FACTORS DETERMINING THE SUCCESS OF MICRO AND SMALL ENTERPRISES IN JIMMA TOWN

A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

BY:

AMBACHEW TILAHUN

JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

MBA PROGRAM

MAY, 2015

JIMMA,ETHIOPIA

FACTORS DETERMINING THE SUCCESS OF MICRO AND SMALL ENTERPRISES IN JIMMA TOWN

BY:
AMBACHEW TILAHUN

Under the Guidance of

Ass.Proff. Wendwesen Siyum

And

Ato Hayelom Nega

A Thesis Submitted to the School of Graduate Studies of Jimma University in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration (MBA)

JIMMA UNIVERSITY
MBA PROGRAM

MAY, 2015
JIMMA,ETHIOPIA

JIMMA UNIVERSITY

COLLEGE OF BUSINESS & ECONOMICS

MBA PROGRAM

Board of Examination Thesis

Approval Sheet

Members of the Board of Examiners

External Examiner	Signature	Date
_____	_____	_____
Internal Examiner	Signature	Date
_____	_____	_____
Advisor	Signature	Date
_____	_____	_____
Co-advisor	Signature	Date
_____	_____	_____
Chairperson	Signature	Date
_____	_____	_____

MAY, 2015

JIMMA

CERTIFICATE

This is to certify that the thesis entitles "Factors Determining the Success of Micro and Small enterprises (MSEs) in Jimma town*",* submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) and is a record of bonafide research work carried out by Mr. *Ambachew Tilahun*, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Main Adviser's Name	*Date*	*Signature*
_____	_____	_____
Co-Advisor's Name	*Date*	*Signature*
_____	_____	_____

DECLARATION

I hereby declare that this thesis entitled "Factors Determining the Success of Micro and Small enterprises in Jimma town", has been carried out by me under the guidance and supervision of Ass.Proff. Wendwesen Siyum and Ato Hayelom Nega.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher's Name	Date	Signature
_____	_____	_____

Acknowledgement

First and foremost, l would like to express my heartfelt thanks to Almighty God for His guidance and strength during the study period. Without God's gracious mercy and love l would not be what I am today or achieve my studies.

In particular I wish to mention and appreciate the following people whose contributions were essential and I grateful thank:

- Mr Wendwesen Siyum(Ass. Professor), my supervisor, for being an excellent mentor. His assistance, tolerance and encouragement helped me to accomplish my research project. I express my heartfelt gratitude,
- Mr Hayelom Nega, my co-advisor, for all his, insightful Comments, and patience, in going throughout the whole part of my research and show me the road map to the right way.
- Many thanks goes to the staff of JImma Town MSEs employees, and Dear respondents for their assistance in data collection.
- Words fail me to express my appreciation to my wife, W/ro Selam Tsige, whose dedication, love and persistent confidence in me, has taken loads off my shoulders. *Selam*, I know your pains; I promise you and our son, *Tabor* that the time has come to realize our dreams. *Tabor*, I know that you were most affected when I went JImma. I owe you a great deal.

Last, but not the least, I express my appreciation to my fellow colleagues, for all the support during my course of the study. Moreover, special thanks to my friend, Mr Desta Feleke , for helping me get through some of the difficult times, and for all the emotional support, and care he provide. Desta, you are really a very supportive, positive and wonderful best friend of mine.

Once again I thank the almighty for keeping me alive and enabling me to be alive and in good health to see this day. To them I dedicate this MBA Research Project.

Table of Contents

List of Tables

List of figure

List of Acronyms

ANOVA	Analysis of Variance
BDS	business development services
CSA	Central Statistics Agency
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
ILO	International Labor Office
LDCs	Least Developed Countries
MoFED	Ministry of Finance and Economic Development (Ethiopia)
MoTI	Ministry of Trade and Industry (Ethiopia)
MSEs	Micro and Small Business Enterprises
OLS	Ordinary Least Square
SEDA	Small Enterprise Development Agency
SMME	Small, Medium and Micro Enterprises
UNIDO	United Nations Industrial Development Organization

Abstract

The micro and small enterprises (MSEs) play critical role in the development of the country. MSEs bear special significance for countries where density of population is very high because it offers huge employment opportunities and income generations at low cost. Considering the importance, the main objective of the study was to investigate the factors affecting the growth of MSEs in Jimma town. For the sake of achieving this objective, primary sources of data were collected through structured questionnaire from a sample of 95 MSEs which were selected using a stratified random sampling technique from a population of 5,629 MSEs among those industries *engaged in manufacturing, construction, urban farming, trade and service activities.*

The data collected using the questionnaires were analyzed using descriptive statistics and econometric model (OLS) with the aid of Statistical Packages for Social Scientists (SPSS).Hence, growth of MSEs measured in terms of capital change was affected by different factors including owners/operators age, education level, prior experience, MSE's age, initial employment, BDS, access to training and market.

Accordingly, the ANOVA result indicates firm age, initial employment, business development service, access to training, and market related factors were found statistically significant factors. While, owners/operators age, educational level, and previous work experience were found insignificant factors in determining MSEs growth in Jimma town.

Therefore, government, non-government organizations and MSEs development agencies should motivate, help and advise the owners of MSEs on their overall business activities; give training on business issues, arrange forum and exhibitions for experience sharing; and solve the effect of insignificant factors with Corporation of other organizations.

Key words**: **MSEs Success, Entrepreneurial characteristics, firm related factors, access to BDS, market related factors, and training access.

CHAPTER ONE

1. INTRODUCTION

This chapter starts with research background to give an idea about the area of thesis to the readers. This is followed by statement of the problem, objective of the study, research hypothesis, significance of the study, scope and limitation of the study and finally organization of the paper.

1.1. Background of the Study

Broad consensus has been reached by academicians and policy makers that the vibrant MSEs (herein referred to as Micro and Small-sized Enterprises), is one of the principal driving force of economic growth, poverty reduction, and social development by having significant effect on the income distribution, tax revenue, employment creation, import substitution, springboard to entrepreneurship and industrialization , base for medium and large industries and distribution of their products through linkage among different sections of the society (Harris et al,2006; Bekele & Worku, 2008).

Most of the current larger enterprises have their origin in micro and small enterprises. MSEs are different from large scale enterprises in three main aspects; uncertainty, innovation and evolution. The MSEs sector itself can be classified into micro enterprises, small enterprises and medium enterprises. MSEs are the starting point of development in the economies towards industrialization (Harris et al, 2006; Sauser, 2005).

The persons who run these enterprises are called entrepreneurs. Entrepreneurship is a company that undertakes new arrangement to produce new products and services (Schumpeter, 1934). It is a process of innovation and creation with four dimensional elements: individual, organization, environmental factors and process, with support from the government, education, and constitution (Kuratko and Hodgetts, 2004). Various types of MSEs such as village handicraft makers (weaving, embroidery etc), potteries, dying, small machine shops, restaurants, knitting, small dairy process etc., are, therefore, becoming increasingly important to economic development of developing nations.

For instance, on average of 51 out of 100 new jobs in the region were generated by micro enterprises in Latin American,48% of the labor force in North Africa, 65% in Asia, 72% in Sub-Saharan African Countries (ILO, 2002;Orlando & Pollock, 2000). Mead and Liedholm (1998) found that micro and small-scale enterprises (MSEs) in five Least Developed Countries (LDCs) (Botswana, Kenya, Malawi, Swaziland, and Zimbabwe) generate nearly twice the level of employment that was registered by large-scale enterprises and the public sector. Prior research recorded that in Bangladesh small medium enterprises account for the majority of firms (87%) providing 80% of total employment and contributing 15 percent to Gross Domestic Product (GDP) of the country (Narain, 2003). According to Goldmark and Nicher (2009), while over 96% of businesses are small enterprises in USA, approximately 97% of firms in Mexico and Thailand are MSEs.

According to the Ethiopian Central Statistical Authority (2004), almost 50% of all new jobs created in Ethiopia are attributable to MSE sector. According to Aregash (2005) cited in Hailay et al., (2014), 98% of business firms in Ethiopia are MSEs, out of which SEs account for 65% of all businesses. In Ethiopia, MSE sector is the second largest employment generating next to agriculture. Recognizing the significance of this sector as a key factor for rapid economic development, the Government of Ethiopia had issued Micro and Small Enterprises Strategy (FDRE, MoTI, 1997). Besides, the Growth and Transformation Plan (GTP) of Ethiopia has envisaged the promotion of micro and small enterprises as an important tool of poverty reduction (FDRE,MoFED, 2010).

Despite the large potential contribution of MSEs, the sector in most developing countries face constraints both at their start up and after operation phase (World Bank, 2004). Three-fourth of the MSEs in rural Tanzania is non-growing due to the problem of access to finance, road infrastructure and communication (Kinda & Loening, 2008). In addition, majority of MSEs in Eldoret, Kenya has experienced minimal or no growth due to the inadequacy of availability of finances, poor business management skills, poor marketing and entrepreneurial attribute of the owner managers (Mbugua et al., 2013).

The acknowledgement that micro and small business enterprises are an important source of economic growth, MSEs in Ethiopia, were found small comparing to other African countries due to lack of access to markets, finance, working premises, supply of raw material, lack of sufficient capital, business information ,business premises, the acquisition of skills and managerial expertise, access to modern technology, and legal and Regulatory environments (MoTI, 1997). According to UNIDO Report (2003) the only way to reduce poverty in a sustainable way is to promote economic growth, through wealth and employment creation. In developing countries, MSEs are the major source of income, a breeding ground for entrepreneurs and a provider of employment.

Therefore, Micro and Small Enterprises (MSEs) occupy dominant positions in the economy. And hence MSEs bear special significance for countries where density of population is very high because it offers huge employment opportunities, and income generations at low cost. Considering the importance, this study had strived to identify those factors contribute the success of MSEs using model.

1.2. Problem statement

In Ethiopia, most of the MSEs function along traditional ways of production and marketing. There is growing evidence in literature that the main problem for MSEs in developing countries is not their small size but their isolation, which hinders access to markets, technology, information, finance and institutional support (Mead & Liedholm, 1998; Swierczek & Ha, 2003).

More severe challenges in hindering potential of entrepreneurs inherent to many developing countries: some a host of factors are characteristics of entrepreneurs, psychological traits, finance, information access, infrastructure, capitalization, marketing, technology, social network, gender, government policy issues, and management and performance of the firms (Mohammed S. Chowdhury,2013).

In Ethiopia, most studies reveal that demographic and environmental factors in relation to MSEs Success have received scant attention. Because of the advent of micro and small enterprises is a very recent phenomenon in Ethiopia, after the transitional government FDRE hand over the regimes it has been able to see rays of hope shining over the

development that inspire the growth and development of the country`s economy (National Micro and Small Enterprise Strategy of Ethiopia, 1997).

Furthermore, other empirical study reveals that determinant factors affecting MSEs growth are those factors related to entrepreneurial, firm, inter-firm characteristics and external factors. Entrepreneurial characteristics such as owner/managers gender, age, education level, previous work experience, management skill, economic background and marital status determine the growth of MSEs (Chirwa, 2008;Enock, 2010; Habtamu, 2012; Janda et al., 2013; Mbugua et al., 2013; Mulu, 2007; Osinde, 2013). Understanding of why some firms succeed and others not was crucial to the stability and health of the economy. Despite this fact, however, the pilot test of the study depicts which factors are the most important to the success of MSEs Sector in Jimma; Ethiopia has not been adequately studied empirically.

The motive to conducting the study in this area was because of the failure of some enterprises in the town and even the statuses of the existing one in operations are not known. Wijewardena & Tibbits(1999) noted, the empirical investigation of those factors leading to the success and failure of the small business economy in different nations is a mandatory requisite for a better healthier economic development. However, discovering which factors or practices lead to business success is an unfulfilled purpose of business research (Rogoff, 2004).So the question emerges: what factors could have influence on the Success of micro and small enterprise in Jimma town.

Hence, this study filled gaps in investigating the factors determining the success of MSEs in Jimma town through testing the reliability & validity of success factors there by constitute an aid to policy makers, academician, and the business community as well for improving the success of MSEs in this country Ethiopia. There has been a substantial study on assessing the success determinants for micro-enterprises particularly in the African region (Okurut, 2008). By adapting a similar framework from previous literatures, this study on performance of MSEs in Jimma town, where most of the south ethnic group is concentrated, was providing an insight to their business performances.

1.3. Objectives of the study

Research objectives are tools or instruments that serve as a milestone for research design and control. The following general and specific objectives was pursue in this study:

1.3.1. General objective

The overall objective of the study was examined the factors that affect the success of micro and small enterprises at Jimma town based on the compound annual growth rate of capital. The study was attempted to achieve the following specific objectives:

1.3.2. Specific objective

- ❖To evaluate the growth statuses of micro and small enterprises at Jimma town.
- ❖To identify and analyze how significantly entrepreneurial characteristics affecting MSEs' success.
- ❖To analyze whether firm related factors can have significant impact on the success of MSEs.
- ❖To analyze whether access to training have a significant impact on the success of MSEs.
- ❖To analyze whether access to BDS have a significant impact on the success of MSEs.
- ❖To identify and analyze how significantly market information affecting MSEs' success.

1.4. Research Hypothesis

In order to achieve the purpose of this study, after careful consideration of all independent variables and the dependent variable of the study, the researcher developed the following hypotheses to be tested using Analysis of Variance (ANOVA) statistical technique. The first three hypotheses of this study are about the relationship between three personal related independent variables and success of the enterprises in relation to them. The next two are about the relationship between two firm related factors and success of MSES. And the rest three hypotheses are about the relationship between three environmental factors and the success/performance of enterprises.

H_o (1): There is no positive and significant relationship (association) and influence between the success of MSEs and the age of the MSEs owner/manager.

H_o (2): There is no positive and significant relationship (association) and influence between the success of MSEs and educational qualification of the business owners/operators.

H_o (3): There is no positive and significant relationship (association) and influence between the success of MSEs and the owners/operators prior experience.

H_o (4): There is no positive and significant relationship (association) and influence between the success of MSEs and firms years of operations.

H_o (5): There is no significant difference and influence on the success of MSEs in relation to the initial number of employees.

H_o (6): There is no positive and significant relationship and influence between the success of MSEs and access to training.

Ho (7): There is no positive and significant relationship and influence between the success of MSEs and access to BDS.

Ho (8): There is no positive and significant relationship and influence between the successes of MSEs and access to market information.

1.5. Significance of Study

MSEs play a significant role in promoting economic growth and then reducing poverty. The finding of the study hoped significant in identifying the various Success factors of MSEs. On line of these, the study was all important in such a way that:-

1.5.1. This paper may act as one of the contributions to the literature of sustainable growth/poverty reduction among micro entrepreneur especially in Ethiopian case study. The content of this paper can also encourage future research and serve as a springboard to improve the literature reviews on entrepreneurship and create new perspective on micro enterprises' studies.

1.5.2. This paper can show the critical role played by the MSE determinants with respect to its contribution to economic growth. Since micro enterprise generates a large sum of income /profit if the owner knows the success factors of MSEs. However, there are a lot

of loopholes in educating the micro entrepreneurs on how they can operate their business well. Thus, the findings derived from this study can help them to decide and achieve their goals on this matter.

1.5.3. This study provide valuable information for academicians, policy makers , government bodies and non-governmental bodies , business men and interested body to consider the findings to ensure micro enterprise can lasts longer and keep expanding till it reached the macro enterprise level.

1.6. Delimitation of the Study

The major delimitation of this research is that it was geographically restricted to Jimma town, Ethiopia. In addition, the study focused only on factors affecting the success of MSEs in Jimma town including Entrepreneurial characteristics (i.e. Age, Education, and Experience), firm related factors (i.e., Firm age, and initial employment),and environmental factors (BDS, marketing, and training access). MSEs was selected from those in the manufacturing, Construction, Urban farming, Trade,& Service business activities listed in various directories of Jimma town up to June 30, 2012.

1.7. Ethical Aspects of the Study

This research was conducted in an ethical manner. Specifically:

- Prior to collecting the data written permission was obtained from Jimma town micro and small enterprise office to use their data base;
- The respondents were informed about the potential impact of the study by means of a covering letter attached to the questionnaire;
- The cover letter contained information about the research, the objectives of the study, and the voluntary participation of respondents, assurances regarding confidentiality and anonymity, as well as the contact details of the researcher (Strydom, 1998).

1.8. Definition of Key Terms

1.8.1 Micro and Small Enterprises (MSEs)

According to the Federal Micro and Small Enterprises Development Agency (FeMSEDA) an MSE in Ethiopia is defined as:

A small-sized enterprise in manufacturing is an enterprise with full-time employees of between 6 and 30, or paid up capital less than dollar 90,000.00 or Birr 1.5million.

This definition was applied by all Government Ministries and Agencies involved in MSE development as well as by the financial institutions (National Bank of Ethiopia). In addition, a micro enterprise in Services is an enterprise with full-time employees of less than 5 or with a paid up capital of less than Dollar 3,000.00 or Birr 50,000.00. Details of the MSEs definition in Ethiopia are included (FeMSEDA, 2010)

1.8.2. MSEs Success/performance

Business performance is a multidimensional concept. There are various indicators that can be used to assess the performance of enterprises (Lumpkin & Dess, 1996). This research defines business performance based on financial and marketing measures which includes profit achieved, return on investment, market share and overall turnover. MSEs Success refers to the effectiveness of an enterprise in accomplishing its objectives that are measured by financial profitability, growth and satisfaction.

Small business success can be defined in many different ways. A study by Beaver and Jenning (1995) as cited in (Rami & Ahmed, 2007) stated that the most commonly adopted definition of success is financial growth with adequate profits. This implies that financial performance is the most widely used measures of business performances. Hence, in this study the financial measure of success that is the growth of total capital of the enterprises were be used since it is better than the non-financial measures in terms of reducing the subjectivity of the measurement results.

1.8.3. The Entrepreneur

The entrepreneur refers to the individual who is the founder or owner of the Enterprise and actively manages the enterprise (Kets de Vries, 1996).

1.8.4. Entrepreneur Characteristics

Entrepreneur characteristics refer to entrepreneurial orientation and comprise of demographic factors that contribute to or detract from an individual's ability to become a successful MSEs Entrepreneur. Demographically, age, gender, education, and work experience had been found to have impact on entrepreneurial success. Educated people are creative and innovative and they are always looking for something unique to fill a need or want (Ndubisi et al, 2003). The educated and experienced are more interested in becoming entrepreneurs than non-educated and inexperienced (Kavita , Anantharaman,

and Jayasingam 2008). People between the age of 25 and 44 are most likely to be involved in entrepreneurial activity (Reynolds et al, 2000). Research has shown that success is closely connected to education level (Staw 1991; Meng and Liang, 1996), experience (Ziemmerer and Scarborough, 1998) and age (Sletten and Hulaas, 1998).

1.8.5. The Enterprise Characteristics

Firm characteristics are defined as firm personalities or attributes that tend to describe a firm or tell us about the firm. The major areas, the types of firm/sectors, the firm age, firm`s initial capital, and firm size, represent firm characteristics (Lucky, 2011). As micro or small businesses owners are the heads of their particular enterprises, having a good understanding of the firm's nature, firm`s initial capital and firms size is very imperative for them to manage their firms effectively (Lucky and Minai, 2011).

