Assessing the Problems in Linking Tourism and Micro and Small Scale Enterprises in Aksum Town

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Abstract
This study aimed at identifying and analyzing the Problems in linking Tourism and Micro and Small Scale Enterprises for economic development in Aksum town. The researchers were initiated to conduct this research, since many problems are centered in the linking of Micro and small enterprises and tourism. Studies show that different constraints including an overall absence of tourism culture, a limited understanding of visitors' needs, limited access to capital due to high interest rate and no long term credit, and the general and persistent lack of business and entrepreneurial skills hinders the development of tourism and micro and small enterprises. Sample based survey design was used in this study and both primary and secondary sources were used for data gathering. Questionnaire and interview were main sources of data because these are important type of data instruments for survey study. Indeed, observation and secondary sources were also used. The study employed both probability and non-probability sampling techniques for drawing subjects. Probability sampling was be used for selecting respondents from micro and small businesses. Hence, these businesses were stratified into different categories and simple random or lottery systems were used for selecting respondents. Non-probality sampling particularly purposive sampling was also employed to take key informant respondents from government offices and private business sectors. The data from the various sources were collected, analyzed and synthesized to draw inferences and make conclusions by using both qualitative and quantitative approaches and relevant statistical software packages such as Statistical Package for Social Scientist (SPSS), Stata and Microsoft data processing were used to generate graphs and charts. The result shows that MSEs face different challenges related with lack of institutional support, lack of experience, marketing problems, financial problems moral problems etc. Finally, the research team recommends that concerned bodies of government should work together; awareness creation, continuous training and technical and material support should be provided for MSEs.
Keywords: Tourism, Micro and Small Scale Enterprises, Linkage, and challenge

1.   Introduction

In Ethiopia both micro and small scale enterprises are categorized into industrial sector and service sector. Under industry sector (manufacturing, construction and mining) micro enterprises are defined as an enterprises that operate with 5 people including the owner and/or their total asset is not exceeding Birr 100,000 and small enterprises are defined as enterprises that operate with 6-30 persons and/or with a paid up capital of total asset Birr 100,000 and not exceeding Birr 1.5 million. Under service sector (retailer, transport, hotel and Tourism, ICT and maintenance service) micro enterprises are defined as enterprises that operate with 5 persons including the owner of the enterprise and/or the values of total asset and is not exceeding Birr 50,000 and Small enterprises are defined as operate with 6-30 persons or/and total asset, or a paid up capital is with Birr 50,001 and not exceeding Birr 500,000 (Ethiopian Micro and Small Enterprise Development Strategy, 2011).

Very little literature is available on micro enterprises involved in tourism. Even basic definitions are not universally admitted. Tourism is perceived as an important development sector by the E.U. state members. As an industry, tourism holds a specific place. Opposed to this uniqueness, no specific authority is taking responsibility for the sector (Jon-Hans Coetzer, 2002).

Aksum is one of the major tourist destinations of northern historic route of Ethiopia where tourism can create many opportunities for development of small scale businesses. Based on the data provided by the Micro and Small Enterprises (MSEs) Bureau of Axum there are a total of 1,914 local community run enterprises in the town. But almost 60% of the community run ventures are related to the agriculture sector, while only 7% to the tourism services, such as tourist guides, or traditional transport (Ethiopian Sustainable Tourism Development Project, 2012).

The daily average income generated by local community from tourism activities per enterprise in Axum (70 birr per day) is also much lower than in Lalibela (150 per day). The ratio of income per enterprise in Axum and Lalibela 1: 2.14 is lower than the ratio of Number of arrivals in Axum and Lalibela 1: 1.4 (Ethiopian

Sustainable Tourism Development Project, 2012).

In Aksum town, some researches have been conducted regarding different aspects of tourism such as sustainable tourism development by Ethiopian Sustainable Tourism Development Project, community based tourism by Yemane Berhe in 2011 and enhancing domestic tourism by Ephrem Assefa in 2012. But there are no researches which are directly targeting problems of linking tourism with micro and small scale enterprises. Therefore, our research has tried to assess the problems created in enhancing involvement of small businesses in tourism sector.

The general objective of this study is to assess and analyze the problems in linking tourism and micro and small scale Enterprises in Aksum town and to answer the following questions:

1. What the major factors that hinder linkage of tourism activity and micro and small scale enterprises in the town?
2. To what extent have the factors affected linkage between tourism and micro and small enterprises?

