



ST.MARY'SUNIVERSTY
SCHOOL OF GRDUATE STUDIES
FACULTY OF BUSINESSS

**AN ASSESSMENT OF THE CONTRIBUTION OF REVOLVING FUND
FOR YOUTH EMPLOYMENT OPPORTUNITIES: A CASE OF LIDETA
SUB CITY**

BY SENDEKU YOHANNES ENDALEW

SGS/0092/2011A

ADDIS ABABA
ETHIOPIA
JUNE 2020

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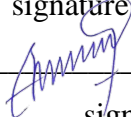
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Declaration

The undersigned here by declared that this thesis entitled “the assessment of the contribution of revolving fund for youth employment opportunities: a case study of lideta sub city Addis Ababa Ethiopia” has been declared out by me under the guidance and supervision of DR.Worku Mekonnen. This is original and has not been submitted for the award of any degree or diploma to any university or institution. All sources of materials used while doing on this thesis have been dually acknowledged

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This is to certify that Sendeku Yohannes Endalew has worked on the assessment of the contribution of revolving fund for youth employment opportunities: a case study of Lideta sub city Addis Ababa Ethiopia” Under my supervision. This work is original in nature and it is suitable for submission in the partial fulfillment of the requirement for the degree of master of business administration.

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LIST OF ACRONYMS AND ABBREVIATIONS

AA	-	Addis Ababa
AIDS	-	Anti Immune Deficiency Syndrome
CRF	-	Consolidated Revenue Fund
CAS	-	Central Authority Statics
ECA	-	Economic Commission for Africa
ETB	-	Ethiopian Birr
FAO	-	Food and Agriculture Organization
FDRE	-	Federal Democratic Republic of Ethiopia
GDP	-	Gross Domestic Product
GTP	-	Gross and Transformation Plan
HIV	-	Human Immune Virus
IT/ICT	-	Information Technology/Information and Computer Technology
ILO	-	International Labor Organization
IFSW	-	International Federation of Social Workers
MoFED	-	Ministry of Finance and Economic Development
MSEs	-	Micro and Small Scale Enterprises
MoLSA	-	Ministry of Labor and Social Affairs
MYSC	-	Ministry of Youth, Sport and Culture
NEPS	-	National Employment Policy Strategy
OCED	-	Organization for Economic Co-operation and Development
PASDEP	-	Plan for Accelerated and Sustained Development to End Poverty
SPSS	-	Statistical Package for Social Sciences
TVET	-	Technical and Vocational Training
USA	-	United States of America
UN	-	United Nation
USD	-	United States Dollar
UK	-	United Kingdom
UNESCO	-	United Nation Education Social Cultural Organization
UN DESA	-	United Nation Department of Economic and Social Affairs
WB	-	World Bank

YRF - Youth Revolving Fund
YEN - Youth Employment Network

ABSTRACT

The central objective of the study is to assess the contribution of youth revolving fund for youth employment opportunities in Lideta Sub-City. A descriptive study was employed to complete the objectives of this paper. In order to get relevant data from the target populations both quantitative and qualitative methods were used. So, instruments which were used to collect the data from the selected samples were questionnaire for MSEs as a major tool and focus group discussion for officials in Lideta Sub-City as a supportive tool. A total of 100 MSEs Members were selected to be the subjects of the study and other participants of focus group discussion who have connection in the sector. The data collected through questionnaires were analyzed using SPSS and figures and qualitative method of data analysis were executed to the data collected from focus group discussion. Both the qualitative and quantitative data were analyzed together according to the situation permits and due to convenience. The results of the study generally indicated that people starting MSEs under YRF were facing numerous difficulties both at start-up and during the operation. The study indicated that lack of sufficient finance is the main problem of businesses followed by lack of managerial training and experience, lack of right business location, poor market access and information, shortage of working capital, infrastructure constraints and limitations from government rules and regulations. Finally, the study concludes YRF is not on the right truck to absorb youth unemployment and generate income to the economy, so the possible recommendations to alleviate the problems is all concerned organs should integrate and work jointly on youth revolving fund. Trainings like skill gap, perception towards organizing and awareness on the importance of MSEs should be prepared and delivered by government and micro financial institutions. Youth beneficiaries should build strong saving habit and use the fund for the intended purpose. Finally both government loan providers should arrange special lending and repayment system.

Key Words: Youth, Fund, Unemployment, MSEs, Lideta sub city

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Nowadays unemployment is very serious issue and offering jobs to all citizens of a country also challenging task to every government. Despite economic growth and significant increase in educational attainment, Ethiopia had not been revealing any significant impact on youth employment. As estimated by Ethiopian government, since 2013, more than 50 percent of Ethiopian youth with primary, secondary and higher education have been actively looking for job due to this reason, one strategy to create jobs and accommodate maximum number of citizens has been emerged i.e., the establishment of revolving fund implemented in MSEs .this forms of sector comes in to existence with the aim to accommodate as much as possible number of member owned enterprises with affordable working capital and management (Andualem Sisay,2013).

MSEs and entrepreneurs have boosted many economies like USA, UK, South Africa and Nigeria, thus authorities have initiated strategic, financial and counseling program to support them and that hub the majority world economies are based the reliance on MSEs, which accounts for a substantial amount of GDP and employment (Fredrick, 2005).

With rapid growth in population, African countries have been experiencing the problem of large size of unemployment through its economic history (Behrman J. R., and Deolalikar .A. B, 1989; Khan and Manopichetwattana, 1989). Because of this fact, the problems of unemployment and poverty have been the prime challenges that many governments have tried their best to alleviate these challenges at all levels (Chrisman and Leslie, 1989; Hyvarinen Churchill and Lewis, 1990; Riding and Santos Swift, 1990). Since Ethiopia is not exception of these countries, the Federal Micro and Small Enterprises Development Package of 2005 and EEA Conference in 2008 revealed that Ethiopia is facing high unemployment problem.

Currently MSEs in both developed and developing countries are seen as the most important alternative sector for facilitating socio economic developments. Especially they make huge

contribution to employment in many developing countries where there is high unemployment challenges and poverty. In view of this, the role of MSEs in generating significant number of employment opportunities for both skilled and unskilled human power is well recognized by Ethiopian government and perceived as prime solution to overcome this challenge (Robinson and Pharr, 1991; Hailey, 1991).

When we observe MSEs in Ethiopia according to Yordanos, (2006), Gebrehiwot and Wolday, (2006), CAS, (1995/2003), more than 11,000 MSEs were surveyed and about 65% of them were found having main constraints like shortage of credit and finance, lack of working space for production and marketing ,regulatory problems (licensing and organizing, illegal business), poor production techniques, input access constraints, inadequate management practice and business skill, inappropriate strategy lack of skilled man power , low level of awareness towards MSEs as job area and business, low level of provision for trainings and workshops. When these constraints are confirm with other developing countries especially experiences of sub Saharan countries in which the major common constraints of MSEs are lack of financial support, poor management, corruption, lack of training and experience, poor infrastructure facility, insufficient profit and low demand for local products or services (Arinaitwe, 2006; OECD, 2006; Indarti, 2006; Thiam, 2007; ILO, 2007; Hailay, 2007; Dildar and Zafar Yaqub, 2010; Gurmeet and Rakesh, 2007).

Even though in the past decades the Ethiopian government focused on large originations, the recent wave of private sector development initiatives are shifted to MSEs. This new orientation has been possible due to poor performance in most state owned companies and the concept introduced by globalization and growing need for competitiveness (Zewude & Associates, 2002; Rahel & issac, 2010; Jiningsong & Junjiewu ,2208; Hamilton & fox, 1998: Desta,2010).

Generally expansion and promotion of MSEs through financial support in the country is increasingly becoming more vital due to the fact that MSEs use what the country possesses and able, and less of what it lacks as well as their in employment creation for the majority work forces. Since MSEs have the potential to better changing for economic development through creating market for local products and utilization of local raw materials and knowledge, more focus has given to the sector. Ethiopia is one of the countries pass with this condition and relying

upon MSEs helping as engine to drive the economic growth, elimination of unemployment and poverty (World Bank, 2016).

This raised the need for the study to gain insight that what looks like the contribution of revolving fund and its opportunities for employment creation in Lideta sub city.

1.2 Statements of the problem

A country study by international growth center in Ethiopia reveals that, the issue of youth unemployment is a critical problem that affects most countries in the world including developing countries. The ability of youth to engage in productive activities has social and economic consequences for an economy. In developing countries, youth face not only the challenge of obtaining productive employment, but also obtaining safe and acceptable work (Nzinga H. & tsegay Gebrekidan, 2012) .Mrtha (2012) in her regard conducted a research on the challenge of unemployment from the government policy perspective. She concludes that urban unemployment is continued a serious problem in Ethiopia.

Asalfew (2011) studied the roles of labor market entrant for the accumulation of youth unemployment in urban areas, evidently poor absorption capacity of the economy combined higher rate of rural-urban migration are the prior courses. The study further concludes that youth unemployment is rapidly growing in Addis Ababa and it results social exclusion and sense of hopelessness on youth. According to (CSA, 2011), report urban youth unemployment rate (24.5%) is often higher than the urban unemployment rate (18.9%) for highlighting the concerns that many countries face in facilitating the transition from school to work.

Youth unemployment presents a particular challenge to Ethiopia; the country faces growing youth landlessness in rural areas and in significant rural job creation, potentially leading to an increase migration to urban areas (World Bank, 2007). The concern is whether there will be substantial growth and job creation in urban areas to absorb new labor market participants.

Youth Revolving fund is considered to be one of the alternative strategies for compressive socio-economic development, particularly creating jobs for jobless youth .The micro and small enterprises (NSEs) in Ethiopia generally have gone through a range of problems at start up and

while in due course of operation. Among others, finance is the most central and leading problem (Green et al, 2002). Adding to the difficulty, potential finance providers are also reluctant to commit funds for MSEs perceiving them as unsound position. This lack of funds may be the reason why the sector unable to start and failure on its growth.

Research has shown that in order to achieve the contributions made by MSEs and support and ensure them to grow has been considered as a tool to employments; and it is essential to overcome serious challenges such as :financial ,managerial, infrastructural and marketing constraints because they are the major factors for business failure (Okpara, 2011). As Ishengoma and Kappel, (2008) reveals, the factors hindering potential growth of MSEs in sub- Saharan countries are limited access to credit and market, business service like marketing information, networking, short term training and initiatives.

Revolving Loan Fund (RLF) is established to provide a source of financing for youth, which may not otherwise be available, for expanding or start-up businesses. Used to fill a “financing gap” in a business development project, the RLF offers an option to complete a financing package. A “gap” occurs when the business is unable to fully finance their projects with equity, conventional financing or other private and public sources. While the RLF is not a substitute for conventional financing, it can fill the gaps in existing local financial markets and attract additional capital, which would otherwise not be available for economic development (Funk, Sherman 1985).

As stated above, the objectives of RLF’s are to: provide a dependable finance source for long-term economic development, fill a credit gap for business start-ups, expansions, and retentions, spur economic growth by making loans as affordable as possible, customize loans to the financial needs of each individual business, and enhance commercial lenders’ return on shared loans (Lynn, 1998). Making these MSEs the beneficiaries of this fund schemes is a targeting technique to supplement subsistence level of the enterprise’s production.

To realize the aforementioned objectives, the Ethiopian government in collaboration with World Bank have been extending reasonable amount of revolving credit fund to youths in order to reduce youth unemployment. However studies on the contribution and effect of revolving fund on employment creation practice have not yet been made in Lideta sub city. This study brought

the issue of youth revolving fund for employment opportunities by focusing on the nature of revolving fund and youth unemployment in Lideta sub city. In an effort the study address particular challenges of youth unemployment, the revolving fund need for employment, understand the particular experiences faced by youth who are benefited from the fund. Therefore it asks “what is the contribution of youth revolving fund for employment creation in Lideta sub city, Addis Ababa.

1.3 Objectives of the study

1.3.1 General objective

The objective of this study is to assess youth revolving fund contribution in job creating opportunities in the study area.

1.3.2 Specific objectives

The study has the following specific objectives:

- ✓ To review and understand Ethiopian youth revolving fund current practice (procedures, practice and policies).
- ✓ To assess the revolving fund is adequate, useful and job creating for the target group organized under MSEs.
- ✓ To identify practical challenges on youth revolving fund implementation.
- ✓ To evaluate the significance of revolving fund on youth unemployment problem.

1.4 Research questions

The basic research questions that the study intends to address are as follows:-

1. What are the current practices and policies of youth revolving fund in Ethiopia?
2. Is the supply of youth revolving fund adequate, useful and leading to job creation for youth?
3. What is the significance role of revolving fund to address youth unemployment problem?
4. What practical challenges face to implement youth revolving fund?

1.5 Scope or Delimitation of the study

It is hard to imagine for a study of such kind could possibly undertake without scope. The fact that this paper is planned to be conducted in Lideta sub city of Addis Ababa raises the key question of representation for a whole image. Hence, it is probable that the output of the study

may not necessarily represent the reality for the entire cities in the country. Even though the issue of revolving fund management practice and its effects is wide; the study is only be limited to examine the management practice of youth revolving fund and its effect for creating job and wealth for unemployed groups in particular area at Addis Ababa named Lideta sub city starting on the establishment period of the youth revolving fund (since2017) up to date.

1.6 Significance of the study

Despite the enormous role of all-round youth participation in MSEs that can play great in the economy, little is discussed about how this productive group gets its financial source. Problems compounding to youth employment should address through appropriate measures for their immense potential. knowing the factors hindering the proper management of youth revolving fund in Lideta sub city helps policy makers-Governments (at federal, at regional, at city administrations, at zonal) level and other stake holders to design targeted policies and programs that will actively stimulate appropriate implementation as well as helping those policy makers to support ,encourage, and promote youth participation in the economy growth for unemployment and poverty alleviation through minimizing the constraints hindering YRF implementation.

The study has significance to reveal the status of youth revolving fund in the sub city from the perspective of how the fund is supporting youth employment opportunities. Therefore the findings obtained from this study will have certain significance.

Well understanding of youth revolving fund management and implementation status in the area enables policy makers and concerned bodies could be informed and get the chance to overcome the problem. It will give some view on current condition of unemployment in revolving fund contribution aspect.It will offer some insight for researchers for further investigation by incorporating broader scope about youth revolving fund management practice and its contribution, if the interest arises.

