

Research Report on Business potentials and their features for service rendering organizations in the coming years: the case of Hawassa City

Submitted to College of Business and Economics in partial fulfillment for the requirement of Masters Degree in Business Administration

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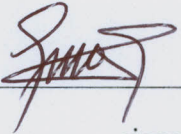
March, 2013

Declaration

I undersigned declare that this research report is my original work and has not been presented in any other university and events, and the entire material used for this study have been duly acknowledged.

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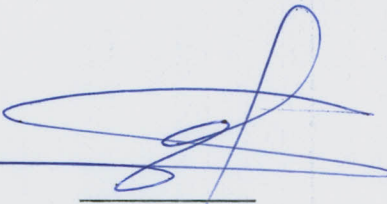
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**Research Report on Business potentials and their features
for service rendering organizations in the coming years: the
case of Hawassa City**

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Abstract

This study is conducted by student researcher for the partial fulfillment of masters' degree in Business Administration. The research is aimed on forecasting certain business potentials in the service business sector. The problem is identifying future services with their features to fulfill customers demand. It is conducted at Hawassa city where certain comparative advantages are there for service rendering organizations. Investors, city administrators and potential researchers will be beneficiaries from this study. It will help all these parties in providing clear sight of what business and market potentials will be there in the coming years. Using stratified sampling technique resident respondents and simple random sampling business people are selected for sample. These are 1000 from resident and 370 from business persons. Primary and secondary data's was collected from different offices and respondents. Questionnaire is the used tool to collect data from sample respondents. The collected data are analyzed using time series and descriptive analysis techniques. Finally conclusions are drawn from hypothetical tests. Business peoples, current and potential, have no sufficient and pertinent information about the business potentials of the city and what kind of service provisions are and will be needed. The city administration is also handicapped in promoting and controlling such potential markets due to lack of well studied research. This initiated the student researcher to conduct the study. Literature review, collected data, and the way these data are analyzed, interpreted and tested, drawn conclusions and provided professional suggestions are clearly stated in this report. Questionnaire data analysis and discussion using descriptive technique, quantitative data analysis through time series technique, factors discussion, city's urban development plan and strategies discussion are the main part of the report. The countries political, economical and demographical impacts on the service sector, the city's development plan and strategies are also discussed in this study. By this study it is identified that the city has big business potentials for hospitality, beautification, recreation other service sectors. The study has find the feature of identified business potentials are more technological, professional labor intensive, fast, quality, variety and low priced services.

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I greatfully forward my gratitude to my advisor and co advisor Dr. Shimels Zewde and Ato Reta Megersa (MBA) respectively for their enthusiastic help and building comments. Without them this research wouldn't have been completed well.

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Operational definitions

Service- intangible, instorable and perishable phenomena that is consumed with presence of the provider and consumer

Service industry- a group of service sub sector providers

Service rendering organization- an organization which sells or offers service to consumers

Service demand- customer's willingness to purchase service as per their need and want

Hospitality service- this are hotel and catering services, tourism services that are accommodating lodging boarding for guests

Financial service- includes banking and insurance, credit and savings

Beautification service- salons, spa, massages and other services related with human beauty

Recreational service- gardens, beaches, cinemas, clubs etc who are consumed for entertainment

Social service- basic infrastructures like health, transport, water and power supply, schooling etc

Service market- a place where services are sold and purchased

STATA soft ware- demand forecasting software which is highly recommended by economists

Service Innovation- a new additive to the currently operations of service which enhance service quality

Service features- it is the characteristics of service, what services look like.

CHAPTER ONE-INTRODUCTION

1. Background of the study

Service is the part of the economy that includes individuals and businesses that produce services rather than goods. The service sector includes education, finance, communications, health care, utilities, wholesale and retail trade, and transportation. In the mid-1980s employment in the United States was evenly divided between service jobs and production jobs. The split has since changed, such that the service sector provides a significant majority of jobs in the United States. (Teboul, James, 2006)

A business opportunity consists of four integrated elements all of which are to be present within the same timeframe (window of opportunity) and most often within the same domain or geographical location, before it can be claimed as a business opportunity. These four elements are: A need, the means to fulfill the need, a method to apply the means to fulfill the need and; a method to benefit. (Investor Bulletin, July 1995)

With any one of the elements missing, a business opportunity may be developed, by finding the missing element. The more unique the combination of the elements is the more unique the business opportunity. The more control an institution (or individual) has over the elements, the better they are positioned to exploit the opportunity and become a niche market leader.

A business idea is a concept which can be used for commercial purposes. It typically centers on a commodity or service that can be sold for money.

There are several methods for developing and testing a business idea. The ability to come up with a business idea can be transformed into a viable business, where ideas supported by feasibility and a business plan can then be sold to interested investors, firms, and interested parties for a lump sum or a management contract, or as agreed. Business ideas, if introduced at the right time, when demand for such service or a product introduced by the idea is expected to surge, can lead to a very profitable business. Business ideas are always available through different sources; however, it is the application applied on these ideas, and timing makes all the difference in failure or success.

Budding entrepreneurs are being urged to cash in on the burgeoning services sector, with new figures suggesting time-poor consumers are swapping retail spending for service-oriented luxuries. According to ANZ Banking Group, spending on services has grown by 3.8% over the past year, while spending on goods such as clothing, food and furniture has increased by only 2.6%.

And while people are still spending on services such as hair care, recreation and education, demand has soared for workers to undertake domestic duties including cleaning and gardening.

The service sector economy is going through a period of almost revolutionary proportions in which established ways of doing business continuous to be shunted aside. Around the world, innovative new comers offering new standards of services have succeeded in markets where established competitors have failed to please today's demanding customers. (Christophor lovelock, 1996)

Perhaps even more than manufacturing firms, service industries are currently undergoing dramatic changes. Many factors underlie the ongoing transformation of service industries. Among these factors, changing pattern of government regulations, the globalization of service business, the service quality movement, creation of service profit0centers with in manufacturing firms, the continued growth of company owned and franchised service chains, etc are the vital one's. (Beckwith, Harry, 1997).

Economic importance, promoting entrepreneurship and investment, and the dynamic change of businesses strives the need of undergoing certain studies about market potentials.

This study is conducted at Hawassa city where certain comparative advantages of service sectors business exist. The city has several good features that may support service businesses. Investors must be given with concrete information about the business potentials and market structures of a certain place.

To sum up, looking into the gaps that there is a fastest economic growth and investment in the country and lack of studies about business potentials for service rendering organizations, this study is conducted to fill the hole well.

2. Statement of the Problem

The student researcher tried to access researches findings or articles done on the related issues at Hawassa city. But, he couldn't find any. He never happened to see any study outcomes about business potentials and markets of service business rendering organizations at the specified place. This tells him that the following problems are there in the city's business environment.

Defining the problem

In the city as per the student researcher observation, Investors who are interested to invest have no sufficient know how about where, in what business and when to invest.

Ethiopian Economics association released a magazine which verifies that the city administrations are not in a position of providing the exact information to the investor about what are the potentials of business industries in their district. The student researcher was not also found such information from the city administrations trade office. The city's trade office annual job report also mentioned this as their weakness. Therefore, not knowing their district business potentials set the administrators back from making different promotional and controlling activities. According to a study conclusion by Gulshan kahn(2002) the currently operating service rendering organization have no clear idea about their future market potentials, potential customers need or want about services in the coming years. As there is a growth in Ethiopian economy, living standards of the people is gradually improving with the greater demand of different services. People are going enjoying every spot of their life in home away home. However, up to the demanded services are not given by service rendering organizations.

This study has answered the following one big question i.e. what are those business potentials with their characteristics for service rendering organization of Hawassa city in the coming years? While finding answers for the above main question the study has addressed some questions that their answers are vital to build findings and conclusions of the study's main question. These are: what are the needs of peoples of the city from service rendering organizations in the coming years? What are those markets and business potentials for service sectors in future at Hawassa city? What are the features of business potentials and demanded services in the coming years? What will be expected from investors and city administrators to promote, use and control those business potentials? What types of service innovations are expected from currently operating service providing organizations at the city? What will be the sales (demand) of the various services providing organizations in the coming years at the city?

3. Purpose of the Study

General objective

The general objective of this study is aimed to clearly find what business potentials with their features will be there in the service business sector in the coming years in Hawassa city

Specific Objectives

The study has certain specific objectives. These are:

- to identify what the potential businesses in the service sector are there
- to characterize these business potentials and service innovations that will be demanded.
- to forecast future service subsectors market demand

4. Significance of the study

This study can be useful for different bodies for certain matters. First and foremost, it helps the current and potential investors in pointing the most likely business potentials with their characteristics. So, they can have this well studied business and market analysis of service rendering businesses-enables them to easily choose in what business to invest.

Secondly, administrative body of the city can be enabled to make certain arrangements in promoting and controlling potential service sector businesses. If they are equipped with what will be there in the service sector businesses in the coming years, they can clearly promote them to inventors, and they can manage certain activities in advance for the smooth running of such sector businesses.

Finally, potential researchers and or students can have some idea about future business trends of the service sector in Hawassa city.

5. Limitation

This study faced certain pitfalls due to uncertainties since it deals with forecasting businesses. The samples that the student researcher used may not be 100 percent representative of the total population diversity. The answer these respondents provided may not be quit true or from their heart. As if it is hard to get the pertinently best data analyzing technique, this study may have limitation during finding the exactly correct techniques.

The study has also faced certain obstacles including unavailability of sufficient and pertinent data, unwillingness of respondents, time and budget shortage, etc. these all factor might slight deteriorate some of the validity of the study findings.

Therefore, due to the above causes, this study may not be hundred percent valid. Information's about market potentials after many years may not be surely identified.

7. Delimitation

Here the student researcher is not a full time researcher; therefore it was difficult to him to handle the research on all business sector potentials. Budget and time constraints also contributed to the narrowing of the study scope and width.

It is only the student researcher with the help of his advisor and co advisor who conducted the study. And since forecasting business potentials in the coming many years for different business sector is totally untouchable for single researcher, he decided to focus on service rendering organizations business potential in the coming five years in Hawassa city. The government also uses to design a five years plans and strategies in different sectors and affairs. But this will continue until the 2020E.C. as per Ethiopian millennium goal.

Therefore, the scope of the study is business potential of the service rendering organization and the width is about the coming years. The study area is delimited to Hawassa city.

Chapter two

2. RELATED LITRATURE REVIEW

2.1 Definition of services

There is No single definition of services (They are Intangible, Instorable, and Instable in quality, Inseparatability between production and consumption).

There are many definitions of service in the literatures. Here are a few:

Services are economic activities offered by one party to another, most commonly employing time-based performances to bring about desired results in recipients themselves or in objects or other assets for which purchasers have responsibility. In exchange for their money, time, and effort, service customers expect to obtain value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved. (LOVELOCK & WIRTZ, 2007).

A service is a time-perishable, intangible experience performed for a customer acting in the role of a co-producer. (FITZSIMMONS, 2003)

Service is the application of specialized competences (knowledge and skills), through deeds, processes, and performances for the benefit of another entity or the entity itself. (LUSCH & VARGO, 2006).

The Service industries (More formally termed: 'tertiary sector of industry' by economists) involve the provision of services to businesses as well as final consumers. Such, therefore, include accounting, tradesmanship (like mechanic or plumber services), computer services, restaurants, tourism, etc. Hence, a Service Industry is one where no goods are produced whereas primary industries are those that extract minerals, oil etc. from the ground and secondary industries are those that manufacture products, including builders, but not remodeling contractors. (Sampson, 2001)

2.2 List of economic services

The following is an incomplete list of service industries, grouped into rough sectors. Parenthetical notations indicate how specific occupations and organizations can be regarded as service industries to the extent they provide an intangible service, as opposed to a tangible good.