2. Methodology/Technical Discussion

2.1. Description of the study area

Aksum is located in the Central Zone of the Tigray Region near the base of the Adwa mountain chain; the town has an elevation of 2,131 meters (6,991 ft). The town is situated at about 250 kilometers west of Mekelle, the capital of Tigray Regional State.

In its history, Aksum signifies anteriority, primacy and exemplary leadership. It also serves as a primary reference point to the people of Ethiopia and their descendants (Ayele, undated). The original capital of the Kingdom of Aksum, it is one of the oldest continuously inhabited places in Africa. Axum was a naval and trading power that ruled the region from about 400 BC into the 10th century. The kingdom was also arbitrarily identified as Abyssinia, Ethiopia and India in medieval writings.

The town has a total population of 46,887 and 13,790 households. Out of Aksum's population, 36% (17,109) belong to the age ranges of 0-15; 60% (28,068) are between the age ranges of 16-64 and 4% (1,716) are 65 and above age groups (C.S.A 2007). it is surrounded by La'ilay Maychew *wäräda* and governed as an urban wäräda; divided into 4 Tabiyas (sub-districts), each having four Ketenas (sub-sub districts) except Tabiya Hawelti, which has five Ketenas. Nowadays Aksum is a small town with a shadow of its golden past (Paolo Chiari, 2009 as cited in Ephrem, 2012).

Axum's civilization is regarded as one of the world's four major civilizations, and the site was registered as one of UNESCO's world heritage site in 1980(UNEP, 2007). It is rich in its real and potential attractions. Some are spectacular in their own right – others can support interesting stories or embody potentially memorable experiences that can, with appropriate development, enrich a visit lasting several days (Guedes, 2009).

2.2.   Research design

The design of this research is sample based survey. The rationale behind for using this design is that it helps to draw conclusion about the whole population by conducting study on a certain portion of the population of the study area. Since, covering the whole population is very lengthy and time consuming. Furthermore, survey research is carried out with the help of questionnaire and interview which are main instruments of this research.

2.3.   Sampling Techniques

The research has employed both probability and non-probability sampling strategies in selecting respondents. Under the probability sampling, stratified sampling was used to classify MSEs into their various categories.

This strategy ensures that units from each main group are included and may therefore be more reliably representative. Simple random sampling was used under each stratum to give equal chances to all respondents in the sample frame selected and interviewed. Also, under the non-probability sampling, purposive sampling was used to collect information from institutions that deal with MSEs. Purposive sampling was used, simply because, it ensures that the selection of potential respondents who are restricted to key institutions and areas that contribute to the realization of the objectives of the study.

3. Result and Discussion

3.1. Introduction

This section presents the results of the study based on the empirical analysis of the data solicited from the research respondents. To facilitate ease in conducting the empirical analyses, the results of the descriptive analyses are presented first, followed by the inferential (statistical) analysis.

The statistical tools used for the analyses and presentation of data in this study are the Statistical Package for the Social Sciences (SPSS) version 16 and Stata10.

As it has been discussed in the objective part, the main aim of the study is to assess the challenges of

linkage between tourism and micro and small enterprises. In this part, an attempt has been made to offer detailed presentations and discussions of the data collected through questionnaire, interview, observation, and document analysis.

3.2.   Major factors that hinder linkage of tourism industry and micro and small scale enterprises

In this part, the factors which affect the linkage of tourism and micro and small enterprises have been identified and discussed clearly. The major areas where the enterprises found deficiency are institutional support, lack of experience, lack of production/market place, seasonality of tourism industry, and others. The impact of each factor has been measured by the questionnaires prepared for micro and small enterprises. The result has been dealt in detail below.

Lack of Institutional support

Ethiopian government believes that organizing and supporting micro and small scale enterprises has a significant role for achieving the millennium goal and the transformation plan of the country. Since, Micro & Small Enterprise Development Program in Ethiopia meaningfully has been given due attention by government since 2004/2005. Of course, in 1996/97 National Micro and Small Enterprise Strategy was developed by the government. However, the degree of recognition to the sector with regard to job creation and the alleviation of abject poverty among impoverished youth & women was not sufficient . Accordingly growth oriented sectors are selected for Maximum government support and the rest non selected sectors will get Minimum support(Konjit, undated). Following this, the research team deals with the empirical data obtained through different methods of primary data collection.