1.7 Limitation of the Study

It is very difficult for the researcher to undertake the research absolutely without any problem or limitation. In some extent this study is believed to have certain limitations. It is worth keeping in mind that the sample size of the study taken from MSEs selected and limited government officials may not fully represent. This could often create hast generalization of the study. It

would have been better and more effective if a good number of MSEs are included in the study to gather sufficient information to get best results. Further, there are other associated problems resulted in 'missing data' which prompted dropping these incomplete observations from the analysis. This in turn resulted in a reduction of the sample size. Some of MSEs may not fully operate and organized due to newly establishment and different problems. The Micro and Small Enterprises Development Agency may don't have updated information and hence it affects the sampling of the study. In addition, the limited or absence of empirical evidence on MSEs established in youth revolving fund in the country is paused a restriction in examining trend in the sector is a key problem. The researcher also fear that demonstrating all aspects of MSEs may not be carried out within a short period of time and would require an intensive investigation to reflect all aspects of the sector. Therefore, the instruments that will used to gather data in this respect may be limited to raise only some aspects of MSEs. Therefore, these and other similar problems will expect negatively affect the quality of the paper which in turn might have led to inconclusive results. So the researcher will give more emphasis to reduce such expected problems.

1.8 Organization of the paper

This final report of the study consists of five chapters: Chapter one contains an introduction to revolving fund management practice and its effect for youth employment as the global context and in Lideta sub city Addis Ababa: Ethiopia, it further states the research problem and justification, identifies the objectives of the study and questions, delimitation of the study and the organization of the paper. Chapter two is about literature review on the management practice of revolving funds and the growth of micro and small scale enterprises in increasing income and wealth and reducing poverty that consist the literatures that have been written by other researchers and scholars. While Chapter three deals with the research methodology, the analytical tools like descriptive and SPSS and data collection methods. Chapter four presents results and discussion of the study and finally, chapter five presents the major findings, conclusions and forwarded constructive suggestions and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITREATURE

2.1 Introduction

This section briefly shows different components, which have proven effective in providing, supporting and interrelated concepts for mange met practice of youth revolving fund and its contribution for employment opportunities. The components are the revolving fund (source of finance), government who establishes the fund; the financial institutions that is responsible to administer the fund on behalf of government, target groups benefited from the fund (youth unemployment) and MSEs is the area where the project is executed.

In general, the economic health of a nation can be gauged using gross domestic product (GDP), rate of inflation and unemployment, and the current account balance. Currently the country is being negatively affected by drought and its recent rate of inflation has been changed in to the double digit. Ethiopian exports level since 2016 had recorded the worst performance in the last decade. In addition to an increase in its external indebtedness, Ethiopia's current account balance has been in a very distressful deficit situation.

2.2 Review of theoretical Literature

2.2.1 Concepts and Operational Definition of Terms

2.2.1.1 What is Revolving Fund?

Fund: is certain money used to lend for one or more borrowers Over a given period of time, the borrower is expected to repay the original sum that replenishes the fund with additional sum charges like interest and administrative costs to the borrower that acts as a fee for providing the service (Norm E, John D ,Ross C,1997).

A Revolving Fund: is a continuing or non-lapsing authorization by parliament to make payments out of the consolidate revenue fund (CRF) for working capital, capital acquisitions and temporary financing of accumulated operating deficits. A revolving fund is a means by which parliament provides continuing authorization for an operation that is funded by users, partly by

users and partly by subsidization (the latter usually taking the form of an annual appropriation)(Norm E, John D ,Ross C,1997).

The rationale for using revolving fund is to provide a funding mechanism which has a business orientation (functions like a line of credit) for units providing goods or/services on a commercial or quasi-commercial basis. In such an operating environment revolving funds should promote good business practice by: fostering a “going concern” mentality...managers must continually maintain a medium to long perspective on operations ,as operating deficits must be covered by of draw-down that incur interest charges. More comprehensive accounting and reporting...adherence to generally accepted accounting principles and achieve financial targets in a specific period, as outlined in the business plan Monitor and disclose these results using appropriate and meaningful performance indicators. Revolving funds increase revenue opportunities by consolidating all sources of funding in to a non-lapsing authority and by providing drawdown authority so that organizations can better manage their financial requirements. They also optimize resource use, resulting in better resource management and decision making. When a revolving fund finances a unit that serves the public, it is called an enterprise fund. However, when it finances a unit that primarily provides support service to other units of government, it is called common service fund (Norm E, John D, Ross C, 1997).

2.2.1.2 Youth Unemployment

Youth: depending on the level of their socio-economic status, countries develop their own age group to be referred as “youth”. As a result, no single definition exists for the word “youth”. Some countries regard youth as young persons whose age bracket ranges between the end of childhood and the beginning of adulthood. Some other countries consider “youth” as young persons who start to engage themselves to activities that are considered by the community to be expressions of adulthood. Others define “youth “to biological growth assuming physical developments as well as psychological changes. For research purposes and policy suitability ,the one with age boundaries is favored (MYSC,2004)Youth is an impressionable stage, a time of emotional development ,rapid change, idealism, adventure and even rebellion which, if not well managed ,may channeled in to the harmful, unproductive, and destructive occupations and pastime.

Unemployment: Work is central most of our lives, not just as the foundation that enables to get by in the world, but as key to how we see and define ourselves and to our sense of self growth. Being unemployed, in contrast hurt human beings. Unemployment is the condition which is characterized by the incapability of an individual to find a job of any kind. The problem of unemployment is becoming more serious with every New Year, because the population constantly rises and the employers cannot create enough work opportunities to satisfy the needs of every one. Unemployment depends on a range of factors. First of all, it is the number of people, who need work, then the policy of the country aimed at the provision its citizens with workplaces and finally, the level of education and skills of employed (BLACKBURN, 1988).

Human science research council (1985) found that most definitions of unemployment require that a person not only wants but also looks for activity. This ignores the discouraged work seekers who may want to work at the going wage, but has given up looking because he perceives the chance of getting it to be very slim. This type of unemployment is sometimes known as hidden unemployment. Although no market signals are generated by those in hidden unemployment, it is not conceptually different from open unemployment (Marifi, 2002).

Youth unemployment: youth unemployment as defined by united nation (2001) is simply the unemployment of youth. According to the ILO (2005) as cited by Nebil et al (2010), more than one-third of the world's youth are currently either seeking but unable to find work, have given up on the job search entirely, or are working but still living below \$2 a day poverty line. The problem of youth employment is getting worse, as the number of young people looking for work in sub-Saharan Africa is expected to increase by 28% in the next 15 years –an additional 30 million people joining the pool of job seekers. The power of youth as a wheel to drive government's policy is further reported in one of the latest ILO report. Accordingly, the international labor organization (ILO) estimates that nearly 75 million young people are unemployed in the world today. This number has increased by more than 4 million since the financial crisis of 2008-9, and the outlook for the medium term is worsening. The global youth unemployment rate is 12.7% in 2012, and the ILO projects that it is likely to rise to 12.9 percent by 2017. The sheer magnitude of the youth employment challenge has been gradually penetrating people's awareness over the last decade, and raising the profile of the issue for governments and policy makers. Increasingly there is a realization that the level of youth unemployment is not

simply a mirror of the business cycle, but a persistent structural issue that has distinct causes and requires distinct solutions that cut across fiscal, labor, social security, and education policies (ILO, 2012).

2.2.2 Youth Revolving Fund Establishment in Ethiopia

As per the Proclamation No. 995/2017 the reason behind establishing Ethiopian Youth Revolving Fund is, the attainment of our development objectives requires the direct participation of youth in the economic activities, to provide youth with financial and technical support to help them alleviate their economic and social problems through engagement in organized income generating activities with a view to ensuring their all-rounded participation and benefit, to make available the financial resource needed to enable youth realize their productive potential and become direct participants in the economic activities of our country.

In accordance with Article 55 (1) of the Constitution of the Federal Democratic Republic of Ethiopia, the country proclaimed Ethiopian Youth Revolving Fund. The Proclamation consists general terms like bank (the Commercial Bank of Ethiopia), beneficiaries (youth organized under micro enterprises), micro financing institutions, and youth (any male or female of Ethiopian Nationality falling within the age range of eighteen to thirty four). The fund is established with the following objectives: to assist youth to employ their capabilities in creating job opportunities, to provide financial assistance for organized income generating activities conducted by youth, and to ensure the all-rounded participation and benefit of youth. The source of the Fund is budget allocated by the Federal Government. The amount of the fund is 10 billion (ten billion) Birr and the Minister(finance and economic) is authorized to transfer from the consolidated fund, the proceeds of the fund to the body entrusted by Article 7 of this Proclamation to administer the fund (source: Proclamation No. 995/2017)

2.2.2.1 Administration of the Fund

The Bank- is responsible to administer the fund on behalf of the federal government. The Bank shall maintain a separate, complete and accurate book of accounts for the account of the Fund. The account of the Fund shall be audited annually by the Auditor General or by an auditor appointed by him

The Ministry - calculate and communicate to the bank the share of each state from the proceeds of the fund on the basis of the size of the youth population of each state, decide in consultation with the appropriate entities the terms and conditions under which the bank transfers the proceeds of the fund to beneficiaries through micro financing institutions, disburse the proceeds of the fund to the bank as per request from the bank pursuant, integrate the statement and reports on the utilization of the proceeds of the fund received from the bank into the consolidated financial report of the Government and submit same to the Council of Ministers and the House of Peoples Representatives, respectively.

The Micro Financing Institutions- enter into an agreement with and provide the required amount of loan to beneficiaries in accordance with the terms and conditions set out by the Ministry upon receipt of income generating project documents of beneficiaries evaluated and approved by the appropriate authority and where it is satisfied that the project is feasible, submit a detailed report on the utilization of the proceeds of the fund to the bank every six month.

The Ministry of Youth and Sport- coordinate the activities of the appropriate Authorities with regard to the utilization of the fund and render the necessary assistance, evaluate the semi-annual and annual reports on the implementation of beneficiaries' projects it receives from the appropriate authorities and submit an annual consolidated report to the Council of Minister's and the House of Peoples' Representatives, respectively (Source: *Proclamation No. 995/2017:P9596-9571*)

2.2.3 Sources of Finance and the Need for Finance

Theoretically, enterprises may use internal and external sources of finance. The former comprises own savings and retained earnings while the latter includes security finance, explicit borrowing from formal and informal sources, implicit borrowing in the form of accounts payable (i.e. trade credit and advances from clients), hire purchases, and lease- to-buy contracts. For firms that can't resort to primary and secondary money and capital markets (either because the markets do not exist or the firms are not in a position to access such markets) (Gebrehiwot and Wolday, 2004:54). For instance, raising funds through securities (bond and equity) issue

involves listing requirements that are too stringent for many firms to meet, and is costly. This leaves explicit (formal or informal) and implicit borrowing. But access to bank loans is virtually absent. The main reasons are their “illegality or partial legality..., lack of proper accounting; small size, therefore high transaction costs for banks; firm mobility, leading to high moral hazard and risk of default from a bank’s point of view, and lack of education.” Yet, they are generally able to obtain ‘venture capital’ relatively cheaply partly as a consequence of the absence of a stock market that minimizes the adverse selection and moral hazard problems. Unable to invest their savings in high-return/high-risk investments via an organized market, the only possible forms of such investment for small investors are either “creating one’s own enterprise, or financing the enterprises of close friends and relatives whose skills and performance can be monitored” (Fafchamps, 1994:8-9).

In Ethiopia, the potential sources of finance include conventional banks, MFIs, cooperatives, government projects, and other informal lenders, as well as trade credit. Equity finance is limited: although we have not direct evidence, one could reasonably expect much more equity finance to be forthcoming in a situation where equity holders (in partnerships, for example) could liquidate their holdings quickly and with relative ease when they want to (Gebrehiwot and Wolday, 2004:54).

Obviously, a decision to start a business or expand an already existing firm involves an implicit decision of how to raise money. Consequently, financing is at the center of an operation of MSE. For instance, it is indicated that the inability to raise finance is one of the greatest challenges facing the MSEs and is the critical factor in the establishment and growth of such businesses (Sargent and Young cited in Gashahun 2004:13).

Similarly, it is pointed out that MSEs need finance to invest in new equipment and machinery, reach out to new markets and products and cope with temporary cash flow shortages as well as to innovate and expand (Fafchamps cited in Gebrehiwot and Wolday, 2003:3). Some argue that capital, being scarce in developing countries, should essentially be deployed in a way that maximizes the creation of new jobs and production of new goods and services [without basically changing the dual nature of the economy] rather than being used to convert a very small number

of businesses into modern capital- intensive ones. In spite of this, MSEs limited access to available finance compared to larger organizations have limited their growth and development. In addition, MSEs are forced to higher transaction costs than larger enterprises to obtain finance. Moreover, insufficient funding has been made available working capital scarce (Levy cited in Paul Cook, 2000:7).

Some researchers, however, argued that factors such as marketing or technological assistance might be the critical factors in the success or failures of MSEs. Yet, despite the contribution of these factors to the development of such enterprises, it should not be over looked that marketing or technological assistance do require finance. Marketing normally involves producing quality product, promotion and making the product available at the consumers' destination. Undoubtedly, such activity requires considerable amount of finance which MSEs have limited access to it. Technological assistance, too, no matter how it is made available, is not cost free to run. It requires knowledge to operate and maintain, there by requiring finance. Some also argued that capital, being scarce in developing countries should essentially be deployed in a way that maximizes the creation of jobs and production of new goods and services rather than being used to convert a very small number of businesses in to modern capital intensive only (Wolday, 2002:4).

In many developing countries where the MSEs sector is seen to be active, (at least in terms of numbers in relation to the size of the economy) and where one of the biggest constraints to its further development is perceived to be finance, general governmental policy on the development of the financial system may be regarded to be 'demand-following'. What is interesting about this type of 'demand-following' finance is that as a result of market imperfections, the financial system's development does not always automatically follow the growth of the real sector of the economy. In fact, the increased supply of financial services in response to demand may not be at all automatic, flexible and inexpensive in developing countries. Restrictive banking legislation, religious barriers against interest charges and imperfections in the operation of the market mechanism may indicate an inadequate 'demand-following' response by the financial system (Patrick, 1966 cited in Helmsing and Kolstee, 1993).