This list is taken from www.wikipedia.com and certain amendment is done by the student researcher

Table 1: list of economic services

| No | Description | |
|----|-------------------------|---|
| 1 | Financial service | Banking, save credit associations, etc |
| 2 | Hospitality services | Hotel, tourism, catering institutions, etc |
| 3 | Technical services | Counseling and guidance, audit, |
| 4 | Mechanical services | Garage, maintenance, |
| 5 | Beautification services | Salons, massages, spa, |
| 6 | Social services | Schooling, security, transport, banking, telecom, hospitals and health cares, |
| 7 | Recreational services | Gardens, cinema, |

2.3 Importance of Service sector

Services are important because: They are facilitators of domestic growth –In 2003, contributed on average 68% of the global GDP. They anchor and support the entire goods production process by providing value-added inputs for competitive industrial development. They are increasing as a percentage of world trade and FDI –constitute approximately 36% of world trade and FDI in services is reaching over 60% of all investment flows worldwide. They contribute to job creation –services activities have



become primary creators of new jobs, accounting for over 90% of new jobs globally since mid-1990s. They are vital to poverty alleviation and key to realizing the MDGs both: directly –in terms of enhancing the availability and affordability of education, health, energy, ITC services-; and Indirectly –by alleviating poverty and empowering women through entrepreneurial and employment creation opportunities in services enterprises (Teboul, James (2006)

2.4 Misconceptions about services

When a developing country or transitional economy has scarce resources, the development priority should be industry, not services –this is based on idea that services are primarily to satisfy final demand. (Alan Pilkington, Kah Hin Cha, 2008)

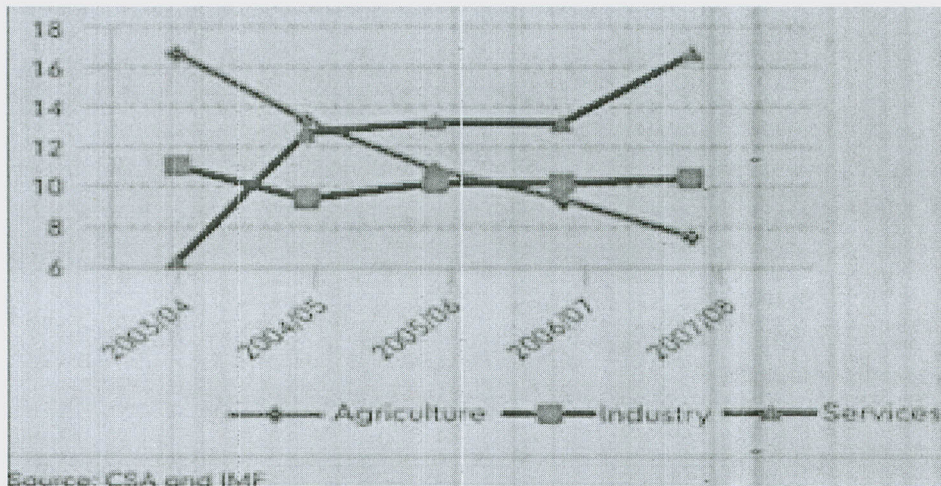
However, half services produced in an economy are “intermediate” services –so, services dynamically support agricultural and manufacturing sectors. Developing countries do not have a comparative advantage in services exports; and having a negative balance in their trade in services is normal. (Christopher Lovelock and Jochen Wirtz (2011)

2.5 Contribution of service sector to Ethiopian Economy

Now, the service sector contributes 45.1 percent to Ethiopia’s Gross Domestic Production (GDP) for the fiscal year ended June 2009 (from July 2008 to June 2009). Meanwhile, agriculture sector, which was dominant in the economy, followed the service sector by contributing 43.2 percent to GDP. (CSA, June 2009)

According to GDP data released by the Ethiopian Ministry of Finance and Economic Development (MoFED) during 2008 -2009 business period, the service sector grew by 14 percent while agriculture was limited to 9.9 percent. To the contrary, six years ago agriculture’s annual growth rate was 16.9 percent while the service sector was growing at 6.3 percent.

Table 2: diagram of service sector growth in Ethiopia



Source: CSA and IMF

An assessment study conducted by Ministry of finance and economic development (2009) gave a finding that Industry sector of the nation, which has been contributing between 12.9 to 14 percent to GDP over the last eight years, has now contributed 13 percent to the national GDP during for fiscal year ended. Eight years ago, Agriculture was leading the service sector by more than 10 percent until the gap between the two narrowed to one percent last year. Ethiopia's GDP for the year 2009 stood at 336.1 billion birr (around 25 billion USD) at current market price from it was around 77 billion birr eight years ago.

Table 3: Service Sector Sub Sectors' Share at Constant Prices (, 000 Birr), Source: Ethiopian CSA, 2009

| Sub Sector | 1999/00 | 2006/07 | 2007/08 | 2008/09 |
|--|------------|------------|------------|------------|
| Whole Sale and Retail Trade | 7,444,192 | 13,607,536 | 15,751,780 | 17,655,009 |
| Hotels and Restaurants | 1,322,084 | 2,880,081 | 3,551,076 | 4,401,049 |
| Transport and Communications | 2,940,550 | 5,885,995 | 6,566,212 | 7,139,958 |
| Financial Intermediation | 1,106,507 | 2,264,388 | 2,883,577 | 3,500,511 |
| Real Estate, Renting and Business Activities | 3,923,584 | 8,565,094 | 10,045,641 | 11,660,100 |
| Public Administration and Defense | 4,096,012 | 4,222,318 | 4,751,155 | 5,623,770 |
| Education | 1,414,384 | 3,125,116 | 3,614,661 | 4,025,738 |
| Health and Social Work | 574,877 | 1,043,626 | 1,205,690 | 1,296,714 |
| Other Community, Social & Personal Services | 1,149,055 | 1,707,482 | 1,906,563 | 2,030,146 |
| Private Households with Employed Persons | 165,880 | 233,242 | 245,530 | 254,815 |
| Total | 24,137,126 | 43,534,876 | 50,521,885 | 57,587,809 |

2.6 Services economy

It can refer to one or both of two recent economic developments. One is the increased importance of the service sector in industrialized economies. The current list of Fortune 500 companies contains more service companies and fewer manufacturers than in previous decades.

The term is also used to refer to the relative importance of service in a product offering. The service economy in developing countries is mostly concentrated in financial services, health, and education. Products today have a higher service component than in previous decades. In the management literature this is referred to as the sterilization of products. Virtually every product today has a service component to it. The old dichotomy between product and service has been replaced by a service-product continuum. Many products are being transformed into services. (B Andersen et al. (eds) 2000)

Services constitute over 50% of GDP in low income countries' and as their economies continue to develop, the importance of services in the economy continue to grow. The service economy is also key to growth, for instance it accounted for 47% of economic growth in sub-Saharan Africa over the period 2000–2005 (industry contributed 37% and agriculture 16% in the same period). The means that recent economic growth in Africa relies as much on services as on natural resources or textiles, despite many of those countries benefiting from trade preferences in primary and secondary goods. As a result, employment is also adjusting to the changes and people are leaving the agricultural sector to find work in the service economy. This job creation is particularly useful as often it provides employment for low skilled labor in the tourism and retail sectors, thus benefiting the poor in particular and representing an overall net increase in employment. (FITZSIMMONS, 2003)

The service economy in developing countries is most often made up of Financial services, Tourism, Distribution, Health, and Education. The export potential of many of these products is already well understood, e.g. in tourism, financial services and transport, and however, new opportunities are arising in other sectors, such as the health

sector. For example: Indian companies who provide scanning services for US hospitals; South Africa is developing a market for surgery and tourism packages; India, the Philippines, South Africa and Mauritius have experienced rapid growth in IT services, such as call centers, back-office functions and software development. (Christophor Sutton and Beth Jenkins, 2007),

The service sector could embrace the idea of New Growth, in which economic growth is not based on producing new goods but on using equipment as service platforms for building services. New content is combined and developed to create novel experiences. (Massimiliano Cali, Karen Ellis and Dirk Willem te Velde, 2008)

Different sectors require different approaches and creativity. Professor Heikki Topi predicts that in the future we will learn to produce services in a manner that focuses more on individual needs. Complicated background work will be hidden and handled by means of information technology. According to Koskinen, properly utilizing the huge amount of data available will mean better decisions, better leadership and better service for customers.

2.7 Features of services

Services have different features. To look into these features, we better see the article by Professor Ian Miles of the Manchester Institute of Innovation Research (MIOIR), The University of Manchester, is one of the internationally recognized scholars on the study of 'Service Innovation'. He coined the term in his 1993 article in the journal FUTURES, (Vol. 25, No. 6, pp. 653–672.). He listed a series of characteristic features of services, and associated these with particular types of innovation.

1. Features of services associated with service production

1. Technology and Plant (Low levels of capital equipment; heavy investment in buildings-Reduce costs of buildings by use of teleservices, toll-free phone numbers, etc.)

2. Labor (Some services highly professional, esp. requiring interpersonal skills); others relatively unskilled, often involving casual or part-time labor. Specialist knowledge may be important, but rarely technological skills (other than Information Technology). Reduce reliance on expensive and scarce skills by use of expert systems and related innovations; Relocation of key operations to areas of low labor costs (using telecommunications to maintain coordination).
3. Organization of Labor Process (Workforce often engaged in craft-like production with limited management control of details of work. Use IT to monitor workforce (e.g. tachometers and mobile communications for transport staff; Aim for 'flatter' organizational structures, with data from field and front-office workers directly entering databases and thence Management Information Systems.)
4. Features of Production (Production is often non-continuous and economies of scale are limited. Standardize production (e.g. 'fast-food' chains), reorganize in more assembly-line-like feature with more standard components and higher division of labor.)
5. Organization of Industry (Some services state-run public services; others often small-scale with high preponderance of family firms and self-employed. Externalization and privatization of public services; combination of small firms using network technologies; IT-based service management systems.)

2. Features of services associated with service product

1. Nature of Product (Immaterial, often information-intensive; Hard to store or transport; Process and product hard to distinguish. Add material components (e.g. client cards, membership cards). Use telematics for ordering, reservation, and if possible - delivery. Maintain elements of familiar 'user-interfaces)

2. Features of Product (Often customized to consumer requirements. Use of Electronic Data Interchange or Internet for remote input of client details; use software to record client requirements and match to service product.

3. Features of services associated with services consumption

1. Delivery of Product (Production and consumption coterminous in time and space; often client or supplier has to move to meet the other party.

2. Role of Consumer (Services are consumer-intensive, requiring inputs from consumer into design/production process)

3. Organization of Consumption (Often hard to separate production from consumption; Self-service in formal and informal economies commonplace.)

2. Features of services associated with services markets

1. Organization of Markets (Some services delivered via public sector bureaucratic provision; some costs are invisibly bundled with goods (e.g. retail sector). Introduction of quasi-markets and/or privatization of services; new modes of charging (pay per society), new reservation systems; more volatility in pricing using features of EPOS and related systems.)

2. Regulation (Professional regulation common in some services. Use of databases by regulatory institutions and service providers to supply and examine performance indicators and diagnostic evidence.)

3. Marketing (Difficult to demonstrate products in advance. Guarantees; demonstration packages (e.g. demo software, shareware, trial periods of use).

