Factors Affecting the Growth of Micro Enterprise in Manufacturing Sector:Case study of selected enterprises in Aggaro Town,Oromia.

A Thesis Submitted to the school graduate studies of Jimma university in partial fulfillment for the award of the degree of masters of Science in Development Economics.

By:Shimelis Bulto Debele

Under supervision

Advisor: Dr.Leta Sera (PhD)

Co-Advisor: Mr.Negese Tamirat (MSc)

Department Of Economics College Of Business and Economics

Jimma University,

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DECLARATION

I declare that the research paper "*factors affecting the growth of micro enterprise in manufacturing sector: case study of selected enterprises in Aggaro town, Oromia*", submitted to research and postgraduate studies office of business and economics college is original and it has not been submitted previously in part or full to any university or other funding organization.

Researchers Name   Date   Signature

_____   _____   _____

CERTIFICATE

We certify that the research paper entitled " *factors affecting the growth of micro enterprise in manufacturing sector:Case study of selected enterprises Aggaro town,Oromia*" was done by Mr. **Shimelis Bulto** for the partial fulfillment of master's degree under our supervision.

Name of Main Advisor   *Signature*   *Date*

_____   _____   _____

Name of Co- Advisor   *Signature*   *Date*

_____   _____   _____

APPROVAL SHEET OF THESIS

As members of the Examining Board of the Final Open Defense, we certify that we have read and evaluated the thesis prepared by Shimelis Bulto. Entitled *"factors affecting the growth of micro enterprise in manufacturing sector:Case study of selected enterprises in Aggaro town,Oromia"*, and recommend that it be accepted as fulfilling the thesis requirements for the award of the degree in Master of Science in Development Economics.

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Name of Chairman   Signature   Date

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Name of Internal Examiner   Signature   Date

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Name of External Examiner   Signature   Date

Abstract

The main aim of this study was to investigate the factors that affect the growth of MEs in Aggaro town particularly in manufacturing sector.To achieve this study, mixed research methods approach were used. The design of the study was descriptive and explanatory. The target population of the study was total micro manufacturing sector those registered by minster of trade and they were 429. The sample size of the respondents was 207. Sampling techniques of the study was probability sampling specifically simple random sampling. The method of data collection was through questioners, interview and document review. The data obtained through questionnaire was analyzed quantitatively using descriptive, inferential statistical such as regression analysis and correlations by using STATA version 14 and SPSS version 23, while data obtained through interview were analyzed qualitatively. The study found out the impact of, working premises, lack of managerial expertise, lack of infrastructure, marketing problems and financial factors on the performance of MEs operating in Aggaro town. The results of regression analysis observed that working premises, lack of managerial expertise, lack of infrastructure, marketing and financial factors have a significant positive effect on the performance of MEs operating in Aggaro town. The researcher recommends that the government needs to establish training centers for training managerial and technical courses for the micro Manufacturing enterprises entrepreneurs as well as business information centers.

Keywords: Micro enterprises(MEs); manufacturing, growth, internal and external factors.

ACKNOWLEDGEMENTS

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ACRONYMS AND ABBREVIATIONS

MSE(s) - Micro and Small Enterprise(s)

MSME(s)- Micro, Small and Medium Enterprise (s)

ME(s)- Micro Enterprise (s)

MME(s)-Micro Manufacturing Enterprise(s)

EIDO- Enterprise and Industry Development Office

EC- Ethiopian calendar.

MOTI – Ministry of Trade and Industry

MUDC -Ministry of Urban Development and Construction

CSA -Central Statistical Authority

BDS - Business Development Services

GDP -Gross Domestic Product

UNDP- United Nation Development Program

SSA- Sub-Saharan Africa

UNIDO- United Nation Industry Development Organization

LCD- Least Developing Country

DC- Developed Country

FDI- Foreign Direct Investment

GTP -Growth and Transformation Plan

MFI- Micro finance institution

FMSEA- Federal micro and small enterprise agency

CHAPTER ONE

1.1 INTRODUCTION

Micro and small scale enterprises are one of the priority areas of action among the Programs addressing African development, and it can be seen as a means of achieving smooth transition from traditional to modern industrial sector; and has a huge contribution to the growth and development of the country in terms of employment generation with a relative low capital cost (Drbie & Kassahun, 2013). MSEs are primary sources of employment creation not only in developing countries but also in develop countries. In developing countries, MSEs have a crucial role because of their potential contributions to improvement of income distribution, employment creation, poverty reduction, industrial development, rural development, and export growth. In this case, governments have been supporting their MSEs extensively through many different programs, with subsidized credit schemes as the most important component.

The manufacturing sectors; (Food, Bakery and Beverage Products Industries, Wood and Furniture, Textiles, Garment and apparel, Metal and engineering, Leather and Leather Products, chemical and detergents etc.) has share in GDP is rather stable at or just above 4.1 percent of GDP. The sector has also grown at an average of 10.9 percent in last decade—about the same rate of expansion as real GDP— thereby falling short of the targeted 22 percent in the 2013/14. (4th Ethiopian Economic Update World bank group ,2015).

1.2. Back ground of the study

The health of small business sector is very important for the overall economic growth potential and future strength of an economy since they utilize local resources, satisfying vital needs of large segment of the population with their products and services. Micro Manufacturing enterprise is a wealth-generation and job creating sector of an economy, and closely connected with engineering and industrial design and provides important material support for national infrastructure. It involves the mechanical or chemical transformation of materials or substances into new products. It makes products from raw materials by the use of manual labor or machines and is usually carried out systematically with a division of labor. In a more limited sense, manufacturing is the fabrication or assembly of components into finished products on a fairly large scale (CSA, 2012).

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The modern African manufacturing sector is small and stagnant; there is little investment, and the sector has not managed to break into export markets. African entrepreneurs face significant uncertainty with regard to demand, reliability of infrastructure, corruption, trust, prices, and so on. Most investment is held back due to risks. Some firms grow and others don't. Even many of the larger firms do not grow (Bigsten and Soderbom ,2005, Tybout 2000).

Ethiopian manufacturing sector contribute for export, job creation for accumulating technology and innovative capabilities for enhanced productivity, employment and national output. The sector accounts for 70% of the industrial sector. Within the manufacturing sector, the agro-processing subsector (food and beverage subsector hereinafter) is the largest subsector, accounting for 36% of the total gross value of production (GVP) and 38% of the value added at basic price (VAMP) of large and medium scale manufacturing industry (CSA, 2014). The number of manufacture which was 408 in 1980/81 increased to 2,610 in 2012/13. Declining growth between 1980 and 1991(408 to 283), lower growth between 1991 and 2001 (283 to 909), modest growth between 2001 and 2013 (909 to 2610)., It contributes 4.9% share in GDP and 5.1% growth rate from 2004-2014 (Admasu shiferaw,2017).

According to Enock Nkonoki, (2010) sited from the Global Journal of Management and Business Research (2016), the main factors/problems that limits micro manufacturing firm's success/growth into two groups; first is the factors that originate from within the firm (internal to the firm) and the second group is factors that originate from outside the firm (these are external to the firm). Lack of a proper business plan/vision, Poor management, and lack of needed talent are among the internal factors. The External factors limiting micro manufacturing enterprises growth are Corruption, Competition, Government policy, Technological barrier, in access to finances/funding, Bureaucratic processes and Unfavorable economic factors.

Ethiopia's manufacturing sector is among the key productive sectors of the economy identified under GTP (2008-2012) which can spur economic growth and development because of its huge potential for wealth creation, employment generation, poverty alleviation and it makes an important contribution to the Ethiopian economy and hires about 173 thousand people in 2012/2013. The top two manufacturing subsector; food and beverage and metal and engineering industries account for 51% of the sector's GDP and the food and beverage sector alone accounts

38% of the employment in the sector. The sector contribution to the GDP in 2012/2013 is 4.8%. But, the performance of the sector has been affected by low productivity of workers and use of obsolete technologies which is attributed to the poor state of physical infrastructure, limited access to finance, limited research and development, poor institutional framework, and inadequate managerial technical skills. (Survey of Ethiopian Manufacturing Sector Analysis, 2014)

Another research conducted by Gemechu Abdissa (2016) on the Determinants of Micro and Small Manufacturing Enterprises Performance in South West Ethiopia in Bench Maji, Sheka, and Kefa Zones finding says, both all internal and external factors are not equally affects the performance of micro and small enterprises. As compared with the other factors, technological factors, lack of infrastructural facilities, shortage of working premises and shortage of finances for start-up and expansion purposes are the top most factors that affect the growth and success of MSEs activities.

In spite of the above mentioned data's, the sector has been confronting with many challenges whose severity varies across regions and cities. It is generally recognized that MSEs particularly manufacturing sector face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. The International Finance Corporation, (IFC) 2011) has identified various challenges faced by MSEs including lack of innovative capacity, lack of managerial training and experience, inadequate education and skills, technological change, poor infrastructure, scanty market information and lack of access to credit.

1.3 Statements of the problem

Ethiopian manufacturing sector contribute for export, employment and national output. The sector accounts for 70% of the industrial sector. Within the manufacturing sector, the agro-processing subsector (food and beverage subsector hereinafter) is the largest subsector, accounting for 36% of the total gross value of production (GVP) and 38% of the value added at basic price (VABP) of large and medium scale manufacturing industry (CSA, 2014).

The Ethiopian economy remains under pressure by structural problems. The manufacturing sector in Ethiopia is still at its infancy. In comparison with the agriculture and service sectors, the manufacturing sector, for example, has a limited share in terms of production, employment, and exports. Thus, the Ethiopian economy needs a more dynamic growth so that it can reduce its dependence on the fragile, rainfall dependent, and climate change vulnerable agricultural sector (Survey of Ethiopian manufacturing, 2014).

Among the MSE's sectors, Manufacturing sector is critical and the most important engine of long-term growth and development especially for those developing country. The manufacturing sector in Ethiopia does not have long period history, it's started let ninetieths century post Ethio-Italy war with a simple processing technology that produces agriculture-based products which accounted for only 1% of the national income; but still the sector is infant – even by African standards, dominantly focusing on semi-processing (manufacturing survey analyses of Ethiopia,2014).

Historically in Ethiopia manufacturing base is low, the intensity of firm-level investment will undoubtedly play a critical role in industrial expansion. Unfortunately, private investment in Ethiopian manufacturing remains relatively weak. (Shiferaw, 2015) finds that about 50% of Ethiopian manufacturing firms have a zero investment rate at any point during the period 1996-2007. This proportion rises to 70% among small firms that employ less than 50 workers. Among firms with a positive investment rate, the majority has investment rates that are far below the frequently used 10 % depreciation rate. The average firm-level investment rate is about 12% of the capital stock. Such limited private investment in manufacturing is inconsistent with the emphasis placed on this sector by the GTPs (manufacturing survey analyses of Ethiopia, 2014).

However, there are inherent problems which affect long term survival and business performance of MSEs due to lack of financial resources, management experience, poor location, poor infrastructure, low demand for products or services, corruption and shortage of raw materials (Akabueze, 2002). In this regard, the studies identified that a significant number of new SMEs fail within first five years of their business operation (Zimmerer and Wilson, 2008). Ministry of Economic planning report on SMEs (RoK, 2007) show that three out of five SMEs fail within their first three years of operation in Kenya. Several studies from Australia, USA and England

showed that approximately 80% to 90% of SMEs fail within 5-10 years (Zimmerer, 2008; Hodgetts and Kuratko, 2004; Ahmad 2011). The studies in Ethiopia have been taken place those are Mulu, (2014) has attempted to investigate micro enterprises (MEs) development services in women's entrepreneurial start-ups whereas (Tesfaye, 2014) conducted his research on the role of micro and small enterprise in reducing youth unemployment of technical and vocational education graduates in Addis Ababa city administration.

According to Aggaro city administration Enterprise and industry development office inventory report Aprl,(2020), 6,854 MSEs were organized in last Five years (2016-2020.) But 3153 (46%) of MSEs failed and only 3701 (54%) of MSEs survived. From total MSEs (6854) the number of Micro manufacturing sector was 967 (14.1%). But only 44.4 %(429) MSEs are survived and 65.6 %(538) of them are failed in these years.