As we can understand from table4.4, lack of institutional support has high negative impact in supplying their products to tourism enterprises. According to our interview result, most of the enterprises are not getting support from government. Even though government creates awareness about how to work with tourism industry, they don't get necessary trainings and follow up. Horizontal linkage among concerned bodies of government such as micro and small scale enterprises agency, office of culture and tourism, trade and industry is very weak to facilitate support for businesses. Due to lack of coordination among the offices, at least MSEs trained by ESTDP are suffering from lack of appropriate production place and market outlet.

As table4.5 indicates majority of the respondents (47.1%) have replied as the government policy is good. Another significant group of the respondents (24.4%) have responded as the government policy is fair for small scale enterprises. The rest 11.8% and 8.4% of the respondents have answered as poor and very poor respectively. As the result indicates, the government policy is perceived as good by majority of respondents for micro and small businesses. But according to the respondents, even though the policy is good in principle, the action on the ground is poor and it can't help for effectiveness of the businesses. Since, the government's initiatives are not supported by implementation such as follow-up and provision of necessary supports. For instance, the ESTDP project has created linkage between the horticulture producers and tourism industry. But still they are not well organized and don't have good market linkage with consumers/ tourism industries. The enterprises have introduced foreign species of fruits but could get acceptance from local consumers. This is due to deficiency of awareness among the communities including tourism enterprises. For instance, foreign species cabbage and salad introduced by ESTDP are big in size and cause high price. However, the local consumers don't want to purchase these species and rather choose local species ones. As a result, the associations also want to produce already well known products such as potato and tomato which are easy for market penetration. This is another bottleneck for introducing the foreign species and increasing the production volumes. Generally, this point toward that the ambition of government for development of micro and small enterprises is not implemented with the actual activities. This needs effort of teaching local communities and especially tourism enterprises (can be big potential customers in Aksum) to adopt consumption of new and better products.

Hotels need quality fresh bather, chicken, meat, fish, cheese etc. but according to the respondents from hotels, the quality and quantity of the abovementioned products does not commensurate with the demand of hotels. This is due to low awareness of suppliers with regard to standard of products that can be supplied for hotels. In the town of Aksum no hotel purchases its inputs from MSEs because there are no organized MSEs that can provide the products to tourism enterprises sustainably. The enterprises organized by ESTDP recently have not penetrated into market and don't have good integration with consumers such as hotels, restaurants and others.

Moreover, MSEs in the town of Aksum indicated that short stay of tourists in the town has affected the business of the enterprises because due to shortage of time tourists don't have chance to visit and purchase different products such as souvenir products, traditional clothes, local food and beverage. Therefore, MSEs require government to increase the volume of tourist flow and length of stay in the town to increase the injection of tourist money into local businesses.

In addition, MSEs engaged in different sectors such as service (cafeteria, juice houses, traditional music, tour guiding etc.), trade (shops of furniture, boutique, supermarkets etc) and manufacturing lack knowledge and skill to work in tourism business. If there is commitment from respective government bodies, the town has an

opportunity to alleviate these problems through collaboration with higher institutions in the town such as Aksum University, Business College, technical college and others. There is a start of collaboration with the institutions but it is not strong.

As it has been revealed by Table 4.6, majority of the respondents (53.8%) have answered for the effort of the government to support MSEs in linking with tourism businesses as poor or very poor. About 21.4% of the respondents have rated the government's effort as fair, good (19.7%) and very good (5.1%). This goes in line with the attitude of the respondents for the policy of the government because the government policy of MSEs was rated as good but it has been rated as poor in implementation as it was discussed above (table4.5). Hence, its effort is measured by its implementation area discussed above.

From the above table it can be concluded that there is no significant association between government policy and effort, and rate of linkage with tourism enterprises under the study.

Table4.8 indicates that the majority of MSEs (78.8%) have responded as they have not got any training about how to do with tourism industry. According to the interview result conducted with ESTDP indicates the MSEs organized by the project are getting training how to work with tourism and material support. The types of trainings are different based on the nature of the business. On the other hand, according to enterprises which are working privately without being organized don't get any training and support from the government. ESTDP has organized about 24 associations of MSEs in 15 sectors. This project has created total of 336 job opportunities for local communities since 2005 /06. From the MSEs created by other sources of fund, most of them don't have direct relation with tourism industry. Further trainings can be given in entrepreneurship, finance; introducing technology, customer care etc. are highly needed (interview).

