

St Mary's University College

Faculty of Business

Department of management

A Comparative Assessment on Strategic Location of Micro and Small business organization at Lideta, Yeka and Bole sub-cities

By Sara Yemane

June, 2011
SMUC
Addis Ababa

**A Comparative Assessment on Strategic Location of Micro and Small
business organization at Lideta, Yeka and Bole sub-cities**

A senior essay submitted to the Department of Management

Business faculty

St. Mary's University College

In partial fulfillment of the requirements for the degree of

Bachelor of Arts in Management

By Sara Yemane

June, 2011
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Approved by the committee of examiners

Chair person	Signature
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So much love and thanks for my family for their encouragement while I conduct the research and above all for being their through out my life. I am always great full.

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Questioner for Customer

The purpose of this questionnaire is to gather information and opinion from micro and small business customers about the effects of strategic location of those businesses.

Notes: - 1. No need to write your name.

2. When alternative answers are given, please mark your answer using an 'X' mark in the corresponding boxes.

3. Please be as brief as possible answering the open ended questions.

1. Where do you live?

Kebele _____

Sub City _____

2. The producers are available when ever you want to buy

Strongly agree Agree Neutral Disagree

Strongly Disagree

3. Where does the products available?

On production place

They have their own selling spot

Through other distributers

4. Is there price difference when you compare it with other producers?

Very Expensive Expensive Equal price

Cheep Very Cheep

5. What is loading and delivery access like?

Very good Good Neutral Ba Very Bad

6. The transport links to buy the product

Very good od Satisfactory Ba Very

Bad

7. The products are accessible

- Strongly agree Agree
 Neutral Disagree Strongly Disagree

8. Parking space are available

- Strongly agree Agree
 Neutral Disagree Strongly Disagree

9. The shops are close to the main road

- Strongly agree Agree
 Neutral Disagree Strongly Disagree

10. There is traffic crowdedness to reach into shops

- Strongly agree Agree
 Neutral Disagree Strongly Disagree

11. Do you have any suggestion or comment you want to add by considering their location?

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Sami structured Interview Questions for agency

These interview questions are designed to be carried on Administrator of micro and small businesses office. The purpose of this interview is to gather data about strategic location of Micro and Small Business.

1. Name of the sub city?
2. What is the area coverage of your sub city from the total of all sub cities?
3. What are the formalities that the people need to fulfill for the sub cities to be a part of the Micro & Small business Participants?
4. How much is given as a beginning capital and the total working, space on Industrial site?
5. How Many producers are located in a single industrial site?
6. What are the preliminary things to be considered before assigning the construction, wood & metal working businesses in to different sites of the sub cities?
7. How does the construction, metal and wood worker get raw materials?
8. How does the construction, metal & wood worker sell their product?
9. Do they have enough working & storage space?
10. From the administration point of view, what are the major criteria that are used to select an area as industrial site?
11. Does the construction, metal & wood works, have any complaints in regard to their location?
12. What are the measures to be taken by the sub city to resolve problems?

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Questioner for Participants

The purpose of this questionnaire is to gather information and opinion from micro and small business customers about the effects of strategic location of those businesses.

Notes: - 1. No need to write your name.

2. When alternative answers are given, please mark your one or more answer using an 'X' mark in the corresponding boxes.

3. Please be as brief as possible answering the open ended questions.

I. Personal Information

1. The place you live in

Kebele _____

Sub city _____

2. Place of work

Kebele _____

Sub city _____

3. Name of Industrial site

4. Your Organization (group) name

5. Your of establishment

6. Area of operation

Metal and wood work

Construction material

II Genera information

7. The number of participants in a single organization or group

1-7 8-14 15-21 22-28 Above 28

8. The land which is provided by the agency for work space in square meter

11-20 21-30 31-40 41-50 Above 51

9. The space which is provided is enough to store

- Strongly agree Agree neutral disagree
 Strongly disagree

10. Is your current space enough for production?

- Yes No

11. How do you explain the safety?

- Very good Good satisfactory bad very bad

12. The proximity of the work place to your home

- Very good close enough far very far

13. Do you face any problem due to the working location?

14. The access to main road

- Very close close enough far very far

15. The quality of the road

- Asphalt and wide for cars to move freely
 Not comfortable for cars
 Difficult to transport
 Difficult to tell the exact location

16. The availability of water

- Very good Good satisfactory bad very bad

17. The availability of electricity

- Very good Good satisfactory bad very bad

18. Raw materials are accessible?

- Strongly agree agree neutral disagree
 Strongly disagree

19. There is market accessibility for finished goods

- Strongly agree agree neutral disagree
 Strongly disagree

20. The problems that you face due to your production location?

21. Do you have any suggestion for anything to add?

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Declaration

I, the undersigned, declare that this senior research is my original work and that all sources of materials used for the manuscript have been duly acknowledged.

Name _____

Signature _____

Place of submission- St. Mary University College

Date of submission _____

Advisor's approval

This senior research has been submitted for examination with my approval as the University College advisor.

Name _____

Signature _____

Date _____

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Chapter One

1. Introduction

1.1 Back ground of the study

In the current market, having the best quality products, brand and fashion design is not enough to guarantee customer preference. To be the first choice is being on the right place at the right time.

In order for any business to be successful it must have quick and convenient access to major markets. By market, it includes the major sources of suppliers for raw material and receivers of goods and services.

Some scholars agreed, for a business, the classic advice is “location, location, location”. It is right on mark, location can mean the difference between feast or famine (<http://www.eHow.com>).

Most of companies are seen losing their customers, fail to attract new ones and loose their employees because of their accessibility of their location. For any producer or services giver organization their strategic location is another core value be side their quality of input and out put (<http://www.statefarm.com>).

Micro and small business first established under the control of Addis Micro finance Agency. The name was given for the first time was by Innovation Project. In 1995 E.C the agency started to support every one who was trying to have a potential to be self employed and those of, who do not have initial capital to start a business.

After a year, in 1996 E.C, This innovation projects starts the activities by themselves under the federal agency and the title become Federal Micro and Small Businesses Development Agency.

To expand the accessibility, the centralized way of activities were divided and directed to sub Cities and Kebele levels.

The common vision for those 3 Sub Cities:

To make Micro and Small business enterprises a source of consistent work opportunities for all, and to make those enterprises a corner stone for bigger industries in Addis Ababa by 2012 E.C.

The mission is:-

- To make Addis Ababa City Administration Micro and Small Business participants and new entrants especially youth and female be more beneficiaries.
- The administration work with different governmental and non-governmental organization to provide continuous support for small and micro business enterprises to minimized and eliminate poverty and unemployment.

Now, the agency divides the creative and potential workers into groups and helps them to perform into 8 sectors.

Those 8 sectors are:

- Metal & wood works
- Construction
- Textile
- Food products
- Cobble stone
- Urban farms
- Municipality and others.

1.2 Statement of the problem

In marketing among the 4 P'S, price, product promotion and place, place refers generally to distribution. I.e. where your customer evaluates and ultimately receives your product or service. While this may has matter much for people who work virtually or who run a business that drop – ship from third party, its critical for restaurants, retailers and even many service businesses. Ironically, while place is often the most permanent of the 4 P'S. (Alen)

The location choice problem has been studied with varying assumptions and perspectives by different disciplines like economic geography, management Science and international business. Location – production models are the earliest analytical stylized firm in relation to the spatial economic costs like labour prices, land costs, transportation costs and telecommunication costs. (Anadhom and Kameshwarn: 704)

In those 3 Sub Cities, the researcher observes a problem related to production area display and market area. The places that Land Possession and Administration office provide a remote place which usually do not have access to road or other infrastructures.

Those selected two sectors which are metal and wood work and constriction work need large area and access to row material. The gap which is observed in Micro and small business is, the administration focuses on lending money for starting capital and providing a space for working area without studying the strategic location for that specific sector.

The researcher observed this problem and by comparing the location of those Micro and Small Business performance, access to market availability and safety for their product & row materials, by emphasising the importance of strategic location on business organization.

1.3 Research Question

1. What are the difficulties faced by Micro and Small businesses enterprises in relation to their location?
2. What are the factors that should be considered for building industrial sites?
3. What are the contributing factors that affect the strategic location of Micro and Small businesses?
4. What are the measurement for selecting good strategic location of these sectors given by the Micro and Small businesses agency?

1.4 Objectives of the study

1.4.1 General objective

The researcher wants to emphasize the advantages and benefits of strategic locations of production, market and display locations which the small and micro level groups are located.

To make a comparative assessment on Bole, Yeka and Lideta Sub Cities Micro and Small businesses by using different theoretical measurements.

1.4.2 Specific objectives

1. To find out the problems faced by construction, metal and wood works due to their location and to suggest a solution for the position of their strategic location.
2. To describe the measurement of the good strategic location for Micro and Small businesses.
3. To explain the contributing factors that affects the strategic location of Micro and Small Businesses.
4. To describe the criteria's of Micro and Small Business agency site selection for construction, wood and metal works.

1.5 Significance of the study

The significance of this study is first creating a comparative assessment between different Sub cities, observing and evaluating their performance on metal and wood work and on construction sectors. Also, the researcher will provide some opinion to those Sub Cities Micro and Small Businesses the unrecognized theoretical parts of strategic locations.

This research paper also addressed only a part of significance of the strategic location in business world. This implies further researches that could be done by using this paper as a base.

As for researcher this paper is be a partial fulfilment for BA degree in management.

1.6 Scope of the study

The research paper was only focused on 3 Sub cities's which are located in Bole, Yeka and Lideta Small and Micro Businesses. Those Sub-cities are selected because of their proximity to the student researcher to study each of them can be done shorter period.

It also focused on only construction and metal and wood work sectors. The researcher excluded other Sub Cities in the city and also other business sectors with in the selected Sub Cities. The study also specified the activities which are done after 2001 E.C.

1.7 Research Design & Methodology

1.7.1 Research Design

The student researcher used descriptive method to describe the use and benefits of having strategic location for business organization. In construction, metal and wood works sectors of Micro and Small businesses of three Sub-cities.

1.7.2 Population and Sample Size

The total population of Micro and small businesses participants in those selected sub-cities grouped them and place them in to eleven industrial sites of the respective sub-cities.