Deferent researches that has been carried out locally and internationally reviewed the challenges of micro, small and medium enterprises. Most of these researches concentrate on the factors that affects the growth of micro, small and medium enterprises in general and particularly in manufacturing sector. They also concentrate on their study areas based on their own objectives and some selected factors. There is scarcity of literature touching on the manufacturing enterprises on the micro level in local area. The research is tries to fill these gaps. As different literature shows there are varies Factors affecting the growth of micro manufacturing enterprise at grass root level vary from area to area and from city to town. Therefore, the study was built on the local literature on factors that affects the growth of micro enterprises on manufacturing sector. Similar studies have focused on the several challenges faced by MME. But this study was concentrate manly on the factors affects their growth. The researcher tried to conduct on some selected factors because of limited time and resources. One internal factor, (Availability of managerial Expertise) and four external factors, (access to credit, access to working premises, and access to infrastructure and market problems) were researched as a single intervention in the manufacturing sector at micro level. Hence this study would concentrate mainly on the factors that affect the growth of micro enterprises in manufacturing sector in Aggaro town. The scarce availability of reliable and valid data continues to be one of the key obstacles in micro enterprises in manufacturing sector in Aggaro town. This study would help to build on the locally scarce available data.

There are various Factors Affecting the Growth of Micro Enterprise at grass root level is vary from area to area and city to town. Additional; earlier researches were conducted on addressing the factors that Affecting the Growth of Micro, small and medium level Enterprise. But, this research tries to study Factors Affecting the Growth of Micro level Enterprise in Manufacturing Sector. The purpose why the researcher interesting with this title was the manufacturing sector is a government attention area which expects as a bridge to transforming agricultural lead economy to industry lead. The sector also helps to employee creation, wealthy generation, and expects reducing hard currency through producing import substitute production. The originality of this study is that it would provide empirical evidence of MEs owned in manufacturing sector in Aggaro town.

1.4. Research questions

Accordingly, this research has been conducted to investigate and answer the following main research questions:

1. What are the factors affects the growth of micro manufacturing enterprises in Aggaro town?

2. What relationships exist between growth of micro manufacturing enterprises and selected factors?

3. How the problems facing MEs should be overcome?

    ### 1.5 Objective of the study

    ### 1.5.1 General Objective of the Study

    The general objective of the study is to analyze the factors that affects the growth of micro enterprises in manufacturing sector in Aggaro Town Jimma Zone Oromia Regional State, Ethiopia.

1.5.2, Specific Objective of the study

➢ To examine the factors that affecting the growth of micro manufacturing enterprises in Aggaro town.

➢ To examine the relationships between the growth of MMEs and selected factors.

➢ To identify the means to overcome the problems faced MMEs in Aggaro town

1.6, Significance of the Study

The study would add knowledge to the growth of microenterprises and serve as a reference material for other researchers, students and research institutions on related topics that touch on micro enterprises growth. The study would have expected to increase the pool of knowledge by providing information on the factors affecting MEs profitability of manufacturing sectors. As well as it may be significant to the government in formulating policies that create conducive business atmosphere for the micro enterprise and to identify the actual factors that hinder the growth of micro manufacturing firms and provide the appropriate solution. The study serves as stepping stone for the other Researchers by increasing the pool of knowledge and by providing information on the factors affecting manufacturing firms in micro enterprises.

The study would provide information to the micro entrepreneurs on the need for management skills, innovations, networking, financing, enterprise culture as well as training and mentoring so as to give them a function over their competitors in the marketplace as well as help grow the enterprises from MMEs to large corporations. Finally, the results obtained from this study may serve as an input for policy making, evaluation and for developing strategies that address the issues of micro and small enterprises development and generate empirical data and information beneficial to the government and the University level.

1.7, Scope of the Study

The research is take place only at Aggaro town, which is 346km far from Addis Ababa. It is also delimited to those MEs who have been registered under the MSE development strategy of Ethiopian government and licensed by town service center in the town. This research is going to cover issues that challenging Micro Manufacturing Enterprises in their survival and hinder them to contribute to employment creation and poverty reduction in the study area. It is known that different factors may influence performance of MMEs. However, this paper has delimited only on access to finance, access to work premises, lack of infrastructure, marketing problem and management related factors.

1.8, Limitation of the Study

The study was limited the respondents' reaction towards the questionnaires. The main source of primary data will there may be carelessness while reacting on the questionnaire which had an

impact on the Research schedule. The study would have suffered from communication problems of the respondents. In this case the responding ability and willingness of the respondents were situational. However, favorable situations were considered for the respondents to diminish situational factors that affect the quality of the data.

1.9 Organization of the Paper

This study is organized in five parts. Chapter one is about introduction of the study which contains background of the study, statement of the problem, objective of the study, significance of the study, scope, and limitation of the study; chapter two is about review of related literature; chapter three is about research design of the study comprising all methods and tools which are Employed to achieve the stated objectives; chapter four analysis and discussions, chapter five, conclusions and recommendations.

1.10, Definition of key variables

Micro enterprise: any business that have fewer than five members and less than R 150,000 annual turnovers (MOTI, 1997). (According to Christen, 1989),

External factors: Factors such as economic variables and markets; crime and Corruption, labor, infrastructure and regulations make up the external environment (Fatoki & Garwe,2010).

Growth: growth refers to the increase of size and other quantifiable measures and process of changes improvement (Penrose, 1995). This paper measures growth by considering the changes in employment.

Gender: Refers to socially constructed roles, behaviors, activities and attributes that a society considers appropriate for men and women.

ME Performance: Ability of the ME to continue operating while remaining profitable.

Enterprise: It refers to a unit of economic organization or activity whether public or private engaged into the manufacturing of goods.

Factors: A factor is a contributory aspect such as politico-legal, working premises, technologies, infrastructures, marketing, financial, management and entrepreneurial influences that affect performance of micro and small enterprises.

CHAPTER TWO

RELATED LITERATURE REVIEW

2.1 Introduction

In this section, theories, concepts, definitions, conceptual framework and related works done by different scholars about MSEs issues are assessed and discussed with references to different perspectives in various countries. It is widely known and accepted that MSEs contribute a lot for poverty alleviation and to achieve development in developing countries in general and in Ethiopia in particular. But manufacturing MEs are engulfed by many challenges.

2.2. Theoretical review

2.2.1. Definitions and concepts of Micro enterprises

Universally there is no common definition of MSEs and different countries use different words based on the conditions of MSEs and countries economy. The statistical definition of MSEs varies by country, and is usually based on the number of employees or the value of assets. The lower limit for MSEs is normally set at 5 to 10 workers and the upper limit at 50to 100 workers. Since these limits can vary in different countries, one should not excessively concern about the lack of consistency in employment-based definition of micro and small enterprises. For example, a 50-employee firm in USA would be considered as smaller than a 50-emloyee in Bolivia duet the relative size of their economy (Munira, 2012).

Due to this, different countries use different criteria such as number of employees, assets, employed capital, sales turn over, or combination of the above factors to determine the size of the enterprises (Adil, 2007). For example, in United Kingdom the Bolton committee report (1971) as mentioned in Andualem (2004), recognized the diversity of the sector and documented three essential characteristics of the firm. In view of that a small firm is managed by its owner in a personalized way, it has a relatively small share of the market in economic terms, and It is independent in the sense that it does not form part of a large enterprise and its ownership is relatively free from outside control in its principal decisions.

In Ethiopia, country wide used definition of MSEs is based on level of paid-up capital/fixed asset, size of employment, using high tech establishment and consultancy services. This categorization is important for functional and promotional purposes to achieve the desired levels of development. In the case of Ethiopia, there is lack of uniform definition at the national level to have a common understanding of the Micro and small enterprises sector (Munira, 2012). However, two mostly used definitions of MSEs are the definition by Ministry of trade and industry (MoTI) on the basic criteria of capital investment and on the other hand by central statistical authority(CSA) that uses employment and favors capital intensive technologies as an index.

The definition used by MOTI, which uses capital investment as a yardstick, has been developed for formulating micro and small enterprise development strategy in 1997.According to the MoTI: Micro enterprises are those businesses enterprises, in the formal and informal sector with a paid up capital not exceeding Birr 20,000 and excluding high tech consultancy firms and other high tech establishments, whereas Small enterprises are those business enterprises with a paid up capital of above Birr20,000 and not exceeding Birr 500,000 and excluding high tech consultancy firms and other high tech establishments (Munira ,2012).

CSA also categorized MSEs in to different scales of operation depending on the above mentioned yardsticks. According to CSA, "a micro enterprise is one with fewer than 10workers; those with 10-50 workers constitute small enterprises while medium and large scale enterprises are those with more than 50 employees.

Currently, the revised micro and small enterprises strategy that divided micro and small enterprises in terms of product, service, sectors and capital defined in the following ways and also this is my working definition

Micro Enterprises are those enterprises having 5 workers including family members and its total asset not exceeding Birr 100,000 for manufacturing enterprises and Birr50,000 for service providing enterprises. Small enterprises are those enterprises having 6-30 workers and its total capital not exceeding Birr 1.5 million for manufacturing enterprise and Birr 500,000 for service providing enterprises (Munira ,2012).

Table 2.1: Revised Definition of MSEs in Ethiopia (FDRE (2011)

Type of enterprise	Sector	Number of employees including family members	Total assets
Micro Enterprises	Industry	≤5	≤ 100,000Birr
	Service	≤5	≤ 50,000Birr
Small Enterprises	Industry	6-30	≤ 1.5million Birr
	Service	6-30	≤ 500,000 Birr

Source FDRE, (2011)

2.2.2. MSE'S Experience in Ethiopia

Recognizing the significance of this sector, the Ethiopian government issued and established the National Micro and Small Enterprises Strategy and the Federal Micro and Small Enterprises Development Agency in 1997 and 1998 respectively. The country's industrial policy in 2003 and the poverty reduction strategy in 2006 have singled out MSEs as major instruments to create a productive and vibrant private sector and reduce poverty among urban dwellers (Mulu, 2009).

The Ethiopian government released the country's first MSEs Development strategy in November 1997 E.C. The primary objective of the national strategy framework is to create an enabling environment for Mses. In addition to this basic objective of the national MSE strategy framework, the MOTI has developed a specific objective which includes, facilitating economic growth and bring about equitable development, creating long-term jobs, strengthening cooperation between MSEs, providing the basis for medium and large scale enterprises, promoting export, and balancing preferential treatment between MSEs and bigger enterprises (MOTI, 1997).

The implementation of the strategy is planned to follow five stages. These are awareness creations, needs identification and implementation planning, resource identification, training of support agency staff and strengthening the business and entrepreneurial culture. The strategy indicated criteria for prioritizing MSEs for support. MSEs which are based on local raw materials and labor intensive having greater inertia and inter-sect oral Assessing linkages

(particularly with agriculture), import substitution and export capacity, MSEs engaged in activities that facilitate and promote tourism (MOTI, 1997).

In general, according to MoTI, (1997) and MoI (2006), governmental bureaus, Micro Financing Institutions, Technical and Vocational Training Centers, productivity empowerment units, different NGOS, MSEs Councils, the project support units etc are made to work for the promotion of MSEs in Ethiopia. As a result, it is possible to understand from the above discussed policies that the current government is giving great attention for the sector to alleviate the abject poverty, unemployment and to achieve better income distributions. But recently in March 2011, a task force headed by the Ministry of Urban Development and Construction (MoUDC) and the Federal Micro and Small Enterprises Development Agency(FeMSEDA) published a new strategy for the development of MSEs.The strategy identified and analyzed key MSE development constraints namely, financial, training/consultancy, market, and infrastructure, and technology transfer, institutional and cross-cutting issues

According to the new strategy (2011), the overall vision of the strategy is to create a "competitive" MSE sector that lays the groundwork for industrial development. To realize this vision, three objectives have been identified, which are: To increase the employment and wealth creation capability of MSEs, to enable the MSE sector to become more competitive and link with agricultural development and to ensure MSE development by creating a large entrepreneurial base in towns and cities throughout the country.

The major output of the new MSE Development Strategy is the creation of support packages that relate to the areas identified as constraints to the sector. The target areas for the new strategy are manufacturing sector (textile, leather and leather products, food processing and beverage, metal works and engineering, wood work including, agro processing), construction, trade, services and urban agriculture. (manufacturing survey analysis of Ethiopia,2014)

2.2.3, Common Characteristic of MSEs

There are assumptions that are common characteristics of MSEs. These common characteristics are; they have few employees, give low income, not experience much growth and do not produce for markets outside their local environment (Eversole, 2003).

