

## Introduction and Objectives

### 1.1 Introduction

In overall economic development, a critically important role is played by micro, small and medium enterprises in the developing world. The vast majority of countries rely on the dynamism, resourcefulness and risk-taking of private enterprises (to which most small scale manufacturing enterprises belong) to trigger, sustain the process, and form the base for private sector led of economic growth. In this regard, *small-scale manufacturing industries* are playing an ever-increasing role in the manufacturing industrial structure of the country. Expansion and development of the sector increases agricultural productivity through providing agricultural inputs and creating demand for agricultural outputs. Furthermore, small-scale manufacturing industries play a key role in stimulating other sectors of the economy such as trade, construction and services and in reducing unemployment. Basic data on manufacturing output, input, employment, fixed assets, investment and capacity are of paramount importance for designing and formulating industrial development programs, strategies and policies.

Owing to this fact, and in an effort to provide comprehensive, accurate, reliable and timely data on a regular basis on the country's manufacturing sector the Central Statistical Agency /CSA/ has conducted for the 6<sup>th</sup> time in 2008E.F.Y. (2015/16) a survey on *small scale manufacturing industries*.

Manufacturing is defined here according to International Standard Industrial Classification (ISIC Revision 3.1) as “the physical or chemical transformation of materials or components into new products, whether the work is performed by power - driven machines or by hand, whether it is done in a factory or in the worker's home, and whether the products are sold at wholesale or retail. The assembly of the component

parts of manufactured products is also considered as manufacturing activities.” For this survey grain milling services are also considered as manufacturing activities.

The surveys of manufacturing activities are designed to provide basic information on the characteristics, structure and performance of Cottage and Handicraft, Small, Medium and Large Scale Manufacturing Industries. To attain these objectives, manufacturing establishments are divided into three major groups. These are: -

- a) Large and Medium Scale Manufacturing Establishments, engaging 10 or more persons and using power -driven machinery.
- b) Small Scale Manufacturing Establishments engaging less than 10 persons and use power -driven machinery.
- c) Cottage/Handicraft Manufacturing Establishments performing their activities by hand (i.e., using non -power driven machinery).

This bulletin presents results of Small Scale Manufacturing Industries survey for the reference period 2015/16 (2008E.F.Y.). The report provides information on objectives, scope, coverage and content, basic concepts and definitions, survey methodology, training of field staff, field organization and summary tables by structure and performance and problems encountered by Small Scale Manufacturing Industries. Furthermore, the questionnaire and estimation procedures for the survey are attached as an Annex.

## **1.2 Objectives**

The main objectives of Small Scale Manufacturing Industries Survey are to:

- a) Obtain basic statistical data that are essential for development policy makers, planners and researchers by manufacturing industrial group.

- b) Collect basic quantitative information on employment, volume of production and consumption of raw materials, structure and performance of the country's *small scale manufacturing industries*.
- c) Compile statistical data, which will be an input to the system of National Accounts (SNA) on *small scale manufacturing industries* as a whole and by manufacturing industrial group.
- d) Examine the interaction of the *small-scale manufacturing industries* with the rest of the economy, particularly with the agricultural sector, and collect data that indicates its share in promoting export production and consumption of imported raw materials.
- e) Obtain the number of persons engaged in *small scale manufacturing industries* and find out the major problems that creates stumbling block for their activities.
- f) Fill in other statistical data gap concerning *small scale manufacturing industries*.

### 1.3 Basic Concepts and Definitions

- i. **An Establishment:** - is defined as the whole of the premises under the same ownership or management at a particular address (e.g. a bakery, sawmill...etc.).
- ii. **Initial Paid-up Capital:** - is that part of the issued capital of an establishment that has been paid by the owners/shareholders to start the operation.
- iii. **Current Paid-up Capital:** - is that part of the issued capital of an establishment that has been paid by the owners/shareholders up to the survey period for operation of the establishment.
- iv. **Working Proprietors, Active Partners and Family Workers:** - include all unpaid working proprietors, active partners and members of their household who actively participate in the operation of the establishment.
- v. **Administrative and Technical Employees:** - include salaried directors and managers, technicians, superintendents, research workers, draftsmen and engineers, chemists, architects, accountants book-keepers, office machine operators, receptionists, sales persons, delivery personnel, guards and other office staffs.
- vi. **Production workers:** - workers directly engaged in production i.e., persons engaged in fabricating, processing, assembling, maintenance, repair, janitorial, record keeping, and other associated activities.
- vii. **Apprentices:** - include both production and administrative workers, who are working to gain experience with or without payment.

- viii. **Seasonal and Temporary Workers:** - include workers who are employed for a whole or a part of the year. These workers are not regularly on the payroll of the establishment.
- ix. **Number Employed:** - includes all persons on the payroll whether seasonal or temporary workers. The number of seasonal and temporary workers has been adjusted to give equivalent of full-time workers.
- x. **Number Engaged:** - includes paid employees, unpaid working proprietors, active partners, unpaid family workers and paid and unpaid apprentices.
- xi. **Wages and Salaries:** - includes all payments in cash or in kind made to employees during the reference year in connection with work done for the establishment (this excludes employee benefits).
- xii. **Employee Benefits:** - refers to the total of commissions, bonuses and cost of living allowances, medical and educational expenses, etc. Paid by the employer.
- xiii. **Total Labour Cost:** - includes wages and salaries and employee benefits paid by the employer during the reference year.
- xiv. **Revenue from Sales:** - represents the total sales value of all products and by-products during the reference year valued at market price.
- xv. **Receipt from Industrial Services Rendered to Others:** - includes receipt from manufacturing services done to others on the raw materials supplied by customers such as grain milling services and repair and maintenance.

