

**The Impact of Small and Medium
Enterprises (SMEs) on Employment of
Fresh Graduate Students in Kabul-
Afghanistan**

By

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May 2020

**Thesis submitted in partial fulfillment of the requirement for the degree of MBA at
Kardan University, Kabul, Afghanistan**

Declaration of Authorship

I hereby certify that the work embodied in this thesis project is the result of original research and has not been submitted for a higher degree to any other university or institution.

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Acknowledgment

My unqualified gratitude goes to Almighty Allah, The Merciful and The Provider, who generously gave me the strength, durability, prudence and thoughtfulness to undertake this study and to accomplish it.

This research could never have been brought to end without help of many people. I would like to offer my sincere gratitude to all those who have assisted and support me.

First and foremost, my sincere gratitude are owed to my supervisor Mr. Aimal Mirza Whose high spirit of cooperation never declined throughout the master program. To him goes my special thanks and indebtedness for providing friendly, patient and constructive supervision.

Secondly, I am indebted to my parents and brothers who gave me continuous help, advice and moral support without which the accomplishment of this thesis would have been in question.

Finally, I am grateful to all my lecturers in Kardan, friends and classmates who assisted me in every feasible way to make this study easier and enjoyable.

Abstract

The fresh graduate students' unemployment is considered as one of the major challenges in Afghanistan especially in Kabul that slow down the enhancement and the economic progress. Therefore, it is becoming necessity to pay more attention to practical solution and policies through which we can cope unemployment concern. Most of graduate students' especially fresh graduate students of colleges and universities confront unemployment after spending their precious time and money in order to acquire educational advantages. Which makes them more vulnerable to unfavorable economic conditions as those students have spent a lot of their resources while having the higher education. The establishment of SMEs are mainly seen as a feasible solution of unemployment in Afghanistan. Therefore, this research will discover the impact of SMEs on employment of fresh graduate students in Kabul.

For this study the quantitative approach was conducted to determine the impact of SMEs on employment of fresh graduate students in Kabul the questionnaires and interview were utilized as data collection instrument. The primary data were gathered from 120 participants which, among mentioned numbers 71 were owners of SMEs and 49 remained participates were employees of various organization and fresh graduate students. And to data analysis the collected date, the Sciences Statistical Package for Social Sciences (SPSS) version 20 were used. Furthermore, the secondary data collected from various articles and researches paper of various researchers which from selected articles Employability skills, Technical skills, innovation and Management effectiveness were chosen as independent variables.

The study revealed that, SMEs have significant impact on employment of fresh graduate students in Kabul-Afghanistan. Furthermore, it revealed that SMEs particular components such as employability skills, technical skills, innovation and creativity and management effectiveness have significant impact on employment of fresh graduate students in SMEs and SMEs are the main source of employment and they are huge source for domestic employment.

Key words: Employment, Fresh graduate students, SMEs, Employability skills, Technical skills, innovation and Management effectiveness.

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CHAPTER ONE

INTRODUCTION AND REVIEW

1.0 Introduction

Small and Medium enterprises (SMEs) play crucial role in economics of a country and it provide the employment opportunities.

SMEs benefit the economy not only through generating employment and supplying the consumer, but also by supplying materials to big companies, whereby the companies can incubate SMEs. Small businesses are considered as the critical force behind economic success, people employing and poverty reduction in emerging economies.

According to Thurik and Wennekers (2004) study, SMEs have resulted in speed up economic prosperity, and rapid industrialization that has witnessed across the globe And significantly contribute to job creation and gross domestic product (GDP) in emerging countries (Ale Ebrahim, Ahmed and Taha, 2010, Devi and Samujh 2010) as well.

According to empirical studies reveals that SMEs are playing crucial role in Employment by (Garikai 2011, Baptista et al, 2005, Stel & Suddle, 2005), creativity and innovation Fritsch and Mueller (2005) and economic enhancement and deduction of unemployment rate by Garikai (2011).

In most of the developing countries SMEs are the biggest contribution in terms of the number of industrial units and playing an essential role in creation of employment. So, SMEs playing imperative role in Afghanistan economy and it has vital component of the nation's economic development plan. Companies with fewer than 100 employees constitute 80-90 percent of business for all Afghan business, generating of gross domestic product (GPD) 50 % and generating employment 75 percent of the labor force (MoCI of Afghanistan). And Afghanistan government verifies that SMEs is one of the four significant task in cost addition and employment generating. Afghanistan SMEs sectors are extremely worker manual and this portion make employment to the major part of Non-Agriculture worker for in Afghanistan Naithani (2007).

In the past almost four decades, beside corruption, insecurity and other issue unemployment of fresh graduate students has been one of the high priority challenge for

Afghanistan especially Kabul. And the important steps have been not taken to solve the unemployment issue, although the billions and millions dollar of donors' and international assistance to Afghanistan.

The unemployment happens among various group of peoples such as, male, female, educated, uneducated and youth nowadays in globe and beside this, the unemployment issue is major economic problem, especially in developing counties including Afghanistan.

This paper is trying to assess the impact of SMEs on employment of fresh graduate students in Kabul Afghanistan. And it particular components (employability skills, technical skills, innovation and creativity and management effectiveness) on employment of fresh graduate students in SMEs.

1.1 Problem statement

In the result of almost four decades of war in Afghanistan, the emergence of strong private sector and SMEs, which are very important for the employment creation and economy of a country, were not developed in Afghanistan, and during this period along with corruptions, insecurity and other issues unemployment of fresh graduate students has been one of the high priority challenge for Afghanistan especially in Kabul. Despite the billions dollar of donors' and international assistance to Afghanistan the important steps have not been taken to solve the unemployment issue. Therefore the unemployment issue remained as a prime challenge in Afghanistan especially in Kabul which slow down improvement and as the economic progress, it is becoming necessity to pay more attention to the policies as well as practical solutions to cope unemployment and revive the labor market.

Most of graduate students' especially fresh graduate students confront unemployment after spending their precious time and money in order to acquire educational advantages. Which makes them more vulnerable to unfavorable economic conditions as those students have spent a lot of their resources while having the higher education.

Therefore, this paper conduct the random research to discover the Impact of SMEs on employment of fresh graduate students and its component relationship to employment of fresh graduate students in SMEs. In addition, this study will concentrate on the factor which are challenge for promotion of SMEs and find the feasible solution to decrease these

challenges and assist the SMEs to carry out beneficial activities in the country that will have positive impact of employment of fresh graduate students in Kabul.

1.2 Research Question

What is the impact of SMEs and its particular components contribution on employment of fresh graduate student in Kabul-Afghanistan?

1.3 Objective of the Study

Objective of this study is to discover the Impact of SMEs on employment of fresh graduate Students and its component contribution to fresh graduate students' employment in SMEs.

1.4 Significance of the study

This paper largely acknowledges the significance of SMEs on employment of fresh graduate students. This research significantly state that small and Medium Enterprises (SMEs) considered as backbone of economy in developed and developing countries and they are largely seen as a feasible solution of unemployment and advancement of GDP.

The final result will provide the relevant information for policy makers, researcher and business consulting service regarding the impact of SME on employment of fresh graduate students.

1.5 Organization of paper

This paper have been organized in five bellow chapters.

First chapter: Contain the problem statement, research question, objectives, and significance of the study and organizing of the paper.

Chapter two: Contain literature review, theoretical framework and hypothesizes.

Chapter three: Dealing with research methodology which involve research nature and approach, participants, instrumentation and operationalization, procedure, research type research tool, data gathering, data analyzing techniques, , data collection, data analysis technique, sampling and paper limitation.

Chapter Four: Deal with data analysis and finding.

Chapter Five: Concentrate on conclusion, recommendation and area for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1.0 Unemployment

The unemployment is one of the major challenge and remain one of the most humanitarian, economic and social issue which faced by a large number of contrives in global trough several level of economic improvement. Therefore the solution to mentioned issue is specific. The fresh graduate unemployment is current and crucial issue which investigated by a lot of higher education researcher and scholars. And most of fresh graduate students often confront the unemployment after spending their financial resources and time in order to attain the higher education benefits. It makes the students more vulnerable to unfavorable condition.

The most people think that the lack of vacancies is defined as unemployment while there are number of people who are not willing to work due to some reasons like being in college or schools, may be they retired or unable to work. And most of people are capable to work but they are not willing to work due to richness or may be the quiet their job for looking better job while they registered as unemployment. Therefore the definition of unemployment contain factors like the ability and desire to work is called employment.

According to (Razak et al, 2014), he cited that the unemployment is unwanted issue that may happened in each country in world. And the person who are including in labor market one day he or she will become unemployed.

In 2007 the unemployment rate was around 5.6 per cent while it increase to 6.2 worldwide cited by UNESCO (2012).

Another study conducted by World Bank and Talent Corporation, which explained that 90 percent of organization concur that fresh graduate students need for industrial during their college or university period and 81 % graded that most graduate are unemployed due to lack of communication skills.

As per study conduct by EZEANI, E. (2018.) that barriers in order of relevance are low skills and technical incompetence, foundational education, poor transferable skills, lack of creativity and innovation, culture and social attitudes, private sector support, unrealistic

pay expectations and two main factors being poor government policy and investment of graduates, which constitute barriers to employment and entrepreneurship.