A path to development could not be realized without access to finance. Financial sources, in this case, are the most important factor determining the survival and growth of MSEs at the time of establishment and operation in both developing and developed countries. Here in order to be effective the need for finance must be ‘demand-following’ rather than ‘supply-following’. Finance must not be offered by the force of finance providers rather the MSEs must have the initiative to get the money they require. However, this does not mean that the financial system used by financial institutions should be passive (Patrick, 1966 cited in Helmsing and Kolstee, 1993).

Regardless of the number, nature, and type of loan extension criteria conventional banks are not interested in providing finance to MSEs for they are not only faced with lack of having adequate information infrastructure but also are not required to finance MSEs in their mission statements (Wolday, 2002:5). Nor is their capacity, especially their branch network, extensive and dense enough to effectively reach MSEs throughout the country (in rural areas in particular). Moreover, the delivery of financial services to MSEs requires the development of innovative financial products that attract MSE operators, which Ethiopian banks are lacking (Gebrehiwot and Wolday, 2004:55).

The researcher has argued that there are very large numbers of MSEs unable to access to formal credit to carry out their work. There is a lack of financing options for MSEs. The banks are unwilling to lend to MSEs due to their perceived investment risk and lack of any formal information to provide risk analyses. Thus, in general, it appears that there has been much less involvement of the formal financial support to MSEs. It can be understood that, the loan evaluating criteria have excluded MSEs from being part of the formal financial system. Their exclusion, undoubtedly, would hamper the development of the MSE in the economy that are the host of the entrepreneur skill and large area of employment.

2.2.4 Ways of Minimizing Youth Unemployment

There is no black and white solution to all youth unemployment challenges. Policy responses depend on national circumstances. Policy options should be part of an integrated framework that promotes economic development and employment growth. This calls for combining policies for employment expansion with targeted program that overcome the specific labor market problems

faced by many young people. The best labor market entry path for youth remains good basic education, vocational training or higher education and initial work experience. Policies and national program that provide incentives to enterprises to hire young people, promote youth entrepreneurship, and facilitate access to finance and to other targeted active labor market measures can also help countries to improve decent work prospects of its young population. The development of national action plans on youth employment that are focused on these elements can guide countries to translate national commitment in to action (ILO, 2010).

A study by Lizzie, Katy, Nye and Jenny (2009) identified several key alternatives in order to improve the challenges of youth unemployment. These are: Build strong co-ordination system that can facilitate transitions between school and work. Establish paramount and active labor market policy can reduce the duration of unemployment. The availability of part-time flexible employment opportunity supports high levels of youth employment.

A united nation study suggests that young people constitute a substantial share of the population of most sub-Saharan African countries and of the region as a whole. This creates a need for practical policies and related programs to engage youth effectively in all aspects of the development of their countries (UN DESA, 2007). Governments shall also focus in preventing the incidence of this problem by focusing on quality education, productive school to work transition and regional integration. According to ECA (2011), most of Africa's population is below the age of 30 years. This poses peculiar challenges; including the nature and level of education provision for young people and their employment with in increasingly complex and rapidly changing global environment. A much advocated and along lasting remedy for youth unemployment is entrepreneurial adventure. A government can hire by itself or can also create a suitable environment for the private sector to hire citizens. As cited by manpower group (2012), in pursuit of effective program strategies, a study by Card Kluge, and Weber reviewed nearly 200 program impacts from 1995-2007 and found that strongest impacts on young people came from job search assistance programs, while training programs were more effective in the medium than short term.

2.3 Empirical Literature

Youth unemployment is one of the dominant socio-economic challenges facing Ethiopia. A report from ILO, confirms that youth unemployment is a serious issue where almost two-thirds of population is younger than 25 years. Disguised unemployment is a feature of the rural labor market while open unemployment is prevalent in urban areas. Indeed, Ethiopia has one of the highest urban unemployment rates worldwide, at about 50% of the youth labor force (ILO, 2006). As cited by GYD consulting plc (2010), young people in Ethiopia are confronted with many difficulties when it comes to their integration in the labor markets and their search for decent and productive jobs. Youth unemployment, which is substantially higher than global adult unemployment, has been growing in the last decade. In spite of the dramatic economic, social, and political consequences of Ethiopia youth employment problems, few studies focus on this population (WB, 2009).

Unemployment keeps being one of the dominant socio-economic and political challenges in Ethiopia. As cited by Martha (2012), Ethiopia is a poor agrarian country with per capital income of USD 350 (WB, 2011). However, the country has been achieving a promising economic growth. According to the “the economist” (January, 2011) the country was the 5th fastest growing economy in the world during the periods 2001-2010 at an average annual GDP growth rate of 8.4% and the 3rd with the forecast of 8.1% during the periods 2011-2015. Despite such improvements, unemployment is high and one of the socio-economic problems in the country. This shows that the economy is unable to provide adequate jobs to the growing population in both rural and urban areas. According to UN Habitat (2003), most people are motivated to get their own job and create business because the chance of finding jobs in the current labor market is so limited. However starting a small business without the capacity to sustain it or cope up with related challenges is not a viable solution to the problems of unemployment. Disguised unemployment is a feature of rural labor market while open unemployment is prevalent in urban areas. Indeed, Ethiopia is one of the highest urban unemployment rates in the world, at about 50% of the youth labor force (Berhanu et al, 2005). According to CSA (2011), urban joblessness has been increasing from time to time than in rural areas. Urban unemployment rate rose from 7.9% to 22% between 1984 and 1994, while in rural areas, it increased only 0.42% to 0.69 during

the same period. This sharp increase of urban unemployment may be due to high rural-urban migration.

Even though many documents including PASDEP claim that the country's growth process a broad based benefiting the larger population. However a separate policy hasn't been enacted with regard to the youth population. Ethiopian youth policy was endorsed at the 100th council of ministers meeting in 2004 (MYSC, 2004). Further effort to address the dazzling socio-economic threat, the Ethiopian government develops the national employment policy strategy (NEPS) in 2009. In accordance to a study by Nzinga and Tsegay (2012) the strategy is devised by recognizing the weakness of the current labor market system and the need to integrate it with economic growth and poverty reduction strategy. The NEPS of Ethiopia provides a framework to guide interventions aimed at improving employment and its poverty outcomes in the nation (MoLSA,2009) as disclosed by Nzinga and Tsegay 2012). The NEPS aims to address unemployment problems, underemployment, poor working conditions, and the lack of work protection specifically in the informal sector through a coordinated employment policy that ensures a smooth operation of labor demand, labor supply and labor market institutions. The government has long recognized that rapid population growth is major challenge in poverty reduction effort. Accordingly, one of the pillar strategies of the nation's 5 year development plan for accelerated and sustained development to end poverty (PASDEP), in the year 2009/10 of implementation, is addressing the population challenge through balancing both population and economic growth (MoLSA, 2009).

On September 2000, the millennium summit –the largest gathering ever of heads of state and government recognized the political urgency and relevance of solving the problem of youth unemployment and underemployment. Achieving full and productive employment and decent work for all, including women and youth is a target of millennium development goal which aims to eradicate extreme poverty and hunger. On June 2005 annual conference of ILO adopted a resolution on youth employment setting out policy messages and indicate a framework for governments, employer and worker organizations to address the youth employment challenge at the national level (UN, 2013). At the international level, the UN secretary –general's Youth Employment Network (YEN) a global partnership of the World Bank, UN and ILO has long

been active on youth employment, through its normative action, its technical assistance work and the promotion of strategic alliances across the UN system. Examples of alliances on youth employment include that with FAO on the promotion decent employment for youth living in rural areas and UNESCO one of the promotion of access to quality technical and vocational education and training (UN, 2013).

According to Canzanelli (2001), MSEs are basically the backbone of local economies; it contributes to development in a number of ways; employment creation, income generation, device/process improvement and other multiple effects on other sectors of the economies. In line with this shift in orientation, the FDRE government had taken MSEs as a major tool of providing employment to its growing population. Since their inception in 2004, the government has been working on the expansion of diverse sectors of MSEs from the national to the district (woreda) level. However, the sector is not in the position to be the source of income for all due to an alarming of the unemployment rate in Ethiopia (Endalkachew, 2008). This shows that the sector's average level of employment is not more than 10 individual workers. This level of employment is insignificant. Therefore, the sector's role in the socio-economic development is found below the expected (ILO, 2014; CSA, 2015; Waleligne and Wendimu, 2002).

However, the studies about micro-enterprise performance and challenges and opportunities do not give sufficient information about the nature and status of institutional roles of MSEs in general. This research is, therefore, conducted to fill the existing knowledge gaps on the formal institutional contributions of MSEs and its implications for job creation in line with youth revolving fund as a source of finance in Lideta sub city, Addis Ababa.

2.4 Conceptual Framework of the Study

The figure below indicates that the independent variable is the youth revolving fund. The mediating variables indicate that there are modified behaviors and practices over a period of time result due to implementation of the fund. These behaviors are depicted under the idea that beneficiaries are being job holder and engage in income generating activities. So, the path shifting from unemployment to employment or looking job to getting job is dependent variable.

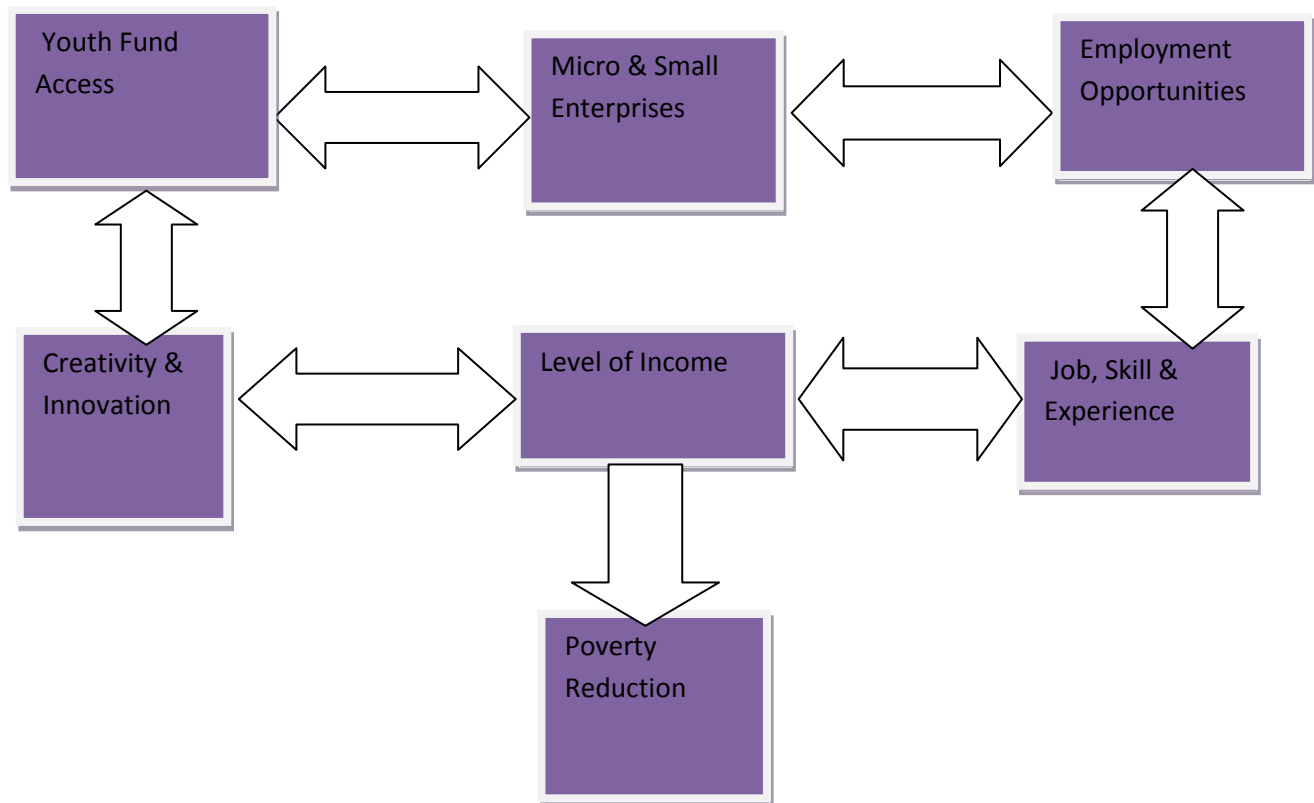


Figure 2.1 Conceptual Framework (Source: Ishengoma and Kappel, 2008)

Finance (fund) may overcome the problem of MSEs external finance (for example, loans requirement) to fulfill their limited internal resources and therefore enable them to start new business and upgrade exist firm for extra investment. At this time, they are likely to increase employees (unemployment reduce), use new technology (skill and experience develop) to increase and improve firm productivity. Consequently, their market access can be enhanced, and they target customers with relatively higher income level. They also utilize loans to expand their level of operation by deploying their creativity or innovation, skill and experience to satisfy the customers need and can generate the income they want. Therefore it results reduce poverty and leads to economic growth (Kimuyu (2004).

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research methodology that used in carrying out the study. Particularly this was employed in order to describe what looks like the revolving fund contribution and its effect on employment creation in Lideta sub-city where examined. It presents the study area, the research design, data sources, instruments and procedures of data collection, sampling strategy, data analysis and presentation, validity and reliability, and potential ethical issues.

3.2. Description of research study area

Lideta sub city is one of the 10 sub cities of Addis Ababa, the capital city of Ethiopia. According to the 2007 census the total population of Addis Ababa is 3,385,569. From this total population Lideta sub-city accounts 214,769. Among this 102,513 are males and 112,283 are females. The sub-city area on map covers 9.18sq.km and in the sub-city 10 Woredas are found as CSA (2010).

3.3. Research Design/approach

A descriptive research design will be used to conduct the study. According to Seiliger and Shohamy (1997), descriptive study is helpful when a researcher wants to look into a phenomenon or a process in its natural contexts in order to get its overall picture instead of taking one or some of its aspects and manipulating it in a simulated or an artificial setting. Thus, descriptive study will favored to understand how YRF is vital for youth employment and all round their participation in the socio-economic aspects.