1.8.6. The External Characteristics

A host of environmental factors impede the success of small business. For example (Begum, 1993) reports lack of government efforts and incentives. Several studies (Camp and Anderson, 2000; Chowdhury, 2007; McDowell, 1997) report absence of adequate infrastructure facilities. Some study (Quddus and Rashid, 2000) reports myriad of bureaucratic obstacles that entrepreneurs face in their quest to start a business. A host of factors such as lack of long-term capital, firm size, access to training (Chowdhury and Amin, 2011), limited personal and family savings (Mintoo, 2006), limited access to market (Keh, Nguyen and Ng, 2007; Mead and Liedholm, 1998; Swierczek and Ha, 2003), technology (Gundry, Ben-Yoseph and Posig, 2002; Gibbons and O'Connor, 2003) and market information (Singh and Krishna, 1994; Duh, 2003; Kriestiansen, 2002) have been found to be impeding the success of entrepreneurs.

Also, numerous studies (Chowdhury, 2007; Larsen and Lewis, 2007; McDowell, 1997; Prahlad, 2004; Mintoo, 2006) have revealed the relationship of entrepreneurial success to environmental factors such as political environment, government, infrastructure, technology etc. Cooper (1985) reported three factors responsible for entrepreneurial development and success at the grass root level. These are antecedent influences (background factors such as family influence, skills and knowledge), the incubator organization (the nature of the organization where the entrepreneurs were employed prior

to starting their own business) and environmental factors (e.g., infrastructure, political environment, access to capital, role of government training etc).

1.9. Organization of the Research

The structure of this research project followed a traditional approach in research writing, commencing with the introduction to the study, literature review, research methodology, analysis of results and ending with conclusions and recommendations (Mouton, 2001). The research was being organized in five main chapters with each main chapter consisting of auxiliary sections.

- Chapter 1 introduces the research problem and objectives of the whole research.
- Chapter 2 follows with relevant review of past research to extract useful information.
- Chapter 3 gives description of the research methodology approach. The subsequent Chapters contained the description of result, analysis and conclusion of the study as Shown in figure 1.2.

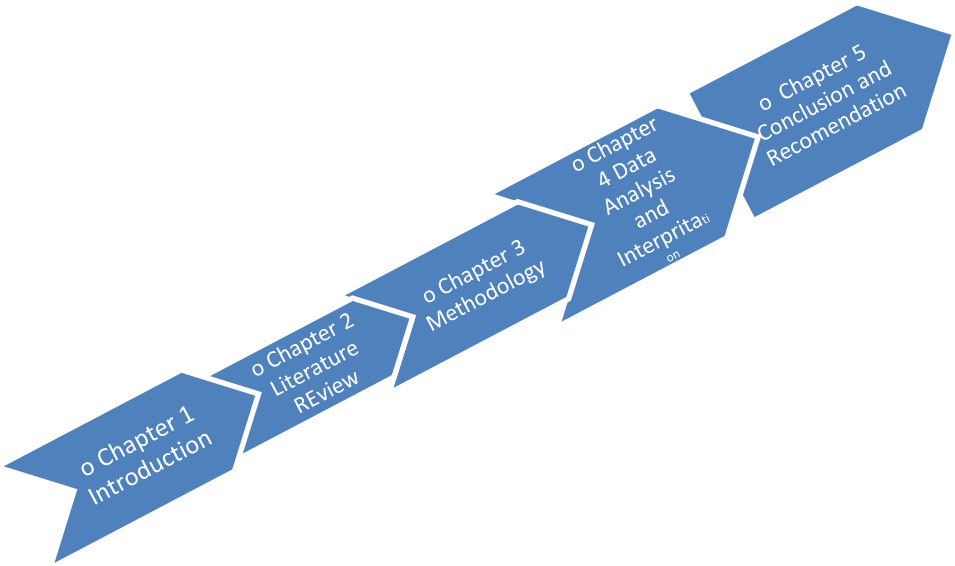


Figure 1.2 The five main chapters of the research work.

CHAPTER TWO
2. LITERATURE REVIEW

2.1. Introduction

In this part of the review of related literature, the first part begins by defining what micro and small business enterprises are in general internationally and in Ethiopian context in particular .In addition it discusses their contribution, the criteria used to differentiate them from other business activities. Then the literature review focuses on defining what success mean and how it is measured. These success factors which were discussed in the sections here after are independent variables of the study which is assumed to have relation and contribution to the Success/performance of MSEs.

2.2. Micro and Small Enterprises (MSEs) Overview

2.2.1. International Perspective of MSEs

The definition of micro and small enterprises is still controversial. There is no generally accepted definition of micro and small enterprises. Micro and small enterprises in one country may be small or medium enterprises in the other country. Thus, it depends on the stage of economic development of the country (Ageba, 2004).

According to KessyUrio (2006), Micro and Small Enterprise can be defined as productive activity either produce or distribute goods and/or services, mostly undertaken in the formal sector. While the importance of MSE sector is acknowledged internationally, defining MSE firm is a challenging task, as every county has its own definition. There is no single, uniformly accepted definition of a micro or small firm. Firms differ in their level of capitalization and employment. Hence, definitions which employ measures of size, when applied to one sector might lead to all firms being classified as micro or small, while the same size definition when applied to a different sector might lead to a different result. This section provides a broad overview of Micro and Small firms definitions used across the globe within the objective of understanding what MSEs really are.

The USA Small Business Act of 1985 defines a small business as one that is independently owned and operated and which is not dominant in its field of operation. Furthermore, the USA Small Business Act of 1985 categorizes small businesses

according to sales volume and number of employees (Hodgetts & Kuratto, 1998). The annual turnover should be between$1.5 million and $10 million for service industry enterprises. In terms of the labor force classification, a very small, small, medium and large firm should have less than 20, 20 to 99,100 to 499 and 500 or more employees respectively. An enterprise should meet at least two of the following qualifying factors to be classified as a small firm, namely: the management must be independent, capital must be contributed and ownership must be held by one or a few individuals. Also, the area of operations must be local, even though the market is not necessarily local (Megginson, Bryd & Megginson, 2003).

In contrast, the Department of Trade and Industry in the UK states that a business is small if it satisfies at least two of the following quantitative and qualitative factors. In terms of quantitative criteria, small firm turnover should not be more than £2.8 million, the total assets must not be more than £1.4 million and the number of employees must not exceed 50. While qualitative factors focus on specific characteristics such as are latively small share of its market, being independent and not a subsidiary of a larger firm and that management have a close personal involvement in all aspects of decision making. In addition, a medium enterprise is defined as having total assets of not more than £5.6 million, turnover of not more than £11.2 million and the number of employees should not exceed 250(Culkin& Smith, 2000;United Kingdom, 2004).

The European Union categorizes small firms into small, medium and micro enterprises. In this context, small enterprises are defined as businesses which employ fewer than 50 workers and whose annual turnover or annual total asset does not exceed €10 million. A medium sized enterprise is defined as a business which employs fewer than 250 workers and which does not have either an annual turnover exceeding €50 million or total assets exceeding €43million. Micro enterprises are defined as enterprises which employ fewer than 10 workers and whose annual turnover or annual total assets do not exceed €2 million (Culkin& Smith, 2000).

According to UNIDO, the definition of MSE is a significant issue for policy development and implementation and depends primarily on the purpose of the classification. For the

purpose of policy development, UNIDO generally advises countries to take into account the qualitative and quantitative indicators for Micro and Small Enterprise definition.

Similarly in developing countries, micro and small businesses represent a significant segment of the business enterprises contributing to the economy. For example, in Malaysia, a small and medium business (in the service sector) is defined as an enterprise with not more than 50 full time workers or annual turnover of not more than R11 million (National SME Development Council, 2005). Ethiopia also has a unique system for defining what is meant by a small business and this is considered in detail next.

2.2.2. MSEs in Ethiopia's Context

The role of Micro and Small Enterprises (MSEs) is indispensable in poverty reduction through employment generation. Cognizant of this, a national MSEs Development Strategy was formulated in 1997. Ethiopia's MSE Policy envisages not only reducing poverty in urban areas but also nurturing entrepreneurship and laying the foundation for industrial development. The strategy was revised in 2010/11 with renewed interests and more ambitious targets on employment and number of entrepreneurs and transition to medium size level.

MSE development, being one of the key focus areas of the country's development strategy, receives massive support from the government in the form of access to finance, market, technology, training and working space. The government strongly believes that MSEs are the right solution to reduce urban unemployment and hence reduce poverty. This ambition is reflected in the GTP. For instance, it plans to create three million new jobs in the MSE sector in the five years growth and transformation period. Therefore, MSE promotion and support is the vital strategy to fulfill this national plan of employment creation in the short-run and achieving industrialization in the long-run. Ethiopia adopts a layered policy support in which MSEs are categorized into start-ups, growing-middle and maturity. Start-up stage enterprises refers to those enterprises found at their establishment stage and comprises a group or individual aspiring entrepreneurs that seek various supports to make their enterprise operational. The basic challenges at this stage include lack of initial and working capital, poor knowledge of business management and entrepreneurship and lack of knowhow about the different government

policies and directives related to the sector. In order to mitigate these challenges, FeMSEDA has designed a strategy that focuses on facilitating access to initial capital, supporting MSEs in formalization and legalization process and provision of training on business management, entrepreneurship and production technique(CSA, 1997; MoTI, 1997; Berihu A., Abebaw Z., and Biruk T. 2014).

Growing stage enterprises refers to those enterprises that are competent in the market in terms of price and quality and successfully utilize the various government support packages and are profitable in their business. However, enterprises at this stage also suffer from different challenges like financial constraint, lack of appropriate technology and technical skill, absence of sufficient working and sales premises and rent seeking behavior. To alleviate these specific challenges, FeMSEDA has formed a national strategy that focuses on facilitation of financial support and skill and technological development program. On the other hand, enterprises are considered to have reached the maturity stage when they are fully profitable and engaged in further expansion and investments in the sector. At this stage FeMSEDA has a strategy that aims to strengthen enterprises in terms of productivity and product quality. Moreover, at this stage, knowledge of international standards and better production technology are disseminated to enterprises (Moyi, E and Njiriani, 2005,Berihu A., Abebaw Z., and Biruk T. 2014).

2.3. Ethiopia's Definition of MSEs

2.3.1. The 1998 definition of MSEs

The Federal Micro and Small Enterprises Development Agency (FeMSEDA) define MSEs On1998.The old (1998) definition was based on paid capital only (see table below). An enterprise is categorized as micro if it's paid up capital is less than or equal to20, 000 ETB. Similarly, an enterprise is considered small when its paid up capital is less than or equal to 500,000 ETB.

Table 2. 1: Old Definition of MSE in Ethiopia

Sector	Manpower	Paid up capital
Micro enterprise	----------	≤20,000 ETB (1200 USD)
Small enterprise	----------	≤ 500,000 ETB (30000 USD)

Source: FeMSEDA(1997)

The limitation of this definition is that it does not provide information on job creation, size and asset base. This is because employment and asset ownership are not part of the definition. Secondly, the definition does not differentiate between manufacturing (industry) and services. (Berihu A., Abebaw Z., and Biruk T. 2014).

2.3.2. The New (2010/2011) Definition of MSEs

The new definition considers human capital and asset as the main measures (see table below). The new definition addresses the limitations of the old definition. Minimum asset requirement for services and industry is different as shown in table 2 below.

Table 2.2: New (Current) Definition of MSEs in Ethiopia

Level of Enterprise	Sector	Manpower	Paid up capital
Micro enterprise	**Industry**	**≤5**	≤ETB100,000 ($6000 Or E 4500)
	Service	**≤5**	≤ETB 50,000 ($3000 Or E 2200)
Small enterprise	**Industry**	6-30	≤1.5Million ETB ($90000 Or E 70000)
	Service	6-30	≤500,000 ETB ($30000 Or E 23000)

Source: FeMSEDA(2010)

The CSA conducts survey on small scale industries. It has conducted surveys for the years 2001/2, 2005/6 and 2007/8. However, CSA adopts its own definition which is not well aligned with the MSE policy and the new definition. Hence, the data it collects is less useful in terms of analyzing the MSE policy. CSA's definition is based on the size of employment and extent of automation. Hence, according to CSA,

- Large and medium scale manufacturing enterprises have been classified as establishments with more than ten employees using automated machinery.
- Small and medium enterprises are establishments that engage less than 10 persons using power driven machinery.
- Cottage/handicrafts are household type enterprises located in households or workshops normally using own or family labour and mostly manual rather than automated/mechanical machinery

The limitations of the CSA definition are, it ignores the size of capital and the sectors outside manufacturing (Berihu A., Abebaw Z., and Biruk T. 2014)

There is a consensus among policy makers, economists, and business experts that Micro and Small Enterprises (MSEs) are drivers of economic growth. A healthy MSE sector

contributes prominently to the economy through creating more employment opportunities, generating higher production volumes, increasing exports and introducing innovation and entrepreneurship skills.

Clusters under the umbrella of MSEs are numerous activities – street vendors, shop keepers, construction, wood and metal work, food processing, textile and garments, urban farm, municipality service , bars, shops, groceries, hairdressers, wholesale and retail traders, export-import traders and small scale industries etc. Most of these enterprises in the country are largely confined to trade and services and to small scale manufacturing and handicrafts, which constitute an important subset of small scale enterprises (MoTI, 1997; FeMSEDA, 2010;Berihu A., Abebaw Z., and Biruk T. 2014).

2.4. The Ethiopian Micro & Small Enterprises Development Strategy

In Ethiopia, the idea of Micro and Small Enterprises (MSEs) development emerged as a promising agenda in the 1980s. A variety of reasons have been cited for the surge of interest in MSEs development, like:

- MSEs are a better means for poverty reduction.
- MSEs are a platform for sustainable development and productivity.
- MSEs are important actors within the trade sector and a platform for economically empowering women and men.
- The MSE sector plays an important role in providing people with livelihood and income generating opportunities, providing income and services to people who cannot get employment in the formal sector.

In November 1997, the Ethiopian Ministry of Trade and Industry published the "Micro and Small Enterprises Development Strategy", which enlightens a systematic approach to alleviate the problems and promote the growth of MSEs (MoTI, 1997). Elements of the programme include measures with regard to creating an enabling legal framework and streamlining regulatory conditions that hinder the establishment of new and expansion of existing MSEs. In addition, specific support programmes also include measures related to providing working premises, facilitating access to finance, provision of incentives, promotion of partnerships, business skill development training, access to appropriate

technology, access to market, access to information and advice, infrastructure and institutional strengthening of the private sector associations and chambers of commerce(CSA, 1997; MoTI, 1997).

2.5. Distinction between Small and Large Businesses

Small businesses do have features in common with large businesses but they also have unique elements reflected in the manner in which they are organized and managed. Small firms differ from large businesses with respect to serving niche markets, customer service and innovation. Ehlers (2000) argues that the size of the organizational structure in large businesses is determined by their business activities. In small businesses, the elaborate hierarchies of top, middle and lower management that normally exist in large businesses are not present.

Small businesses are often the first to offer new products and services to the market (Boone& Kurtz, 1996). Innovation is a common characteristic in small entrepreneurial ventures. Thus, entrepreneurs have the ability to penetrate their way into new market opportunities by strategically repositioning their businesses. Innovation in small businesses takes the form of smaller incremental or market sustaining changes as well as business model shifts and even market improvement (King & Ockels, 2009). Further innovations lead to improved products, better business processes, enhanced customer value and stronger financial performance. However, Buckley (2004) argues that the extent of innovation by SMMEs, as opposed to large organizations is controversial, given that large firms have the capacity (resources and expertise) to embark on constant product research and development. Notwithstanding this, small businesses have a crucial role to play in developing and transferring certain types of technology advancement, especially where there is a satisfactory niche for them (King & Ockels, 2009).

The size of large businesses can deter them from some markets. Large organizations often have highly sector-specific expansion routes with regard to growth in the industry. This leaves niche markets for small enterprises to exploit; these tend to exist as a fringe in large enterprises (Buckley, 2004). The situation provides substantial opportunities for small businesses to serve the niche markets with lower overhead costs. Small businesses

can be more flexible than large enterprises, enabling them to tailor products to the specific needs of customers. Small businesses are likely to have a competitive advantage over large businesses because of the relationship they are capable of building with customers.

The Small Business Success Index (2009) reveals that customer service is the area where small businesses believe that they excel. Large organizations have large customer bases as compared to small enterprises. But, some large businesses serving a large customer base often fail to satisfy each customer‘s needs satisfactorily. This gives the small businesses an advantage when it comes to serving their customers and building a customer relationship (King & Ockels, 2009).The following section discusses the contribution of small businesses.

2.6. Contribution of Micro and Small Businesses

There has been a tremendous increase in the number of small businesses in developed countries around the world since the late 1960s (Burns, 2001), with North America, Asia and Western Europe undergoing an entrepreneurial renaissance (Calvin, 2002). The small business sector is considered by many countries critical to job creation and ultimately for wealth creation. It is their growth potential that makes small firms important to economic transformation (Dalziel, 2006). The contributions of micro and small businesses are discussed below:

2.6.1. Contribution to Gross Domestic Product (GDP)

The importance of large scale businesses as the driver of the economy is acknowledged by policy makers. Traditionally, large businesses have been the focus of support from governments, but this position is changing as large firms downsize shedding labour (Ladzani & Van Vuuren, 2002). The small business ability to play a key role in the economy is evident in different economies. Small enterprises constitute an important source of new ideas and experimentation that otherwise would remain unexploited in the economy (Muhanna & Baker-Abu, 2001).

In Asia SMMEs make up 95% of organizations, employ up to 80% of the labour force and account for 60% of GDP (Strodes, 1998). For example, in Taiwan the SMMEs contribution to GDP is 98% (Ladzani & Van Vuuren, 2002). The GDP figures indicate

that SMMEs' contribution plays a crucial role in economic transformation. More recently, the development of small firms is thought to be a more important focus for government incentive policies in developing nations, given their contribution to the GDP (Dalziel, 2006). According to Nstika Enterprise Promotion Agency (2002) SMMEs contribute approximately 36.1% to the GDP of South Africa, with micro enterprises making up 5.9% of this contribution, small enterprises a further 14.8% and medium enterprise contributing the balance of 15.4%.

It is worth mentioning that Micro and Small Enterprises all over the world are known to play a major role in socio-economic development. This business sector is recognized in economies world-wide, irrespective of the economy's developmental stage. The contribution towards growth, job creation and social progress is valued highly and small businesses are regarded as an essential element in a successful formula for achieving economic growth (Underhill corporate solutions 2011).

According to the estimation of UNIDO (1999), SMEs represent over 90% of private business and contribute to more than 50% employment and of GDP in most African countries. Due to the increasing unemployment problem, Ethiopia is forward to combat unemployment by injecting Micro and Small Enterprises. Micro and Small Enterprises have a tremendous potential to generate employment for the majority the urban lobar force. They are also important sources of income not only for those people who could not find employment in other sectors but also provide cushion to falling income of low wage earners (Gebreeyesus M. 2007).

The current growth of the Ethiopian micro and small business sector may be largely attributed to the advent of the democratic system and policies supporting MSEs. The promotion and development of small firms has become a major government focus priority. Various government departments have developed specific strategies for MSEs. More so, the Small Business Act provides the foundation for the establishment of support institutions. These support organizations mainly provide necessary information to small

enterprises and prospective entrepreneurs and help them to establish and build sustainable enterprises (Haftu, et al, 2009; GTP, 2010).

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2001). Small- Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Harris et al, 2006; Sauser, 2005). Furthermore small scale business has been recognized as a feeder service to large- scale industries (Fabayo, 2009).As argued earlier, large businesses are not providing direct solutions to issues such as unemployment, which is discussed in the next section.