According to Kongolo, M (2010) founding, the main challenges affecting SMEs in South Africa include lack of management skills, finance, access to bank credit, access to markets, appropriate technology, low production capacity, recognition by big companies, lack of interest, long bureaucracy processes, and support for the roles that small businesses can play in economic development further SMEs sector creates the majority of the country's net new employments. A good approach is to focus mainly on developing an attractive and supportive climate to SMEs development it produce more than half of the country's non-farm output by making significant contributions to the economy of South Africa and other developing countries.

(Krof et al. 2016) reveals that job mismatch and unemployment have a positive relationship when most of the participants strongly agreed that not many skills that required in the market and there is also an imbalance between skill demand and skill supply. But graduates who hold the greatest knowledge and skills in their field will get firstly. Same time the study reveal that due to over qualification of fresh graduate students find difficulty in finding their jobs. Since most graduate students are persisting to continue their study till master degree. And this over qualification is cause him or her unemployment.

According to (Samah, Razali and Basri, 2015), few organization are not willing to hire the employees for announced position because the candidates are overqualified and too many required skill also cause the unemployment in labor market.

2.2.0 Small and Medium Enterprises (SMEs)

According to Lawal (2002) opinion, there is no specific definition for Small and Medium enterprises and the definition are changing due to era. The definition of SMEs are changeable according to price level, advancement of technology and other consideration.

SMEs are kind of business that able to provide employment for 250 employees. Although the technical definition of SMEs are different from country to country in Asia. But the definition of SMES are based on contribution of employment and assets. Therefore some scholars defined the SMEs in various ways.

According to Fong (1971) SMEs are types of business that not exceed their employees from 100. While Verhees and Meulenber (2004) explained SMEs are kind of business which manage and controlled by their owners.

2.2.1 SMEs in developing countries

SMEs Small and medium enterprises are playing pivotal role in the improvement of export led-industries. In large number of the developing countries SMEs have contribution in term of performing an essential role in the manufacturing output and generation of employment.

According to Wignaraja (2003) research, he indicates that SMEs extensively keep benefits in revenue growth, entrepreneurial trainings, establishment of technical capabilities, and larger elasticity to changing market condition, making employment and lower wage disparity and scattering of industry far from urban areas and regional improvement. Furthermore, SMEs establishing the local markets and benefits and they promoting the manufactured goods of developing countries.

According to conducted study by Fisher and Reuber (2000), there are number of SMEs feature in developing countries under the broad categories, such as labor feature or characteristics, activity of sectors, owner gender and efficiency, given the large number of SMEs are sole owner business and contributing the large number of employment.

While it is observed commonly that the large part of the SMEs comes under the first classification and the SMEs which including in retrial sectors various from country to country. And between local zone like rural and urban, while the manufacturing can be seen in both urban and rural areas.

Although according to Abor and Quartey (2010), there are number of elements which contained in the participation of one country manufacturing sectors such as accessibility to raw sources using of domestic customers and the degree of improvement of the export markets.

There is one more evidence from Nadvi (1999), which indicated that SMEs have important role in exporting of Developing countries and these participation are various from country to country. Hence, as per official data most of these contribution are not recorded due to indirect exporting by sub-contractors for huge exporters.

There is an evidence that as per Schmitz (1995) study, SMEs in comparison with large scale enterprises are more capable to employ and in same time they need less investment for job formation and establishment.

SMEs play important role in generating of income, growth and job creation, as its clear to all that SMES are labor intensive, so there is more possibility that SMEs do better in towns and rural zones, where they able to contribute more division of economic activities in rural and can help people to decrease the movement of people to big cities from small one. It is also recommended that SMEs can intensive more unbiased allocation of income growth and employment then large industries due to their activities in rural and labor force.

According to Kayanula and Quartey (2000) study, they indicate that SMEs are improve the effectiveness of domestic markets and established it with low and limited resources.

According to Wagnaraja (2003) study, he discovered that, most of SMEs sectors are exporting their products to international markets though their relationship with other countries buyers, the small number of SMEs are sending their product to global market through investment which is costly. Therefore, with the enhancement with cost, quality and delivery, SMEs probably generate competitive threats to big firms in international market. Further he reveals, that altering in size of exporting in developing countries is occurring in fast emerging global market.

2.2.2 Small Medium Enterprise in Afghanistan

Instead of this specification, SMEs enterprise have also play as innovation in the economy which SME e growth provide and increase specialization, hence a professional network or system of SMEs in Afghanistan is a requirement for the founding of healthy industrialization. Government of Afghanistan has confirmed SMEs is one of four significant of growth for the Afghanistan economy and SMEs is playing a very significant task in cost addition and employment production. Afghanistan SMEs sector is extremely worker manual and this part make employment to the main part of non- agriculture worker force in Afghanistan Naithani (2007). The tremendous and infinite mass of are local individual and family outlets, more than 90% of this enterprise are retailer which automatically go up the worker in which they are busy with that and the employment rate will be affected by those retailer shop which member of family are involved for that. The classification of SMEs business is different in case of a country. For example, if it discuss about the effect of SMEs on employment, a huge business element in Afghanistan may utilize the same number of citizens as a small. The International Finance Corporation (IFC) department of SMEs discuss the level of business. SMEs in Afghanistan are the place of promote and sell of actual and realities of Afghanistan. In Afghanistan, the formulation of SMEs is different from place to place. Naturally, SMEs activities are very vital and well in Kabul, Jalalabad and Herat province, other side like business outlet, workshops, repair by the road side, Groceries, office supplier, tailor shop, pharmacies, dry cleaner, restaurant, barber shop and retailer stores, these are maybe the most useful enterprise of today in Afghanistan Naithani (2007). All below information which categorized are take place effectively to all afghan enterprise.

Table 2.1 Sectors of Investment of Machinery and Plant

Enterprise	Number of Employee	Manufacturing Sector Investment on Machinery and Plant	Service Sector Investment of equipment
Large	> 100	> 10 million Afghani	> 5 million Afghani
Medium	20 to 99	5 up to 10 million Afghani	2>, = 5 million Afghani
Small	50 up to 9	2.5 up to 5 million Afghani	2>, = 5 million Afghani
Micro	< 5	<2.2 million Afghani	1 million Afghani

Source: Ministry of Commerce of Afghanistan (MOCA) and AISA, [www.moca.gov.af/viewed on 200](http://www.moca.gov.af/viewed_on_200)

2.2.3 Role of SMEs in economic

SMEs (Small and medium enterprises) has strategic essential and pivotal role in development of Small and Medium Enterprises has strategic importance in economically development of a country. Furthermore as per Abdullah (2000) study a large number of developing countries economic based on SMEs and they utilize SMEs for their economic improvement. In same time there is argue that SMEs considered as backbone of economy in developed and developing countries as well.

According to (Minniti, Bygrave and Autio, 2005), Hodges and Kuratko (2004), Schlogl (2004) studies, they stated that SMEs sector are playing crucial role in economic and technical development to compare to large industry, in addition SMEs promote renewal economic and social improvement in Pakistan.

According to Ahamd, Rani and Kassim (2011) study, they stated that SMEs has main contribution in growth and competitiveness of economy. Moreover, (Akhtar, Raees and Slaria, 2011) argued, that SMEs are pivotal source of growth in national economy, main source of employment, social uplift and poverty reduction.

As per (Zimmerer, Searborough and Wilson 2008; Hodges and Kuratko 2004) studies. Most fresh established SMEs downfall in first five years of their life and its alarming the developed and developing countries for their down falling ratio, on the other hand SMEs are playing crucial role in economic development of Pakistan.

According to Kayanula and Quartey (2000) study, SMEs have more advantage over large enterprises and SMEs are more competent to adopt market condition easily rather than big organization, furthermore they are capable to survive adverse economic condition because of their elastic character.

There is an evidence that as per Schmitz (1995) study, SMEs in comparison with large scale enterprises are more capable to employ and in same time they need less investment for job formation and establishment.

SMEs play important role in generating of income, growth and job creation, as its clear to all that SMES are labor intensive, so there is more possibility that SMEs do better in towns and rural zones, where they able to contribute more division of economic activities in rural and can help people to decrease the movement of people to big cities from small one. It is also recommended that SMEs can intensive more unbiased allocation of income growth and employment then large industries due to their activities in rural and labor force.

According to Kayanula and Quartey (2000) study, they indicate that SMEs are improve the effectiveness of domestic markets and established it with low and limited resources.

Beside imminent function of SMEs to enhance the economic and generating of employment in developing countries, and few blockage effect on their capability to get their entire potential. As per Gocket and Akoena study in (2000), The improvement of SMEs are weak due to few factors such as finances, lack of managerial ability and skills, equipment and technology and penetrating to international market. And the managerial knowledge and skill shortage is the main problem of SMEs development.

Despite the prospective function of SMEs to speed up the growth and creation of employment in developing nations, a number of blockage influence on their capability to understand their full potential. The development of SME sector is in a weak position by a number of reasons, which includes finance, lack of managerial ability, equipment and technology, regulatory issues, and entry to global markets (Gockel and Akoena, 2002).The shortage of managerial knowledge is the main problem of SME development. Although, the shortage of managerial skills, has impact of SMEs in region and has impact on productivity of SMEs.