Lack of modern technology
As table4.9, indicates 53.6% of the respondents don't use modern technology in their business activities, whereas the rest 46.4% of the businesses use modern technology. In our context, modern technology is a system that the companies' means of producing goods and rendering services in order to satisfy their customers, to be competent and take competitive advantage over competitors. Some of MSE have request for use of technology. For instance, MSE engaged in dairy farming do not have milk processing machineries. Due this reason, they could not preserve their milk or could not make cheese which is one of means for preserving and easy to transport distant places. Very recently, some of the associations of milk farms are installing the machinery for use.

The results in table show that the implementation of modern technology has no significant association with the rate of linkage with tourism enterprises.

Challenges related with lack of experiences
Many of micro and small enterprises encounter lack of experience to work with tourism industry because the concept of tourism is new for many of business sectors. As a result they become unable to understand the nature of tourism business**.**

One of the factors that were identified as a factor that affect the linkage between tourism and MSEs is absence of tourism culture among the enterprises. As table 4.11 indicates 22.7% of respondents replied the effect of absence of tourism culture as very high and 31.4% of them replied as high. The other 26.1%, 15.3% and 4.2% replied as medium, low and no effect respectively. The reason for absence of tourism culture is that the small enterprises don't have exposure for tourism business and how to become profitable in the sector. The understanding level of the communities engaged in different sectors is of course different. Those who are engaged in guiding, souvenir shops, trade sectors such as super market, have awareness about tourism business. On the other hand, those who are engaged in agricultural sectors have low understanding of tourism business. Generally, despite of the fact that Aksum is one of famous tourist destination in Ethiopia, there is no strong culture of creating innovative businesses related with tourism industry. This has also resulted in low creative tourism practice.

Similarly some of enterprises have limited understanding about the needs of visitors. Due to this, in each sector, the enterprises don't have full awareness to supply the types of products needed by tourists and don't know the standard of products to bring to the market. For instance, as it has been indicated above, the fresh bather needed by tourist standard hotels and juice houses could not be supplied in the required amount and quality. Cafeterias (registered as MSEs) don't have awareness with regard to the types of food items that can fulfill the taste of tourists. They do have opportunities to use tourists' market at least during the peak season but don't have knowledge what to serve and skills or approach of customer care how to serve. Supermarkets in the town have opportunities to be reached by tourists and tourism enterprises such as hotels. But some of supermarkets contain only limited items mostly purchased by local people; possibly they may sell bottled water and biscuit for tourists visiting the town. As table4.12 reveals 14.5% the respondents have replied that the challenge for linkage with tourism due to their limited understanding of visitors needs is very high and this followed by 22.2% high. The other 17.1%, 34.2% and 12% replied as medium, low, and no effect respectively.

Lack of the knowledge about the needs of tourists and tourism industry has influenced MSEs not to produce their products purposely for tourists or tourism enterprises rather many of the enterprises produce

considering that local markets only.   Of course, this is exceptional with regard to souvenir shops and guiding service which are totally dependent on tourism industry. All of their items of souvenir shops are purposely collected or produced for tourists.   Likely, tour guides are trained and organized for serving tourists. On the other meaning they can't survive without flow of tourists. On the other hand, some of businesses which supply products which are basic for local communities as well have another alternative in the market. This is true with cafeterias, super markets, farming activities etc. since; their products can be consumed by local communities. Generally, substantial proportion of respondents (50.8%) believe that being unable to purposely produce their products for tourism enterprises has negative impact on enhancing their relation with tourism industry.

Challenges Related with Marketing

As a result on the above table4.14 reveals that the weak connection between the enterprises and tourism industry has very high (33.3%) impact on the linkage of tourism and MSEs. 28.2% of the respondents also have replied as the impact is high. The main reason is lack of experience of marketing in the businesses, and they supply their products randomly without identifying specific target market/market niche. For instance, enterprises of dairy farming supply their milk randomly for the residents of Aksum town. They don't have loyal customers from tourism enterprises or other target market. As a result, during fasting period, their supply becomes obsolete and they get unprofitable..

Currently, there are no any businesses that have international linkage for their businesses. But according to respondent from micro and small enterprises office, the office is planning to take initiative of exporting products of handcrafts.

