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Practice of Economic Integration of Small and Medium Enterprise in Manufacturing Sector: The case of Tigray Regional State, Ethiopia

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Abstract:

This paper assesses the economic integration of small and medium enterprises (SMEs) in Tigray, Ethiopia. Focusing on strategies, enabling environment, competitiveness, and challenges of the economic integration of small and medium enterprises. The study was employed cross-sectional mixed approach method. The data were collected from sample of 148 SMEs selected based on proportional stratified sampling after a pilot test was conducted. Interviews with 15 leaders, 8 focus group discussions with SMEs council were conducted. The result indicates that SMEs contribution to create new job to citizens and change the living standard for others are insignificant. Lack of access to finance, work promising, market linkage, and quality and quantity input, problem of Peace and security among Region and outside, dependency mentality and rent seeking behavior of SMEs operators are challenges of SMEs. in addition, the commitment, attitude, and capacity of the leaders to support SMEs is weak. Thus, policies and strategies should review and adjust considering the current political situation and capacity building to operators and agency leaders are very critical. Finally, establishing special financial institutions and market supporting unit might help SME's competitiveness. Work premises for production and market as well as infrastructure should be ready before the SMES established.

Key Words:

Small and Medium Enterprise, Economic Integration of Small Enterprises, Challenges, Tigray, Ethiopia

1. Introduction

The Government of Ethiopia has set several national development goals to be achieved by 2025. This includes, among others, attaining lower-middle-income status; diversifying and doubling the country's export capacity; lifting the contribution of the manufacturing sector from its current level of 5% to 17%; turning Ethiopia into leading manufacturing hub in Africa and creating decent jobs and dynamic private sector that contribute to growth and structural transformation (Tsegay,2018). The industrial sector in general, and the manufacturing sector is one of the economic strategic area in attaining these goals and pave the way towards successful economic transformation. In a developing country like Ethiopia where capital and foreign exchange are scarce, and labor is relatively abundant, the most realistic and viable approach to kick-start industrialization and structural transformation is to initiate investment in small and medium enterprises (SMEs) especially those that rely on labor-intensive production technology.

Thus, the development of MSEs in the manufacturing sector has been a big agenda on the Ethiopian Government to generate employment and reduce poverty. The strategy was formulated in 2004 to addressing the problem of MSEs (FDRE, 2012). The Government established Small Enterprises Development Agency, at Federal level in 2005/6 Proclamation 33/98) and Regional States level in 2001 2008 to coordinate the sector at the federal (Belay 2000: CSA 2003; Mulatu 2005; Adil 2007; Mesfin,2015)

However, the strategies do not mentioned the medium level enterprises which are very important factor for promotion of the enterprises since Small and medium Enterprises are as an engine of economic growth (Charles,2008;Tsegay,2015;Amentie et al.,2016),contribute for jobs creation and poverty alleviation (World Bank, 2007; MoUDH, 2012; Cibela, 2016; Dawit 2017; Yared, 2018), seed and backbone of the private sector (Biru, Vugar et al., 2017), and lay a fundamental foundation for the industrialized economy (MoUDH, 2012; Yared, 2018).

Vakharia &Yenipazarli (2009) suggested that the process of economic integration has opened opportunities and increased pressure for SMEs to expand their value and to form a strategic alliance with local or foreign firms to facilitate production and distribute their products in the global market. The Federal SMEs indicate that the Ethiopian government has created job 700,000 for employee job for 700,000 employees by 600.000 SMEs engaged in various activities through empowering SMEs from 2012 to 2015 and this number will be expected to reach 2.1 million employees in GDP II in 2019/20. From this 5022 SMEs are in Tigray Regional State and 1448 in Mekelle city.

Eshetu and Mammo (2009) argue that “Ethiopia has failed to benefit from the phenomenal growth in the SMEs sector”. This emerges from the fact that the sector lacks appropriate policy, to integrate into microfinance institutions, Agriculture and infrastructure sectors which lag the growth of SMEs (report, 2015). This calls for urgent and systematic research on economic integration on SMEs' policies and strategies. This paper focused on the economic integration of SMEs engaged on Wood and Metal, Textile and Garment, Leather and Leather Product Agro-processing and Construction Input in manufacturing sub-sectors.