Description	Yeka	Bole	Lideta	Total
Metal and wood works	77	135	69	298
Construction	335	298	35	668
Total	412	433	104	949

To make the participants sample size manageable in the study the student researcher chooses to take 20% of the total population from each group.

The reason that the student researcher select 20% is, the industrial site given by the Micro and Small business agency to homogeneous enterprises. To understand their problem, it is convincing that 20% sample was

sufficient. On the other hand, each selected samples which are included in this study represent five enterprises in the selected industrial sites.

Since eight of the industrial sites started their activity and 526 enterprises started working in these sub-cities, the samples were taken from those enterprises are included in this study.

Lideta sub-city

- Metal and wood works 69*20%=13.8 14 individuals
- Construction 35*30%=7 7 individuals

Yeka sub-city

- Metal and wood works 77*20%=15 15 individuals
- Construction 135*20%=27 27 individuals

Bole sub-city

- Metal and wood works 135*20%=27 27 individuals
- Construction 75*20%=15 15 individuals

The total sample size was 105.

The student researcher also used convenient sampling for customers. The researcher selected ten sample from those three Sub-cities a total of 30 customers respondents were included in the study. The difficulty to access the customers and the time limit forced the student researcher to select ten customer respondents form each sub-city.

Three individuals who are representatives of Micro and Small businesses in those three Sub-cities were also included in the study to make the results more reliable.

1.7.3 Sampling Technique

The researcher chooses stratified sampling to select the samples from the total population. This method gave equal chance for all group members of the study.

1.7.4 Type of data used

The student researcher has used primary as well as secondary data for the paper. Samples which are selected from selected sub-cities Micro and Small business metal and wood works and construction sites.

Secondary data were used from those sub-cities Micro and Small businesses office documentation. The secondary data helped the student researcher to cross check the primary data and also to examine background and process of the overall activity of the Micro and Small business participants.

1.7.5 Data gathering instruments

The student researcher has used close and open ended questions for primary data collection from Micro and Small businesses participants in construction and wood and metal works. Those types of questionnaire are easier and time saving method for the student researcher to analyse the data in shorter period of time when it compares to other data gatherings instruments.

For customers who were selected, mixes of both open and close ended questioners were used. For administrators there were semi structured interviews. Non participant observation also been used. The sub-cities Micro and Small business office documentations were also used in this paper for the secondary data source.

1.7.6 Data Analysis Method

Since the student researcher chooses the descriptive research method the data analysis also done in descriptive method. The researcher has used the percentage and SWOT analysis to interpret and present gathered data. The data presentation was done in tabular form with brief description so that the readers easily understand it without any confusion.

1.8 Limitation of the Study

The limitations that was faced by the student researcher was while distributing the questionnaire and gathering data, some of the sample enterprises were suspicious and were not willing to answer any of the question that has been asked by the student researcher. But if there was longer time, there would be a time to convince them to respond well. The enterprises response would be much better. The other difficulty related to limited time was, the number of samples decreases it is because the student

researcher could analyse only this much number in this time limit. But, if there was more time more enterprises would be included in this study.

Beside time the other limitation was finance. The capacity of the student researcher to copy and distribute the questioners was limited by the finance problem. Most of the sites are located out side the city. So, the researcher's capacity to pay for transport or employ an assistant to distribute and collect the questioners was limited. Because of those reasons the samples number couldn't be larger than 20% .This has its own impact on accuracy level of the study.

1.9 Definition of terms

- **Shade**- a quarters that are building on the government land or on the land privately owned that is used for production purpose only.
- **Block**- is an accommodation which has similar mining with the shade but it is larger in size and smaller in number than shades. Block is used to count the number of shades in a single industrial site.
- **Enterprise**- are the groups which are formed under Micro and Small business agency and working in certain specific sub-city by fulfilling the criteria which are required by the sub-city.
- **Industrial site**- a larger land which is given by the government to producers which will be used for production purpose only.

1.10 Organization of the study

This study was classified in to four chapters. The first chapter included the background of the study, statement of the problem, objective of the study, significance of the study, delimitation, research design and methodology of the study. The second chapter discussed the review of related literature. The third chapter deal with analysis and interpretation of the data collected finally the fourth chapter included the summary of the finding conclusions and recommendations.

Chapter Two

2. Related Literature Review

2.1 Theories and definition of strategic location

The Encyclopaedia Britannica defines “strategic location of a business as the physical space where your business exists”. It also put the theories as follows.

Johann Heinrich von Thünen, introduce an early theory of agricultural location in *Der Isolierte Staat* (1826) mining the isolated state. The Thünen model suggests that accessibility to the market (town) can create a complete system of agriculture land use. His model envisaged a single market surrounded by farmland, both situated on a plain of complete physical homogeneity. Transportation cost over the plain are related only to the distance travelled and the volume shipped. The model assumes that farmers surrounding the market will produce crops which have the highest market value (highest rent) that will give them the maximum net profit the (location, or land, rent). The determining factor in the location rent will be the transportation costs. When transportation costs are low, the location rent will be high, and vice versa.

In 1909 German location economist Alfred Weber formulated a theory of industrial location in his book entitled *über den Standort der Industrien* (Theory of the Location of Industries, 1929) Weber’s theory, called the location triangle, sought the optimum location for the production of a good based on the fixed location of the market and two raw material sources, which geographically form a triangle. He sought to determine the least-cost production location within the triangle by figuring the total costs of transporting raw material from both sites to the production site and product to market site... cited on encyclopaedia.

The others define location as: “Not only will your business depend on your location, but you will be "planting your business tree" there and will need to be able to maintain it for years to come”. <http://www.womenowned.com>

“Location theory is concerned with the geographic location of economic activity; it has become an integral part of economic geography, regional science, and spatial economics. Location theory addresses the questions of what economic activities are located where and why. Location theory rests — like microeconomic theory generally — on the assumption that agents act in their own self interest. Thus firms choose locations that maximize their profits and individuals choose locations that maximize their utility”. Chris taller on encyclopaedia

Campell and Craign in (2005:90) define location as follows;

“The location of a business refers, in this context to its physical location; literally referring to the ground upon which the organization mainly operates. We can examine this matter on a macro or micro scale, the relevance of which will be different for different types of business.

Macro decisions are those concerning the location and physical organization of a business in big terms. For some companies this will mean determining the companies or even the continents in which the business will operate. For others, it may refer to which parts of this country the business should operate in. such matters are generally considered to be strategic as they can have a significant effect on the success or failure of the business.

Micro decisions, as the name suggests, refers to location decision taken once the macro decisions have been made. It might be that the company decides to build a factory in Europe (the macro decision), but it then needs to be decided which European companies. And which city in the chosen company is most suitable. For smaller companies, micro decisions would concern the street on which to locate, or even which part of a given street”.

2.2 Selecting strategic location for business

“Finding the perfect location for your business is not an easy task. Some businesses don't rely on foot traffic while others rely on a place that has a lot of natural traffic, plenty of parking and is in an area that penetrates your target market. But there are many factors that go into finding the perfect

space that involve the size of your business, the type of business and your budget for a space” ([Miranda http://www.eHow.com](http://www.eHow.com)).

Viswanadham and Kameshwaran in September 2007 edition on page 704 explain the problem of choosing a location in the following terms.

“The location choice problem has been studied with varying assumptions and perspectives by different disciplines like economic geography, management science, and international business. Location-production models are the earliest analytical models, which analyse the production behaviour of an individual stylized firm in relation to the spatial economic costs like labour prices, land costs, transportation costs, and telecommunication costs”.

To evaluate the locations, two numerical entities are required: weights and scores. The relative importances of the location attributes are denoted using the weights. The scores, on the other hand, rate the performance of a location for each of the attributes.

The total score for a location is then obtained by combining the weights and the scores in some mathematically acceptable way, which depends on how the weights and scores are represented and obtained”.

Choosing a location for business is typically an important decision, although the criticality varies according to the type of business involved. For instance, location can be crucial to the success of a business like fast-food restaurants, which depends heavily on potential customers passing by on the other hand, a business like a general constructing operation that relies heavily on advertising to reach customers will not be as directly affected by its location.

In selecting appropriate business site, entrepreneurs and small- business owners usually take into consideration major factors such as the community, trade area, lease or buy trade- offs, licensing requirements, and cost per surefooted”(Bartol, 1991:792).

“Determining where a business will fit best in to the distribution process is an important. First step in choosing a location for the enterprise, Nearness to the market transportation, communication, personal preference, and community needs should be considered.

The general types of location include the small town, the city and the suburb. These types can further be divided according to the kinds of shopping areas found within each type” (Hailes and Hubbard, 1983:120).

2.3 General criteria for selecting the best location

“Proper site selection takes time and money. This is the reason many people decide not to attempt it. There is a tendency to play follows the leader and go to the new trendy areas or to go where they can get a lower price.

There is a tendency to have someone else do the research and simply use that in place of legitimate research. The problem with this method is that the large established chains make mistakes but they usually have deeper pockets to weather out a bad decision than independent operators can. There is no substitute for doing the research and legwork it takes to find a successful location.

The principles listed are by no means an exhaustive list, but instead are a list of basics. There are complete textbooks on the topics listing other factors in more detail. This overview of the topic should help you gain insight into this important aspect of food service planning” (Northern Arizona University1999, publication).

When a person wants to open a business, one of the most vital factors is business location factor where will the business be placed. Good or not a location very is determining of business success” (<http://www.Panelbusiness.com>).

If you confuse to choose location, it is better for you to ask to others, doesn't merely 1 people, but asking to some people concerning location which

suitable for your product. Usually from result of question and answer with others, especially more experienced, ideal image in our mind will be open progressively. Following below are some considerations in choosing business location:

1. Level Density.

Mount density relates to the amount of residents in an area, what is many or not. For example housing blocks, with its dwellers 1,000 family heads or 4,000 family heads, of course differ its density, or for example area around campus / university, there is how many campus around area.

2. Level earnings of consumer candidate / society.

Know exactly rise earnings income of residents around the area. Because this matter relates to society purchasing power to our product. If its high purchasing power, we can sell product with rather quality, but if its purchasing power lower, we can sell product which its standard quality but cheap. If haberdashery booth can sell product by more retail. For example selling cigarette per bar, non-perishable.

