set clear & competitive pricing policy by MSSE`s	0	1.0	24.7	46.4	27.8	100	4.0103	.756
There is Lack of demand forecasting by MSSE`s.	0	1.0	8.2	61.9	28.9	100	4.1856	.617
Linkage between government	0	1.0	8.2	75.3	15.5	100	4.0515	.527

organization and MSSE has been drawback for MSSE`s to grow.								
There has been market Challenge due to Continuous increase on Price of raw material.	1.0	1.0	7.2	70.1	20.6	100	4.0825	.640
The market has been pronounced by Lack of competitiveness.	1.0	4.1	3.1	35.1	56.7	100	4.4227	.827
					Grand mean		4.0974	

Source: Field Survey 2018

Regarding the difficulty of market access in the sub city for MSSEs' 86.4% of the respondent confirmed that there is difficulty for access to market in the sub city. This is supported by M = 4.2577& SD = 1. 07314. Therefore, the organizing body with in the respected sub city should reconsider ways on how to alleviate these difficulties so that MSSEs` will be better in maximizing their utilization of market. Business location is among the constraints for the establishment of a business. If there is a bad location, the company will be at disadvantage position to compete and achieve what the company intend to achieve, with the above in mind, 88.7% of the respondent confirmed that MSSE`s has Poor location/ Business site. And this is supported by M = 4.268 & SD = 0.71466.

Entities like MSSEs` need networking to increase their sales, MSSE customers who can by and consume, sale and for further use their products. Among the duties of the organizing body are market network creations for established and registered MSSEs`. This established marketing network has impact on the growth of MSSEs` through sales volume. For the enquiry about weak market networking structure among MSSE that hinders their growth, 73.2% of respondents confirm that through their day to day work experience and communication there is poor market networking among MSSEs` which in return has affecting their growth. This is supported by M = 3.7938 & SD = 0.90067.

As a producer and retailer MSSEs` needs consumer who can consume their products. To facilitate and achieve MSSEs` and consumers targeted objectives, linkage of MSSE-customer which should be organized by the regulatory body. For the query 80.4% of the respondent confirm that there is lack of market linkage between MSSEs` and customers that has been challenging for MSSEs` to grow, this is to say that when there is strong or good linkage between MSSEs` and customers it is also good for the growth and stability of MSSEs`. And this is supported by M = 4.1031 & SD = 1.36538. When we come to handling, through their day to day operation MSSEs` has been interacting with their customers. These interactions depend on the skill of MSSEs` personal who handles customers. This handling of customers ranges from attractive to repulsive. Accordingly, 89.7% of the respondent confirmed that there is poor customer relationship and handling within MSSEs`. And this is supported by M = 4.0928 & SD = 0.73715.

Most of the MSSEs` established and organized with limited financial and marketing knowledge. Some of the MSSEs` owners previously were jobless and some were with theoretical knowledge on how to produce and sale the produced goods and services. 63.9% of the respondent confirms that there is Lack of knowledge of marketing for MSSEs`. This is supported by M = 3.8041 & SD = 0.93139.

Policy articulation and implementation is a tough job for MSSEs`. Pricing of goods which are at retail and finished good is core prerequisite for MSSEs` business. However, to set clear and competitive pricing Research and development in the area should be mandatory. Besides, to set a clear and competitive pricing its running cost is high and beyond their capital. As per the respondent 74.2% of them confirmed that there is lack of skill to set clear and competitive pricing policy by MSSEs`. This is supported by M = 4.0103 & SD = 0.75684.

Supply and demand are the pooling factor for market. When there is greater demand pricing will rise and when there is high supply pricing will fail accordingly. For entities like MSSEs` demand forecasting like setting price is a tough job due to uncertainty and flexibility of marketing variables. Accordingly, for the query 90.8% for the respondent confirm that there is lack of demand forecasting by MSSEs`. And this is supported by M= 4.1856 & SD = 0.61796.