Moreover, in order to achieve the intended objectives, both qualitative and quantitative methods were employed. The researcher used a sequential study with the qualitative follow-up phase building on and helping to explain the initial quantitative phase. The intent of these two-phase, sequential mixed methods is to discuss first on quantitative findings. Information from the first phase is explored further in a second qualitative phase i.e., by focus group discussion. The reason following-up with qualitative research in the second phase is better to understand and explain the quantitative results. According to Creswell (2009), it also involves the use of both approaches in

tandem so that the overall strength of the study will be greater than either qualitative or quantitative research.

3.4. Data Sources

In the study, the approaches used for attaining the aforementioned objectives are by analyzing the available documents on the subject (secondary sources) and primary data. Therefore, the sources of primary data will be gathered from ministry of sport and youth, MSEs in Lideta Sub-City and government officials in Lideta Sub-City that have a direct interest or interaction in the sector. Secondary sources on the other hand, relevant documents will be collected from printed materials and books; reports and the like drawn from the CSA, EDRI, Federal, Addis Ababa Micro and Lideta sub city Medium and Small size Enterprises Development Agencies and youth center. The works of other researchers and publications (mainly, journals, thesis, and online resources) and internet were also used.

3.5. Sampling design

According to Mugenda et al. (2003) a sampling design is a structure or roadmap that guides a study sample selection, and data collection. Lideta sub-city is one of the 10 administrative sub cities in Addis Ababa sub city Administration, which have a large number MSEs organized under youth revolving fund. Because of this and due to matters of convenience, the researcher selected Lideta sub city as a study area.

3.5.1. Population

Population: According to Schindler and Cooper (2014) population of a study is defined as the total unit of elements that are used to measure a study or that are used to determine the sample of the study. The total population of youth entrepreneurs under youth revolving fund in Lideta sub city consists of 852 members.

3.5.2. Sampling techniques, procedures and size

Hence the target population of study is MSEs under youth revolving fund in Lideta sub city. Take the total number of youth entrepreneurs who operate their business under YRF in Lideta sub city up to the date of this paper in (Lideta sub city micro and small enterprise development agency 2012 E.C.) These MSEs were engaged in different developmental oriented sectors which include

textile and garment, construction, food processing, cobble stone, metal and wood works municipal services, urban agricultures and others. Here stratified sampling technique was used. Each sector category was considered as stratum. As Ethiopian youth revolving fund establishment criteria, youth people are ranges from 18-34 years. Accordingly for the researcher questionnaire data collection tool the sample respondents are not out of this range.

<u>Stratum</u>	<u>number of enterprise</u>	<u>number of participants (N)</u>
Textile and garment	32	230
Construction	31	221
Food processing	18	128
Cobble stone	10	68
Wood & metal work	7	51
Municipal services	6	51
Urban agriculture	5	34
Others	<u>11</u>	<u>77</u>
Total	120	852

Sample size (N) =100, from different sectors based on the strata created.

Table 3.1 methods of sample selection used.

Strata	Sample calculation	Selected sample (n)
A	Sample from textile & garment= $230/852*100=27$	27
B	Sample from construction= $221/852*100=26$	26
C	Sample from food processing= $128/852*100=15$	15
D	Sample from cobble stone= $68/852*100=8$	8
E	Sample from metal & wood work= $51/852*100=6$	6
F	Sample from municipal service= $43/852*100=5$	5
G	Sample from urban agriculture= $34/852*100=4$	4
H	Sample from others= $77/852*100=9$	9
	Total	100

(Source researchers own calculation)

After having such sample from each stratum, the researcher randomly selected to a desired numbers of samples for each stratum. In addition to this random sampling, a purposive sampling technique is used to identify respondents. Non probability or it is well known as a purposive sampling is virtually synonymous with qualitative research (lisa, 2008) and (patton, 1990). A purposive sampling occurs when items for the sample are selected deliberately by the researcher. People use purposive sampling when they are primarily interested in the result of from an individual (David and Robert, 2007). Accordingly with the help of key informants official persons in the fund are communicated. The data gathered through the above described techniques are used to strengthen the share of understanding in the person environment and experience perspective. As cited by Weiss-Gal (2008). The person –in- environment approach views the individual and his or her multiple environments as a dynamic, interactive system, in which component simultaneously affects and is affected by the other (Hare ,2004). The population target population for purposive sampling comprises the government officials who have a direct connection with MSEs in Lideta sub city. Focus group discussion is conducted with representatives from the sector based on purposive sampling. Therefore the sampling strategies used to secure respondents for questionnaire and conducting focus group discussion are probability and non-probability sampling techniques respectively.

3.6. Data collection methods

Two data collection instruments were used to gather the relevant data for the purpose of the study. These were questionnaire as a major tool and focus group discussion as a supportive instrument to triangulate the data found through questionnaire.

Questionnaire: the questionnaire is tried out first on some MSEs established under youth revolving fund as a pilot study. This is thinking that to see the validity and reliability of the questionnaire and if there was a need for modification to modify it. As a result, at the beginning questions were prepared in the questionnaire for MSEs.

According to Yount (2006), the standardized wording and structured questions of the questionnaire provides a higher reliability in the data than is practically able to be obtained by interview and is completed at subjects' convenience. Yount (2006), further argues that, they can consider each question, check necessary records, and reflect on their answers. Data is more valid under these conditions than when answers are given on the spot in an interview. Questionnaire has an advantage over some other types of surveys since it is cheap, do not require as much effort from the respondent and often has standardized answers that makes it simple to complete data.

Most of the questions in the questionnaire are developed from the review of related literature. Questionnaire were distributed MSEs selected from Lideta sub city that can represent the population at an acceptable level. Therefore the questionnaire was completed and returned to the researcher. In the questionnaire both open ended and closed ended questions were incorporated in order to get the desired information.

Focus Group Discussion: the focus group discussion was conducted to get a better understanding, cross check the present situation, and to assess forces that might facilitate change. Here this method has a better understanding, cross check and censuses face to face with the participants of the focus group discussion. To collect the primary data the writer uses questionnaires and in order to increase the reliability of data, additional data are collected through focus group discussion. Focus group discussion is held with the representatives of government officials that have major connections with the sector in Lideta sub city.

3.7 data presentation and analysis

Once the raw data were collected on hand, qualitative and quantitative methods of data analysis were used. With quantitative data collected through questionnaire a descriptive statistical analysis method was used. Descriptive research involves gathering data that describes events and then organize, tabulate and describe the phenomena. To process the data from different angles the researcher was used all the necessary data, and the raw data is organized and grouped on the basis of common characteristics. As a result the data obtained via the questionnaire were summed and analyzed by using SPSS. The researcher used visual aids such as table and charts to aid the reader in understanding the paper if necessary. Data obtained from open ended questions are also be analyzed together with closed ended questions to triangulate the response gathered via the survey questionnaire in general. Besides to analyze the data obtained through focus group discussion qualitative method of data analysis is performed. Hence the data gained via this method is used to crosscheck the data gathered through the main instrument of research i.e., .the survey questionnaire and, therefore this has a separate section prepared to it.

3.8 Validity and Reliability

The researcher mainly selects participants randomly little on purposively so that characteristics are the probability of being equally distributed and recruits large sample to account or compare these outcomes. The researcher is tried to use the same instrument for pre-test and post-test measures. To guard against this, the researcher conducted pilot studies to establish trust and respect with the participants. With regard to the focus group discussion, rapport between the researcher and subjects had been created; hence, a more cooperative atmosphere, which increases the validity of the subjects' responses. Such kind of rapport improves the level of trust between the researcher and subjects that, in turn, increase the validity of answers will receive.

3.9 Ethical Considerations

Before writing the thesis, the researcher considered the ethical issues that can be anticipated and described in the study. These issues relate to all phases of the research process. The problem identified by the researcher benefits individuals being studied and that will be meaningful for others. The researcher is not further marginalize or disempowered the study participants; and restricts claims about groups to which the results can't be generalized. The purpose of the study

is described to the participants and it is provided letter of approval in order to establish trust and credibility. The researcher is not put participants at risk, respect vulnerable populations, and participants will remain confidential, if the need arise. The data, once analyzed, the researcher will keep for a reasonable period of time and then discards so that it will not fall into the hands of other researchers who might misappropriate it. The researcher is not also used language or words that are biased against persons because of gender, sexual orientation, racial or ethnic group, disability, or age. Suppressing, falsifying, and inventing findings to meet a researcher's and/or participants' need are eliminated or avoided.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSIONS

4.1 introduction

The sources used to this study were both primary data and secondary sources. The primary data were collected directly from MSEs in Lideta Sub-City and government officials who have direct interaction in the sector i.e. Lideta Sub-City's Micro and Small Enterprises Development Agency officials and Addis credit and saving institution. The researcher gathered data by distributing questionnaires to MSEs and focus group discussion with government officials was conducted. A Sample of 100 MSEs Members were covered in this study. Out of 100 questionnaires circulated 94 were returned and filled properly.

In the introduction part of each questionnaire and focus group discussion respondents were made aware of the objectives of the study why it is conducted and make consensus during gathering the appropriate data. Respondents were allowed to choose one response and to give any suggestions about MSEs in the open ended parts. The collected data was analyzed using descriptive statistics with tables and figures using special package for social science or SPSS. The expected factors for the activity of business were stated using rating scale through which respondents show their level of agreement.

4.2 Characteristics of respondents

Table 4.1 demography of respondents

No	Demographics		Frequency	Percentage (%)
1	Gender	Female	61	64.9
		Male	33	35.1
	Total		94	100
02	Age	18-25	55	58.5
		26-34	37	39.4
		35-44	2	2.1
		≥45	-	-
	Total		94	100
3	Marital status	Married	30	31.9
		Unmarried	53	56.4
		Divorce	11	11.7
		Widowed	0	0
	TOTAL		94	100
4	Level of education	High school	23	24.5
		Diploma	53	56.4
		First degree	17	18.1
		Master and above	1	1.1
	Total		94	100
5	Work experience	0-5	89	94.7
		6-10	5	5.3
		11-20	-	-
		21-30	-	-
		≥31	-	-
	Total		94	100
6	Work experience relatedness with current business	Yes	15	16
		No	79	84

	Total		94	100
7	Degree of relatedness of work experience with current job	Strongly agree	7	46.7
		Agree	5	33.3
		Neutral	2	13.3
		Disagree	1	6.7
		Strongly disagree	-	-
	Total		15	100

(Source researchers survey, 2020)

Gender of Participants

Like other countries, in Ethiopia both females and males are operating in MSEs at different positions as owners, managers or employees. However the percentage of their involvement in such enterprises is not equal. According to Federal MSEs Development Package, there is difference between males and females participation in MSEs .Depending on table 4.1 above, 64.9% of total samples are males and the rest 35.1% are females. This percentage is relatively consistent with the MSEs Business environment in Ethiopia in which 34 percent and 66 percent of Ethiopian MSEs beneficiaries are female and male respectively as current Federal MSEs Development Package indicates. As a result in order to have better sustainable inclusive MSEs growth for unemployment reduction, involvement of female entrepreneurs should be improved in MSEs organize under YRF.

Age of Participants

Different individuals with different age groups can join similar work environment. However, in some activities individuals can have or not equal chance to participate because of their age and government policies. Concerning this idea, MSEs are not much far from this truth in which different age group individuals (children’s from shoeshine) to higher enterprises can involve in working either individually or cooperatively for the objective of getting bread to survive and to be millionaires instead of sitting and waiting others hand. As it is presented in table 4.1above, the researcher divided respondents by age into four age groups ranging 18- ≥45 years. Accordingly, 55(58.5%) of the respondents fall between 18-25 years old, whereas, 37(39.4%) of respondents’ age is between 26-34 years. Only 2 (2.1%) respondents are found between 35-44

years old. Finally none or 0 percent are 45 and above years old. This shows the majority of respondents are between ages of 18 and 34 years in which they are active work force ready to act where there is comfortable situation is prepared for them because they are in adult age and have many responsibilities in the future. Also they are the age group expected to imitate and flexible according to the environment and it is consistent with youth revolving fund age requirement proclamation.

Marital Status of Respondents

Considerable enterprise owners have no families. About 53(56.4%) and 30(31.9%) of the owners in the sector are found single and married respectively (Table 4.1 above). This indicates that single and semi mutual family size would own the business. From this we can understand that MSEs have more self-lead single youth entrepreneurs and stand to change for their coming life.

Educational Qualification of Participants

In Ethiopia, during past times it was believed that individuals working with MSEs were poor and has no chance for education because of their family background. Since education increases access to information and better utilization of resources, it is expected that the business would provide better benefit when owners are found having in higher education status (MOTI, 2008). In this regard, more than half 53(56.4%), 23(24.5%) and 17(18.1%) of the owners have access to diploma, secondary and degree level of education respectively (table 4.1 above). In support of the above hypothesis, therefore, the majority of enterprises are owned by those who have better academic profile; therefore, conforming to the expected outcome the study reveals that business operators have a closer tie with better access to education.

Work Experience of Respondents

According to the survey data, most sample MSEs did not have considerable previous work experience. 89(94.7%) and the rest 5(5.3%) of respondents have 0-5 and 6-10 years' work experience in their work life respectively. MSEs Owners mainly depend on their own experiences as well as those of their families and friends. There is no question at all that business experiences are very crucial for successfulness of MSEs. From this data one can understand that the experience level of owners is under. Therefore, they may face a problem in complex business

decision making processes; and it has a negative impact on the financial sources usage and profitability of their businesses. If the owners are less experienced, they couldn't develop the financial management and other skills necessary for the smooth running of enterprises.

This previous work experience may be almost the same as with the current business. Out of the sample respondents, 15 or 16% responded that they have previous work experience (table 4.1above), the relationship between the current businesses with the previous work experience spans from strongly agree 7(46.7%), agree 5(33.3%), neutral 2(13.3%), and disagree 1(6.7%). So, from this we can conclude that the current business is based on the prior work experience and this may lead to profitability since they are better aware of systems of financial sources, marketing, and the like for some sample MSEs operate by youth fund except the difficultly major MSEs owners (84%) are with no experience (Table 4.1).