- xvi. **Other receipts:** - include rental income from lease of machinery and equipment, income from sales of scrap and the value of fixed assets produced by the unit for its own use.
- xvii. **Difference of Stocks in the Value of Finished and Semi-Finished Goods:** - is the net change between the end and the beginning of the reference period in the value of finished and semi-finished goods.
- xviii. **Gross Value of Production:** - includes the sales value of all products of the establishment, the net change between the beginning and end of the reference period in the value of finished goods and the value of work in-progress, the value of industrial services rendered to others and other receipts. The valuation of Gross Value of Production is in terms of producers' values where indirect taxes are included in the value of sales of the establishment and the value of subsidies received is excluded.
- xix. **Raw Materials:** - include all raw and auxiliary materials, parts and containers, which are consumed during the reference year. The value of local raw materials is the value of locally produced raw materials and is the cost at the factory, which includes the purchase price, transport charges, taxes and other incidental costs. The value of imported raw materials is the value of raw materials produced in other countries and obtained directly or from local source and is the cost at the factory, which includes the purchase price, transport charges, taxes and other incidental costs.
- xx. **Other Industrial Services Rendered by Others:** - refer to contract, repair and maintenance work done by others in the reference year on materials controlled by establishment. Included are also the cost of all goods purchased and resold

- without any transformation during the reference year and the cost of water consumed.
- xxi. **Industrial Cost:** - Includes the cost of raw materials, fuels, electricity and other supplies consumed cost of industrial services rendered by others, cost of goods bought and resold without any transformation or processing.
- xxii. **Non -industrial Cost:** - includes payments like professional fees, postage, telephone, insurance, advertising, hired transport, rental payments, etc. (depreciation is excluded).
- xxiii. **Census Value Added (at Market Price):** - is the difference between gross value of Production and Industrial Cost. Census value Added at market price minus indirect taxes net (i.e., indirect taxes less subsidies) gives census value added at factor cost.
- xxiv. **Value Added in the National Account Concept (at Market Price):** - is defined as the difference between the gross value of production and industrial and non -industrial costs. To get the same indicator at factor cost indirect taxes net (i.e., indirect taxes less subsidies) are subtracted.
- xxv. **Fixed Capital Assets:** - are those with a productive life of one year or more which are intended for the use of the establishment including fixed assets made by the establishment's own labour force for its own use. They are valued in this report at book value end of the reference year, that is the net book value at the beginning plus new capital expenditure minus those sold and disposed and depreciation during the reference year.
- xxvi. **New Capital Expenditure (Investment):** - is the cost of new or used capital equipment bought during the reference period.

- xxvii. **Operating surplus:** - is defined here as the difference between values added in national account concept at factor cost and total wages and salaries and employee benefits.
- xxviii. **An Individual Proprietor:** - is a person who owns and controls an establishment.
- xxix. **Partnership:** - is an establishment owned and operated by more than one person with unlimited liability.
- xxx. **Share Company:** - is a business organization formed by an agreement made between at least 5 or more persons with limited liability. The shares are transferable.
- xxxi. **Private Limited Company:** - is a business organization formed, by an agreement between two or more persons but not exceeding fifty, with limited liability. The shares are not transferable except with consent of 3/4th of the members.
- xxxii. **Co-operatives:** - an establishment owned and run jointly by its members with profits shared between them.
- xxxiii. **Other Forms of Ownership:** - includes legal form of organizations different from those mentioned above (28 -32), such as establishments owned by joint - venture, Government, Municipalities, etc.
- xxxiv. **Urban Dweller's Association (Kebele):** - is the lowest administrative unit in an urban center with its own jurisdiction. It is an association of urban dwellers (commonly known as Kebele) formed by the inhabitants, and usually constitutes a part of the urban center.



xxxv. **Urban Center**: - is in principle defined as a locality with 2007 or more inhabitants. However, for practical purposes an urban center includes the following regardless of the number of inhabitants.

a) All administrative capitals

- i. Regional capitals
- ii. Zonal capitals not included in (i)
- iii. Wereda capitals not included in (i) and (ii)
- iv. Localities with UDAs not included in (i) - (iii)

b) Municipal towns not included in (a) above

c) All localities which are not included either in (a) or (b) above having a Population of 1000 or more persons, and whose inhabitants are primarily engaged in non -agricultural activities

## **Part II**

### **Survey Methodology, Data Collection and Processing**

#### **2.1 Scope and Coverage**

The 2015/16 (2008E.C) Small scale manufacturing industry Survey was conducted covering those industries producing their goods and services using power driven machine with man power less than 10 persons. The scope of this study is those manufacturing industries:

- Ministry of trade,
- Ethiopian revenue and custom authority
- Federal micro and small enterprises development agency MSE profile directory
- Regional bureau of trade and industry and
- Having EEPCO service number for business establishments/enterprises.

However, those establishments, which were not registered on the above listed organizations, were not included in the study.

In this survey detailed information on number of establishments, number of persons engaged and number of employees by industrial groups, Sex, nationality and occupation, initial and current paid up capital, gross value of production, industrial and non-industrial costs, operating surplus, value added, value of fixed assets, investment, quantity of major manufactured articles and raw materials by industrial group, number of persons engaged by literacy status, highest grade completed and type and duration of training for the country and selected items are presented.

#### **2.2 Sampling frame**

The sampling frame for the study was generated and constructed based on the Business frame obtained from

- CSA had collected grain mill service establishments from each wereda trade office of the entire country,
- EPECO, which is collected by EEPKO Power Gauge readers in collaboration with CSA focusing on business enterprises having EPECO service number,
- Ministry of trade,
- Ethiopian revenue and custom authority
- Federal micro and small enterprises development agency and
- Regional bureau of trade and industry

The business frame generated was inadequate enough specially to identify those enterprises, which are really categories as large and small scale manufacturing industries as well as other non-manufacturing establishments. However, due to effort was exerted to identify and select among them those manufacturing establishments having less than ten persons engaged (if available) as much as possible.

Finally, around 143,000 establishments as a sampling frame for conducting the 2015/16 (2008E.C) small-scale manufacturing industries study were identified and being ready for use.

### **2.3 Sample Design**

The study employed a single stage stratified systematic random sampling design. In order to do such sampling scheme, the sampling frames were grouped into six main and priorities sectors of manufacturing categories namely: Textile and garment, Metal work, Wood work, Leather and leather products, Other manufacturing sector and Grain mills industries and stratified by region, where, regions are reporting levels. From each region, systematically random sample of establishments in each group were selected.

However, due to inadequacy of area particulars, lack of reliable measure of size, and lack of good information on distribution of enterprises within and among regions related to economic activity classification particularly for the main five categories. This makes difficult statistically for determining the effective sample size need for the survey in each categories and regions. Therefore, in order to cope this situation and to secure eligible

number of industries for the study and taking into account the expected high prevalence of non-response rate. It's then decided take sample of 20% to 25% for each category mentioned above among regions respectively. In addition, the sample distribution among the regions described below:

Table 1. Number of Sampled Establishment by Priority Manufacturing Sector and by Region

Sr. no	Region	Small Scale Manufacturing Industry No. of sampled by priority industry sector Establishment and by Region						
		<i>Textile</i>	<i>Wood</i>	<i>Metal</i>	<i>Leather</i>	<i>Flour mills</i>	<i>Others</i>	<i>Total for Small scale</i>
1	<b>Tigray</b>	614	15	314	13	98	484	1538
2	<b>Afar</b>	0	0	9	0	16	11	36
3	<b>Amhara</b>	604	14	213	38	888	1337	3094
4	<b>Oromia</b>	148	28	298	16	1184	1279	2953
5	<b>Somali</b>	3	0	4	0	27	12	45
6	<b>Benishangul Gumuz</b>	1	0	5	0	29	8	42
7	<b>SNNPR</b>	97	2	87	15	241	665	1108
8	<b>Gambela</b>	4	0	1	0	0	10	14
9	<b>Harari</b>	1	0	6	0	0	11	17
10	<b>Addis Ababa</b>	725	23	327	52	157	666	1950
11	<b>Dire Dawa</b>	13	0	6	2	22	34	76
	<b>Total</b>	2209	83	1268	137	2662	4515	10874

## 2.5 Training of Field Staff

The training programs were carried out at two stages. In the first stage, the staffs from the agency's branch statistical offices, statisticians, statistical technicians and computer experts from the head office were trained for about seven days at the head office. In the

second stage, enumerators and field supervisors were trained for six days by those trained in the first stage at the selected 10-branch statistics training center, all over the country.