MSSEs` linkage with government organization with sale and purchase of goods and services can achieve their goals and objectives. As a matter of fact, government organization has capacity and ability in winning their needs, with regarding to MSSEs` they are at their infancy and they are at stage which hard to attain what they wanted to attain during their course of business. But this linkage should be based on stated rules and regulation that can advance the growth of MSSEs`. On the disbursed questionnaire, the linkage that has been created with government organization by so far has been increased the sales volume though it had been made through credit, this credit sales have been uncollectable for longer period due to this it has affected MSSEs` growth. Accordingly, 90.8% of the respondent confirmed that the linkage between government organization and MSSE has been drawback for MSSEs` to grow. As it is shown above the respondents were not interested to have linkage with government organization, it is because government organization after they traded with MSSEs` with goods and service they are unable to pay for the amount they owed to MSSEs` and this in turn collapse the working capital of MSSEs`. This is supported by M = 4.0515 & SD = 0.52779.

The price of raw materials has been among the determinant factor for entities which are engaged in producing and sailing of goods supply to the market. The continuous inflation increases and the shortage of foreign currency have been affecting the local and international market on the availability of raw materials and on the consumptions of goods. Based on this 90.7% the respondent confirms that there has been market challenge due to continuous increase on price of raw materials and it is a challenge for MSSEs` market. This is support by M = 4.0825 & SD = 0.64015.

Healthy market competitiveness can boost the marketing environment for business organization. Competitiveness can be pronounced in-terms-of quality and quantity and pricing of the produced goods and service. In-order to reach to competitive quality, quantity and price of goods and services entities should have to make research and development that will assist to the entity whenever there is a need for a change. However, entity like MSSEs` rather than to compete on the market, their need mostly focused on the sustainability on the business. Accordingly, 91.8% of the respondents confirm that market has been pronounced by lack of competitiveness. This is supported by M = 4.4227 &SD = 0.82708.

According to the analysis of the above table the grand mean is 4.0974 this confirm respondents respond positively.

4.3.3. Respondents' opinion on Market Opportunities of MSSEs`.

Table 4.5; to explore market opportunities.

Item	Percentage						Mean and SD	
	SD	D	N	A	SA	Total	M	SD
Government provides training on how to utilize available Markets.	0	2.1	18.6	63.9	14.4	99.0	3.9167	.643
Rules and Procedures have favors to boost MSSE`s market.	0	3.1	14.4	60.8	21.6	100	4.0103	.699
Society has positive outlook for MSSE`s products.	0	1.0	13.4	59.8	25.8	100	4.1031	.653
Open markets available during holiday and Sunday markets have good opportunity for MSSE`s.	0	6.2	14.4	79.4	0	100	3.7320	.568
Government has been providing advertisements for MSSE`s market within the society.	0	0	7.2	76.3	16.5	100	4.0928	.480
Currently, market is stably regulated for MSSE`s.	0	3.1	5.2	56.7	35.1	100	4.2371	.688
Market linkage between producers – to - producer has encouraging future.	0	5.2	17.5	62.9	14.4	100	3.8660	.716
Experience sharing opportunities provided by government between enterprises –to-enterprise has positive impact.	1.0	7.2	12.4	74.2	5.2	100	3.7526	.707
						Grand mean	3.9724	

Source; own survey

Government as an organizing body and providing various benefits to it citizens, MSSEs` also gain various benefit from government. Among these benefits are training is the one. These training will help MSSEs` in various ways and they will harmonize themselves according to the environment through the training that they have been getting from the organizing body government. Accordingly, 78% of the respondents confirm that government provides training on how to utilize available markets for enterprises that are organized under MSSE. The mean score and standard deviation for this idea shows M = 3.9167 & SD = 0. 64346. Government through it rulemaking and procedure body tries to boost MSSEs` participation alleviate their problems that have the potential to hinder their growth. Based on this respondent confirm that 82.4% of the respondent confirm that rules and procedures have favors to boost MSSEs` market. The mean score and standard deviation for this idea is M = 4.0103 & SD = 0.69963.