1.2 Problem Statement

Ethiopia is characterized as an undeveloped country, chronic poverty, with a high population second to Africa, lack of investment capital and have infant entrepreneurship are all persistent problems of the country (Elias,2015). Given this situation, we may not expect there is economic integration of SMEs and entrepreneurship as required and derived by SMEs members and actors at large.

World Bank Group 2015 mentioned that the micro finance institution does not accommodate the Small and medium enterprise needs. Without adequate support from financial institutions, SMEs could not run their business efficient and effectively to enhance productivity and job opportunity.

As World Bank 's Investment Climate mentioned that SMEs as a fundamental foundation and seed for manufacturing industries. However, the quality, and coverage of infrastructure is low, the inadequacy stems largely from resource and capacity constraints leads most SMEs low productivity, and inefficient allocation resource that lacks SME's competitiveness (CBC,2013).

The vision of Tigray is to create a society where extreme poverty becomes history and every citizen has access to a job. The region is looking into the future and has embarked on development strategies, evaluated the implementation of policy and strategies organized conference with worldwide Tegarua Diaspora and internal and external academicians aimed at transforming Tigray into the most dynamic and technology more advanced region in Ethiopia. But underdeveloped nature of productive capacity and unemployment is a challenge of the region (GSTS,2019). This makes difficult to strengthen the economic integration of SMEs in the manufacturing sector which calls systematic research in this area.

Research has been done in the area of small enterprise. However, as per the knowledge of the researcher, studies in the field of the economic integration of SMEs in the Region have not been done before. Therefore, the general objective of this study is to examine the economic integration of small and medium enterprises in Ethiopia regarding the critical analysis of the manufacturing sector in Tigray Regional State.

1.3. Specific Objectives

1. To describe the implementation of the existing policies and strategies with economic integration
2. To Examine the practice of economic integration among SMEs in the manufacturing sector
3. To Explain the challenges of economic integration among SMEs in the manufacturing sector

1.4. Research Questions

1. How does the SMEs' policies and strategies are implemented in Tigray Regional State?
2. What is the practice of economic integration of SMEs in the manufacturing sector?
3. What are the underline challenges that hinder the implementation polices and strategies of SMEs?

2. Review of related literature Concept of Economic integration

2.1 Definition of SMEs

Ethiopia new Development Strategy published 2011E.C, was defined SMEs based on capital and Labor. Small enterprises are those with 6-30 workers and total capital, not exceeding 1.5 million Birr for manufacturing enterprise, while Medium enterprises have 31-100 workers with a total capital of less than 20 million Birr.

2.2 Economic and integration theories

Integration is the process of bringing different economies together to remove their barriers and utilization of all potential opportunities to bring sustainable growth of the country (Machlup et al,1977) cited by Amr Sadek et al, 2013, increase investment, sustainable

demand, utilization of resources, and production efficiency (Marinov,1999; OECD,2018).Balassa (1995) also mentioned economic integration increased economic growth, improve access to advanced technology, way of communication, market structure, increased competition and uncertainty intended to lead lower prices for distributors and consumers. Additionally, it facilitates access to a larger consumer base and greater share of qualified workers (Hosny,2013). But increased exposure to competition, political risk, and limiting rules and regulations.

According to Margaret Lee,2014 economic integration creates common market and remove any trade barrier to have a regional cooperation and collaboration to free movement of production factors and working on equitable distribution of costs and benefits among countries (Lee 2003) cited by Dawit, 2017. However, economic integration and its benefits are not fully applicable to integration because of the challenge of competition, market access and free trade and Human resources capability (Meier, 1990; OECD,2004).

2,2,1 Competitiveness

Competitiveness is a firms' capability to survive in the competition against its competitors. The factors that determine competitiveness are finance, human capital capacities both in theory and practice, quality products demanded in the local and global market, a motivational system like tax and subsidies. if the above factors easy SMEs can be capable to produce high-quality products, and innovative to meet market demands. Strategies to participate in a competitive market, SMEs can enhance their production capacity, and then increased the quality of their product demanded in international market. Thus, economic integration of SMEs is achieved in medium- and long-term objectives (Marinov,1999) but, Helleiner, 1999 argues that small and medium enterprises are lacking to compete in the larger market due to skill and knowledge constraints.

2.2.2 Enabling Business Environment

Donor Committee for Enterprise Development (DCED) describes business environment as the complex interplay of policies, laws, and regulations that affect business development in each place (ADB (2014)). One of the roles of strategy implementer is making the working area free play of the operators. Conducive environment helps business operator's easy entry in and out from the business. The existence of a strong supportive government institution helps to search the new market, demand forecasting, and market information (Berhun et al., 2014;

MoUDH 2016). A weak enabling business environment is the key constraint on the development of the SME sector.