2.2.4 SMEs role in employment

According to empirical studies reveals that SMEs are playing crucial role in Employment by (Garikai 2011, Baptista et al, 2005, Stel & Suddle, 2005), creativity and innovation Fritsch and Mueller (2005) and economic enhancement and deduction of unemployment rate by Garikai (2011). Furthermore they reveals that SMEs are playing main role and has related and close relation with poverty reduction, employment, well-being of economic, citizen standard live. Based on one research 75 % of total rural and urban employment are supporting though SMEs in China and it has very essential role in employment and stability of social.

According to Kongolo (2010) study, he cited that SMEs have historical taken as a significant portion in contribution of economic improvement and employment generating.

According to Acs and Audretsch (1990), Neck and Dockner (1987), Kotey and Meredith (1997), Bhutta and Asad (2008) studies, they indicated that, Small and medium enterprises are more important for economic improvement, modernization and the development of employment, job creating potential, creation of income and scientific progression in most sophisticated economies. Furthermore, Hamid and Abaidullah (2006) reveal, that the SMEs sectors have vital contribution to the economy significant, in addition there is possibility to be crucial characteristic of SMEs sector globally.

According to Muragia (2008) research, SMEs in USA are important for their role in job creating compare to current and existing business, improving the quality of product, diminishing of prices, establishing new goods and services through innovation and enhancement of technology. In the EU, SMEs are familiarize and most important for their employment in European, and each year around 1 million new small and medium enterprises have established and it totally around 99.8 percent of all companies and 65 percent of business turnover provide.

There is one more evidence by Mead D, C and Liedlholm, C (2000), which indicates that Small and Medium enterprises do not show growth in terms of number of employed. Though According to Snodgrass and Biggs (1998) finding, SMEs practicing the generation and destruction of jobs. In addition the job demolition are low in SMEs rather than large enterprises because of greater wage flexibility in large enterprises during economic

recession. Conversely, big enterprises provide better wages, advantages, work flexibility and condition and there is better way for improvement of skill and job security. According to one Report approximately 31 million jobs provided for people through 12.8 Million SMEs and where labor intensity accounted 4 times more than large enterprises in India in 2003, while this number reached to 59.7 million person over 26.1 million enterprises currently.

In the European Union, there is 19.3 million enterprises as SMEs which are essential 98 % economically for EU and providing roughly 65 million jobs. We can say SMEs are creating job for four person in average including owner or manager.

SMEs are providing around 66 percent of employment which among them 34 percent are accounted for Micro enterprises, 19 percent of total for small enterprises and the remaining 13 percent are accounting for medium-sized enterprises in EU. And 93 percent of all enterprises have less than 10 employees in European Union.

According to 1998-1999 economic survey in Pakistan, SMEs are creating job for 65 percent of employees in industrial sector which SMEs contribute the GDP around 4 times more than large industries.

According to Dr. Ngugi Thomas Katua (2014.) study, SMEs play a crucial role in the deduction of poverty, and as SMEs generating employment for low income people and sometime its only the source of income and job for rural people. While the long time impact of SMEs are improving the economic, GDP and increase the employment opportunity in Kenya.

SMEs' contribution to job creating in different country groups. Job creation is particularly important for countries that are plagued by high unemployment rates and in general for developing and emerging economies. SMEs are key providers of employment in such countries. In Morocco, for instance, SMEs account for 46 per cent of employment, whereas SMEs in Bangladesh (here meaning enterprises with fewer than 100 employees) provide 58 per cent of total employment.

As per (Bloch, H., & Bhattacharya, M, 2016) research that, Australian employment enlargement is led by a high proportion of small firms, Also, compared to the major OECD

countries, Australia is particularly rich with micro and small firms (less than 50 employees), who comprise around 98 per cent of all Australian firms and account for forty one per cent of total employment over 2001–2011. Australian SMEs play a large role in overall job creation. According to Daniels, L. and Mead, D.C. (1998), China in 2000 had more than 20.85 million small-scale enterprises, with 128.2 million employees and generating 2,720 billion dollar in added value, and 9.14 percent boost every year of the small- scale enterprises.

2.2.5 Technical skills

According to Medina (2010) reveal, the competence or expertise which are related to the field of workers, weather engineering or technical called technical skills. Furthermore he displays that fresh or young graduate without any technical skill are likely to be unemployed. Moreover Centre for Cities recommend that there is a correlation among youth employment and poor technical skill.

There is one another evidence by (Damooei, Maxey and Watkins, 2008), which explained technical skills are those skills which require specific knowledge and skills to accomplish the work for achieving the targeted goals and objectives.

Technical skills are much easy to utilize and learn comparing to non-technical skills and non-technical skills are hard to put in practice excellently. It is because of non-technical skills are gaining due to experience which attain from organization or workplace. But both of them are necessary technical skills are easy to use and also easy to learn. And it make not technical skills that can only attain during performing jobs and from organization experience and always use in the workplace. But it is worth to say both technical and non-technical skills are necessary for employee to perform well and be productive in SMEs.

There is one evidence that display non-technical skills employees with technical skills are more component during their performing jobs in industries. And this make them more productive then employees who are with one skill. To sum up, non- technical skills are skills that by using tools we perform in industries and getting from trainings, seminars and other ways while, non-technical skills are getting through experiences.

According to Yhya and Muhammad Rashid (2001), technical skills are associated with utilize of tools, equipment, and to learn these skills employees need vision and use properly and efficient tools. In addition a lot of researcher called them as hard skill as well.

2.2.6 Employability skills

For getting, keeping and being sufficient and successful in job it is necessary to have Employability skills. These are attitude that employees could attain during their job and performing with other employees along with organization. In other words we can say soft skills or employability skills are the basement of career building blocks.

Organizations spend a lot of time and money on training staff, not in job specific areas but in general and basic skills. In times of high unemployment, employers have more choice of applicants and will favor those with well-rounded employability skills.

According to Buch and Barrick (1987) research, they display that Employability skills are attitudes and behavior that SMEs or organization are seek in their employees. In other word they said that employability skills which contain personality, interpersonal skills, attitudes and good behavior.

According to (Saterfiolet.al, 1995) study, reveal that employability skills are need to equip the requirement of SMEs and organization. Furthermore added the lack of employability skills case the problem in SMEs for employees.

There is one more evidence by Aston and Bekhradnia (2003) suggested that, graduated students with general skills which are not suited for their job in SMEs, or these skills are in wrong ones or at the not suited level and cannot be utilized effectively. Below are employability skills.

2.2.6.1 Interpersonal Skills

Interpersonal skills are the skills use to interact with other people. Well-honed interpersonal skills allow the employee to empathize and form rapport with colleagues and clients, leading to a better working environment which can be less stressful.

2.2.6.2 Communication Skills

The ability to communicate both verbally and in writing with a wide variety of people, maintain good eye contact, write clearly and briefly, demonstrate a varied vocabulary and tailor the language to the audience similarly, active listening skills involve not only hearing but obtaining and understanding information.

2.2.6.3 Critical Thinking Skills

The ability to solve problems and make decisions can be a huge asset to the employer and these are therefore desirable skills to develop.

2.2.6.4 Personal Improvement

Personal development is entire about having the proper and right attitude for work and organization where employees are working. Almost employers are giving value and searching for employees who are willing to improve and well fit to organization.

2.2.7 Innovation and creativity in SMEs

According several studies of (Covin & Slevin, 1989, Dess et al, 1997; Lumpkin & Dess, 2001; Wiklund & Shepherd, 2005), they stated that innovation and creativity has resulted on positive performance of employees in small medium enterprises (SMEs) and it has the positive relationship with SMEs survival and advantages. Furthermore according to Serrat (2009) study it indicated that innovation has remarkable consideration on survival of SMEs and organizations.

Based on (Martin-de Castro et al, 2013) study, the improvement of innovation is important for generating and sustaining of SMEs competitive benefits. Moreover, Deshati (2016) argued that innovation is essential and crucial factor to enhance the profit and market share in SMEs competitive market environment.

According to Kacker (2005), he says that the survival of SMEs are depend on innovation and creativity and nowadays all organization are knowledge base. Furthermore he explained that successful SMEs are come up with new notions and afterward they find the solution to problems to accomplish the requirement. In addition to this he describe today the world is changing faster than most of us could ever imagined, so the creativity and innovation are crucial for organization or business success and survival. And this is the fact from big business to SMEs. Apart from this Zimmerer and Scarborough (1996) cited, innovation and creativity are the life blood for Small and Medium enterprises, undoubtedly SMEs are not outspend their large opponent , efficient competitive advantage over big businesses without creativity and innovating.

According to Gamege (2003) study, he figure out that if we are analyzing the current contribution of SMEs to Sir Lanka economy, it says that still the SMEs sectors has not generate the satisfied result when compare to other developed and developing counties in the region. In addition he reveals that according to Department of Census and Stattic in 1998, the large number of manufacturing sectors are following under Small and medium enterprises around 90 percent while, the contributing of their outcome are not satisfactory and its about 6 % compare to Japan, Korea, Malaysia and India. Furthermore Gamege (2003), explained that Sir Lanka has large number of SMEs and their contribution are too

low compare to their number in region and all these problem are due to lack of Innovation and creativity in Sir Lanka SMEs.