2.2.4 Role of MSEs in Economic Growth

There is growing global recognition of the important role of MSEs in economic development (Mullineux, 1997). Therefore, governments and researchers have undertaken initiatives to promote the growth of MSEs because they view it as the basis for the achievement of wider economic and socio-economic goals, including poverty alleviation (Cook & Nixson, 2000).

Recent empirical studies show in most of the developed countries, over 90% of all enterprises are within the MSE sub-sector (Newberry, 2006) while 80% of the total industrial labor force in Japan, 50% in Germany, and 46% in USA are in the MSEs (Onugu, 2005). In LDC economies, MSEs account for over 95% of firms, 60-70% of employment and 55% of GDP (WBCSD, 2007). In Morocco, 93% of industrial firms are MSEs and account for 38% of production, 33% of investment, 30% of exports and 46% of employment (WBCSD, 2007).

Historical experience of economic growth and development in different countries indicate positive impact and contributions of MSEs in industrial developments (WBCSD, 2007) as well as in technological innovations (Newberry, 2006) and export promotion (Tung and Aycan, 2008) MSEs contribute to over 60% of GDP and over 70% of total employment in low-income countries, while they contribute over 95% of total employment and about 70% of GDP in middle-income countries. Therefore, an important policy priority in developing countries is to reform the policies that divide the informal and formal sectors, so as to enable the poor to participate in markets and to engage in higher value added business activities (Ayyagari, Beck and Demirgüc-Kunt, 2013).

2.2.5. Role of manufacturing sector in Ethiopian economy

The Growth and Transformation Plan (GTP) seeks to transform the economy toward an industrialized economy and to increase per capita income of its citizens by 2025, to this effect, the Government has adopted policy focused on the development of the manufacturing sector through the use of industrial parks to attract and to support SMEs. Targeting SMEs is important as they are an engine for jobs creation and a manifest of a thriving and dynamic economy. But, with services and agricultural sectors contributing almost 90% of GDP, the GTP has not been able to accelerate structural transformation. At the same time, the share of the manufacturing sector in GDP remained just above 4 percent of GDP for most of the past decade. Furthermore, Ethiopia has not made significant progress in pulling labor out of agriculture into more

productive and industrial jobs. The share of employment in the manufacturing sector has changed only slightly and is virtually unchanged since 1999 at below5 percent of total employment.

The manufacturing sectors; (Food, Bakery and Beverage Products Industries, Wood and Furniture, Textiles, Garment and apparel, Metal and engineering, Leather and Leather Products, chemical and detergents etc.) has share in GDP is rather stable at or just above 4.1 percent of GDP. The sector has also grown at an average of 10.9 percent in last decade—about the same rate of expansion as real GDP—thereby falling short of the targeted 22 percent in the 2013/14. (4th Ethiopian Economic Update World bank group ,2015).

2.2.6 Institution and MEs Growth

Another theoretical explanation, new institutional economics, proposed by Doglous North, as Coase's (1970's Institutional Economics Theory), at the beginning of 1990s fully acknowledges that market is imperfect and individuals have opportunistic behavior. The theory changed focus of policy decision to strategic behavior of individuals and organized groups. In other words, appropriate institutions and rules of the game have paramount importance in enabling the market mechanism and hence reduction in transaction cost. The new institutional economics provided a rationale for existence/ arrangements of efficient non-market exchanges especially for rural transaction in the same value chain often known as agrarian institutions.

2.2.7 Enterprise Growth Theories

Although there are many enterprise growth theories the one elaborated by Gibb and Davis (1990) appears more relevant to MSEs arguments. Gibb and Davis (1990) as cited in (Nogare, LD 2006), classified growth theories in to four approaches: personality dominated approaches, organizational development approaches, business management approaches and broader sector/ market led approaches in response to lack of consistency and relevancy of business researches to ground realities. Nogare, (2006), argues that a more comprehensive and elaborate explanation of the determinants of growth of business enterprises were made by Curran (1996). He presented a notion that growth is more than array of factors and a need for broader perspective covering founders' characteristics, innovation, and complexity of business environment in which MSEs operate.

2.2.8 Micro and Small Enterprises Contribution to Employment Creation and Income Generation

2.2.8.1 International Experience

Government of less developed countries have been supporting for micro and small enterprises through various programs such as credit schemes, entrepreneurship training, technology support etc (Zaid and Torben, 2003). According to Todaro (2000) the informal sector is a major provider of urban jobs in many Asian countries. Among individual countries for which statistics available, the figure reaches 50% in India, 45 percent in Indonesia, 35 percent in Malaysia and 60 percent in Pakistan. In the case of Latin American countries 61 percent in Bolivia, 55 percent in Argentina, 56 percent in Brazil, and 69 percent in Paraguay. Besides, ILO (1998) survey report of 17 African countries found that the informal sector contributes on average 20 percent of GDP and 61percent of the sub-Saharan labour force employment. For instance, in the years between 1980 and 1985 the employment share of MSEs for Kenya and Ghana was around 40 percent and 80 percent respectively, out of the total urban employment.

According to Staley and Morse (1992), 81 percent of the manufacturing establishments in the United States in 1980 had small enterprises with less than 100 employees. These establishments employed 25 percent of all manufacturing employees and produce 23 percent of the total value added by manufacturers. The relative importance of small enterprises in West Germany and United Kingdom was also greater, 27 percent and 26 percent of all manufacturing employees respectively. In 2000 China had more than 20.85 million small-scale enterprises, with 128.2 million employees and generating 2,720 billion dollars in added value, and 9.14 percent increase every year of the small- scale enterprises (Daniels, L. and Mead, D.C. 1998).

In Kenya, according to the National Baseline survey of 1999, there were about 1.3 million MSEs, employing 2-4 million Kenyans, equivalent to 15 percent of the total employment and contributing 18 % of the GDP of the country. Moreover, the MSEs sector in Kenya is very dynamic with rapid investment rates and enterprise growth (Kimuye, 1999). According to UNCTAD (2005), the income contribution of the micro and small enterprises sector in Tanzania was about 20-30 %of the GDP, and they consist of more than 1 million enterprises engaging three-four million persons, that are about 20-30% of the labour force of the country. In Burkina Faso, based on the 1990 survey on MSEs, there were 90,000 established micro enterprises.

Between 1985 and 1982, the sector is estimated to have contributed 30 percent of the GNP which exceeded agriculture (20-45 percent) and the modern secondary sector (23-86 percent) in the same period. More over, the MSEs sector employs 77 percent of the non-agricultural population and 8.6 percent of the total active population of Burkina Faso (UNCTAD, 2005).

According to Wick ware 1998; cited in Loop, 2000), MSEs have a significant contribution in creating employment opportunities for the poor in urban areas. Accordingly, he estimates the percentage of people engage in such sectors in some sub-Saharan cities during the 1900s as; Accra 70 percent; Addis Ababa 61 percent; Dare Salaam 56 percent; Kampala 46 percent; and Harare 17 percent. Hence, MSEs have important employment share in the economy of those cities.

2.2.8.2. Ethiopian Experience

Micro and small enterprises (MSEs) are a special focus of the government, given that they comprise the largest share of total enterprises and employment in the non-agricultural sectors. In recognition of the important role MSEs have to play in creating income and employment opportunities and reducing poverty, the government drafted its first micro and small enterprise development strategy in 1997. According to the Central Statistical Authority (CSA 2003) survey, there are almost 570,000 MSEs in Ethiopia, 99.4% of which are micro-enterprises with fewer than ten employees, accounting for 88.2% of private sector employment. The average micro-enterprise has a capital of 3,528 birr, a yearly production value of 2,300 birr and an annual surplus of 1,300 birr. (CSA,2003).

A recent study on MSEs indicated that MSEs in Ethiopia are confronted by many problems. The constraints facing MSEs in most developing economies are similar: unfavorable legal and regulatory environment and, in some cases, discriminatory regulatory practices; lack of access to markets, finance, business information; lack of business premises at affordable rent; low ability to acquire skills and managerial expertise; low access to appropriate technology; and poor access to quality business infrastructure (CSA, 2003).

2.2.9 Challenges for the Expansion and survival of MSEs in Ethiopia and other Countries

While small scale and micro enterprises undoubtedly make important contributions to the world's economics, they limit in terms of growth. This is attributable to different factors.

According to (Murphy 2001), only 20% of microenterprise actually experience growth. Statistics indicate that three out of five businesses fail within the first few months of operation in Kenya (KNBS, 2007). The survival ofMSEs is not optimistic around the world. Accordingly, various researches show that,68% of all MSEs in the United States made their exit from business within 5 years. Only19% survived from 6 to 10 years and merely 13% percent for more than 10 years (WorldBank, 2009). In Europe only 65% of MSEs survived for more than 3 years and 50%survived for more than 3 years and 50% survived for more than 5 years (Abdesselam, 2004).

According to (Minster of Urban Development and Construction,2013), the study also identified a number of challenges and constraints hindering the growth of MSEs in Selected Major Cities of Ethiopia. These challenges were manifested in terms of capital, technology and employment growth trends. Enterprises from the regional cites indicated that shortage of finance,42% to expand their business was their principal challenge, followed by lack of working premise (28.3 %); and lack of access to market or absence of linkage to market. The study also showed that lack of access to land has been one of the most crucial bottlenecks (26.4%) in Addis Ababa, problem of finance (25.6%) and access to market (25.1%) were among the strong factors inhibiting the growth of these enterprises in the capital. The findings of Mulu (2007) also indicate that banks and MFIs do not seem to support MSEs expansion. The challenges were explaining as follows;

2.2.9.1. Poor Management Expertise:

Managerial competencies have a positive influence on the performance of SMEs. Managerial experience, education, knowledge and start-up experience are used to measure managerial competencies (Hisrich &Drnovsek, 2002). Management has always been a problem in this sector as most small scale businesses do not have the required management expertise to carry them through once the business start growing. The situation gets compounded as training is not usually accorded priority in such establishments. Management competence in SMEs success was investigated, lack of managerial competency was found to be the main reason why SMEs fail (Martin &Staines, 2008). small and micro enterprises owner managers have little knowledge about financial matters, and found out that those with little or limited financial planning skills do not even value the information extracted from financial statements (Alattar, Kouhy & Innes, 2009).

Previous study by Wawire and Nafukho (2010), shows that poor management is the second most cause of MSEs" failure after lack of enough funds. This is because entrepreneurs cannot afford the high cost of training and advisory services while others do not see the need to upgrade their skills due to complacency (King & McGrath, 2002). Ihua (2009,) reports that one of the serious constraints on small business growth is lack of management skills, which results in the poor management actions taken by small business owners. Wawire and Nafukho, (2010). Literature makes it clear that 54%of those who manage the MSEs had no training at all, while 38 % had some limited project management knowledge (Wawire and Nafukho, 2010). The literature is confirmed by finding of Mbonyane and Ladzani, (2011) that almost no training was provided for MSE staff.

2.2.9.2. Lack of proper Business Plan

According to (Nieman and Nieuwenhuizen 2009) a business plan is a written document that carefully explains the business, its management team, its products/services, a tool for reducing the risk of venture failure, and its goals together with strategies for reaching goals. But most of micro firms by nature avoid formal planning, and as such do not have proper business plans. This in turn makes them not to be able to assess the firm's internal performance, fail to access funds such as loans, and also will expose to the higher risk of venture failure.

2.2.9.3 Characteristics of Entrepreneurs

Based on their powerful and influential position in their firms, entrepreneurs' subjective world views greatly affect their firms' choice of strategic direction and therefore will affect the firm growth. Furthermore, the entrepreneur's characteristics such as age, gender, motivation, experience, educational background, risk-taking propensity, preference for innovation, mindset, and personality can have a big influence on the firm's performance and success, and the growth of the MEs. (Sidika, I. 2012)

2.2.9.4 Lack of Raw Materials

In some small scale business enterprises, raw materials are sourced externally, hence the fate of such enterprises to foreign exchange behavior. The fluctuation of foreign exchange may therefore make it difficult to plan and that may precipitate same stock that may destabilize the

setup.Raw material is a basic component for the existence of the MSEs since they create a backward linkage and demand for other sector products. The high cost is the key raw material problem for the growth of enterprises. Lack of standardization, raw material storages, and poor quality of raw materials are also major problems (Rahel & Paul, 2010). Strong forward and backward linkages between sectors of the economy in supply of raw materials facilitate market for the output goods and services (Eshetu & Mammo 2009).