2.6.2. Employment Creation

Longenecker, Moore and Petty (2003) as well as Elmuti and Kathawala (1999) state that the estimated 23 million USA's small businesses continue to be strong contributors to the economy. Small businesses absorb 52% of the private work force in the USA (Longenecker*et al*, 2003; Calvin, 2002) and similarly in the UK, small enterprises employ 62% of the labour force. In the European Community (EC), employment figures generated by small firms in various EC countries indicate a significant contribution to job creation. For example, small businesses contribute 79%, 63% and 60% to employment creation in Italy, France and Germany respectively (Burns, 2001). This trend is followed in Taiwan, where small businesses employ almost 69% of the labour force and accounted for 99.74 % of all newly established businesses in 2005 (Tsai, 2006). In South Africa SMMEs contributed 57.35% in total to employment growth micro business contributed 20.85%, small business contributed24.2% and medium sized business contributed 12.3% (Ntsika Enterprise Promotion Agency, 2002).

According to the Ethiopian Central Statistical Authority (2004), almost 50% of all new jobs created in Ethiopia are attributable to MSE sector. According to Aregash (2005) cited in Bekele and Worku (2008), 98% of business firms in Ethiopia are MSEs, out of which SEs account for 65% of all businesses. In Ethiopia, MSE sector is the second

largest employment generating next to agriculture. Some studies in these areas rightly point out that MSEs have been on the forefront in employment creations, poverty reductions, proliferations of entrepreneurships and thus economic development concurrently (CSA, 1997; MoTI, 1997; Haftu, et al, 2009; GTP, 2010).

2.6.3. Stimulating Economic Competition

When market competition prevails businesses compete for sales, and customers have a wider choice of selection of products and services. A low level of competition may cause manufacturers to set high product prices, withhold technological developments, exclude competitors or abuse their position (monopoly) of power (Kirzner, 1997). Small firms compete with large firms, forcing the large organizations to become more efficient and responsive to customer needs. This improves the nature of the competitive environment in the economy.

The next section discusses how small enterprises contribute as producers and distributors of goods and services. The role of producer and distributor enables small businesses to serve as essential channels in the production and distribution of goods and services for local economic development.

2.6.4. Producers and Distributors of Goods and Services

Small businesses complement large organizations by supplying products that are used as raw materials. They compete with large firms in offering services and tend to provide the services more effectively and efficiently for particular niche markets (Gumede, 2002).

In addition, some niche markets (both local and international) are only viable for small businesses which have low overhead costs and are more flexible. Small businesses can quickly identify trends in the business environment and respond to them more quickly than larger ones who may take longer (Wong & Aspinwall, 2004). Niche markets are often not feasible for large businesses and would otherwise remain unsaved. In particular, a small firm's flexibility is essential in markets characterized by rapid change and high levels of personal service. Therefore, small enterprises form a medium for large businesses to outsource certain functions (Fabayo, 2009).

2.6.5. Small Businesses' Contribution to Investment

Another dimension of the economic significance of small businesses is their contribution to investment. The investment behavior of small businesses may be associated with

supportive government programs. The ability of small firms in Ethiopia to be a source of sustained income and employment depends on whether they have the financial capacity to embark on new projects and remain competitive in the market.

2.7. Challenges of Micro and Small Enterprises

Micro and Small Enterprises are known to face a host of problems at various stages in their life span. Micro and Small Enterprises lack managerial skills, resources and experience to motivate the potential investors to invest on them. They view them as high risk business concern and some well to do MSEs may be hindered critical financing (Kanichiro and Lacktorin, 2000).

MSEs in developing countries are considered to be too unstable by banks to invest in. Due to this instability, the banks consider MSEs to have high risk and the costs those banks suffer to monitor the activities of the MSEs are high. According to Boma and Zachary (2010), Bhattacharya et al. (2000), and Hossain(1998) identified that formal financial institutions (banks) are reluctant to lend to MSEs since investing in MSE activities is considered by banks to be very risky. They find it risky in sense that if invested in, and in an event of unfavorable business conditions, they have low financial power, assets and easily go bankrupt (Sia, 2003).

The cost of borrowing from bank is very high and this prevents MSEs to borrow from this institution. The application process for loan is long and difficult for MSEs to meet up with the demands. The collateral demanded by banks for a loan is based on fixed assets and which are very high in other to hinder these business organizations to acquire loans. Researcher's grouped problems of MSEs into five – finance, government, marketing, equipment and infrastructure and finally found that finance is the most crucial problem (Kefale M. and P. Channan 2012). Poor banking services, with high interest rates, lack of working capital, poor market selection and rapidly changing external market conditions are the major reasons for failures for MSEs (Monk, 2000).

The report of CSA (2006) indicates that 32 per cent of small scale manufacturing industries faced problems during their commencement of their operation; for 38 per cent

of these, the major problem was shortage of initial capital; 57 per cent absence of market demand; 12 per cent shortage of supply of raw materials, and shortage of spare parts 7 per cent (CSA 2006; AEMFI 2009). According to CSA report (2009), the top three problems faced by urban informal sectors operators during start-up stage are: lack of sufficient capital 38 per cent, in adequate skills 10 per cent and lack of premises 6 per cent. After starting their operation they confront serious problem of shortage of working capital, and also face problem of limited market.

In general in Ethiopia, MSEs are confronted with various problems, which are of structural, institutional and economic in nature (MOTI, 1997). Lack of capital, working premises, marketing problems, shortage of supply of raw materials and lack of qualified human resources are the most pressing problems facing MSEs. Although the economic policy of Ethiopia has attached due emphasis to entrepreneurship values and appreciation of the sector's contribution to the economy, there are still constraints related to infrastructure, credit, working premises, extension service, consultancy, information provision, prototype development, imbalance preferential treatment and many others, which therefore need proper attention and improvement. It is in this context that the Ethiopian Micro and Small Enterprises Development Strategy was conceived and developed.

2.8. The concept of Success in Business

Success refers to the achievement of goals and objectives in any sector of human life. According to Oxford English dictionary (2012) the accomplishment of a purpose or an aim is defined as success. Gray (2000) argues that the secret of men's success lies in the belief that they do those things which a failure can't do. According to Brooks and Brooks (1991), the secrets of women's success is more clearly be defined as having these 7 secrets,

1. They realize the importance of their coach, mentor in their life.
2. They know to be prominent, with the help of influencing others.
3. They know how to develop an effective network.
4. They know and being learning how to communicate effectively.

5. They know how to create balance between home and work.
6. They know when to take risks.
7. Have a good understanding about the policies of the organization.

The women success can also be revealed by 10 forces which were hidden in them, ―fire intuitive vision, engagement, endurance, integrity, fusion, genius, renewal, enterprise, agility-with wicked focus (Milazzo, 2011).

Hence, in business, the concept of success generally refers to a firm's financial performance; it has been interpreted in many different ways (Foley and Green, 1989). Some authors defined as tangible (objective) points of view such as revenue (income) or a firm's growth, personal wealth creation, profitability, turnover (Perren, 2000; Amrit et al 2000). Other studies (Watson et al 1998; Taormina and Lao, 2007) associated entrepreneurial success with continued business operations, operating for at least three years. Some other studies have interpreted the success from intangible points of view where intangible assets (e.g., goodwill of firm) are linked to key factors of success.

Despite the fact that success has been widely studied topic in the field of entrepreneurship, no consensus on what is understood by the success of the firm can be found in the literature (Perez and Caninno, 2009). The contention is that success is largely determined by subjective perceptions of the entrepreneur regarding their success (Ibrahim and Goodwin, 1986).

The entrepreneurs are considered as successful based on their financial performance that are measured in term of return on asset (Masuo *et al*., 2001), return on investment (Gadenne, 1998), asset owned (Norma dan Jarita, 2010;, Nwachukwu, 1995; Paige dan Littrell, 2002), profit (Orser *et al.*, 2000), income (Paige dan Littrell, 2002; Haber dan Reichel, 2005).

On the other hand, the non-financial aspect of performance comprises of factors like customers satisfaction, personality development and awareness of entrepreneurs (Masuo *et al*., 2001). In line with that, McClelland *et al*. (2005) further added the satisfaction of entrepreneurs to measure the society necessities and wants as non-financial indicator of

success. Based on this, this study employs the financial measure of success that is the growth of total capital of the enterprises is used since it is better than the non financial measures in terms of reducing the subjectivity of the measurement results (Perren, 2000; Amrit *et al* 2000).

2.9. Success Factors and Performance of MSEs

Micro and small enterprises considered as a vital component of the socio-economic development of both developed and developing countries, usually some of these enterprises collapse within the first few years of their start-up. Of those operating, some grow rapidly, while others grow slowly. So, it is important to identify the cause factors of success because it helps new entrants of the sector to consider the factors and use for their future in the business (Alasadi and Abdelrahim, 2007).

These factors could vary from one country to another due to the economic, geographical and cultural differences. This kind of investigation of the success factor is very important for developing countries like Ethiopia because the research conclusion could be useful for the economic development planners as well as to individual entrepreneurs and business owners in the countries concerned (Tiruneh, 2011).

Still, there is no unified theoretical model on firm success. There are, however, several models that shed light to the issues from various perspectives. The success of a firm is motivated by external opportunities, such as promising demand prospects for the firm's product, and/or internal inducements, such as a shift to a more efficient utilization of existing resources of the firm. On the other hand, external and internal factors may also function as obstacles to growth and success.

As far as external success determinants are concerned, technology, government support, access to credit and marketing strategy are the major factor. In the theoretical context of micro and small enterprises, empirical work has found several factors to determine the success of firms .But before going to review what other researchers have done on each of the success factors, it is more appropriate to define what success mean and how it can be measured according to micro and small enterprises(Tiruneh, 2011).

There can be various factors like socio-economic, political and motivational factors that affect the success of micro and small businesses. Searching on the literature of MSEs success across the world, we can find various factors affecting their success.

2.9.1. Entrepreneurial Characteristics/ Demographic Factors

The first proposed success determinants for a micro-entrepreneur are his or her entrepreneurial characteristics. While the proposed determinant "Institutional Environment" emphasized the societal rules and constraints, entrepreneurial characteristics in this sense refer to the individual characteristics of an entrepreneur and their implications to his or her business success.

An entrepreneur is by definition someone who owns and manages a business, taking the risk of profit and loss (Oxford Dictionary, 2011). This implies a certain mindset, a set of capacities and characteristics that this special group of people shares. Characteristics that most notably differentiate this group from wageworkers are cognitive ability, motivation, as well as a competitive attitude (de Mel, McKenzie, &Woodruff, 2010). However, when looking at micro entrepreneurs in developing countries, especially in Sub-Saharan-Africa, it becomes clear that growth of businesses is often hindered by the lack or scarcity of such characteristics (Borgarello, Marignani, & Sande, 2004). Hence, an entrepreneurial characteristic is proposed as a determinant of business success for micro-entrepreneurs in a developing country context.

Managerial skills, including basic knowledge of accounting, financial planning and marketing, cannot be taken as a given with micro-entrepreneurs in Sub-Saharan Africa, they are rather scarce. In a context where ownership and management overlap largely, this has a much bigger influence on entrepreneurial success than is the case in developed countries. In addition the market for business services is likely to be less developed in developing countries, hence the single entrepreneur needs an even wider range of skills himself (de Mel, McKenzie, & Woodruff, 2010).

Summing up, entrepreneurial characteristics play a major role in determining the success of micro-entrepreneurs in Sub-Saharan Africa. It is primarily important to notice that the underlying motivation for most micro-entrepreneurs in Sub-Saharan Africa is not

comparable to western entrepreneurs. They are not driven by an urge for self-realization, but rather by necessity to provide for themselves and their families. This is reflected in the high level of risk aversion that can be found in these businesses. This risk aversion, strengthened by amongst other things a lack of risk calculation knowledge, business differentiation in markets that are marked by many actors with the selling the same product or service. Further it is noticeable that many of the micro-entrepreneurs in Sub-Saharan Africa lack basic management skills like accounting, financial planning and marketing. Entrepreneurial characteristics such as owner/operator gender, age, education level, previous work experience, management skill, economic background and marital status determine the growth of MSEs (Chirwa, 2008; Enock, 2010; Habtamu, 2012; Janda et al., 2013; Mbugua et al., 2013; Mulu, 2007; Osinde, 2013). Other studies (Clover & Darroch, 2005; Enock, 2010; Mulu, 2007; Tiruneh, 2011) found that firms related factors including age, size, initial capital, location, formality, type of business to be the most determinant factors affecting the growth of MSEs.

2.9.1.1. Owners/operators Age

Entrepreneurs very in age from young to old in many instances, an individual may begin a business as a hobby or secondary source of income and have it grow into a profit-driven enterprise. A number of studies have focused on the entrepreneurial characteristics of the owners/managers as key factors to micro and small business success. Age of the owners/managers was one of the most important characteristic that was repeatedly used to predict business performance and success (Lussier and Pfeifer, 2001).

Lussier (1995) also argued the relationship of the business owner's age and its effect on the performance of the enterprises. He reported in his study that, 'younger people who start a business have a greater chance to fail than older people starting a business.'

Similarly, Praag (2003), in his study of business survival and success of young small business owners, younger small business starters have a lower success and survival probabilities than older starters. The chance of both voluntarily and forced exit from the business is higher to young entrepreneurs. From this one can understand that the age of small business owners have its own contribution to the success and failure because

individuals learn not only from formal education but also from their walks of life. Alasadi and Abdelrahim (2007), in their study of Small Business Performance in Syria also reported that, as the age of the business owner increase it contributes to the success of the enterprises performance. From the study result of Alasadi and Abdelrahim, it may be argued that increased age brings with it a sufficient level of accumulated knowledge or experience for the success of the business.

2.9.1.2. Education Qualification of the business owners

Some business owners are highly educated and extremely successful whereas others have yet to complete their high school but are equally successful. In many instances, it may depend on the individual himself/herself. Nevertheless, education level can have an effect on the performance of a business as noted in many studies.

The reason is that education improves literacy, quantitative training, and social and communication skills. Thus, specialized education is necessary for many occupations. The study of Lussier (1995) suggested that 'people without any college education who start a business have a greater chance of failing than people with one or more years of college education. Education can provide the skills set and knowledge, which can help owner/managers with tools, like technology literacy, which helps to increase productivity and success. 'If education cultivates comprehensive literacy, this would help owner/managers to integrate relevant information to do effective planning and to make well-informed decisions, which would ultimately enhance the organization's success' (Mohan –Niell, 2009). Thapa and Goswami and Joshi (2008) in their study they found that the education of owners has positive effect on entrepreneurial and small business success.

Similarly Rose et al., (2006), in their study of the 'Dynamics of Entrepreneurs Success Factors', reported that, higher education level helps the business owners to have better knowledge and skills which contribute to the success of their venture. Working experience also assists the entrepreneurs with information and understanding about the industry and thus, assisted them in venturing into the current business they are in.

Another research by Charney and Libecap (2000), found that entrepreneurship education produces self-sufficient enterprising individuals. Furthermore, they found that entrepreneurship education increases the formation of new ventures, the likelihood of self-employment, the likelihood of developing new products, and the likelihood of self-employed graduates owning a high-technology business.

2.9.1.3. Prior work Experience of the owners

Lafuente and Rabetino (2011), in their study of the importance of human capital in small business growth in Romania using employment level as a measure of small enterprises success, reported that previous work experience of small business owners is an important factor for the success of the enterprises they operates in.

In addition to the above studies Politis and Gabrielson (2002), in their study supports the argument that prior experience from starting up new ventures showed a significant and positive association with increased opportunity recognition. Consequently, previous start-up experience seems to impact the mindset and knowledge base of the entrepreneurs, which in turn enable them to identify and act on further business opportunities.

Previous start-up experience and cross-functional experience seem to provide individuals with Knowledge that improve their ability to recognize new venture opportunities. Previous small business management experience and varied management experience seem on the other hand to provide individuals with knowledge that increase their ability to handle liabilities of newness in the new venture creation process (Politis and Gabrielson,2002).

2.9.2. Firm characteristics

Firm characteristics are defined as firm personalities or attributes that tend to describe a firm or tell us about the firm. Three major areas, the types of firm/sectors, the firm age, firm`s initial capital, and firm size, represent firm characteristics (Lucky, 2011). As micro or small businesses owners are the heads of their particular enterprises, having a good understanding of the firm’s nature, firm`s initial capital and firms size is very imperative for them to manage their firms effectively (Lucky and Minai, 2011).

Nature of firm could mean type of firm (e.g. marketing firm, service, advertising firm, etc) or the business the firm is into (Lucky, 2012). Firm size as defined by Lucky (2012) means small, medium or large or the sector the firm belongs to or conducts its business. The most widely used measurement tool for firm size, number of workers, is applied to this present study. According to Kimberley (1967) and Child (1973), more than 80 percent of academic researchers used number of employees in measuring firm size. Size affects a firm's marketing capabilities, attitudes, needs, practices etc which are important determinants of firms' performance and success. However, the association between firm size, which is one of the elements of firm's characteristics and entrepreneurial performance, is a debate in the field of research (Dean et al., 2000).

2.9.3. External Factors

Another third dimension advocated by micro and small business success studies is the influence of environmental or external factors. In this section emphasis is given to enabling business environments and social networks. These two sub-dimensions are chosen because the study assumes that these are the most relevant external factors influencing small business success from the context of developing countries like Ethiopia. Mohd (2005) defined external factors as the determinants which contribute to the success or failure of entrepreneurial firms or entrepreneurs themselves. Simply put, external environmental factors are the outside factors affecting the performance of the business enterprises. External factors have a strong impact on entrepreneurial competencies and performance (Arowomole, 2000; Kuratko and Hodgetts, 2004).

The situations faced by entrepreneurs in any economy can generally be defined as the external environment (Aldrich et al., 1999). The survival and growth of a firm and the likelihood of additional venture start-ups rely on the external environment (Colvin and Slevin, 1989). The external environment has been widely recognized as a critical component contributing to a firm performance. The personality, attitudes and motivation of the entrepreneurs are also dependent on the environment (Gartner, 1985). In a competitive and turbulent environment, external factors are commonly accepted as the determinants of firm performance and survival. Van deVen (1993) suggested that every

research in the field of entrepreneurship should take account of the external circumstances to be able to explain the entrepreneurial process in a more appropriate way. Kuratko and Hodgetts (2004) also argued that entrepreneurial decisions are primarily influenced in direct or indirect ways by external factors and consequently affect performance. According to Kader et al. (2009), it is unfeasible to fully cover the multiple dimensions of external factors in a single study. In order to ensure a fruitful outcome, it is really crucial to stick to a few dimensions of the environmental components rather than group everything into one single factor. Therefore, in this study, the researcher concentrates on the environmental factors, which are only three of the many external factors mentioned in previous studies. Those are government support, marketing factors, and social networking.

2.9.3.1. Business development services

There is broad agreement that MSEs can become effective creators of employment, innovation, income and growth. However, many of them do not realize their full potential because they lack access to markets, finance, technology, and business skills. Globalization and liberalization have compounded these traditional problems of access. Production is now knowledge-based and competition occurs on the basis of both continuous innovation and price. Entrepreneurs need to muster design, have extensive knowledge of markets and technology, and become innovative. Best practice points to the need to support linkages and networking as a key mechanism to facilitate the development of MSEs (UNCTAD, 1997).