2.2.8 Management in SMEs

Manager or owner of Small and medium enterprise want to manage their business in effectively in competitive market and gain high market share along with employees, therefore the owner of SMEs attempt to have proper management strategies for their SMEs. Unlikeness if we compare the competitiveness between today SMEs and two decade past era, we will found the factors like technology, finance production process and similar is declined, however, the most essential source of extra and new generated value of SMEs are their staff with their intellectual assets, capability, imagination and information. Unlikeness SMEs in relation with their quality and functions of products or services are decreasing.

According to Ceranic and Popovic (2009), SMEs can be various in their employees, their way of behavior to their customers, their feedbacks, motivation and encouragement and capability and ability of learning.

Evidence suggests that SMEs find it more difficult than larger firms to recognize and adopt innovative technologies and working methods due to their weaker internal resources Roper and Hart (2013), with research focusing in particular on the lower levels of managerial human capital and employee human capital in smaller firms, and the lesser involvement of SMEs in managerial networks (Bloom et al, 2011; Wu et al, 2015).

According to (Bratton and Gold, 2003 and Boateng, 2007) study, it indicates that human resource management strategy are insisting on employees' ability to attain the sustainable and feasible advantage. In addition they explain that sustainable advantage will be gained through the incorporate employment policies, and it also emphasis that human resource management function such as planning, recruitment, selection, appraisal and performance and reward management has relation with employees' achievement.

According to Mathis and Jackson (1991) research the incompetent and inefficient employees' management has resulted in low productivity and high turnover rate in small

and medium enterprises SMEs. Likewise McEvoy (1984) explained it causes the failure of small and medium enterprises.

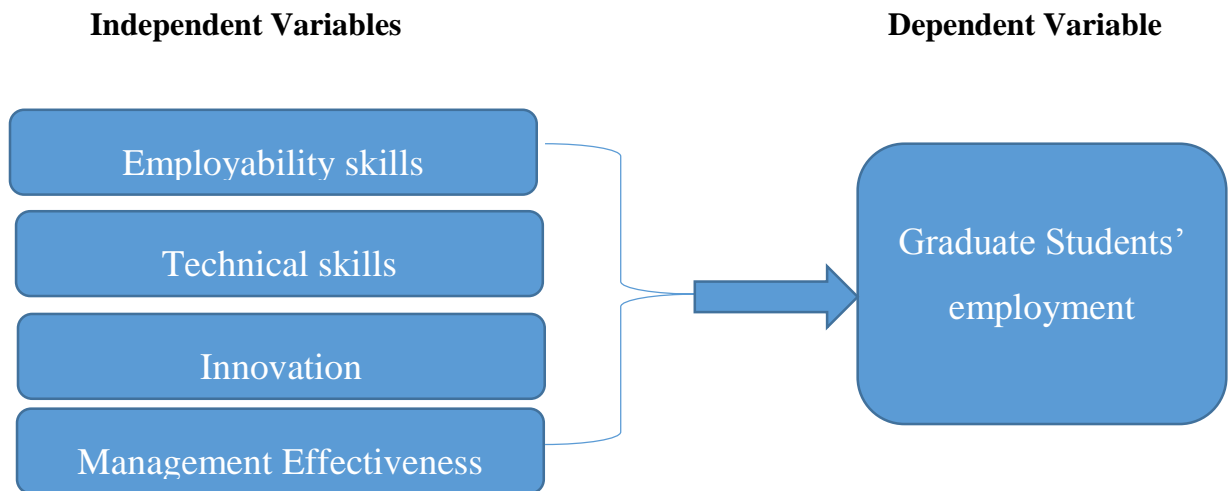
The proper management of HR in Small and medium enterprises are the main role in SMEs survival and it has organizational effectiveness of the organization which found it by (Perry, 1993; Huselid, 1995; Terpstra and Rozell, 1993) and according to (Pfeffer, 1994; Hartono, 2010) it provide the sustainable competitive advantage in market.

As per Gocket and Akoena study in (2000), The improvement of SMEs are weak due to few factors such as finances, lack of managerial ability and skills, equipment and technology and penetrating to international market. And the managerial knowledge and skill shortage is the main problem of SMEs development. Although, the shortage of managerial skills, has impact of SMEs in region and has impact on productivity of SMEs.

2.3.0 Theatrical farm-work and hypothesis

2.3.1 Theatrical farm-work

The paper used to main variables, the fresh graduate students' employment as dependent variable and SMEs is independent variable. And based on research independent variables are (Employability skills, technical skill, innovation and management effectiveness).



2.1 Theoretical framework

2.3.2 Hypothesis

H1: Employability skills at SMEs can significant effect on employment of graduated students in Afghanistan.

H2: Technical skills at SMEs can significant effect on employment of graduated students in Afghanistan.

H3: Innovation and creativity at SMEs can significant effect on employment of graduated students in Afghanistan.

H4: Management effectiveness at SMEs can significant effect on employment of graduated students in Afghanistan.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The main concentrate of this portion is to introduce and to give information regarding an overview of methods which used in data collection like research nature and approach, participants, instrumentation and operationalization, procedure, research type, research tool, data gathering, data analyzing techniques, sampling and limitation.

For this study the quantitative approach were used and thee questionnaires were created for this study. And for findings, analysis and final results will be provided in context of this chapter.

3.1 Research nature and approach

According to Saunders et al. (2012) deductive approach relates to the positivism and the inductive approach to phenomenology because deductive approach put emphasis on the collection of quantitative data, whereas inductive approach highlights on the collection of qualitative data. Therefore the current study will be focused on deductive (quantitative) approach.

3.2 Participants

For this research the standardized questionnaires were used to collect the primary data. The questionnaire involved 44 questions which were distributed to 120 participants. The targeted individuals were ideally the owners of small and medium enterprises which operated in Kabul and the fresh graduate students. The respondents 59.2 percent were members of the Management or owner of organization and 40.2 percent were new or fresh graduate students. The demographic data of this survey indicates that among participants 72 percent were males and remained 28 percent were female. According to their qualification 8.3 percent were school graduated, 42.5 per cent were Bachelor, 48.3 Per cent were master degree holder and only 0.8 per cent had PHD degree.

Table: 3.1 Bellow table shows summary and statistic of the participants

Summary and Statistic			
Category	Description	Number	Percentage
Gender	Number of male Participants	86	72
	Number of female Participants	34	28
Qualification	School Graduates	10	8.3
	Bachelors	51	42.5
	Master degree holders	58	48.3
	PHD degree holders	1	0.8
Management board/free graduate students	Management/Owner	71	59.2
	Fresh Graduate students	49	40.8

3.3 Instrumentation and operationalization

The response modes were based on the 5 point Likert scale ranging from 5= Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree and 1 = Strongly Disagree.

3.4 Procedure

In this research, the data is collected from respondents who are actively entrepreneurs and fresh graduate students. The collected data is gathered from various SMEs owners, fresh graduate students in order to obtain vary response of participants for achieving the aim of study and conclusion of finding. For each individual the questionnaires and sufficient time frame were given to collect the response accordingly. The attained data were entered in to statistical package for social science (SPSS), consequently the given result were interpreted for this paper.

3.5 Research type

The chosen topic for this study is an explanatory quantitative approach and the aim of paper is to discover the impact of independent variables such as employability skills,

technical skills, innovation and management effectiveness on dependent variable (fresh graduate students' employment).

3.6 Research Tools

For this research questionnaires and personal visits conducted in order to meet the objective of the study.

3.7 Data Collection

For data collection used both primary and secondary data.

3.7.1 Primary data

In this part the researcher try to focus on first hand data like collecting data through distribution of questionnaires, observing and interviewing participants in work area to attain the targeted and relevant information.

3.7.2 Secondary data

To collect secondary data, the researcher has been centered on the literature review on specific study, researchers' topic, papers, journals, articles and published paper of scholars in relevant study.

3.8 data analysis technique

To analysis the data, all statistical data will be entered and analyzed by using of statistical package for social science software.

3.9 Sampling

Sampling is technique, which is using in every field to attain the information and data, based on acquired information the population are made. In other word, according to Cooper and Schindler (2003), sampling frame is closely related to population or it's the index of component from which the sample is taken. Hence it is not feasible to survey all SMEs in all categories physically and financially. Therefore As it is not feasible financially and physically, to survey all the small and medium enterprises (SMEs) in all the categories. Therefore, for this research has randomly selected SMEs in the context of national and international experiences, governmental and NGO sectors. And total size of sample is 120

respondents which among them 90 participants were managers or owner of SMEs and 30 remained were fresh graduate students for conducted study.

3.10 Study Limitation

As all human beings are bounded with their abilities, skills and resources in their environment, in same way during this study, we have confronted with some bellow challenges, limitation and issues. Although we strived to do more effort for better and satisfactory result for conducted research.

- Mostly respondents were not willing to responding the questionnaires and share their personal data due to external factors reasons.
- Security was a main and issue for gathering of data, therefore the study was limited to Kabul
- Due to lack of financially and physically resources we could not design and develop a broad research for purposed research.
- Lack of enough SPSS knowledge for data analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDING

4.0 Introduction

This chapter focus on the finding of acquired data from questionnaires which were distributed during survey to SMEs owners/Manager and fresh graduate students. In this survey both male and female participated from different SMEs sector and the gained responses are actual consider of both groups. The analysis including tables, pie charts, charts and interpretation for each table and test.

