

# Critical Analysis on Skills of Micro and Small Enterprises Operators in Dire Dawa Administration

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**Abstract-** The objective of this study was to critically analyze the perception and competency MSEs of the Dire Dawa Administration, Ethiopia, towards business, technical, entrepreneurial and interpersonal skills. The study tried to investigate whether there was statistically significant skill difference between successful and unsuccessful enterprises in the administration. The total 171 sample respondents from 306 MSE's included in study using proportionate stratified random sampling technique. Descriptive statistics was calculated to determine the perception and competency MSE's of the administration towards set of skill required for success. T-test was also applied to measures whether is significant difference between the mean scores of the two samples (Successful and Unsuccessful MSES of DDA). The finding of descriptive statistics indicates that among the different set of skills, technical skills were perceived as more important for MSE's success followed by interpersonal skills, entrepreneurial and business skills. The finding of T-test reveals that there is a significant skill differences between successful and unsuccessful enterprises MSE's in DDA.

**Index Terms-** Business skills, Entrepreneurial skills, interpersonal skills, technical skills

## I. INTRODUCTION

The contribution of Micro and Small Scale Enterprises (MSE's) to employment, growth and sustainable development is now widely acknowledged. Their development can deepen the manufacturing sector and foster competitiveness. It can also help achieve a more equitable distribution of the benefits of economic growth and thereby help alleviate some of the problems associated with uneven income distribution.

With the spread of globalization, entrepreneurship continues to gain importance. Statistics show that there is no better way to provide a broad basis for rapid economic growth than to dramatically increase the number of active entrepreneurs in a society (Mc Cleland, 1986:232).

In Ethiopia, which is one of the poorest countries of the world with a per capita income of USD 400 in 2012, the micro and small-entrepreneurial sector assumes particular importance. Poverty reduction and sustainable development in Ethiopia require a transformation from reliance on a traditional agriculture to a rapid expansion of modern agriculture, agribusiness, and the manufacturing sector, which will create jobs for the urban unemployed, new entrants to the labor market and migrant workers from the rural areas. To this effect, the Government of Ethiopia has taken a number of specific policy measures aimed at

the creation of enabling environment for the revival and expansion of the private sector. The recently issued strategies of the micro and small enterprise development strategy and the industrial development strategy underscore the role and relevance of private sector for income and employment generation (MIT 1997, FDRE 2002, Gebrehiot, 1997) cited in Solomon Worku, (2004).

However, their potential to improve economic growth; micro and small enterprises (MSEs) in developing countries lack expectations. They produce largely for the low income group and employ lower levels of techniques. Many microenterprises are the self-employed type with a low graduation rate into higher size categories and their innovative activities are limited (Kiggundu 2002) cited in Mulu Gebreyesus (2009).

Though, people engage into it without acquiring much skills and competences that will enable them to effectively operate the business (Akpotowoh, 2005) cited in Salome (2012). As a result of this attitude, failure followed instead of success. Their failure is not because they do not have the necessary capital and machines to stay afloat, but because they lack the prerequisite skills needed to grow from a small position to a bigger one, and as well to remain in the business.

The above problems are indicators of the existence of skill problems that are posing challenges to the development of Micro and Small Enterprises in Ethiopia. Therefore, this study will analyze the entrepreneurial, technical, interpersonal and business skills that lead a success of Micro and Small Enterprises.

## II. RESEARCH ELABORATIONS

The overall purpose of this study is to identify skills factor that affect the success of Micro and Small Enterprises in Dire Dawa City Administration.

The research is a survey type, and is basically designed to assess the major Business skills, Entrepreneurial skills, Technical skills and Interpersonal skills that are required by Micro and Small Enterprises Entrepreneur/owner in Dire Dawa City Administration.

The study used both primary and secondary sources of data. The primary data was collected from respondents through questionnaires. Secondary data was obtained from documents of Dire Dawa City Administration Micro and Small Enterprise Agency and other different books that are relevant to the study. Self-administered questionnaire were designed and distribute to the Micro and Small Enterprises Entrepreneurs.