2.2.9.5. Unstable Policy Environment

Mbonyane & Ladzani (2011) further found that the government is not actively providing support mechanisms for business registration to ensure the success of micro-enterprises. There is also poor communication between the government and small business owners. Lack of proper regulation in terms of borrowing funds from the banks by small business owners; lack of focus in formulation and implementation of policies, and tax laws affects the performance of MSEs. For the proper promotion of the development of small business enterprises, there is need for a well-articulated plans or programs by the government (Etumeahu, 2009).

The findings of Eshetu and Mammo (2009) also indicate that legal and regulatory problems are major obstacles to efficient operation of micro and small enterprises. According to this study, bureaucratic registration requirements for licensing, high policy control, overregulation, corruption, high tariffs and unfair tax were found as major policy-related constraints that adversely affect the sector. Free market policy has also exposed them to international competition, and this had a significant negative impact on their performance.

2.2.9.6 Inadequacy of infrastructural base

Infrastructural facilities are very inadequate. The power supply is so epileptic this has contributed to folding up of many SMEs. Others are: Unreliable telecommunication facilities, Poor state of road network, unavailability and unreliability of Water supply are hindering the development of MSEs (Gebrehiwot & Wolday, 2004).

Bowen *et al* (2009,) agree that infrastructure, as it relates to the provision of access roads, adequate power, water, sewerage and telecommunication services, poses a serious challenge to small businesses. Mbonyane and Ladzani, (2011) found out that MSEs had to contend with potholes, dust and sewerage close to their businesses or on their business premises and that the

MSE operators were never informed about disruptions in electricity or water supply that would jeopardize their businesses. In terms of technology, MSEs often have difficulties in gaining access to appropriate technologies and information on available techniques (Naidu and Chand, 2012).

Good infrastructure facilitates have a positive effect in reducing the cost of operation. MSEs Owners in Ethiopia indicated that lack of efficient, reliable, safe and affordable infrastructure is affecting the performance of their business. The physical infrastructure facilities are not adequately developed and expanded in Ethiopia to meet the growing demand of MSEs activities. As a result, most MSEs have problems related to business premises such as an increase in house rent, lack of basic services such as telephone lines, electricity supply, sewerage and water services. Eshetu and Mammon, (2009)

2.2.9.7 Financial problems

One of the major challenges pointed out as hindering the growth and survival of start-up SMEs is access to finance (Mazanai & Fatoki, 2012). Financial institutions credit processing has become more complex, and the institutions have become more cautious because of the financial crises, making it difficult for SMEs to understand the procedures and decisions when it comes to the loan processing (Haron et al., 2013). Before the crisis, access to finance was already seen as a concern to SMEs in many developing countries, accessing the funding that they needed to grow and expand. Banks do not provide SMEs with adequate capital in many of these countries (Dalberg, 2011).

The findings of Mulu (2007) also indicate that banks and MFIs do not seem to support MSEs expansion. Due to this 85% of the respondents have never received credit from these formal sources. The availability of other informal sources of finance, however, affects growth positively and significantly. This shows that in the absence of formal source of credit, informal networks appear more appealing for MSEs. Hence, firms with better network to borrow from informal sources such as, relatives, friends, and suppliers better loosen credit constraints, and grow faster.

Lack of finance has been considered in many studies as a key success factor for MSEs such as Rolfe et al (2010), Mbonyane and Ladzani (2011), Olawale and Garwe (2010) Okpara(2011) and Etumeahu, 2009)

2.2.9.8. Lack of Access to working premises

According to Rolfe et al (2010) findings location is critical factor for sales and income of small scale enterprises and hence entrepreneurs benefit from businesses in formal residential areas. Logically, this finding stems from the higher per capita income and demand density in developed urban areas. Demand density also makes taxi ranks and train stations more lucrative. These spaces are limited and thus a source of competitive advantage that cannot be copied or re-created. Mbonyane & Ladzani (2011) found that small businesses select a site without first thoroughly analyzing the suitability of location. The same researcher found that most of the micro-enterprises are failing owing to a lack of space provided by the government and the various shortcomings of the small business owners regarding their businesses. Olawale &Garwe (2010) also found that poor location has a negative impact of the performance of micro and small enterprises.

Working premises with least leasing price adjustment is the first requirement and taken as mandatory to the government (GFDRE, 1997 and 2011) The working place is one of the main components that are needed for a successful and sustainable growth of enterprises because it is essential in creating access to resources and the necessary markets. But, most of the enterprises do not have their own working premises. For MSEs, lack of premise is unquestionably a serious problem. Most informal operators do not get access to suitable locations where they can get easy access to markets. The issue of acquisition and transaction cost has become very prohibitive to the emergence of new enterprises and to the growth and survival of existing ones. The issue of land provision and the land lease system has greatly constrained the chances of micro, small and medium enterprises who aspire to startup businesses (Eshetu & Mammo, 2009).

2.2.9.9 Marketing problems

Rahel and Paul (2010) also reported the presence of competition is the most significant factor. This is because of the reason that enterprises in the same sector sell identical products without any additional distinctiveness and innovative activities. This led them to compete for the same demand. Due to this, the local markets crowded with similar products or services and the level of competition among local producers of goods and services is intense. As result, the returns are fairly low. In addition, presence of illegal traders around their market place leads to unbalanced

competition and low demand for merchants who are legal. This results in lack of demands which is another problem for the enterprises.

Lack of product diversity, pricing problems, lack of awareness how to compete in the market, limited business management and salesmanship ability, limited capacity to promotional activities, and lack of market related knowledge are also hindering the development of MSEs. Ethiopian micro and small enterprises have different pricing problems such as lack of costing knowledge, did not include overhead costs, salary or wage of family members involved in the production process are not considered, and do not know the exact earning from sales (Assegedech, 2004).

In terms of problems related to product diversity, the findings of Assegedech (2004), Rahel and Paul (2010) and Eshetu and Mammo (2009) are similar According to Eshetu(2009), majority of MSEs produce or give services of similar products in a limited domestic market. Most of them do not seek new possibilities and opportunities outside the local markets.

2.2.9.10. Previous business experience and service year

Rolfe et al, (2010) and Olawale & Garwe (2010) found that lack of experience is among the factors that adversely affected the performance of MSEs. Bowen et al (2009) further found that majority of businesses that had been in operation for a shorter period reported that their business performances were on the decline. It also seems that most micro and small businesses hit their peak at the fifth year. After the fifth year, most entrepreneurs seem to suffer from what may be described as entrepreneurial burnout and the excitement declines.

Previous business experience of the owner affects growth significantly and positively (Mulu, 2007). The researcher further found that Smaller and younger firms grow faster than large firms. The previous ownership of business has a positive and significant contribution, since they acquire the knowledge in running business and they expand their social networks (Rahel & Paul, 2010).

2.2.9.11. Regulatory Constraints

According Commission on Legal Empowerment of the Poor (2006), MSEs complain about the bureaucratic system governing the business environment and it requires a lot of money to get the business license. According to Mbonyane & Ladzani (2011) most micro and small-enterprises

acknowledged that their businesses had not been licensed, although owners were reluctant to disclose this fact. The results also indicate that more than half of the micro-enterprises and about 4 % of the small businesses did not keep records

Micro enterprises with business license grow faster than those who have not license. But, the results for small enterprises were not significant. This might be due to the fact that unlike the micro firms the variation of possession of business license might not be important predicting growth differential among the small firms' category since most of them (above 90%) have business license (Mulu, 2007).

The success of the small business sector is continuously threatened by poor allocation of resources and over-regulation (Chamberlain and Smith, 2006). According to (Dlitso, K., and Peter Q,2000), high start-up costs for licensing and registration requirements, cost of settling legal claims and excessive delays in court proceedings can impose excessive and unnecessary burdens on MSE's operations. Even though registration and licensing helps MSE's to have legality rights, and to reduce the prevalence of informality, more than 12% of MSE's in Addis Ababa didn't have registration license (MUDC, 2013).

2.2.9.12 Lack of appropriate Information and latest Technology

Information technology has developed rapidly. Household ownership of mobile phones, smart phones, and tablet computers has also spread quickly in the recent years. But MEs have been unable to sufficiently utilize such opportunities. Most Micro enterprises do not have their own websites. For instance, in Japan for only 10% of the total and less than 10% have their own online shops or market their goods on Internet shopping sites (METI 2014).

New technologies improve efficiency, enable greater production, enhance SME efficiency, reduce costs, and broaden market share, both locally and globally and are a source of profit for MEs especially for manufacturing sector. Technological capabilities benefit SMEs in several, as noted by (Wendel Clark 2012), countries with high levels of technological growth tend to have high levels of entrepreneurial growth. So the absence of technology is interrelated relations with growth or fall of micro enterprises.

SMEs around the world, like in China and India, face common challenges being upgrading technology and Problems and Perspectives in Management product quality. China, with its

abundance of cheap labor, has the comparative advantage in the labor-intensive, low cost industries. The operation of many of the Indian SMEs is low scale production which reduces their ability to reduce costs of products and engage in technological upgrades, which is a major obstacle (Singh, Garg & Deshmukh, 2010).

2.2.9.13 Unfair Competition

SMEs in developing countries suffer more than large firms. Unfair competition arising from the low cost of doing business in the informal sector is a serious challenge for a significant section of SMEs, especially small sellers and producers. The competitive standards change continuously due to consumers changing needs and expectations, technological developments and globalization of markets. Over the years, competition among SMEs has increased radically. Competition and sustainability for SMEs involve factors such as changing market trends, changing technologies and emerging new management and organizational techniques. SME survival is increasingly dependent on a number of factors including resilience of SMEs to refocus some of their strategies and technologies (Gunasekaran, Rai & Griffin, 2011).

2.2.9.14 Macroeconomic factors

Van Eeden, Viviers & Venter (2003) found that macro-environmental issues such as inflation, interest rates and unemployment were the main factors negatively affecting the success of small businesses. Global economic downturn has been one of the reasons for the country's economic decline (Ehlers & Lazenby, 2007). The rand has depreciated by about 5% to the dollar since the beginning of 2014 (Maswanganyi, 2014). Macroeconomic variable inflation results in the increase of expenses which again reduces the profits of SMEs and diverts investment to ensure the growth and success of the business. Inflation not only affects SMEs, but also their consumers, as it increases the costs of goods and decreases their disposable income (Cant & Wiid, 2013).

2.3. Empirical review of the research

Research undertaken the role of Micro and Small Enterprises in Ethiopia is indispensable in poverty reduction through employment generation since national MSEs Development Strategy was formulated in 1997, and government strongly believes that MSEs are the right solution to reduce urban unemployment and poverty. However, there are many critical challenges that hamper the growth and development of

MSEs in Ethiopia. According to Assefa, Zerfu, & Tekle (2014), key constraints to MSE growth in Ethiopia were access to finance, collateral challenges, marketing challenges, working and sales space, capital goods and machinery challenges, licensing and registration challenges, attitudinal challenges, institutional coordination problem.

According to Yednekachew (2016), the MSEs were affected by environmental and internal factors. Environmental factor includes social, economic, cultural, political, legal and technological factors, and internal factors also affect the performance of MSEs, which are related to the person's individual attitude, training and technical know-how. He identified many problems that confronted MSEs in Ethiopia similar with other developing countries like unfavorable legal and regulatory environment, discriminatory regulatory practices; lack of access to markets, business information; lack of business premises at affordable rent; low ability to acquire skills and managerial expertise; low access to appropriate technology, poor access to quality business infrastructure, financial problems, lack of qualified employees, lack of proper financial records, inadequate management and business skill, marketing problems, lack of work premises , low level of provision and interest for trainings and workshops.

Research undertaken by Getnet (2005) on the title of the Ethiopian manufacturing sector: competitiveness and the way head the finding show developed a composite index criteria taking into account contribution to the economy, factor and raw material base, resource use efficiency, and competitive advantage in order to inform manufacturing policy for selective priority interventions. It was found that Ethiopian experience in industrialization and competitiveness is poor. In fact, the existing competitiveness capacity of the sector is not good. What is most surprising is that the findings do not fully support what the government propagates with regard to manufacturing sector where the focus is based on resource-based theory. All the four-digit manufacturing activities in the textiles and leather sub-sectors prove to be uncompetitive even in the domestic market. The lesson drawn from this paper is that non-resource based firms can also be competitive through improved productivity and high learning rate.