4.1 Demographic characteristic of respondents

The characteristic of respondents are including

- Gender
- Age
- Qualification
- Working area

The above respondents detail is analyzed and interpreted in split tables and Pie charts.

4.1.1 Respondents Gender

Table 4.1.1 Gender of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	86	72	72	72
	Female	34	28	28	100.0
	Total	120	100.0	100.0	

For easy comprehend above table represented in pic chart

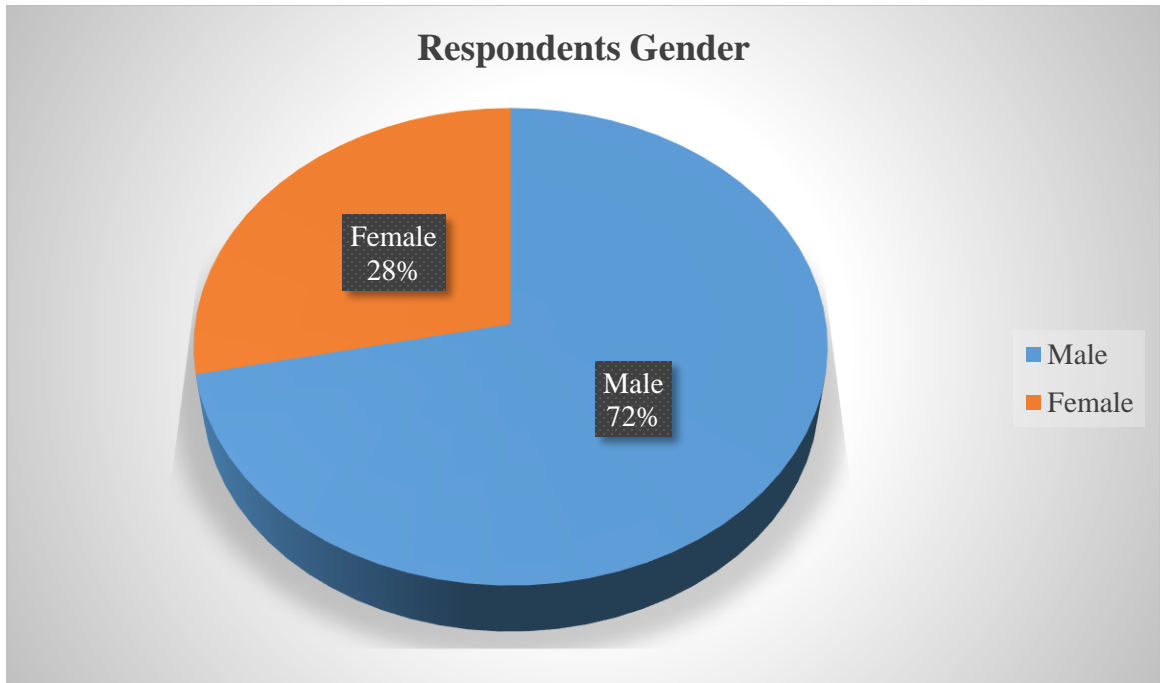


Figure 4.1.1 gender of respondents

Interpretation:

The research tryout the best to take into the consideration the gender quality and at most the researcher was able to collect the research date form 34 female candidate and rest 86 male employees but as of organizations arrangement and design, the number of male employees are more than female. Figure 4.1.1. The findings on gender of respondents' show that 72 % are male and 28% are female thus the ratio is almost 2:1.

4.1.2 Respondents' qualification

The respondents' education level is presenting in below table.

Table 4.1.2 Respondents' qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	School graduate	10	8.3	8.3	8.3
	Bachelor	51	42.5	42.5	50.8
	Master	58	48.3	48.3	99.2
	PH.D	1	0.8	0.8	100.0
	Total	120	100.0	100.0	

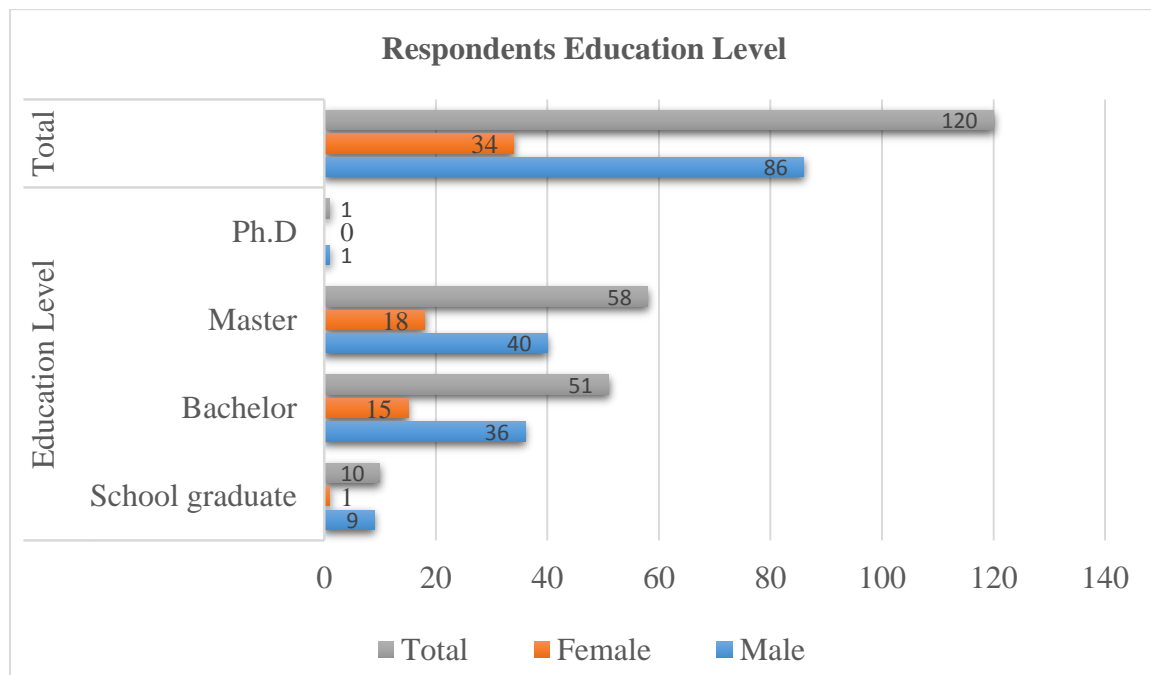


Figure 4.1.2 respondents education level

Interpretation:

In conducted survey respondents possess a good level of education where only 42.5 % have university bachelor degree, 43.3 % were master degree holder, one person with 0.8 % had PH.D and only 8.3 % respondents were baccalaureate level from different organization with various positions.

4.1.3 Respondents working area

Table 4.1.3 respondents working area

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Governmental	24	20.0	20.0	20.0
	Non-governmental	43	35.8	35.8	55.8
	Private Organization	28	23.3	23.3	79.2
	International Organization	25	20.8	20.8	100.0
	Total	120	100.0	100.0	

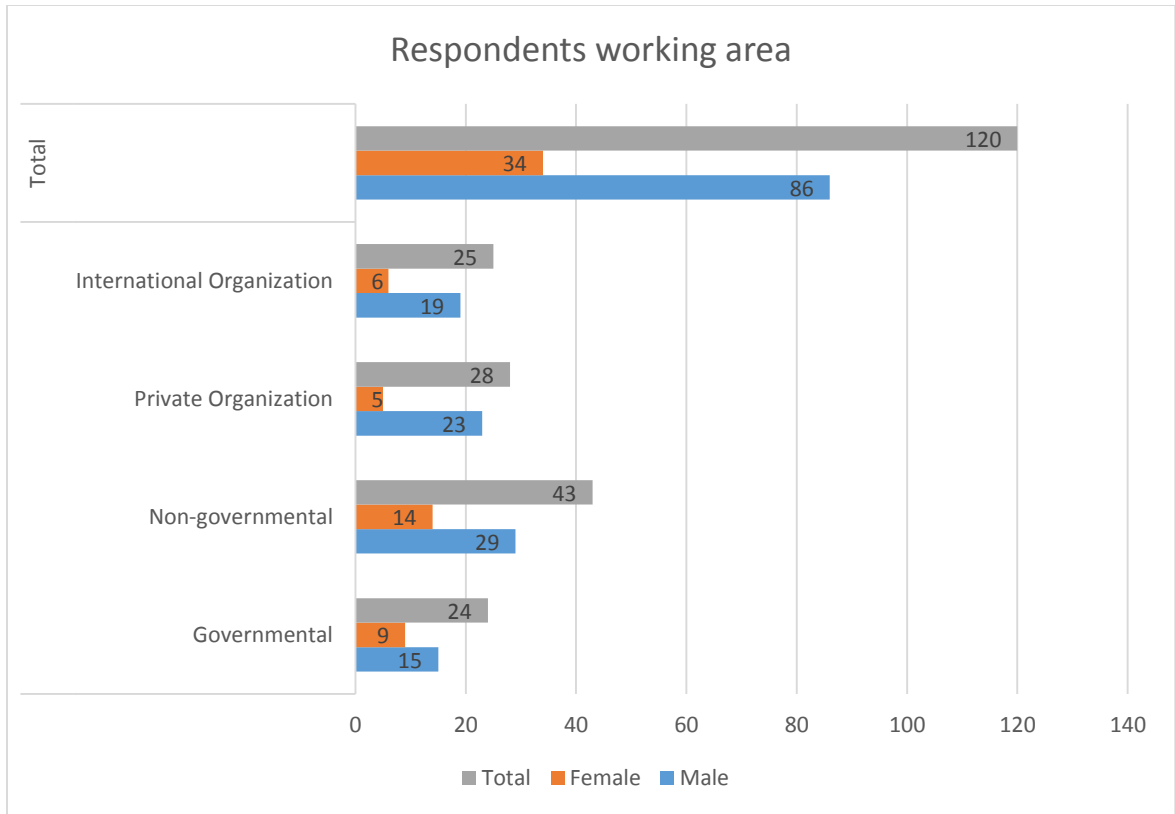


Figure 4.1.3 Respondents working area

Interpretation

In conducted survey the questioner were distributed in various organization which among them we have 20 % percent from International Organization, 35.8% from Private organization, 23.3 % from Non-governmental and 20.8 % participants were from governmental sectors.