3. How many competitors are there around location.

For business of trading, sure there is much other business in the place. Its diffraction if more and more opening the business in the area, progressively multitude. Because of these centralistic kinds of business occur in one location, and this of course draw customer which far to come to go shopping. For example mall public square or plaza.

4. Consideration of place of business.

Need to see the place. Usually if the place in a mall / plaza, more crowded visitor, but price rent costlier also. But beware of in choosing mall, there is mall which do not multitude, so it could our business not expand, because in this time more and more mall which pop out. Besides in mall, place around roadway also good, near by crossroad, in essence, the place of passed by crowded and in evidence of people.

5. Traffic

See the traffic, are there many people or not. If not pedestrian multitude, how about motorcycle or motor-car pass there. The place like this still competent to be used.

6. Level of competition

If you see crowded location, but business of a kind with you have quite a lot, don't force to open business there. But if you sure because place position more strategic, bigger capital, better service, you may enter the competition.

7. Security and access to park.

Factor of safety is important enough. Because if a place is crowded but gristle of security facet, It is possible that improving expenditure of financial sector, caused by costs for safety, not to mention its risk to our goods stock and place of our business. Try to look for the place park peaceful and easy for vehicle, more than anything else if business which will be opened in the form of restaurant, because if consumer is difficult to look for place park, or park far from location our business, of course he customer will not feel safe and do not wish to return.

In opening business, need carefulness, don't be gone heels over head, and do step with self confidence. (<http://www.Panelbusiness.com>)

Factors which should be consider in business location. Campbell and Craigin 2005:92 explain it as follows:

There are number of factors that can help to determine business location.

The contribution that each factor naturally varies from case to case these factors will be equally applicable for both macro and micro location decisions, depending upon the individual business.

1. Proximity to customer and suppliers

It is obvious that the success of a business relies heavily on customers having straight forward access to the businesses output. This factor is more important when the nature of the supplier. Customer relation is one which involves frequent personal contact where customers buy little and often

from the business. It becomes less difficult as a deciding factor when business is conducted largely on a mail order or telecommunication basis. It is also a major factor in cases where transportation represents a significant cost to a business when, for example, the products are bulky and perishable in nature. It is common to locate near to the largest concentration of customers in this case or to operate a distribution outlet for the business in close proximity to the customers.

2. Proximity to the supplier and other inputs

Proximity to the supplier is the other side of the same coin to proximity to customers we would consequently expect this factor to assume greater importance when goods are expensive or inconvenient to transport. We typically find fish producers near to the quays at which fish are landed. In this case the location is decided by the perishability of the product.

3. Availability of appropriate labour

Labour as one of organization key inputs, is necessarily an important factor in location. The key consideration here is the availability of appropriate labour rather than the availability of labour per se.

Some businesses for e.g. heavy industries require relatively large no's of skilled and semi skilled workers. Furthermore, in practice much of this labour is male. It follows that businesses of this type would be located in regions where the key labour input is plentiful; of course, one could possibly argue that the employer attracts the key labour input to its vicinity. Other types of business require staff with key intellectual skills.

In addition to the availability of labour inputs, business location is sometimes influenced by government regulations. Some organizations are guided in their choice or country of location by the degree of regulation of the work force in the country. In some countries, employers must, by law, make more provisions for employees than in other countries with less regulations of the work place may attract more relocation than those with more.

4. Access to transport links

For some organizations, the need to transport links assumes great importance in location decisions in this context; transport infrastructure includes suitable road networks in the vicinity, rail Connections Seaports and airports.

This factor is especially important for businesses that rely heavily on the transport of goods to and from their plants. For this reason many manufacturing industries is centred on areas of the country which are well supplied by motor ways and rail freight terminals.

5. Access to energy and utilities

All organizations have some requirements for utilities such as gas, electricity and water. It follows that this is the factor to businesses in the same way as it would be for an individual looking to buy a house. Whilst all main countries of population are well served by utilities, some outlying areas are not. This is particularly true of gas supplies which are some what more expensive to carry to remote areas than electricity. In addition to utilities some businesses have a high dependency on modern telecommunication networks. The rapid advances in telecommunications technology in the 1990's have enabled many organizations to be previously possible.

6. Cost of land

The cost of land varies significantly across the U.K according to the differences between the supply of land and its demand. The higher the population density the higher the demand for land. Some businesses particularly those involved in manufacturing have the need for a lot of land, where as many service businesses can operate from a small suite of offices, a manufacturer land space for ware housing and production in addition to offices. High land costs are thus bound to affect such businesses more than others. For this reasons manufacturers do not tend to locate in areas of highland cost unless there is some other very compelling reason for doing so.

7. Local authority taxation and grants

In order to support local authority service, local government charges residents and businesses in their area with local taxation. The amount charged to each business will depend upon both the level of expenditure of the local authority and the amount of grant money from central government. It follows that not all local authorities charge the same level of local council tax.

Areas with lower local authority taxation will obviously be more attractive to businesses than areas with local tax.

8. Restriction of land use

Restriction on land use can be imposed by both central and local government. An e.g. of land use restriction includes the imposition of a green belt around a major contribution. In this case special planning permissions required for any development in the green belt a measure designed to ensure that cities do not simply continue to expand into surrounding country side.

9. Personal preference of the owner

The personal preference of business owners regarding location is a particularly important factor when the business is run by an owner manager. Businesses run in this way are usually relatively small. In most cases, it is common for most businesses to be set up in the region in which the owners and their families are already established.

10. Room for Expansion

As part of their strategic planning, some businesses locate in a specific location because the site in question has land around in which offers opportunity for future expansion, such businesses tend to be ambitious and may be relocating as part of their market development strategy.

This is one reason why manufacturing businesses tend to be located on the peripheries of towns and cities. By constructing a plant adjacent to spare

land, the opportunity remains for new building work to take place if needed without having to demolish other buildings first. Local authorities vary in their willingness to grant permission for business expansion into adjacent land and this is another important factor in some business location decisions (although central governments can overrule a local authority).

According to the study of Mrs. Assegedech Woldelul, (2004:16) the criteria of strategic location for Micro and Small business enterprises in Ethiopia explained as follows.

As a retail shop is an essential linkage within the marketing channel, the location has to be chosen strategically. Even if it is a Micro and Small enterprise the location is a deciding factor.

The premise can be chosen by making a comparison analysis between the costs and benefits to be gained. Before choosing a location for the retail shop carrying out simple research concerning the potential buyers and the nature of the product could be advantageous. The study should identify the following:

- the type of potential buyers (attitudes towards the product and habits)
- the product type (e.g. durable, perishable, for low income, for adults, for girls)
- Whether the product or service is in high competition or not;
- The method with which the retailer intends to attract the purchaser
- The period of time in which buyers prefer to do their shopping.

Based on the result of the above research, the shop location can be selected by putting some criteria such as the ones cited below:

- If the product is consumable, such as food and beverages the shop can be located in residential neighbourhoods;
- If the product is meant for student consumption, then the shop can be located near schools and universities;
- If the product or service is aimed at tourists, it can be any busy location of interest to them;

- If the service is for young girls, such as hair dressing, the shop can be located in areas that can be reached easily and comfortably;
- If shoppers are from the upper class, the best location for the shop may be in a clean and safe area;
- If many competitors are situated in the same area, then this may be an advantage or disadvantage, all depending on your products and buyers.

2.4 Type of Locations

According to Hailes and Hubbard, 1983:121 the types of locations are classified as follows.

“The small town- in choosing a small town or village for a business, the location is secondary to determining the economic future of the community itself. In small towns, businesses are cluster around the main street. Distances between businesses are short and walk- in customers account for much of the trade. Parking facilities, while important, are less of a determining factor that in urban areas. A small town can support a variety of household, food, and service establishments if enough of the citizens in town and in the surrounding area have sufficient buying power. A potential business owner should be careful of one industry towns, dominated by one company.

The city- (for the discussion purposes, a community with a population in excess of 25,000) is a network of interrelated and overlapping communities, within the city; there are five basic types of business locations. These are the central business district, the secondary business district, string streets and stores, neighbourhoods, and shopping centres.

The suburb- there has been a vast migration of people out of the inner- city areas in to the suburbs. The movement is mainly the result of the automobile. The car allows individuals the freedom of personal transformation with and automobile, it is possible for workers to live in the suburbs and travel to work in cities and other locations some distance from

their homes people look for less crime and violence, more space, and better schools in the suburbs. It is these middle-class suburban shoppers that make up most of the customers for plazas and shopping centres”.

2.5 Importance of well-chosen location

The encyclopedia explains the importance of the strategic location as:

“Location is especially important for businesses in the retail and hospitality trades because they rely a great deal on visibility and exposure to their target markets. But location is also important for service and manufacturing ventures, which have such costs as advertising, promotion, and distribution that are a direct result of where they're located.

Service businesses may not have the foot traffic and high visibility requirements of retailers, but their location has to be convenient for customers and their employees need adequate parking. Manufacturers are concerned with keeping operating cost down, and that means locating near key suppliers in areas accessible for pick-ups and deliveries.”

On the other hand, Campbell explains:

“For most small businesses, a location decision is made only when the business is first established or purchased. The business may consider relocation to get closer to customers, to reduce operating costs or to gain other advantages. The location selections could also be made while the business expands to other places...

...Newly formed businesses will have to consider where to set up their first premises. This is often close to the owner's area of residence because the owner normally knows the area well and feels most comfortable there because of the proximity to home, a good example of this is the body shop. Expanding firms may need a new site to allow for growth or to set up a branch in a different location. McDonalds is a good example of this.”

“Businesses expanding abroad, to become multinationals must select appropriate countries and locations within those countries.

For Micro and Small businesses, most of them have borrowed startup capital which should be returned to the agency in certain time limit. So, in order to pay their debt they have to work effectively which by the way is not a guaranty for pay back by itself. It has to support by the strategic location of the business to the customers. For example, if the quality of the product is good and if it is not in a lactation to be easy accessed by customers the number of customers is smaller than those businesses that have accessible location and lower quality products” (<http://www.statefarm.com>).