## **2.6 Field Organization**

All CSA branch statistical offices were involved in this survey. Accordingly, statisticians from branch statistical offices, field supervisors each supervising on the average three enumerators depending on the extent of the area to be covered and enumerators (including reserve enumerators) participated in the survey.

## **2.7 Data Processing**

### **a. Editing, Coding and Verification**

A number of quality control steps were taken to ensure the quality of data of this survey. The first step taken in this direction was to prepare a questionnaire which was easy to check the internal consistency and edit both at field and office levels. Furthermore, in the enumerator's instruction manual field editing procedures were attached in order to help in the field editing operation. The editing and coding instruction manual was prepared in which editors and verifiers were given training. The training program given to the editors and verifiers lasted for three days. Editors/coders and verifiers performed the coding and the manual editing and verification activities. The verification was done on 100 percent basis. Finally, the edited, coded and verified questionnaires were also re-checked on 25 percent basis by statisticians of the Business Statistics Directorate.

### **b. Data Entry, Cleaning and Tabulation**

Edit specifications were prepared for computer internal consistency checking purposes. The data entry and verification were done on personal computers using Capo (Census and Survey Processing System) software. About 30 CSA data entry operators and 4 data entry one statistician and one computer programmer assigned supervisors (in two shifts) for

this purpose for 15 working days with close supervision of the activities. Then, the data entered was cleaned by personal computer using the computer edit specification in combination with manual editing for some serious errors. Finally, one programmer with assistance from subject matter personnel processed the tabulation of the results of the survey using the same software.

## **Part III**

### **Summary of Major Findings of the Survey**

#### **3.1 Structure and Performance**

Number of establishments, persons engaged, gross value of production and value added are presented in summary table 3.1. There were 142,968 small-scale manufacturing establishments in Ethiopian fiscal year (E.F.Y) 2008(2015/16). Out of the total, the largest in number, or about 42 thousand or 29.36%, were grain mills, manufacturing of furniture establishments numbered 34.1 thousand or 23.87% and 25.1 thousand (17.56%) manufacturer of wearing apparel, dressing and dying of fur establishments of the total, respectively. On the other end, very few small-scale establishments were engaged in chemical, leather and footwear manufacturing, while there were none in the vehicles and accessories manufacturing, a possible area of focus for policy makers.

During the stated year, all the establishments combined engaged 2,140,668 people, which is roughly a ratio of 1 to 14.97, i.e., on average 10 small scale manufacturing establishments engaged 150 people. A further look reveals that in absolute terms, furniture employed the most: 557,740 (26.1 %), followed by manufacturing of grain mill service, 538,198 (25.14 %) and manufacture of wearing apparel, dressing and dying of fur, 364,892 (17.1%), in that order.

Gross value of production (GVP) in the stated period amounted to birr 44.9 billion, out of which Food product manufacturers except grain mills contributed 15.1 billion, which is 33.74 % of the total. Manufacturers of furniture amounting to 10.3 billion birr, which is ahead of Manufacturers of grain mill service GVP reached 6.15 billion. The other notable GVP was, manufacturer of Metal GVP (5.11 billion) that of trailed by manufacture of wearing apparel; dressing and dying of fur and non-metallic products manufacturing 2.74 billion birr or 17.5% of total gross value of production by small scale manufacturing establishments during the year.

The last, but not the least, or rather the most important indicator presented in summary table 3.1 is value added, which is the contribution of the small-scale establishments to the gross domestic product (GDP) or the national economy during the year, derived as the difference between gross value of production and industrial and non-industrial costs. In the year 2008 E.F. Y, the small-scale manufacturing establishments' value added was to the tune of 22.6 billion birr, out of which again food product except grain mill contributed the lion's share, i.e., 9.3 billion birr (41.2 %). Furniture product manufacturers were a distant second, with a contribution of 4.69 billion birr or 20.8 %. In the third place were manufacture of grain mill service, which contributed a hefty 3.29 billion birr or 14.6 % of the total value, added. In the lower end were publishing, printing and reproduction of record manufacturing with birr 79 million or 0.03 %, textile manufacturing, birr 100 million (0.04 %) and machinery and equipment manufacturing with a contribution of birr 173 million or 0.07 %.



SUMMARY TABLE 3.1 DISTRIBUTION OF NUMBER OF ESTABLISHMENTS, NUMBER OF PERSONS ENGAGED, GROSS VALUE OF PRODUCTION AND VALUE ADDED BY INDUSTRIAL GROUP: 2015/2016 (2008 E.F.Y)

INDUSTRIAL GROUP	Number of Establishments		Number of Persons Engaged		Gross Value of Production		Value Added	
	Number	%	Number	%	Value	%	Value	%
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	17,061	11.93	267,209	12.48	15,146,628,745	33.74	9,302,570,006	41.20
MANUFACTURE OF GRAIN MILL SERVICES ....	41,975	29.36	538,198	25.14	6,152,844,856	13.70	3,299,831,559	14.61
MANUFACTURE OF TEXTILES ...	1,414	0.99	24,657	1.15	171,010,806	0.38	100,757,709	0.45
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	25,100	17.56	364,892	17.05	2,745,861,980	6.12	1,383,814,056	6.13
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	483	0.34	8,092	0.38	345,534,147	0.77	191,104,289	0.85
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	1,401	0.98	25,990	1.21	835,745,198	1.86	276,438,151	1.22
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	254	0.18	4,554	0.21	226,124,971	0.50	79,542,852	0.35
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,029	0.72	18,401	0.86	996,873,313	2.22	393,174,171	1.74
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	3,680	2.57	72,516	3.39	2,357,168,036	5.25	863,582,531	3.82
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	15,349	10.74	237,989	11.12	5,112,389,626	11.39	1,819,962,307	8.06
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	1,100	0.77	20,431	0.95	480,772,452	1.07	173,030,082	0.77
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	34,122	23.87	557,740	26.05	10,324,294,062	23.00	4,694,690,147	20.79
TOTAL	142,968	100.00	2,140,668	100.00	44,895,248,193	100.00	22,578,497,860	100.00