4.3 training related information

Table 4.2 training related information of respondents

No	Training related issues		Frequency	Percentage (%)
1	Training before starting the business	Yes	71	75.5
		No	23	24.5
	Total		94	100
2	Degree of relevance of training before starting the business	Excellent	8	11.3
		Good	27	38
		Average	29	40.9
		Poor	5	7
		Very poor	2	2.8
	Total		71	100
3	Training after starting the business	Yes	87	92.5
		No	7	7.5
	Total		94	100
4	Degree of relevance of training after starting the business	Excellent	11	12.6
		Good	39	44.8
		Average	28	32.2
		Poor	6	6.9
		Very poor	3	3.5
	Total		87	100

(Source researchers survey, 2020)

Training before starting the business and their relatedness

Training applies to any transfer of knowledge, skills or an attitude which is organized to prepare people for more productive activities, or to change their working environment. Unlike formal educational programs, short-term skill training, directly or indirectly, affects the performance of MSE operators (Gebrehiwot and Wolday 2004:32). Here sample MSEs participants 71 or 75.5% of the sample respondents have taken training and the rest 23 or 24.5% did not take any training before starting-up the current business (table 4.2 above). As training is the commonly and widely used instrument to promote MSEs, attempt should be made to make it demand-led or ‘one size fits all’ approach will not be effective. If training is simply given to all MSEs the same, the value

of the training is under question. Therefore, the training given to MSE owners/operators should be continuously monitored and evaluated or the need must be assessed periodically.

The sample MSE operators/owners perceived the training excellent as 8(11.3%), 27(38%) as good, 29(40.9%) as average, 5(7%) as poor, and 2(2.8%) as very poor (table 4.2 above). Although there are institutions like Sub-City's MSE Development Agency office; involved in financial management, marketing management, skill training, business and entrepreneurial training the effectiveness and relevance is far from what is desired due to: training materials being too complex and sometimes irrelevant for trainees, the absence of qualified trainers, theory based rather than action based the core function of many institutions is not training but provision of credit, the absence of technical skills training and upgrading in the sector. MSEs lack on-going technical assistance and hands on training to upgrade their financial utilization, increase productivity, and improve packaging to remain competitive and market access.

Training after starting the business and relatedness

Here as we can see from the above table 4.2 the sample MSEs gained training after start-up the business increases with relatively the perception or degree of relevance (usefulness) increases as compared to before starting the current business. As the table 4.1 clearly depicts, the sample MSEs operators perceived the degree of relevance of the training as excellent 11(12.6%), as good 39(44.8%), as average 28(32.2%), as poor 6(6.9%), and as very poor 3(3.5%) after starting the business. This is a positive step to MSEs as the quality of the training increases; the probability of solving complex problems increases so that they can finance their own MSEs appropriately. Additionally the sample survey, the open ended question were asked about the training opportunity/ types gained so far. Therefore, most sample MSEs participants were responded that the training gained so far were skill upgrading, financial management, marketing management, and entrepreneurship. Some sample MSEs were also responded that they gained training like policy and strategy of Ethiopia, strategy and globalization, sanitation, climate change, quality improvement, and raw materials utilization. By attending such types of trainings and by combining to their own skills or experiences the MSEs must prepare for next step or being as a basis for medium and large industries.

4.4 business information

Table 4.3 types of business respondents engaged in particular business

Types of activities	Frequency	Percent	Valid Percent	Cumulative Percent
Construction	31	33.0	33.0	33.0
textile and garment	24	25.5	25.5	58.5
metal and wood work	30	31.9	31.9	90.4
urban agriculture	3	3.2	3.2	93.6
others	6	6.4	6.4	100.0
Total	94	100.0	100.0	

(Source researcher survey 2020)

Note: the word “other” includes food processing, cobblestones, municipal services and food and drinks, parking, recreation (resort), secretarial services etc. as table 4.3 shows a larger percentage of the total MSEs population concentrated in the construction sector in which most of them 31(33%) are involved in construction followed by metal and wood works 30 (31.9%) and textile and garment 24 (25.5%). Therefore the study reveals that relatively there is a pull factor for operators to engage in construction sector and metal and wood works sectors while the urban agriculture is found to be a less significant sector in attracting entrepreneurs to engage in. the reasons for selection are large market size for their product, employment absorption capacity and short period of return over investment, local raw material utilization and high role poverty reduction (AAMSEDA, 2003 E.C).

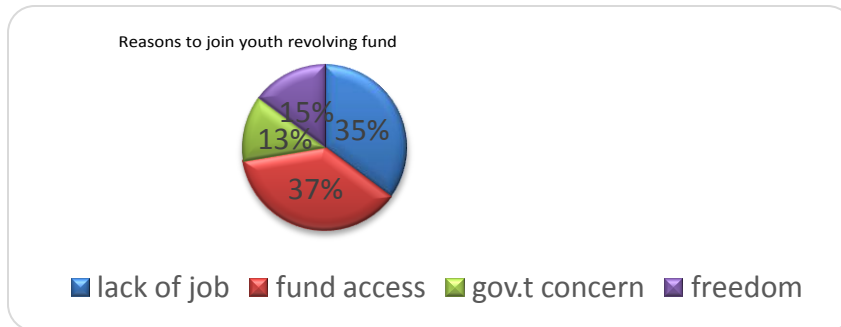


Figure 4.1 reasons to join youth revolving fund (Source researcher’s survey, 2020)

As we can see from figure 4.1 above that 35 (37%) replied that they are joining youth enterprises due to the availability of fund access, 33 (35%) are joining as no alternative jobs (lack of job), 14 (15%) they are joining in order to get freedom and benefit from youth revolving fund, 12 (13%) in order to get government support, initiative and concern. The trend to begin businesses by availability of fund access and lack of alternative job is major to join in this business. A good percentage or about 35% of MSEs were replied that they did not have any option other than joining this business or taking as a last resort. So, it indicates unemployment is a serious problem next to finance we face. So from this we can conclude that lack of finance and unemployment are the main reason to join youth revolving enterprises.

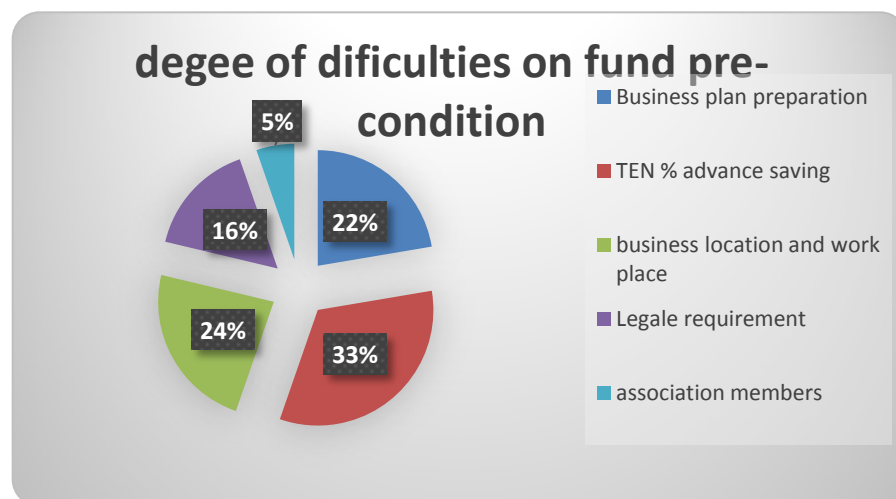


Figure 4. 2 The most Difficult Pre-conditions to Get Youth Revolving Fund (Source researcher’s survey, 2020)

As we observe from figure 4.2 above that 31 (33%) of the respondents replied as ten % advance saving was the most difficult pre-conditions in order to get the revolving fund, 23 (24%) of the respondents replied that they had no suitable business location and work place, 21(22%) as due to unable to prepare acceptable business plan, 5(5%) as lack of committed member for association and 15(16%) of the memberships replied that as legal requirement and bureaucracy challenges are the most difficult pre-conditions in order to get the revolving fund access . The perception about getting initial finance or saving, work place/business location, knowledge/technical skill gaps and refusal to receive expertise supports, not willing to establish associations to work together, entrepreneur’s low concern for the sector and government bureaucracy, are the challenge of the sector. Even though there are so many challenges which face youth revolving fund access, ten (10%) advance saving and getting suitable business locations are the most difficult pre-conditions

Table 4.4 the permitted fund when you start your business

	Frequency	Percent	Valid Percent	Cumulative Percent
Enough	41	43.6	43.6	43.6
not enough	53	56.4	56.4	100.0
More than enough	-	-	-	
Total	94	100	100	

(Source researchers survey, 2020)

As per the table above shown, more than half respondents Said the fund allowed to start the business is not enough 53 (56.4%) and the rest 41 (43.6%) respond the permitted fund is enough but none of them say more than enough. Therefore the fund distributed to beneficiaries is very small and results shortage of finance in order to run their business operation properly.

Table 4.5 opportunity gained from youth revolving fund

	Frequency	Percent	Valid Percent	Cumulative Percent
loan access without collateral	34	36.2	36.2	36.2
team work and collaboration among members	17	18.1	18.1	54.3
experience sharing among members	9	9.6	9.6	63.8
capacity building and self-independency	25	26.6	26.6	90.4
Others	9	9.6	9.6	100.0
Total	94	100.0	100.0	

(Researchers survey 2020)

The table 4.5 above states the responses of sample MSEs participants 34 (36.2%) as loan access without collateral, 17(18%) as teamwork and collaboration, 9(9.6%) as experience sharing, 25(26.6%) as capacity building and independency and the rest 9(9.6%) as other (government support, initiatives, interest being entrepreneur ... were major attractive things. on the open ended question the sample respondents were forwarded the following opportunities of youth revolving fund in MSEs growth and expansion in turn it valuable for

- Creation of job opportunity for the owners and other workers
- Tax payment for the government
- Bring fair income distribution within the society
- Serve as a foundation/base for medium and large enterprises
- Promote inter-sector linkage
- Generate foreign exchanges by export the products and make the business international.
- Reduce foreign exchanges need by producing import substituting products; and

- Help for the accomplishment of ‘Growth and Transformation Plan’ of Ethiopia.

For overall economic growth, a critically important role is played by MSEs under youth revolving fund in Ethiopia. The FDRE believes that Unemployment (mainly as an urban phenomenon) continues to be serious social problems in Ethiopia despite some improvements in recent years. This is mainly a result of rapid population and labor force growth (on the supply side) and limited employment generation capacity of the modern industrial sector of the economy (on the demand side) (MoLSA, 2009). To overcome such imbalance government gives high concern to youth and this action can be taken as opportunities.

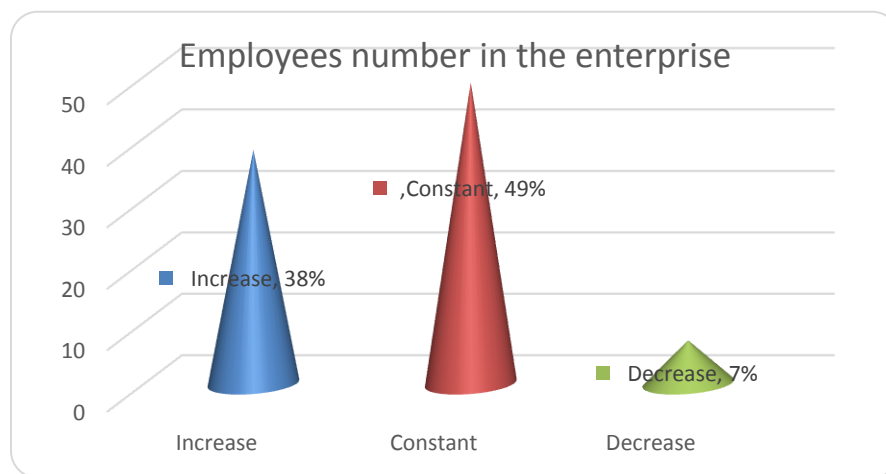


Figure 4.3 Change on employee’s number in the enterprise (Source researcher’s survey, 2020)

Employee fluctuation is one of the indicators of the growth in which many researchers used in MSEs. Because, most of the time, MSEs do not have accurate records which show their growth Like net profit, market share, productivity, sales turn over etc. However, they can easily tell the fluctuation of employees in their enterprises. But it does not mean that employee’s fluctuation is always the most appropriate indicator of growth because the growth of MSE is a dynamic phenomenon and a full of heterogeneous. Figure 4.3 indicates the selected samples in which 49 (52.1%) of participants responded as employees are constant and 38 (40.4%) of them replied there is increase in number of employee in their business, 7(7.5%) of them responded the employee’s number is decrease. This indicates most MSEs growth concerning employees is constant.

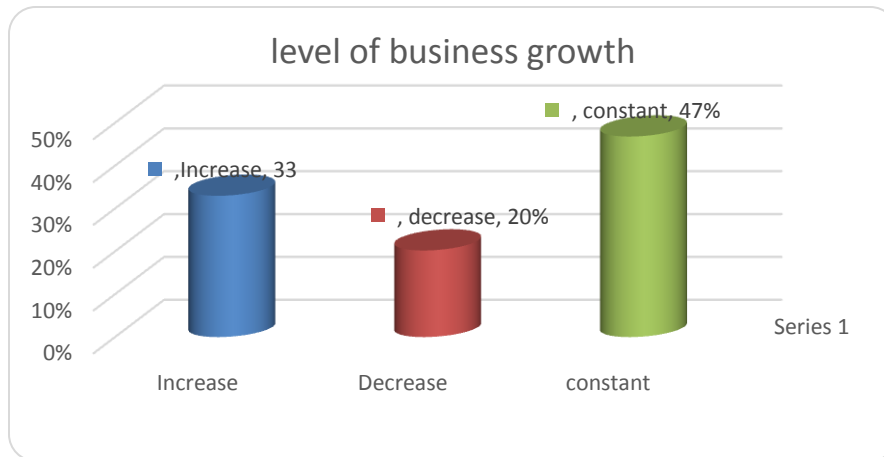


Figure 4.4 level of Enterprise Growth (Source researcher’s survey, 2020)

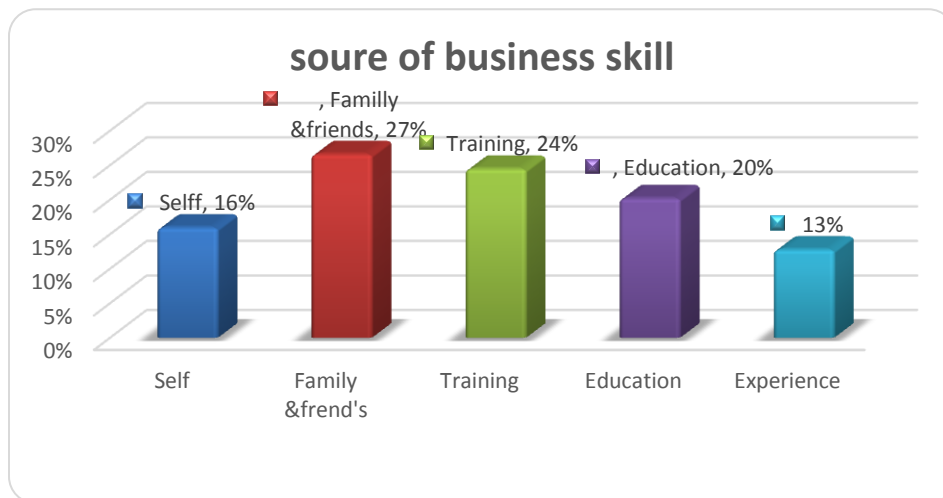
As the figure above indicates the MSEs growth is not significant that is 31 (33%) as increase, 19 (20%) as decrease and the rest 44(47%) as remains constant. Based on this we conclude Growth oriented enterprises are a business by choice stand for profit maximization, capital accumulation and specializing activities (Berner et al. 2008) aiming to graduate easily into the next step in terms of vertical growth, employ high skilled manpower and complex technology and generate innovative ideas (Farman and Lessik, 1989; Gomez, 2008). However, research findings in both developed and developing nations indicate that job creation and growth are highly determined. As indicated by the European Commission, half of the total employment in MSEs has been created by a mere 4% of these firms (ILO, 2014).