Additionally, a number of more general tendencies in the innovation process in services have been noted by different scholars. These include:

1. The industrialization of services, involving efforts to standardize services, to yield service products of predictable characteristics and quality, with economies of scale and improved delivery times. This typically involves the introduction of high levels of division of labor, with the use of pre-packaged and automated elements (such as pre-prepared meals, word processed templates for form letters, and the like). Standardization of the service products has become a competitive strategy for many firms. (Gadrey, J. and Gallouj, F, (2002)
2. Organizational is innovation. Survey data suggest that services place particular emphasis on organizational change. Many important innovations in services involve combinations of specific new technologies together with organization change. The role of organizational innovations in services is very apparent : developments such as supermarkets and other self-service facilities are extremely significant in the development of modern service industries. Such organizational innovations will often have a technological dimension, whether this be very basic (e.g. shopping trolleys), or relatively high-tech (EPOS - electronic point of sale - equipment or ATMs linked into networks). (S Metcalfe and I Miles 2000)
3. An important trajectory of organizational change has been towards self-servicing, without necessarily following this development all the way toward the vision of the client sitting at home interacting with the service provider via a remote terminal. Instead, reorganization of the facilities of the service provider permits customer self-service in the service establishment, saving on labor costs and often increasing user satisfaction as it is possible to make decisions anonymously and at one's own pace.(LUSCH & VARGO, 2006)
4. Beyond self-servicing, the involvement of clients as co producers is particularly important for knowledge-intensive business services, with the emphasis being laid upon clients' role in advancing the expertise of service suppliers, and identifying new avenues for its application. .(LUSCH and VARGO, 2006)

Chapter Three

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Site

Hawassa town is the capital city of the Southern Nation Nationalities and Peoples' Regional State located at the eastern shore of lake awassa 275 km. south of Addis Ababa . It lies at an elevation of 1680 miles and has a plain topography. The city, which is the economic and cultural hub of the region, has a total area of about 50 km² divided in to 8 sub-towns (kifle ketema) and 32 kebeles. The total population of the town (in 2008) is estimated about 300 thousand. The town full fills all infrastructural facilities vital for any type of investment.

As per the information released on the official website of SNNPR, The city has certain comparative advantages for business. These are:

- The strategic location of the city along the international high way of Addis Abeba - Moyale;
- Availability of well developed social and economic infrastructure facilities such as modern telecommunication, electric power, higher education and financial institutions, etc.
- The presence of abundant, easily trainable and inexpensive labor force in the city and surrounding rural area;
- An ideal transit spot for tourists; tourist destinations and hospitality industry
- The presence of Textile, Sisal, Ceramics, Flour , soft drinks, Beer, and other factories
- The comfortableness of the city for residency due to its natural treasures

3.2 Data

Both primary and secondary data are used.

Relevant primary data are collected through questionnaire from the city residents and business person's respondents. And secondary data are taken from Ethiopian economic association office and Hawassa city administration trade office.

3.3 Sample

The student researcher has taken certain kinds of samples to make inferences about a population from different sources depending upon their importance to different analysis. These are resident and business persons of the city

3.4 Sampling Techniques

The technique which the student researcher used when he selected his study samples from the population (resident) is stratified sampling techniques and from business persons is systematic random sampling.

3.4.1 Stratified sampling

The student researcher has formed three strata's depending upon age difference. These are youngster's strata, adult strata and elders' strata. Because each group has similar interest in common: as per Sigmund Frued (1947) thought Youngsters may tell what they will need, elders may tell how they had enrolled in service changes and adults may tell what exists between past and present in service industry. And he stated that each age group is believed that they have common psychological make up for needs. For instance youngsters share similar common needs which are somehow different than that of others group, and the same is true for adults and elders.

3.4.2 Simple random sampling

The list of registered business persons was taken from trade office. Then depending on sample size the sample respondents was selected using this technique. The reason is that most likely the sample respondents are homogeneous in business perspective,



small in number, and then the easiest way of taking sample from similar group of population is simple random sampling.

3.5 Sample size

The student researcher considered the budget, the time and capacity constraint when he decided the number of samples he used respect to the city residents. The total population of Hawassa city transitional administration is, as per source: CSA, Ethiopia, 2007, 259,803, young accounts 134,433, adult's account 80,239 and elder's account 45, 131. Population is infinite, so we use a formula to find the most conservative sample size under 95% confidence levels within $\pm 3\%$ of the true value.

$e = 0.03$ (since the estimate should be within 3% of the true value)

$z = 1.96$ (as per table of area under normal curve for the given confidence level of 95%)

As the student researcher want the most conservative sample size he shall take the value of $p = 0.5$ and $q = 0.5$. $p =$ sample proportion, $q = 1 - p$;

$z =$ the value of the standard variate at a given confidence level (95%) and to be worked out from table showing area under Normal Curve; $n =$ size of sample.

Using all this information, he determines the sample size for the given problem as under:

$$\begin{aligned}n &= \frac{z^2 \cdot p \cdot q}{e^2} \\ &= \frac{(1.96)^2(0.5)(0.5)}{(0.03)^2} = \frac{0.9604}{0.0009} \\ &= 1003\end{aligned}$$

And also keeping budget, time and capacity constraints into account, the student researcher decided to make his sample size 1000 from residents. And because the populations (residents) are grouped in homogeneous stratum, samples from each stratum are representative since they are similar in context.

In regard to registered business persons, their current total population is 12, 351. Amongst those, 5,012 are engaged in service providing business (source: Awassa city transitional administration revenues and customs agency). Therefore my population is this service providing business organization owners.

3.5.1 Stratified sample size

Strata 1. Youngsters

Population= 134, 433

Sample size= $1000(134, 433/259,803)$

=517

Strata 2. Adults

Population= 80, 239

Sample size= $1000(80, 239/259,803)$

=309

Strata 3. Elders

Population=45, 131

Sample size= $600(45,132/259803)$

=174

3.5.2 Simple random sample size

The sample size for registered service business rendering peoples is 370 as per the formula of:

$$n = N \cdot \frac{1}{1 + N(e^2)}$$

Where, N = total population i.e 5000, e= level of confidence i. e 0.05

The student researcher has taken the list of registered business persons from trade office then the sample's percentage to their population is approximately 7.4%. Finally the

interval which he took the sample is then approximately 16. Therefore, every 14th business individuals will be taken as a sample. The first individual among the first 16 business will be taken using lottery method.

3.6 Data collection instrument

Data are collected from different resources using variety of tools.

The student researcher collected pertinent past and present data about the service rendering business organization from trade offices and Ethiopian economic association publishing's.

Data from my respondents (residents and business peoples) was collected through well structured questionnaire. The sample respondents are larger in number so difficult to interview all of them. Rather it is manipulated by giving them with the well structured questionnaire and collected the required data within shorter period of time.

3.7 Data analysis techniques

This study has used both historical data and data from respondents. Therefore, two kind of data analysis are used. One is forecasting and the other one is descriptive analysis. Under forecasting methods of business, time serious forecasting technique is used.

3.7.1 Time series methods

The past data of business trends in service rendering organization was collected and then using time series techniques the coming year's business potentials is forecasted. The student researcher preferred to use this technique because it is a very popular tool for business forecasting, and on the basis of past behavior it helps to forecast future activities. It also helps to understand the general tendencies of data, and facilitate comparisons.

STATA software is used for demand forecasting since it is easiest and fastest and gives valid result. The past ten years demand data are huge in number so very difficult t manipulates such forecasting manually. Plus computerized forecasting is better than

manual in many ways. This software is the most commonly recommended for demand estimation by economists.

3.7.2 Descriptive analyses

Data collected from respondents were grouped, summarized, analyzed and then conclusion was drawn. Since the study is about what business potentials and markets will be there at tomorrow, Descriptive studies, primarily concerned with finding out 'what is', is the ideal analysis techniques for data from respondents. The analysis is to describe, explain, and validate findings. Description emerges following creative exploration of data, and serves to organize the findings in order to fit them with explanations, and then test or validate those explanations.

Making business analysis, market analysis and competitive analysis, the business potentials of such service rendering organizations are identified.

3.8 variables

The study made service demand as dependent variable and time is independent variable. The past and future service demands are used as dependent variables which are changed through time since it is independent variable. With time changes service demand varies.

Chapter Four

4. DATA ANALYSIS AND DISCUSSIONS

4.1 Primary Data Analysis and Discussion

| Significance level | Confidence level | Critical value | Sampling error | Confidence limit |
|--------------------|------------------|----------------|----------------|------------------|
| 5% | 95% | 1.96 | 1.96σ | $\pm 1.96\sigma$ |

I. Data collected from Hawassa city resident samples are summarized and discussed as follows

Since level of confidence is taken 95% while sample size was determined, it is expected that standard error may not exceed 0.05. The sample size is determined by the formula of conservative sample size for infinite population in case of resident respondents, sampling error is minimum. That is a maximum of 1.96×0.05 equals 0.098. So samples representativeness is high.

Respondent's personal information's are:

Table 1- respondent's background

| Gender | Frequency | Percentage |
|---------------------|-----------|------------|
| Male | 654 | 65.4 |
| Female | 346 | 34.6 |
| Total | 1000 | 100 |
| Age classes | Frequency | Percentage |
| Young(less than 30) | 490 | 49 |

| | | |
|-----------------|------|------|
| Adult(30-45) | 312 | 31.2 |
| Elder(above 46) | 198 | 19.8 |
| Total | 1000 | 100 |

| Martial Status | Frequency | Percentage |
|-----------------|-----------|------------|
| Single | 346 | 34.6 |
| In relationship | 295 | 29.5 |
| Married | 305 | 30.5 |
| Divorced | 54 | 5.4 |
| Total | 1000 | 100 |

| Education level | Frequency | Percentage |
|---------------------|-----------|------------|
| Uneducated | 12 | 1.2 |
| Elementary | 88 | 8.8 |
| High school | 255 | 25.5 |
| College/ university | 400 | 40 |
| Post graduate | 45 | 4.5 |
| Total | 1000 | 100 |

| Occupation | Frequency | Percentage |
|---------------------|-----------|------------|
| Unemployed | 97 | 9.7 |
| Student | 126 | 12.6 |
| Self employed | 201 | 20.1 |
| Private worker | 185 | 18.5 |
| Government employee | 391 | 39.1 |
| Total | 1000 | 100 |

From the above table we can able to learn that from the total respondents 654(65.4%) are male and the remaining 346(34.6%) are female. In regard to age range, 490(49%) are young, 312(31.2%) are adult and the remaining 198(19.8%) are elders. About martial status, 346(34.6%) are single, 295(29.5%) are in relationship, 305(30.5%) are married and the remaining 54(5.4%) are divorced. In respect to education level, 12(1.2%) are uneducated, 88(8.8%) are elementary level, 255(25.5%) are high school complete, 400(40%) are college/university graduates and the remaining 45(4.5%) are post graduate professionals. In regard to occupation, 97(9.7%) are unemployed individuals, 126(12.6%) are students, 201(20.1%) are self employed, 185(18.5%) are private organizations workers, 391(39.1%) are government employees.

All the standard errors and sampling errors of the study calculated are in a position that goes well with the discussions and conclusions below. They both are smaller. Therefore sampling size is almost representative of the population. There is no standard error and sampling error that is found in contrary to significance level and confidence level. Therefore the student researcher is not required to explain them in every questionnaire question's response analysis.

1. Do you have service needs in your daily life?

Table 2- daily service need

Mean = 500

| Yes | No |
|-------|------|
| 995 | 5 |
| 99.5% | 0.5% |

Mean is 500, therefore the most representing cluster is 'yes'

The response of respondents about their daily life need of service depicts that 995(99.5%) have a need for service in their day to day life. Only 5(0.5%) are saying they have no such need. This indicates there exists a need for service almost in every individual's daily life, so huge demand of service sector.