4.1.4 Respondents Age

Bellow table show the respondents' age.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	41	34.2	34.2	34.2
	30-40	56	46.7	46.7	80.8
	Above 40 years	23	19.2	19.2	100
	Total	120	100.0	100.0	

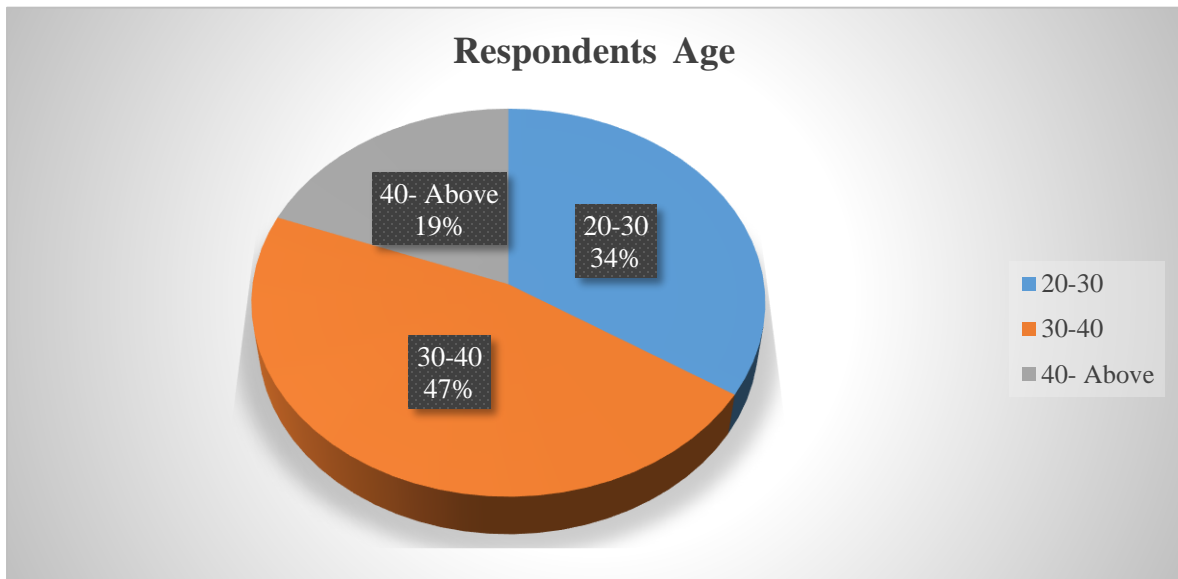


Figure 4.1.4 Age of respondents

Interpretation:

In above pie chart display that the most of respondents age were between (30-40) which shows the 47 % of total respondents. Furthermore, 34% were in the between age of 20-30 years, while the remained 19 % respondents were above 40 years.

4.2.0 Section two, Descriptive statistic test, reliability and normality test.

4.2.1 Descriptive statistic Test

Table 4.2.1 presents the descriptive statistic between dependent independent and variables. The table indicates the mean value of Management effectiveness is 4.6 which is between (3-5). It implies that the most of respondents support management effectiveness and the standard deviation is 0.89 from average responses of respondent. Similarly, the mean value and standard deviation of technical skills are 4.5 and 0.86, which indicates that the respondents support the technical skills. Additionally, the mean value and standard deviation of employability skills are 3.9 and 0.69 respectively which these values indicates that average number of respondent support the employability skills. Moreover, the standard deviation and mean value of innovation and creativity are 4.2 and 0.76, which indicating that a lot of respondent support innovation and creativity as well and lastly the standard deviation and mean value of employment of fresh graduate are 4.18 and 0.72 which shoes the majority of respondents supported the employment of fresh graduate in current paper.

Table 4.2.1 descriptive statistics test

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
Graduate student employment	120	1.00	5.00	4.1857	.81939	.721
Employability skills	120	1.00	5.00	3.9200	.79590	.696
Technical skills	120	1.00	5.00	4.5967	.86508	.748
Innovation & Creativity	120	1.00	5.00	4.2660	.87204	.760
Management effectiveness	120	1.00	5.00	4.6433	.89630	.786
Valid N (listwise)	120					

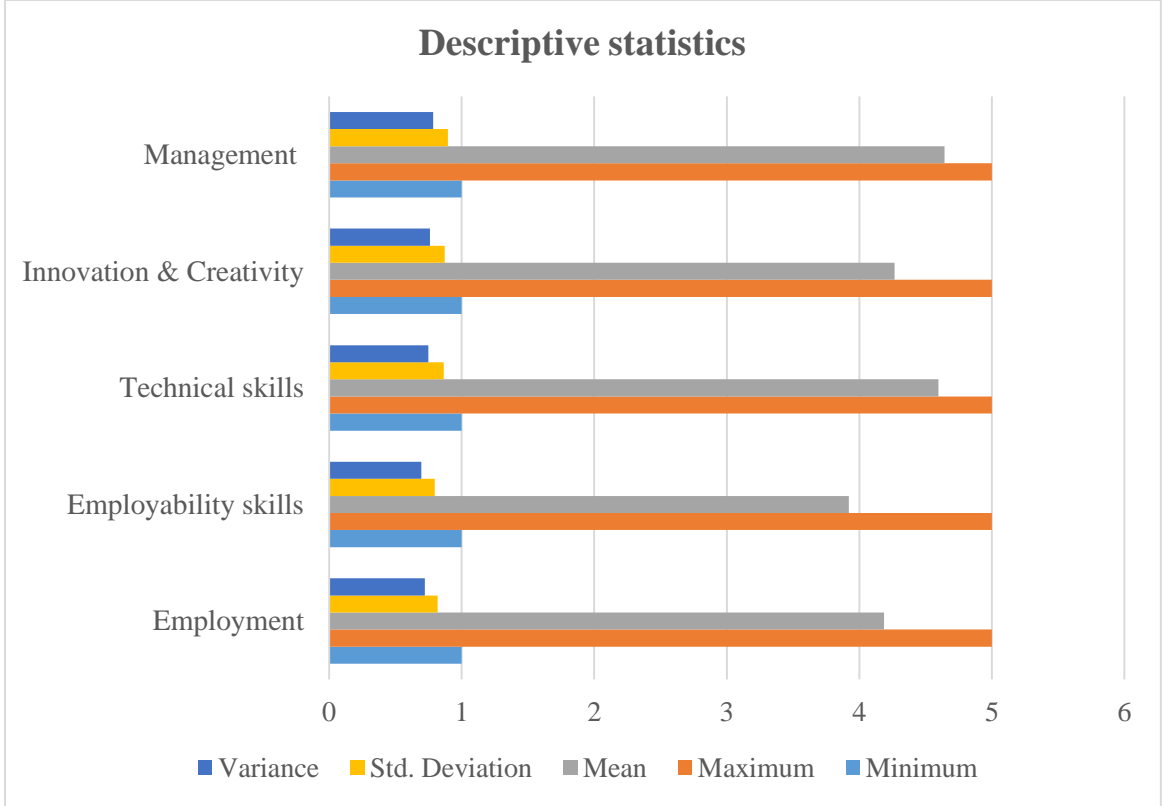


Figure 4.2.1 Descriptive Statistic Test chart

4.4.2 Reliability Test

To know the obtained data is reliable it's necessary to use Cronbach's alpha (α), for testing the reliability testing. Based on Table 4.2.2 of testing reliability, the dependent variable which is graduate student's employment cronbach's Alpha is 0.812 greater than 0.6 so fresh graduate students' employment is good and reliable. Then for independent variable Employability skill the cronbach's Alpha recorded 0.849 shows the data is valid, similarly the technical skills, innovation and creativity and management effectiveness cronbach's Alpha are 0.904, 0.868 and 0.877. Therefore the result for independent variables is good and valid. Among dependent and independent variables the technical skills found more valid and excellent.