The total 171 sample respondents from 306 MSE's included in study using proportionate stratified random sampling technique. Data collected through questionnaires was analyzed

quantitatively by using simple descriptive statistics like mean, standard deviation, frequencies, percentages and T-test analysis technique through SPSS 20. The analyzed data was presented via tables.

Descriptive statistics was calculated using to determine the perception and competency MSEs of the administration towards entrepreneurial and business skill. T-test was also applied to measures whether the difference is significant between the mean scores of the two samples (Successful and Unsuccessful MSEs of DDA).

### III. RESULTS

The study findings are based on response of the targeted sample 171 MSEs 154 were collected and acceptable yielding 90% response rate.

#### *Perceived interpersonal skills of MSE's of DDA*

As revealed in the table below, the overall average is positive with 4.67/5 for successful MSE's and 4.43/5 for unsuccessful MSE's, which means that two categories of MSE's in administration have a positive perception towards interpersonal skills role in their performance. However, when it comes to their preferences and priorities successful MSEs of the administration perceived time management skills and problem solving skills plays a pivotal role for their success where as unsuccessful MSEs perceived reading and writing and time management skills are important for their better performance.

**Table 1: Perceived interpersonal skills of MSEs of DDA**

Items	Successful MSEs		Unsuccessful MSEs	
	Mean	SD	Mean	SD
Simple mathematical operation	4.63	0.48	4.41	0.58
Read and write	4.66	0.48	4.52	0.68
Make decisions	4.67	0.05	4.45	0.08
Time management	4.72	0.45	4.52	0.53
Problem solving	4.71	0.46	4.4	0.49
Good communication	4.63	0.51	4.42	0.49
Motivation and confidence	4.7	0.46	4.33	0.47
Average score of the dimension	4.67	0.41	4.43	0.40

#### *Perceived Business skills of MSE's of DDA*

As shown in table 2, both successful and unsuccessful MSE's average score showed that their total mean is more than average (3). Business skills have got positive perception from

both successful and unsuccessful micro and small enterprises of the administration since the mean result of those sub skills showed above the expected mean/the average.

**Table 2: Perceived Business skills of MSEs of DDA**

Items	Successful MSEs		Unsuccessful MSEs	
	Mean	SD	Mean	SD
Business systems	4.61	0.49	4.36	0.48
Network technology	3.91	1.3	3.54	1.26
ICT	3.92	1.3	3.43	1.29
Prepare and report different financial statements and	4.51	0.76	3.96	0.95
HRM	4.63	0.48	3.91	0.93
Market and distribution	4.53	0.56	3.84	1.02
Legal practice	4.27	0.72	4.06	0.47
Set goal	4.59	0.85	4.08	0.56
Identify and evaluate the opportunities, challenges and actors in the value chain	4.6	0.69	4.04	0.6
Research & Development	4.54	0.72	4.1	0.77

Design and implementing strategy	4.62	0.69	4.04	0.6
Average score of the dimension	4.5	0.47	3.96	0.76

**Perceived Entrepreneurial Skills**

In the Table (3) below is perceived Entrepreneurial skills of the MSEs in DDA measured by 5 scales of five items referring to this skill’s role on success of enterprises. The total mean average was positive at (4.42) and (3.37) for successful and unsuccessful

MSEs respectively. This means that these enterprises perceived entrepreneurial skills play a pivotal role for their better performance.

**Table 3: Perceived Entrepreneurial skills of MSEs of DDA**

Items	Successful MSEs		Unsuccessful MSEs	
	Mean	SD	Mean	SD
Gather resources	4.61	0.52	4.09	0.87
Risk management	4.68	0.5	4.1	0.81
Identify and learn from successful entrepreneurs	4.67	0.47	3.98	0.75
Identify, evaluate and use the opportunity	4.62	0.56	4.08	0.76
Innovation and creativity	4.62	0.6	3.9	0.96
Average score of the dimension	4.42	0.65	3.37	1.1

**Perceived Technical Skills of MSEs of DDA**

Perceived technical skill of the sample respondent in Table (4) below was measured by six items. The total for all statements averaged (4.63 with a standard deviation of 0.41) and (3.83 with standard deviation of 0.94) for successful and unsuccessful

enterprise respectively; it indicates positive perception of enterprises regarding technical skills for their business success.