The favored style of intervention is the provision of specialized support services through a multi-layered network of service providers, whereby the Government supplements or supports private sector activities rather than duplicating them, and coordinates with specialized institutions in the provision of services to MSEs. There is little evidence of this kind of intervention in the four countries studied. There appears to be little scope for implementation of the principle of subsidiarity, at least in Zambia and probably also in the other countries, because of the limited capacity within the private sector to provide business development services (BDS) – particularly growth-oriented MSE support

services. Another possible reason for the limited participation of the private sector is mentioned in the study of Burkina Faso, where small entrepreneurs have not yet developed the culture of seeking and buying-in technical assistance (UNCTAD, 1997)

The quality and relevance of BDS are, in most cases, found to be less than satisfactory. Only a small number of micro and small enterprises benefit from existing BDS. These services are often confined to urban areas, but even there, many small enterprises are unaware of their existence. Policies towards MSEs and BDS do not adequately address the problem of insufficient linkages between large and small firms, yet such linkages are an important prerequisite for competitiveness, especially in high-end markets (Porter, 1990).

2.9.3.2. Marketing Factors

The successes of MSEs are also constrained by marketing problem. As indicated by (Mead & Leidholm, 1998) most of MSEs Set their market for low-income groups, this results in minor growth in case of bad economic situations. Their bad performance will not guarantee the time of economic shocks that easily turn them to the road of failure.

Most of the MSEs that exhibits high growth in UK identified and responded to new market opportunity (Smallbons et al., 1995) which makes them successful while those who did not do so were negatively affected. Most MSEs are not searching new markets or not as properly the existing market since they do not have entrepreneurial skills or experience.

(Gurmeet & Rakesh) Found that MSEs in Ethiopia are constrained by marketing problem. Their lack of entrepreneurial and management competency adding to low exposure, results in finding markets. Absences of market facilitate the failure rate. Furthermore, market orientation is also necessary for the development of a business. Market orientation is defined as organization culture creates the necessary behavior for the creation of higher value to customers was found to be considerably correlated with company performance. More specifically, it been noted that market based orientation is fruitful in selection of a healthy and attractive product when the MSEs operates in markets with relatively homogenous product (Verhees & Meulenberg, 2009).

2.10. Theories of MSEs growth

Currently there are two dominant theories on determinants of growth of MSEs: the Industrial organization model and resources based view.

2.10.1. Industrial Organization Model

The industrial organization model sees growth of firms from an external perspective, that is, environmental/external factors, instead of resources and capabilities that are internal to the firm, dominant role on a company's growth and strategic actions of a firm (Hitt *et al*., 2009). According to this model a business enterprise must first consider the external environment (the industry in which it operates) and search the one that is most attractive to the firm and design a strategy that fits to the characteristics of the industry. Then it must be able to successfully implement that strategy to increase its level of competitiveness so that it generates above average return.

2.10.2. The Resource Based View

The resource based view considers unique resources and capabilities owned and controlled by each firm to be the sources of ability to generate above average return or higher growth than competitors. The argument of resource based view is that all firms face the same external environment. However, firms with strong internal capacity (tangible and intangible resources) not only exploit environmental opportunities but also can succeed to challenge any external threats and challenges. This implies that while firms with unique resources and capabilities earn superior profits, firms with marginal resources can only expect to breakeven (Barney, 1991; Petraf, 1993).

2.11. Empirical Review on Success Factors

For all businesses to be successful require ever demanding efforts in all areas that affects the business success. Increasing business competition, in particular against large and medium competitors puts MSE's in a vulnerable position. As MSEs operates around the traditional lines, and a lot of factors increases their influence and causing a huge affect on the success of MSE's no matter what is location of MSE's and how strong is the market conditions are, influencing factor is always there for the small businessmen to anticipate these factors while doing the business. The literature is based on the success factors affecting the success of MSEs.

Many empirical studies have been conducted to investigate the determinant factors affecting MSEs growth. Generally, these factors relate to entrepreneurial, firm, inter-firm characteristics and external factors. Entrepreneurial characteristics such as owner/operator gender, age, education level, previous work experience, management skill, economic background and marital status determine the growth of MSEs (Janda et al., 2013; Mbugua et al., 2013; Mulu, 2007; Osinde, 2013). Other studies (Clover & Darroch, 2005; Enock, 2010; Mulu, 2007; Tiruneh, 2011) found that firms related factors including age, size, initial capital, location, formality, type of business to be the most determinant factors affecting the growth of MSEs.

Moreover, some studies (Atieno, 2009; Habtamu, 2012) revealed growth of MSEs affected by inter firm related factors like linkage, network, and competition. The growth determinants of MSEs was also associated with external factors such as access to credit, infrastructure, market, working place, technology, social services and other legal and regulatory frameworks (Admasu, 2012; Gichana & Barasa, 2013; Hove & Tarisai, 2013).

Younger owner/manager of MSEs is more likely to grow than the older counterparts (Chirwa, 2009; Janda et al.,2013; Kokobe, 2013). Growth of MSEs improves with increasing in education (Ahiawodzi & Adabe, 2012;Mulu, 2007). On the other hand, limited studies revealed the effect of increasing educational level of the owner/operator on the growth of MSEs is to some level (Habtamu, 2012; Haftom, 2013; Schiebold, 2011).

Some studies (Kokobe, 2013; Mulu, 2007) reported that a firm with more years of work experience typically have faster-growing than their counterparty. With regard to the sector-growth relationship firms engaged in manufacturing and service sector grows faster than their counterparts **(**Mulu, 2007; Habtamu, 2012; Haftom, 2013; Kokobe, 2013). There were other empirical studies (Audretsch, 1995; Haftom, 2013; Janda et al., 2013; Mulu, 2007) which supported the idea that young MSEs and smaller are more likely to grow faster compared with larger MSEs and that have been existed longer period. On the other hand, Mateev and Anastasov (2010) revealed that there is positive

relation between firm age and its growth by assuming firms may benefit from learning which enables them to develop expertise in production, management, and marketing. Start- up capital of a given firm has significant positive effect on the growth of MSEs (Ahiawodzi & Adabe, 2012, Habtamu, 2012; Haftom, 2013).

It is obvious that hurdles in the business success are far more then it was in previous. The environments as well as and some other factors that are very complex and dynamic. The only thing that is more concerned to the entrepreneur is what he should do to survive in a competitive market. The factors which we are concerned more in the literature are financial resources marketing strategy, technological resources, information access, and government support and business plan. Audretsch (2005) showed the relationship between ownership, decision making and employee deployment and the performances of the firm. Their finding shows that ownership profile is key factors in the success of an MSE. Business plan it holds its vital importance as better business planning reduces the risks associated with any business activity. Insufficient awareness of the need for a business plan was identified as one problem at the start up phase among MSE's (Chami, 2006). Business information of relevance for the perception of ability to success and thereby for intention is relevant sources of inputs, markets and, technological solutions, and government rules as well as regulators policies. The availability of the information is found to be dependent on characteristics of the level of education, infrastructure qualities and media coverage and telecommunication systems, and on social capital side as networks and never the least the entrepreneurial skills (Deakins, 2006).

2.12. Summary of Success Factors from Literature Review

Small business success can be defined in many different ways. A study by Beaver and Jenning (1995) stated that the most commonly adopted definition of success is financial growth with adequate profits. The study concluded that being able to define success, whether generally or specifically, is not the same as explaining success. Other definitions of success are equally applicable. For example, some entrepreneurs regard success as the job satisfaction they derive from achieving desired goals.

Linda & Robert (1998) Explained the term success and failure of micro and small enterprises interestingly which is worthy enough to direct quote: "[...] it is fact that failure and success are somewhat bound together, even though at opposite ends of a continuum." Gaskill et al (1993) also noted, "factors citing reasons for failure may also appear as factor affecting success."The two quotes imply the similarity of factors affecting the success/failure of MSEs but in positive and negative manner respectively. Moreover as (H.Holt, 2004) explains the association between the factors affecting success/failure of business as "probability for success can be improved by reversing the factor of failure.

According to Siropolis (1998) the followings are the most common reasons why small business succeed or fail.

- Age. Younger people who start a business have a greater chance of failure than older people do. This implies the younger the business owner the higher the chance of failure in doing the business this is because business owners learn not only from formal education but also from their walks of life.
- Capital. Businesses that start with too little investment by owners have a greater chance of failure than business with adequate investment by owners. From this, one can understand that initial capital of a business can contribute to the success of the business operation.
- Education. People with no college education who start a business have a greater chance of failure than people with one or more years of college education. This indicates the relevance of education to the success in business operation.
- Experience. Business run by people without prior industry experience have a greater chance of failure than business run by people with prior industry experience. Moreover, he added those businesses that run by people without prior managerial experiences have a greater chance of failure than business run by people with prior managerial experience. Hence, managerial experiences of the business owner provide a positive incentive for the success of a business.
- Marketing. Business owners without marketing skills have a greater chance of failure than others with marketing skills. This shows that owners with marketing skill are more likely to perform well than owners with no marketing skills.

Research gaps exist since none of the studies address in detail the relationship between success factors and performance of micro and small enterprises in Jimma town. In addition, majority of the studies were conducted on either the capital city of the country or the major cities and towns of Ethiopia on performance and failure of MSEs. Research gaps also exist as this research was providing more literature for examining the theories reviewed. This study sought to fill the existing research gap by answering the following research question, does which factors determine the success of MSEs in Jimma town.

The above chapter reviewed the various studies conducted on the performance of MSEs. In addition, an empirical review was conducted where past studies both global and local reviewed in line with the following criteria, title, scope, methodology resulting into a critique. It is from these critiques that the research gap was identified.

2.13. Theoretical Framework

These demographic (Entrepreneurial characteristics), firm related factors, and environmental factors were considered for the theoretical framework of my study (see figure 2.1). They were proxy for a number of other key factors that affects micro and small business performance.

Demographic factors/ Entrepreneurial traits:

- Age
- Education
- Experience

Firm Related factors:

- Firm Age
- Initial employment

Environmental (contextual) factors

- Access to training
- BDS
- Market related factors

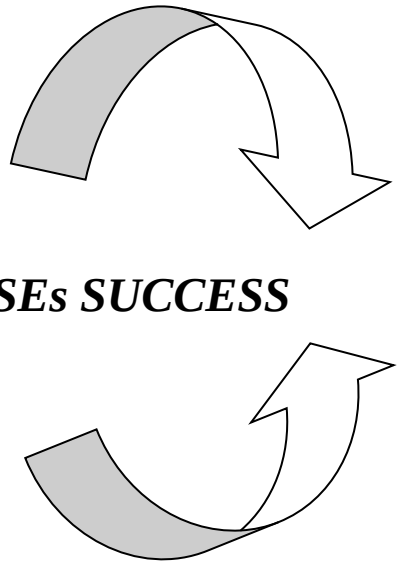


Figure 2.1. Theoretical Framework.
Source: *Compiled from the review of literature and empirical evidences.*

CHAPTER THREE

3. RESEARCH METHODOLOGY

This chapter provides the research methodology employed to conduct the study. Accordingly, this chapter presents study area, data type and source, method of data collection, sampling design technique, research design and technique, total population and sample size and method of data analysis and presentation.

3.1. Study Area

The research was conducted on MSEs found in Jimma town, Ethiopia. Sample of MSEs currently in operations are obtained from the town micro and small enterprise center and all categories of business were included in the study. The next section describes, firstly, how the population defined; secondly, sampling method, sample size determination technique employed, data type, source and collection method; thirdly, how the instrument developed and data analysis, fourthly, the operationalization of the study variables.

3.2. Population Study

The study population was confine on Micro and Small enterprises operating in Jimma town, Ethiopia. In Jimma town 5,629 micro and small enterprises were registered legally in the data bases of micro enterprises center up to June 2012.In the MSEs of Jimma town the study were include all of them in the sample frame. These MSEs are engaged in Manufacturing, Construction, Trade, Service, and Urban Agriculture. For the purpose of this research micro and small firms were defined as businesses having not more than 30 employees and which were independently owned. A survey method was used to gather the data from the micro and small business owner managers.

3.3. Sampling Technique

Sampling procedures are ways of selecting a small number of units from the targeted population to allow researchers to make reliable inferences about the nature of that population (Cooper & Schindler, 2006). In this study, primarily due to MSEs found in different sectors, stratified sampling used as a method of collecting the data. Using proportionate sampling the respondents had been drawn from stratified sample on the basis of simple random sampling technique.

3.4. Sample Size

Micro and Small enterprises found in Jimma town had been stratified according to the sector in which they are engaging. From each stratum, samples be selected using simple random sampling since MSEs in the same category has similar characteristics and operate relatively under similar environments. But from each stratum, proportionate sample size was taken based on the formula indicated below. Sample size for the population of MSEs was determined by using the formula from (Kothari,2001). The 95 usable questionnaires completed in this research project represent a sample size that was adequate for the intended statistical analysis.

The researcher use 95% confidence level and the formula and results presented as follow:

$$n = \frac{z^2.p.q.N}{e^2(N-1)+ z^2.p.q}$$

$$n = \frac{(1.96)^2 0.5*0.5*5,629}{0.1^2(5,629-1)+(1.96)^2 0.5*0.5} = 95$$

Where:

- p= sample proportion of successes;
- q= 1 – p;
- n= Sample size from the total population of MSEs.
- z= standard variate for given confidence level (as per normal curve area table).
- N=total population MSEs.
- e= margin of error

Sample size from each stratum of the sectors within MSEs is determined by using the formula shown below.

$$n_x = (N_a/N_b)\, n$$

Where n_x = is sample size from each stratum,
N_a= is total sample size from the study population (i.e, 95)
N_b= population of the sum of strata for the study (i.e.,5,629), and
n = is total number of population in each strata.

Using this formula, the computed sample size from each stratum is provided in table below.

Table 3.1.Classificationsof Micro and Small Enterprises at Jimma town in Five Sectors.

Sectors Type	**MSEs in operation**	**Proportionate Sample Size from Stratum**	**Sample Size From each MSEs type (N_a/N_b)*no.of MSEs in each Sector(approximated)**
Manufacturing	788		**(95/5,629)*788=13**
Construction	540		**9**
Trade	1,930		**33**
Service	1,721		**29**
Urban Farming	650		**11**
Total	**5,629**	**95**	**95**

Source: Jimma town Micro and Small Enterprise Office.

3.5. Data Type and Source

The study employed both qualitative and quantitative data .The qualitative data includes those data that are primarily collected through interview whereas quantitative data includes objective items through the questionnaires. To collect the primary data from the target source, a self-administered questionnaire and structured & unstructured interview were used. Secondary data was collected from different sources such as CSA, documents of Ministries, and Regional Government offices. Particularly from the offices of the respective regional and wereda Revenue Authority, Regional Cooperative, Jimma town micro enterprise office, Trade and Transport Bureau of the town, and others which were thought to have relevant information for this particular study. Furthermore, relevant government policies and regulation were also reviewed.

3.6. Data Collection Method

To collect the primary data from the target source, a self-administered questionnaire and structured interview were used. The questionnaire had ten parts. Part 1-part 6 comprised questions eliciting personal, firm related (business characteristics) and other factors. Part 7-part 9 comprise questions related with Access to business development services, Market related factors, and Entrepreneurial characteristics, using 5-point likert scale anchored by strongly agree to strongly disagree. Data for this study was collected through the following ways:

3.6.1. Documentation: It was involved collecting information from existing surveys, reports, and documents. These types of secondary data gathered include policy and

strategy documents, project documents, strategic action plans and other similar corporate documents. To access the secondary data, requests was given to different organizations to supply the researcher with valid published or unpublished data on these sectors.

3.6.2. Questionnaire (open ended or closed ended questionnaire): A questionnaire is a type of data collection instrument and provides a structure to the data collection process. A questionnaire asks for information using specific questions. This was used to collect information from entrepreneurs in the MSE sector. Questionnaires was designed and used by the researcher to obtain survey data that allow an understanding of the factors determining the success of micro and small enterprises. Questionnaires allow the researcher to collect large amount of data in relatively short time. And questionnaires are more objective in their nature.

3.6.3. Interview Guide/Semi-Structured Interview: Personal interviews can be conducted in the respondent's home or workplace, or in locations such as shopping malls, or even simply on the street. Interview guide was used to gather information from MSEs operators and some key informants of MSEs. They were being selected, because they are expected to be well knowledgeable about the issues related to the MSE activities. Interview guides help to elicit response on various aspects related to the role of MSEs success.

Leedy and Ormrod (2005) argue that interviews can yield a great deal of useful and in-depth information, because people are reluctant to provide sensitive and confidential information to someone they have never met. Some of the motivations for semi-structured interviews are: "In semi-structured interviews the researcher had a list of themes and questions to be covered, although these may vary from interview to interview. The order of questions may also be varied depending on the flow of conversation. On the other hand, additional questions may be required to explore research questions and objectives given the nature of events within particular conversations" (Saunders, *et al.* 2007).

3.7. Questionnaire Development

A structured questionnaire was used for data collection purposes. This provides ease of understanding and flexibility to respondents. The respondents were requested to give their opinions or perceptions based on a 5-point Likert scale anchored from strongly agree (1) to strongly disagree (5). A 5-point Likert scale was based on the assumption that the respondents possess the knowledge to interpret the scales which was relatively simple to answer and complete. The cover pages of the questionnaire contained a statement about the objective of the study. Moreover, it contained a clause that all information provided would be used for academic purposes only and held in strict confidentiality; the contact details of the researcher and the supervisor (for credibility purposes) were provided. The questionnaire consists of ten parts and is contained in Appendix I.

3.8. Data Analysis

After the data was collected from primary source it was checked and in-house editing was undertaken to detect errors that had been committed by the respondents. Then, the edited data were coded and manually entered in to statistical package for social science (SPSS) version 16 computer software. Moreover, both qualitative and quantitative methods of data analysis techniques were employed. Analysis of data in this research was done by using descriptive statistical tools like: frequency, mean, standard deviation and inferential statistical tools such as: correlation and regression. The regression analyses were conducted to determine by how much percent the independent variables (i.e. age of the owners, educational qualification, prior experience, firm age, initial employment, BDS, access to training, and market information) explains the dependent variable which is market performance. Correlation analysis was conducted to test the proposed hypothesis whether there is a positive significant relationship between the independent variables and MSEs growth.

3.9. Methods of Presentation

The findings presented in the form of percentage, tables and graphs based on their type and suitability for the presentation.

3.10. Variables

The dependent variable in this research was MSEs success and the independent variables were entrepreneurial characteristics of the owner, firm related factors, access to training, business development services, and marketing factor.

3.10.1. Dependent variable

- ❖ Success of micro and small enterprises.

3.10.2. Independent variable

- ❖ Entrepreneurial Characteristics.
- ❖ Firm related factors
- ❖ BDS
- ❖ Access to training
- ❖ Marketing information.

3.11. Definitions of Variables and Hypotheses

Table 3.2.Definition of research variables and hypothesis

Variables	Definition	Values	Type and Expected sign
AGE	Age of the respondent in years.	In years	Continuous (+)
Education(Edu)	Educational status of the respondent.	Education level 0=illiterate, 1= Elementary, 2= Junior secondary school, 3= Compressive high school, 4= Diploma, 5=degree and above	Ordinal (+)
Experience(PREEXP)	Respondent prior experience related to the current business.	1=yes, 0=no	Dummy (+)
Firm Age(FAGE)	Age of the Business.	In years	Continuous (+)
Initial Employment(INSIZE)	Number of employees working in the current business at start.	Number of employees	Continuous (+)
Training (TRANG)	Respondent access to training services.	1=yes, 0=no	Dummy (+)
Marketing Factors(MRFACTORS)	Market factors effects.	The overall marketing factors	Continuous (+)
BDS	Business development service effects.	Contact to get market information and when respondent face problem	Continuous (+)

Source: Compiled from different literature reviews.