### **3.2 Employment**

Summary table 3.2 presents employment figures by industrial group. Accordingly, all the small-scale manufacturing establishments, together, created employment opportunity for 2,140,668 people. A little more than 557.7 thousand were engaged in furniture manufacturing, 538.2 thousand in grain mill service manufacturing and close to 364.9 thousand in manufacture of wearing apparel; dressing and dying of fur. These were the most important three industrial groups in employment creation. However, food products except grain mill services manufacturers, manufacture of fabricated metal products except machinery & equipment and non-metallic mineral product manufacturers also engaged a sizable number of persons or 267.2, 237.9 and 72.5 thousand people, respectively. The least number of persons engaged were in manufacture of luggage handbags and footwear, chemicals, manufacture of machinery & equipment and parts & accessories for motor vehicles & their engines manufacturing. Furthermore, out of the 2.1 million, 831.5 thousand or 38.85 % were permanent employees. In absolute terms, again the largest numbers of permanent employees were in grain mills, i.e. 222.2 thousand, next in line were furniture manufacturers with 210.0 thousand and in the 3rd high contribution is in manufacture of Wearing apparel, dressing & dying of fur which is 142.2 thousand permanent workers engaged. food products except grain mill services manufacturing, manufacture of fabricated metal products machinery & equipment and Non- metallic mineral product manufacturing were the other important industrial groups in the size of number of permanent employees.

SUMMARY TABLE 3.2 PERMANENT EMPLOYEES AS PERCENTAGE OF TOTAL PERSONS ENGAGED BY INDUSTRIAL GROUP  
: 2015/2016 (2008 E.F.Y)

INDUSTRIAL GROUP	No. OF ESTAB.	NUMBER OF PERSONS ENGAGED	PERMANENT EMPLOYEES	PERMANENT EMP. AS % TOTAL PERSONS ENGAGED
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	17,061	267,209	106,934	40.02
MANUFACTURE OF GRAIN MILL SERVICES ....	41,975	538,198	222,256	41.30
MANUFACTURE OF TEXTILES ...	1,414	24,657	10,270	41.65
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	25,100	364,892	142,287	38.99
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	483	8,092	3,382	41.79
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	1,401	25,990	9,835	37.84
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	254	4,554	2,073	45.51
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,029	18,401	8,446	45.90
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	3,680	72,516	25,831	35.62
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	15,349	237,989	83,221	34.97
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	1,100	20,431	6,965	34.09
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	34,122	557,740	210,076	37.67
TOTAL	142,968	2,140,668	831,577	38.85

SUMMARY TABLE 3.3 NUMBER OF PERSONS ENGAGED, EMOLOYEES AND LABOUR COST PER ESTABLISHMENT BY INDUSTRIAL GROUP  
: 2015/2016 (2008 E.F.Y)

INDUSTRIAL GROUP	No. OF ESTAB.	NUMBER OF PERSONS ENGAGED	NUMBER OF EMPLOYEES	LABOUR COST (IN BIRR)	LABOUR COST PER ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	17,061	267,209	114,350	404,829,090	23,728
MANUFACTURE OF GRAIN MILL SERVICES ....	41,975	538,198	232,718	657,488,732	15,664
MANUFACTURE OF TEXTILES ...	1,414	24,657	10,819	16,220,039	11,473
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	25,100	364,892	145,777	185,980,937	7,409
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	483	8,092	3,488	14,270,989	29,539
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	1,401	25,990	12,012	77,752,233	55,482
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	254	4,554	2,217	19,187,083	75,599
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,029	18,401	10,086	95,422,526	92,706
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	3,680	72,516	32,969	241,958,200	65,748
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	15,349	237,989	93,398	519,980,410	33,878
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	1,100	20,431	7,896	56,982,175	51,811
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	34,122	557,740	230,590	1,199,652,294	35,158
TOTAL	142,968	2,140,668	896,320	3,489,724,707	24,409

Labor cost incurred and labor cost per small scale establishments are displayed in summary table 3.3. Out of the 142.9 thousand small scale establishments in the country as mentioned earlier, close to 2.1 million people were engaged and among those 896.3 were employed staff and the rest were owners, apprentices or family members engaged in the business of small scale manufacturing. A total of birr 3.49 billion was spent by the establishments on the 701.3 thousand employees. Again, in absolute terms the largest amount was that of furniture (birr 1.2 billion), followed by grain mills manufacturing (birr 657.5 million) and the distant third was the amount spent by metal manufacturers, which was almost 519.9 million. However, if we look at labor cost per establishment, the highest figure is birr 92.7 thousand incurred by chemical and chemical products manufacturing industrial group and the lowest was that of wearing apparel manufacturing amounting to birr 7.4 thousand.

### **3.3 Raw Materials and Energy Consumption**

The amount spent by small scale manufacturing establishments for raw materials reached close to birr 17.9 billion in 2008E.F.Y. Further investigation of the figures reveals that manufacture of food products except grain mill services spent the most, i.e., birr 5.2 billion, followed by manufacturing of furniture, manufacture of fabricated metal products except machinery & equipment establishments and grain mill manufacturing establishments, which spent 4.8, 2.5 and 1.4 billion on raw materials, respectively. One disturbing aspect of raw materials use by the small-scale establishments is that close to 18.2% of the total cost on raw materials is spent on imported raw materials. Given that these are small scale establishments, this proportion of imported raw material usage is alarming. The figures in summary table 3.4 further indicate that, most of the industrial groups spent well over 11.7 % of their total raw material expenses was on imported raw materials. In this regard, manufacture of chemicals & chemical product, publishing printing & reproduction of recorded media and manufacture of luggage handbags and footwear establishments are heavily dependent on imported raw materials, as they spent more than half of their raw materials expenses on imported ones.

Coming to energy consumption, all the establishments combined, during the reference year spent birr 1,213 million on energy, of which the substantial amount (birr 677.4 million), was understandably by grain mills given their dominant number in the composition of small scale manufacturing establishments in the country and the nature of their activity, which is energy intensive. A distant second in this was the amount spent by food product manufacturers, which amounted to a paltry birr 263.7 million in comparison to that of grain mills. Furniture manufacturers and metal manufacturing establishments spent birr 127.2 and 61.6 million on energy, respectively during the reference year. Furthermore, cost of energy consumed to the total industrial cost by the small scale establishments amounted to 6.06 %. As stated earlier, cost of energy consumed by grain mills in relation to total industrial cost by the same amounted to 25.3 %, this is the highest, the other notable exception being that of luggage handbags and footwear manufacturing industrial group, which spent close to 2.8% of their industrial cost on energy.