Communication with the society and being they are part of the society MSSEs` owners' and employees believes that society have positive outlook for MSSEs` product. In addition to the regular market area Societies have developing experience to explore MSSEs` bazaars and open markets that are scheduled during holidays and Sunday markets. For the query that society has positive outlook for MSSEs` product 85.6% of the respondent confirmed it positively. The mean score and standard deviation for this idea is found to be M = 4.1031 SD = 0.65327. Regarding open market opportunities created by government like holiday markets, emporium and Sunday markets, 79.4% of the respondents confirm positively and it is good opportunity for MSSEs'. Through means of advertisements like brochures, pamphlets, magazines, radios and TVs government advertises and announce MSSEs` products and marketing. Based on the query 92.8% of the respondent confirm that government has been providing advertisement for MSSEs` market within society. This is support by M = 4.0928 & SD = 0.4805.

For an enterprise stably regulated market has positive advantage. Most of the activities of MSSEs` are being under the intensive control by organizing in each sub city. Based on the inquiry 91.8% of the respondents confirm positively and market is stably regulated for

MSSEs`. The mean score and standard deviation for this idea is found to be M = 4.2371 SD = 0.6888.

As depicted on the above table query about market linkage between producer-to-producer has encouraging future. Accordingly, 77.3% the respondent confirms positively. This implies that market linkage that has been created by the organizing body has encouraging future between producers-to-producers. This is support by M = 3.866 SD = 0.71631.

The last query of the above table is about experience sharing opportunities provided by government between enterprises-to-enterprises has positive impact. Based on the query 79.4% of the respondent confirm positively and the experience sharing helps a lot for their future. The mean score and standard deviation for this idea is found to be M = 3.7526 & SD = 0.70756.

According to the analysis of the above table the grand mean is 3.9724 this confirm respondents respond positively.

4.3.4. Respondents' opinion to predict Market Prospects of MSSEs`.

Table 4.6; To predict market prospect of MSSEs'.

Item	Percentage						Mean and SD	
	SD	D	N	A	SA	Total	M	SD
MSSE`s future should be maximizing market competitiveness.	0	2.1	7.2	74.2	16.5	100	4.0515	.565
MSSEs` should have encouraging future in maximizing market share.	0	3.1	7.2	60.8	28.9	100	4.1546	.682
MSSEs` Production plan should be Market oriented.	0	0	7.2	58.8	34.0	100	4.2680	.586

	0	2.1	5.2	56.7	36.1	100	4.2680	.653
MSSEs` should identify customer need assessment for their product.	0	2.1	5.2	56.7	36.1	100	4.2680	.653
MSSE- Industry symbiosis should be assessed to increase MSSE`s market share.	0	2.1	12.4	79.4	6.2	100	3.8969	.509
					Grand mean		4.1278	

Source: Field Survey 2018

The future MSSEs` is to transform them to SMSE. With limited time interval, MSSEs` need to score the amount of their capital should have to increase and transform them to SMSE. This transformation in to SMSEs` among the future prospect those MSSEs` should have to achieve during their operation and strive to achieve the minimum capital requirement. As market is the only way to wealth and profit maximization, the healthy prospects of market for MSSEs` will let them to have bright prospect for MSSEs`. Accordingly, 90.7% of the respondent confirm positively. And these in turn will be among the core areas that the future of MSSEs`. This support by M = 4.0515 SD = 0.56589.The experience that MSSEs` have been getting from their daily working activities will have to be the potential for their accomplished performance. MSSEs` inter-twined their experience to maximizing market. For the query MSSEs` should have encouraging future in maximizing market share 89.7% of the respondent confirm that MSSEs` market share maximization should have encouraging future. When they have market share maximization they can attain the working capital that will assist them to perform their daily operation. This support by M = 4.1546 & SD = 0.68222.Sales budget has the basis for every budget that a company can prepare. Sales budget Production budget, Cash Budget and other budgets that are prepared by a company has undeniable merit to run a company stably and predict it future endeavor. For an entity, especially MSSEs` their Production plan should be based on Market oriented, i.e. they should have to consider supply and demand of the market, this will help MSSEs` to control inventory turnover and prevent them from unnecessary cost based on this 92.8% of the respondent confirm positively that MSSEs` production plan should be market oriented. This is support by M = 4.268 & SD = 0.58658.

