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Author(s)	Ghebreziabihir Abraham	Student number	
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Supervisor (s)	D.Sc. Arto Suominen		

Abstract

It has been argued that the problems confronting the SMEs are similar in most countries whether developing or developed. In the case of Eritrea, even though there are problems specific to the country, the challenges faced the small and medium sized enterprises are more or less the same to the rest of the world.

In the consecutive years following 1998, the micro small and medium-sized enterprises (MSMEs) death to birth rate have been rising until 2001. The problems attributed to these failures are many and can be described as both internal and external to the enterprise.

Based on the survey data gathered from 300 micro, small and medium-sized enterprises (MSMEs) it is found that, the most prominent problems internal to the firm are both lack of finance or problems in accessing financial institutions as well as managerial skills. In addition, some factors external to the firm have also impeded the growth of small enterprises to a great extent. The most severe external problems affecting the growth of small and medium enterprises in Eritrea are unfair competition, low availability of labour specially skilled, shortage of hard currency and poor infrastructure. In short, lack of resources and unfriendly business environment are currently the biggest challenges of micro, small and medium-sized enterprises in Eritrea.

Key words	Eritrea, SMEs, MSMEs, financial institutions, loan guarantee schemes, equity capital, ECDB, EDIB.
Further information	