SUMMARY TABLE 3.4 COST OF RAW MATERIALS AND ENERGY CONSUMED AS PERCENTAGE OF TOTAL INDUSTRIAL COST AND RATIO OF IMPORTED TO TOTAL RAW MATERIALS BY INDUSTRIAL GROUP: 2015/2016 (2008 E.F.Y)

INDUSTRIAL GROUP	No. OF ESTAB.	TOTAL COST OF RAW MATERIALS	IMPORTED RAW MATERIALS COST	COST OF ENERGY CONSUMED	INDUSTRIAL COST	COST OF RAW MATER. AS % OF INDU. COST	IMPORTED AS % OF TOTAL RAW MATERIALS COST	COST OF ENERGY AS % OF INDU. COST
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	17,061	5,253,425,122	218,068,499	263,774,171	5,568,036,942	94.35	4.15	4.74
MANUFACTURE OF GRAIN MILL SERVICES ....	41,975	1,430,547,694	226,309,488	677,402,370	2,671,036,180	53.56	15.82	25.36
MANUFACTURE OF TEXTILES ...	1,414	54,663,133	16,230,698	1,506,734	57,703,684	94.73	29.69	2.61
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	25,100	1,083,144,003	380,239,384	28,899,167	1,173,034,309	92.34	35.11	2.46
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	483	137,124,500	66,360,585	3,977,567	141,528,850	96.89	48.39	2.81
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	1,401	507,781,097	27,476,473	10,242,807	523,740,139	96.95	5.41	1.96
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	254	89,580,458	47,293,402	937,862	96,511,821	92.82	52.79	0.97
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	1,029	450,682,812	296,579,400	11,711,206	478,816,457	94.12	65.81	2.45
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	3,680	1,314,571,144	33,130,544	21,207,443	1,363,562,693	96.41	2.52	1.56
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	15,349	2,518,372,826	633,905,960	61,551,799	2,625,702,300	95.91	25.17	2.34
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	1,100	280,777,699	49,222,451	4,775,952	287,974,593	97.50	17.53	1.66
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	34,122	4,823,536,708	1,279,863,133	127,218,181	5,025,133,827	95.99	26.53	2.53
TOTAL	142,968	17,944,207,198	3,274,680,018	1,213,205,259	20,012,781,796	89.66	18.25	6.06

The other important indicator presented in summary table 3.4 is industrial cost. This is the sum of raw materials, energy and other costs incurred by small scale manufacturing establishments during the year. Accordingly, the establishments' total industrial cost was to the tune of birr 20.1 billion, of which on average 90.1 % was spent on raw materials. Of the stated figure, the sizable amount, or birr 5.6 billion, was spent by manufacture of food. Furniture, Grain mill services and Fabricated metal products except machinery & equipment industry manufacturing establishments also spent a significant amount reaching birr 5.0, 2.7 and 2.6 billion, respectively. In relative terms, more than three fourth of industrial cost of all industrial groups, save that of food industry was on raw materials.

### **3.4 Demographic Characteristics of Persons Engaged**

Earlier in this document it was stated that a total 2,141,266 persons were engaged in small scale manufacturing industries in the country during 2008 E.F.Y. Summary table 3.5 presents number of persons engaged by type of worker. The figures in the table show that, out of the total, 55.1 % were male. Another important feature of the composition of persons engaged is that 831.6 thousand persons or close to 38.8 percent were permanent paid employees, 393.2 thousand or 18.4 percent paid Apprentices and 467.9 thousand or 21.9 % unpaid Apprentices workers. unpaid family constituted 17.9 % of the total. Further investigation of the figures, reveals that out of the total 44.9 percent women who took part in the activities of small scale industries during the year 39.5 % of them were permanent paid employees, 17.9 % paid apprentice worker, 24.6 % unpaid apprentices and the rest 18.0 % unpaid family worker (refer to summary table 3.5).

Looking into the literacy status of persons engaged, we find that, of those whose literacy status reported, an encouraging 92.0 % were literate. The figures in summary table 3.6 also show that, 92.6 percent of male participants are literate, while the figure for females stands at 85.4 % as being literate. Furthermore, slightly more than 10% of the female participants are illiterate, while the corresponding figure for men stands at 7.4 %.



**Summary Table 3.5 Number of Persons Engaged by Sex and Type of Workers: 2008E.F.Y (2015/16)**

Type of worker	MALE		FEMALE		BOTH SEX	
	NUMBER	%	NUMBER	%	NUMBER	%
Unpaid Family Worker	210,119	17.82	173,328	18.02	383,447	17.91
Unpaid Apprentices	231,179	19.61	236,720	24.60	467,899	21.85
Paid Apprentices	221,209	18.76	172,042	17.88	393,251	18.37
Permanent Paid Employees	451,574	38.30	380,027	39.50	831,601	38.84
Seasonal and Temporary Workers*	65,069	5.52	-	-	65,069	3.04
<b>TOTAL</b>	<b>1,179,150</b>	<b>100.00</b>	<b>962,116</b>	<b>100.00</b>	<b>2,141,266</b>	<b>100.00</b>

**Summary Table 3.6 Number of Reported Persons Engaged by Literacy Status and Sex: 2008E.F. Y (2015/16)**

LITERACY STATUS	MALE		FEMALE		BOTH SEX	
	NUMBER	%	NUMBER	%	NUMBER	%
LITERATE	340,458	92.60	74,493	89.10	414,951	92.00
ILLITERATE	27,149	7.40	9,153	10.90	36,303	8.00
<b>TOTAL</b>	<b>367,607</b>	<b>100.00</b>	<b>83,647</b>	<b>100.00</b>	<b>451,254</b>	<b>100.00</b>

**Summary Table 3.7 Number of Literate Persons Engaged by Sex and Highest Grade Completed: 2008E.F.Y (2015/16)**

HIGHEST GRADE COMPLETED	MALE		FEMALE		BOTH SEX	
	NUMBER	%	NUMBER	%	NUMBER	%
Grade 1-3	21,345	6.30	4,253	5.70	25,598	6.20
Grade 4-6	69,037	20.40	12,282	16.60	81,319	19.70
Grade 7-8	67,547	20.00	13,793	18.60	81,341	19.70
Grade 9-12	65,448	19.30	16,052	21.70	81,500	19.80
Above 12	66,947	19.80	14,557	19.70	81,504	19.80
Not Stated	48,043	14.20	13,077	17.70	61,120	14.80
<b>TOTAL</b>	<b>338,367</b>	<b>100.00</b>	<b>74,015</b>	<b>100.00</b>	<b>412,382</b>	<b>100.00</b>

### 3.5 Ownership and Problems Faced

The figures in summary table 3.8 present sex compositions of owners of small scale manufacturing establishments. Accordingly, 71.98 % of owners of these establishments are men, while the remaining 28.02 % are female.

