

Supporting Micro and Small Enterprises to Promote Socio-economic Equity: Challenges and Drawbacks

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Supporting micro and small enterprises has been identified as an effective tool to uplift the living conditions of the poor and thereby to achieve socio-economic equity. This paper attempts to identify the factors that do not contribute to not achieving the expected impacts of such projects.

The paper is based on an evaluation of such projects implemented in Anuradhapura, Kurunegala, Badulla and Monaragala districts with the objective of improving the incomes and living standards of the poor. The evaluation was based on data and information collected through a sample survey, focus group discussions and key informant interviews.

The project has identified entrepreneurship development training, technical training, financial facilities or credit facilities, market linkages, business registration and trade associations as activities to achieve the objectives. However, when implementing the project, the priority had been given only for the entrepreneurship development training, and other activities had received less attention. This is proved by the fact that 95% of beneficiaries had completed the entrepreneurship development training while only 33%, 21%, 4% and 14% of beneficiaries had received technical training, credit facilities, market linkages and business registration respectively.

Of the beneficiaries, 79% were existing entrepreneurs and only 21% were new entrepreneurs. Just over half of the beneficiaries (56%) were women achieving the gender equity. The highest percentage of beneficiaries were working as traders (18%), processors (18%) and in agro-based enterprises (17%). The other categories were garment and textile (13%), livestock and fisheries (8%) and bakery and food items (7%). The balance 18% was other service providers such as welders, caterers, photographers, printers and other producers. The study found that only 86% of existing entrepreneurs and only 39% of new entrepreneurs were in operation. Only about half the beneficiaries (46%) had experienced increase in their income. Only 1% of enterprises had created paid employment opportunities as a result of the intervention. Therefore, there was a gap between the expected and achieved impacts. Study reveals that lack of capital and market linkages were major reasons for beneficiaries to be unsuccessful.

This study therefore, confirmed that providing only entrepreneurship development training would not be sufficient to develop an entrepreneur. Technical training, arranging financial or credit facilities and arranging market linkages are essential to develop entrepreneurs and this can be achieved if those specific activities would be implemented with much focus. More resources, time, efforts and strategies have to be allocated to such components in order to achieve success from this type of interventions.

Keywords: *Micro and small enterprises, Entrepreneurship development training, Technical training, Financial or credit facilities, Market linkages*