3. Methodology

The study adopted a case study research design which is a cross-sectional mixed approach method to supplement data obtained in one approach with that of another and to provide a full picture of the issue under consideration. To attain the aim of the study, qualitative and quantitative data were used.

The study populations included 1448 operators of Small and medium enterprises from purposively selected 5 sub-sectors of the manufacturing sector. To carry out this study, 123 operators were selected through stratified sampling method after the pilot test was managed from December 2018 to February 2019, to determine the appropriateness and relevance of the questions in the instrument. For interview purposes, 15 small and medium enterprise development agency leaders and experts and stakeholders, 8 groups of SME council members were selected purposively for focus group discussions.

The data collected from primary sources and non-participatory observations were recorded, edited, organized, analyzed, interpreted and presented with research questions. The quantitative data were analyzed using descriptive statistics SPSS version 25 and was presented by tables,

4. Major Findings

4.1 Demographic Background of the Study

Most of the respondents were male (71.9%) and female were (28.1%) with age structure from 30-49 age group (58.3%), have diploma (30.2%), whose income were earn 501-1000 Birr ,the source of their funds to start-up business were from microfinance institutions(40.6) and (39.6%) their saving. Most of the enterprises (71.9 %) were small manufacturing enterprises engaged in woodwork and metal as well as Textile and garment.

Table 4.1 Related policies and Strategies

		strongly disagree	disagree	undecided	agree	strongly agree	Mean
Are the policies and strategies applicable to SMEs	Count	16	16	24	40	27	3.37
	Row Valid N %	13.0	13.0	19.5	32.5	22.0	
Are the policies and strategies flexible and ready to amend	Count	19	15	25	44	20	3.25
	Row Valid N %	15.4	12.2	20.3	35.8	16.3	
Financial policy of the country affects the operating activities of SMEs	Count	11	29	32	30	19	3.14
	Row Valid N %	9.1	24.0	26.4	24.8	15.7	
Strategies were favor for large scale enterprise than SMEs	Count	9	35	38	27	12	2.98
	Row Valid N %	7.4	28.9	31.4	22.3	9.9	
Strategies promote productivity of SMEs	Count	15	42	29	23	13	2.81
	Row Valid N %	12.3	34.4	23.8	18.9	10.7	
Strategies promote entrepreneur and human capital	Count	13	49	19	26	15	2.84
	Row Valid N %	10.7	40.2	15.6	21.3	12.3	
the policies are offer utmost attention to SME	Count	11	45	22	16	14	2.79
	Row Valid N %	10.2	41.7	20.4	14.8	13.0	

There is a significant difference among mean score indicators of related Policies and Strategies Implementation. Strategies promote entrepreneur and human capital as well as productivity of SMEs and the policies are offered utmost attention to SME depict that the mean and standard deviation of ($\bar{x} = 2.81$, S.D = 1.21, $\bar{x} = 2.84$, S.D = 1.22 and $\bar{x} = 2.79$, S.D = 1.14) respectively low because all the items have scored below the average mean 2.97. Moreover, the majority 46.7% of the respondents agreed that the strategies do not promote entrepreneur and human capital, 50.9 % productivity of SMEs and 51.9 % as well as offer utmost attention to SME rather priority is given to micro, large enterprises, and foreign direct investment. In addition, they agreed the financial policy of the country affects the operation of SMEs.

These questions were also supplemented by key informants and discussants that the policies and strategies are important to get out of poverty if it implements properly. But it lacks proper implementation because of lacking scientific knowledge and skills, lack of understand the federal SMEs strategies and commitment of the leaders especially at the low-level position .The linkage of SMEs Strategy with other sectors are very poor even though the interest of the government is very high.