According to ILO (2004, p.10), very few of the business owners (by investing their assets constantly) practically reach a significant living standard. Even though the rest of them receive support and assistance services (credit, bulk purchases, technology, and export promotion entrepreneurial attitude continues firmly and remain to live under the line of poverty. Small firm economic performance and transactions within the hierarchy or limits of the business organizations ... “are either impossible or extremely difficult” to access to resources. Lacking resources thereby causes higher production costs and higher transaction cost. Therefore, it is hard to expect small firms to perform better unless there is direct support from the local governments with which it became governance ends (Borge, 1991; John et al, nd.). The pro-MSEs perspective shares the views that through direct government support MSEshelps promote economic growth and reduce high poverty level. Thus, they have economy-wide benefits by enhancing

entrepreneurship, competitiveness, innovation, and growth in productivity (Beck and Demircuc, 2004).

4.5 Main Source of Participants' Skill

Skills are invaluable and ingredients helping the businesses to win the game of competition through smoothly working to achieve their objectives to be mutually benefited with customers. Individuals can get these skills from different environment either through formal education or informally from the society in which they are dwelling and working with.



(Source researchers survey, 2020)

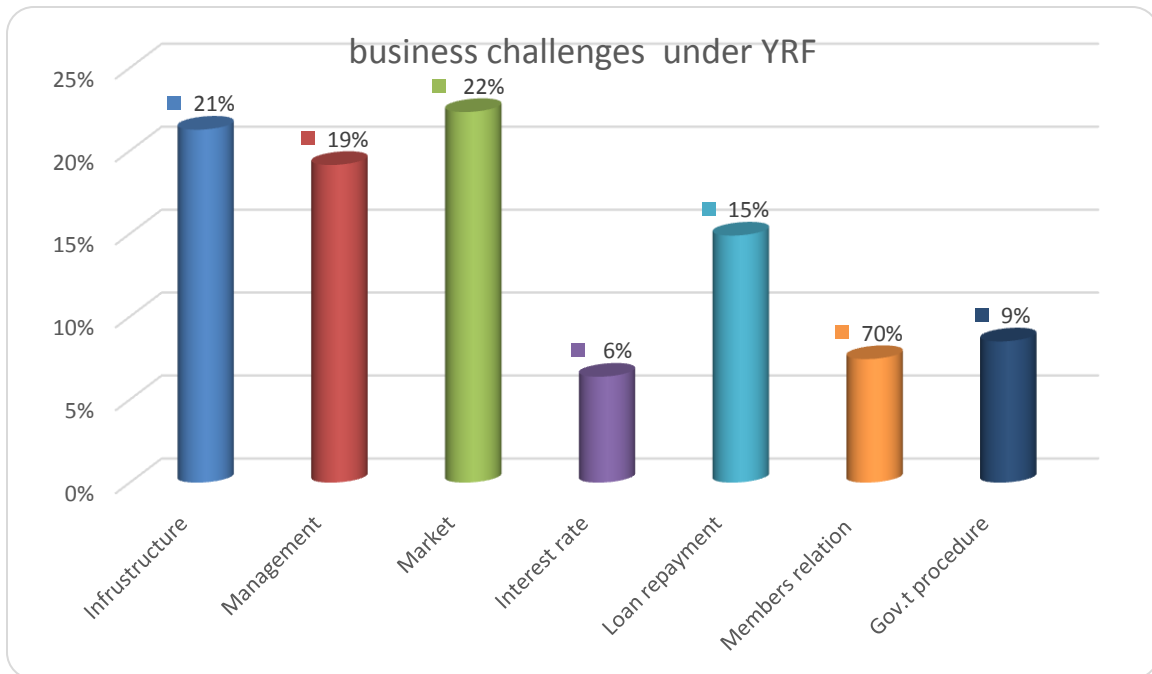
Figure 4.5 Core source of Business Skill

Figure 4.5 indicates family and friends are the major source of skill for most participants demonstrating 25 (27%), training is the second which accounts 23(24%) and formal education is the third contributor of business skill 19 (20%) compared with other sources. Society's approach to education of young people in terms of taught values, self-employment skills, attitudes and forms of learning is a crucial factor for entrepreneurial activity. Skill training has precisely to match market needs. Consistent with this objective, the participants reflected that the training they have attended has positive impact on their business. Particularly those who attended the TVET program have also mentioned the training that they have received was very important for their business. When asked about the specific subjects that helped them to run the business, entrepreneurship, business management and book keeping were mentioned by the majority of the

participants in each session. Technical skills, business management and book keeping trainings which are very important for MSE entrepreneurs were given for most of those in the cooperative business as part of MSE promotion program. But they indicated that it was only an introductory training and focuses on theories that can't be applied to practical jobs.

4.6 Major Business Challenges of Youth Revolving Fund

To understand what is happening inside and outside the enterprise, it needs reliable business information that helps the enterprise to closely monitor and act according to its environment. Business activities are one of the most accredited and imperative factors affecting small business achievement. Availability of marketing related information on the environment and internal realities of MSEs help them to effectively tapping of organizing opportunities and overcome against emerging threats. The firm also can adjust its products and service to the needs and tastes of customers through marketing information. The quality of management and marketing decision is decided to a great extent by the quality of business information available to decision makers. Even though it is not simple to provide all aspects of information on regular prices, on supply and demand, on buyers requirement, etc. can be provided to MSEs if the system is established. When such a system is established, not only regular information but information on future could also be supplied to MSEs (Kaibori, S., 2001; AssegedechWoldelul, 2004; Stevenson and Annette St-Onge, 2005).



(Source researcher’s survey, 2020)

Figure 4.6 Business Challenges in the Fund

Figure 4.6 indicates the market challenge is the first, participants responded as market 21(22%), infrastructure is the second which accounts 20(21%) and management is the third difficulty of MSEs 18 (19%),the reaming respondents 14(15%) as loan repayment, 8(9%) as government procedure, 7(7%) as members relation and 6(6%) as interest rate are encountered problems, According to John et al (nd, p.7), small firms performance requires internal and external relationship thereby establish business networks. Firms being micro and small face problems in development phases. Therefore, different resources and supports from different actors in their different stages of business growth are essential. This support can be acquired through “personal and institutional networks” to get management skill, market access and workplace premises, resources and advanced production techniques from different actors. Market linkage, at one hand, serve to obtain the necessary resources, and to provide the products to consumers on the other hand, is the only fate of small firm not only to survive but also a way out for small firms development linkages in terms of access to the market, financial support, infrastructures and educational institutions against MSEs performance. Thus, findings of the previous study show that locally produced raw materials are in a dearth of quality and affordability in the area. Despite having a favorable institutional linkage with TVET institutions in access to training and business improvement tools; technology transfer, credit access and market link for their produces

is currently encountered with challenges from administrative sides and lack of appropriate policy concerns.

Unlike formal linkages, the informal linkages have a significant role to play in access to the market. Thus, it is important to make revisions to the administrative procedures and traditional work practices at governmental and private institutions, and policy rigidity together to strengthen MSEs linkages with formal institutions. The credit facilities is not as needed because of short period of repayment coupled with small amount of money, etc. Most MSEs are working at rented premises and high rental charges have impeded the success of many MSEs as some charges are higher than the capacity they able to pay.

Though ample inputs/raw materials are accessible in the country, still a significant number of enterprises can't be benefited from the locally accessed resources. These input- MSEs linkages show that locally produced raw materials are not accessible sufficiently in the market, which would impact the growth of MSEs due to import tariffs and transportation costs are increased. Besides, lack of inputs in the domestic markets, availability of imported inputs at a low price than domestic inputs, and low quality of domestic raw materials are the driving factors makes the inputs-MSEs linkages weak (Enterprise Development office, 2016). Therefore some of the forwarded challenges by sample respondents under open ended questionnaire were:

- ✓ Competition with the unlicensed and illegal business counterparts
- ✓ Lack of officers and expertise capacity and commitment to manage and supervise MSEs
- ✓ Limited credit access and working capital
- ✓ Absence of common and acceptable obligations within members

As stated in the proclamation, beneficiaries (youth) are required to “organize under micro-enterprises who qualify to be benefited from the fund...” is found to be the other major challenge youths to come into organized under associations is mandatory in Ethiopia. Some of these are: members failure to share the common and acceptable obligations of their association, the unlawful withdrawal of member's from their associations and lack of positive attitude and strong commitment among the youth to work together are the most problems.

4.7 management related issues

Where: SA-----Strongly agree

A----- Agree

N-----Neutral

SD-----Strongly Disagree

FR----- Frequency

D-----Disagree and %-----percentage

Table 4.6 management related issues

No	Descriptions/Statements	SA		A		N		D		SD	
		Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
1	There is well-rounded experience in basic business activities in the youth revolving fund project	-	0	5	5.3	41	43.6	31	33	17	18.1
2	There are multi-skilled trainings to perform different tasks in youth revolving fund program.	10	10.6	20	21.3	27	28.7	16	17.1	21	22.3
3	There is better and wise utilization of business resources	6	6.4	26	27.7	21	22.3	35	37.2	6	6.4
4	Management ability in creating internal and external relationship is low	32	34	22	23.4	23	24.5	11	11.7	6	6.4
5	Management style and strategy is very poor	39	41.5	24	25.5	18	19.1	9	9.6	4	4.3

4.7.1 Well- Rounded Experience in Basic Business Activities

MSEs are likely to be operated more efficiently than a proprietorship because two or more persons share in the management and there is a good chance that a partnership will make better decisions. After all, with two or more people contributing their ideas for solving problems, superior solutions could be developed. This is particularly true if the partners are specialized in different areas/ fields. As a result there can be a host of partners who are working at different

specialized area. Thus, overall decisions are improved, which provide a greater chance of success. As it is presented on the table above 4.6, on well rounded-experience in basic business activities, most of the respondents 41(43.6%) of them responded as they say neutral, 31(33%) as dis agree (lack of experience on basic business activities), On the other hand 17 (18.1%) respondents gave their response strongly disagree and 5(5.3%) of them agree on the statement.

Management skills in accounting and financing, marketing, purchasing, business management are the basic required skills in business activities. Lack of occupational experience in these related business activities for many MSEs entrepreneurs has been indicated as a constraint to growth. It is shown that lack of effective management in well-rounded business activities is a major cause of business failure in MSEs. Some owners tend to manage these businesses themselves as a measure of reducing costs and make independent decisions on the utilization of money generated from their businesses without having such experiences. This lack of management experience led to collapse of many businesses due to lack of experience and knowledge how such type of business activities performed in effective and efficient way. Practitioners claim that, one of the major cause of small business failure is “poor/under management in the area”. Whether the causes are labeled as financing, competition, marketing, inventory, or others, they can be safely avoided if good management is available in well-rounded experience that is capable in performing major business activities in the business. Small business owners/managers need to develop basic managerial skills and knowledge. This implies most of the enterprises are dormant due to the limitations of knowledge in well –rounded in basic business activities.

4.7.2 Efficient Utilization of Business Resources

Management is about using resources efficiently in order to meet the objectives of the enterprises. In start-up and early years of small firm, the owner/manager will be responsible for all significant decisions regarding resources needed, their sources, the way they will be used and how they are controlled or monitored. This adds up to an endless combination of different responsibilities and activities. Specially, resources in management of small business have four main areas as operation, people, marketing and finance (Haily, 2007). Sometimes businesses highly invest on fixed assets means that a huge sum is unnecessarily tied up in fixed assets in which the return from fixed assets cannot be realized in the near future. As shown on Table 4.6 above, most respondents 35(37.7%) replied they have disagree response on efficient utilization

of resources in the enterprises and some respondents 26(27.7%) as agree, 21(22.3%) as neutral, and 6 (6.4%)as strongly agree and strongly disagree for there is efficient utilization of resources in the enterprises. Some MSEs owners take the discarded product which was not produced in quality to be reprocessed or use for other purposes Concerning employees working in the enterprises, many times their effective and efficient utilization effort on resources depends whether there is owner or manger around them, most of the time it is not as much complex to know them and their out puts because of their number and friendship in the work area. On the other hand the discussion shows that most of the individuals/employees and materials used are not integrated in which they are only on work at their required or assigned. If one material in the operation or person is not on work at a time the next activities come to idle due to incomplete process the first phase. From this it is possible to conclude that there is partial efficient utilization of resources but the problem is the technology they are using.