“Once you have decided on the town, suburb, or city in which to operate your business, a further evaluation of the locality is needed. A business can only be successful if the community it serves is understood, and if the community is growing you must understand the community. Its history, population, ethnic makeup, kinds of work the people do, other businesses, schools, and the employment situation must all be considered. It would not be desirable to locate a business in a deteriorating area with high unemployment. Therefore, before moving in, it is a good idea to check state and local population table, per capital income and other economy facts for your prospective area. Find out if the community is attracting new business, or if businesses are moving out of the area. State departments of commerce and labor can give you all of this information” (Hailes and Hubbard, 1983:128).

To conclude “...there is no completely perfect location for a business. An evaluation of all factors provides the potential owner with an excellent checklist for choosing a good location. The advantages and disadvantages of all possible locations should be considered. The location which offers the most advantages should be chosen. It is important to take plenty of time and get advice before selecting a location” (Hailes and Hubbard, 1983:130).

2.6 Strategic location awareness of the society

“Location awareness is regarded as an enabling technology for fostering sales of everywhere computing systems. However, the presumed mandatory needs for such functionality long for proofing...

From a psychology point of view, location awareness carries the idea that individuals gain some additional self confidence with additional confirmation of current distinct whereabouts. Hence the individual should be aware of the origin or initial point and the destination or target location of current operation or motion.” Wikipedia

“Locating becomes best effective with a qualified systems support and cooperation of a certain set of entities. There are certain qualities typical to each systems design. And there is a primary stylization of class that applies to all systems:

Crisp locating offers a complete set of precisely measured distances, mainly with wireless or optical distance measurements or with additional phase angle measurements. Crisp locating is leading to a set of coordinates with best possible reference to a standardized system of coordinates, or just a plan of a building.

Real-time locating offers a crisp locating with some requirements for timely delivery of results, especially for moving targets.

Unclear locating offers an estimate for presence in qualified vicinity or in contiguity to a point of reference, mainly with wireless power level measurements to serve as a metrics for distance. Unclear locating does not claim for precision, but for distinction. Hence unclear locating is leading namely to a definition of membership in a local grouping or presence in a confinement or just existence in certain contiguity.

Various other locating offers an incomplete set of roughly measured distances, mainly with wireless distance measurements, leading to a set of coordinates primarily without exact reference to a standardized system of coordinates, but referring to a point of reference for example in polar coordinates (distance and direction).” Wikipedia

2.7 Micro and small business definition

Small business in simple terms defined as one that is independently owned and operated and is not dominant in its field of operation.

Numerous definition of the term small business exists. The small business act of 1953 defines small business as “one which is independently owned and operated and not dominant in its field of operation”.

The definition varies depending on the government agency. Such agencies as the small business administration, committee on economic development and Federal Reserve Bank have different definitions. Their size standards for small business continuously change in order to meet the needs of our changing economy.

If a business is considered small by the appropriate governmental agency, it may qualify for a number of government services. Some of these services include access to federal loans, management assistance, and first chance for certain government contracts. (Hailes and Hubbard, 1983:2)

2.7.1 Characteristics of Micro and Small business

The 1953 act authorizes the Small Business Administration to use a number of yardsticks to identify a small business, the Small Business Administration has established the following limits for qualifying:

- Retailing and service- the amount varies depending on the industry. In some industries, the maximum amount of sales is \$ 3.5 million. In other industries, the maximum amount may be as high as sales of \$13.5 million.
- Wholesaling – the maximum number of employees cannot exceed 500.
- Manufacturing- the business must have 250 or fewer employees. If employment is more than 250 but less than 500, a size standard for a particular industry is used.
- Special trade construction-the maximum amount of sales is \$7 million, regardless of industry.(Skinner and Vancevich, 1992:95-6)

2.8 Importance of small businesses

“Small business plays an important role in our economy. Therefore the choice that you make is important for your own sake and also for the country. Several lists of small business possibilities can be found. Study the possibilities carefully and make sure you understand what each business is. The businesses listed are only suggestions.

The list is not intended to be complete, since thousands of choices exist. Since over half a million new small businesses are started every year, there is quite a variety. You should begin now to think of a part-time or full-time business that will challenge your imagination and motivate you to do the planning for it. If you are serious about starting a business now or in the future, this project can be the most important one you will ever undertake” (Hailes and Hubbard, 1983:6).

2.9 Major problems in Micro and Small Enterprises

New ventures and Small businesses offer the potential for considerable satisfaction in terms of both accomplishments and financial remuneration. On the other hand, such endeavors involve several relatively unique issues and problems.

- Bankruptcy and failure prospects.
- Dark side of Entrepreneurship
- Family-life stress
- Need for outside assistance
- Ethical issues (Bartol and Martin, 1991:797-8)

2.10 Policies of micro and small businesses in Ethiopia

By the time Ethiopian economy became market led economy, the government plan to reverse the economic decline and degeneration poverty situation in the country with the ultimate goal putting the economy on the long term growing path.

The strategy included support the private sector by devalued the currency, abolish price and distribution control export bases except coffee, the other one is to support micro and small enterprises issued the national micro and small enterprises strategy in 1997 EC and

established the federal micro and small enterprises development agency through the council of ministers regulation NO. 33/1998 EC.

The National strategy framework was designed having a primary objective of creating and enabling environment for micro and small enterprises. In addition to this primary objective it has specific objectives like facilitating economic growth and bringing about equitable development creating long-term jobs.

Under the National strategy for the support of Micro enterprises it has different support areas. The micro and small enterprises support programs are:

- Creating and enabling legal framework
- Streamlining Regulatory conditions- since Micro and Small enterprises often find it difficult, financially or for other reasons, to benefit themselves of the due process of law in order to define their interests, the existing Kebele and Woreda courts shall be strengthened to entertain small claims and disputes by micro and small enterprises.
- Facilitating access to finance- the government tries to strengthen the link between Micro and Small enterprises and existing as well as evolving financial institution.
- Provision of incentive schemes – this is to improve the competitiveness of Micro and Small enterprises by reducing the cost of inputs and making their outputs competitive in price.
- Encouraging partnership – this helps for small enterprises to acquire experience and skills, enter new markets, secure additional financing and meet market competition.
- Training in entrepreneurship, skills and management
- Facilitating access to appropriate technology
- Facilitating access to market
- Facilitating access to information and advice
- Developing the physical infrastructure(EPRDF Micro and Small business enterprises agency, 2006)

CHAPTER THREE

3. Data Analysis, Presentation and Interpretations

3.1 Presenting the data

Micro and small businesses Administration offices start their activities on sub-city, woreda, and kebele levels in 1996E.C. Ever since then, the unemployed Youth group themselves or privately to form enterprises get legal entity from the Micro and Small business administration of their respective sub cities. The Micro and Small business support those enterprises by renting low price working area which is valid for 5 years. The enterprises can borrow certain amount of money from Addis Micro Finance by presenting their business plan. The money will be their beginning capital. This study presented the participants of Micro and Small business in three sub cities which are Lideta, Yeka and Bole. Among the 10 sector which are organized under those Micro and Small business offices, only two sectors are selected construction, metal and wood work.

Table3.1 Year of establishments in E.C

Year of establishment(E.C)	Number of enterprises in sub-cities					
	Lideta		Yeka		Bole	
	Con.	M&W	Con.	M&W	Con.	M&W
1997	-	2	-	4	6	16
1998	-	-	-	1	5	6
1999	1	-	3	5	4	2
2000	4	11	-	5	-	3
2001	1	1	9	-	-	-
2002	1	-	15	-	-	-

In Lideta sub city the total enterprises of construction, metal and wood work are 104 which are located in three industrial sites. Namely, Alem Bank, Sahlu Chaka and Holland embassy. The total sample size was 21. The researcher could find and took sample from only two sites Sahlu Chaka and Holland embassy. The reason that Alem bank site didn't include in this

study was the exact location of the site difficult to be found by the student researcher.

The construction sector of Lideta sub city, one enterprise (14.3%) started producing construction materials in 1999 E.C .In 2000E.C 4 enterprises (57.1%) followed. In 2001 E.C one group (14.3%) started production and in 2002 E.C, one enterprise (14.3%) receive a shade stars production.

Among the selected sample of metal and wood work 2 enterprises (14.3%) of the start production in 1997E.C. 11 enterprises (78.6%) started production in 2000E.C. One enterprise (7.1%) started providing its product in 2001E.C. Yeka sub city has 6 industrial sites which are Slam industrial site, Kotebe Teachers Training industrial site, Gurara site, Coffee Abyssinia site and Kara site. Among those 6 sites, only 4 of them start production. Kara site and Gurara site didn't start any activity. As the administrator explains those two industrial sites are given for construction sector. In this sub city, the sole raw material provider and product buyer is the sub-city Urban Housing Development Project. For the safety and security purpose Urban Housing Development Project employ guard and build strong fence to the site. The reason that the enterprises didn't start production is the fence is not finished yet. The numbers of blocks within those 2 sites are 84 and 98, which contains 90 and 110 shades which serve 184 enterprises.

In construction sector of Yeka sub city out of 335 enterprises only 135 of them starts production in 2 sites. The sample taken from this population is 27 enterprises.

Three enterprises (11.1%) starts production in 1999E.C. 9 of them (33.3%)started production in 2001 and in 2002,15 enterprises (55.6%) joined metal and wood work of Yeka sub city , from the sample enterprises, 4 of them (26.7%) out of the total sample started production in 1997E.C. In 1998E.C, 1 enterprise (6.7%) started production .In 1999E.C, 5 enterprises (33.3%) and in 2000E.C 5 enterprises (33%) of them started production in their shade.

The third sub city, Bole has 2 industrial sites Namely Jackros site and Summit site. The total enterprises of construction, metal and wood work are 433. But the enterprises which started production are 135 of metal and wood work and 15 constructions on Jackros site. The researcher took a sample of 27 enterprises of metal and wood work and all 15 enterprises of construction. The rest 283 enterprises were located in summit site. The summit site didn't start any activity until this research is done. According to the administrator, the enterprises didn't start because there is no electricity in that area because the location is new and the Electricity and Power supply office have a shortage of transformers.

The enterprise of Bole sub city which started production under construction sector. In 1997 are 6 enterprises which mean (40%) of the sample 5 enterprises (33%) started production in 1998. The rest 4 enterprises (26.7%) started production in 1999 E.C.