MSSEs` should identify customer need assessment for their product, this will help them to produce as per the demand of current and potential customers. Based on the query 92.8% of the respondent confirm that MSSEs' should have to identify customer need and assessment for their product and it will help to cop-up with their sated objective. This is support by M = 4.268 & SD = 0.65376.

Industrial symbiosis is an industrial ecosystem where unused or residual resources of one company are used by another. This results in mutual economic, social and environmental benefits. It is a process involving several firms that complement one another provide mutual benefit through efficient use of raw materials, technology, services and energy. Large industries which are in different parts of the country may have a variety of leftover resources that can be raw material for MSSEs`. In-these-case, if this leftovers or unused resources try to be distributed for free or sold less price it will be useful for MSSEs to increase their production and market share. As it is depicted on the above table 85.6% confirmed positively that industry symbiosis should assessed and it will have encouraging payback for MSSEs` to increase their market share. This is support by M = 3.8969 & SD = 0.50999.

According to the analysis of the above table the grand mean is 4.1278 this confirms respondents respond positively.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1. Summary of Major Findings

The main purpose of this study was assessing the market challenges and opportunities of MSSE's in the selected sub-city. Based the data analyzed in the previous chapter, the following major results are summarized.

- Regarding the respondent's demographics, there was approximately proportional gender composition and majority of them were diploma holders. Even though their sector type was mixes from different sectors, majority of them are from textile and cloth industry.

- Coming to the first concern of the study, which is the current market aspect s the result shows that most of the respondents confirmed that the market place for MSSE's is identified by the Government, accessible, fairly distributed to all sectors, proximate to consumption place with an encouraging prospect. These represent with the overall grand mean of 4.05.

- The research result also revealed the Market Challenges faced by MSSEs` operating in the selected sub-city. According to most of the participants the weak market networking structure lack of market linkage between MSSE and customers, poor customer relationship, lack of knowledge of marketing for MSSE`s, lack of skill to set clear & competitive pricing policy by MSSE`s, continuous increase on Price of raw material, lack of demand forecasting, linkage between government organization and MSSE have been considered as potential challenges of the MSE's in the sub-city. This was accounted for the grand mean score of 4.0974.

- Regarding market opportunities, the result of the study confirmed that Government provides training favors in rules and Procedures, society has positive outlook for MSSE`s products, available of open markets during holiday, existence of market linkage

between producers – to – producer, experience sharing opportunities provided by government between enterprises –to-enterprise have been considered as potential opportunities for MSSE's. The grand mean for all these results is found be M = 3.9724.

- Finally, the respondents have confirmed that market share of MSSE's need to be encouraging, their production plan need to be market oriented, and they need to make customer need assessment for their product. The grand mean score for this is found to be 4.1278.

5.2. Conclusion

As the analysis shown above, current market is unutilized at optimum capacity, that implies there are some market areas that needs to be utilized at optimum capacity these in turn will increase the sale that an individual MSSE`s can achieve while fully utilizing unutilized current market share.

Markets are fairly distributed to all sectors; the more fairly-distributed market will arise from organizing entity accountability and responsibility. The more accountable and the more responsible the organizing entity will result harmonization and mutual understanding between the organizer and the organized entity.

When market place is accessible at affordable rent enterprises will have the opportunity to display their product and can drive their customers from the respective market. Affordability of a market depends on the amount of money that market can payback during their operation at that market.

Government, as an organizing body, through its decentralized branch should identify and potential market areas. These potential market areas will increase the interaction and market share of MSSEs`.

The identified potential market areas should be ready for use. Markets, where the buyer and seller with their intermediary interact to drive goods, services and in return money. It should have to be well organized based on infrastructure and basic needs that are necessary to boost the interest of the marketing participants.