2. What is your service usage among the following?

Table 3- service usage

Mean = 657

| No | Description | Frequency | Percentage |
|----|-------------------------|-----------|------------|
| 1 | Financial service | 785 | 78.5 |
| 2 | Hospitality services | 1000 | 100 |
| 3 | Technical services | 205 | 20.5 |
| 4 | Mechanical services | 207 | 20.7 |
| 5 | Beautification services | 1000 | 100 |
| 6 | Social services | 402 | 40.5 |
| 7 | Recreational services | 1000 | 100 |
| 8 | Other (specified) | - | - |

Since mean is 657, the most representing clusters are hospitality, beautification, recreation and financial service subsectores

Respondents tell what they are currently using among different service sub sectors. From the table we can see that all respondents (100%) are user of hospitality services, beautification services and recreational services. 785(78.5%) are financial service users, 402(40.2%) are social service users, 207(20.7%) are mechanical service users and 205(20.5%) are technical service users. From these figures we can understand that hospitality, beautification, recreational, and financial services subsectores are enjoying huge demand.

3. Is the service you are getting from service rendering business organization now sufficient?

Table 4- service sufficiency

Mean= 500

| Yes | No |
|-------|-------|
| 202 | 798 |
| 20.2% | 79.8% |

Here again mean is 500, therefore the representing cluster is 'yes'.

The business organizations which are rendering services to the consumers are not providing sufficient services as per 798(79.8%) respondents. But 202(20.2%) respondents said the vice versa.

4. Is the service you are getting is satisfactory?

Table 6- service satisfaction

Mean = 500

| Yes | No |
|-------|-------|
| 334 | 666 |
| 33.4% | 66.6% |

Here also the most representing cluster is 'No'

About service quality, 666(66.6%) respondents expressed their feeling that the service they are getting is not satisfactory. But 334(34.4%) people said it is satisfactory.

5. What types of services you are in need of highly?

Table 7- highly services needs

Mean = 433

| No | Description | Frequency | Percentage |
|----|-------------------------|-----------|------------|
| 1 | Financial service | 305 | 30.5 |
| 2 | Hospitality services | 680 | 68.5 |
| 3 | Technical services | 205 | 20.5 |
| 4 | Mechanical services | 295 | 29.5 |
| 5 | Beautification services | 560 | 56.5 |
| 6 | Social services | 401 | 40.5 |
| 7 | Recreational services | 590 | 59.5 |
| 8 | Others(specified) | - | - |

Since mean is 433, the acceptable representing clusters are hospitality, beautification and recreation service subsectores.

Answering the question about the types of services they are highly in need of, 680(68%) told it is hospitality services, 590(59%) respondents pick recreational services, 560(56%) respondents need beautification services, social services are highly demanded by 401(40.1%) individuals, financial services are also demanded by 305(30.5%) respondents, 295(29.5%) and 205(20.5%) respondents told that they have a high need for

mechanical and technical services respectively. Therefore we can conclude that hospitality, recreational and beautification services are those people are in need of highly.

6. In which kind of service sub sector there exist shortage of supply?

Table 8- service supply shortage

Mean = 435

| No | Description | Frequency | Percentage |
|----|-------------------------|-----------|------------|
| 1 | Financial service | 200 | 20 |
| 2 | Hospitality services | 615 | 61.5 |
| 3 | Technical services | 470 | 47 |
| 4 | Mechanical services | 198 | 19.8 |
| 5 | Beautification services | 390 | 39 |
| 6 | Social services | 451 | 45.1 |
| 7 | Recreational services | 709 | 70.9 |
| 8 | Others(specified) | - | - |

Mean is 435. So the most representing clusters are hospitality, technical, social and recreational services.

When respondents asked to mention those services which they have a shortage of supply 709(70.9%) told it is recreational services that they can't find enough in the market. 615(61.5%) respondents mention it is hospitality, 470(47%) tick on technical services, 451(45.1%) pick social services, 390(39%) point at beautification services, financial services and mechanical services are only mentioned by 200(20%) and 198(19.8) respondents. Therefore, we can conclude that there is greater shortage of recreational and hospitality services supply in the market.

7. What do you think that your future service need will be?

Table 9- future service need

Mean = 333

| Increasing | Decreasing | Same as today |
|------------|------------|---------------|
| 952 | 0 | 48 |
| 95.2% | 0% | 4.8% |

As it is computed above mean is 333, therefore the only most representing cluster is 'increasing'.

Respondents were asked whether their future service need will be increasing, decreasing or constant. 952(95.2%) of them said it will be increasing, none of them said it will be decreasing and 48(4.8%) said it will be as same as today. Therefore, we can see that service need of individuals will be increasing in the future.

8. What do you imagine about your future need of service types?

Table 10- service need imagination

Mean = 538

| No | Description | Frequency | Percentage |
|----|-------------------------|-----------|------------|
| 1 | Financial service | 403 | 40.3 |
| 2 | Hospitality services | 705 | 70.5 |
| 3 | Technical services | 304 | 30.5 |
| 4 | Mechanical services | 403 | 40.3 |
| 5 | Beautification services | 711 | 71.1 |
| 6 | Social services | 502 | 50.2 |
| 7 | Recreational services | 743 | 74.3 |
| 8 | Others(specified) | - | - |

The most representing clusters, as of mean is 538, are hospitality, beautification and recreational services.

Expressing about their future need of service types 743(74.3%) respondents imagines it will be recreational services, 711(71.1%) respondents tell it will be beautification services, 705(70.5%) of respondents guess it will be hospitality services, 502(50.2%) of respondents feel it will be social services, financial services, mechanical services and technical services will be their future needs as the imagination of 403(40.3%), 403(40.3%) and 304(30.4) respondents respectively. Therefore, we can draw a conclusion that recreational, beautification, hospitality and social services will have higher demand in the future times.

9. What are the current services rendering organization pitfalls from your observation lies on?

Table 11- service providers pitfall

Mean = 423

| No | Description | Frequency | Percentage |
|----|---|-----------|------------|
| 1. | Employees skill | 431 | 43.1 |
| 2. | Service rendering organizations structure | 422 | 42.2 |
| 3. | Equipments | 390 | 39.0 |
| 4. | Hygiene and sanitation | 452 | 45.2 |
| 5 | The organizations location | 102 | 10.2 |
| 6. | Service variety | 512 | 51.2 |
| 7. | Service price versus quality | 656 | 65.6 |
| 8 | Other (specify) | - | - |

Employees skill, service rendering organizations structure, hygiene and sanitation, service variety and service price versus quality are the representing clusters since mean is computed 423.

Explaining about the service rendering organizations pitfalls as per their observation, 656(65.6%) respondents mentioned that there is imbalance of service price versus service quality. 512(52.1%) respondents said the weakness lies on service variety. 452(45.2%) respondents observed problem on hygiene and sanitation regard. 431(43.1), 422(42.2%), 390(39%) and 102(10.2%) respondents put their hand on employee's skill, service rendering organizations structure, equipment and the organization location while they are explaining where they observed weaknesses in service rendering organization. Therefore, we can conclude that the current service rendering organization have pitfalls highly on their service price versus service quality, service variety, hygiene and sanitation.

10. What kind of service innovation must be involved in the current service providing organization to have good customer loyalty at tomorrow?

Table 12- service innovations

Mean = 522

| No | Description | Frequency | Percentage |
|----|--|-----------|------------|
| 1 | In new service development like technology | 570 | 57 |
| 2 | In current service delivery process like restructuring | 490 | 49 |
| 3 | In service management | 412 | 41.2 |
| 4 | In service size and quality | 716 | 71.6 |
| 5 | Other (specify) | - | - |

Mean is computed 522. then the most representing clusters are In new service equipment like technology and In service size and quality.

Regarding kind of service innovation, to have loyal customers at tomorrow 716(71.6) respondents suggested innovation in service size and quality, 570(57%) respondents preferred service innovations in new service development like technology, 490(49%) respondents would like to see service innovations in current service delivery process like restructuring and 412(41.2%) respondents gave their advise on service innovations in service management. Therefore, we can see that most of service innovations need in service size and quality and service technology.

11. What do you expect from such service providing organization at tomorrow?

Table 13- customers service expectation

Mean = 666

| No | Description | Frequency | Percentage |
|----|---|-----------|------------|
| 1 | Up to home services | 545 | 54.5 |
| 2 | New technological service provisions | 612 | 61.2 |
| 3 | Fastest and variety of services at a time | 785 | 78.5 |
| 4 | Low cost and quality services | 724 | 72.4 |
| 5 | Others (specify) | | |

The most representing clusters, as of mean is 666, are Fastest and variety of services at a time and low cost and quality services.

Forwarding their expectations from service rendering organizations in tomorrow, 785(78.5) respondents will expect fastest and variety of services at a time, 724 (72.4%) respondents expect low cost and quality services, 612(61.2%) respondents will expect new technological service provisions, 545(54.5%) respondents will expect upto home services. Therefore, service organizations are expected to address fastest and variety of services at a time, new technological provisions, low cost and quality services and upto home services at tomorrow.

12. What makes Hawassa city an ideal place for service rendering organization?

Table 14- Hawassa's ideality for service *Mean 523*

| No | Descriptions | Frequency | Percentage |
|----|---------------------------------------|-----------|------------|
| 1. | Being comfortable place for residency | 542 | 54.2 |
| 2. | Being tourist destination | 679 | 67.9 |
| 3. | Being capital city for the region | 442 | 44.2 |
| 4. | Being well planed and developing city | 521 | 52.1 |
| 5. | Diversified and increasing population | 431 | 43.1 |
| 5 | Other (specify) | | |

Since mean is 523, the most representing clusters are No. 1, 2 and 4.

As per 679(67.9%) of respondents Hawassa city is ideal place for service organizations due to being tourist destination, as per 542(54.2) responds it is because Hawassa is comfortable place for residency, as per 521(52.1%) respondents it is because Hawassa is well planned and developed city, as per 442(44.2%) residents it is because Hawassa is a capital city for the region and at the last as per 431(43.1%) residents it is because Hawassa has a diversified and increasing population. Therefore, being a tourist destination and comfortableness as well as being well planned and developing city play a great role for the city to be an ideal place for service rendering organizations.

13. Please explain about your idea about the potential markets of service organizations in Hawassa city.

To mention the most common idea forwarded by respondents on the potential market of service organization, they regarded it as it will be great. Huge market will be there for service sector in the city since the city has many advantages like that of higher tourist flow, presence of many recreational centers, availability of resources especially for

hospitality sector, presence of huge population, etc. Hospitality industry, recreational and beautification service providers, etc will have greater business potentials from the city's development direction point of view. The city administration is working highly on the tourism. This will increase the inflow of people. The naturally comfortableness of the city for residency will also contribute for the service sector market.

II. Data collected from Hawassa city business persons are summarized and discussed as follows:

| Significance level | Confidence level | Critical value | Sampling error | Confidence limit |
|--------------------|------------------|----------------|----------------|------------------|
| 5% | 95% | 1.96 | 1.96□ | ±1.96□ |

As like that of residents, business person's respondents sample size it determined with 95 % confidence level. Therefore, 370 respondents are taken from 5000 population with the formula of $n = \frac{N}{1 + N(e^2)}$. Therefore sampling error is minimum i.e. a maximum of 0.098 since standard exceed can't exceed 0.05 with 95% confidence level. Therefore, samples representativeness is high.

Respondent's personal information:

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male | 240 | 65 |
| Female | 130 | 35 |
| Total | 370 | 100 |

| AGE | Frequency | Percentage |
|----------------------|-----------|------------|
| Young (less than 30) | 62 | 17 |
| Adult (30-45) | 180 | 49 |

| | | |
|------------------|-----|-----|
| Elder (above 46) | 128 | 34 |
| Total | 370 | 100 |

| Martial status | Frequency | Percentage |
|-------------------|-----------|------------|
| Single | 42 | 11 |
| In a relationship | 105 | 28 |
| Married | 204 | 55 |
| Divorced | 19 | 6 |
| Total | 370 | 100 |

| Education level | Frequency | Percentage |
|---------------------|-----------|------------|
| Uneducated | 0 | 0 |
| Elementary | 55 | 15 |
| High school | 111 | 30 |
| College/ university | 200 | 54 |
| Post graduate | 4 | 1 |
| Total | 370 | 100 |

Looking in to the above tables, we can discuss that from total respondents 240(65%) are male and the 130(35%) are female. Regarding age range 62(17%) are young, 180(49%) are adult, and 128(34%) are elders. Concerning martial status 42(11%) are single, 105(28%) are in relationship, 204(55%) are married and 19(6%) are divorced. About education level, none of them are uneducated, 55(15%) are at elementary level, 111(30%) are

highschool complete, 200(54%) are college/university graduates and 4(1%) are at post graduate level.