With regard to market place, as it can be realized from table4.14, some small enterprises don't have appropriate market place in the town. Particularly, agricultural businesses have not appropriate market place in the town. Production places of farmers such as dairy farming, horticulture and poultry is in the vicinity of the town. But they don't have specific market outlet in the town. They randomly distribute their products for customers of the town. Due to this, customers mostly cant' get specific products in specific/known market places and they look for products from farmers who come from country side to local market. Moreover, some of MSEs organized by ESTDP have not got market outlet which can be accessible for tourists and other customers.

Promotion is one of backbones for reaching customers and for competitiveness in the market. Particularly, tourism is customer oriented business that needs to identify market segment. Small business enterprises in the town of Aksum don't promote their businesses for specific target groups. Being unable to identify specific market segments affects the sustainability of the businesses. As interview result and personal observation of the researchers indicate most of the enterprises don't have trade name and have not at least posted their trade name in their work place. There are no sign ages in the areas of dairy farming, poultry, and horticulture etc. As we can see from table4.16, 58% of the respondents believe that lack of promotion has an impact on their businesses no to work with tourism industry. Since, most of the small businesses which are working with tourism were organized by ESTDP in recent time. Therefore, they lack experience of identifying target market and using promotion tools. According to the respondents, they don't go for promotion beyond introducing via business car. They don't have skill and experience of producing folders, brochures or don't use any mass media for promotion.

Financial Problem

Some small businesses lack financial power for their expansion of their business. As it can be seen from the table above, 37% of the respondents assure that limited financial capacity has very high negative impact on their ability to supply their products in full capacity sustainably. According to the respondents, there is no credit access for getting required amount of money. They get very limited amount of credit from Dedebit Micro finance. Due to collateral requirements, the small businesses can't get credit from banks. ESTDP project has contributed to alleviate this problem through provision of start-up capital and matching grant for enterprises engaged in tourism businesses. But according respondents, the matching grant was given for big businesses like hotels and small businesses have not got this chance.

Challenges Related with Seasonality of Tourist Flow

According the respondents, one of the factors that deteriorate the confidence of micro and small enterprises not to have linkage with tourism industry is seasonal nature of the industry. As Table4.18 indicates, 25.2% and 19.1% of the respondents have replied the impact of seasonality on linkage as very high and high respectively. By and large, during off-season in tourist destinations the demand for goods and services is low and resources become obsolete and lead to unprofitability and being closed. This deteriorates local businesses and many of businesses' lose confidence to stay in the market. As a result the MSEs want to focus on local consumers. For instance, a poultry farm wants to supply chicken and meat throughout the year. However, according to these farms, hotels purchase their product only during peak season of tourist flow unless they want to get at low price. Therefore, poultry farms shift to other customers such as agriculture research centers and local community.

Motivational Problem of MSEs

One of challenge that affects linkage between MSEs and tourism industry is low commitment from the people

who are engaged in small businesses. They show spirit of dependency. According to micro and small enterprises' officers, the members of MSEs have not motivation that they can become competent and profitable in their business. For example, ESTDP has organized MSEs to link with tourism industry but some of businesses such as those engaged in stone and wood carving, leather products, pottery, painting etc. don't work consistently and don't display their products in the market outlet consistently. As a result they could not show significant change in their development. Further, some members are withdrawing from the business and changing their job. Others have returned equipment that was given by NGOs for their work.

Some others don't have knowledge about rules and regulations of government and try to act in illegal way or request which is impossible. For example, government employees who not are allowed to be organized in MSEs according to government's strategy have become members of the associations. This is one of the factors that affect the motivation of the members is disagreement among the members of MSEs.

According to the above table it can be seen that Weak market connection between MSEs and tourism oriented enterprises has the biggest potential to challenge MSEs to supply their products and services to tourism oriented enterprises and other tourists. This is followed by Limited financial capacity, absence of tourism culture, lack of proper market, lack of institutional support seasonal nature of tourism business and low purchasing capacity. On the other hand, our products don't match with the needs of tourist and tourism enterprises and lack of awareness about importance of tourism for MSEs will probably not contribute significantly to the challenges of MSEs to supply their products to tourism oriented enterprises and tourists. The impact of each factor has been measured by the questionnaires prepared for micro and small enterprises. The result has been dealt in detail below.