Table 4.2 Enabling environment

		strongly disagree	disagree	undecided	agree	strongly agree	Mean
Have adequate knowledge of SME strategy to support SMEs	Count	15	49	25	16	18	2.78
	Row Valid N %	12.2	39.8	20.3	13.0	14.6	
Working environment conducive	Count	20	40	33	20	10	2.67
	Row Valid N %	16.3	32.5	26.8	16.3	8.1	
Provision of supporting SMEs to get business development skills	Count	21	40	28	23	11	2.70
	Row Valid N %	17.1	32.5	22.8	18.7	8.9	
Provision of facilitating SMEs to get finance	Count	24	44	28	23	3	2.48
	Row Valid N %	19.7	36.1	23.0	18.9	2.5	
Provision of helping SMEs to get working promise/place	Count	21	49	30	17	6	2.50
	Row Valid N %	17.1	39.8	24.4	13.8	4.9	
Provision of facilitation to create market linkage for SME	Count	18	54	28	14	9	2.53
	Row Valid N %	14.6	43.9	22.8	11.4	7.3	

Though the government design strategy to support the small and medium enterprises, the above result shows that the mean value creating a conducive working environment regarding facilitation to get finance (\bar{x} =2.44, S.D=0.986, working premises, \bar{x} =2.45, S.D=0.983 and market linkage with others \bar{x} =2.47 and S.D=0.973 is felt below average 2.55. And most of the respondents were agreed that no conducive environment was available for economic integration of SMEs created by the regional governments even though initiation is there. This implies that the city lacks commitment and serious attention in providing the service compatible to run a business applied the best experience taken from other successful countries using the existing resources.

The interview results also supported the above idea SMEs are working in difficulty since failure in creating an enabling business environment. No proper study was conducted before the SMEs are established such as the criteria, who support them? does the supporting unit have the capacity in knowledge, skill and administrative system better than the SMEs? Does SMEs willing to work as a team or independent? Additionally, all the discussants were identified that the role of leaders is limited with poor coordination of responsible sectors, improper functioning of the council, and a great lack of contribution in establishing a suitable environment for the SMEs in accessing current information, providing a favorable working place and attractive market opportunity. This problem might emanate from a lack of shared vision towards the role of SMEs in employment creation, economic growth, poverty alleviation, and economic integration.

Table 4.3 Competitiveness

		strongly disagree	disagree	undecided	agree	strongly agree	Mean
Available of skilled manpower	Count	11	20	34	47	9	3.19
	Row Valid N %	9.1	16.5	28.1	38.8	7.4	
Available of infrastructure	Count	16	39	33	29	5	2.74
	Row Valid N %	13.1	32.0	27.0	23.8	4.1	
SMEs have produced domestic demand of products	Count	11	39	25	39	8	2.95
	Row Valid N %	9.0	32.0	20.5	32.0	6.6	
SMEs have produced external demand of product	Count	18	49	29	20	6	2.57
	Row Valid N %	14.8	40.2	23.8	16.4	4.9	
SMEs have competitive strategy to compete in the market	Count	21	47	22	27	5	2.57
	Row Valid N %	17.2	38.5	18.0	22.1	4.1	
Government incentives (tax redaction subsidy and training of SMEs)	Count	19	45	19	26	11	2.71
	Row Valid N %	15.8	37.5	15.8	21.7	9.2	
Availability of quantity and quality of raw material/input	Count	24	40	21	25	12	2.68
	Row Valid N %	19.7	32.8	17.2	20.5	9.8	

As shown the data among the mean score of competitiveness factors, except for the availability of skilled manpower ($\bar{x} = 3.18$) and SMEs have produced domestic demand of products ($\bar{x} = 2.95$), all the results on the above table are below average 2.90. The respondents are indifferent between disagreeing and undecided on the rest of the indicators. The respondents also disagreeing against 45%, availability of infrastructure, quantity and quality of raw material/input (52.5%). SMEs have produced domestic demand of products (41%), external demand of product (55%), competitive strategy to compete in the market (55.7%), government incentives (53.3%), Whereas, 46.2% the respondents were agreed the availability of skilled manpower.