1. What does your business activity focuses on?

Table 15- business type

Mean = 61

| No | Description | Frequency | Percentage |
|----|------------------------------------|-----------|------------|
| 1 | Financial service provisions | 10 | 3 |
| 2 | Hospitality services provisions | 125 | 33 |
| 3 | Technical services provisions | 9 | 3 |
| 4 | Mechanical services provisions | 55 | 15 |
| 5 | Beautification services provisions | 109 | 29 |
| 6 | Product services | 62 | 17 |
| | Total | 370 | 100 |

Mean is 61. Therefore the most representing clusters are hospitality, beautification and product service provisions.

The business activities the respondent business persons enrolling on are 135(36%) are hospitality service provisions, 109(29%) are in beautification service sub sector, 62(17%) are in providing product services, 55(15%) are giving mechanical service provisions, 9(3%) are providing technical services. But none of respondents are engaged in financial services sector. From this we can say that most of services rendering organization are in the side of hospitality and beautification service subsector.

2. How do you see the trend of consumers need about your service?

Table 17- customers need

Mean = 123

| Increasing | Decreasing | Constant |
|------------|------------|----------|
| 221 | 13 | 136 |
| 60% | 4% | 36% |

The most representing clusters are increasing and constant since mean is 123.

To understand about the trend of customer's need on the service offered we came to see that 221(60%) said it is really increasing, Only 13(4%) have said it is decreasing, and the remaining 136(36%) said it is going constant. Therefore, from this we can conclude the demand for the service of these business persons is increasing.

3. What are your customers complain stresses on?

Table 18- Customers complain

Mean = 174

| No | Descriptions | Frequency | Percentage |
|----|--------------------------|-----------|------------|
| 1 | Employees efficiency | 255 | 67 |
| 2 | Service equipment | 198 | 54 |
| 3 | Service delivery time | 202 | 55 |
| 4 | Service Location | 23 | 6 |
| 5 | Service variety | 172 | 46 |
| 6 | Service quality | 299 | 81 |
| 7 | Service price | 175 | 47 |
| 8 | Organizational structure | 103 | 29 |

| | | | |
|----|------------------|-----|----|
| 9 | Buildings design | 143 | 39 |
| 10 | (Other specify) | - | - |

Mean is 174, therefore, the most representing clusters are Employees efficiency, Service equipment, Service delivery time, service variety, service quality, and service price.

Explaining about what their customers complaining lies on, 299(81%) said it is on service quality, 255(67%) said it is on employees efficiency, 202(55%) said it is service delivery time, 198(54%) said it is on service equipment, 175(47%) said it is on service price, 172(46%) said it is on service variety, 103(29%) said it is on organizational structure, and 23(6%) said it is on service location. Therefore, the conclusion will be most of the complaints of customers are on service quality, employees efficiency, service delivery time and service equipment. This tells us that the currently operating service rendering organizations have deficits on their service quality, employee's efficiency, service delivery time and service equipment.

4. How are you judging the potentials of your business in the coming days?

Table 19- business potential trend

Mean = 123

| Better | Bad | Same as today |
|--------|-----|---------------|
| 331 | 4 | 35 |
| 89% | 1% | 10% |

The most representing cluster, as of mean is 123, is 'better'.

When they are asked about the potentials of the business in the future, their response is that 331(89%) respondents said it will be better than today, 35(10%) of them said it will be as same as today and only 4(1%) said it will be bad. Therefore we can learn from business persons judgment point of view that service sectors business potentials will be better in future times.

5. How are you expressing your business market competition at today?

Table 20- market competition

Mean = 123

| Strong | Weak | Medium |
|--------|------|--------|
| 55 | 209 | 106 |
| 15% | 56% | 29% |

Mean is 123, therefore the most representing cluster is 'Weak'.

Expressing about their business market competition 209(56%) respondents said it is weak, 106(29%) business persons said it is medium, and 55(15%) respondent business persons said it is strong. From these, therefore, we can learn that competition in the service sector market, more or less, is weak. This means there is a huge field to ride a horse for service sector business providers.

6. Do you have a clear idea about your market potentials in the futures?

Table 21- business owner's market potential idea

Mean = 185

| Yes | No |
|-----|-----|
| 69 | 301 |
| 19% | 81% |

The most representing cluster is 'No' since mean is 185.

Respondents told whether they have clear idea concerning their future market potentials: 301(81%) said they have no clear idea and the remaining 69(19%) said they have. Therefore, we can conclude that these business people have no any tool to identify their future business market potential. Most of the respondents don't know exactly what will their business potential be.

7. If your answer for question number 6 is yes, what is that looks like?

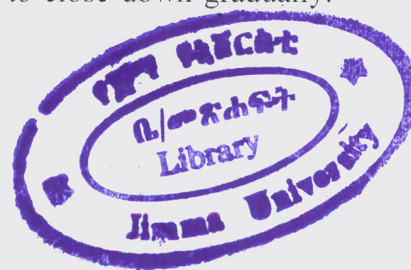
Table 22- characteristics of market potentials

Mean = 37

| No | Descriptions | Frequency | Percentage |
|----|--|-----------|------------|
| 1 | Good and needs to have more technological improvements | 54 | 78 |
| 2 | Good and needs to focus on quality services | 60 | 86 |
| 3 | Good and needs to design new service delivery systems | 34 | 49 |
| 4 | Good and needs to change location | 21 | 30 |
| 5 | Good and needs to amend building design | 22 | 32 |
| 6 | Good and needs to create special offerings | 34 | 49 |
| 6 | Bad and so needs to close down gradually | 0 | 0 |
| 7 | Other (specify) | - | - |

Mean is 37, therefore the most representing clusters are No. 1, 2, and some how 3 and 6.

While answering about their idea of their future business potentials will look like 60(86%) respondents said it will be good and needs to focus on quality services, 54(78%) respondents said it will be good and needs to have more technological improvements, 34(49%) respondents said it will be good and needs to design new service delivery systems and the same number of respondents said it will be good and needs to create special offerings, 22(32%) responds said it will be good needs to amend building design, 21(30%) respondents said it will be good and needs to change location. But none of respondents said it is bad and needs to close down gradually.



From these we can say that, even though only 69 respondents have clear idea and expressed about their future business potential feature, in the future service rendering organizations must focus on quality service and technological improvements.

8. Does the city administrations concerned body help your business in promoting and controlling marketing activities of the city?

Table 23- city administrations help

Mean = 123

| Yes | Totally not | Some how |
|-----|-------------|----------|
| 100 | 199 | 71 |
| 27% | 54% | 19% |

The most representing clusters is 'totally not' since mean is 123.

In regard to supportive activities by the Hawassa city administration concerning business promotion and marketing activities for the service business sector, 199(54%) respondents noticed that they have never received any from such governmental body, but 71(19%) respondents said they have been getting some support occasionally and 100(27%) respondents said they are getting regularly. Therefore we can conclude that the city administration's concerning body has not been providing promotional and marketing services for the service providing business organizations strongly.

9. What is the best regards of the city for your business kind?

Table 24- Hawassa's best regard

Mean = 191

| No | Descriptions | Frequency | Percentage |
|----|-------------------------------------|-----------|------------|
| 1. | Input supply | 197 | 53 |
| 2. | Recreational centerness of the city | 345 | 93 |
| 3. | Business centerness of the city | 205 | 55 |

| | | | |
|----|---|-----|----|
| 4. | Regional political and legal centerness of the city | 153 | 41 |
| 5 | Diversity of the population of the city | 186 | 50 |
| 6 | Industrialization of the city | 55 | 15 |
| 7 | Presence of high demand for your service | 198 | 54 |
| 8 | Other (specify) | - | - |

Mean is 191. Therefore the most representing clusters are No. 1, 2, 3, 7 and somehow No. 5.

As like that of the city resident sample respondents, business persons are asked and replied about the best feature of the city for their business: 345(93%) of them said it is the recreational centerness of the city, 205(55%) respondents replied it is the business centerness of the city, 198(54%) respondents said it is the presence of high demand for their service provision in the city particularly, 197(53%) respondents said it is the presence of enough input supply, 186(50%) respondents said it is the diversity of the population, 143(41%) respondents said it is regional political and legal centerness of the city, and only 55(15%) respondents said it is industrialization of the city. Therefore what accounts greater for the suitability of the city for the service business organizations are recreational centerness, business centerness, political and legal centerness, availability of enough input supply and diversification of the people.

10. What is your service business current feature?

Table 25- current business feature *Mean = 145*

| No | Descriptions | Frequency | Percentage |
|----|------------------------------|-----------|------------|
| 1 | Highly technological | 55 | 15 |
| 2 | Professional labor intensive | 145 | 39 |

| | | | |
|----|-------------------------------------|-----|----|
| 3 | Unskilled labor intensive | 132 | 37 |
| 4 | Management intensive | 176 | 48 |
| 5 | Standardize production | 203 | 55 |
| 6 | Small scale business | 105 | 28 |
| 7 | Large scale business | 95 | 26 |
| 8 | Medium scale business | 170 | 46 |
| 9. | Public service | 345 | 93 |
| 10 | Service provisions to organizations | 25 | 7 |
| 11 | Other(specify) | - | - |

The most representing clusters are under No. 2, , 4, 5, ,8, 9 and 10. And some how No. 3 since mean is 145.

Business persons explained about their service business current future as follows: 345(93%) respondents said it is public service organization and the remaining 25(7%) said it is service provision to organizations kind. 55(15%) respondents said their service organization is highly technological, 145(39%) business person respondents said their organization has professional labor intensive feature, 132(37%) respondents said their organization is unskilled labor intensive, 176(48%) respondents said their organization is management intensive, 203(55%) respondents said standardize production is their organization's feature, and concerning their organization size 105(28%) respondent's organizations are small scale, 95(26%) are large and the remaining 170(46%) are medium scale organizations. Therefore we can conclude that most of the currently operating business operations are small scale, public service rendering, management and labor intensive and providing standard (quality) services, and most of them are not utilizing technologies.

11. What will be your service business features in the coming years in accordance with consumers need?

Table 27- future service features

Mean = 182

| No | Descriptions | Frequency | Percentage |
|----|-------------------------------------|-----------|------------|
| 1 | Highly technological | 267 | 72 |
| 2 | Professional labor intensive | 255 | 69 |
| 3 | Unskilled labor intensive | 21 | 6 |
| 4 | Management intensive | 199 | 54 |
| 5 | Standardize production | 345 | 93 |
| 6 | Small scale business | 44 | 12 |
| 7 | Large scale business | 254 | 69 |
| 8 | Medium scale business | 72 | 19 |
| 9 | Public service | 304 | 82 |
| 10 | Service provisions to organizations | 66 | 17 |
| 11 | Other (specify) | - | - |

Mean is 182. Therefore the most representing clusters are No. 1, 2, 4, 5,7and 9.

Keeping the customer needs in consideration, business person respondents expressed their prediction about the future service business features as follows: 345(93%) respondents said standardize(quality) production will be the main feature, 304(82%) said it will be public service provider, 267(72%) said it will be highly technological, 255(69%) said it will be professional labor intensive, and the same number of respondents said it will be large scale business, 199(54%) respondents said it will be management intensive, 72(19%) respondents said it will be medium scale business,

66(17%) respondents said it will be service provisions to organizations, 44(12%) respondents said it will be small scale business, 21(6%) respondents said it will be unskilled labor intensive. From these figures, we can conclude that most of service business feature in the future will be highly technological, management and professional intensive, focusing on standardize production, large scale service business, public service provider.