3.12. Research Model and Specification

To investigate the factors affecting the Success of MSEs in the area, a primary source of data which includes both qualitative and quantitative were collected through questionnaires and interviews. To this effect, 95 MSEs were selected from the sector using stratified random sampling technique.

Compound capital Growth Parameters used by scholars as yardsticks for measuring success achieved by a firm include employment growth, sales growth, capital growth, profit growth, asset growth and equity growth. However, as argued by Baum et al. (2001) it all depends upon the ease of availability of the data and the discretion of the researcher. As the indicator of success compound capital is defined as the capital growth computed using the current and startup capital of the firm.

In this study, the growth in total capital of enterprises used as dependent variable to measure Performance. The reason to use compounded capital growth as performance measurement is because enterprises are generally suspicious to disclose information related to revenue and profit and it would be difficult to get response from respondents as it is demanded. Also growth in employment level of the enterprises would not be another appropriate alternative measure of performance because this micro and small enterprises are primarily established as a source of self employment. In addition the advantage of using the capital indicator is that, in some cases, even if the growth is high, enterprises might be unwilling to increase the number of the firm's employee.

For this reason, capital growth serves as indicator of success

$$MSEsgr = \frac{lncap' - lncapt}{MSEsage}$$

Annual average capital growth (MSEgr) was used to measure the dependent variable (MSEs Success).

Where, MSEsgr = MSEs Success/growth

lncapt' = ln of current capital, and

lncapt = ln of initial capital

The study includes three owners/operators related factors (age, education level, prior experience), two firm's related factors (firm age, and initial employment level) and three external factors (Business development service, training access and market information) as explanatory variable.

Once the raw data were processed through checking, editing and coding, they were analyzed using both descriptive and inferential tools. In descriptive analysis each explanatory variable were analyzed in relation to the dependent variable (MSEs growth) using table, graphs, and percentage. Again t-test and ANOVA table were applied to check whether the variables have significant effect on MSEs growth. To determine the major factors affecting MSEs growth and to test the proposed hypothesis, econometric model (OLS) were also utilized.

The derived equation of the model in this study which is the function of dependent variable to various explanatory variables is given as:

$$\textbf{MSEs Growth} = \beta_0 + \beta_1\textbf{AGE} + \beta_2\textbf{EDU} + \beta_3\textbf{PREEXP} + \beta_4\textbf{FAGE} + \beta_5\textbf{INSIZE} + \beta_6\textbf{TRANG} + \beta_7\textbf{MRFACTOR} + \beta_8\textbf{BDS} + £_i$$

Where:

MSEsg=Success

β_0=is a constant

$£_i$ = is an error term

β_1**AGE**=Operators age

β_2**EDU**=Operators Educational level

β_3**PREEXP**=Owners/managers experience

β_4**FAGE**=Firm age

β_5**INSIZE**=Number of Initial employees

β_6**TRANG**=Access to training

β_7**MRFACTOR**=Market factors

β_8**BDS**=Business development service

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRETATIONS

This chapter presents the Results and discussions of the responses gathered from the respondents through questionnaire and interview.

4.1. Response Rate on Questionnaire

In this chapter the data collected from respondents were analyzed and interpreted using quantitative analysis which involves analysis of the demographical information of respondents, and the descriptive and inferential statistics employed to test the hypothesis and to investigate the influence of independent variables on dependent variable. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 16.

95 questionnaires were distributed to and returned from respondents of 95 enterprises. Altogether 95 enterprises returned the questionnaire. However, at the time of checking the returned questionnaire for completeness, 2 (2.1 percent) questionnaires were found incomplete. This represents a response rate of 97.9 percent, of which 100 % were from the Manufacturing, Construction, and Urban Farming sector, 97 % from the Trade and 96.5 % from Service enterprises. From the 95 questionnaires returned, 2 questionnaires are not included in the analysis just because the responses received were incomplete and not relevant for the analysis purpose. The rest of the responses, representing 93 MSEs, were used in the study. Table 4.1 given below show the number of returned questionnaires (i.e., count and percentages) of the responding enterprises in relation to the sectors of the enterprises:

Table 4.1. Numbers of returned questionnaires per branch of industry

Branch of industry	Population	Responses	Response rate
Manufacturing	13	13	100%
Construction	9	9	100%
Trade	33	32	97%
Service	29	28	96.5%
Urban Farming	11	11	100%
Total	**95**	**93**	**97.9%**

Source: own survey (2015).

In this section of data analysis and interpretation, the first part presents and discuses descriptive statics results related with the independent variables of the study and then

followed by analysis of variance to examine the variation on the Success of MSEs in relation to the eight independent variables of the study.

4.2. Descriptive Statistics Results and Discussion about the Main Variables

4.2.1. The Growth Situation of MSEs by sector in the Study Area

The growth status of the surveyed MSEs was described based on growth in capital of the enterprise during their business period and average annual capital growth.

Table 4.2. Growth situation of MSE Enterprises in Jimma town

Types of sector	Observation		Capital Growth		Growth status			
	Number	Percent	Initially	currently	Mean	SD	Min.	Max.
Manufacturing	13	14	11.61	13.19	3.22	1.212	1	5
Construction	9	10	12.09	12.72				
Trade	32	34	12.03	13.17				
Service	28	30	12.32	13.78				
Urban Farming	11	12	11.50	13.07				
Total	**93**	**100**	**59.55**	**65.93**				

Source: Own survey (2015)
Note: No. = number, SD = standard deviation Min. = minimum, and Max. = maximum.

Table 4.2. Shows that majority of the surveyed enterprises in JImma town were micro enterprise and the remaining were small enterprises. The total capital absorbed by both enterprises (i.e., micro and small) in the sample establishments rose from 59.55 when start to 65.93 current. When we look at the growth situation of each enterprise separately, table 4.2. Indicate that, the surveyed enterprises generally raised their capital at a mean growth rate of 3.22 at the time of survey. That means the average annual growth rate of the surveyed MSEs grown by 3.22 percent at a standard deviation of 1.212.

Also from Table 4.2 one can easily identify the type of the industry that the enterprises engaged in. Majority of the enterprises32 (34 percent) involve in trade. Next 28(30 percent) of the enterprises engage in service sector. While the rest of the enterprises in the sample 13(14 percent), 11(12 percent), 9(10 percent) are engaged in different business activities such as manufacturing, urban farming, and construction respectively. See the data again.

4.2.2. MSEs Growth and Entrepreneurial Characteristics

Prior to running ANOVA to test the null hypotheses, descriptive statistics analysis and interpretation of the sample enterprises' responses with regard to the demographic factors/Entrepreneurial traits, Firm Related factors and Environmental factors of the main research variables of this study was performed.

The result of the study in respect to the profile of the Owners/managers and their enterprises is presented by age, level of education, and experience. The first variable considered in this study as the success factor for performance of MSEs is the age of the principal owner of the enterprises. To examine the variation in the performance of the enterprises in different age categorizes, the sample is grouped into five age groups as depicted in Table 4.3 below.

As it is indicated in the table, from the total sample taken 21(22.6 percent) enterprises are possessed by principal owners with the age of 21-25 years old and below. The other 41(44 percent) MSEs in this study are owned by individuals with the age range of 26 to 30 years which roughly shows the adult age group of the population in Ethiopia. Also the result of the study in respect shows that about 19.4 percent of the sampled MSEs were found within the age range of 31 to 35 while, 11.8 percent of respondents were aged above 40 years. This is showing that most of the owners were in the range of economically active age category and also likely to be involved in undertaking responsibilities.

Over all from this descriptive statistics result, those MSEs owned by individuals with the age of 21 to 30 shows higher average capital growth than those enterprises owned by individuals with age less than 21 and those individuals with age above 40 years old. The possible argument for the better performance of those enterprises owned by individuals with this age group would be, first business owners in this age category would have better chance of acquiring business experience compared to those less than 21 years and on the other hand relative to business owners above the age of 40 this age category would be more energetic to spend more time in their business. These two conditions may in turn makes enterprises owned by those individuals in this age category perform better. The table further indicates that the first three age categories (21-25, 26-30, and 31-35 years

age) grew at 333 percent at standard deviation 1.219. From this one can understand that age of the owner/operator has an exact inverse relation with the growth of MSEs.

Next to see the difference in the performance of enterprise with respect to the difference in the education level of the owners of the enterprises, the education status of the principal owners of the sample enterprises in this study is grouped into five categories.

As it is depicted in table 4.3 educational level of the owner/ operator is the second independent variable of this study. Most of the sampled MSEs were operated by individuals who completed their primary education of 46(49.5 percent), and 14(15.1 percent) of the owners completed their junior secondary school, only 25(26.9 percent) of the owners were qualified for diploma and degree. From the data as shown below educational qualification of the owner increases it was found that the growth of MSEs increase with a mean growth rate of 2.18 up to some level and then decline at standard deviation of 1.359 for all sectors. Over all, MSEs owned by individuals with an education level of junior secondary and above shows better performance compared to those enterprises with owners education status below. A reason for supposing this better performance of enterprises owned by owners would do so is that education improves literacy, quantitative training, and social and communication skills and this in turn increases the chance of success to the enterprises.

Table 4.3. MSEs Growth and entrepreneurial characteristics

Variable	Category	Observation		Growth status			
		No.	Percent	Mean	SD	Min.	Max.
Owner's/operator's age	21-25	21	22.6	3.33	1.219	2	6
	26-30	41	44.1				
	31-35	18	19.4				
	36-40	2	2.2				
	>40	11	11.8				
	Total	**93**	**100**				
Owner's education	Elementary	46	49.5	2.18	1.359	1	5
	Junior Secondary School	14	15.1				
	Compressive high school	8	8.6				
	Diploma	21	22.6				
	Degree	4	4.3				
	Total	**93**	**100**				
Owner's Prior Experience	Yes	16	17.2	1.83	0.379	1	2
	No	77	82.8				
	Total	**93**	**100**				

Source: Own survey (2015)
Note: No. = number, Min = minimum, Max = maximum, and SD = standard deviation.

The other variable in this study is the prior experience of the principal owners of the business which is expected creates variations on the performance of MSEs operating in Jimma town.

As table 4.3 indicates, nearly16 (17.2) percent of the owners respond were economically active prior to running their current business either in employment, or working in other business. But 82.8 percent of the owners were students, housewife and unemployed before starting their business. The table also shows that most 77 (82.8 percent) of the surveyed MSEs had no work experience before starting this business. With regard to the effect of owner/operator prior work experience difference on MSEs growth, table 4.3 indicates that there is no any series pattern among each category. Furthermore, the owners were also asked if they had any prior experience related to their current business. As table 4.3 shows only 17.2 percent of those respondents had experience relating to their business prior to start up. However, many (82.8 percent) just started with no previous experience at all.

4.2.3. MSEs Growth and Firms Related Factors

In this study two firms' related factors (Firm age, and initial employment size) were identified to examine their effect on MSEs growth. The firm age of the MSEs engaged in business is the first firm's related factor. As shown in table 4.4 out of the total 93 surveyed MSEs, majority of the enterprises were 1-5 years of operation engaged in different sector.

Table 4.4. MSEs Growth and firms related factors

Variable	Category	Observation		Growth status			
		No.	Percent	Mean	SD	Min.	Max.
MSE's age	1-5 years	71	76.3	3.40	2.232	1	9
	6-10 years	22	23.7				
	Total	**93**	**100**				
Initial size (Employment)	1-5	68	73	5.09	4.074	1	25
	6-10	19	20.4				
	11-15	4	4.4				
	16-25	2	2.2				
	Total	**93**	**100**				

Source: Own survey (2015)
Note: No. = number, Min = minimum, Max = maximum, and SD = standard deviation.

In this study the sample respondents included for the analyses are those enterprises that stay in business at least one year since establishment. With regard to MSEs age table 4.4 indicated that majority 71(76.3 percent) of the surveyed MSEs have existed in business for 1-5 years. The rest 22(23.7 percent) of the surveyed enterprises operate for 6-10 years in business. In relation to its growth effect, MSEs that have been in operation less than or equal to 5 years registered the highest growth rate (3.4 percent) which declines with the increase in age of the enterprise. MSEs that stay for more than 6 years scored the least growing level which is non-growing or constant growth. This shows that the number of years over which the MSEs exist in operation has a significant effect on their growth.

When we classify the enterprises involved in this study on the bases of the number of employees as they initially established, one can get the following facts in Table 4.4 above. The initial size of MSEs, measured in terms of initial number of employment, was the last firm's related factor. As it is shown in table 4.4 most 68(73 percent) of MSEs

were started their business with 1-5 employees. Those enterprises operate their business by 6-10 employees constitute 20.4 percent of the sample population. Only 6.6 percent of employees work in enterprises which employed 11-25 employees. With respect to its effect on MSEs growth, initial size measured in number of employees has positive relationship up to 5 employees after which growth rate either declines or remain constant.

4.2.4. MSEs Growth and External Factors

External factor was the other group of factor that can affect the growth of MSEs. In this study three external factors were identified to explain their effect on the growth of the surveyed MSEs. These include Business development service, training opportunity and market. To examine the effect of these factors, respondents were asked to give their opinion based on five point likert scale questions (i.e. 1 = strongly agree, 2 = agree, 3 = neutral, 4 = disagree, and 5 = strongly disagree) on each sub-specified variables. Hence, if the average result of one variable is less than 2.5, it is significant in determining the growth of MSEs, whereas if the result is greater than or equal 2.5, the specified variable is not significant factor in determining the MSEs growth.

And hence business development service, market information, and access to training, significantly affect MSEs growth in Jimma town. From the table 56(60 percent) of the respondent get access to business development training, 27(29 percent) of the respondent get business development service like bazaar. Of the 93 respondents only 10(11 percent) get market opportunity creation in relation with BDS. Accordingly, majority of the respondent gets BDS and hence this service contribute to the growth of MSEs in Jimma town.

Table 4.5. MSEs Growth and external related factors

Variable	Category	Observation		Growth status			
		Number	Percent	Mean	SD	Min.	Max.
Business Development Service	BDS	27	29	2.88	1.382	1	5
	Access to training	56	60	2.04	1.382	1	5
	Market opportunity creation	10	11	3.2	1.147	1	5
	Total	**93**	**100**				
Market Related Factors	Channel of distribution	30	32.26	3.51	1.212	2	5
	Customer handling	8	8.60	1.23	0.709	1	5
	Competition	38	40.86	3.67	1.116	1	5
	Demand	17	18.28	2.34	0.891	1	4
	Total	**93**	**100**				
Training Opportunity	Yes	67	72	1.31	0.531	1	2
	No	26	28				
	Total	**93**	**100**				

Source: Own survey (2015)

The other external factors that determine success of MSEs in Jimma town is market information out of the sampled respondents 30(32.26 percent), successfully utilize the existing good distribution channel to their product so as significantly affect the growth of MSEs. 38(40.86 percent) successfully deals with their competitors in introducing new product /service ,packaging style and marketing their product so as significantly affect the growth of MSEs. Hence, market information significantly affects the growth of MSEs at Jimma town at a mean growth rate of 3.51.

The last external factors that affect the success of MSEs in Jimma town as depicted in the above table were access to training. Of the respondents 67(72 percent) got technical (for construction and manufacturing sector), marketing (for trade and service sector), and technology utilization (for urban farming sector). Therefore, accesses to training significantly affect the success of MSEs in Jimma tow at growth rate of 1.31.

4.3. Econometric Results and Discussion

This section presents the research findings on factors determining the success of micro & small enterprise on selected sample micro and small enterprise in Jimma town, Ethiopia. The study has examined eight proxy factors that influence the micro and small enterprise. These factors includes three owners/operators related factors (age, education level and previous experience), two firm's related factors (firm age and initial size) and three external factors (access to BDS, training and market factors) as explanatory variable.

In determining the success of micro and small enterprises, as already mentioned in the methodology, Linear regression techniques were used to test the effect and relationship between eight selected success indicators independent variables (owners age, education level, previous experience, firm age, initial size, access to BDS, training and market related factors as explanatory variable.) on one dependent variable of micro and small enterprise growth (MSE growth).Prior to conducting the regression of the study, it is essential to test the appropriateness of data based on certain criteria & assumption of OLS diagnostic test.

4.3.1. Diagnostic Test and Classical Linear Regression Model (CLRM) Assumption

Before going further in to data econometric procedures, the second issue based on the characteristics of the model and proposed variables to know whether the assumption of classical linear regression model (CLRM) violated or not through underlying the OLS model. To check this, following tests were performed in SPSS 16.0 Version:-

4.3.1.1. Multicolinearity Test

Multicolinearity originally it meant the existence of a "perfect," or exact, linear relationship among some or all explanatory variables of a regression model. According to (Gujarati, 2004) variable is said to be highly collinear tolerance (TOL) and variance inflation factor (VIF): the larger the value of VIF, the more "troublesome" or collinear the variable Xj. As a rule of thumb, if the VIF of a variable exceeds 10 or the tolerance less than 0.1, it indicates that there is multicolinearity problem among the explanatory variables.

Table (4.6) reveals that the maximum VIF result for explanatory variables in this study was far less than 10 and the minimum tolerance was 0.572, it far greater than 0.1. Therefore, all the variables in the model of this study have VIF less than 10 and a TOL more than 0.1, which indicates that there is no multicolinearity problem and the independent variables are not highly correlated and all independent variables can be retained in the model. Table 4.6 presents the collinearity statistics. The variance inflation

factor and tolerance are within accepted range (VIF=1-10, Tolerance=0.1- 1.0). These results indicate there is no multicollinearity problem inthis model.

Table4.6.Colinearity Statistics

Variable	Tolerance	VIF
AGE	.903	1.108
EDU	.725	1.379
PREEXP	.703	1.423
FAGE	.935	1.070
INSIZE	.912	1.096
TRANG	.848	1.179
MRFACTOR	.647	1.546
BDS	.572	1.750

Source: Generated from SPSS 16.0 version

Furthermore, the researcher tied to diagnosis multicolinearity problem by conducting Pearson coefficient matrix of explanatory variables, in order to examine and to know the possible degree of multicollinearity among explanatory variables in specified model of the study. This findings supported by pervious research works of Shibru(2014,JU) cited in kennedy(2008), said that "multicolinearity problem is occurred when the correlation coefficient between two explanatory variables is above 0.75."

Table 4.7.Pearson correlation coefficient of explanatory variables

Variables	BDS	AGE	EDU	FAGE	INSIZE	TRANG	PREEXP	MRFACTOR
BDS	1.000							
AGE	-.013	1.000						
EDU	-.115	.168	1.000					
PREEXP	.085	-.086	.093	1.000				
FAGE	.002	-.199	.054	-.088	1.000			
INSIZE	-.339	-.090	.121	-.011	.105	1.000		
TRANG	-.247	.039	.483	.007	.048	.217	1.000	
MRFACTOR	-.558	.004	.077	.066	.098	.170	.039	1.000

Source: Generated from SPSS 16.0 version

The result above (table 4.3.2) obtained show that, there is no any largest correlation indicators which slightly or weakly negatively correlated above stated by (Kennedy (2008). since, in general there is no significance multicolinearity problem analyzed above in correlation matrix obtained from SPSS 16.0 version (see table 4.7).