Summary Table 3.8 Number of Owners of the Establishments  
by Sex: 2008E.F. Y (2015/16)

SEX	OWNERS OF ESTABLISHMENT		PERMANENT EMPLOYEES	
	NUMBER	%	NUMBER	%
MALE	180,354	77.51	451,574	54.30
FEMALE	52,343	22.49	380,027	45.70
TOTAL	232,696	100.00	831,601	100.00

What are the major problems faced by small establishments during the start of their operation? The response to this question could be found in summary table 3.9. Out of the 141.5 thousand reporting establishments to this particular question, 42.2% cited lack of sufficient capital as a first major problem faced, 19.8 % put the blame on no problem faced, while 17.0 % gave other problem as major reason. It is worth noting here that 1.40 percent of the reporting establishments mentioned ‘access to credit facilities, while 1.4 % stated that lack of foreign exchange during operation.

The other important issue investigated during the survey was, why are the small-scale manufacturing establishments not fully operational during the survey year? The answers are displayed in summary table 3.10. In total 57.97 thousand establishments responded to this question, which could mean these were those who were not fully operational, or they were out of those who were not operational, responding to this particular question. Thus, the reasons vary widely. Close to a 35% of the reporting establishments were out of operation for part of the year due to shortage of electricity and water, while absence of market demand was forced close to 17 % the reporting establishments not to operate the

whole year. On the other hand, 16.0 %, 12.0 % of establishments gave other problem and newly established as the major reasons, behind this performance. Because of shortage of supply of raw material has strained 6 % of the establishments not to operate the whole year.

Results of capacity utilization by the small scale manufacturing establishments are displayed in summary table 3.11. Absence of market demand was reported as a major reason behind below-capacity performance by 37.0 % of the establishments. Other problem and shortage of supply of raw material were 33.5%,12.2% respectively were also mentioned as the major reasons, for under capacity performance by these establishments. Shortage of foreign, lack of adequate skill, absence of credit facility and shortage supply of spare part was mentioned as a major reason for low capacity performance by very few establishments. Finally, “lack of working premises” was given by 9.50 % of the establishments.

Summary Table 3.9 Number of Establishments by Industrial Group and Major Problem Faced at the Start of Operation: 2008 E.F.Y (2015/16)

INDUSTRIAL GROUP	TYPE OF PROBLEMS									
	LACK OF FOREIGN EXCHANGE	LACK OF SUFFICIENT INITIAL CAPITAL	OBSTACLES FROM GOV. RULES AND REGULATIONS	ACCESS TO CREDIT FACILITIES	LACK OF INFORMATION	LACK OF SMOOTH SUPPLY OF RAW MATR.	ABSENCE OF ADEQUATE SKILLS	OTHERS	NO PROBLEMS FACED	TOTAL NUMBER OF ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	226.0	5,936.0	1,170.0	113.0	423.0	2,214.0	451.0	2,425.0	3,962.0	16,920.0
MANUFACTURE OF GRAIN MILL SERVICES ....	439.0	10,520.0	3,072.0	505.0	825.0	1,064.0	1,490.0	9,297.0	14,164.0	41,376.0
MANUFACTURE OF TEXTILES ...	14.0	582.0	42.0	28.0	97.0	111.0	14.0	166.0	333.0	1,386.0
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	402.0	13,818.0	1,344.0	263.0	444.0	679.0	1,635.0	2,841.0	3,548.0	24,976.0
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	282.0	13.0	27.0	13.0	67.0	27.0	13.0	40.0	483.0
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAINTING MATERIALS ....	25.0	675.0	127.0	38.0	25.0	76.0	64.0	127.0	242.0	1,401.0
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	28.0	141.0	-	-	-	14.0	-	42.0	28.0	254.0
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	28.0	381.0	85.0	-	71.0	56.0	14.0	197.0	183.0	1,015.0
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	85.0	1,495.0	240.0	56.0	113.0	310.0	28.0	606.0	691.0	3,624.0
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	219.0	7,592.0	1,050.0	328.0	711.0	788.0	153.0	2,680.0	1,707.0	15,228.0
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	14.0	522.0	71.0	113.0	28.0	71.0	14.0	141.0	113.0	1,086.0
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	536.0	17,738.0	2,411.0	578.0	931.0	2,453.0	620.0	5,570.0	2,989.0	33,826.0
TOTAL	2,015.0	59,682.0	9,626.0	2,050.0	3,680.0	7,904.0	4,511.0	24,107.0	28,001.0	141,575.0
Percentages	1.4	42.2	6.8	1.4	2.6	5.6	3.2	17.0	19.8	100.0

Summary Table 3.10 Number of Establishments by Industrial Group and Major Reason  
for Not Being Fully Operational During: 2008 E.F.Y (2015/16)

INDUSTRIAL GROUP	Major Reasons										
	Newly Established	Shortage of supply of raw materials	Shortage of supply of spare parts	Absence of market demand	Lack of working capital	Shortage of electricity	Shortage of water	Frequent machinery failure	Obstacles from gov.	Lack of foreign	Total
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	1,297	804	56	818	197	1,128	14	169	155	776	5,414
MANUFACTURE OF GRAIN MILL SERVICES ....	997	346	904	1,702	226	10,853	1,423	173	266	2,500	19,391
MANUFACTURE OF TEXTILES ...	28	14	-	125	55	28	-	-	69	139	457
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	887	416	55	2,273	582	1,331	69	152	942	1,954	8,662
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	13	67	-	81	27	-	-	27	40	-	255
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MANUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	64	89	-	76	51	166	25	13	-	76	561
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	14	-	-	14	14	14	-	-	-	-	56
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	85	14	14	71	14	28	-	-	-	14	240
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	423	211	14	367	99	381	28	56	14	282	1,875
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	831	438	77	1,389	208	1,477	44	131	153	974	5,722
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C. ...	28	28	-	141	28	28	-	-	42	99	395
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	2,087	1,184	141	2,510	860	4,540	254	296	522	2,552	14,946
TOTAL	6,755	3,611	1,262	9,566	2,362	19,973	1,858	1,018	2,204	9,366	57,975
Percentages	12	6	2	17	4	35	3	2	4	16	100

Summary Table 3.11 Number of Establishments by Industrial Group and Major Reason  
For not working at full capacity, 2008 E.F.Y (2015/16).