12. How are you explaining the service business potentialities of the city in the future?

Most respondents have common thinking about the city's future service business potentials. They strongly believe that service sector will out throne other sectors especially in this city since the city is a tourist destination visited by many domestic and foreign people. As per their saying, Most of its residents are governmental and private organizations workers who are regularly consuming services. They also explained that service rendering organizations specially hospitality service providers, recreational service sectors, and beautification service providers will enjoy higher market demand in future. They also commonly agree that the Natural, cultural and modern heritages of the city are very suitable for the potential expansion of service sectors. The increasing in the economic and demographic pattern of the city will also play a great role in service demand increment.

Clue for bridging primary and secondary data analysis

The previous primary data analysis is supported with the following Service demand forecast. We enabled to identify what potentials businesses will be there at tomorrow with their features from the response of sample respondents. Then by forecasting future service demand of different subsectors using STATA software the conclusion is strengthened. Previously on the primary data analysis People (sample resident and business persons) told us what they need at tomorrow from service industry and the following demand forecast told us what service demand will be in figure at tomorrow. Then both results help us to identify potential service markets.

4.2 Secondary Data analysis and discussion

This includes analysis and discussion of data which are taken from Hawassa city administration trade office, Ethiopian Economic association, and also data from the city's urban development plan and strategies. The student researcher has also discussed the economical, political, demographical, social and cultural as well as natural factors.

A past ten years data of demand and licensed service rendering organizations are taken as in input for time series analysis to forecast future demand trends of the sector.

Beside forecasting technique, the discussion is strengthened with some factors analysis by discussing their potential impacts on service demand.

Quantitative data forecasting can't exactly tell what will happen at tomorrow. Many factors can affect future things. It is some how uncertain. But assessing and discussing about some factors that have certain effect on future service market potential is vital in addition to demand forecasting. Therefore, the student researcher tried to see the country's economical effects, demographical effects, political effects, and natural disaster effects, social and cultural effects on the service market potentials in this section.

The student researcher has also discussed the city's urban plan and strategies to assess its impact the future service sector business potential.

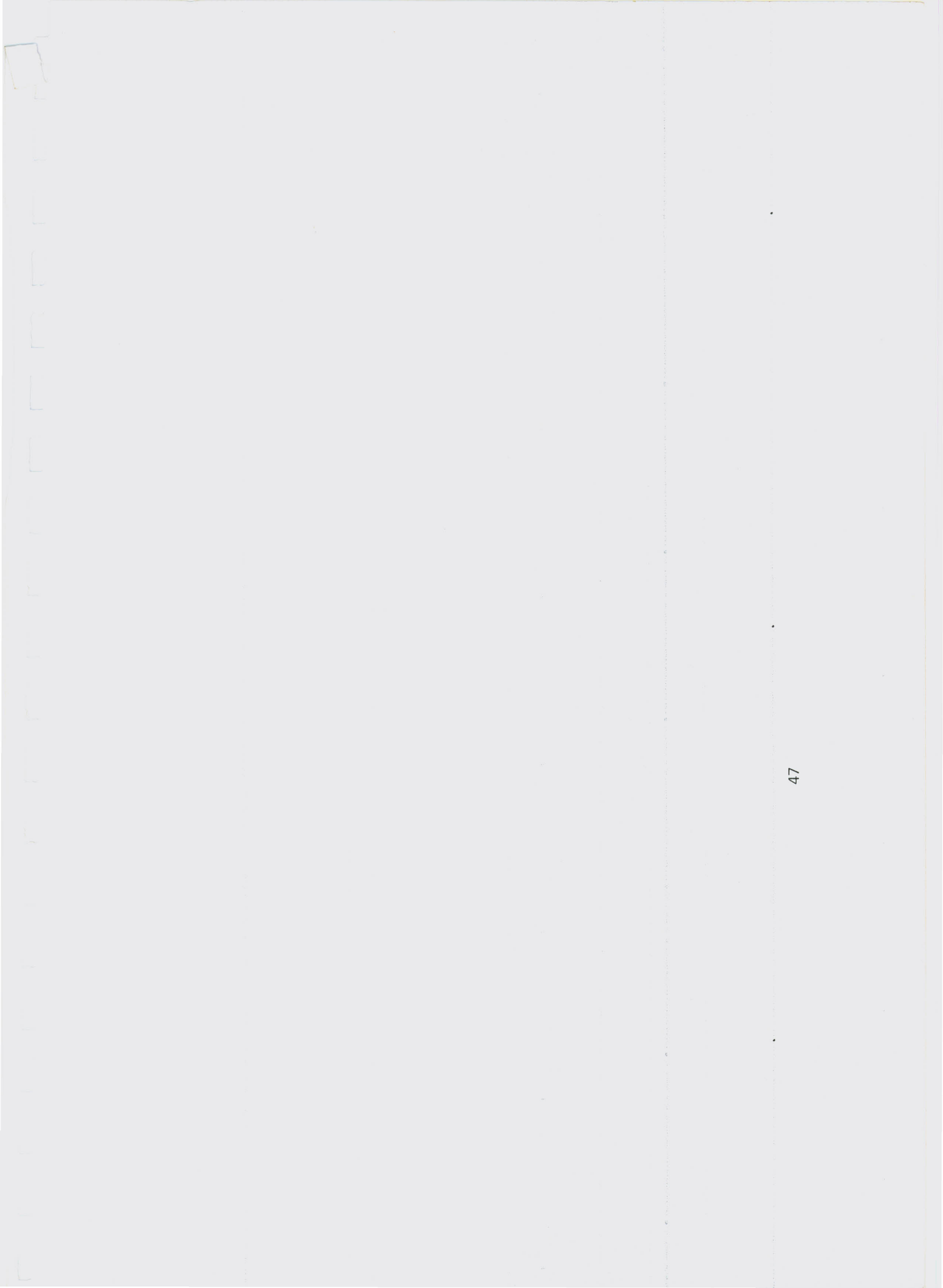
Table 4: Number of service rendering organizations licensed by Hawassa city trade office

| Sub Sector | 1995E.C | 1996E.C | 1997E.C | 1998E.C | 1999E.C | 2000E.C | 2001E.C | 2002E.C | 2003E.C |
|---------------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| Hotel, café and restaurants | 23 | 25 | 29 | 29 | 33 | 37 | 51 | 66 | 87 |
| Beauty salon | 5 | 5 | 9 | 11 | 10 | 14 | 21 | 29 | 36 |
| Clinics and hospitals | 1 | 1 | 3 | 2 | 1 | 7 | 11 | 11 | 10 |
| Garages | 4 | 6 | 7 | 7 | 13 | 16 | 22 | 25 | 32 |
| Recreation centers | 2 | 2 | 1 | 9 | 11 | 13 | 21 | 27 | 29 |
| Tour guide and travel agents | 3 | 2 | 0 | 1 | 4 | 7 | 13 | 17 | 22 |
| Consulting offices | 4 | 3 | 5 | 1 | 10 | 19 | 25 | 36 | 41 |
| Financial organizations | 1 | 1 | 0 | 0 | 4 | 8 | 5 | 8 | 10 |
| Schools | 8 | 7 | 12 | 13 | 16 | 19 | 24 | 36 | 44 |
| Computer and internet service | 10 | 13 | 15 | 26 | 31 | 45 | 62 | 78 | 90 |
| Social works(gardening, sanitary,etc) | 0 | 0 | 0 | 3 | 2 | 3 | 5 | 4 | 8 |
| Others | 2 | 0 | 0 | 1 | 3 | 1 | 0 | 3 | 3 |
| Total | 63 | 65 | 81 | 103 | 138 | 179 | 260 | 340 | 412 |

Source: HCATO documentation office, 2004 E.C

| Sub Sector | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Catering and lodging | 1,940,000 | 2,330,000 | 2,470,000 | 2,360,000 | 2,770,000 | 2,890,000 | 3,450,000 | 3,600,000 | 4,010,000 | 4,648,093 |
| Beauty salon | 30,000 | 31,000 | 31,000 | 34,000 | 37,000 | 33,000 | 45,000 | 52,000 | 60,000 | 71,000 |
| Medication | 700 | 500 | 1,000 | 1,100 | 1,000 | 900 | 1,400 | 1,200 | 1,500 | 2,000 |
| Garages and mechanics | 90 | 80 | 90 | 100 | 120 | 500 | 770 | 1400 | 1900 | 2,600 |
| Recreation centers | 300 | 341 | 323 | 352 | 375 | 395 | 416 | 452 | 476 | 700 |
| Tour guide and travel agents | 24 | 24 | 27 | 31 | 37 | 50 | 54 | 61 | 69 | 80 |
| Consulting offices | 19 | 22 | 18 | 24 | 27 | 31 | 42 | 48 | 56 | 66 |
| Financial organizations And association | 112 | 155 | 194 | 253 | 356 | 635 | 709 | 836 | 1,213 | 1,001 |
| Computer and internet service | 138 | 155 | 192 | 314 | 691 | 947 | 1,106 | 1,320 | 1,538 | 1,800 |
| Social works(gardening, sanitary,etc) | 20 | 21 | 20 | 30 | 35 | 38 | 42 | 50 | 63 | 80 |
| Others | 50 | 60 | 55 | 80 | 120 | 160 | 173 | 184 | 199 | 345 |
| Total | 1,971,453 | 2,362,358 | 2,502,829 | 2,396,284 | 2,809,661 | 2,926,656 | 3,499,712 | 3,657,551 | 4,076,951 | 4,727,765 |

Table 5: Demand of service organizations in Hawassa city, (000), estimated by Aregahegn Seifu, Ethiopian Economic association, 2004 E.C.



The analysis of time series is done to understand the dynamic conditions for achieving the short term and long-term goals of business firm(s). The past trends can be used to evaluate the success or failure of management policy or policies practiced hitherto. On the basis of past trends, the future patterns can be predicted and policy or policies may accordingly be formulated. Thus, analysis of time series is important in context of long term as well as short term forecasting and is considered a very powerful tool in the hands of business analysts and researchers.

From the above secondary data, in all service subsectores we see that there were continual increments. In the past years both service demand and service rendering organizations are registered increasingly. The trend of service demand increment, which means increasing margin of service demand, was going higher and higher. The increase in percentage of service demand in the recent years is higher than that of the increase in percentage of earlier years. For instance you can observe a 6% increase and then a 4% decrease of service demand in 2004 and 2005 respectively. However you can see a 17%, 20% and 11% increase in service demand in 2006, 2008 and 2010 respectively. This can show us with the economical and population growth of the country, service demand is increasing tremendously.