The major criteria which are must be fulfilled to be participant of Micro and Small business in sub cities are first the peoples who want to form enterprises must provide a paper work that tell that they are unemployed. Second; the age of every participant must be above 18 years old. Third, they have to provide a proof that they don't work in another enterprises. Then they will show their business plan for Addis micro finance to lent the money, sign the agreement of rules and regulation and they have to show a place which they are working then whenever a spot open on industrial site they will get a shade.

3.1.1 Description of the gathered data from Enterprises

The number of members and employees in a single enterprises of construction, metal and wood works in Lideta Sub-city is listed in the following table.

Table 3.2 sample of enterprises in Lideta sub-city

No of members	Construction		Metal and wood works	
	Enterprises	Percentage	Enterprises	Percentage
1-7	6	42.8	1	14.2
8-14	8	57.1	3	42.9
15-21	-	-	3	42.9
Total	14	100	7	100

The sub-city administration gives a shade for the enterprises after they made a group by themselves or create a sole legal ownership. Then, they will sign a contract with the Micro and Small Business office in their respective sub-cities.

From the sample taken in Lideta sub-city, the total sample size is 14 in construction, metal and wood works. Among them six of them have a member and employees between 1-7 which means, 42.8% of the construction sample eight enterprises or 57.2% of an enterprises which contain 8-14 members in construction sector.

In metal and wood work sector, only one enterprise out of a total sample which has 1-7 members means 14.2%. Three enterprises contain 8-14 members and the rest 3 enterprises contain 15-21 members 42.9 in present each within a single enterprise.

The figures show that the enterprises in this sub-city are smaller in number when it compare with the other two sub-cities. The reasons for this small number, as the administrator explain the sub-city's possession of land from the total city is smaller and the location of industrial sites do not have any space to expand to add new additional shades for more enterprises.

In Yeka sub-city, among the selected sample of metal and wood works are from Kotebe Mebrat hyel industrial site and Selam industrial site. The responses are presented in percentage.

The construction sector, selected samples in Yeka sub-city Micro and Small Businesses are located in Kotebe Teachers Training Institution site and Coffee Abyssinia site. The number of members and employees in single Enterprise are listed in numerical and percentage way.

Table 3.3 sample of enterprises in Yeka sub-city

No of members	Construction				Metal and wood works			
	Kotebe T.	Abyssinia	Total	%	Kotebe M.	Selam	Total	%
1-7	13	5	18	67	3	7	10	66.7
8-14	3	6	9	33	3	2	5	33.3
Total	16	11	27	100	6	9	15	100

In Yeka sub-city out of 27 constructions sector enterprises 18 of them have members' between 1-7 in number which is 67% of the total percentage. The enterprises that contain 8-14 members are 9 in both construction sites of Yeka which makes it 33%.

In metal and wood work sector, 10 enterprises out of 15 enterprises of total sample contain 1-7 members which make the figure 66.7% out of total 100%. The rest 5 enterprises which are 33.3% have 8-14 members.

Sites in this sub-city contain the largest number of enterprises from all the sub-cities in this study is Yeka. But two of the largest sites did not start any activity yet. The Micro and Small business administrator explain this as, having a location on the edge of the city and having more open space on the new places which the city is expanding is an advantage to have more space to develop and build new industrial sites and shades for production.

The other reason is that since the sub-city is larger in size, there are many constructions made by the sub-city's Urban Housing Development project. To support the projects the Micro and Small business has to facilitate the industrial sites.

In Bole sub city among the selected construction, metal and wood work which are located in Jackros site.

Table 3.4 Sample of enterprises in Bole sub-city

Number of members	Construction		Metal and wood work	
	Enterprises	%	Enterprises	%
1-7	9	60	18	66.7
8-14	6	40	9	33.3
Total	15	100	27	100

The Bole sub-city has a total of 15 construction enterprises. Among them 9 of them have 1-7 members which make 60% out of the total sample enterprises. Enterprises which have 8-14 members are 6 and 40 in percent. Metal and wood works sector in Bole, the researcher took 27 enterprises as a sample. Out of those 27 enterprises, 18 of them have 1-7 members which are 66.7%. Nine enterprises contain 8-14 members within a single enterprise which makes 33.3%.

Bole sub-city does not have a boundary yet. It is still expanding on the eastern side. But the expansion is only residential purpose so, there is no expansion done in the industrial sector of this sub-city. When the comparison is made with the above two sub-cities this one's industrial sites are new and low infrastructure coverage.

The replies from the enterprises of Lideta, Yeka and Bole sub city that agreed the space of an industrial site, which is provided for them, is enough for manufacturing and store or for manufacturing only.

Table 3.5 The space of the shades in the industrial sites.

Scale	Construction			Metal and wood work		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
More than enough	-	-	-	-	-	-
Enough for production and storage	42.8%	11%	-	35.7%	33%	40.8%
Enough for production but not for and storage	57.2%	74%	26.7%	35.7%	47%	33.3%
Not enough for production	-	-	-	-	-	-
Not enough for either production and storage	-	15%	73.3%	28.6%	20%	25.9%

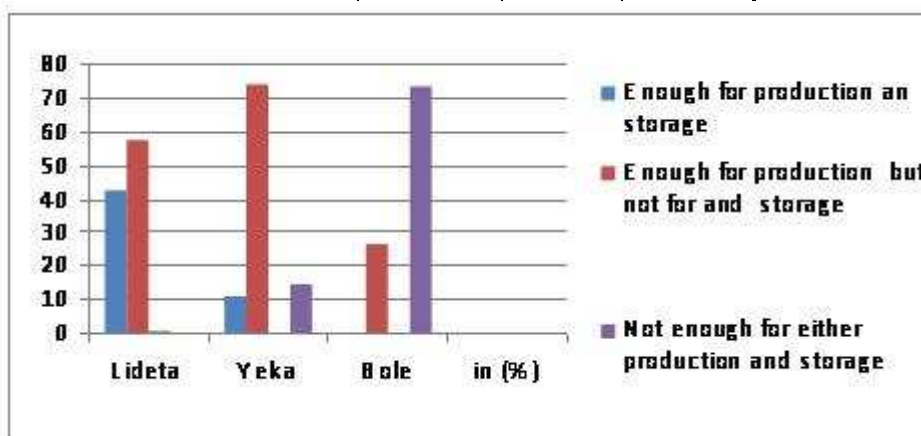


Fig 3.1 Space of an industrial site Construction sector

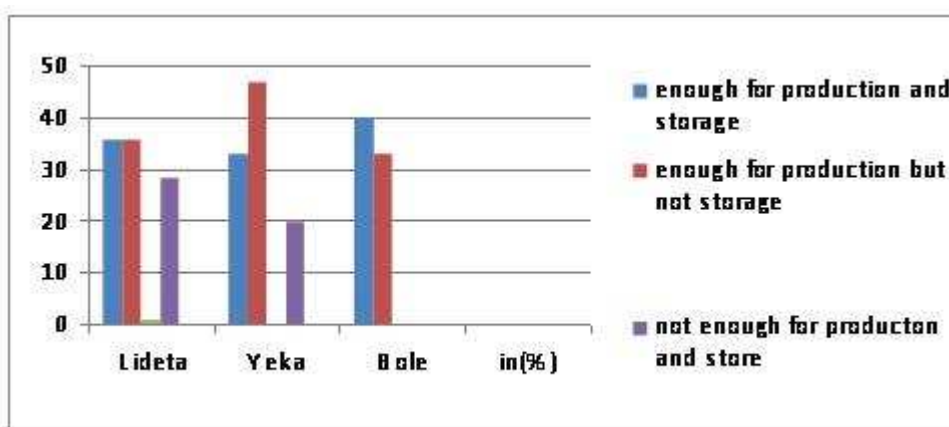


Fig.3.2 Space of an industrial site for metal and wood works sector

The above table shows that there are no enterprises in those three sub-cities that agree with the space they get from sub-city are more than enough. In construction sector, in Lideta sub-city 42.8% of the sample enterprises agree that the shades are enough for production and storage. On the other hand, among the samples taken from Yeka, only 11% of the sample agrees with this and in Bole sub-city, none of them agree with this.

For the question which says the space provided enough for production but not storage, in Lideta sub-city 57.2% agreed, in Yeka 74% agree and in Bole 26.7% agreed. As for the point for the space is not enough for both production and storage 15% of samples from Yeka sub-city and 73.3% enterprises from Bole agreed.

The results show that there is a difference in size of shades from one another. In Lideta sub-city the space of the shades depend on the number of members in a single enterprise. As the rules of the sub-city's Micro and Small business states, the size of the shade is a result of a multiple of number of members by 4 square meters.

On the other hand the Yeka sub-city rules states that the space of a shade given for enterprises is depend on the number of members it has in it. When the number of members increases the size of a shade also increases. The Micro and Small business administration build the shades by different sizes. So, the enterprises members' number has to fit in the sizes of the shades. On the other hand, in Bole sub-city the member does not affect the size of a shade. The administration fixes the size on 120 square meters when it builds the shades.

Those of who did not think that the productivity of the enterprises and the size of the shades distribution of the shades are uneven.

The administration in all sub-cities explains there is no difference in rules of size of shades given for both the construction, metal and wood works sectors. When it comes to metal and wood works, in Lideta sub-city, 35.7% enterprises replay agreed that the sizes of shades are enough for production

and storage. In Yeka sub-city 33% enterprises and in bole sub-city, 40% of the enterprises replied agreed that the space is enough for production and storage.

In all those sub-cities who agreed that the space of shades is enough for production but not storage are, in Lideta 35.7%, In Yeka 47% and in bole 33.3% as for the space is not for both production and storage the replies in percentage are, in Lideta 28.6%, Yeka 20% and Bole 25.9%. The administration explanation and gathered information from observation, the nature of their production in construction sector need larger area to put their raw materials. So, all the construction enterprises in those sub-cities are allowed to use the open space that they have on the sides of their shades.

In metal and wood work sector, some produce only metal works or wood works other produce both. In both cases, they mostly assemble their products outside their shades. For those of who produce both metal and wood produce both metal and wood products at the same time complain that the products neatness is in risk.

Most of the enterprises assemble their product outside their shade and this is possible if the day is not rainy. The highest percentage in both sectors is seen on Yeka sub-city this shows that they are not satisfied on the space of the shades and need more space to expand to work up to their maximum efficiency to achieve or produce products in large quantity quality and as well as get better income.