4.3.1.2. Autocorrelation test

The term autocorrelation may be defined as "association'' between explanatory variables. Classical linear regression model assumes that such autocorrelation doesn't exist in the disturbances. As noted in brooks (2008) this is an assumption that the covariance between the error terms over time is zero; cov(ui,uj)=0. It assumed that the errors are uncorrelated with one another. When the residuals are correlated, serial correlation arises. To test this assumption, the study was applied Durbin-Watson (D-W) statistical test. The Durbin-Watson was the most celebrated test for detecting serial correlation from regression results. D-W value can be from 0 to 4. If D-W value is close to 0, indicating strong positive correlation among residuals and close to 4, indicating strong negative correlation among residuals. When D-W value is close to 2, there is no serial correlation.

Table 4.8 presents the Durbin Watson test value (d) for the autocorrelation of residual which is 1.976 in MSEs growth model. The critical value for the test are lower limit (dI)=1.053 and upper limit(du)=2.033. Accordingly, Durbin-Watson test value in the study model is clearly between the lower limit (dI) which is 1.053 and the upper limit (du) which is 2.033. This indicates that there was no serious evidence of autocorrelation in the model since the D-W test result is between critical values. Also, the D-W test value is close 2, indicating that residuals are not serially correlated or there is no autocorrelation evidence among residual in the model.

Table 4.8. Autocorrelation Test

	MSE growth Model
Durbin-Watson Test(DWT)	1.976

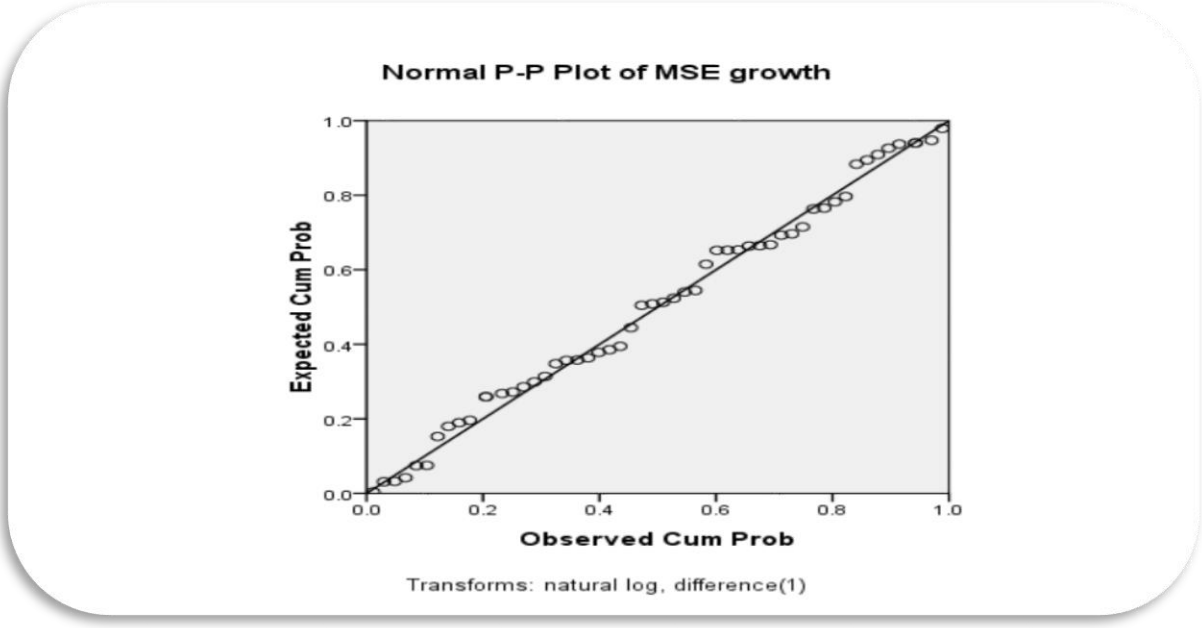
Source: own survey (2015)

4.3.1.3. Test for Normality of Residuals

One assumption of classical linear regression model (CLRM) is the normal distribution of the residuals part of the model. According to Guajarati (2004), before regression analysis carried out, it should be noted that the normality of data should be tested. This assumption has to be tested and pass the test to use the data for further inference. All of the results from the examined command suggest that the residual or the error terms are normally distributed. The mean and standard deviation values are near to 0 and 1 respectively. For this study, PP plot testing was used in examining the normality of

distribution of the residual (MSE growth).

Figure 4-1 normal distribution of residual plot (MSE growth)



Source: generated from SPSS 16.0

Figure 4.1-shows that the residual distributional plot is normally distributed in between mean zero and standard deviation 1. Additionally the shape of such distribution is bell-shaped it indicates that the shape normal distribution of mean and standard deviation across the sample of the study. Therefore, the conclusion is that the model (Residual) is normally distributed.

4.4.Factors Determining the success of MSEs growth

Before proceeding to further analysis, the potential discriminatory variables need to be identified through univirate test of significant. The potential of individual regressor evaluated through the application of one-way ANOVA analysis (F-test).The one way ANOVA analysis can be used to test whether the mean value of a given continuous variables significantly differs.

To identify the problem of multicolinearity or association among the potential variables; variable inflation factor (VIF) was used. (VIF) shows how the variance of an estimator is inflated by the presence of multicollinearity (Gujarati, 1995). It analyzes the magnitude

of multicollinearity problem. As a rule of Thumb, the values of VIF greater than 10 (that is, R^2 exceeding 0.90) are often taken as a signal that the data have multicollinearity problems (Gujarati, 1995). A statistical package SPSS version 16 was employed to compute the VIF values. To avoid serious problems of multicollinearity, it is quite essential to omit the variable with value 10 and more from the regression analysis (Gujarati, 1995).

The measure of tolerance can also be used, alternatively, to detect multicollinearity as: TOL= $(1-R^2)$ =1/VIF clearly, TOL = 1 if X is not correlated with the other regressors, where it is zero if it is perfectly related to the other regressors (Gujarati, 1995). For this study the variance inflation factors (VIF) for continuous variables were measured to see the multicollinearity problem of the variables indicating the data have no problem of multicollinearity.

The explanatory variables were selected based on theoretical background; results of various empirical studies that stated the effect of these explanatory variables on success factors of micro and small enterprises and there by business performance. The potential explanatory variables defined in chapter three were included in the regression model estimation.

4.5. Correlation analysis

Correlation analysis was also used to measure the relationship between dependent variable with eight independent variables. The Pearson's correlation matrix is showed in Table 4.9.

Table 4.9 : Correlations among selected and hypothesized variables

		MSE growth	AGE	EDU	PREEXP	FAGE	INSIZE	MRFACTOR	BDS	TRANG
Pearson Correlation	**MSE growth**	1	0.152	-0.13	0.023	0.648	0.618	-0.201	-0.094	-0.207
	AGE	0.152	1	-0.2	0.031	0.131	0.215	-0.03	-0.003	-0.053
	EDU	-0.133	-0.195	1	-0.465	-0.117	-0.074	-0.058	-0.036	-0.031
	PREEXP	0.023	0.031	-0.47	1	0.005	-0.025	0.146	0.222	0.03
	FAGE	0.648	0.131	-0.12	0.005	1	0.14	-0.152	-0.16	-0.101
	INSIZE	0.618	0.215	-0.07	-0.025	0.14	1	-0.144	-0.122	-0.173
	MRFACTOR	-0.201	-0.03	-0.06	0.146	-0.152	-0.144	1	0.568	0.061
	BDS	-0.094	-0.003	-0.04	0.222	-0.16	-0.122	0.568	1	0.374
	TRANG	-0.207	-0.053	-0.03	0.03	-0.101	-0.173	0.061	0.374	1
Sig.(1 taile)	**MSE growth**	.	0.073	0.102	0.413	0	0	0.027	0.184	0.023
	AGE	0.073	.	0.031	0.383	0.106	0.019	0.386	0.49	0.308
	EDU	0.102	0.031	.	0	0.131	0.242	0.289	0.367	0.384
	PREEXP	0.413	0.383	0	.	0.482	0.404	0.081	0.016	0.388
	FAGE	0	0.106	0.131	0.482	.	0.091	0.073	0.063	0.168
	INSIZE	0	0.019	0.242	0.404	0.091	.	0.084	0.123	0.049
	MRFACTOR	0.027	0.386	0.289	0.081	0.073	0.084	.	0	0.282
	BDS	0.184	0.49	0.367	0.016	0.063	0.123	0	.	0
	TRANG	0.023	0.308	0.384	0.388	0.168	0.049	0.282	0	.
	N	**93**	**93**	**93**	**93**	**93**	**93**	**93**	**93**	**93**

Source: Generated from SPSS 16.0 version

From the result in Table 4.9, it can be concluded that the MSE growth is positively and negatively correlated with independent variables, i.e, owner's age, prior experience, firm age, and initial employees are positively correlated. While, the success of the respondents business is also negatively correlated with educational qualification, market information, business development, and access to training. The correlations values computed among four variables are all in the expected direction i.e. negatively correlated to MSE growth and the others are positively correlated.

Which suggest that if success/growth is to be enhanced, then it is necessary to have prior skill and prior experience related to the business, initial employment, aged firm and owner. In addition to this firm age and initial employment also directly correlated to the success of MSEs. The success of the respondents business is also negatively correlated with educational qualification achieved, market related factor, business development service and access to training. To test the influence of explanatory variable against the MSE growth, linear regression analysis was used. The results of linear regression analysis for eight independent variables against one dependent variable presents in table 4.10.

4.6. Linear Regression Analysis

Following the correlation analysis, a linear regression analysis was conducted. A linear regression analysis was performed to assess whether the independent variables as determined in this research exert a significant influence on the dependent variable, Success of MSEs. The statistical significance (p-level) of the results represents a decreasing index of the reliability of the results. The p-value shows the probability of error involved in accepting the observed result as valid, thus as representative of the study population (Sekaran, 2000). This study used 10% significance level as the rejection or accepting region of the hypothesis (Hair *et al*, 2010). Accordingly the proposed hypothesis is rejected if the p-value is greater than 10% significance level. If the p-value is less than the 10%, then the proposed hypothesis is accepted and concluded that there is a statistical significance that the relationship is positive or negative between the independent and dependent variable being investigated.

Beyond the descriptive statistics, econometric model (OLS) was also used to identify the major factors affecting the growth of MSEs in the area. Growth in capital was applied as a measurement to MSEs growth which is calculated by applying the formula (Firmgr = (lnCap'- lnCap)/firma). After having the calculated value of growth in capital, the explanatory variable was regressed to see whether they are significant determinants of MSEs growth. Accordingly, firm age, initial employment, business development service, access to training, and market related factors were found significant factors. While, owners/operators age, education, and previous work experience were found insignificant factors in determining MSEs growth.

R 0.855, the correlation, of eight independent variables with the dependent variable given in table 4.10 below. Similarly R square (0.731) explained variance, is actually the square of the R (0.855). Overall variability of all independent variables over dependent variables (R-square) is observed as 0.731 or 73%. In other words all the eight independent variables together explain 73 percent of the variance in the success of MSEs in Jmma town.

Table 4.10. Result from Linear Regression of the compound annual capital growth

Variables	Un standardized coef.[β]	Standardized coef. [β]	t-ratio	sig.
Constant	-.076		-.191	.849
Owners(AGE)	-.033	-.055	-.928	.356
Educational qualification (EDU)	-.023	-.044	-.661	.510
Previous experience (PREEXP)	-.003	-.002	-.026	.980
Firm age (FAGE)	.187	.573	9.774	.000*
Initial employment (INSIZE)	.094	.528	8.856	.000*
Market Related Factor (MRFACTOR)	-.196	-.140	-1.971	.052**
Business development service(BDS)	.200	.185	2.395	.019*
Training (TRANG)	-.198	-.123	-1.936	.056**
Multiple R	0.855	Durbin-Watson	1.976	
Adjusted R^2	0.731	Tolerance	>0.2	
Std.error	0.395	VIF	<10	
F-statistic	28.539			
N	93			

Source: regression analysis computation output *5% level of significance, **10% level of significance.

Durbin Watson value (1.976) falls in acceptance range thus there is not auto correlation problem in the model. F value (28.539) is statistically significant which indicates data were fit the model well.

Table 4.10 above, coefficients indicates that among the eight independent variables which has most significant influence on success of MSEs. It can be stated that highest

number in the beta is 0.187, 0.094, and 0.200 for firm age, initial employment, and business development service, shows little pressure of firm age, initial employment, business development service, which is significant at 0.000, 0.000, and 0.019 levels respectively. It may also be seen that the beta -0.196 for market related factors, significant at 0.052 levels, -0.198 for access to training, significant at 0.056 levels.

The positive beta weights indicate that if success of MSEs is to be improved, it is necessary to enhance the level of firm age, initial employment, and business development service. To conclude, the three independent variables stated above have positive and significant influence on success of MSEs.

With regard to the owner/operator related factors, all variables, of the owner/operator were found as insignificant factors in determining the growth of MSEs. Age of the owner/operator doesn't affect the growth of the surveyed MSEs significantly. This implies that for every unit increase in age, there is a decrease in growth by -.033 was predicted, holding other variables constant. Like to the findings of (Mulu, 2007; Habtamu, 2012 and Haftom, 2013) that found age of the owner/operator is not significant factor affecting MSEs growth, this result is consistent with the result of (Janda et al., 2013; and Kokobe, 2013) that the younger owner/manager of MSEs is more likely to grow than the counterparty. Previous studies suggested the reason that the younger owner/operator has the necessary motivation, energy and commitment to work and is more inclined to take risks; a younger individual may have a higher need for additional income. Hence, this is surprising because typically as the age of the owner increases they become more responsible parties and concerned with their return on investment based on the performance of the enterprise. Also they assume active roles in the governance of the firm in which they have invested but as the age of the owner increases their success decreases because of their risk avert nature and the commitment they have.

Other variables being constant, the education level of owner/operator was negatively correlated and insignificant factor affecting the growth of MSEs at 10 percent level of significance. Specifically, based on the result in table 4.10, its coefficient is -0.023. This means that for every 1 grade increase in education level of the owner, a -.023 decrease in MSEs annual growth rate. This finding is in inconsistent with other empirical studies

(Ahiawodzi & Adabe, 2012; Mbugua et al, 2013; Mulu, 2007) that found owners/operators of MSEs with a higher formal education and training would be expected to grow faster than their counterparty. The possible explanations given by previous studies with regard to this are: education improves the ability of efficiently allocating resources to more productive lines of business and to select profit maximizing inputs/materials. In addition, as the education level of owner increases, their probability of teaching entrepreneur and other business related courses is also increases particularly at higher level so that it helps them to develop skills related to trading, marketing and management of their products/services. While the finding is inconsistent with other findings in that in this study area majority of the owners of MSEs completed their elementary education and they engaged in business coming from the zones and wereda of Jimma with agricultural background for this reason they are not educated.

Previous work experience of the owner/operator is the other variable that insignificantly and negatively affects the MSEs growth, ceteris paribus. The coefficient of this variable is given as -.003. This indicated that a one year increase in previous work experience leads to a decline in growth of MSEs at -.003. This result is again in inconsistent with some empirical studies (Kokobe, 2013; Mbugua et al., 2013 and Mulu, 2007) that found the owner with a more work experience is more likely to grow than their counterparty. This may be due to the explanation that as owners work more in other similar activities, they can enrich themselves with different skills such as skills on management, marketing, customer relation, financial keeping, saving etc so that it may help them in improving the business activities of the current enterprises. Moreover, previous work experience may help the owner in adopting and being ready to any sudden challenges and failures because of their prior experience that they have been faced or observed from anyone else in the area than any beginners. In this study area majority of the owners come from farmer's family and also they with no previous experience in the field. However, majority just started with no previous experience at all. Over a third of the owners had not gained experience from the business owned by other people, with a majority gaining experience through involvement in their own business.

Table 4.10 revealed that firm's related variable (i.e., MSE's age and the initial employment level of MSEs) were positively significant at 5 percent assuming other variables held constant. The coefficient of MSE's age is given as 0.187. This means that a one year increase in the age of MSEs, their growth increase. This result is again inconsistent with some previous theories and empirical studies have been given different possible explanations for this case. When MSEs age increase, they may benefit from learning which enables them to develop expertise in production, management, and marketing (Mateev & Anastasov, 2010). Older MSEs frequently fail to invest sufficiently in existing or emerging technology, leaving them with relatively outmoded equipment and hindering productivity levels relative to younger firms (Ahiawodzi & Adabe, 2012; Jovanovic, 1982; and Mulu, 2007).Hence, the study revealed that as the firm age increases firms become stronger in exploiting opportunities through implementing strength and improving weaknesses by overcoming the treats/challenges.

Again table 4.10 revealed that firm's related variable (i.e, the initial employment level of MSEs) were positively significant at 5 percent assuming other variables held constant. The coefficient of initial employment is given as 0.094. This means that a one number increase in the initial number of employees, contribute to the growth of MSEs. This result is again in consistent with studies conducted by Mulu (2007) that contend for the existence of inverse relationships between growth and firm initial size. Therefore firms add a one number of employees to its enterprise that contribute to the growth of the firm because of the real fact that as more employees hired variety of knowledge, and division of labor lead to specialization via brings growth of MSEs.

With regard to the business development service were found as significant factors in determining the growth of MSEs at positive coefficient of 0.200. That means for any 1 percent increase in business development service, there is an increase in growth of MSEs. In general business development service boost enterprises growth through utilizing those services which enhance features of their service and/or the packages style and utilize opportunity to display the business product through bazaars.

Furthermore market related factors and training in which its effect on MSEs growth is significant but negative at 5 percent level of significance other variables held constant with coefficient of -.0196 and -.198 10%. This implies that for every unit increase in average market factor and access to training, there is a decrease in growth was predicted, holding other variables constant. The study result showed that market and training were significant and negatively related with success of MSEs. This is obvious, 67(72 percent) of the respondent in the sample have received training respectively from the formal market and support institutions. Hence the coefficients of market information and training access was negative implies that to enhance growth of MSEs there require cash out late.

MSE growth Model=-0.076-0.033AGE-0.023EDU -
0.003PREEXP+0.187FAGE+0.094INSIZE-0.196MRFACTOR+0.200BDS-
0.198TRANG

Where MSEs growth was the dependent variable (Growth of MSEs in Jimma town in terms of average capital per firm age), AGE is the owners age, EDU is educational qualification achieved, PREEXP is prior experience of the owner, FAGE is firm age, INSIZE is initial employment, MRFACTOR is market related factors, BDS is business development service, TRANG is access to training, which are the independent variables.

From the regression equation established, taking all the factors (entrepreneurship characteristics, firm related factors, training access, market information, and BDS) constant at zero, the Growth of capital of MSEs enterprises in Jimma town would be -0.076.This indicates that other factors other than these specific factors have contribution to performance of MSEs. Further, if all the other variables are kept constant, a unit increases in owner's age, educational qualification, prior experience, market information, and access to training lead to a 0.03, 0.023, 0.003, 0.196, 0.198 decline in Growth of MSEs in Jimma town respectively.

While a unit increase in firm age, initial employment, and business development service, a Growth of 0.187, .094, and 0.200 in MSEs in Jimma town respectively. These results imply that business development service contribute more to the Growth of SMEs in Jimma town followed by firm age and initial employment.

Table.4.11.ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.667	8	4.458	28.539	.000[a]
	Residual	13.122	84	.156		
	Total	48.789	92			

a. Predictors: (Constant), TRANG, PREEXP, AGE, MRFACTOR, FAGE, INSIZE, EDU, BDS

b. Dependent Variable: MSE growth

ANOVA Table 4.11 shows degree of freedom (df) 84, which is calculated as (N-K-1), where N (93), is the total number of respondents and K (8) represent number of independent variables. More over in the same table, results are found to be highly significant as indicated by the F value 28.539($P<0.10$). Thus all of the eight variables, age (AGE), level of education (EDU), Prior experience (PREEXP), firm age (FAGE) since its establishment, initial employment (INSIZE), business development service(BDS), access to training(TRANG), and market related factors(MRFACTOR) together significantly explain the variance in the success of micro and small enterprises.