These market places that have been provided by the government should have to be proximate to the consumption place. Proximity to market place includes infrastructure and related tools availability.

It is believed to be that there are unutilized markets in Kolfe-Keraneo sub city. If there are some strives to utilize this unutilized market, this will be of good importance for jobless citizens which are not yet organized as MSSEs` to organize hoping for the availability of market. And this unutilized market accesses will have encouraging prospect.

Access to market in the sub city has been difficult for MSSEs`. There is believed to be difficulty in the sub city for access of market.

There is also poor location or business site. Therefore, government should act accordingly to alleviate such problems and to create conducive environment for MSSEs` and other business as well.

There is weak market networking and market linkage between customers and MSSEs` and producer- producer should be harmonized based on the interest of the MSSEs` and consumers and other producers.

As the study shows, there is poor customer handling and lack of marketing knowledge for MSSEs`. Besides, there is lack of skill to set clear and competitive pricing policy by MSSEs`. This short coming should have to be alleviated through short term as well as long term training. Demand forecasting too was among the constraint that MSSEs` has been facing. Linkage between government organization and MSSEs` has been shown among the constraint, for MSSEs`, during their collection receivables.

The market challenges have been arising by continuous increase of raw materials. There also lack of Market competitiveness. However, the market has been found to be stable for MSSEs`. Providing of training on how to utilize market, articulation of rules and procedures, societies outlook towards MSSEs` product, governments providing of marketing facilities has been impacting MSSEs` positively. Open markets available during holiday and Sunday market have been resulting good opportunities. Advertisements, for MSSE` market, on different means has been impacting MSSEs` positively.

MSSEs` future has been found to be maximizing market competitiveness and market share. Besides, production should be market oriented. In addition, MSSEs' should identify their customers need assessment and the government should provide friendly environment for MSSEs`-industry symbiosis.

5.3. Recommendation

Considering the finding above the researcher wish to make the following positive recommendation, if this taken in to consideration, might bring some positive changes to the current MSSEs` current marketing loop hole.

> The government should consider ways to boost current market and identify potential market, since MSSEs` are incapable to do it by themselves till they become familiar to the marketing environment.

> Provide a strategic market and work place to MSSE. This can be achieved by creating MSSE working and marketing place in selected area as clusters rather than operating in a scattered manner. Working in one strategic area will allow MSE to grow as cottage industry or industry in the future when they are transformed to medium or large enterprises.

> From the study it was found that most of the challenges facing MSSE's are revolving around lack of adequate knowledge on how to conduct and compete in the market. Therefore, the government need to arrange training programmes on the marketing mix, customer relation and the use of market diversification to increase their level of understanding on marketing knowledge.

> Helping most MSSE to make market research and outreach private customers and minimize the reliance on government funded works. The result reveal that for most MSSEs major assistance provider is government, and these had a thinning effect on MSSE which inhibit problem solving, creativity and makes MSSEs spent most of their time in chasing government aid and support rather than doing a profitable business and analyzing the marketing environment.

5.3.1 Recommended Further Research

This study was conducted on the one sub-city of Addis Ababa city administration i.e. Kolfe Keranyo sub-city. So the result of the study may represent only the selected sub-city's MSSE's. The MSSE's operating in the remaining sub-cities of the city may not be generalized by this study output. Therefore, the researcher recommends other Interested researchers to conduct further study considering other variables at city level.

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APPENDICES

Questionnaires filled by Respondents

Dear respondent,

Greetings!

This research is being conducted by students of **St. Mary`s University** in order to comply with the requirements of the Master of Business Administration. The study focus on, "***Market Challenges and Opportunities of Micro and Small Scale Enterprises***" with particular reference to General or Marketing Manager in Kolfe-Kraneo sub-city, Addis Ababa, Ethiopia. Your response to this questionnaire will also benefit you by calling the attention of the government to your problems. On average, filling the questionnaire will take 10 minutes. Your participation in this study is strictly confidential. To guarantee the anonymity of your response, you should NOT write your name in the questionnaire. Any response you provide will be used exclusively for the research purpose only. Your honesty in responding the right answer is vital for the research outcome to be reliable. I would like to thank and appreciate for your kindly cooperation.