As it is explained in literature review one of the criteria in choosing location is a room for expansion. It is believed that when a capital and production grow there must be a place for expansion the production place and also market share.

The administrators of Micro and Small business offices especially in Yeka and Bole receive complaints repeatedly on the size of shades. But the rules in all three sub-cities state that the enterprises should prepare their own

market place and when their capital grow and need to expand their business they suppose to leave the shade and find a place of their own, the sub-cities administration follow this rule because there is a high demand in working place and the limited number of blocks in industrial sites could not satisfy everyone's need at the same time. Since there is no spare land, the sub-cities try to solve complains by building blocks very close to one another in industrial site.

The safety and security of those entire 3 sub city under the study reply will be presented in percentage.

Table 3.6 safety and security of industrial site

Scale	Construction			Metal and wood work		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Very good	57.2	14.8	99.3	14.3	6.7	18.5
Good	42.8	66.7	-	57.1	53.3	70.4
Average	-	18.5	-	28.6	40	11.1
Poor	-	-	6.7	-	-	-
Very poor	-	-	-	-	-	-

The safety and security in construction of those three sub-cities the replays show s in Lideta 57.2% agreed that the safety is very good on the other hand; Yeka sub-city enterprises 14.8% and Bole 99.3% have similar reply. The replays gathered from Lideta 42.8% and Yeka 66.7% agree that the safety is good in the industrial sites they work in. the replays that says safety and security is on its average level at Yeka 18.5% and Bole 6.7%.

On the metal and wood work sectors of these sub-cities, Lideta 14.3% Yeka 6.7% and Bole 18.5% agreed that the safety and security is very good. The replays that have similar response by saying good are 57% from Lideta, 53.3% from Yeka and 70.4% from Bole. Those of who says it is average are Lideta sub-city enterprises 28.6%, Yeka 40% and 11.1% in Bole.

This shows that in construction sector the majority of the replies are in very good and good zone. The urban housing and development project build

fence around the industrial site and employ guards for protection and to follow up the activities of the construction sector.

The metal and wood works replies fall in good and average section. As the researcher observation and informal conversation with some of the members of the enterprises, the industrial site of this sector do not have any fence. Even two of the sites (Selam and Sahelu chaka sites) are on the river sides. The enterprises on same location have to employ a guard for their materials and products protection.

The distance between the members and employees of enterprises residence to their work place and closeness of the nearest main road to the blocks of the industrial site of all those three sub-cities, the response of all 3 sub cities are presented in percentage.

Table 3.7 distances between industrial sites, members home and nearest main road

The distance between members home to the industrial sites						
Scale	Construction			Metal and wood work		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Very close	28.6			14.3	6.7	11.1
Close	71.4	70.3	33.3	50	33.3	18.5
Average	14.3	29.6	3.4	28.6	53.3	44.4
Far			63.3	7.1		18.5
Very far					6.7	7.5
The distance of industrial sites to the nearest main road						
Scale	Construction			Metal and wood work		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Very close	85.7	33.3	6.7	21.5	13.3	14.8
Close	14.3	25.9	53.3	35.7	40	66.7
Average	-	11.2	20	42.8	46.7	18.5
Far	-	25.9	20	-	-	-
Very far	-	3.7	-	-	-	-

In Lideta sub-city, among the construction enterprises workers and members samples 28.6% define their houses are very close to their shades. 71.4% describe their hose to heir shade close. And the rest 14.3% agreed with the distance between their houses and working shades is average. The Yeka sub-city industrial site where construction sector located, 70% replays agree the industrial site is close enough to workers houses. 29.6% of the samples who reply for the distance between their house and shades marked on average distance.

Among the workers of metal and wood work sector of Lideta sub-city 14.3% agreed on their house is very close to the shades that they are working in. 50% of the replies says the distance is close enough. The percentage of reply who says the distance is on its average are 28.6%. The rest 7.1% agree it is far.

In bole sub-city 11.1% of enterprises members live very close to their shades. 18.5% live close enough to the shades that they are working in. for 44.4%, the distance between their residence and the shades is average. For 18.5% their house is far from their work place. At last 7.5% of the respondents agree that their living area is far from their working shades.

The majority of the number lays on close and average in all those three sub-cities. This shows that it is because the sub-cities Micro and Small business enterprises live in the same neighbourhood. This shows that the location of the industrial site is preferable in cost reduction for their transport and the other advantage is the location also minimizes the time that pass by the movement every day.

As an administrator of Lideta and Bole sub-cities replies, the sub-city gives a shade in industrial site after they start working somewhere else by themselves. Then for those of who have better potential and poor quality of work place the shades will be given when ever there is an open spot in the industrial site.

The Yeka sub-city, in the first place allow the participants of Micro and Small business to use any open space in the sub-city after the office check the status of the land from Land use administration of the sub-city. If there is no plan on that specific land for the time being the participants will use it temporarily.

The distance of a sheds from the nearest main road has its own effect on enterprises. As the customers mentioned, in Lideta sub-city 40% agreed that the location of sites are near to the nearest main road and 10% of the replies are neutral and 50% disagree that the industrial site location is near to the main road. The Yeka sub city both sector's customers, 30% of the replays agreed the location is near to the main road and easy to be accessed. 10% of replies are neutral about it and 60% disagree that the industrial site is closer to the main road. The Bole's Micro and Small business metal and wood works enterprises customers 90% agree that the location is near to the main road and the other 10% agree that the distance is neutral about it. When the distance from the main road increases the number of customers decreases. This is because the customers do not want to go far and by being frightened not to be robbed.

The problem that the enterprises face due to their location and the quality of the road which passes through the industrial sites of Lideta, Yeka and Bole sub-cities presented in the following form. By location the researcher mean, those 2 sectors in those 3 sub cities use their shade as a manufacturing raw material and product store, as display place and also as a shop. In these tables, the selected enterprises respondents are allowed to give more than one reply for a single question. So, the response percentage is not out of 100.

Table 3.8 difficulty due to the location and the quality of the roads that pass through the industrial site

Difficulty due to the industrial sites location						
Scale	Construction			Metal and wood works		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Difficult to describe their location to their customers	8.6	29.6	-	71.4	66.6	7.5
The site is far from the nearest local market	22.6	-	6.7	14.3	46.3	7.5
Additional transport cost in order to deliver products or buy raw materials	22.6	7.2	13.3	28.6	53.3	29.6
The site do not have enough parking space neither for customers nor suppliers cars	-	14.4	4	35.7	46.6	32.2
Infrastructures are not fulfilled	14.2	44.4	6.7	57.1	6.1	77.8
The quality of the roads which leads to industrial sites						
Scale	Construction			Metal and wood works		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Asphalt road and comfortable for cars	42.8	55.6	40	21.4	-	100
Accessible for transport service	14.3	-	26.7	35.7	-	100
The nature of the site location is difficult for transportation service	28.6	14.8	26.7	42.8	40	-
The road quality is not comfortable for cars.	28.6	55.6	-	-	66.7	-

The administrator of Micro and Small business agency of all sub cities explain, more than 90% of the products of construction sector is delivered to Urban Housing Development Project. So, the description of the location and the nearness of the market do not usually affect them directly. As the figures on the above table explain the location does not affect their customer contact.

But in metal and wood works sector, Lideta sub-city enterprises 71.4%, Yeka 66.6% and Bole 7.5% of the replies agree that there is a difficulty to describe their location to their customers. On the customer's side 20% of them agreed that the industrial site can be easily accessed. The Yeka sub-city customers 10% and Bole 30% of them agree with the accessibility of the industrial site location.

In this same sector, the enterprises have to find their own customers by themselves. So, their location directly affects their profitability as well as market share. The Lideta sub-city 14.3% of the replies agrees that the site is far from the nearest local market. 66.6% replies of Yeka and 7.5% of Bole replies agree with the same point. On the other hand customers of Lideta 60%, 20% of Yeka and 50% of Bole customers think that their product is accessible. As the customers explain there is difficult to find the shades easily. So, they have to ask people in a given area or they have to bring someone else who knows the place before. This sector enterprises 28.6% from Lideta, 53.3% from Yeka and 29.6% from bole also agreed that the distance of the industrial site location has incurred additional cost in order to deliver products or buy raw materials.

Among the criteria that a business location has to fulfil is parking space. From Lideta sample enterprises 35.7%, from Yeka 46.6% and from Bole 32.2% replies that there are no enough parking spaces for both suppliers and customer's vehicle. The customers replay states as follows. The Lideta customers 40%, Yeka customers 10% and Bole customers 70% agrees that the parking space in the area is enough.

The quality of the road that leads to industrial sites can be described as the quality of the road to those three sub-cities Micro and Small business enterprises, In construction sector of Lideta sub city 42.8%, 55.6% of Yeka and 40% of Bole sub-cities agreed that the road is asphalt and comfortable for any type of cars. 14.3% for Lideta, 26.7% for Bole sub-city agree that it is accessible for transport service and 28.6% for Lideta, 14.8% Yeka and 26.7% for Bole disagree that the road is difficult for transport service. As for the replies given about the comfort ability and quality of the roads for cars Lideta 28.6%, Yeka 55.6% have similar opinion.

By comparing all industrial sites, the results implies that road which pass through Kotebe Teachers Training Institute site have highest percentage in Asphalt road and comfortable for cars and Coffee Abyssinia site in the same sub-city has a highest percentage in the road quality which is not comfortable for cars.

The road quality of the metal and wood works sector as shown on the table above 21.4% of Lideta and all of Bole sub-city samples agree that the road is asphalt and comfortable for cars. 35.7% of Lideta and again all of Bole sub-city sample enterprises agree that it is accessible for transport services as well as the replays that disagree about the road not being accessible are 42.8% of Lideta, 40% of Yeka and 66.7% of Bole says that the quality of the road is not comfortable for cars.

Jacros industrial site of Bole sub-city has highest percentage in conformability of the roads for cars and the site is accessible for transportation. This implies that Jacros site is more suitable for enterprises to have continuous contact with their customers. The other advantage is the comfortable road minimise the risk of damaged finished products and raw materials while transportation.

Water and electricity supply for these Micro and Small business Enterprises in those three sub-cities responses are presented in percentage in the following table.