Further research undertaken by Chuthamas (2011) on the title of Factors Affecting Business Success of Small & Medium Enterprises (SMEs) in Thailand, finding external environment factor play a very important role as well for firm success. Social network, government support, and legality, are the key strategic dimension in external environment in business success. Networks represent a means for entrepreneurs to reduce risks and transaction costs and also to improve access to business ideas, knowledge and capital. A social network consists of a series of

formal and informal ties between the central actor and other actors in a circle of acquaintances and represents channels through which entrepreneurs get access to the necessary resources for business start-up, growth and success.

A research done by Weldegbriel (2012) on the title of problems of micro and small scale enterprise in Addis Ababa Ethiopia, finding of his study shows there is significant relationship between performance of MSEs and favorability of the business environment, capital sufficiency, location attractiveness, Business plan preparation, and formal or informal association. The contribution of MFIs has shown an increase, however, there are still problems related to high interest rate, collateral problems, small loan size, bureaucracy, and lack of awareness. The contribution of banks has shown a decreased, and majority of the enterprises do not apply to take loans from banks. The relationship between various financial, marketing and infrastructural factors with performance significantly varies among the different types of enterprises.

Research prepared by Menna (2013) on the title of factors affecting the performance of small and medium enterprises in the manufacturing sector of Cairo, Egypt, finding shows researcher discovered that SMEs in the manufacturing sector still suffer from inadequate managerial skills. This result supports both the hypothesis that poor management skills such as human resources management, financial management, general management, production management and marketing management result in the poor performance of SMEs in the manufacturing sector of Cairo, Egypt. In addition, a lack of skilled human resources also contributes to the poor performance of SMEs in the manufacturing sector of Cairo, Egypt. The results also support the second and third hypothesis which states that economic factors have a direct influence on the performance of SMEs in the manufacturing sector of Cairo, Egypt and that the economic initiatives of the Egyptian government aimed at SME development do influence the performance of SMEs in the manufacturing sector of Cairo, Egypt.

Other research undertaken by Victoria (2014) on the title of analysis of factors constraining the growth of micro enterprise in Lusaka Kenya, the findings of the study indicate that micro enterprises in Lusaka are faced with internal and external constraints to growth, such as excessive competition, lack of access to finance, vulnerability to crime, lack of market demand, high family demands and unrealistically high cost of stock. Other constraints were found to be

administrative corruption, constrictive import / export regulations, uncertainty regarding business conditions and legal as well as regulatory constraints. It was also found that many micro enterprises were not adhering to the laid- down regulatory and legal restrictions in force in the city of Lusaka. Often the local authority officials charged with the responsibility of enforcing these regulations were unable or unwilling to effectively do so; hence many micro enterprises were getting away with illegal practices.

Research made by Fikadu (2015) on the title of Determinants of Micro and Small Enterprises Growth in Ethiopia: The case of Nekemt town of Oromia region, Ethiopia, the finding shows the study shows that the major source of finance for MSE is personal saving. It is only less than one fourth of the respondents that are borrowed loan from MFI. The study shows that MFI loan term is too short to run the business. Most of the respondents are characterized by low level educational status and lack work experience. Most of the MSEs that are operating in government shade complain for its sufficiency and suitability of the location for running business. The result of regression analysis shows that sources of finance for MSE operators, loan term (duration of loan period) that MSEs borrowed from MFI, previous business experience of the operators, marketing skill of members of the business, source of raw materials of the MSE, and major customers of the product or services of MSEs affects positively the growth of profitability of MSEs business significantly at 1% level of significance.

Research done by Caroline (2016) on the title of factors affecting growth of youth micro enterprise in Kikuyu at Kenya, the findings of the study indicate that dynamism, flexibility and adaptability to changing market demand and supply situations make microenterprises quite relevant in such economies. However, limited financing remains a major hindrance to MSE growth mainly because of financial sector policy distortions. This is mainly associated with unfavorable terms and conditions of the loans making it hard for entrepreneurs to access such loans. This is coupled with lack of collaterals and information asymmetries making it hard for microenterprises to experience any significant growth. Therefore, government action is necessary to assist potential start-ups and disadvantaged groups in society especially the youths. For this reason, the microenterprises avoid engaging in capital intensive ventures and concentrate mainly on ventures that requires less capital to start.

Additional research done by Gemechu(2016) Determinants of Micro and Small Enterprises Performance in South West Ethiopia: The Case of Manufacturing Enterprises in Bench Maji, Sheka, and Kefa Zones in Ethiopia his finding of this research shows that, most of the MSEs operators have no efficient experience and management knowhow to perform their activities effectively and efficiently. These lead to them unsuccessful because they run their business activities without having adequate knowledge about the business environment. Lack of managerial know-how places significant constraints on SME development. Regarding infrastructural facilities, most of MSEs operators had no adequate infrastructural facilities at the given study area, especially insufficient and interrupted electric power and water supply. These lead to them, unable to generate adequate profit by satisfying the needs of the customers. Infrastructural problem is not only the problem of the study area problem it is a country wide problem; therefore, this problem is not solved by the MSEs operators rather than by the government of the country.

2.3.1 Conceptual framework

This paper examines challenges of MEs development by building on the following conceptual framework.

 A range of factors play an important role in shaping the growth performance of a particular micro manufacturing enterprises, by influencing challenges of micro manufacturing enterprises depends on certain factors as set out into two categories as dependent and independent variables. Independent variables that affects dependent variable include: access to financial resources, availability of managerial experience, access to infrastructure, access to work premises and Marketing factors are affecting dependent variable, that is growth of MMEs by either increasing or decreasing sells and profit and by reducing unemployment. The relationship of the variables is displayed in the figure below. The following discussion shows how each variables challenging Micro manufacturing enterprises growth in the study area

Figure 2.1: Independent and dependent variable of the study

Independent variables	Dependent variable

Availability of managerial Expertise

Access to finance

Limited access to working premises

Access to infrastructure

Marketing problem

Influence

Growth of micro manufacturing enterprises

-Increase in profit and sells.
-reduce un employement.
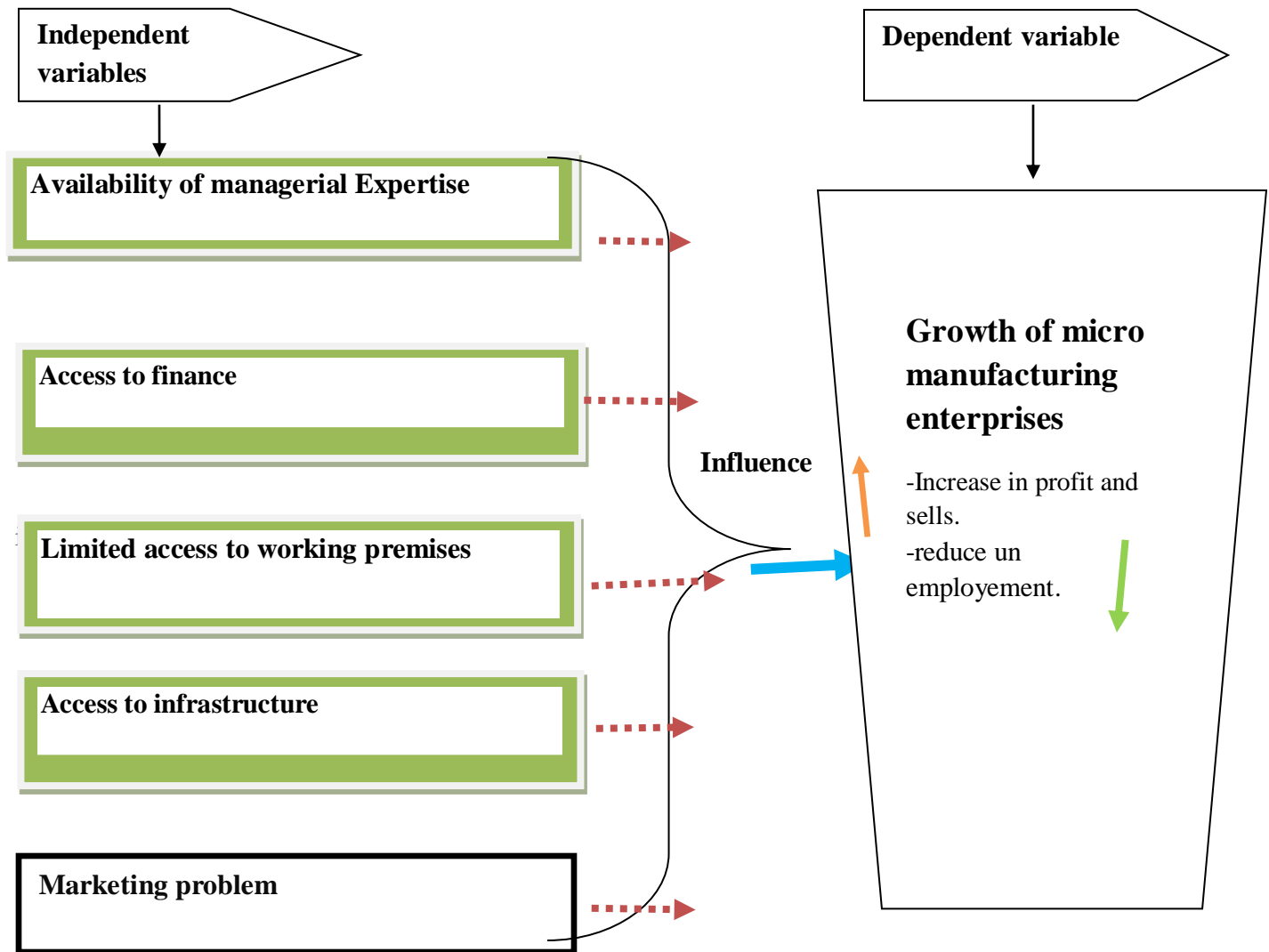
Source, own survey 2020

The theoretical consideration on the link between business constraints and the growth potential or performance of MSEs can be viewed from different angles. Business constraints on one hand, limit physical capital accumulation., firm's ability to undertake its daily operations On the other hand.

Management is crucial to business growth and survival. Entrepreneurs need to plan, organize, control, coordinate and direct the activities of the enterprises. Equipped with business skills entrepreneurs are assured of their businesses' survival and also growing significantly. (Alattar, Kouhy & Innes, 2009).

One of the major challenges pointed out as hindering the growth and survival of start-up SMEs is access to finance (Mazanai & Fatoki, 2012) However Financial requirements are inhabitable in business transactions. they may reduce its internal financing and its capacity to make proper business decisions. Moreover, they may interrupt a firm's business operations and therefore impede its performance. Without adequate funds, the business cannot survive nor grow.

Infrastructure, as it relates to the provision of access roads, adequate power, water, sewerage and telecommunication services, poses a serious challenge to small businesses. Mbonyane and Ladzani, (2011) Absence of infrastructure and work premises increases cost of production and results in lack of on time production and delivery. Since the cost of produced goods are increase, the price of goods become over the capacity of the consumer and it affects the growth of the enterprises.

When MSEs have limited access to relatively differentiated markets, they are forced to operate in low income market segments. This limits their levels of sales and profits since most of them compete for the same customers. Access to business services (marketing information, networking, short-term training, and counseling and consultancy services) also hinder the growth potential of MSEs (Ishengoma & Kappel, 2008).

From the above discussion there is positive relationship between dependent and independent variable. When the set of constraints are positively affects the dependent variable, the growth of enterprise become decrease and also sells and profit become reduce. Even though un employment rate will be increase.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This section describes how the study was conducted in order to achieve the desired objectives. It includes research design, study area target population, source of data, sample size, sample techniques, method of data collection, and method of data analysis, validity and reliability of the instruments. It also contains finally ethical issues that would be considered in the study.

3.2 Research Design

The research design according to cooper and schindler (2003) provides answers to issues such as, techniques to be used to gather data, the kind of sampling strategies and tools to be used and how time and cost constraints would be dealt with.

Njana (2009) discusses three types of research design, namely; explanatory (this emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables), analytical (this is concerned with determining the cause and effect relationships).This study used descriptive and explanatory research design by combining both quantitative and qualitative research approaches to analyze data and obtain adequate information about realities of the study. The purpose of the research (a) descriptive to provide a detailed and accurate picture of the issue under study and document a causal process and report a context of a situation; (b) explanatory to test how and why certain enterprises are failed and why MEs development didn't bring an expected growth.