Table 4.2.2 Reliability Statistic

Variables	Cronbach's Alpha	Item
Graduate students' employment	.812	10
Employability skills	.849	7
Technical skills	.904	6
Innovation & Creativity	.868	5
Management effectiveness	.877	10
Total	.873	38

4.2.3 Normality Test

To know the data normality, Kolmogorov-Smirnov and Shapiro-Wilk test has been utilized. In table 4.2.3 indicates that the Sig value of independent variables such as (Employability skills, technical skills, innovation and creativity and management effectiveness) is greater than sig value (0.05) which shows that, the data for independent variable is normal. And the valve for dependent variable employment of graduate students is greater than Sig values as well, which indicate that, the dependent variable is normal as well. Therefor we can conclude that, the date for this paper is normal.

Table 4.2.3 Kolmogorov-Smirnov and Shapiro-Wilk test

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig,	Statistic	df	Sig.
Employability skills	.203	120	.007	.865	120	.006
Technical skills	.180	120	.109	.894	120	.132
Innovation & Creativity	.180	120	.140	.873	120	.112
Management effectiveness	.297	120	.070	.853	120	.149
Graduate students' Employment	.153	120	.063	.938	120	.008

a. Lilliefors Significance Correction

4.3 Section three, Multiple Regression Analysis

4.3.1 Model Summary

Table 4.3.1 shows R, R^2 , adjusted R and standard error of estimated. The R value shows the relationship between the observed and predicted values of variables. Which the range for R is between (-1 to 1) and it states the direction (positive and negative) of relationship. The R^2 is the correlation of variation for variable which explains through the regression model. And it displays that how well the model fit the population if the R square is near to 1 it shows the strong and good fit. Lastly the adjusted R is attempt to correct the R^2 to more close reflect the goodness of fit in the model in the population.

As in bellow model summary the R^2 is 0.762 which means that there is good fit between dependent and independent variables. And the R^2 states, that 76.2 % alters in the fresh graduate students employment are brought by independent variables and the remaining 23.8 is bringing by other factors.

Table 4.3.1 shows the model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.783 ^a	.762	.734	.17737

a. Predictors: (Constant), Employability skills, technical skills, Innovation and creativity
Management effectiveness

b. Dependent Variable: Graduate students' employment

4.3.2 ANOVA Test

It is a statistical method used to test the differences between two or more means. It is used to test general differences rather than specific differences among means. It assesses the significance of one or more factors by comparing the response variable means at different factor level.

If the p value is less or equal than significant level, we reject the null hypothesis and accept alternative hypothesis it mean that not all population means are equal. But if the P value is greater than significance level we accept null hypothesis and reject alternative hypothesis it population means are equal.

As in the table 4.3.2 the P value shows that employability skill, technical skill, innovation and management effectiveness have significant relationship with graduate students' employment as their values are 0.020 or less than 0.05

Table: 4.3.2 ANOVA Test

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.262	3	4.754	19.211	.020 ^b
	Residual	28.705	116	.247		
	Total	42.967	119			

a. Dependent Variable: Graduate students' employment

b. Predictors: (Constant), Employability skills, technical skills, Innovation and creativity Management effectiveness.

4.3.3 Coefficient Test

Table 4.3.3 shows the coefficient results of this paper. The beta value of employability skills is 0.295 which indicates the positive relationship among employability skills and fresh graduate students' employment and the Sig. value is 0.001 which indicates that there is significant relationship between employability skills and fresh graduate students' employment. Therefore the evident accepts the alternative hypothesis and reject null hypothesis. Also the Beta value and Sig value for technical skills and fresh graduate students' employment are 0.324 and 0.009 respectively which, display the positive and significant relationship between both variables, so we were accepting the alternative hypothesis. Similarly, the Beta value and Sig value for innovation and fresh graduate students' employment are 0.241 and 0.003 respectively, which shows the significant relationship and we accepted alternative hypothesis as well. Finally, management effectiveness and fresh graduate students' employment Beta vale is 0.278 and Sig is 0.004 which shows the significant relationship between both variables. In conclusion we can suggest that the all alternative hypothesis are accepted for variables.

Table: 4.3.3 coefficient test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. error	Beta		
1	(Constant)	.164	.123		4.606	.001
	Employability skills	.332	.119	.295	3.295	.009
	Technical skills	.355	.063	.324	2.853	.030
	Innovation	.367	.101	.251	2.805	.003
	Management effectiveness	.420	.072	.278	3.514	.004

a. Dependent Variable: fresh graduate students' employment

4.4 Finding and Discussion

The initial aim of this paper was to discover the impact of SMEs on employment of fresh graduate students in Kabul-Afghanistan. Further, the study illustrated the contribution of its components (technical skills, employability skills, innovation and creativity and management effectiveness) on employment of fresh graduate in SMEs.

The finding of this paper indicated that, SMEs have significant impact on employment of fresh graduate students in Kabul-Afghanistan. Furthermore, it revealed that SMEs particular components such as employability skills, technical skills, innovation and creativity and management effectiveness have significant impact on employment of fresh graduate students in SMEs. And from study it revealed that, SMEs are the main source of employment and they are huge source for domestic employment as well.

During this research from previous literatures review, published articles, research papers which studied in depth by researchers, figure out that SMEs confront many challenges and problem and will point out those problems which are essential and need to focus.

The main challenges affecting SMEs could be lack of management skills, the incompetent and inefficient employees' management has resulted in low productivity and high turnover rate in small and medium enterprises SMEs and it causes the failure of small and medium enterprises.

Additionally from previous research found that the improvement of SMEs are weak due to few factors such as lack of managerial ability and skills, innovation and creativity, equipment and technology, penetrating to international market. And the managerial knowledge and skill shortage is the main problem of SMEs development. Although, the shortage of managerial skills, has impact of SMEs in region and has impact on productivity of SMEs.

The other challenge that can be observed in SMEs that some organizations are not willing to hire the employees for announced position because the candidates are not qualified and lack of technical and employability required skills also cause the unemployment in labor market.

Moreover, in many research papers the researcher noticed that main challenges the small and medium enterprises face are lack of sufficient financial resources, appropriate technology, low production capacity, interest rate, long bureaucracy processes, and support for the roles that small businesses can play in economic development.

Compare to pervious researches the result indicates that there is a significant relationship between management effectiveness and SMEs. And this is in consistent with the findings of pervious researches in the context of appropriate management affect the SMEs by (Adnan et. al. 2011) and (Islamet al. 2010).

Moreover, the study shows that there is a significant relationship between innovation and SMEs. Meanwhile, the findings of pervious researches in the context of Innovation is regarded as the most essential competitive advantage that enables a firm to thrive in today's dynamic business environment by Talegeta (2014). Simultaneously, there is one another evidence by Holzl & Janger (2011), they stated that Innovation activities are important elements of SMEs' overall strategies.

Finally, According to (Saterfielet.al, 1995) study, he revealed that employability skills and technical skills are need to equip the requirement of SMEs and organization. Furthermore added the lack of these skills case the problem in SMEs for employees, and same result figure out from current paper, which discovered that, there is positive and significant relationship among employability skills, technical skills and SMEs.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Conclusion

SMEs improvement has been seen as a means of creating most employment opportunities and stimulating economic growth and improvement of a country.

The unacceptable rate of fresh graduate students' unemployment in Afghanistan is the main motivator of this study. After successfully accomplish of the research, it discovered that SMEs have significant impact on employment of fresh graduate students and they decline the unemployment rate in the Afghanistan especially Kabul. The contributions of these SMEs have been quiet strengthened by both private and government participation through different support agencies and programs. However, in result of almost four decades of war in Afghanistan, the emergence of strong private sector and SMEs, which are very important for the economy of a country, were not materialized in Afghanistan and as result unemployment remained as a prime challenge in Afghanistan among others. Unfortunately, Afghanistan is neither economically strong nor politically stable, therefore, Afghanistan failed to attract the full support and more investment by local and foreign investors which are very essential in country economic and employment generation.

Because of the above reasons, Afghanistan economy and unemployment issue can be feasible with facilitating and supporting the emergence of strong and big number of SMEs. And there is no doubt that SME sectors are one of major factors in employment. However, there are many barriers for the development and establishing of strong SME sector. The major players that can support strong SME sector to decrease unemployment are the Government of Afghanistan, International Community and major donor organizations.

The finding of this study shows that SMEs are facing many challenges and problems which could be lack of management skills, financial resources, access to bank credit, access to markets, appropriate technology, Low skills and technical incompetence, foundational education, poor transferable skills, lack of creativity and innovation, private sector support, poor government policy and insecurity, government support program, inappropriate

governmental policies, long bureaucracy processes, imbalance between skill demand and skill supply and many other issues. The Government should make efforts to reorganize the institutions responsible for promotion of SMEs. The reorganization of these departments should be both in terms of their objectives and human resources. It would be worthwhile to invite Non-Governmental Organization to help out government at least in the SMEs sectors.

The another challenge that can be observed in employment of fresh graduate students in Afghanistan that some SMEs owner are not willing to hire the employees for announced position because the fresh graduate students are not qualified and not experts in technical and employability required skills that it may cause the unemployment of them in labor market.