- *General Guideline:*
  - ➢ Please, tick for those questions next to the choice which you think right.
  - ➢ Please, give your short and precise answers for those followed by blank spaces.

I.   Demographic Questions.

1. Gender

   Male [   ]   Female [   ]

2. Sector type

Textile and Clothing	Leather & Leather Products	Wood & Metal Works	Construction	Agro-Processing	Art Work

3. Educational Level

Up to Grade 12	Diploma	BA/BSc. Agree	MA/Msc.	PhD.

4. Experience in the Field

1-4 Years	5-8 Years	9-10 Years	>10 years

II.   Would you rate the following based on the given measurement. A. To examine Market of MSSE`s.

S.No.	Description	SA	A	N	D	SD
1.	The current market is utilized at optimum capacity.					
2.	Markets are fairly distributed to all sectors.					
3.	Market place is accessible at affordable rent.					
4.	Government has identified potential market areas.					
5.	The identified potential market areas by Government are ready for use.					
6.	Market places provided by the Government are proximate to consumption place.					
7.	There is unutilized market access in the sub city.					
8.	Unutilized market access in the sub city will have encouraging prospect.					

B. To investigate Market challenges for MSSE`s.

S.No.	Description	SA	A	N	D	SD
1.	Access to Market in the sub city has been difficult for MSSE`s.					
2.	Poor location/ Business site					
3.	There is weak market networking structure among MSSE that hinders their growth.					
4.	Lack of market linkage between MSSE and customers has been challenging for MSSE`s to grow.					
5.	There is Poor customer relationship & handling within MSSEs`.					
6.	There is Lack of Knowledge of marketing for MSSE`s.					
7.	There is Lack of skill to set clear & competitive pricing policy by MSSE`s.					
8.	There is Lack of demand forecasting by MSSE`s.					
9.	Linkage between government organization and MSSE has been drawback for MSSE`s to grow.					
10.	There has been market Challenge due to Continuous increase on Price of raw material.					
11.	The market has been pronounced by Lack of competitiveness.					

C. To Explorer Market Opportunities of MSSE`s

S.No.	Description	SA	A	N	D	SD
1.	Government provides training on how to utilize available Markets.					

2.	Rules and Procedures have favors to boost MSSE`s market.					
3.	Society has positive outlook for MSSE`s products.					
4.	Open markets available during holiday and Sunday markets and emporium have good opportunity for MSSE`s.					
5.	Government has been providing advertisements for MSSE`s market within the society.					
6.	Currently, market is stably regulated for MSSE`s.					
7.	Market linkage between producers – to - producer has encouraging future					
9.	Experience sharing opportunities provided by government between enterprises –to-enterprise has positive impact.					

D. To predict market prospects of MSSE`s

S.No.	Description	SA	A	N	D	SD
1.	MSSE`s future should be maximizing market competitiveness.					
2.	MSSEs` should have encouraging future in maximizing market share.					
3.	MSSEs` Production plan should be Market oriented.					
4.	Government should identify customer need assessment for MSSE`s					
5.	MSSE- Industry symbiosis should be assessed to increase MSSE`s market share.					

III. Open ended Questionnaires

1. In your opinion, what are the main Potential and Current Market for MSSE`s?

   _____
   _____
   _____

   _____

2. What do you consider as Market Challenges for MSSE`s?

   _____
   _____
   _____

   _____

3. Please dot down Market opportunities for MSSE`s?

   _____
   _____
   _____

   _____

4. What do you think the future market for MSSE`s?

   _____
   _____
   _____

   _____

5. If you have anything to Add regarding MSSE`s marketing Challenge
   and Opportunity.

   _____
   _____
   _____

   _____

   Thank you for your Time and Response!