Hypothesis 1; stated that There is no positive and significant relationship (association) and influence between the success of MSEs and the owners/operators age of the business manager MSEs. This hypothesis could not be rejected ($t = –0.191$, $p = 0.849$) since owners age and success of MSEs have no positive and significant relation and influence. As demonstrated in the hypothesis, no relationship exists between owner's age and success of MSEs.

Hypothesis 2; stated that There is no positive and significant relationship (association) and influence between the success of MSEs and the owners/operators educational qualification of the business owner/manager MSEs. This hypothesis could not be rejected ($t = –0.928$, $p = 0.356$) since owners educational qualification and success of MSEs have no positive and significant relation and influence. As demonstrated in the hypothesis, no relationship exists between owner's educational level and success of MSEs.

Hypothesis 3; stated that There is no positive and significant relationship (association) and influence between the success of MSEs and the owners/operators prior experience of the business owner/manager MSEs. This hypothesis could not be rejected (t = –0.661, p = 0.510) since owners prior experience and success of MSEs have no positive and significant association and influence. As demonstrated in the hypothesis, no relationship exists between owner's prior work experience and success of MSEs.

Hypothesis 4; stated that There is no positive and significant relationship (association) and influence between the success of MSEs and firms years of operations. This hypothesis could be rejected (t = –0.026, p = 0.000) since firms years of operation and success of MSEs have positive and statistically significant association and influence.

Hypothesis 5; stated that There is no significant difference and influence on the success of MSEs in relation to the initial number of employees. This hypothesis could be rejected (t = 9.774, p = 0.000) since initial employment of the firm employ at establishment and success of MSEs have positive and statistically significant association and influence. Firm's initial size was found to be statistically significant to capital growth at 5% significant level, exerting a positive effect on capital growth of the enterprises. (Reject the null hypothesis at 5% significant level). From the capital growth regression result confirms that the firm's initial size has relationship with the success of MSEs at Jimma.

Hypothesis 6; stated that There is no positive and significant relationship and influence between the successes of MSEs and access to training. This hypothesis could be rejected (t = -1.936, p = 0.056) since access to training and success of MSEs have statistically significant association and influence.

Hypothesis 7; stated that There is no positive and significant relationship and influence between the success of MSEs and BDS. This hypothesis could be rejected (t = 2.395, p = 0.019) since BDS and success of MSEs have statistically significant positive association and influence.

Hypothesis 8; stated that There is no significant difference and influence on the success of MSEs in relation to the market information. This hypothesis could be rejected (t = -1.971, p = 0.052) since market information of the firm and success of MSEs have statistically significant association and influence. Evidence from the regression of capital growth revealed that access to market information has a statistically significant and negative association with the success of MSEs at Jimma. Hence, reject the null hypothesis at 10% level of significance.

CHAPTER FIVE

4. CONCLUSION AND RECOMMENDATION

In this chapter the conclusions and recommendations are discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to government bodies, to operators of MSEs and suggestion for other researchers.

4.1. Conclusion

Based on the findings the study concluded that Majority of the enterprises in Jimma town was micro enterprise. In terms of their sector classification, most of the micro enterprises were involved in trading and service activities. Numerically, MSEs grow from 59.55 to 65.93 capitals from their operation to date.

One of the independent variable that was Ages of the owner were negatively related with the growth of MSEs. This indicates that the younger owner with smaller family size grow faster than their counterparty. Therefore, younger's owner more successful than old ages group.

The second explanatory variable that was educational levels of the owner/operator which has a negative and insignificant effect on MSEs growth. This gives the evidence that MSEs owned/operated by those who have higher education level decline their growth than their counterparty. Hence, one concluded that as educational level of the owners increase the success/growth of MSEs decline by its coefficient.

The third independent variable was prior experiences of the owner/operator which have a negative and insignificant effect on MSEs growth. This gives the evidence that MSEs owned/operated by those who have previous experience decline their growth than their counterparty. Hence, owners with more experience in micro and small enterprises sectors of this study did not succeeded.

While Firm age positively and significantly effect on MSEs growth. Since firms years of operation and success of MSEs have positive and statistically significant influence.

Therefore, as the age of the firm increases they have got opportunity and strength in implementing efficient and effective way of doing business through utilizing technology.

Similarly, Initial employments were positively related with the growth of MSEs. This indicates that as the number of employees increase their productivity increases as a result growth of the firm achieved. Therefore, as employees number increase each and every employee contributed in creativity and expansion/growth of the firm achieved.

With respect to external factors, MSEs with higher access to business development service, grow faster than their counterparty. BDS accesses were positively and significantly affect the growth of MSEs in Jimma town. Hence, BDS access brings good opportunity for firms to exploit the market and maximize profit share.

Likewise, MSEs with higher access to markets information grow faster than their counterparty. The study deduces that distribution channel, customer handling, opening new markets for MSEs & MSEs products. Thus, those factors enhancing the existing markets to increase markets share, assuring owners of markets to their products can highly contribute and encourage owners to concentrate and do micro and small businesses in big way.

On entrepreneurship training access, the study concludes that the skills, knowledge gained from the entrepreneurship training lead to the growth of MSEs. That means access to training brings growth for the MSEs and development for the country as a whole.

In general, the study concluded that firm age, initial employment, and BDS have effect on MSEs growth significantly at conventional accepted significance level of 5%. Also market related factors, and access to training significantly effect success of MSEs in Jimma town.

4.2. Recommendations

Drawing from the findings summarized in the conclusion, this section presents some of the key recommendations that, when implemented, would enhance the success, and sustainable contribution of the MSEs in the town Jimma.

In relation to the age of the owners governments and non government organizations jointly support those enterprise owners whose age was above 40 to work committed to their enterprise via increases MSEs growth.

In relation to the education level of the owners since according to the study having a high level of education does not equate success. However, with a growing business, having suitable professional knowledge is a definite advantage. Therefore, the researcher recommends that having a suitable education is more important than a higher level but less suitable of education. Furthermore, support the development of micro and small-scale enterprises depend critically on adequate knowledge of characteristics and constraints of small-scale business operators. Such an understanding of the pre-requisites for Jimma entrepreneurs to succeed in their businesses is of critical importance especially in today's competitive environment.

In relation to prior experience having it in these MSEs sector like education and age does not equate success. However, with a growing business, having suitable training access and business consultancy service is a definite advantage. Therefore, the researcher recommends that having a suitable training and business development opportunity is more important than prior experience.

In relation to firm age and initial employment its impact to success of MSEs is high so that the concerned body should support and provide incentives to those firms with a higher firm age, and initial employees to create job opportunity and absorb the unemployed people.

In relation to access to business consultation services and access to training, enterprises with access to consultation service and training show better performance. So the stakeholder of the sector should work on the ways the enterprises can be equipped with those variables. The relevant training and promotion program made available to micro and small enterprise in Jimma town have been very minimal so to address this problem information on the available types and possible training should be disseminating more effectively. All the micro and small enterprise given up dated training which related with their current operation. It is more successful if micro and small enterprises promote their product and services to attract customer and get more market share through using different promotional means. Agencies should work on increasing the capacity of enterprise owners by providing assistances in the area of training and business consultation service which enables them to their business activities as well as making enterprise owners' literate on basic business skills. Government should start training program at free of cost especially for MSEs entrepreneurs. It is necessary for the enhancement of small entrepreneur's skill.

In relation to market information since enterprises incurs associated cost that leads to a decrease in growth. So the concerned organ should support these enterprises to maximize their profit and contribute to growth of the country.

In a nutshell, by doing all these the small firm community in the town can be in a good position to embrace success and survive even in difficult times, apart from undertaking courses and training, small firm owners can first be appraised to identify their gap before providing training and other support that enhance their growth. Moreover, Policies, strategies and support programs of governmental and non-governmental organizations on MSEs should be multidimensional and even give great focus at micro level and in far area to enhance the MSEs enterprises found at far area. Government in general and MSEs development agency in particular should motivate, help and advise the older owners and MSEs, give training on business issues, forwarding the model MSE owners, arrange forum and exhibitions for experience sharing, and create association and cooperation with suppliers.

4.3. Recommendations for Further Research

The survey in Jimma was conducted in selected MSEs; therefore it may not reflect the success views and practices of MSEs in other regions of Ethiopia**.** The main implications of this research for scholars and policy makers are concerned with factors determining the success of MSEs in Jimma town to improve information flow, transparency and consistency amongst, concerned bodies towards enhancing the contributions of MSEs in the development of the countries growth.

Moreover, within the micro and small business performance, there exist attributes that have potential to affect the success/performance of the business. Hence, there can be various factors like socio-economic, political and motivational factors that affect the success of micro and small businesses. Searching on the literature of MSEs success across the world, we can find various factors affecting their success.

So a further research should continue to examine those other factors associated with the management strategies pursued by the owners, contextual factors such as industry size, organization size along with the potential interaction with other variables not addressed by this study.

BIBLIOGRAPHY

Admasu, A. (2012). *Factors affecting the performance of MSEs in Arada and Lideta sub cities, Addis Ababa.* (Master's thesis, Addis Ababa University). Addis Ababa, Ethiopia.

Atieno, R. (2009). *Institutional arrangements and the performance of micro and small scale clothing enterprises in Kenya.* (Master's thesis, University of Nairobi). Nairobi, Kenya.

Berihu A., Abebaw Z., and Biruk T. (2014). *Identifying key success factors and constraints in Ethiopia's: An Exploratory research,* Addis Ababa, Ethiopia.

Bekele, E. and Worku, Z. (2008) '*Factors That Affect the Long-Term Survival of Micro, Small and Medium Enterprises in Ethiopia', South African Journal of Economics, Addis Ababa, Ethiopia.*

Boone, L.E. and Kurtz, D.L. (1996). *Contemporary Business: 8th Editions*, Dryen Press, New York.

Brooks, D. and L. Brooks (1999). *—Seven secrets of successful women*. ISBN-13: 9780071342643. McGraw-Hill Professionals Press.

Burns, P. (2001). *Entrepreneurship and Small Business*, Palgrave, New York.

Calvin, R.J.(2002). *Entrepreneurial Management*, McGraw-Hill, New York.

Chirwa, E. (2008). *Effects of gender on the performance of micro and small enterprises in Malawi*. *Development Southern Africa,* University of Malawi, Zomba.

Enock, N. (2010). *What are the factors limiting the success and/or growth of small businesses in Tanzania: An empirical study on small business growth*. (Master's thesis, University of Arcada). Arcada, Tanzania.

Foley, P, & Green, H. (1989). *Small Business Success*. London, England: Paul Chapman Publishing.

Gichana, F. and Barasa, T. (2013*). Effect of credit on micro and small enterprises performance in Kitale Town*. *International Journal of Academic Research in Business and Social Sciences, 3*(9), 2222-6990.University of Jomo Kenyatta, Kenya.

Habtamu, T. (2012). *Determinants of micro and small enterprises growth in Tigray regional state: Evidence from Mekelle city. Journal of Economics and Sustainable Development,* University of Mekelle, Ethiopia.

Haftom, H. (2013). *Factors affecting the growth of micro and small enterprises in shire Indaselassie town.*(Master's thesis, University of Mekelle). Mekelle, Ethiopia.

Janda, K., Strielkowski, W., & Rausser, G. (2013). *Determinants of profitability of Polish rural microenterprises*. *Munich Personal RePEc Archive,* University of California, Berkeley.

Kinda, T. & Loening, J. (2008). *Small enterprise growth and the rural investment climate: Evidence from Tanzania, Tanzania.*

Longenecker, J.G., Moore, C.W. and Petty, J.W. 2003. *Small Business Management-An Entrepreneurial Emphasis* 12th Edition, Thomson, Canada.

Mbugua, J., Mbugua, S., Wangoi, M., Ogada, J., & Kariuki, J. (2013). *Factors affecting the growth of micro and small enterprises: A Case of Tailoring and Dressmaking Enterprises in Eldoret*, Kenya. *InternationalJournal of Business and Social Science,* University of Kabianga, Kenya.

Mead, D., & Liedholm, C. (1998). *The dynamics of micro and small enterprises in developing countries*. *World Development*.

Megginson, L.C, Bryd, M.J. and Megginson, B. 2003. *Small Business Management: Anentrepreneur's guidebook*, McGraw Hill, Boston.

Ministry of Trade and Industry(1997). *Micro and Small Enterprise Development Strategy*. Federal Democratic Republic of Ethiopia, Addis Ababa.

Ministry of Finance and Economic Development (MOFED), 2007. *Ethiopia; Building on Progress, A Plan for Accelerated and Sustainable Development to End Poverty*(PASEDP), MOFED , Addis Ababa.

Mulu Gebreeyesus (2009). *Innovation and Microenterprise Growth in Ethiopia*. United Nation University, Maastricht Economic and Social Research and Training Center on Innovation and Technology, Netherlands.

Mulu, G. (2007). *Growth of Micro-Enterprises: Empirical evidence from Ethiopia.* Ethiopian DevelopmentResearch Institute (EDRI), Ethiopia.

Mouton, J. (2001). *How to succeed in you Master's and Doctoral Studies: A South African*
guide and resource book, Van Schaik, Pretoria.

Mohammed S. Chowdhury.(2013). Success *Factors of Entrepreneurs of Small and Medium Sized Enterprises:* Evidence from Bangladesh.University of Chittagong , Bangladesh.

Orlando, M, & Pollock, M. (2000). *Micro Enterprises and Poverty*: *Evidence from Latin America*. Inter-American Development Bank,, Washington D.C.

Osinde, Z. (2013). *Effect of managerial skills on growth of hotel based micro and small enterprises in Keroka,* Kenya. *Interdisciplinary Journal of Contemporary Research in Business*, University ofKeroka, Kenya.

Perren, L (2000). *Factors in the growth of micro-enterprises: Exploring the implications*. *Journal of Small Business and Enterprise Development*.

Schumpeter, J. (1934). *The Theory of Economic Development*, Harvard University Press, , MA thesis, Cambridge.

Schiebold, M., 2011. *Towards a Framework of Success Determinants for Micro-Entrepreneurs: The Case of Swiss Water Kiosk in Mozambique*. Bachelor Thesis, University of St. Gallen.

Tiruneh, A. (2011). *Analysis of the success factors of micro and small business enterprises in Addis Ababa. (Master's thesis University of Addis Ababa). Addis Ababa, Ethiopia.*

ILO (2002), "*Women and men in the informal economy: a statistical picture*" International Labour Office, ILO Geneva.

JIMMA UNIVERSITYBUSINESS AND ECONOMICS COLLEGE
MBA PROGRAM
Questionnaire

Dear respondents: The purpose of this questionnaire is to collect information on **Factors determining the success of Micro and Small Enterprises in Jimma town.** The study is only for academic purpose and cannot affect you in any case. Therefore, your genuine, honest and timely response is vital for accomplishment of this study on time. It would be appreciated if the owner-manager of the business would complete the questionnaire and answer the questions as thoroughly as possible. Hence, I kindly ask you to give your response to each items/questions carefully. If you have queries concerning the questionnaire, please contact the researcher and/or the supervisor, whose details are set below:

Researcher: Ambachew Tilahun
CelI: +251-925 667323
Email: ambachew606@gmail.com

Supervisor:Ass.Prof. Wendwesen Siyum
CelI: +251-910 789272
Email: milkias120@gmail.com

Co-advisor-Hayelom Nega
CelI: +251-913 914864
Email: Hayelomnega7@gmail.com

I appreciate your co-operation.

Researcher Signature.....

Thank you in advance for your co-operation!

- Put a tick mark (✓) to multiple-choice questions.

Part 1;-Profile of Participants

1. Sex (owner/manager): A. Male [ ] B. Female [ ]

2. Age: A. < 20 year [ ] B. 21-25[ ] C. 26-30[ ] D. 31-35[ ]
E.36-40[ ] F. above 40[ ]

3. Educational Qualification achieved:

A. Elementary [ ]
B. Junior secondary school [ ]
C. Compressive high school [ ]
D. Diploma [ ]
E. Degree [ ]

If your education level is just below / above levels described, please write the highest/lowest grade level you have completed……...……..

4. Do (se) the principal owner(s) of this enterprise have/has experience on establishing/ working similar business in the industry before establishing the current business?

A. Yes [ ] B. No [ ]

5. If your response for question 4 is yes, how many similar businesses did you establish and operate before this one?.....

Part. 2;-General profile of the enterprise

1. Years of operation of the firm.....

2. Number of employee of the firm initially? ..... Currently? .....

3. Start up Sources of finance for your firm? (Multiple responses are possible).

A. Personal saving [ ] B. Family [ ] C. NGO's [ ]

D. Micro Finance [ ] E. from banks [ ] F. bank [ ]

G. equip/idirr[ ] H. friend[ ]

I. others.....

4.Startup capital initial? ..... Current level of capital?.....

5. Motivation to start your business? (Multiple responses are possible).

A. Increasing my income [ ] B. creating my job [ ]

C. Requires small investment [ ] D. others specify.....

6. At What level of growth your enterprises exist?

A. Start-up [ ] B. Growth [ ] C. Expansion [ ] D. Maturity [ ]

7.Type of the business/sector:

A. Construction [ ] B. Urban Farming [ ] C. Trade [ ] D. Service [ ]

E. Manufacturing

8.Ownership forms of your enterprise;

A. Sole proprietorship [ ] B. Association (partnership)[ ]

9. Does your business have a business plan?

A. Yes [ ] B. No [ ]

10. If your response to question number 9 is yes, what is the reason to prepare a business plan?

A. To evaluate firms performance [ ] B. For getting loan [ ]

C. Serve as a guideline [ ]

11. If your answer to question no.9 is yes, what elements are included in your business plan? A. Financial plan A. Yes [ ] B. No [ ]

B. Human resource plan A. Yes [ ] B. No [ ]

C. Sales plan A. Yes [ ] B. No [ ]

D. Production plan A. Yes [ ] B. No [ ]

Part 3; -Training issue

12. Do the enterprise employees get training opportunity? A. Yes [ ] C. No[ ]

13. If your response to the question number 12 is yes, on what issue were the training provided? A. Technical skills [ ] B. Marketing management [ ]

C. Entrepreneurial issue [ ] D. Technology utilization [ ]

E. Others (specify).....

Part 4; -Business consultation service

14. Does your enterprise have experience of getting professional advice from?

A. Yes [ ] B. No [ ]

15. If your response to question number 14 is yes, which type of professional advice?

A. Lawyer advice A. Yes [ ] B. No [ ]

B. Management issue A. Yes [ ] B. No [ ]

Part 5; - Social networking

16. Does your enterprise have social networking?

A. Yes [ ] B. No [ ]

17. If your response to the question number 16 is yes, which type of networking is/are your enterprise involve? (Multiple responses are possible).