The Government of Afghanistan should improve a very pervasive and comprehensive SMEs Strengthening and Support Strategy with certain goals for major players within the economy. Barriers towards registration of SMEs should be omitted and bureaucratic processes needs to be simplified to attract investment in this main sector for unemployment reduction within Kabul-Afghanistan. Bureaucracy paves the way for corruption so all activities that somehow related with SMEs, needs to be simplified. Furthermore, the study indicates that poor management skills are the main obstacle among the owner of SMEs, that they are not able how to plan and implement the strategies in order to boost their SMEs productivity, profit and survival. The Afghanistan government and supportive agency should support the SMEs for their promotion. If their proper care are given to the SMEs sector, they are capable of decreasing unemployment to the minimum and creating the highest earnings for the country at large. Thus, to attain full employment the SMEs sub sectors must be given all the desired attention and support from the national and local governments as well as Non-Governmental Organizations (NGO's) as this will provide an avenue for sustainable employment and economic development at all.

Based on the findings of this study, it can be confidently sum up that SMEs have significant impact on employment of fresh graduate students in Kabul-Afghanistan. Furthermore, it revealed that SMEs particular components such as employability skills, technical skills,

innovation and creativity and management effectiveness have significant impact on employment of fresh graduate students in SMEs.

5.2 Recommendation

Based on the major findings, a number of policy recommendation have recommended to improve the SMEs and it's on employment of fresh graduate students in Kabul-Afghanistan.

Following are the some suggestions which are summarized from the study:

1- Reduce the taxes for SMEs

Reduction in taxes for SMEs owner will be good encouragement for investors to increase SMEs investment in Afghanistan. Because of high taxes, most of investors are not willing to invest in Afghanistan. If the Afghanistan government support new investors and reduce the taxes, it will motivate the investors for more investment which will create more job opportunities. Therefore, the tax reduction is a better initiative.

2- Control bureaucracy

As Afghanistan government offices are still bureaucratic, and bureaucracy paves way for corruption so all activities that somehow related with SMEs, needs to be simplified. If the government could reduce the bureaucratic procedures it will stimulate the local and foreign investors that invest in Afghanistan.

3- Support the Agencies for capacity building and providing trainings

Providing of business development services like technical and managerial trainings and counselling services are very vital for sustainable growth of SMEs. In this regard government should support the agencies that are able to provide the trainings in required fields. The managerial trainings can be how to record, how to do the debit and asset etc.

The government should facilitate the technical training depending on the type of the business and SMEs sector, so that will assist to supply goods and services in quality aspect in SMEs.

4-Link of SMEs requirement with Educational System

The Afghanistan Chamber of Commerce and the SMEs owners should work with public and private educational sectors to ensure that educational curriculums reflect local business and SMEs requirement. They must actively involve in designing and executing of better educational system that can assist the fresh graduate and youth to be innovators and self-employed. If there is an appropriated educational system and policy which comprehensive the employment opportunities and increase productivity. It would assist in reduction of fresh graduate student unemployment rate.

5-Foreign or donors' assistance

The Afghanistan government should source donors to assist the SME sectors. Along with this Afghanistan government should assign the policies through The Afghanistan Bank to other local banks to promote credit policies for SMEs.

6-Exchange rate of local currency

As exchange rate of Afghani against US dollar are unstable in market, which affected SMEs in frequent loss of value. Which case increasing the cost of raw materials with specific reference to import. Therefore, recommended to that the Afghan Government should support the industry during importing raw material.

7-Investment level:

Afghanistan government should attempt to generate some policy such as Tax reduction whereby SMEs will be required to pay tax after a specific period of operation, good security and place for them to attract local and foreign investors to invest. Further the government can increase investment levels by encouraging the Afghanistan Bank and other local banks to decline the interest rate on borrowed funds. Which will certify SME sectors to access for better financing opportunities.

5.3 Further research

Some areas have pointed by the current paper as where to further study would be dedicated in order to extend the existing information and knowledge in the SMEs sectors and the role of SMEs in employment and economy of Afghanistan.

- 1.** Due to limitation of time we could not conduct longitudinal research to discover the role of SMEs on employment to compare their impact from one time to another by gathering comprehensive data collation. Therefore it would be better to conduct research for comparison of the perceived the role of SMEs on employment time to time.
- 2.** There is one more opportunity to assess the attitudes of SMEs owners and employees regarding SMEs impact on employment, and certify their similarities and dissimilarities in SMEs sectors for more light on their perception regarding employment concern and role of SMEs.
- 3.** Another research could be conduct to assess the Impact of SMEs on employment of all students and youth and discover the relationship of SMEs other component.
- 4.** There is possibility to conduct research regarding job satisfaction of employees and managers across the SMEs and other big industries on the concern of unemployment in SMEs and other industries to indicate the job satisfaction and organizational effectiveness relationship.

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Appendix I

Survey Questionnaire

This questionnaire is designed for academic aim only, it will be utilized as part of student's thesis for MBA at Kardan University. The purpose is to acquire data for an investigation of the Impact of SMEs (small and medium enterprise) on employment of fresh graduate students in Kabul-Afghanistan.

Fill the following information

Section a, Personal Information

1- What us you gender?

- Male
- Female

2- What is your age?

- 20 - 30 years
- 31 – 40 years
- Above 40 years

3- What is your qualification?

- School graduate
- Bachelors
- Master degree
- PHD

4- Which organization do you work for?

- Governmental
- Non-governmental (NGO)
- Private Organization
- International Organization
- Other

Please indicate your level of agreement with the statements below, using a scale of 1 (strongly disagree) to 5 (strongly agree):

S/N	Dependent variable (Fresh Graduate Students' Employment)	(SD) 1	2	3	4	(SA) 5
1	I believe market condition decrease employability in Afghanistan.					
2	I believe that due to overqualified skills I find difficult to attain job.					
3	I believe that due to inappropriate or irrelevant jobs on offer, I find difficult to find job					
4	I believe that due to lack of qualification find difficult to attain job.					
5	I believe too many graduates are applying for the available job.					
6	I believe the syllabus studies are unrelated to job industry requirement.					
7	The offered jobs are irrelevant to my qualification.					
8	I believe because of too many skills that required in market, it's difficult to attain job.					
9	Because of imbalance between skill demand and skill supply I find difficult to receive job.					
10	Because of no past experience I find difficult to obtain job.					

Independent variables						
Num.	Innovation and creativity	1 (SD)	2	3	4	5 (SA)
1	Innovation and creativity are increasing the employee performance and productivity in SMEs.					
2	Innovation and creativity are considerate critical for SMEs survival.					
3	Innovation and creativity are increasing the SMEs market share and employability.					
4	Innovation and creativity are increasing the profit in SMEs.					
5	Innovation can contribute to positive employee performance in SMEs.					
Num.	Employability skill	1 (SD)	2	3	4	5 (SA)
1	Communication skill boost employee role and performance in SMEs.					
2	Interpersonal skill effect employment role and their performance in SMEs.					
3	Critical thinking effect employee role and performance in SMEs.					
4	Problem solving effect employee role and their performance in SMEs.					
5	Decision making skills effect employee role and their performance in SMEs.					
6	Attitude and behavior affect employee role and performance in SMEs.					
7	Ability of team working effect employability and their role in SMEs.					

Num.	Technical skills	1 (SD)	2	3	4	5 (SA)
1	I am familiar with the range of functions provided by email software					
2	I use email frequently as a means of communication					
3	Technical skills has positive result to SMEs and job creations.					
4	Lack of relevant skill has result to employment and their performance in SMEs					
5	lack of technical skill effect the employability in SMEs					
6	Training and development have positive relationship in employee performance.					
Num.	Management effectiveness in SMEs	1 (SD)	2	3	4	5 (SA)
1	General management skill are increasing the SMEs performance					
2	Management development is increasing the SMEs performance					
3	Skilled and capable Human resources are increasing the SMEs performance					
4	The lower management skills has result in lower SMEs productivity					
5	The lower management skills has result in employee turnover in SMEs					
6	The lower management skills has result in SMEs failure					
7	The lower management skills has result in lower SMEs productivity					

8	The management skills increase competitive advantage					
9	The management skill has result in SMEs survival					
10	Lack of marketing skill has result in SMEs profit					

Thank you

Submission form

Student Name	Fardin Walizay	Academic Year	2017-2019
Student ID	912-1704070	Semester	Final
Specialization	Management	Title	Impact of SMEs on Employment of Fresh Graduate Students in Kabul Afghanistan.
Supervisor comment on works originality and contribution to knowledge			

By signing this document I verify that the work presented in this thesis in my own. It has not in part or in whole been copied from unacknowledged sources. I understand that academic misconduct is not acceptable at Kardan University and if suspected, disciplinary action will be taken against me.

Student signature		Date	
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By signing this document, I confirm that I have reviewed student's thesis report and devoid it of significant plagiarism and /or any violation of intellectual property regulations. I recommend this work for STSB approval.

Supervisor Name	Mr.Aimal Mirza	Signature		Date	
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Thesis Approval Form

Student Name	Fardin Walizay	Academic Year	2017-2019
Student ID	912-1704070	Semester	Final
Specialization	Management	Supervisor	Mr. Aimal Mirza
Thesis Title	Impact of SMEs in Employment of Fresh Graduate Students in Kabul - Afghanistan.		

STSB Assessment

The Department of Research and Development has unanimously decided that the student should be awarded the following grade.

STSB Members:

Name	Signature	Date

Vice Chancellor, Academics

Signature ----- Date -----