3.9 Electricity and water supply in all sub-city's industrial sites

Electricity supply percentage						
Scale	Construction			Metal and wood works		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Very good	71.4	11.1	-	35.7	26.7	18.5
Good	28.6	77.8	13.3	64.3	20	62.9
Average	-	11.1	66.7	-	33.3	18.5
Poor	-	-	20	-	20	-
Very poor	-	-	-	-	-	-
Water supply percentage						
Scale	Construction			Metal and wood works		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Very good	57.1	3.7	-	-	13.3	-
Good	28.6	33.3	33.3	28.6	40	7.5
Average	14.3	18.5	46.7	28.6	26.7	7.5
Poor	-	29.6	13.3	35.7	20	25.9
Very poor	-	14.8	6.7	7.1	-	59.2

The water and electricity supply for all the sub cities of the construction site and wood and metal works are shown in the above table in percentages and 57.1% for water 71.4%% for electricity of Lideta 3.7% for water 11.1% for electricity of Yeka and none from Bole sub city construction sites say that the water supply and electricity supply is very good And 28.6% for water 28.6% for electricity of Lideta 33.3% for water 77.8% for electricity of Yeka 33.3% for water 13.3% for electricity of Bole say that the supply of both water and electricity is good.

As for the supply of both water and electricity for the Wood and metal works 35.7% for electricity of Lideta 13.3% for water 26.7% for electricity of Yeka 18.5% for electricity of Bole say that the supply is Very good 28.6% for water 64.3% for electricity of Lideta and 40% for water 20% for electricity of Yeka 7.5% for water 62.9% for electricity of bole say that its good and 28.6% for water of Lideta 26.7% for water 33.3% for electricity of Yeka and 7.5%for

water 18.5% for electricity of Bole say that the supply for both is average 35.7% for water of Lideta 20% for water 20% for electricity of Yeka 25.9% for water of Bole say that the supply of both water and electricity is poor 7.1% water of Lideta and 59.2% for water of Bole say that both the supply of water and electricity say that it is very poor.

For construction sector of all three sub cities the major raw material supplier and customer is Urban Housing Development project. But on this case the Enterprises reply the following answers in over all their work experience with Urban Housing Development project of that specific sub-city and with individual customers.

For metal and wood work Enterprises, they do not usually work for Urban Housing Development project. But when they do Urban Housing Development project will provide the basic raw material they need. The replies included both cases.

3.10 Raw material supply for both industrial sites

Scale	Construction			Metal and wood works		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Very good	14.3	11.1	6.7	7.1	-	7.5
Good	42.8	33.3	26.7	50	53.3	51.8
Average	42.8	62.9	20	25.6	40	33.3
Poor	-	-	46.7	7.1	6.7	3.7
Very poor	-	-	-	7.1	-	3.7

For the construction sites of all the three sub cities which are Lideta, Yeka and Bole the major raw material supplier is the Urban Housing Development Project office which is located under their particular sub cities and this Urban Housing Development Project offices mainly supply cement and steels on a factory price for the small and micro business enterprises because the urban housing development project itself takes the end products of the small and micro enterprises for the construction of public and governmental buildings at lower cost and in some cases it supplies raw materials by the amount of product needed to be produced by the wood and

metal works when the Micro and Small business organizations are ordered by the Urban Housing Development projects for finishing works like doors, windows and terrace grills and so on. But as shown on the above table the reply of the customers given for the quality and amount of the supply of raw material for the construction site is 14.3% of Lideta 11.1% of Yeka 6.7% of Bole say that it is very good 42.8% of Lideta 33.3% of Yeka 26.7% of Bole say it's good 42.8% of Lideta 62.9% of Yeka 20% of Bole say it is average 46.7% of Bole say that the amount and quality supplied by the Urban housing Development project is poor.

As for the supply of raw materials for the wood and metal works enterprises 7.1% of Lideta 7.5% of Bole say that it is very good 50% of Lideta 53.3% of Yeka 51.8% of Bole say that it is good 25.6% of Lideta 40% of Yeka 33.3% of Bole say that it is average 7.1% of Lideta 6.7% of Yeka 3.7% of Bole say that it is poor 7.1% of Lideta 3.7% of Bole say that it is very poor in terms of amount of supply and quality of the raw materials.

The accessibility and possibility of the products which are produced by those Enterprises in the market is listed in the following table. The results are described in percentage.

3.11 Accessibility and possibility of the products in the market

Scale	Construction			Metal and wood works		
	Lideta	Yeka	Bole	Lideta	Yeka	Bole
Very good	14.3	-	6.7	-	6.7	-
Good	57.1	62.9	40	21.4	13.3	11.1
Average	28.6	37.1	33.3	21.4	66.7	40.8
Poor	-	-	20	35.7	13.3	18.5
Very poor	-	-	-	21.4	-	29.6

The accessibility of the products of this small and micro business organization in the market is shown on the table above in percentage given by the employees of the enterprises and customers of the small and micro business enterprises as well for the construction 14.3%of Lideta 6.7% of Bole say it's very good 57.1% of Lideta 62.9% of Yeka 40% of Bole say it's

good 28.6% of Lideta 37.1% of Yeka 33.3% of Bole say its average and 20% of Bole say its poor.

And as for the wood and metal work enterprises 6.7%of Yeka say it's very good 21.4% of Lideta 13.3% of Yeka 11.1% of Bole say it's good 21.4% of Lideta 66.7%of Yeka 40.8% of Bole say its average 35.7% of Lideta 13.3% of Yeka 18.5% of Bole say its poor 21.4% of Lideta and 29.6% of Bole say it's very poor employees of the enterprises and customers say that the accessibility of the finished products of this small and micro business enterprises including the researcher as well agree that this accessibility problem could be resolved if and only if these small and micro business enterprises open there own show rooms if possible or open as a group so that the enterprises could grow to be profitable and well known for their products and for the easy accessibility to reach customers and for the satisfaction of customers as well.

3.2 SWOT Analysis

3.2.1 Strength of Lideta, Yeka and Bole sub-cities

The strength of all sub-cities Micro and Small Business enterprises of construction, metal and wood works is, all of them have shades which they use for manufacturing and in some amount use it as storage which is provided to them by their sub-cities Micro and Small Business Agency with cheep rent and create market opportunities for raw materials and market for their product.

The supply of raw materials in large amount and lower price is done by the sub-cities Urban Housing Development Project. Most of the time, Urban Housing Development Project is the major customer.

As for other customers who buy or order the enterprises for their private use because there price is cheaper when it compared to the other private enterprises which are not under the sub-cities program and this makes the Micro and Small Business enterprises to attract or easily penetrate the market. So that they, themselves will grow to investor or industry level with

benefiting themselves. There sub-cities and the Micro Finance which lends them money as well.

3.2.1.1 Strength of Lideta

The Micro and Small Business enterprises in this sub-city strength are, the enterprises receive a quick reply when they apply for working shades in the sub-city industrial sites.

The industrial site which contain construction sector (Holland embassy) is on the side of the nearest main road in the area. They get the advantage of accessing the customers very easily. There is no additional cost for transport at the time of delivering raw materials.

3.2.1.2 Strength of Yeka

In this sub-city, the Micro and Small Business agency follow and control the open shades in all working industrial sites. This is done in structured gap. Then the report shows the available shades in the area which will be assign for potential enterprises from waiting list.

The sub-city has large area coverage in the city. So, the land administration office in the sub-city has an advantage to posses the pieces of land which are out of the master plan of the city. But in the current case, because of the scarcity of land in the industrial sites, the agency build blocks and shades very close to one another to save the land.

3.2.1.3 Strength of Bole

The only site which Bole sub-city has is Jacros industrial site. The road which passes by the site is in a good condition. The enterprises are on the road side, which is the major advantage to use their place as a display. The place is also a living environment. As a result to this the people who live in this area are customers.

The sub-city has a Case Team. This team mainly moves around the site to control and observe who use the shades properly and who does not. Then they report the figures to the administration office and the office will take the necessary measures.

The Micro and Small Business office in this sub-city also give shades which will be used by the enterprises for five years only. When the time is done the shades will be transferred to other unemployed citizens of the sub-city.

3.2.2 Weakness of Lideta, Yeka and Bole sub-cities

All of the sub-cities which are Lideta, Yeka and Bole Micro and Small Business enterprises have no sign board with themselves. Being the producers of construction, metal and wood works, this shows that there is lack of coordination between these enterprises.

Furthermore, they lose the opportunity of getting new customers because there are no sign boards which shows or give any information to the customers that these enterprises exist in that particular location.

The other weakness is, because of their location size there is no room for expansion for enterprises. The limited space of the shade forces them not to use their potential effectively.

3.2.2.1 Weakness of Lideta sub-city

The metal and wood works sector which is located in Sahilu Chaka industrial site; the enterprises in this site face a problem of describing their location to customers. The road leads to many other locations and the enterprises agree that it is difficult to memorize for new comers. Since the blocks are by the river they suffer from bad smell and sometimes flood.

As for customers, they feel insecure to go to these enterprises by themselves to order or buy their product.

The location is far from the main road. So, in order for these enterprises to exist they get orders or sell finished products to customers with the help of middlemen or women. These results, for extra or additional expense for these small and micro business enterprises.

3.2.2.2 Weakness of Yeka sub-city

In Yeka sub-city two sites which are located in Kara and Gurara did not start work because the site which is provided to them by the Micro and Small Business enterprise agency have water and electricity but the Urban

Housing Development project did not finish the fence and hire guards for the site. Until the safety and security of the site is good to provide the raw materials for production.

Because of these reason more than a year has passed without starting production. The sub-city have the power to interfere in the matter and resolve it but it did not because the office is busy of working on following up and reporting the results monthly.

The construction sector enterprises which are located in Kotebe Teacher Training Institution mentioned a weakness of high rate of road depreciation and no attention for reconstruction or maintain the road. This affects them in decreasing the level of customers they used to have because of the uncomfortable and crowded road.

Once the enterprises sign contract to provide their products to Urban Housing Development project, there is no way they can sell their product to other customers even after Urban Housing Development project's need is satisfied. They have to wait until the contract time is over to have a privilege to sell for others.

The industrial site which is given by the sub-city is not studied. Whenever there is an open space in the sub-city the Micro and Small Business agency clamed for it and the land administration office allow them to use it by building blocks and shades.