Successful MSEs of the administration perceived career ambition to sustain in their business (mean of 4.7) a crucial technical skill for their business success the same sub skill was perceived as important (mean of 4) by unsuccessful enterprise.

**Table 4: Perceived Technical skills of MSE’s in DDA**

Items	Successful MSEs		Unsuccessful MSEs	
	Mean	SD	Mean	SD
Occupational and professional abilities	4.66	0.48	3.93	1.06
Job-related abilities	4.67	0.47	3.88	1.04
Career ambition	4.7	0.46	4	0.94
Work knowledge	4.59	0.49	3.56	1.13
Standards and practices	4.57	0.58	3.8	0.96
Mechanical, procedural, methodological activities	4.61	0.49	3.83	0.94
Average score of the dimension	4.63	0.41	3.83	0.88

**Comparison: Successful and unsuccessful MSE’s**

The analysis results of the T-test for equality of mean scores are presented in the Table 13 below. This test measures whether the difference is significant or not between the mean scores of

the two samples (Successful and unsuccessful MSEs of DDA). Confidence Interval of the Difference is 95% (i.e.,  $p \leq 0.05$ ).

**Table 5: T-test results for equality of mean scores between successful and unsuccessful MSEs of DDA**

T-test for equality of means		T	Df	Sig(2tailed)
Interpersonal skill	Equal variances assumed	-4.208	134	.000
	Equal variances not assumed	-4.156	121.39	.000
Business Skills	Equal variances assumed	-3.854	144	.000
	Equal variances not assumed	-3.898	143.9	.000
Entrepreneurial skills	Equal variances assumed	-6.857	146	.000
	Equal variances not assumed	-7.143	137.17	.000
Technical Skills	Equal variances assumed	-8.881	140	.000
	Equal variances not assumed	-9.106	110.56	.000

**Table 6: Descriptive comparison of Successful and unsuccessful MSE's**

Items	Successful MSEs		Unsuccessful MSEs	
	Mean	SD	Mean	SD
Interpersonal skills	4.5	0.6	3.91	0.89
Business skills	3.83	0.81	3.23	1.02
Entrepreneurial skills	4.42	0.65	3.37	1.1
Technical skills	4.56	0.51	3.37	1.03

As shown in table 6 above successful enterprises of the administration had over all interpersonal skills (mean of 4.5 with the s/d of 0.6), Business skills (mean of 3.83 with the s/d of 0.81), entrepreneurial skills (4.42 with the s/d of 0.65), and technical skills (mean of 4.56 with s/d of 0.51) implying that technical skills were the more important skill for MSE's followed by interpersonal skills, entrepreneurial and business skills.

#### IV. CONCLUSION

Concerned stakeholders namely Micro and Small enterprise agency of the administration, Technical and Vocational schools, Entrepreneurship Development Center, Universities and others have to work on those skills in order to minimize the skill gap between two categories meaning successful and unsuccessful enterprises of the administration.

It can't be denied from the findings the study that the greater majority of the respondents replied trainings on those area have been delivered however concerned stakeholders have to evaluate the effect of trainings given on the success of MSEs of the administration.

From the findings of the study it was observed that business skills namely ability to use network technology and ability to use ICT for business operation were below average for both successful and unsuccessful enterprises of the administration showing that MSEs of the administration are not well equipped on those skills. So that skills in these areas have to be delivered to crystallize the performance of successful MSEs and to enable unsuccessful enterprise to transform to a better position.

Innovation and creativity skills are one of the headaches of unsuccessful enterprises. Consequently, different stakeholders have to contribute their role how unsuccessful enterprises of the administration become better performers in this regard. How they can scan opportunities, identify gaps, develop competitive advantages over their competitors and the like issues have to get attention from the concerned parties.

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