A. Equip [ ] C. local Association [ ]

B. Iddir[ ] D. others(specify).....

18. If your response to the question number 16 is yes, in what way your enterprise benefits from the networking.

A. Marketing information [ ] C. Saving service [ ]

B. Credit/loan service [ ] D. Others (specify).....

Part 6; - Government supporting service

19. Does your enterprise have Government Support service?

A. Yes [ ] B. No [ ]

20. What type of support government provides to your enterprise?

A. Financial support [ ]

B. Relevant inputs that aids the development of the enterprises [ ]

C. Training support [ ]

D. Others (specify).....

21. Is Government supporting service for your enterprise for the previous period has been decrease or increase?

A. Decrease [ ]B. Increase [ ] C. The same [ ]

22. If your response to Q.21 is increasing, is there any positive impact on the performance of your enterprise?

A. Yes [ ] B. No [ ]

23. If your answer for Q. 21 is decreasing, is there any negative impact on your business?

A. Yes [ ] B. No [ ]

24. What environmental factors affects your business activities?----------

25. What do you think of those possible factors which will bring extra opportunities, but still unexploited, to your business activities?.....

For part, 7 and 8 questions use the following instruction. Respond to the questions as per your agreement.

Please indicate how much you agree or disagree to each of the following statements by circling on the number that best represents your opinion. 5 indicate strongly Disagree (SDA), 4 indicates Disagree (DA), 3 indicate Neutral (N), 2 indicate Agree (A) and 1 indicates Strongly Agree (SA).

Part 7;-**Access to business development services**

		Scale				
S/N	Issues related to business development services[BDS]	SDA	DA	N	A	SA
1	There is sufficient access to training for improving my skill.					
2	There is an opportunity to display the business product through bazaars because of BDS.					
3	There is good business extension and counseling from BDS support institutions.					
4	There is market opportunity creation associated					

	with access to BDS.					
5	Our business has added many new features to our service(s) because of BDS.					
6	Provided there is sufficient potential return, we are comfortable taking a certain amount of concurrent BDS.					
7	Changes in the nature of our service (for example features of our service and/or the packages offered) have usually been arise due to BDS.					
8	We are more proactive than our competitors in BDS.					
9	Our firm constantly explores the development of new business ideas (for example new packages and products) through BDS.					
10	Our business monitors the trends which might impact on our business through BDS.					

Part 8;-Market related factors

		Scale				
S/N	Market related factors	SDA	DA	N	A	SA
1	There is good distribution channel to my business product.					
2	Market potential of the business product is promising.					
3	There is no difficulty in searching for market for my product.					
4	I have enough marketing knowledge to run the business.					
5	The business has no problem in customer handling.					
6	There is sufficient demand for the business product.					
7	The business has information on sources of market.					
8	In dealing with its competitors, our business is very often the first to introduce new products/services/packages and ways of marketing.					
9	We monitors the trends of the market which					

	might impact on our business.					
10	In order to maximize the probability of exploiting potential marketing opportunities our business will typically make bold and aggressive decisions.					

Part 9; - <u>Entrepreneurial characteristics</u>

Please indicate how much you agree or disagree to each of the following statements by circling on the number that best represents your opinion. 5 indicates Strongly Disagree (SDA), 4 indicates Disagree (DA), 3 indicates Neutral (N), 2 indicates Agree (A) and 1 indicates Strongly Agree (SA).

		Scale				
S/N	Entrepreneurial characteristics	SDA	DA	N	A	SA
1	Success of my business is strongly dependent on hard working.					
2	I search for opportunities from while facing with business problems.					
3	I setup goals for myself and work according to these goals.					
4	I have experience of evaluating the strengths and weakness of my business.					
5	I search actively for innovative product/services and new production process.					
6	During the past 2 years, we have introduced a number of new methods of production.					
7	We are more proactive than our competitors.					
8	Our business believes that owing to the nature of the environment, bold and wide-ranging actions are necessary to achieve the business's Objectives.					
9	In the last 2 years, changes in the nature of our service (for example features of our service and/or the packages offered) have usually been quite significant.					
10	During the past 2 years, our firm has marketed a very large number of new products or services.					

□መረጽ ማሰባሰብ□ መ□□ቅ

በጅማ ዩኒቨርሲቲ ቢዚነስ እና ኢኮኖሚክስ ኮሌ□

በንግድ ስራ አመራር፤ □ትህረ ምረቃ □ሮ□ራም

ክቡራን መላሾች፤ ይህ መጠይቅ የአነስተኛና ጥቃቅን ድርጅቶችን ው□,□ማነታቸው ላይ ተጽኖ የሚያሳድሩ ምክንያቶችን በተመለከተ የማወዳደሪያ ነጥቦች የያዘ ነዉ፡፡ ጥናቱ በጅማ ከተማ ባሉ በተመራጡ አነስተኛና ጥቃቅን ድርጅቶች ላይ □ሚደረግ ጥናት ሲሆን እርስዎ ድርጅቶን በተመለከተ ነጥቦቹ ላይ የግልዎን ትክክለኛ አስተያየት በማስፈር ምላሽ እንዲሰጡ ቀና ትብብርዎን እ□□ቃለሁ፡፡ በመ□□ቁ ለሰ□ሩ ነጥቦች የሚሰጡት ምላሽ ለጥናቱ የሚያስፈልጉኝ ሲሆን ጥናቱ ደግሞ በእኔ በጅማ ዩኒቨርሲቲ የንግድ ስራ አስተዳደር (MBA) □ትህረ ምረቃ ተማሪ አምባቸው ጥላሁን □ሚከናወን ነዉ፡፡ ከእርስ□ □ሚ□ኘዉ የትኛ□ ም መረጽ ሚስጢራዊነቱ የተጠበቀ እና ከጥናቱ አላማ ውጪ ለምንም አገልግሎት የማይውል መሆኑን እያረጋገጥኩ ለትብብርዎ በቅድሚያ አመሠግናለሁ፡፡

ለቀረቡት የምርጫ ጥያቄዎች ሰረዝ(√) በማድረግ መልሱን ስጡ

<u>ክፍል -1 የተሳታፊዎች ግለ ታሪክ</u>

1. ፆታ (ያባለንብረት/ማኔጅር) ሀ. ወንድ [ ] ለ. ሴት [ ]
2. እድሜ ሀ. ≤ 20 ዓመት [ ] ለ. 21-25 [ ] ሐ. 26-30 [ ]
   መ. 31-35 [ ] ሠ. 36-40 [ ] ረ. ከ 40 በላይ [ ]
3. የትምህርት ደረጃ
   ሀ.የነኛ ደረጃ [ ] ለ.መለስተኛ ሁለተኛ ደረጃ [ ] ሐ. የ2ኛ ደረጃ [ ]
   መ. ዲፕሎማ [ ] ሠ. ዲግሪ [ ]
4. የትምህርት ደረጃዎ ያነሰ/የበለጠ ከሆነ እባክዎ ዝቅተኛ/ከፍተኛ የትምህርት ደረጃዎን ይጻፉ፡-
5. ባለ ንበርቱ ከዚህ ቀድም የስራ ልምድ ካለዎት? ሀ.አዎን[ ] ለ.የለም[ ]
6. የሥራ ልምድ ካልዎት በምን ሙያ ላይ ተሰማርተው ነበር? _____

<u>ክፍል -2 አጠቃላይ የድርጅቱ ግለታሪክ</u>

1. ድርጅቱ ሥራውን የጀመረበት ዓመት?_____
2. ለመጀመሪያ ጊዜ የነበሩት የድርጅቱ ሠራተኞች ብዛት?_____በአሁኑ ጊዜስ_____
3. ድርጅቱ ሥራውን ሲጀምር የነበረው የፋይናስ ምንጭ? (የተለያዩ መልሶችን መስጠጥ ይችላሉ) ሀ.ከግል ቁጣ ሂሳብ [ ] ለ.ከቤተሰብ [ ] ሐ.ከ NGO [ ]
   መ.ከጥቃቅን ፋይናንስ (ማይክሮ ፈይናንስ) [ ] ሠ.ከባንኮች [ ]
   ረ. ዕቁብ /ዕድር/ [ ] ሰ. ከወዳጅ [ ] ሸ. ሌሎችም ካሉ_____
4. የመነሻ ካፒታልዎ ምንያህል ነበር?_ካፒታሉ አሁን ያለበት ደረጃስ?_____

5. ድርጅቱን ለመጀመር ያነሳሳዎት ምክንያት(የተለያዩ መልሶችን መስጠት ይችላሉ)?

ሀ. የገቢ መጠን ለመጨመር [ ] ለ. ለስራ ፈጣሪነት [ ]

ሐ. አነስተኛ ኢንቨስትመንት ፍለጋ [ ] መ. ሌሎች ምክንያቶች _____

6. ድርጅቱ ያለበት የዕድገት ደረጃ

ሀ.በጀማሪነት [ ] ለ.በማደግ [ ] ሐ.በመስፋፋት [ ] መ.ያደገ [ ]

7. የንግድ ስራው አይነት

ሀ. ግንባታ [ ] ለ.የከተማ ግብርና [ ] ሐ.ንግድ [ ] መ.አገልግሎት ሰጪ [ ]

ሠ. ማምረቻ [ ]

8. የድርጅቱ ባለቤትነትን በተመለከተ

ሀ. የግል ባለ ይዞታ [ ] ለ. የማህበር/ሸርክና/ [ ]

9. የንግድ ድርጅቱ የስራ ዕቅድ አለው? ሀ. አለው [ ] ለ. የለውም [ ]

10.ለ9ኛው ጥያቄ የሰጡት መልስ " አለው" ከሆነ እቅዱን ያዘጋጁበት ምክንያት

ሀ. የድርጅቱን ሥራ ለመገምገም [ ] ለ. ብድር ለማግኘት [ ]

ሐ. እንደ መመሪያነት ለመገልገል [ ]

11.ለ9ኛው ጥያቄ የሰጡት መልስ " አለው" ከሆነ በቅድዎ ይዘት ውስጥ የሚካተተው?

ሀ. የፋይናንስ እቅድ ሀ. አዎን [ ] ለ. የለም [ ]

ለ. የሰው ሐይል እቅድ ሀ. አዎን [ ] ለ. የለም [ ]

ሐ. የሽያጭ እቅድ ሀ. አዎን [ ] ለ. የለም [ ]

መ. የምርት እቅድ ሀ. አዎን [ ] ለ. የለም [ ]

<u>ክፍል -3 ሥልጠናን በተመለከተ</u>

12.የድርጅቱ ሠራተኞች የስልጠና ዕድል ያገኛሉን? ሀ. አዎን [ ] ለ. የለም [ ]

13.ለጥያቄ ቁጥር 12 የሰጡት መልስ "አዎን" ከሆነ ሥልጠናው በምን ርእስ ላይ አገኙ?

ሀ. የጥገና ሙያ [ ] ሐ. የስራ ፈጣሪነት [ ]

ለ. የገበያ አስተዳደር [ ] መ. የቴክኖሎጂ አጠቃቀም [ ]

ሠ. ሌሎችም ካሉ _____

<u>ክፍል -4 የድርጅቶን የምክር አገልግሎት በተመለከተ</u>

14.ድርጅቱ የሙያዊ ምክር ለማግኘት እድል አግኝቷልን ሀ.አዎን [ ] ለ. የለም [ ]

15.ለ14ኛው ጥያቄ መልስዎ "አዎን" ከሆነ፣ የትኛውን ሙያዊ ምክር አገኙ

ሀ. የህግ ጠበቃ ምክር ሀ. አዎን [ ] ለ. የለም [ ]

ለ. የአስተዳደር ጉዳይ ሀ. አዎን [ ] ለ. የለም [ ]

<u>ክፍል-5 ማህበራዊ ግኑኝነትን በተመለከተ</u>

16.ድርጅቱ የማህበራዊ ግንኙነት አለውን? ሀ.አዎን [ ] ለ.የለውም [ ]

17.ለ16ኛው ጥያቄ መልስዎ "አዎን" ከሆነ፣ የትኛውን የግንኙነት ዓይነት ተገልግለዋል?

ሀ. የእቁብ [ ] ሐ. የአከባቢ ማሕበር [ ]

ለ. የእድር [ ] መ. ሌሎች ካሉ_____

18..ለ16 ኛው ጥያቄ መልስዎ "አዎን" ከሆነ፣ ድርጅቱ በየትኛው ዘዴ ተጠቃሚ ለመሆን ችሏል?

ሀ. በገበያ መረጃ [ ] ሐ. በቁጠባ አገልግሎት [ ]

ለ. በብድር አገልግሎት [ ] መ. ሌሎች ካሉ _____

<u>ክፍል -6 በመንግስት የሚደግፉ አገልግሎቶች</u>

19.ድርጅቱ ከመንግስት ያገኘው የድጋፍ ዓይነት

ሀ. የገንዘብ ድጋፍ [ ]

ለ. ድርጅቱን ለማሳደግ የተሰጠ ተገቢነት ያለው ድጋፍ [ ]
ሐ. የስልጠና ድጋፍ [ ]
መ. ሌሎችም ካሉ _____

20.ላለፉት ጊዜያት መንግስት በድርጅቱ የሰጠው ድጋፍ ጨመረ ወይስ ቀነሰ

ሀ. ቀንሷል [ ] ለ. ጨምራል [ ] ሐ. ተመሳሳይ [ ]

21.ለ20 ኛው ጥያቄ የሰጡት መልስ "ጨምሯል" ከሆነ፣ በድርጅቱ አሰራር ላይ አዎንታዊ ተጽእኖ ለማሳደር ችሏልን?

ሀ. አዎን [ ] ለ. የለም [ ]

22. ለ20ኛው ጥያቄ የሰጡት መልስ "ቀንሷል" ከሆነ፣ በድርጅቱ አሰራር ላይ አሉታዊ ተጽእኖ ለማሳደር ችሏልን? ሀ. አዎን [ ] ለ. የለም [ ]

23. ምን ዓይነት የድርጅቱን ዕንቅስቃሴ የሚጎዱ አከባቢያዊ ችግሮች አሉ? _____

24.ለድርጅቱ እንቅስቃሴ ተጨማሪ እድል ሊፈጥሩ ስለሚችሉት ጉዳዮች ነገር ግን እስከ አሁን ያልተነኩ ብለህ/ብለሽ የምታስበው/ቢው ካሉ_____

ክፍል -7 እና 8 የሚከተሉትን መመሪዎች በማንበብ የሚስማማውን መልስ ስጡ

አባክዎን በምን ያህል መጠን እንደሚስማሙ ወይም እንደማይስማሙ ለተሰጡት ጥያቄዎች ቁጥሮቹን በማክበብ ለሐሳብዎ የበለጠ ተስማሚ የሆነውን ይመልሱ::

5 እጅግ በጣም አልስማማም

4 አልስማማም

3 መካከለኛ

2 እስማማለሁ

1 እጅግ በጣም እስማማለው

ክፍል-7 ድርጅቱን የማሳደግ አገልግሎትን ማግኘት

ተ.ቁ	ድርጅቱን የማሳደግ አገልግሎቶችን በተመለከተ	መጠን				
		5	4	3	2	1
1	ሙያዮን ለማሻሻል በቂ የስልጠና እድል አግቻለሁ፡፡					
2	የድርጅቱን ምርት ሰርቶ ለማሳየት የባዛር እድል አለ ።					
3	ጥሩ የድርጅት ማሳደግያ ምክር ሰጪ ተቋማት አሉ ።					
4	የገበያ እድልን የሚፈጥሩ ማህበራት አሉ ።					
5	ድርጅታችን የሚሰጠው አገልግሎት በብዛት ጨምሯል፡፡					
6	ያለንን በቂ ትርፍ ተጠቅመን በተወሰነ መጠን ድርጅቱን ማሳደጊያ አገልግሎትን ማግኘቱ ችለናል፡፡					
7	የአገልግሎት አሰጣጣችንን በመለወጥ ድርጅቱን ለማሳደግ አስችሎናል፡፡					
8	ለድርጅታችን ስኬት ከተፎካካሪዎቻችን በበለጠ ሁኔታ ፈጣሪ መሆን ችለናል፡፡					
9	ድርጅታችን ቀጣይነት ባለው ሁኔታ አዳዲስ ሃሳቦችን ማሳደግ ችሏል፡፡					
10	ድርጅታችን ተጽእኖ ሊያሳድሩብን የሚችሉትን ልማዶች ተቆጣጥሮታል፡፡					

ክፍል 8- ከገበያ ጋር ተያያዥነት ያላቸው ጉዳዮች

ተ.ቁ	የገበያ-ነክጉዳዮች	መጠን				
		5	4	3	2	1
1	የድርጅቱን ምርት ለማሰራጨት ጥሩ የሆኑ ዘዴዎች አሉ፡፡					
2	የድርጅቱ ምርት አስተማማኝ የሆነየገበያአቅምአለው፡፡					
3	ለምርታችን ገበያ ለማፈላለግ ምንም ችግር አልገጠመንም፡፡					
4	የድርጅቱን ሥራ ለማካሄድ በቂ የሆነየገበያእውቀት አለን፡፡					
5	ድርጅቱ በደንበኛ አያያዝ ላይ ምንም ችግር የለበትም፡፡					
6	ለድርጅቱምርትበቂየሆነፍላጎትአለለ፡፡					
7	ድርጅቱ በገበያው ምንጭ/ሁኔታ በቂ መረጃዎች አለው፡፡					
8	ድርጅታችን አዳዲስምርቶችን/አገልግሎቶችንበማስተዋወቅ ከተፎካካሪዎች አንጻር ምንጊዜም ቀዳሚ ነው፡፡					
9	በድርጅታችንላይተጽእኖየሚያሳድሩትንየገበያልምዶችእንቆጣጠራለን፡፡					
10	የገበያእድሎቻችንንከፍለማደረግድርጅታችንጠንካራየሆኑውሳኔዎችንይሰጣል፡፡					

<u>ክፍል9- የሰራፈጣሪውባህሪዎች</u>

እባክዎንበምንያህልመጠንእንደሚስማሙወይምእንደማይስማሙለተሰጡትጥያቄዎችቁጥሮችንበማክበብለሐሳብዎየበ ለጠተስማሚነትያለውንመልስስጡ፡

5 እጅግ በጣም አልስማማም
4 አልስማማም
3 መካከለኛ
2 እስማማለሁ
1 እጅግበጣምእስማማለሁ

ተ.ቁ	የሥራፈጣሪ ባህሪያቶች	መጠን				
		5	4	3	2	1
1	የድርጅቴ ስኬት የሚወስነው በርትቶ በመስራት ነው፡፡					
2	ድርጅቱን ችግር ሲገጥመው የመውጪያ ዘዴ አፈላልጋለሁ፡፡					
3	ለራሴ ግብ አዘጋጅቼ በዚሁ ግብ መሰረት ሥራዬን አከናውናለሁ፡፡					
4	የድርጅቴን ጠንካራና ደካማ ጎኖች የመገምገም ልምዱ አለኝ ።					
5	አዳዲስ ምርቶችን/አገልግሎቶችንና አዲስ የምርት ሂደቶችን ለማፈላለግ በንቃት እሰራለሁ					
6	ላለፉት ሁለት ዓመታት ብዛት ያላቸውን የምርት ዘዴዎች ተጠቅመናል ።					
7	ከተፎካካሪዎቻችን በበለጠ ሁኔታ በትጋት እንሰራለን ።					
8	ድርጅታችን አንደ አከባቢው ሁኔታ ምርቶችን ለማስፋፋት እምነት አለው ።					
9	ባለፉት ሁለት ዓመታት በአገልግሎት አሰጣጣችን ላይ (ለምሳሌ የአገልግሎቱ ዓይነትና /ወይም የምናቀርባቸው ምርቶች) በጣም በርከት ያሉ ናቸው፡፡					
10	ላለፉት ሁለት ዓመታት ድርጅታችን በቁጥር በርካታ የሆኑ አዳዲስ ምርቶችን ወይም አገልግሎቶችን ተገበያይቷል ።					