4.7.3 Multi-skill Training to Perform Multiple Tasks

Many MSEs Owners/ managers lack managerial skill. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept. Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may present problems when complex decisions have to be made. A consequence of poor managerial ability is that MSE owners are poorly prepared to face changes in the business environment and to plan appropriate changes in technology. Majority of those who runs MSEs are ordinary whose educational background is limited. Hence they may not well equip to carry out managerial routines for their enterprises.

As we have understood from the above table 4.6, which shows that, the respondent's response on multi-skill training given for employees to do multiple tasks in the business was considerably not attractive. Because when we consider the response that 10(10.6%) respondents strongly agree as there is such type of training in the enterprises and 20(21.3%) respond as agree, 27(28.7 %) respondents on the other hand replied it is difficult to say whether it is available or not (neutral), 16(17.1%) as disagree and 21(22.3%) of them respond and strongly disagree. When employees got chance to multi-skill trainings, they can participate in different activities. If training is not

given and when employees are forced to replace others place and there will be difference in quality and amount of service/output generated, it affects the performance of the business. Accordingly, it is possible to conclude that the employees working in MSEs mostly have no prior multi –skill trainings. In addition managerial and human resource factors can affect performance of MSEs members.

4.7.4 Management Ability in Creating Relationship

According to table 4.6 above, majority of respondents 32(34%) as strongly agree as there is poor management ability in creating external relationship/linkage, 22(23.4%) responded as agree, 23(24.5%) as agree. On the other hand 11(11.7%) of respondents disagree and 6(6.4%) of them strongly disagree.

Where the enterprise is working in wide social areas, it cannot smoothly operate its activities with self-sufficient and requires the owner or managers to have external relationship. As marketing plan states, know how the enterprise establish and maintain profitable customer relationships, managers are required to create and have both internal and external relationships in shaping their actions. This management external relationship must be integrated with marketing network activities in which it affects how marketing and other internal departments work with one another and collectively have linkage with external bodies to deliver value and satisfy customers in which their growth can be assured. Know how the firm works with suppliers, distributors, and other partners to achieve the objectives and influences the company's dealings with other stakeholders, including government regulators, the media, and the community at large. All these relationships are important to the enterprises' success.

As table 4.6 above, shows respondents response on the questions lack of management's ability in creating internal & external relationship from the total samples most of respondents' response shows as there is no management linkage with the two invaluable actors' suppliers and buyers. However, even though both (supplier & buyers) of these are the main actors in the business, still they are not solely sufficient and cannot guarantee to make the enterprise to succeed. There are many constraints that limit the growth of MSEs, the most pressing of which is shortage of resources. In addition to this inter-sector linkage and integration within sectors, regions or other

localities is crucial for their development. in general from the above tab 4. 6, we can conclude that management’s ability in creating internal and external relationship is low.

4.7.5 Suitable Management Style

There are a number of managerial challenges that face micro and small firms attempting to grow. The ability of initial founders to manage a larger firm than the one they have initially created is of primary importance. On the one hand, owner-managers may be unwilling to dilute their personal power and control over the organization by adding professional and non-family personnel and financial constraints in hiring and/or training qualified personnel may limit the ability of the entrepreneur to delegate responsibilities. Respondents response on lack of suitable management style in the enterprises and According to table 4.6 above, major respondents 39(41.5%) as strongly agree as there is lack of suitable management style, 24(25.5%) responded as agree, 18(19.1%) as neutral. On the other hand 9(9.6%) of respondents disagree and 4(4.3%) of them strongly disagree. Enterprises growth is linked to a company's ability to motivate employees to innovate and moreover, to sustain growth, firms need to constantly respond to their customers' needs in novel and precise ways.

4.8 attitude and awareness related issues

Table 4.7 attitude and awareness related issues

No	Descriptions/Statements	SA		A		N		D		SD	
		Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
1	Public perception towards micro and small scale enterprise and its output is negative.	6	6.4	16	17	21	22.3	33	35.1	18	19.2
2	The effort of government to change the public attitude about YRF role, hard work habit and job creation is limited	15	16	35	37.2	23	24.5	14	14.9	7	7.4

(Source researcher’s survey, 2020)

4.8.1 Perception of the Public

A motivated person is ready to act. How the motivated person actually acts is influenced by the attitude of individual towards the situation by which he/she selects, organizes, and interprets information to create a meaningful picture of the world. In marketing, perceptions are more important than the reality, as it is perceptions that will affect consumers' actual behavior. People can emerge with different perceptions of the same object because of perceptual processes. So the decision that individuals take towards things mostly depend on their perception. In the past the perception of individuals was not good towards MSEs and their products/services especially they view the products lacks the required quality. According to table 4.7 above, on the idea Public perception towards micro and small scale enterprise and its output is negative shows most respondents 33(35.1%) as disagree, 21(22.3%) as neutral, 18(19.2%) as strongly disagree, 16(17%) as agree and 6(6.4%) as strongly disagree. These responses indicate as the public in current time has no bad attitude towards MSEs and their products.

4.8.2 Government Effort for Changing Public Attitude

Government uses different communication activities to inform, persuade and remind the target about youth revolving fund role, hard work and job creation for youth and the economy. Table 4.7 above, shows most respondents response reveal as they agree with lack of awareness creation for the project is 15(16%) as strongly agree, 35(37.2%) as agree, 23(24.5%) as neutral, 14(14.9%) as disagree and 7(7.4%) as strongly disagree. Also the data collected through focus group discussion supports these responses and government goes limited effort to inform his public about the role of the fund. Creating awareness/promotion of the product is decisions concerned with the establisher combined efforts to communicate with its markets. Businesses in which they can make the public around them and other local areas have awareness about their products. On the other hand its absence limits the advantage that can be achieved from such activity. As the data collected indicating that the government is currently on the way paying attention makes its effort to these enterprises that the contribution they made for themselves, family and society and they make products available nearer to the society and reduced many costs incurred to search the product from far places or market area.

4.9 finance related issues

4.9.1 Knowledge to Prepare Convincing Business Plan to Get Loan

It is critical for businesses to have comprehensive business plan encompassing full range of planned activities and detailed expectation for an established enterprise relating to operation, marketing, financial and managerial considerations. This plan launches an entire business's expansion requirements tend to write formal business plans to get external funding. Many small businesses fail because of fundamental shortcomings in their business planning. It needs to be realistic and based on accurate, current information and an systematic projection for the future power of convincing and attractive by vision, goals, and keys to success, work force needs, potential problems and solutions, financial, capital, equipment and supply list, sales and expense forecast, analysis of competition, marketing, promotional activities, budgeting and managing company growth going to be used (Hailay, 2007; Assefa, 2010). As table 4.8 below, illustrates most of the respondents agree as they have lack of knowledge in preparing and providing convincing business plan when they need external loan from financial institutions. The respondents responded as 31(33%) as disagree, 23(24.5%) as neutral, 15(16%) as agree, 13(13.8%) as strongly disagree, and 12(12.7%) as strongly agree. It is possible to conclude that MSEs in Lideta sub-city have a problem of providing convincing business plan and as a result they cannot get the required loan with in right working time and if the loan couldn't be accessed with in required time it pauses the growth of the firm (see table 4.8 below).

Table 4.8 finance related issues

No	Descriptions/Statements	SA		A		N		D		SD	
		<i>Fr</i>	%	<i>Fr</i>	%	<i>Fr</i>	%	<i>Fr</i>	%	<i>Fr</i>	%
1	The business plan prepared and provided by youth to get loan is convincing and smart.	12	12.7	15	16	23	24.5	31	33	13	13.8
2	The working capital provide to youth is enough.	10	10.6	13	13.8	27	28.8	34	36.2	10	10.6
3	Youths are familiar with financial information's.	9	9.6	20	21.3	23	24.5	32	34	10	10.6

Source researcher's survey, 2020)

4.9.2 Working Capital

It is common that firms like MSEs tend to seek credit more because small firms are affected more severely by capital constraints. MSEs tend to face greater financial constraints than do larger firms. From the perspective of MSE owners, insufficient credit is frequently the most obvious and pressing challenge hindering firm growth. MSEs receive formal loans relatively infrequently, and must therefore rely on other types of credit (Carpenter and Petersen, 2002).

Even after the start-up hurdle is overcome, a lack of credit frequently hinders growth during MSEs establishment, because younger firms tend to find financing even more difficult than older firms. Over the life of the firm, growth can also be hindered by credit constraints that curb investment to maintain or improve technology. Financing was ranked as one of the firms' top three challenges by (Andy Redfern and Paul Snedker, 2002).

As table 4.8 above, shows one of the most problems of MSEs is related with lack of working capital. It is one of the most highly required resources for sustain/expansion purpose. On the statement working capital is enough, 34(36.2%) responded as strongly disagree, 27(28.8%) as disagree, 13(13.8%) as neutral, and 10(10.6%) as strongly agree and strongly disagree equally. Additional data from the focus group discussion shows there is limited credit facility from Micro Financing Institutions 'Addis credit and saving institution' provides the loan for expansion purpose when fulfilling the criteria required by the institution.

According to the response from the institution, the institution by its self has limited capacity to give loan to the required amount. When most of the newly opened businesses have no much saving that helps them to expand their businesses and on the other hand the financing institution asks them 10% advance saving by limiting the opportunity of access to credit, they face a challenging journey in their business expansion and restrict firm growth. This shows, absence of micro-finance institutions that enable them to access finance is the major obstacle for expansion of the business.

As a result the financial institutions became reluctant to provide them loans even though financing is one of the crucial elements that determine the development of Micro and Small Enterprises (MSEs) and necessary to help them set up and expand their operations develop new

products, and invest in new staff or production facilities. The other implication is associated with the risk aversion attitudes of financial institutions as Habtamu and Abrham (2008). The situation reduces the responsiveness of financial institutions to loan requests from smaller enterprises. They target mainly on big and medium borrowers with relatively bigger investment activities and not consider small borrowers, due to risk aversion attitude. This situation can be a constraint for MSEs Owners wishing to mobilize adequate working capital to expand their businesses. On the other hand, the youth revolving fund loans provided by micro financial institutions are small, with a short repayment period and interest rate. Generally, this results limited growth and challenging survival of MSEs.

4.9.3 MSEs Familiarity about youth revolving fund

Even though there are some credits facilities can be fulfilled loan requirement, some of the MSEs do not use the money for the intended purpose. They rather divert it for other unintended and non-productive expenditures. Consequently, the enterprises fail to return the money back to the lender on time. This could result in a loss of credibility to get additional loan when needed. The target is the importance of proper record keeping that enables a small business to have accurate information decision making. Such as projecting sales and purchases or determining the breakeven point and making a wide range of other financial analysis. However, absence of proper records leads to the closure of many businesses. Table 4.8 above shows MSEs' response familiarity with financial information and as it demonstrates 32(34%) as disagree, 23(24.5%) as neutral, 20(21.3%) agree, 10(10.6%) as strongly disagree, and 9(9.6%) as strongly agree with this idea. According to the focus group discussion the majority of MSEs do not keep books of accounts that would facilitate the estimation of growth rates and other business decision over a period of time.

However, in businesses activities should be recorded especially in financial areas to show the trend and direction in which the business is moving in its activities. Financial information are thus plays great role in providing significant information in showing the businesses profitability, cash flow condition and direction, what the company looks like a specified period of time, decide how much working capital are needed and available, where the sources will be found if credit is required are the major activities in the business. This information can't without accurate

and appropriate record. Concerning this issue poor recording is one of the major factors causes MSEs to fail

4.10 Government support related issues

4.10.1 Adequate Arrangement of Required Business Infrastructures

The infrastructural facilities are essential and ingredients for business growth and expansion. MSEs Works depend with these infrastructures and facility absence for a minute; operators forced to stop production or service delivery.

According to table.4.9, below the respondent's response indicates highest percentage with disagreeing as government arranges the required business infrastructure in the town with 41(43.6%) and followed by neutral by 31(33%), and 17(18.1%), 5(5.3%), 0(0%) as strongly disagree, agree and strongly agree respectively. This is obvious that mainly for production and delivery of goods and service it requires different infrastructure. Most of the enterprise use water, power, road and transportation to produce and distribute their products. These infrastructures are required for smooth operation of the business activities. So lacks of these infrastructures limit total or partial production/delivery of service in turn it leads business failure. Therefore from this we can understand that the support of the government was low.

4.10.2 Provision of Training and Skill Upgrading for MSE by Government

The grand objectives of the Regional/ National MSEs Development Strategy of Ethiopia is to create a competent, motivated, adaptable and innovative work force in Regional State/ Federal government contributing to poverty reduction and socio and economic development through facilitating demand-driven, high quality technical and vocational education and training, relevant to all sectors of the economy, at all levels and to all people with the required skill development.

As we have understand from table 4.9 below, the sample respondents that 6(6.4%) as strongly agree, 26(27.7%) as agree, 22(23.4%) as neutral, 35(37.2%) as disagree, and 5(5.3%) as strongly disagree. From this we can understand that the efforts of the government in order to upgrading the owners of MSEs were not enough. As discussed with few respondents, the prior training during start-up, materials are too complex and sometimes irrelevant/unrelated/ for trainees, trainers are not qualified. After MSEs entered into work they faced absence of technical skills training and upgrading in the area, lack of on-going technical assistance on training to upgrade

products, increase productivity, improve production and to remain competitive in the market. From this it is possible to conclude that for growth it is required to upgrade the skill of MSEs through training. But the training which is promised from government and practically available in the enterprises is mismatched.

Table 4.9 government support related issues

No	Descriptions/Statements	SA		A		N		D		SD	
		Fr	%	Fr	%	Fr	%	Fr	%	Fr	%
1	Government support related issues	-	0	5	5.3	31	33	41	43.6	17	18.1
2	Government arranges the required business infrastructure.	6	6.4	26	27.7	22	23.4	35	37.2	5	5.3
3	Government supports financial institutions to provide fund, training and skill upgrading for youth business leaders and entrepreneurs	6	6.4	11	11.7	23	24.5	32	34	22	23.4
4	Youth business man's organized under youth revolving fund get the right business location.	4	4.3	9	9.6	24	25.5	38	40.4	19	20.2
	Government follow up the proper implementation of youth revolving fund										

(Source researcher's survey, 2020)

4.10.3 Arrangement of Right Business location

Getting right business location is essential and ingredients for business growth and expansion. Lack of right business location is a major challenge to micro and small enterprises in Lideta sub city. A table 4.9 above shows from the sample 94 respondents 32(34%) responded as disagree, 23(24.5%) as neutral, 22(23.4%) as strongly disagree, 11(11.7%) as agree, and 6(6.4%) as

strongly agree. As respondents said in the sub city, the provision of better business location is still unsolved problems. Thus, depending on the data collected through questionnaires and discussion, the growth and survive of the MSEs are constrained by government related supports like lack of providing working premises. Working premises are central to business operations in decreasing initial and operating costs.