3.3.   Impacts of factors affecting Linkage between tourism and micro and small enterprises
Logistic Regression
A logistic regression model was developed to determine the impact of various factors affecting the linkage of tourism and MSEs. This model incorporated the Factors (independent variables) to predict their impact on the level of linkage of tourism and MSEs. The dependent variable was the level linkage of tourism and MSEs which is expressed in term of ratio of sales generated from tourism related enterprises to total sales, and the independent variables include   sex, marital status, initial capital, training how to work with tourism enterprises, input, credit access, nature of the demand, operational years and related factors.

The dependent variable of this study has two categories (0 and 1). The value 0 indicates that the ratio of sales to tourism related enterprises is less than 0.50 (low level of linkage), and the value 1 indicates that the ratio of sales to tourism related enterprises is greater than 0.50 (high linkage).

In binary logistic regression analysis, influential predictor variables are characterized by odds ratios that are significantly different from 1, 95% confidence intervals of odds ratios that do not contain 1, and P-values that are smaller than 0.05, at the 5% level of significance (Eshetu Bekele & Mammo Muchie). From the regression model presented above several deductions are made about the factors that affect the linkage level of MSEs with tourism.

''Results obtained from binary logistic regression analysis are shown in table 4.2 below.

''linkage	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
sex	.7319117	.8319671	0.88	0.379	-.8987138	2.362537
Marstatus	.0934479	.8221063	0.11	0.910	-1.517851	1.704747
Intcapital	3.95e-08	1.77e-06	0.02	0.982	-3.43e-06	3.51e-06
Training	1.691626	.903015	1.87	0.061	-.0782513	3.461502
Input	.7219043	.8072712	0.89	0.371	-.8603182	2.304127
Credit	-2.175562	.7984456	-2.72	0.006	-3.740487	-.6106375
Highdemand	1.304493	1.06687	1.22	0.221	-.786534	3.39552
Seasonal	2.881706	.8364248	3.45	0.001	1.242344	4.521069
Operyears	.1796785	.0815805	2.20	0.028	.0197836	.3395735
manufactur~g	-1.966094	1.015095	-1.94	0.053	-3.955643	.0234558
Trade	-1.837888	.990459	-1.86	0.064	-3.779152	.1033763
Urbanagri	-1.542812	1.055221	-1.46	0.144	-3.611006	.5253826
_cons	-2.719162	1.397118	-1.95	0.052	-5.457464	.019139

Note: 1 failure and 0 successes completely determined.

Interpretation

I.   Sex: there is no difference between male and female owners of MSEs in the level of linkage with tourism. This indicates that sex do not have significant impact on the level of linkage between MSEs and tourism.

II.   Marital status: there is no significant difference between single and married MSEs Owners on the level of linkage with tourism.

III.   Initial capital: Amount of initial capital does not have significant impact on the level of linkage between MSEs and tourism.

IV.   Training: the probability of high linkage for those MSEs who have taken training about how to integrate their business with tourism industry is 4.57% greater than those who have not taken such training.

V.   Input: getting inputs from around Axum or from other areas does not have significant impact on the level of linkage with tourism.

VI.   Credit: those MSEs who took credit have lower probability of high linkage with tourism than those who did not took credit by 4.01%.

VII.   Demand: there is no difference in the level of linkage between high demand and low demand MSEs. MSEs who have seasonal demand however have high probability of linkage   by 8.14% than those who have low demand.

VIII.   Operational year: As operational year increases by one year, the probability of high linkage increases by 2.7%.

IX.   Sector: the probability of high linkage for MSEs in manufacturing and trade sector is lower than that of service sector 3% by and 2.8% respectively. But there is no significant difference in probability of high linkage between service and urban agriculture.

4.   Conclusion and Recommendation
4.1. Conclusion

This study was conducted to assess the problems in linking tourism and micro and small scale enterprises in Aksum town.

One of the strategies of Ethiopian government for reduction and if possible for eradication poverty is establishing and enhancing MSEs in urban areas of the country. Aksum, our study area is very rich in its tourism resources and integrating MSEs with tourism is a right action for the government. To study the linkage, 119 respondents were selected from MSEs engaged in different sectors. Moreover, interviewees were selected from different government offices, tourism establishments and ESTDP project.