Table 6: past year demand data comparison

| Year | Service organizations | Increase in Percentage | Service demand | Increase in Percentage |
|------|-----------------------|------------------------|----------------|------------------------|
| 2003 | 63 | - | 2,362,358,000 | - |
| 2004 | 65 | 3 | 2,502,829,000 | 6 |
| 2005 | 81 | 24 | 2,396,284,000 | 4(decrease) |
| 2006 | 103 | 27 | 2,809,661,000 | 17 |
| 2007 | 138 | 34 | 2,926,656,000 | 4 |
| 2008 | 179 | 30 | 3,499,712,000 | 20 |
| 2009 | 260 | 45 | 3,657,551,000 | 5 |
| 2010 | 340 | 33 | 4,076,951,000 | 11 |

We can see the increasing percentage of service sector in the past years: From 2003 to 2004 service providing organizations increment was from 63 to 65 i.e. a 3% increment. In

the same year demand was increased from 2,362,358,000 to 2,502,829,000 i.e. a 6% increment. From 2004 to 2005 service organization had increased from 65 to 81 i.e. a 24 % increment. But demand was decreased from 2,502,829,000 to 2,396,284,000 i.e. a 4 % decrease. As per Aregahegn seyfu's analysis, This decrease in service demand was caused by the political unrest of the country during the 2005 election. From year 2005 to 2006 service organization was increased from 81 to 103 i.e. a 27% increment. Similarly service demand was increased from 2,396,284,000 to 2,809,661,000 i.e. a 17% increase. From 2006 to 2007 service organizations increased from 103 to 138 i.e. a 34% increase. And service demand increment was from 2,809,661,000 to 2,926,656,000 i.e. a 4% increment. From 2007 to 2008 service sector organization increment was from 138 to 179 i.e. a 30% increase. And also service demand increased from 2,926,656,000 to 3,499,712,000 i.e. a 20% increase. From 2008 to 2009 service organization increment was from 179 to 260 i.e. a 45% increase. Service demand also increased from 3,499,712,000 to 3,657,551,000 i.e. a 5% increase. From 2009 to 2010 service rendering organizations increment was from 260 to 340 i.e. a 33% increment. And similarly service demand increased from

| Suk Sector | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Catering and lodging | 4,948,093 | 5,511,315 | 6,142,752 | 6,712,995 | 7,369,969 | 7,998,799 |
| Beauty salon | 87,000 | 98,040 | 110,120 | 123,086 | 137,102 | 151,231 |
| Medication | 2,400 | 2,905 | 3,546 | 4,142 | 4,798 | 5,400 |
| Garages and mechanics | 3,100 | 3,700 | 4,365 | 5,024 | 5,700 | 6,450 |
| Recreation centers | 900 | 1,175 | 1,400 | 1,670 | 1,925 | 2,250 |
| Tour guide and travel agents | 89 | 97 | 109 | 124 | 141 | 160 |
| Consulting offices | 75 | 84 | 95 | 116 | 129 | 147 |
| Financial organizations | 1,085 | 1,144 | 1,198 | 2,196 | 2,365 | 2,604 |
| Any association | | | | | | |
| Computer and internet service | 2,050 | 2,300 | 2,586 | 2,897 | 3,325 | 3,880 |
| Social works (gardening, sanitary, etc) | 97 | 114 | 131 | 153 | 176 | 201 |
| Doctors | 450 | 600 | 725 | 975 | 1,200 | 1,485 |
| Total | 5,044,889 | 5,621,474 | 6,267,027 | 6,853,378 | 7,526,820 | 8,172,607 |

3,657,551,000 to 4,076,951,000 i.e. an 11% increase.

From the above description we can conclude that every year there is a huge increase in service demand as well as service rendering organization. For the past eight years service demand was increasing tremendously. There was only a single year, i.e. in 2005, service demand slightly decrease which was only 4%. Otherwise service demand was increasing every year that ranges from 4% to 20%.

All human being have service need. It looks impossible to find a man without any service need. And human population of the city is increasing from year to year. Therefore, it looks obvious that there is always an increasing service demand. The question will be which subsector has the greatest demand in the city. This question is answered from the analysis of data taken from respondents' response.

Using time series analysis, we can forecast the coming some year's service demand. Since the figures are huge to manipulate manually software is used for such forecast. The easiest and valid software for time series based demand forecasting that the student researcher selected is STATA. The above ten years data is inserted to the software with constant market price entries, and then the software gives the following forecast below. Since market price is constant t-value and par level is 0.00. That means error in the forecast is minimal; the forecast drawn through the software is almost accurate.

Table 7: Demand forecast of the coming years (000),

| Year | Total service demand increment | Increase in percentage |
|-------------|---------------------------------------|-------------------------------|
| 2012 | 317,124,000 | 7 |
| 2013 | 576,585,000 | 11 |
| 2014 | 645,553,000 | 11.5 |
| 2015 | 586,351,000 | 9.5 |
| 2016 | 673,442,000 | 10 |
| 2017 | 645,787,000 | 8.5 |

The above forecast done through STATA software shows us that demand of the mentioned service sectors are increasing in every coming year. As per the above service demand estimation, from 2011 to 2012 there is an increase of 317,124,000 service demand quantity i.e. 7% increment. From 2012 to 2013 it will have a 576,585,000 increase i.e. 11% increment. From 2013 to 2014 there will have a 645,553,000 i.e. 11.5% increment. From 2014 to 2015 there will also have 586,351,000 i.e. 9.5% increment. From 2015 to 2016 there will have 673,442,000 i.e. 10% increment. From 2015 to 2017 there will have 645,787,000 i.e. 8.5% increment.

When we look at the demand quantity increment in every year from the forecast, we clearly understand that there will be a huge rising demand for service sectors in the coming years for Hawassa city. If you can put the forecasted demand quantity in graph, you can find a line which is going upper and upper in every year. This implies that the organizations in service sector will have higher market potential. If you go back to see the estimated service demand data in 2002, it was 1,971,453,000. Currently it is estimated 5,044,889,000. And the student researcher forecast using STATA software shows it will reach 8172607,000. There fore, it is very clear to spot the difference and to conclude that service demand was really increasing in the past years and also expected that it will increase in an increasing rate in the coming years too.

Actually the main intention of this analysis is not exactly to determine what demand quantity will be. But to understand the trend of market potentials whether it will be increasing or decreasing. The past ten years demand was shown increasing. So any time series analysis method may not result a decreasing demand forecast; it is more likely to find an increasing demand forecast for the coming years.

Generally, quantitative data and its analysis clearly shows that demand for service rendering organization in Hawassa city is very high and will also increase in the coming years. The business potentials for currently operating service providing organization and potential investors are huge. Big market potential is observed from the above data and its analysis.

The country's Economical, political and demographical impacts on the service demand

As per Ethiopian finance and economy development minister (EFEDM) and World Bank(2011) Ethiopian economy is growing in double digit. The country is becoming amongst the world's fastest growing country list. Economic growth increase means purchasing power of citizens' increase and consumption of service increase. Currently infrastructures including hydropower, transport, water, health and education, etc are

fulfilled. Industries have been increasingly established everywhere in the country. The employment rate and living standard of the citizens are improving. The country's economical structure is developmental state which is different from most developed countries that enables the country not to be affected by global economic depression and inflation as evidenced from the previous incidents. These and other economical issues are boosting the demand and consumption of service in the country generally and in the city specifically.

According to UN peace and security parliament statement released by (2011), Politically Ethiopia is becoming stable country. The currently ruling party of the country has established a concrete foundation for democratic and peaceful way of power authorization that is through fair and peaceful election. Nations and nationalities are getting their equality and many human and democratic rights through the constitution. Fair distribution of national wealth and infrastructure has been done in recent years. The country's foreign relation policy is welcoming and relies on win-win solution which insures the both side's benefits. Government is providing many comfortable situations and packages to investors in any sectors. Therefore in the stable political situation, economic growth is more likely increasing. So service rendering organizations can enjoy great market consistently.

As per UNESCO (2005), Ethiopian population is the second highest in the African continent. It was third next to Nigeria and Egypt. But now it becomes second. Every year it is found increasing. Looking in to data from Ethiopian Central statistics agency, Particularly Hawassa city is becoming a highly populated city of the country. Due to many natural, cultural and other man made factors, the city is becoming a dream city to everyone to live in. The population number of the city is increasing even in every month. The tourist flow is also dramatically increasing every year. As per Hawassa city's city administrations tourism and culture beaurou in 2000 E.C 300,000 tourists (local and foreigners) visited the town. And in 2003E.t it was counted more than 600,000 tourist inflows which is to mean a double fold time's increment in two years gap. These will directly increase the consumption of service.

Awassa in its history was totally free from any natural disaster like stream, strong waves and winds, volcanoes etc. There is no registered such kind of incidents that might damaged the city. The sustainability of the city's life, beauty and comfortableness is therefore greater. As per Ethiopian geology scientist association research, southern parts of the country have no volcanoes threat. There may only land displacement in southern Omo which is far from awassa. Heavier waves and winds are only a threat for north eastern part of the country. Therefore, the city is naturally preserved and sustained.

Generally the economical, political and demographical affairs and natural threat of the country are currently set in a way to enhance the increment of service demand. All three factors are becoming consistently positive and will help the sector enjoying huge demand.

Social and cultural change and its impact on service demand

According to Michael keg (1987) as economical growth is being achieved, it is obvious to have a change in social living style. Since employment rate is increasing, individuals are having lack of time to prepare their food, wash cloth, clean their home, look after their kids, etc. Most of individual's time is being spent on work. This leads them to find somebody which handles their home stuffs. Therefore, a home away home for resident workers must be existed. Hotels, restaurants, laundry, beauty salons and other recreational services, schooling and baby care, etc will highly be demanded.

Most of the city's residents are workers of different governmental and private organizations as well as own business organizations. Therefore, their demand for such services will likely be common.

Culturally it was a shame to buy food and consume in catering institution many years ago. It was almost impossible to have different make up services, massage treatments, spa and swimming pool services for women in the past years. Now days, this becomes history. Everybody use to enjoy their own meal in hotels and restaurants. Even celebrating wedding party in hotel becomes a culture. Freedom and rights of women is ensured. So they are taking any services for their education, beauty and recreation as equal as men. These rights become culture again.

Formerly it was unlikely to see local tourists who used to visit different places of our country. Currently as different tourism office's statistics shows the number of local tourist flow in side the country is going increasing in every year. Therefore, visiting our own country becomes a culture too.

Regard to health care, consulting offices, money saving, and other services awarenesses are increasing. Economic growth brings civilization. Civilization inturn brings much awareness in many aspects in the residents. This will create great service consumption-higher market potentials for many service rendering organizations.

Therefore the change in living style and modernization of culture, which are observed in the current times in our country particularly in Hawassa city, is bringing big business market potentials for such sector.

CONCLUSION

Conclusion drawn from questionnaire data analysis and discussion and from that of secondary data analysis and discussion are expressed below:

- Most of people has a daily service need.
- Hospitality, Beautification, Recreational, and Financial services subsectores are enjoying huge demand.
- The business organizations which are rendering services to the consumers are not providing sufficient services
- The service getting from the currently operating service business organization is not satisfactory
- Hospitality, Recreational and Beautification services are those people are in need of highly.
- There is greater shortage of Recreational and Hospitality services supply in the market.
- The Service need of individuals will be increasing in the future.
- Recreational, Beautification, Hospitality and Social services will have higher demand in the future times.
- The current service rendering organizations have pitfalls highly on their service price versus service quality, service variety, hygiene and sanitation.
- Most of service innovations need in service size and quality and service technology.
- Service organizations are expected to address fastest and variety of services at a time, new technological provisions, low cost and quality services and upto home services at tomorrow.
- Being a tourist destination and comfortableness as well as being well planned and developing city play a great role for the city to be an ideal place for service rendering organizations.
- Huge market will be there for service sector in the city since the city has many advantages like that of higher tourist flow, presence of many recreational centers, availability of resources especially for hospitality sector, presence of huge population, etc. Hospitality industry, recreational and beautification service providers, etc will have greater business potentials from the city's development direction point of view. The city administration is working highly on the tourism. This will increase the inflow of people. The naturally comfortableness of the city for residency will also contribute for the service sector market.
- Most of services rendering organization currently are in the side of hospitality and beautification service subsector.
- The currently operating service rendering organizations have deficits on their service quality, employee's efficiency, service delivery time and service equipment.
- From business persons judgment point of view that service sectors business potentials will be better in future times.