3.3 Study Area

These study was conducted in Agaro town Jimma Zone Oromia regional state south west Ethiopia. Aggaro is located to South west Ethiopia at 395 km away from Addis Ababa. Agaro town is founded in 1811 and has got master plan in 2006.The Agaro town has an area of 2614.5 hectares with 5 kebeles and have a sub- tropical climate with an altitude of 1704-2000 m.a.s.l. and a temperature range of 7.3 ºC to 31 ºC. The amount of rainfall ranges from 1450–1800 mm, which of 70% precipitation is in summer (May- September). In 2014 the population of Agaro

town was more than 45,616 (Agaro municipality Office 2015) which consisted of 52.1% male and 47.9% female. People in the town were engaged in different business activities. Majority of them engaged in small business such as retailer (Agaro municipality Office 2015). From Jimma zone woreda towns, relatively large numbers of micro and small enterprise operators are found in Agaro town, so that the researcher prefer to make a study setting at Aggaro town.

3.4 Target population

The target population of the study was only micro enterprises in manufacturing sector in the Aggaro town those registered by ministry of trade and market development. The population of this study does not include all MEs in Aggaro town due to limitation of resources. According to Aggaro town administration enterprise and industry development office (EIDO) (2019/20) inventory report, there are 967 MEs organized in manufacturing sector, but only 429 MEs were survived and there are the researcher target population.

3.5. Sampling and sample size:

Both probability and non-probability methods were employed in the sampling and selection process. Simple random sampling was applied as a typical method of probability sampling technique to select MEs and other members of the enterprises as respondents(owners). The reason behind is that the simple random sample is both the easiest random sample to understand and in simple random sampling, a researcher develops an accurate sampling frame, selects elements from the sampling frame according to a mathematically random procedure, then locates the exact element that was selected for inclusion in the sample. After numbering all elements in a sampling frame a researcher was used a list of random numbers to decide which elements to select. Yamane sample size determination formula was used.

The formula is written as $n = N / (1 + Ne^2)$

Where: n = Number of samples,

 N = Total population (429) and

e = Error tolerance.

Based on sample size determination formula, we can get sample of 207, at 95 % confidence level and 5% precision levels.

3.6 Sources of Data

In order to collect reliable data, both primary and secondary sources of data were the major focus of the researcher. To achieve the purpose of this study, the primary data were collected through questionnaire, interview and observation. Secondary sources of data were gathered from different published and unpublished documents, reports, electronic sources, magazines etc.

3.7 Methods of Data Collection

The researcher was used both quantitative and qualitative data collection methods. primary data was collected from the sampled respondents in the MMEs through questionnaires and interviews. Secondary data was collected from files, office manuals, reports, policy papers. Observations was also used to provide additional information where appropriate Survey was conducted to collect quantitative information, usually through the use of a structured and standardized questionnaire. The issues covered under survey method were all selected variables that significantly challenging the development of MMEs. The rationale behind is to generalize from sample to a population so that inference can be made about problem and situation of the target group.

On the other hand, in-depth interview, and observation was conducted to collect qualitative information. This qualitative tool helped to explore the topic as well as utilize the knowledge and beliefs of the operators about the challenges of MME. Qualitative methods help to find out what the issues are and the nature of the subject. In using this research method, the researcher was able to explore the attitude and perception of the beneficiaries on the support package provided by government and its implication on their success and failure, attitude and perception toward the micro enterprises strategy the operators have. The purpose of employing both qualitative and quantitative data collection method is to capture the wider data from the target group for the purpose of deep analysis and understanding the factors affecting the growth of micro manufacturing enterprises.

Structured questionnaire consists a set of questions that was presented to a respondent for answers. The questionnaire contains questions or variables that discuss the major challenges of

MEs and assistance that the operators needed from the government in the area of MEs operation and the like. In order to collect the necessary information (responses), both closed and open ended questions were developed and incorporated in the questionnaire. The questionnaire was designed in English language and translated in afan Oromo was administered to respondents in a face to face interview. The reason that I prefer to administer in this way is that it usually results in a higher response rate, preferable for survey addressing complex issues where some explanation was needed and reduces non-response to individual questionnaire items.

3.8 Reliability and Validity

The researcher was tried to avoid the error that likely happen due to shortage of instrument or inability of the instrument to measure what is intended to measure and crosses validate the response of the questionnaire with the document analyzed. Then, the improved language clarity of the questionnaire was used through refining the instruments and avoiding personal bias of the researcher. A performance of reliability test was used to check the consistency and accuracy of the measurement scales.

Reliability is the extent to which data collection techniques or analysis procedures was yield consistent findings (Sunders 2009). Ensuring the reliability of the instrument is possible through testing instruments. Regarding validity, the questionnaire was given a panel of experts who judge the appropriateness of the questionnaire to measure important aspects of the study.

3.9. Method of Data Analysis

To analyze the data, different kinds of statistical methods including descriptive statistics and inferential statistics (multiple regressions) were used. Furthermore, descriptive are applied for frequencies, percentage and mean value was computed using *STATA version 14 and SPSS version 23*. Then the data was analyzed and interpreted within necessary information collected from respondents. The analysis and interpretation was based on the respondent's responses and stated by simple and clear sentences to express the qualitative data and quantitative data. The quantitative data was mainly expressed by using table and chart, for percentage, mean values and rank order whereas the data collected through interviews and documents are analyzed qualitatively used concurrently to strengthen the analysis of the questionnaires.

According to Malhotra (2007) using descriptive survey method helped the study in picturing the existing situation and allowed relevant information using appropriate data collecting instrument. Both qualitative as well as quantitative analyze and interpreted to fulfill the objective of the study. The qualitative data was described and interpreted through conceptualization and explanation and it's for a justification of the reliability conducted; four important principles should be met: credibility, transferability, dependability and conformability (Eriksson & Kovalainen 2008).

3.10 Model specification

Within this study multiple linear regression model were used to achieve research objectives. The basic objective of using multiple linear regression analysis in this study was to make the research more effective in analyzing impacts of independent variables on the dependent variable. Additionally, according to Grigoroudis (2010); "Multiple linear regression method is used to study the relation between the independent variables and dependent variable.''(Gujarati 1995) defines a regression function as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots \beta_n X_n$$

Where Y is the dependent variable- growth of MMEs by profitability of enterprises.

Bn is the coefficient of independent variables,

Xn is independent variables.

Ui is error term. Ui can be described as;

$$Ui = Y - \beta_0 - \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

β_1 is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

Multiple linear regression model assumptions were conducted based on a Gujarati (1995) Checking goodness-of-fit carry significant benefits for the research; because once the model is fitted, it is effective in describing the outcome of variables. Let summarize each assumption one by one;

3.10.1 Normality: The distribution of residuals should be normal at each value of the dependent variable is one of multiple linier regression assumption. This means that errors are normally distributed, and that a plot of the values of the residuals was approximated a normal curve

(Keith, 2006). According to Gujarati (1995) ui are independently and normally distributed with mean zero and a common variance α^2 was given as; $ui \widetilde{} IN (0, \alpha^2)$

3.10.2 Linearity Test: Linearity is used check whether all the estimates of regression including regression coefficients, standard errors and tests of statistical significance are biased or not (Keith, 2006).

3.10.3 Homoscedasticity; the variance of residuals for every set of values for the independent variable is equal and violation of Heteroscedasticity. This means that the researcher assumes that errors are spread out consistently between the variables. Symbolically described as follow;

$$\text{var} = \left(\frac{ui}{x1,.....,xk!}\right)\alpha^2$$

For all I *Ui* is disturbance term or error term Xk is explanatory variable α^2 is the constant or homoscedastic variance of *ui*

3.10.4 Multicollinearity: it meant the existence of a perfect or exact, linear relationship among some or all explanatory variables of a regression model. If there is perfect collinearity among the independent variables, their regression coefficients are indeterminate and their standard errors are not defined. Therefore, independence of independent variables was tested by Variance inflation factor (VIF) and tolerance.

$$VIF(Xj) = \frac{1}{1-RJ}2 \qquad\qquad \text{Tolerance 1-R}^2$$

Where; Xj = the jth explanatory variables regressed on the other independent variables.

RJ^2 = the coefficient of determination when the variable Xj regressed on the remaining explanatory variable.

3.11 Ethical Considerations

All participants that may include in the study was properly informed about the purpose of the study and their willingness and agreement would have secured before filling up the questionnaire and conducting interview. The study also maintained the confidentiality of the identity of each participant.

CHAPTER FOUR:

DATA ANALYSIS AND INTERPRETATION

4.1.Introduction

In this chapter, both descriptive and explanatory data analysis and procedures are presented. The data analysis follows the phases discussed in chapter three (under research design and analysis methods). The first phase involves editing, coding and the tabulation of data. The main aim of this chapter was presenting the primary and secondary data that was collected during this study. These data were collected in order to answer the main objective of the study, which is to identify the main factors that affect the growth of micro manufacturing enterprises in Aggaro town. The data was then checked for possible erroneous entries and corrections made appropriately. The data were entered by using *STATA version 14 and SPSS version 23* and the results of the descriptive analyses are presented first, followed by the explanatory analysis.

4.2 Response rate of respondents

Based on sample size 207 questionnaires were prepared and distributed to the participants and 207 questionnaires were analyzed. Due to this reason, 100% of the distributed questioners are collected, almost all respondent expresses their view properly.

4.3 Demographic data of the respondents

The influence of an entrepreneur's age, gender, level of education, work experience duration of business in operation and family background on the growth of MSEs was examined. These were chosen because various researchers had found significant relationships between these factors and the growth of MSEs (Storey, Wiklund and Shepherd 2003).

4.3.1 Distribution of sex of respondents.

Data was sought on whether respondents were males or females. The study found it important to analyze gender distribution of the respondent so as to compare the level of participation in business enterprises. The study gave no preferential consideration to none of the gender in the selection of respondents. Respondents were therefore asked to indicate their gender. The responses were as shown in figure below

Figure 4.1: **Gender of the respondents distribution**
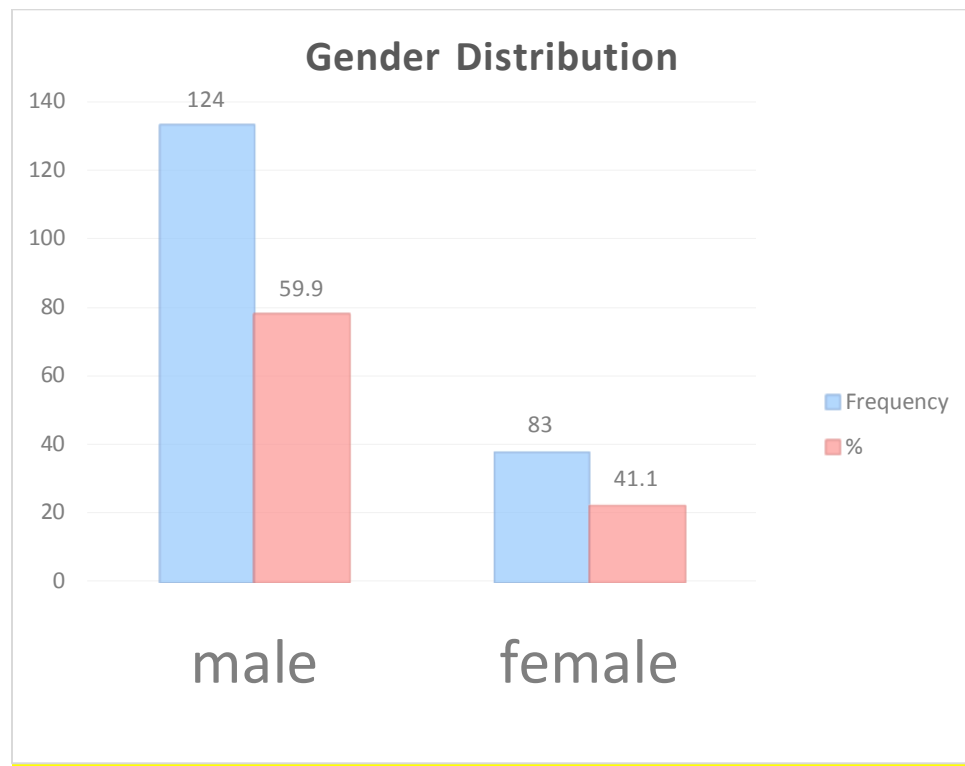
Gender Distribution