Table 4.4 Challenges of SMEs

		strongly disagree	disagree	undecided	agree	strongly agree	Mean
There is adequate support service of training provision	Count	23	31	22	25	21	2.92
	Row Valid N %	18.9	25.4	18.0	20.5	17.2	
There are adequate support service of work place provision	Count	26	33	30	20	12	2.66
	Row Valid N %	21.5	27.3	24.8	16.5	9.9	
There are adequate support service in credit /finance provision	Count	25	46	25	17	8	2.48
	Row Valid N %	20.7	38.0	20.7	14.0	6.6	
There are adequate support service in creating market linkage	Count	26	49	21	18	8	2.45
	Row Valid N %	21.3	40.2	17.2	14.8	6.6	
SMEs have got all service at one stop service center	Count	23	45	29	16	9	2.53
	Row Valid N %	18.9	36.9	23.8	13.1	7.4	
There are adequate support service in technology provision	Count	24	46	27	21	3	2.45
	Row Valid N %	19.8	38.0	22.3	17.4	2.5	
Committed of support SMEs	Count	26	40	27	19	10	2.57
	Row Valid N %	21.3	32.8	22.1	15.6	8.2	
Procurement of capital goods are easy	Count	28	44	18	24	8	2.51
	Row Valid N %	23.0	36.1	14.8	19.7	6.6	
Easily to access information about market	Count	31	39	25	22	5	2.43
	Row Valid N %	25.4	32.0	20.5	18.0	4.1	
Easily acquisition of land or rent	Count	29	40	26	22	2	2.39
	Row Valid N %	24.4	33.6	21.8	18.5	1.7	

There is no significant difference among the mean score of the indicators listed types of Challenges Faced by SMEs indicators. The whole indicators or their mean depicts that the respondents are indifferent between disagreeing and undecided on those issues listed as an

indicator. Respondents were agreed that adequate support service, access to facilitate credit /finance ,established one-stop service center, technology transfer, the commitment of leaders, procurement of capital goods , easy access to information about market and acquisition of land /rent are the main challenge of economic integration for all SMEs in manufacturing subsector. The key informants also agreed the above-stated problems have been influencing the daily operation of SMEs activity. To that extent the training given to SMEs operators were not demand-based and adequate to fill their gap. The provision of land is problematic, the lease price of the land increases from 0.7 to 300-birr k/meters which is not affordable by SMEs. Moreover, delay in the process and rent-seeking behavior due to lacks coordination and collaboration between SMEDA and Mekelle Municipality office. Further, lack of responsible and accountable officials in the public service. The other critical challenge for SMEs is the financial regulation of the country which is not accessible to SMEs.

5. Conclusion

5.1 Policies and Strategies of Small and Medium Enterprises

Majority 46.7% of the respondents agreed that the strategies do not promote entrepreneur and human capital, productivity of SMEs and offer utmost attention to SME rather priority is given to micro, large enterprises, and foreign direct investment. Though policies and strategies are important to get out of poverty, it was not implementing properly due to lacks proper lack of scientific knowledge and skills to understand the federal strategies commitment of the leaders especially at the low-level position and experts to support and coordinate SMEs' activities. Additionally, the linkage of SMEs Strategy with other sectors are very poor even though the interest of the government is very high due to the lack of action of government officials and less effort by SMEs.

5.2 Practice of economic integration of SMEs in manufacturing sector

5.2.1 Enabling Environment

The whole indicators or their mean depicts that the respondents are indifferent between disagreeing and undecided on those issues listed as an indicator. This implies that government cannot create enabling environment to understand the federal strategy to support implementors in the provision of access to finance, working place and market for SMEs operators. This can lead to low productivity and lack of completion in the market due to

quality input and insufficient finance. Though the government designed strategy to support the small and medium enterprises, the mean value below average and most of the respondents were agreed that no suitable work area was available for economic integration of SMEs created by the regional governments even though initiation is there. lacks commitment and serious attention in creating a conducive working environment and applied the best experience taken from other successful countries using the existing resources is low.

Problems were starting from the establishment of SMEs since no proper study was conducted before the SMEs are established. What are the criteria to establish; who support them? does the supporting unit have the capacity in knowledge, skill, and administrative system better than the SMEs? and does SMEs willing to work as a team or independent? The expert's knowledge and skills are not better than /below/ the SMEs operators. This situation makes the environment discouraging and implementers cannot strive with full potentials in promoting SMEs. Additionally, the role of leaders is limited with poor coordination of responsible sectors, improper functioning of the council, and lack of shared vision towards the role of SMEs providing a favorable working place and attractive market opportunity in creating the working area compatible for business is weak. Leadership needed to fill the gaps in coordinating the stakeholder's involving in this issue.

5.1.2.2 Competitiveness

The mean score of competitiveness factors, all the results are below average 2.90. The respondents are indifferent between disagreeing and undecided on the rest of the indicators explained in the above. Countries like Ethiopia, available cheap and skilled labor for SMEs are obvious. SMEs cannot absorb the available workforces in the sector and pay less cost for human labors, in turn, increase productivity, On the other hand, SMEs were not produced a quality material compete in the international market due to lack of competitive strategies, quality and quantity inputs and government motivation at large. SMEs were always dependent on the government to arrange market and promote their product and prepare business cards and promote themselves and create a link with local and international markets. They limited in the local market due to lack of market assessment based on study knowing demanded products by the local and international markets. Moreover, the gap in technology transfer, capital, market linkage exposure to foreign market and management system since they used family employees. Further, unwillingness to take risk of producing quality products and fear of increasing cost of production and lack of internationalization outlook.