When the Urban Housing Development project supply them raw materials for these enterprises, there site is far from the Urban Housing Development project office and store. So, they pay high amount of money for transportation service.

As the administrator point out, almost every Micro and Small Business enterprises, the Micro Finance and the Urban Housing Development project arrange meetings and discuss different issues and problems faced by enterprises but the measure to solve these problems is not as fast as it suppose to be.

3.2.2.3 Weakness of Bole sub-city

The sub-city administration has criteria for building industrial sites in places which are far from the residential environment to avoid all kinds of pollution. But the only working industrial site (Jacros site) is located in residential environment.

The administration also decided to stop building industrial sites which is expected that it will decrease the number of potential enterprises. The wait list which is documented in the Micro and Small Business office is too long that most of the members of enterprises will resign by being impotent. Shades are provided to enterprises without having light and according to this the site is kept idle until now.

3.2.3 Opportunities of Lideta, Yeka and Bole sub-cities

The opportunities of all the Micro and Small Business enterprises those are located in all sites of Lideta, Yeka and Bole sub-cities need to use the supply of raw materials given to them by the Urban Housing Development project and the land they rent with cheaper price from the Micro and Small Business agency help them as a way to penetrate the market easily and to use the money they saved as a result of the cheap land rent and cheap price of raw material supply to rent a shop where they could display their product, to advertise, to sale and attract new customers to their business enterprises.

Since they are grouped together to work together with the help of the Micro and Small Business agency in collaboration with their sub-city and Urban Housing Development projects. Most of the enterprises are functioning well and being profitable and they could show to the sub-city's case team as a proof to ask for more lend money and more space. This will help them to expand their production and to compute in the market on national level.

3.2.3.1 Opportunities of Lideta

The opportunity of these sub cities is they get work with the help of middlemen unless the work comes from the urban housing and

development offices or agencies. This middleman brings work from different parts not only Addis Ababa even sometimes from other regions of Ethiopia. So these middleman work only to get commission from this small and micro business enterprises but as for the enterprises they get to be well known on a national level because the middlemen while trying to persuade customers from these enterprises they are also advertising it to the people who even have no clue that they existed.

3.2.3.2 Opportunities of Yeka

The opportunities of Yeka sub city small and micro enterprises is that private contractors, real states, road construction are near by the site of the site of these enterprises and they have high opportunity of getting orders or selling their products to these contractors around them and to increase their potential to match the demand and supply of finished goods. They could even give sub-contractors to other idle enterprises with gaining some amount of profit margin for subcontracting it to other enterprises so as to meet or satisfy the current demand for their finished products.

3.2.3.3 Opportunities of Bole

The opportunity of bole small and micro business enterprises is that they have the area to build display rooms or selling shops nearby if they work in collaboration with the small and micro finance agencies because most of their sites are very close to the nearby main road so customers will easily see and buy the product and the market chain goes smoothly.

3.2.4 Threat of Lideta, Yeka and Bole sub-cities

The threats of all sub cities small and micro finance enterprises is they almost all are complaining about the quality of the raw material and the place of shortage in their site since their site is far from the urban housing development projects where they get their raw materials and where they sell their finished products most of the time their raw material and finished product have high probability of getting damaged while being transported from longer hours on bumpy and non-comfortable roads which leads them to make extra expense to remake the damaged product in to its original shape.

Chapter Four

4. Summary, Conclusions and Recommendations

4.1 Summary

This study focuses on the importance of strategic location for Micro and Small businesses. Particularly, on construction, metal and wood works sectors. The researcher tries to make a comparative assessment on three sub-cities of these sectors. The major criteria and the measurements of good industrial site, the difficulties faced by Micro and Small business enterprises due to their location and the contributing factors that affect the Micro and Small businesses enterprises due to their location were the major issues discussed in this research.

To answer those questions and to make the comparative assessment, the researcher used descriptive method and took 20% of sample from Micro and Small business participants of construction, metal and wood works enterprises. The researcher also visited the industrial sites while distributing questionnaires for Micro and Small business participants, interviewed the agency's administrators and contacted ten customers of each sub-city of selected sector.

The literature review tried to cover the Theories and definition of strategic location, general criteria for selecting the best location, importance of well-chosen location, Strategic location awareness of the society, Micro and small business definition, characteristics of Micro and Small business, Importance of small businesses, major problems in Micro and Small Enterprises and policies of Micro and Small Businesses.

The major findings of the study are summarized as,

- Among the expected eleven industrial sites only eight of them started their activity and seven of them are included in this study.
- The number of sample enterprises in Lideta 14, Yeka 27 and Bole 15 sub-cities was included in construction sector. Among those samples, in construction sector, more than 50% of Lideta and Yeka sub-cities agreed that the space provided is enough for production but not

storage. But in Bole sub-city, more than 70% replies that the space provided is not enough for either production and storage.

- On the other hand, the number of samples taken from metal and wood works enterprises in Lideta 7, Yeka 15 and Bole 27. in metal and wood works sector, in all three sub-cities, the percentage for enough for production and storage and enough for production but not storage show more than half of the total sample.
- Safety and security in all three sub-cities more than 80% enterprises agreed that it is good and replies fall in very good and good section. In metal and wood works sector the majority which is more than 50% of the replies fall in good section. The difference exists because two of the metal and wood work sites are located beside river and all the metal and wood work sites do not have fence.
- The distance between members' home to the industrial sites and distance of the main road from the sites, the majority more than 70% in figure, of the enterprises Lideta and Yeka sub-cities agreed that it is close enough and the majority number which is 56% of Bole sub-city enterprises agreed that it is far. In metal and wood works sector, more than 50% of the Lideta and Yeka replies agreed that the house is close enough to industrial sites.
- The distance form the main road in construction sector in Lideta and Bole sub-cities more than 50% of the sample enterprises agreed that it is close enough and in Yeka sub-city only 33% have similar replay. On the other hand, in metal and wood work sector, the largest number obtained was more than 40% in Lideta and Yeka sub-cities agreed that the distance is average and more than 60% in Bole agreed that the distance of the nearest roads to the shades are close enough.
- As it is observed the construction sector of all three sub-cities do not well seen problem due to their location. But in metal and wood works sector, the majority of the replies more than 60% of Lideta and Yeka sub-cities replies that it is difficult to describe their location to their customers. The other large numbers observed were, 57% in Lideta and 78% in Bole agreed that the infrastructures are not fulfilled.

- Electricity and water supply, majority more than 70% both sector enterprises agreed that it is good and average. About the parking space and the conformability of the roads to cars, Yeka sub-city construction sector has poor road quality and metal and wood sector has the smallest parking space.
- The raw material supply for both constructions, metal and wood works of all three sub-cities the largest percentages fall in good and average. Also, the accessibility and possibility of the products in the market, more than half of the replies fall in good and average section.

4.2 Conclusions

To conclude the study, the researcher observe the construction, metal and wood works sectors of Micro and Small business are manufacturers. Usually for producers their location to the market does not affect there business. But for those enterprises that do not have any kind of display rooms or shops there production location is the only place to do all those three different things at once.

- The members of the enterprises of all sub-cities know the importance of location and they are not satisfied by their location because, due to their location most of the enterprises find it difficult to describe their location to their customers.
- From the results from interview and observations, the sub-cities Micro and Small business agency did not conduct any proper study on location of both construction, metal and wood works sectors, whether the location is accessible or not, fulfilled the needed criteria or not and the distance from residents. While building the industrial sites. As it is observed on some sites this results a delay in production.
- The industrial sites do not have any room for expansion of the shades; the space of a single shade is enough for production but not storage. This limits their ability to produce more and competency level in the market.
- Lideta sub city enterprises posses the highest percentage in enough production place, the distance of the industrial site to member's

homes and nearest main road, access to raw material and market, water and electricity supply.

- Yeka sub-city also has larger percentage of agreement with the qualities of the roads that pass through their industrial site, on safety and security and electricity supply.
- Finally, in Bole sub-city safety and security of industrial sites the distance to their home from the members working shades.
- Not enough storage places, no room for expansion, problem of infrastructures, difficulty in getting raw material and access to market are some of the problems that are observed on these sites.
- In metal and wood work section, the Lideta sub-city the majority of sample enterprises has difficulty on description of their location and difficulty in transport and service.
- The Yeka sub-city the majority Micro and Small business enterprises face a difficulty in describing their location and low road quality that pass through their industrial site.
- At last Bole sub-city enterprises has comfortable road and high access to transport. But they also have a difficulty in water supply and access to raw materials.

4.3 Recommendations

After this study has been made the student researcher recommend the following points for the improvement of Micro and Small business enterprises particularly construction, metal and wood works sector.

- As it has been discussed in previous chapter the Micro and Small business agency try to fulfil the basic necessity after the sites are built. This results a delay in production, wastage of potential and time. So, it is advisable for the Micro and Small Business administration to select the sites after they the infrastructures are fulfilled rather than building the industrial sites and trying to fulfil the basic necessity for it.
- The Micro and Small Business administration office must consider some of the location criteria while building industrial sites. It is

important because, when the enterprises get a suitable place to produce, to store and to sell, they will be motivated to work hard and also they could utilize their full potential.

- To solve the problem of market the enterprises on each industrial site have to work together and find a place to display and sale their products. To make this happen they have to coordinate a well structured group and work with their respective sub-city administrators. The researcher observed that on some of the sites there is an open space. They can use that space as a common display centre and if enough as a common storage area.
- While the researcher distributes the questioners to the participants, the student researcher observe that large numbers of shades were closed. The reason was that there was no order from the Urban Housing Development Project. So the Urban Housing Development Project should consider the contract that it signs with the enterprises that it works with the enterprises to make them utilize their full capacity of production.
- The Micro and Small business agency need to spend more time on studying the criteria that a location needs to fulfil to build industrial sites. To make this practical, the agency needs to motivate and support the employees to conduct a research on the sites location before giving order for the construction of the shades.
- The enterprises in similar sites and sector need to work together for their development. They have to act as a group instead of standing alone for the searching market or buy raw materials. The group effort has a power to let customers and suppliers know their location in other words the enterprises will have a power to be visible no matter how difficult their location is to be accessed. They can make a group sign board on the gates of their industrial sites to make their location well known by the society and they can contribute to get their road fixed to a better condition to decrease their extra expense at the time of buying raw materials and as for the satisfaction of customers as well.