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows the sample was larger percentage of males than females. Which is 59.9% male and 41.1% were female. This indicates still the females were not actively involved in manufacturing sector compared to male. Even though 50% of our countries people are female, but this government attention sector activated without half those half present participation of female. This is supported with the finding of (julius koorio kimunga,2009) which is 59.9% were males and 41.1% were females

Fuger 4.2 Presentation of age distribution

Respondents were asked to indicate their age group in years. This was done to understand the age distribution of the respondents since an individual's age was not a consideration in the selection of respondents in this study. Age groups were classified into **five** categories: $18-30$ years; $31-40$ years; $41-50$ years and 51-60 years.The responses were as shown in Table below

Age distribution of the respondents
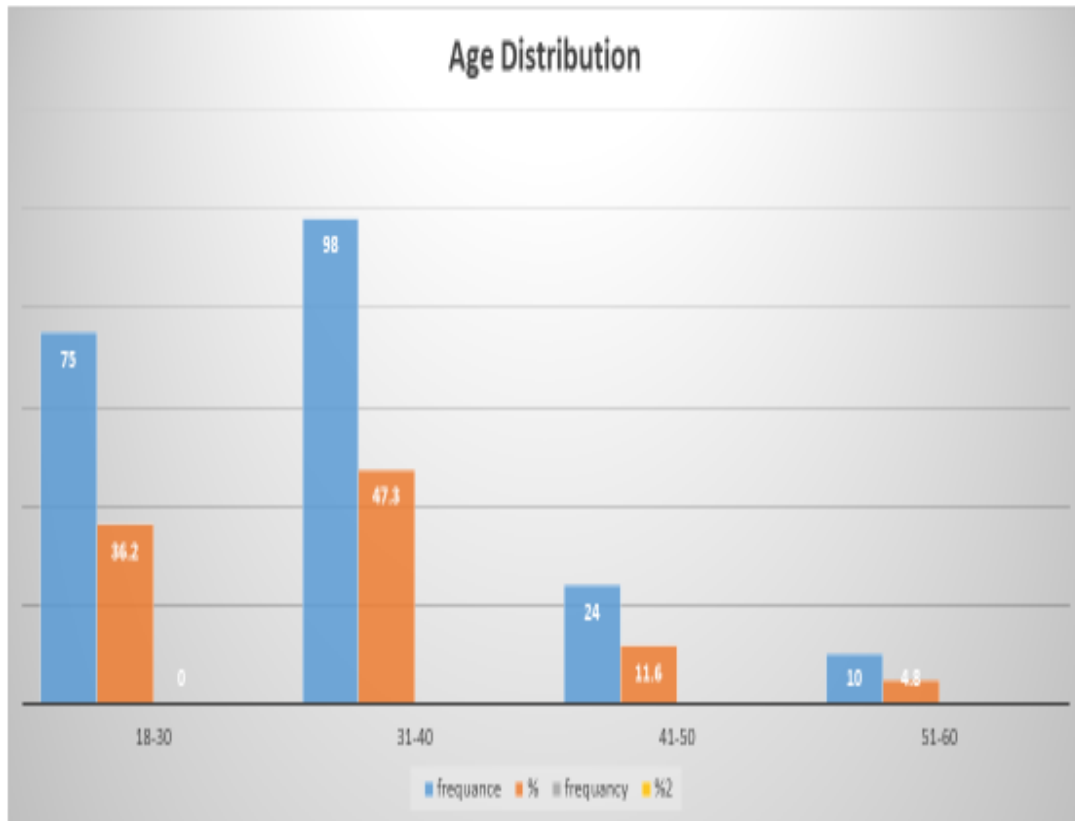
Source 2020 : Own computation and custom table generated from SPSS data set

From the table it can be seen that the majority of the micro enterprise owners that were included in this study was between the ages of 18-30 years old (36.2%). Next to this 47.3%. 11.1% and 6.4% were included the age between 31-40, 41-50 and above 51 respectively. The mean age of this sample was 1.56 years old, showing a relatively young and youthful population of micro enterprise owners. This finding is consistent with Bowen et al (2009,) who found that most micro businesses were run by individuals within the age bracket 25- 34 years old, and contradict with finding of (julius koorio kimunga,2009) Majority (82.1%) of the small scale business people were aged between 31 and 50 years.

Figure 4.3 Distribution of marital status
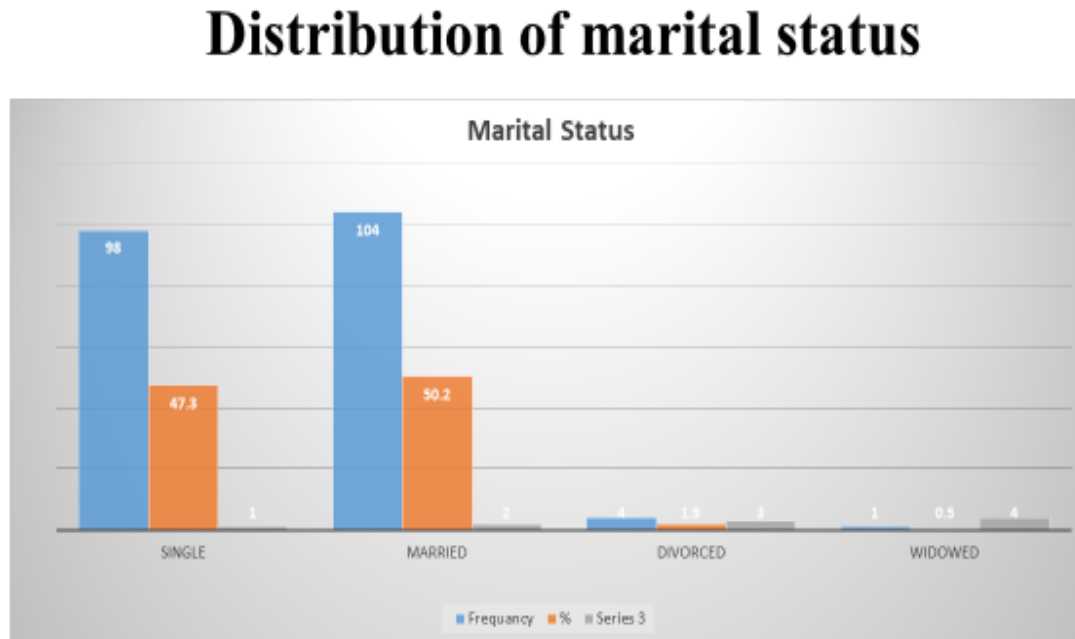
Source 2020 : Own computation and custom table generated from SPSS data set

The figure above shows marital status of the respondents lead bay single which is 67.3%. following to this married share is 28.1%, divorced 2.9% and widowed were 1.8%. This analysis is being done to show the correlation between business growth or survival and marital status of entrepreneurs.

We found out that those who are not married have enough time to plan and improve their business as compare to those who are married since they have to divide their time and attention for taking care of their homes and other stuffs.

4.4: Distribution of Respondents by Level of Education

The respondents were asked to indicate their highest level of education. Respondent's level of education was considered important in this study in respect to responding to the research instruments as well understanding the micro enterprise growth. The options that were provided in

this item were: Illiterates and read and write only, Primary Level, secondary level, TVET, diploma; 1st degree and above. The responses were as shown in the table below.

Figure 4.4: Distribution by Education level of respondent

Distribution by Education level of respondent
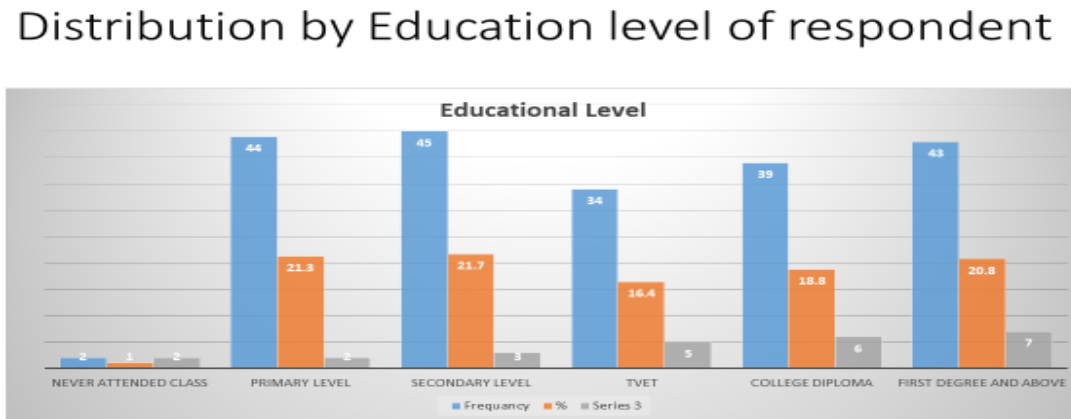
Source 2020 : Own computation and custom table generated from SPSS data set

From the above table, that the majority of micro enterprise owners had attained secondary level (21.7%) followed by primary level 21.3%, first degree 20.8%, collage diploma leve 18.8%, TVET level 16.4% and uneducated level 1.0%. These results show that the education level of the micro enterprise owners is relatively high with the majority having been graduated secondary school. This indicates the manufacturing sector was mostly occupied by the secondary school graduated which is proportionally seems to Government strategy. Therefore, the data collection procedures used in the study were based on the assumption that the respondents were literate and had basic understanding of the importance of research and therefore they would willingly act as the respondents in the study. This finding is similar to (caroline nyokabi itibe, 2016) which is 36% of diploma certificate.

4.3.2: Distribution by Duration of business in operation

Respondents were asked to indicate how long the business in operation. The study found it important to analyze the duration for which the business had been in operation because the duration enhances the understanding of the factors affecting microenterprise growth. The data was clustered and categorized as shown in Table below.

Table 4.1 Presentation of distribution by Duration of business in operation

| Duration of operation	Frequency	%
Less than a year	73	35.3
1-2 years	89	43.0
Above 3 years	45	21.7
Total	207	100.0

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows that majority of micro enterprise owners respondents (43%) have been running their business for less than 2 years followed by less than a year (35%) and (21.7%) were run above 3years. This result supports the findings of (caroline nyokabi itibe, 2016) which is 36% of the businesses had been in business for one year or even less.

4.4: Enterprises business profile

4.4.1: Reason to start the business

The respondents were asked about their reasons that initiate them to operate as MSEs and provide the following responses.

Table 4.2: Reasons that initiate the respondents to start their business

Reason to start business	Frequency	%
Profitability	64	31
no alternative	72	34.7
government incentives	47	22.7
previous experience	24	11.6
Total	207	100.0

Source 2020 : Own computation and custom table generated from SPSS data set

The results in Table 4.2 above indicate that, more than half of the respondents (34.7%) join to micro enterprises due to lack of other alternatives. This was followed by expectation of

Profitability (31%), government incentives (22.7%), and previous experience in the same business (11.6%) respectively.

This supports the findings of Halkias et al (2011). But there is a deviation between the findings of this research and the findings of Gebrehiwot & Wolday (2004). Gebrehiwot & Wolday (2004) found that the two primary reasons to join MSEs were thought of profitability (43.6%) and skill in the activity (38.4%).

4.4.2: Distribution by number of employees at initial

Respondents were asked to indicate how many employees were working in the business enterprises. The data was clustered and categorized as shown in Table below

Table 4.3: how many member does the enterprises have at start the business

Number of employee	Frequency	%
1-3	156	75.4
4-5	45	21.7
6- and above	6	2.9
Total	207	100.0

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows that most of the enterprises (75.4%) have 3 and under 3 employees. This is followed by 4-5(21.7%) and which have 6 and above are (2.9%). This supports the finding of (caroline nyokabi itibe, 2016)and (weldegebriel mezgebe,2012)which is 57% and 47% respectively of thebusinesses are operated with less than 4 employees and confirm the limited growth of such businesses.

Table 4.4: current members of the enterprises.

Current members of employee	Frequency	%
1-3	203	98
4-5	4	2
Total	207	100.0

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows that most of the enterprises (98%) have 3 and under 3 employees and

(2%) have 4-5 members.