The major factors that were identified as hindering factors of linkage between tourism and MSEs are lack of institutional support, market related problems, and experience related problems, financial problems, motivational problems, absence of technology and seasonality nature of tourism industry. As far as institutional support is concerned, government has designed policies that are encouraging for MSEs and established that are responsible for organizing and developing enterprises. However, the collaboration of the concerned bodies and performance of each office to link businesses and tourism is weak and does not properly reply for the requirements businesses. With regard to businesses' lack of experience, already established businesses suffer from absence of tourism culture. Businesses have also limited understanding of visitors needs and don't produce their products purposely for tourists and tourism enterprises. As a result the cumulative effect of tourism industry on the development of their business is insignificant particularly in agricultural products, supermarkets,

cafeterias etc. In contrast, areas such as tour guiding and souvenir shops have better understanding level and benefit from the tourism sector. MSEs are also affected by market related problems; the businesses don't use better marketing tool to increase their sales volume and they don't use any means of promotional tools beyond business cards. In addition, some businesses lack appropriate market outlet particularly newly established one (established by ESDP). Lack of financial access has also made the businesses fragile to produce in large volume and provide guaranteed service. On the other hand, the seasonal nature of tourism threatens sustainability of MSEs engaged in businesses that work with tourism industry.

Respondents were asked to rate the following challenges in supplying their products to tourism business.

Accordingly, Weak market connection between MSEs and tourism oriented enterprises has the biggest potential to challenge MSEs to supply their products and services to tourism oriented enterprises and other tourists. This is followed by Limited financial capacity, absence of tourism culture, lack of proper market, lack of institutional support and seasonal nature of tourism low purchasing capacity, our products don't match with the needs of tourist and tourism enterprises, and lack of awareness about importance of tourism for MSEs respectively.

Amount of initial capital and availability of information about the types of products that are needed by tourism enterprises have positive significant association with level of linkage between tourism enterprises and MSEs.

Low purchasing capacity of tourism enterprises and lack of institutional support have negative significant association with level of linkage between tourism enterprises and MSEs.

Sex, marital status, amount of initial capital, and source of input do not have significant impact on the level of linkage between tourism enterprises and MSEs

MSEs who have credit access have lower probability of high linkage with tourism than those who do not have.

There is no difference in the level of linkage between high demand and low demand MSEs. MSEs who have seasonal demand however have high probability of linkage than those who have low demand.

As operational year increases by one year, the probability of high linkage increases by 2.7%.

The probability of high linkage for MSEs in manufacturing and trade sector is lower than that of service sector. But, there is no significant difference in probability of high linkage between service and urban agriculture.

4.2. Recommendation

- ♦ Aksum has big potential for tourism development and this in turn is big opportunity for development of local economy. Particularly, this creates good opportunity for MSEs that can be developed in urban areas. However, some MSEs in the town did not get well-organized support from concerned offices of government and other stake holders. Therefore, it needs collaboration from concerned stakeholders to train and support MSEs to make them beneficial from tourism industry. Culture and tourism office, micro and small enterprises office, trade and industry office, municipality can take lions share in organizing and coordinating other stake holders.
- ♦ Micro and small businesses have big potential market if they work with tourism enterprises. But they could not supply in required quantity and quality. Therefore, the capacity of small business should in strengthened in finance, technology, market linkage and other skills.
- ♦ Many small businesses have not identified types of products that have demand from tourism businesses. Consequently, businesses should be trained to conduct market analysis to identify products that have good demand by tourism industry. This can help them to produce the products purposely to tourism businesses and tourists.
- ♦ After businesses were encouraged to start, they are not given appropriate production place and market outlet. To alleviate this problem concerned government offices should arrange appropriate places of production and market outlet.
- ♦ In Aksum town, the tourists' length of stay is short and tourist flow is very seasonal which is limited to very few months in the year and this has an impact on the sustainability of suppliers including MSEs. This can be tackled through increasing length of stay through including additional attractions into itinerary and decreasing seasonality of tourist flow into the town.
- ♦ To be competitive in the market, MSEs should use different promotional tools to promote their products. As study result indicates, most of MSEs are run by people with lower educational level. This implies that higher institutions should collaborate to help MSEs in promotion of their product.
- ♦ Ethiopian sustainable tourism project has organized many MSEs to link with tourism industry. However, the project will be phase out in the early 2007 E.C. On the other hand, already established businesses are in need of additional trainings and material support. Therefore, concerned bodies should take the role of ESDP and support the MSEs to be sustainable.

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