- Business market competition for the current service providing organization is weak.
- Business persons don't have clear idea about future business potentials.
- In the future, as per business persons thought, service rendering organizations must focus on quality service and technological improvements.
- The city administration's concerning body has not been providing promotional and marketing services for the service providing business organizations strongly
- From the point of view of business persons what accounts greater for the suitability of the city for the service business organizations are recreational centerness, business centerness, political and legal centerness, availability of enough input supply and diversification of the people.
- Most of the currently operating business operations are small scale, public service rendering, management and labor intensive and providing 'standard (quality) services, and most of them are not utilizing technologies.
- Most of service business feature in the future will be highly technological; management and professional intensive, focusing on standardize production, large scale service business, public service provider.
- Service sector will out throne other sectors especially in this city since the city is a tourist destination visited by many domestic and foreign people. As per respondents saying, Most of its residents are governmental and private organizations workers who are regularly consuming services. They also explained that service rendering organizations specially hospitality service providers, recreational service sectors, and beautification service providers will enjoy higher market demand in future.
- Political, economical, cultural, natural, etc trends of the country as well as the city will boost the service consumption. They are service demand affecting positively.

RECOMMENDATION

From professional point of view, the student researcher has suggested the following: these suggestions have been forwarded considering the conclusions drawn from the research analysis and discussion.

- The currently operating service organization must offer fastest, quality and fairly priced service to win the larger portion of the market. As per kotler (2003) market winning strategy can be constructed from quality and price.
- Service providing organizations must install and use new service technologies must able to identify how to implement home delivery service methods to enhance service standard and to avoid service delay. Lovelock (2007) stated that technology adds improved service delivery systems.
- Investors would rather give priority to investing in recreational, hospitality and beautification sub sectors since these have huge demand than others currently and in the future.
- The employees of service organization must be trained and qualified for the sector; service equipment must be neat, for the right purpose, and upto date.
- The city municipality must do some promotions to attract investors so as to have enough amount service providing organization to the resident and it will directly upgrade the economic benefits of the city and the residents particularly and the country generally in different ways(tax, employments, etc)
- Investors must learn the need of the currently and potential customers need and must respond in accordance with. For instance, from the respondents it is understood they will need upto home service. Therefore service rendering organizations must design systems to respond this demand and then address higher customers.
- Currently in our world, there are many advanced technologies which are used in service provisions to increase quality, to serve larger number of customers in shorter time, to increase the confidence safety and security of customers, etc. these technologies should be used in the city's service organizations.
- As depicted by Sampson (2003) Service sector will gradually lead the whole economy and has a greater importance in poverty and unemployment alleviation. Therefore, the city administration must present necessary infrastructure, easy access of land, avoiding beaurocratic processes and other supports to investors for the expansion of such sector.
- Customers are complaining about the quality and quantity of the services they are getting from the currently operation service organizations. The city administration together with those organizations must work some quality controlling mechanism through licensing, standard issuing (star and level), fine or ban etc. Regarding to quantity as mention above promotional and other support must be given to investors.
- Service rendering organization must add many variety of services be a 'home away home' for customers. For instance one hospitality subsector organization like Hotel must be competent in providing accommodation, food and beverage

services, beautification, recreational, fitness and spa or health, parking, laundry, some banking, etc service which enables customers to get everything in one floor and push them spent much.

- Service organization building designs must be in a fashion that can go compliment with the natural and cultural heritages as well as upto date architectures. Their display must attract many customers and add comfort.
- Locations of services must not be far and their view must be eye catching to nature. Mount view, lake view, garden view, city view are those which are most commonly expected from the location of service rendering organization. Therefore, such organization must be located in such ways.
- Tabul and James (2006) explained that service rendering organization must either be larger or medium scale organization to serve larger market demand and to strongly confront potential competitions. The larger the capital (financial, labor, technological, etc), service production, management efficiency, etc will mean the stronger the capacity of servicing larger customers and their needs and responding to demands, the stronger the ability to withstand potential market competition.
- Excellent Service management and restructuring service organization must be a routine exercise for managers. According to Philip Kotler (2006) Service market is seasonal. For instance tourism flow will be high in the winter season of westerns. Higher demand in recreational organization is most commonly registered in summer season and holydays of the country. Hospitality, Schooling, financial, health care, beautification, etc services have higher demand throughout the year. Therefore in consideration of these demand fluctuations managers must be excellent in managing and restructuring their service businesses.
- The city municipality must practice certain preservation programmes for natural and cultural heritages. As per conclusions, the city's best regard for service sector is its recreational centerness which is due to its natural and cultural heritages. For instance, Lake Awassa is the heart of recreational centers in the city. Resorts, gardens, parks, fish houses, boat recreations, etc are established on the lake bases. Therefore, this lake should be preserved from damage. The cleanliness and greenness of the city should always be preserved. etc.
- Investors must see the plans and strategies of the city's development direction in five years interval to know the direction of the business trend of the city. The current five years plan of the city gives greater emphasis in making the city for center of tourism. This some how tells the investors which sector is ideal to invest in. After some five years the city's development plans and strategies may add some other business directions which also change the business potentials of the city. Therefore. Prior to investing, investors must assess the development plans and strategies of the city in the future

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APPENDIX

Questionnaire

(To be filled by Residents)

Dear respondents

This questionnaire is prepared to collect pertinent data from dear respondents for the purpose of the research. The research is aimed to identify certain business potentials and their features for service rendering organization in Hawassa city.

The researcher is a student of Jimma University Masters of Business Administration Programme and is conducting this research in partial fulfillment for the requirement of the Programme. Therefore, you are kindly requested to answer those questions genuinely and return back on time. In advance, thank you very much for your cooperativeness.

I. Background information

Please tick in the box in front of your answer

Sex

Male

Female

Age range

Young (less than 30)

Adult (31-45)

Elder (above 46)

Marital status

Single

In a relationship

Married

Divorced

Education level

Uneducated

Elementary

High school

College/ university

Post graduate

Occupation

Unemployed

Student

Self employed

Private worker

Government employee

1. Do you have service needs in your daily life?

Yes

No

2. What is your service usage among the following?

| No | Description | Tick |
|----|----------------------|------|
| 1 | Financial service | |
| 2 | Hospitality services | |
| 3 | Technical services | |

| | | |
|---|-------------------------|--|
| 4 | Mechanical services | |
| 5 | Beautification services | |
| 6 | Social services | |
| 7 | Recreational services | |
| 8 | Other (specified) | |

3. Is the service you are getting from service rendering business organization now is sufficient?

Yes No

4. Is the service you are getting is satisfactory?

Yes No

5. What types of services you are in need of highly?

| No | Description | Tick |
|----|-------------------------|------|
| 1 | Financial service | |
| 2 | Hospitality services | |
| 3 | Technical services | |
| 4 | Mechanical services | |
| 5 | Beautification services | |
| 6 | Social services | |
| 7 | Recreational services | |
| 8 | Others(specified) | |

6. In which kind of service sub sector there exist shortage of supply?

| No | Description | Tick |
|----|-------------------|------|
| 1 | Financial service | |

| | | |
|---|-------------------------|--|
| 2 | Hospitality services | |
| 3 | Technical services | |
| 4 | Mechanical services | |
| 5 | Beautification services | |
| 6 | Social services | |
| 7 | Recreational services | |
| 8 | Others(specified) | |

7. What do you think that your future service need will be?
 Increasing decreasing same as today

8. What do you imagine about your future need of service types?

| No | Description | Tick |
|----|-------------------------|------|
| 1 | Financial service | |
| 2 | Hospitality services | |
| 3 | Technical services | |
| 4 | Mechanical services | |
| 5 | Beautification services | |
| 6 | Social services | |
| 7 | Recreational services | |
| 8 | Others(specified) | |

9. What are the current services rendering organization pitfalls from your observation lies on?

| No | Description | Tick |
|----|---|------|
| 1. | Employees skill | |
| 2. | Service rendering organizations structure | |
| 3. | Equipments | |
| 4. | Hygiene and sanitation | |
| 5 | The organizations location | |
| 6. | Service variety | |
| 7. | Service price versus quality | |
| 8 | Other (specify) | |

10. What kind of service innovation must be involved in the current service providing organization to have good customer loyalty at tomorrow?

| No | Description | Tick |
|----|--|------|
| 1 | In new service development like technology | |
| 2 | In current service delivery process like restructuring | |
| 3 | In service management | |
| 4 | In service size and quality | |
| 5 | Other (specify) | |

11. What do you expect from such service providing organization at tomorrow?

| No | Description | Tick |
|----|--------------------------------------|------|
| 1 | Up to home services | |
| 2 | New technological service provisions | |

| | | |
|---|---|--|
| 3 | Fastest and variety of services at a time | |
| 4 | Low cost and quality services | |
| 5 | Others (specify) | |

12. What makes Hawassa city an ideal place for service rendering organization?

| No | Descriptions | Tick |
|----|---------------------------------------|------|
| 1. | Being comfortable place for residency | |
| 2. | Being tourist destination | |
| 3. | Being capital city for the region | |
| 4. | Being well planed and developed city | |
| 5. | Diversified and increasing population | |
| 5 | Other (specify) | |

13. Please explain about your idea about the potential markets of service organizations in Hawassa city.

Questionnaire

(To be filled by Business persons)

Dear respondents

This questionnaire is prepared to collect pertinent data from dear respondents for the purpose of the research. The research is aimed to identify certain business potentials and their features for service rendering organization in Hawassa city.

The researcher is a student of Jimma University Masters of Business Administration Programme and is conducting this research in partial fulfillment for the requirement of the Programme. There for, you are kingly requested to answer those questions genuinely and return back on time. In advance, thank you very much for your cooperativeness.

II. Background information

Please tick in the box in front of your answer

Sex

| Gender | Frequency |
|--------|-----------|
| Male | |
| Female | |
| Total | |

Male

Female

Age range

Young (less than 30)

Adult (31-45)

Elder (above 46)

Marital status

Single

In a relationship

Married

Divorced

Education level

Uneducated

Elementary

High school

College/ university

Post graduate

Occupation

Unemployed

Student

Self employed

Private worker

Government employee

1. What does your business activity focuses on?

| No | Description | Tick |
|----|-------------|------|
|----|-------------|------|

| | | |
|---|------------------------------------|--|
| 1 | Financial service provisions | |
| 2 | Hospitality services provisions | |
| 3 | Technical services provisions | |
| 4 | Mechanical services provisions | |
| 5 | Beautification services provisions | |
| 6 | Product services | |
| 7 | Other (specify) | |

2. How do you see the tend of consumers need about your service?

Increasing decreasing constant

3. What are your customers complain stresses on?

| No | Descriptions | Tick |
|----|--------------------------|------|
| 1 | Employees efficiency | |
| 2 | Service equipment | |
| 3 | Service delivery time | |
| 4 | Service Location | |
| 5 | Service variety | |
| 6 | Service quality | |
| 7 | Service price | |
| 8 | Organizational structure | |
| 9 | Buildings design | |

| | | |
|-----|-------------------------------------|--|
| 4 | Management intensive | |
| 6 | Standardize production | |
| 7 | Small scale business | |
| 8 | Large scale business | |
| 9 | Medium scale business | |
| 10. | Public service | |
| 11 | Service provisions to organizations | |
| 12 | Other(specify) | |

11. What will be your service business features in the coming years in accordance with consumers need?

| No | Descriptions | Tick |
|-----|-------------------------------------|------|
| 1 | Highly technological | |
| 2 | Professional labor intensive | |
| 3 | Unskilled labor intensive | |
| 4 | Management intensive | |
| 6 | Standardize production | |
| 7 | Small scale business | |
| 8 | Large scale business | |
| 9 | Medium scale business | |
| 10. | Public service | |
| 11 | Service provisions to organizations | |

| | | |
|----|------------------|--|
| 12 | Other (specify) | |
|----|------------------|--|

12. How are explaining the service business potentialities of the city in the future?



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