INDUSTRIAL GROUP	TYPE OF REASONS								
	SHORTAGE OF SUPPLY OF RAW MATR.	SHORTAGE SUPPLY OF SPAREPARTS	ABSENCE OF MARKET DEMAND	ABSENCE OF CREDIT FACILITY	SHORATGE OF FOREIGN EXCHANGE	LACK OF ADEQUATE SKILL	LACK OF WORKING PREMISES	OTHERS	TOTAL NUMBER OF ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	4,413	240	4,484	240	28	127	846	3,595	13,973
MANUFACTURE OF GRAIN MILL SERVICES ....	2,088	2,793	11,318	306	27	186	904	20,056	37,679
MANUFACTURE OF TEXTILES ...	166	69	485	42	-	14	111	263	1,150
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	2,412	291	10,797	610	42	582	2,231	5,073	22,037
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	94	13	121	13	13	13	54	107	429
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	204	51	510	76	13	13	127	268	1,261
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	28	14	28	-	-	-	71	28	169
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	99	-	296	28	14	-	169	141	747
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	508	71	1,382	113	-	28	508	691	3,299
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	1,138	284	5,886	624	33	109	2,013	3,238	13,325
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	127	28	437	113	-	14	127	127	973
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	4,018	522	10,561	1,565	56	324	4,653	8,249	29,948
TOTAL	15,295	4,376	46,304	3,729	226	1,411	11,814	41,837	124,993
Percentages	12.2	3.50	37.00	3.00	0.20	1.10	9.50	33.50	100.00

Earlier in the report we discussed about the problems faced by small-scale establishments, now let us look at the problems faced by the establishments during the survey period. The responses by the establishments are summarized in summary table 3.12. The majority of the establishments responded to this particular question. Out of those who responded to this particular question, blamed electric supply was cited as a major problem by 35.5 % of the establishments, and also 23.8 % of them talked about market demand for their products, shortage of raw material, close to 8.8 %, shortage of raw material and 8.40 % pointed out lack of working premises as a major concern to them, during the survey period. The other notable reasons given by the establishments were, 0.80 % referred to problem with employees, 1.50 % frequent machinery failure, and 1.70 % shortage supply of spare parts, respectively.

The other area investigated during the survey, was whether there were administrative issues related to the government, hampering a smooth running of a small-scale establishment. The results are presented in summary table 3.13. Very few of the establishments responded to this question, i.e., only 23.3 thousand of them. The figures in the table show that out of these 10.8 thousand, 46.0 % mentioned lack of working premises as a major problem, followed by getting license 32.0 % and 13.0 % brought up absence of tax exemption as a major problem, respectively.

Business, be it large or small can fail, or get into trouble or face a bumpy road due to number of reasons, and lack of information among them, if not a major one. During the survey, establishments were asked whether they faced this kind of problem, and their responses are encapsulated in summary table 3.14. Again, as in the previous table, very few responses were recorded for this question, only 14.8 thousand responses. Nevertheless, 33.6 % of those who responded to this question, cited lack of sufficient market information as a major problem, while a fifth of them (17.6 %) revealed lack of information to decide which type of activity to engage in as a major problem, and 11.1 % brought up lack of information about appropriate machinery as a culprit. Worth noting here is also that, 9.30 % mentioned lack of information, where to get appropriate training, while 5.8 % put the blame on lack of information as to where to get machinery.

**Summary Table 3.12 Number of Establishments by Industrial Group and Major Reason Faced During the Survey Period: 2008 E.F.Y (2015/16)**

INDUSTRIAL GROUP	TYPE OF REASONS											
	NO PROBLEMS FACED	SHORTAGE OF SUPPLY OF RAW MATR.	SHORTAGE SUPPLY OF SPAREPARTS	ABSENCE OF MARKET DEMAND	LACK OF WORKING CAPITAL	FREQUENT MACHINE FAILURE	LACK OF WORKING PREMISES	PROBLEMS WITH EMPLOYEES	OBSTACLES FROM GOV. RULES AND REGULATIONS	SHORTAGE OF ELECTRICITY	OTHERS	TOTAL ESTAB.
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	1,523	3,835	127	3,553	606	85	1,142	282	606	4,216	860	16,835
MANUFACTURE OF GRAIN MILL SERVICES....	2,274	1,144	1,450	6,384	386	1,516	944	279	452	24,765	1,968	41,563
MANUFACTURE OF TEXTILES ...	97	249	-	527	97	-	208	28	28	55	111	1,400
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	1,511	2,037	263	8,344	2,827	83	2,439	69	527	5,128	1,649	24,879
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	81	13	121	94	-	107	-	27	13	27	483
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	51	204	38	268	153	25	140	-	13	395	64	1,350
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	14	28	14	42	28	-	42	-	14	42	14	240
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	71	71	-	324	113	-	183	-	28	127	71	987
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	183	324	28	1,142	127	42	423	56	42	917	338	3,624
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	602	996	153	4,529	1,444	98	1,947	88	317	4,113	897	15,185
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	28	155	28	381	141	-	141	-	14	127	71	1,086
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	1,368	3,384	226	8,065	3,201	338	4,216	324	804	10,223	1,565	33,713
<b>TOTAL</b>	<b>7,721</b>	<b>12,508</b>	<b>2,341</b>	<b>33,680</b>	<b>9,217</b>	<b>2,189</b>	<b>11,934</b>	<b>1,127</b>	<b>2,872</b>	<b>50,121</b>	<b>7,635</b>	<b>141,344</b>
Percentages	5.5	8.80	1.70	23.80	6.50	1.50	8.40	0.80	2.00	35.50	5.40	100.00



Summary Table 3.13 Number of Establishments by Industrial Group and Type of Government Influence: 2008 E.F.Y (2015/16)

INDUSTRIAL GROUP	TYPE OF GOVERNMENT INFLUENCE				
	GETTING LICENCE REQUIRES LONG PROCESS	LACK OF WORKING PREMISES	ABSENCE OF TAX EXEMPTION	OTHERS	TOTAL
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	874	917	254	564	2,608
MANUFACTURE OF GRAIN MILL SERVICES....	2,633	1,237	346	1,011	5,227
MANUFACTURE OF TEXTILES ...	28	55	-	42	125
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	1,081	2,273	236	485	4,075
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	27	-	-	27
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS....	102	115	38	25	280
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	14	14	-	-	28
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	28	169	28	-	226
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	240	226	71	85	620
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	821	1,630	252	230	2,932
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	56	113	42	-	211
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C....	1,650	4,018	719	536	6,923
TOTAL	7,527	10,794	1,985	2,977	23,283
Percentages	32	46	9	13	100

Summary Table 3.14 Number of Establishments by Industrial Group  
and First Major Information Problem: 2008 E.F.Y (2015/16).