5.1.3. Challenges of Economic Integration of SMEs in Manufacturing Sector

There is no significant difference among the mean score of the indicators listed types of Challenges Faced by SMEs indicators. The whole indicators or their mean depicts that the respondents are indifferent between disagreeing and undecided on those issues listed as an indicator. Respondents were agreed that adequate support service to provide workplace, access to facilitate credit /finance ,established one-stop service center, technology transfer, the commitment of leaders to support SMEs, procurement of capital goods , easy access to information about market and acquisition of land /rent are the main challenge of economic integration for all SMEs. Accordingly, the result of the interviews and group discussions were agreed the above-stated problems have been influencing the daily operation of SMEs activity. To that extent the training given to SMEs operators were not demand-based and adequate to fill their gap. Thus,SMEs are working in difficult situation due to lack of commitment and weak support of the leaders and experts to mobilize and coordinate different stakeholders engage direct or indirect in SMEs activities.

The provision of land is problematic, the lease price of the land increases from 0.7 to 300-birr k/meters which is not affordable by SMEs and not considered the situation of the enterprises. Moreover, delay in the process and rent-seeking behavior due to lacks coordination and collaboration between SMEDA and Mekelle Municipality office. Further, lack of responsible and accountable officials in the public service. The other critical challenge for SMEs is the financial regulation of the country which is not accessible to SMEs. SMEs are missed in the strategies. Evident shows that most of the SMEs take credit from informal institutions (local finance associations). Only one (6 million Birr) from small enterprise and five (5,53.880,600 birr) from medium enterprise were taken loan from development bank. While 29(17,371,698) small enterprises out of 945 small enterprises and 1(400,000) mediums out of 282 medium enterprises were got loan from and Kaza capital leasing in 2018/19.

Regarding the market linkage as shown above SMEs were mostly limited in the local market due to lack of quality and quantity input in the market that emanates from poor linkage with suppliers and lack of foreign currency for a buying quality products to compete in the market. Moreover, the product they are producing was not demanded in the international market due to a lack of quality. Only 43(5041,700) birr by small and 18(438067,313 birr) export in 2018/19. The other problem was the political instability (peace and security) within and outside the country. As the operators explained some of ordered products are kept in the

suppliers' store due to political instability in the country, SMEs were not move their products freely from one region to others. SMEs are not access to market rather incurred additional carrying costs and their capital is tied up.

6. Recommendations

The result from findings and knowledge acquired from the literature, recommendations are proposed to be carried out to resolve the challenges which are identified.

Re-orient and adjust the small and medium enterprise strategies and provide compatible work area for SMEs operators.

Small and Medium Enterprise Development Agency leaders at different level should be committed and persistent in implementing and coordinating different activities related to economic integration among SMEs in the manufacturing sector.

SME council stakeholders and private sectors should be involved actively in proper coordination and capacity building for SMEs support providers (SMEs experts) and SMEs and close support, follow up and evaluation to towards improving the SMEs in the manufacturing sector.

Small and medium enterprise development agency should give awareness creation to SMEs that the benefit of integrating each other and organized in developmental circle and work together building team spirit to integrate complementary assets or investment to promote jointly with common resources.

The government should prepare the land and feasibility study on work premises, access to finance and infrastructure before establishing SMEs operators, and the lease price of land should consider SME operators' financial capacity.

The Regional government should establish a separate financial institution to facilitate SMEs' productivity and increase their competitiveness.

SMEs should create a strong relationship and networking with the region's large-scale enterprises and inputs suppliers through forward and backward linkage (subcontracting and outsourcing).

The training program should aim to enable potential SMEs, particularly youth and women to develop a sustainable business idea and SMEs startup.

The business operators should be ready for change and accept new technologies. The operators should create an ability of independence rather than waiting for another to offer them (be visionary, hard work and persistence)

The government of the country should call urgent political dialogue to settle the political instability within and the neighboring countries to get access free trade and market to enhance SMEs competitiveness.

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