4.10.4 Government Follow up on YRF Implementation

According to Desta A. (2017), “youth unemployment and idleness in Ethiopia has contributed to massive social unrest in several Ethiopian urban areas”, especially for the last two years. Therefore, the fund proclamation, however, has a role to “calm down” the unrest; rather, “the actions will not have a substantial impact”. This is due to lack of follow up and monitoring on Fair and proper credit facilities. Based on table 4.9 above, we have undermined that Government not follows the proper implementation of youth revolving fund. Because most respondents state that 34(40.2%) as disagree, 24(25.5%) as neutral, 19(20.2%) as strongly disagree, 9(9.6%) as agree and 4(4.3%) as strongly agree. Here on discussion sample respondents forwarded different ideas but they inclined to one basic idea. First of all credit must be available then the requirements must be fair and the amount of money must be enough in order to do the operations. As much as possible the credit amount must be increased and the process must be short to fill the MSEs gap quickly and the interest rate must decrease or the beginning of the repayment period must be extended for loan given by MFIs. In line with this government should give attention on:

Appropriate training modalities: Since most MSEs begin their operations like conventional skills in the business, they do not have managerial and personal capacity to operate. MSEs need different types of training like financial management, marketing management, managerial capacity, and counseling to the members and workers. So, if the MSEs operators are well trained and equip with enough knowledge and experiences about what they are working, what they will work, etc. will be easy and profitable.

Marketing linkage: Refers to the full range of activities which are required to bring a product or service from conception, through the different phase of production, delivery to final customers. When we begin from the raw materials, sample MSEs demanded about their prices and

availability i.e., when they want. The price of raw materials is increasing from time to time and they suggest the distribution of raw materials must be in the hand of government even if it is difficult to control and costly.

CHAPTER FIVE

5. MAJOR FINDINGS, CONCLUSION & RECOMMENDATION

5.1 MAJOR FINDINGS

This study has been made to assess the contribution of youth revolving fund organize under MSEs in Ethiopia for employment opportunities specifically in Lideta sub-city. YRF in MSEs are important vehicles to address the challenges of unemployment, economic growth and equity in the country, but it remains on paper only. According to the discussion and analysis of the data presented in chapter four, the following major findings were drawn.

- ❖ The study shows that MSE member came from different social back grounds, with unequal sex ratio, varying level of education, little business experience which is useful for successfulness of MSEs and for those who have previous work experience their trend is related with current business. Most sample respondents were taken different types of trainings like financial management, skill training, skill upgrading, marketing management, entrepreneurship, and national and global strategy before and after starting the business, in line to this perception towards training by trainees is average initially and improved through time.
- ❖ The study indicated that the reason to join in YRF is loan access to start businesses followed by lack of alternative jobs. The major challenge in youth revolving fund precondition is ten percent advance saving and most of the fund distributed to MSEs to start business is not adequate but not all. The good thing related with YRF is loan access without collateral. Major challenges are market access, limited infrastructure, and lack of management skills/experiences respectively. Additionally Government rules and regulations, the loans provided by MFIs are small with a short repayment period and high interest rates, market information, lack of working capital, limited supply of raw materials, lack of knowledge to prepare business proposal, poor follow up on implementation by government are the most once.
- ❖ Members source of skill under MSEs in Ledeta Sub-City were learned from families and friends. Number of employees within the MSEs is decrease but their growth remains constant and unable to solve unemployment problems, Most of sample respondents don't

have the experiences of financial record keeping for their activity while they are performing business, even if this the basic input for current and future business decision.

5.2 CONCLUSIONS

- The study found that considerable numbers of enterprises are not creating jobs as expected and reducing unemployment in the market. Thus, businesses in the study area are not play significant role due to high unemployment rate than the limited growth of MSEs employment requirement.
- The Ethiopian government support in access to business infrastructure and market is not sufficient. The market is inaccessible to entrepreneurs, due to this; entrepreneurs forced to use and operate within pressure; which is under the expected outcomes of the research. Even though we are rich with land, water, electricity and inputs/resources and able to be accessed, businesses have not received a positive impact from these resources. This is due to government unable to expand strong and capable substation center standardized road and right market area in the city.
- Benefits of MSEs from financial institutions are limited caused by low level of credit service, risk aversion and reluctant nature of MFIs, inefficient managerial and policy-related barriers. However, conforming to the expected outcomes; government jointly with credit providing institutions provide support to the business in terms of training like country and global business strategies and entrepreneurship but entrepreneur's perception towards local government support as unimportant and gaps in technical skills are the challenges pertaining business performance. The study indicated that lack of sufficient capital is the main business problem in the sector. The Youth Revolving Fund, as a result, fails to consider the real need and problems (lack of positive attitude towards organizing themselves under micro enterprises) of youth's and failed to address youth financial shortages to start and run their business.
- Even though MSEs were taken different types of trainings, but the effectiveness and relevance of the training was far from what is expected, due to training materials being too complex and sometimes irrelevant or unrelated, the absence of technical skills training and upgrading in the sector.
- Even if it was found poor in micro enterprises, proper financial record keeping enables MSEs to have accurate information for basic decisions. Especially the formal financial

sources demanded the financial record keeping, since they assume that it is an indicator of sound financial management.

5.3 RECOMMENDATIONS

The challenges of high unemployment in Ethiopia have to be solved by the concerned body of governments by strengthening strong institutional belongingness and to make healthy society, through achieving the enterprise development plan by avoiding the financial, managerial and policy related, as well infrastructural shortcomings. Moreover, to prepare MSEs to perform better provide simple, well organized and related with the business trainings, establish right market place and access, business infrastructure and financial information needs to be addressed properly and strategically. Specifically, the following recommendations were forwarded to be undertaken by concerned stakeholders.

- Lideta sub city MSEs office particularly business development and training department should prepare and deliver skill gap filling and Capacity building training based on participants interest to entrepreneurs about the benefits of organizing under micro enterprises in order to avoid the negative perception of youths towards organizing under MSEs. The government as an important activist should consider awareness creation and dissemination of information about the importance of MSEs as they are playing crucial role for employment and economic growth by using a different mechanism since the mentality of most people towards this sector is not much good or politicized.
- Although youth revolving fund is the means of business investment, often the fund alone can't be sufficient for establishing and expanding business operations, youth fund beneficiaries should build strong saving habit, in order to facilitate access to repeated credit for MSEs future business expansion, and financial institutions need to allocate a certain portion of their loan-able funds for MSEs and it should be supported by special lending and repayment arrangements. Loans provided by MFIs to MSEs must be enough for starting and operating the businesses and the repayment period must be adjusted.
- The government should work to motivate and support the local market link with MSEs and get better access to the market to have inputs and sell their products/services by realizing MSEs as industry village in a suitable location, fulfill/arranging common facilities. Incentives for micro enterprises like tax relief and giving lease-free land or with least cost. This will help MSEs to be benefited from infrastructural facilities for

production, access common market and sales Centre, arraigning of display centers, participating in exhibition and bazaar for fair competition and easily accessible for customers.

- Youth MSEs members should improve both internal operations and external relations through upgrading their skills, using effectively the borrowed amount for the intended purposes and try to gather customer information for the purpose of satisfying their needs through conducting market study and establish network with other MSEs, profitable businesses, financial institutions, suppliers and knowledgeable individuals, because as businesses know more about their customers, they can meet their needs easily.
- The existing capacity and experience of financial record keeping of MSEs is poor. So the government and loan providers must give continuous awareness creation towards this practice because to get credit service financial institutions are demanding financial statements which is result from financial record keeping and it is necessary to over all businesses activities. On owners of MSEs should implement and have proper and real financial information, accordingly the market must be searched or seen in advance since it is crucial before investing as a result they can keep from high business risk and ineffectiveness.

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Annex I (Questionnaire)

ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION IN MBA PROGRAM

Questionnaire: To Study 'the revolving fund contribution and its opportunities on employment creation'. The main purpose of the study is to investigate how unemployed youth get financial source that is youth revolving fund at the time of job establishment and in operation. The result of the study will be significant to policy makers and finance suppliers. It may also be beneficial to those who are interested to make further study on the subject. Thus, your free will and cooperation in giving the reliable information is very important. Filling out questionnaire may not take much of your time. Any information provided will only be used for academic purpose. As a result, it will be kept confidential and utmost anonymity.

General Instructions:

Your participation is voluntary

I guarantee you that your responses will not influence your present and future employment with the enterprise.

Writing your and enterprise's name is not necessary.

Giving more than one response is allowed, if necessary.

Please simply tick "√" on the appropriate box or give an explanation to open-ended questions.

I would like to say thank you in advance for your kind cooperation.

Part one: Personal Data/respondents profile/

1. Sex: Male Female

2. Which age group do you belong?

18-25 26-34 35-44 45 and above

3. Marital status: Married single Divorce

4. Educational background of the respondent:

Senior High School Diploma First Degree Master's Degree

Other, please specify -----

5. How long have you been working with?

0- 5 years 6 - 10 years 11 - 20 years 21 -30 years Above 30 years

6. Did you have any previous work experience before starting the current business?
Yes No

7. If your answer for question number '6' is yes, was the experience related to the business you are doing currently?

Strongly agree Neutral Agree Disagree strongly disagree

Part two: Training Information

1. Did you take any training before starting-up your current business?

Yes No

2. If your answer to question number '1' is yes, how do you assess the degree of relevance of the training to the business you are currently doing?

Excellent Average Good Poor Very poor

3. Did you take any training after starting-up your business?

Yes No

4. If your answer to question number '4' is yes, how do you assess the degree of relevance of the training to the business you are currently doing?

Excellent Average Good Poor Very poor

5. What was/were the type/s of training opportunity gained so far? List the first three.

1. _____

2. _____

3. _____

Part three: business information

1. Type of your business in particular sector

Construction Textile and garment Metal and wood work Urban Agriculture

Other please specify-----

2. What is the major reason starting to your business with youth revolving fund?

Lack of alternative job than this The Accessibility of Youth fund

Work on self-business enables more freedom and benefited

Currently Government supports, initiates and gives concern for youth

3. Among the pre-conditions of youth revolving fund which one is the most difficult for you..?

Prepare and submit sound and acceptable business proposal

Ten % advance saving of the permitted fund amount

Getting of suitable business location and work place

Legal requirements like license, authentication and tax identification number

Getting loyal, committed and long lasting business member for association

4. The permitted loan or fund when you start your business is

More than enough enough not enough

5. Which opportunity you have got from youth revolving fund project

Loan access without collateral Team work and collaboration among business members

Experience sharing among business member's Capacity building and self-Independency

Other please specify-----

6. Number of employees in your enterprise through time is...

Increased Constant Decreased

7. Growth of your enterprise through time

Increased Constant Decreased

8. Core source of your business skill is

Self Family and friend's Training Education Experience

9. Which major business challenge you have face from youth revolving fund

Infrastructure Management Market Interest rate loan repayment Members relationship Government procedure/bureaucracy/

10. What are or was/were the opportunities gained and managerial challenges suffered so far from youth revolving fund List the first three for each respectively.

A. Opportunities

1. _____

2. _____

3. _____

B. M Challenges

1. _____

2. _____

3. _____

Annex II (rating scale statements)

Appendix2: The following set of statements describes your general feelings towards Management, Financial and Government Support Related issues of youth revolving fund for unemployment contribution. Using the following rating Scales under the columns mark “√” on one answer inside the box. There is no right or wrong answers.

Where: SA-----Strongly Agree D-----Disagree

 A-----Agree SD-----Strongly Disagree

 N-----Neutral

 N-----Neutral

No	Descriptions/Statements	SA	A	N	D	SD
A	Management related issues					
1	There is well-rounded experience in basic business activities in the youth revolving fund project					
2	There are multi-skilled trainings to perform different tasks in youth revolving fund program.					
3	There is better and wise utilization of business resources					
4	Management ability in creating internal and external relationship is low					
5	Management style and strategy is very poor					
B	Attitude and awareness related issues					
1	Public perception towards micro and small scale enterprise and its output is negative					
2	The effort of government to change the public attitude about micro and small scale enterprises role, hard work habit and job creation is limited.					
C	Financial Related issues					

1	The business plan prepared and provided by youth to get loan is convincing and smart.					
2	The working capital provide to youth is sufficient enough.					
3	Youths are familiar with business/financial information's.					
D	Government support related issues					
1	Government Arranges the required business infrastructure.					
2	Government supports financial institutions to provide fund, training and skill upgrading for youth business leaders and entrepreneurs.					
3	Youth business man's organized under youth revolving fund get the right business location.					
4	The youth revolving fund design by government solves unemployment challenges in the nation.					

Anything you want to add or opinion you may have on youth revolving fund of your

Business or any other participant organs, please disclose.

Annex III (focus group discussion)

ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION IN MBA PROGRAM

Focus Group Discussion Guide Framework:

The focus group discussion will conduct aim at '(youth revolving fund for employment opportunities in Addis Ababa (The Case of Lideta Sub-City)' and will focus on the following points.

1. Why micro and small enterprises establish and operate by youth and funded by government?
2. What do you think the major problems of micro and small enterprises establish and run through youth revolving fund? Identify three major problems in the order of priority.
3. What types of training are given to micro and small enterprise youth business leaders and performers so far?

Who initiated it?

What situations stimulate it?

How can you measure whether the training is relevant to specific needs of micro and small enterprise youth participants?

4. Could you identify incentives given to micro and small enterprises institutionalize by youth; and how your organization help micro and small enterprises solve or minimize their problems?
5. What do you recommend to overcome the financial difficulty of MSEs beyond the government fund?
6. What should the financial institutions do and how overcome MSEs financial difficulties?
7. Do you think in addition to finance MSEs established by youth face challenges like infrastructure, right business location, public perception, and management and skill gap are major issues...? Who is responsible to alleviate such challenges and what actions do you suggest?
8. Any remark that you would like to add.-----