Industrial Group	Lack of information to decide type of activity	Lack of information about appropriate machinery	Lack of information where to get machinery	Lack of information where to get appropriate training	Lack of sufficient market information	Lack of information where to get license	others	Total
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	282	99	99	226	395	56	338	1,495
MANUFACTURE OF GRAIN MILL SERVICES....	426	319	133	200	599	80	585	2,341
MANUFACTURE OF TEXTILES ...	14	28	14	28	83	14	14	194
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	416	319	139	263	804	42	305	2,287
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	27	13	13	13	40	-	13	121
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS....	-	25	25	-	102	13	13	178
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	14	-	-	-	14	-	-	28
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	-	-	28	28	42	14	56	169
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	113	56	28	71	169	-	71	508
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	372	219	109	219	974	98	514	2,505
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	28	14	-	28	127	-	14	211
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	931	564	268	310	1,650	226	874	4,822
TOTAL	2,622	1,657	857	1,385	4,998	543	2,798	14,859
Percentages	17.6	11.10	5.80	9.30	33.60	3.70	18.80	100.00

Summary Table 3.15 Number of Establishments by Industrial Group  
and Main Reason for Not Solving Problem of Shortage  
of Working Capital: 2008 E.F.Y (2015/16).

Industrial Group	Main Reason						Total
	Permitted Loan was insufficient	Unable to provide collateral	High interest rate	Loan repayment time was short	Loan process takes long time	Others	
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	85	14	14	28	99	-	240
MANUFACTURE OF GRAIN MILL SERVICES....	106	40	40	-	27	13	226
MANUFACTURE OF TEXTILES ...	-	28	-	-	-	-	28
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	263	194	42	55	83	42	679
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	-	-	13	-	-	-	13
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAITING MATERIALS ....	25	13	13	-	-	-	51
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	-	-	-	-	-	-	-
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	28	-	-	14	14	-	56
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	56	85	14	14	14	28	211
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	55	219	-	-	142	33	449
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	14	42	-	-	28	-	85
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	310	663	99	42	240	14	1,368
TOTAL	943	1,297	235	154	647	130	3,406
Percentages	27.7	38.10	6.90	4.50	19.00	3.80	100.00

Summary Table 3.16 Number of Establishments by Industrial Group  
and Cause of Lack of Market: 2008 E.F.Y (2015/16)

Industrial Group	Cause of Lack of Market					Total
	Unable to compete foreign product in quality	Unable to compete foreign product in price	Unable to compete local product in quality	Unable to compete local product I price	Others	
MANUFACTURE OF FOOD PRODUCTS EXCEPT GRAIN MILL SERVICES	127	169	860	1,932	3,581	6,669
MANUFACTURE OF GRAIN MILL SERVICES ....	426	93	1,051	2,128	12,183	15,880
MANUFACTURE OF TEXTILES ...	111	69	111	194	374	859
MANUFACTURE OF WEARING APPAREL; DRESSING AND DYING OF FUR ...	430	915	2,010	3,590	6,209	13,153
MANUFACTURE OF LUGGAGE HANDBAGS AND FOOTWEAR ...	13	40	13	67	81	215
MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK EXCEPT FURNITURE; MAUFACTURE OF ARTICLES OF STREW AND PLAING MATERIALS ....	76	25	51	191	217	561
PUBLISHINGPRINTING AND REPRODUCTION OF RECORDED MEDIA	14	14	-	28	42	99
MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS ...	28	-	56	197	240	522
MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS ...	56	-	479	733	776	2,044
MANUFACTURE OF FABRICATED METAL PRODUCTS EXCEPT MACHINERY AND EQUIPMENT ...	284	656	821	2,243	3,545	7,549
MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C ...	56	42	42	296	197	635
MANUFACTURE OF PARTS AND ACCESSORIES FOR MOTOR VEHICLES AND THEIR ENGINES ...	-	-	-	-	-	-
MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C. ...	649	1,551	2,312	5,020	5,358	14,890
TOTAL	2,271	3,576	7,807	16,619	32,802	63,075
Percentages	3.6	5.70	12.40	26.30	52.00	100.00

Summary table 3.15 displays number of establishments by a major reason for not solving the problem of shortage of capital. Earlier in summary table 3.12, during the question about the major problem faced during the survey period, 9.21 thousand or 6.50% put their problem on lack of working capital. Now only 3.4 thousand responded to the reasons as to why they have not solved the problem of working capital. Close to 38.1 % talked about their inability of providing collateral, pretty close to this size or 27.7 % said the loan permitted was not sufficient and 19.0 % of them complained about the lengthy time it takes to process a loan. There was a complaint about the time required to repay a loan by 4.50 % and high interest rate was mentioned as a problem by 6.90 % of the small-scale establishments.

Finally, an attempt was made to investigate the reasons behind the lack of market mentioned as a major problem faced during the survey period, and the responses are presented in summary table 3.16. Their inability to compete in the local market in prices was mentioned by almost 26.3 % the establishments, followed by in-ability to compete with local products in quality (12.4 %) and in-ability to compete with imported products in price (5.70 %), respectively.

## Appendix I

Number of Sampled Establishment by Priority of Small Scale  
Manufacturing Sector and by Region

Sr. no	Region	Small Scale Manufacturing Industry No. of sampled by priority industry sector Establishment and by Region						
		<i>Textile</i>	<i>Wood</i>	<i>Metal</i>	<i>Leather</i>	<i>Flour mills</i>	<i>Others</i>	<i>Total for Small scale</i>
1	<b>Tigray</b>	614	15	314	13	98	484	1538
2	<b>Afar</b>	0	0	9	0	16	11	36
3	<b>Amhara</b>	604	14	213	38	888	1337	3094
4	<b>Oromia</b>	148	28	298	16	1184	1279	2953
5	<b>Somali</b>	3	0	4	0	27	12	45
6	<b>Benishangul Gumuz</b>	1	0	5	0	29	8	42
7	<b>SNNPR</b>	97	2	87	15	241	665	1108
8	<b>Gambela</b>	4	0	1	0	0	10	14
9	<b>Harari</b>	1	0	6	0	0	11	17
10	<b>Addis Ababa</b>	725	23	327	52	157	666	1950
11	<b>Dire Dawa</b>	13	0	6	2	22	34	76
	<b>Total</b>	2209	83	1268	137	2662	4515	10874