The aim of this information is to determine whether the numbers of members are increased or decreased. As it can be observed from table above, the numbers of members when the business is started are greater than the current numbers of members. Unstructured interview was conducted to identify the reason for the enterprises that have high percentage of decrease in members This is by different cases like lack of management skills of managers, conflict between members, lack of working capital and lack of adequate market are the main reason of turnover. This was supported by (weldegebrel mezgebe,2012) finding which is decreasing 17.9 mean to 9.36 men from initial to current.

Table 4.5: Initial capital of the enterprises.

Capital category	Frequency	%
0-10,000	65	31.4
10,001-30,000	87	42
30,001-50,000	26	12.6
50,001 and above	29	14
Total	207	100.0

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows that majority of the enterprises (42%) initial capital were between birr, 10,001-30,000. This is followed by (31.4%) were found between birr. 0-10,000, (14%) are above 50,001 birr and them are between birr,30,001-50,000 were (12.6%).

Table 4.6: Current capital of the enterprises

Capital category	Frequency	%
50,01-25000	56	27.1
25001-50000	65	31.4
50001 and above	86	41.5
Total	207	100.0

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows that majority of the enterprises (41.5) current capital is birr, 50,001

and above. This is followed by (31.4%) were found between birr, 25,001-50,000 and (27.1%) of them are between birr, 5,001-25,000.

As it is mentioned in earlier chapter micro are enterprises whose capitals are up to 20,000 birr. Those enterprises are taking the majority in Ethiopia. (bereket tadesie 2010)

By comparing initial capital of the MSEs with current capital, there are significance differences in the capital amount invested. In table above most of the MEs (41.5%) current capital is birr, 50,001 and above where initial capitalwhere 10,001-30,000 (42%).

4.7.Source of finance to start the business

Respondents requested sources of working capital to start the business and the responses listed in below tables.

Table 4.7: Source of finance to start the business

Source of finance		Frequency	Valid Percent
Valid	Own personal saving	29	14
	Loan from relatives	4	2
	MFIs loan	126	60.8
	family support	48	23.2
	Total	207	100.0

Source 2020 : Own computation and custom table generated from SPSS data set

The above table shows the principal sources of finance for the MSEs in the study. A large proportion (60.8%) of respondents started their business by borrowing money from micro finance institutions. This was followed by money obtained from family support (23.2%), own personal saving (14%), loan from relatives (2%). And none of the respondents got money from bank loans and NGOs.

This is supported, Gebrehiwot & Wolday (2004) reported informal source of finance as the major source of finance for MSEs which accounts for about 87% whereas the contribution of banks was insignificant (1.9%). From this we can observe that the contribution of MFIs has increased whereas the contribution of banks decreased from1.9% and NGOs to 0%.

45

Figure 4.5: Profitability of the business

Profitability of the business

profitablity

6.3
8..
84.1

■ at increasing sells and profit
■ at decreasing sells and profit
■ no change on sells and profit

Source own survey 2020

The above table shows The respondents were asked about the profitability of the business and the responses were 84.1% at increasing sells and profit, 8.7% a decreasing sells and profit, 6.3% no change on sells and profit, and 2% very low. This is supported by the finding of (woldegebrel mezgebe2012) which is 47.4% medium, 12.2% low. The respondents requested the case of medium and low profitability and most of them responded insufficient Government supports, lack of available market, lack of infrastructure and skilled man power are the main the constraints to perform well.

4.4.3: Distribution by type of business

Respondents were asked to indicate the type of business they operate. The data was clustered and categorized as shown in figure below

Figure 4.6: The main type sub-sectors of the enterprises

The main type sub-sectors of the enterprises
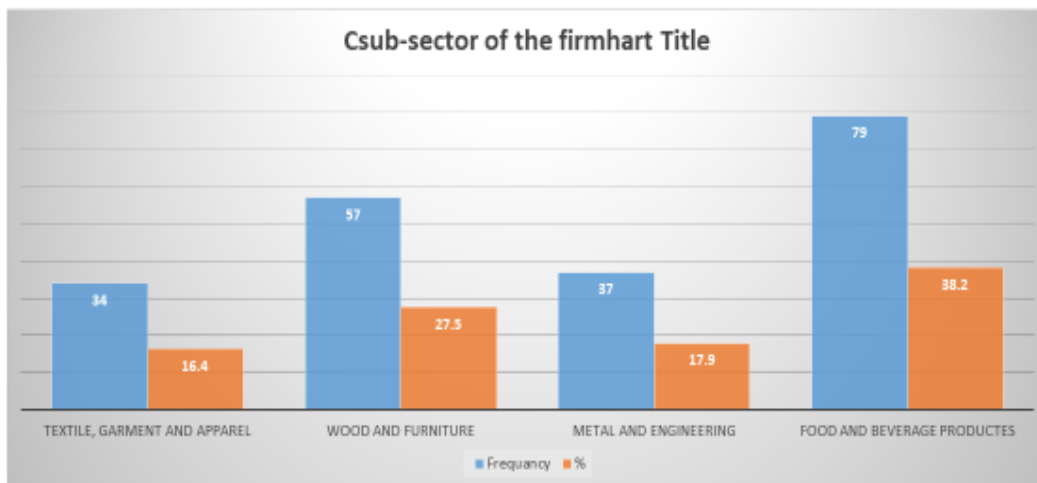
Source own survey 2020

The table above shows that most of the respondents (38.2%) are organized under food and beverage product work. This is followed by (27.5%) are operating under wood and furniture, (17.9%) are Textiles, Garment and apparel and Leather and Leather Products and (16.4%) are metal and engineering. Thus, the main reasons mentioned by the respondents were because of micro enterprises avoid engaging in capital intensive ventures and concentrate mainly on ventures that requires less capital to start the business and there is lack of appropriate training, sufficient infrastructure and work place to operate the business like wood work, metal, garment and leaser production.

Table 4.8 Have Work Premises

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	207	100.0	100.0	100.0

As table above shows the respondents were (100%) are have work premises.

Table 4.9: Sources of working premises of the enterprises

Source of work place		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rented	58	28.0	28.0	28.0
	cluster or government owned	73	35.3	35.3	63.3
	Own	37	17.9	17.9	81.2
	family permises	39	18.8	18.8	100.0
	Total	207	100.0	100.0	

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows that the major source of work place (35.3%) of the enterprises was that they got from government without price. This is followed by (28%) were get rented from private owners,(18.8%) are worked on their family space and (17.9%) are worked on by own work places.

Table 4.10: The attraction level of working place to the customer.
Acceptance of Business Location to the customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	168	81.2	81.2	81.2
	No	39	18.8	18.8	100.0
	Total	207	100.0	100.0	

Source 2020 : Own computation and custom table generated from SPSS data set

As table above shows the respondents were asked on the attraction of working place (81.2%) respondents indicate as they do not have attractive work place. This is followed by (18.8%) attractive.

Table 4.11 Promote your Production to compute in the market

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	121	58.5	58.5	58.5
	No	86	41.5	41.5	100.0
	Total	207	100.0	100.0	

Source 2020 : Own computation and custom table generated from SPSS data set

As table above shows the respondents were asked on the promotion of the product "Yes"

(58.5%) are used promotion of the product and respondents do not used promotion "No"(41.5%) are not used promotion.

Table 4.12 which type of Promotion used

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Printing media	34	16.4	28.1	28.1
	electronic media	43	20.8	35.5	63.6
	On bazar and exhibition	44	21.3	36.4	100.0
	Total	121	58.5	100.0	
Missing	System	86	41.5		
Total		207	100.0		

Source 2020 : Own computation and custom table generated from SPSS data set.

The table above shows that the type promotion used (21.3%) of the enterprises was promote on Bazar and exhibition (20.8%) are promote by electronic media,(16.4%) are used on printing media promotion system.

Table 4.13. Why not used promotion

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	lack of knowledge	29	14.0	33.7	33.7
	lack of advertisement opportunity	32	15.5	37.2	70.9
	because it is too coasty	8	3.9	9.3	80.2
	others (specify)	17	8.2	19.8	100.0
	Total	86	41.5	100.0	
Missing	System	121	58.5		
Total		207	100.0		

Source 2020 : Own computation and custom table generated from SPSS data set

The above table shows The respondents were asked about the reason of why not used promotin   (15.8%) are in lack of advertisement opportunity, (14.0%) lack of knowledge,(8.2%) in other case eg; Tappella, (3.9%) promotion is too coasty.

Table 4.14. Entrepreneur Skill before start your business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	146	70.5	70.5	70.5
	No	61	29.5	29.5	100.0
	Total	207	100.0	100.0	

Source 2020 : Own computation and custom table generated from SPSS data set.

The table above shows that the entrepreneur skill before start business (70.5%) more of respondent are have entrepreneur skill before start business(29.5%) are no entrepreneur skill before start business.

Table 4.15: The presentation where the business owners acquire the entrepreneur skill

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Training	36	17.4	24.7	24.7
	Experience	79	38.2	54.1	78.8
	Education	20	9.7	13.7	92.5
	Naturally	11	5.3	7.5	100.0
	Total	146	70.5	100.0	
Missing	System	61	29.5		
Total		207	100.0		

Source 2020 : Own computation and custom table generated from SPSS data set

The table above shows that Acquire of capability entrepreneur skill before start business by government to success of that enterprise (38.2%) are by experience get entrepreneur skill before start business (17.4%) are by training get entrepreneur skill before start business,(9.7%) are by education get entrepreneur skill before start business,(5.3%) are by naturally get entrepreneur skill before start business.

Table 4.16 Entrepreneur skill before start business does affect your business growth

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	33	15.9	100.0	100.0
Missing System	174	84.1		
Total	207	100.0		

Source 2020 : Own computation and custom table generated from SPSS data set.

The above table shows The respondents were asked no **entrepreneur skill before start business are affect business growth** (100%) are does affect business growth.

Table 4. 17. Do you have Business Lisence

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	174	84.1	84.1	84.1
No	33	15.9	15.9	100.0
Total	207	100.0	100.0	

Source 2020 : Own computation and custom table generated from SPSS data set.

The table above shows that majority of the enterprises (84.1%)   to have   buseness license, and(15.9%) does not business licensed..

Table 4.18   does affect your business growth

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	33	15.9	100.0	100.0
Missing System	174	84.1		
Total	207	100.0		

Source 2020 : Own computation and custom table generated from SPSS data set.

The table above shows that all of respondents (100%) are does affect business growth.

4.5. Measurement of mean and standard deviation of the variables

The mean and standard deviation measurement is used to understand how independent variables are influenced dependent variable at high, moderate or lower case.

No	Mean Score	Description
1	< 3.39	Low
2	3.40 - 3.79	Moderate
3	> 3.80	High

4.5.1 Managerial expertise factors

A successful manager is one who understands his business environment, both internal and external. He or she does not only understand, but is prepared, equipped and ready to handle any turbulence that emanates from the environment. These include competitors, customers, government agencies, labour organizations, and financial institutions *etc*. (Hisrich *et al*, 2010,

Table 4.19: Managerial expertise factors.

No	Question	N	Mean	Std. Deviation
	Managerial expertise factors			
1	Lack of knowledge of entrepreneurial and managerial capacity	207	3.97	1.007
2	lack of coordination of production process	207	3.66	0.955
3	Lack of formal education and training in proper business management	207	3.28	1.12
4	Lack of technical knowledge to lead business of enterprises	207	3.16	1.16

Source own survey 2020

On the above table 4.17 the item number 1 respondents were requested lack of knowledge of entrepreneurial and managerial capacity affects the growth of MEs indicated higher case. Which is scored a mean of 3.97 and 1.00 standard deviations. which implies that concerned Lack of knowledge of entrepreneurial and managerial capacity in Aggaro town in order to manage enterprises to make profitable. This is supported with the findings of (caroline nyokabi itibe,

2016) stated that majority of the respondents acknowledged that operational skills promote efficiency and profitability of the businesses.

On the question no. 2 that respondents were required lack of lack of technical knowledge to lead business of enterprises indicated moderate influences that scored mean of 3.66 and 40.1% of the respondents agree on the challenges of this factor. This finding is also indicate the micro enterprises in Aggaro town were affected by this problem at moderate level.

The factors number 3 and 4 were asked the respondents; lack of coordination of production process and Lack of formal education and training in proper business management were how does they affects the growth of MEs in Aggaro town. both questions are responded at lower case that Mean of 3.28 and 3.16 respectively. These indicates minority of respondents accepts these problems that affect the growth of MEs in Aggaro town.

4.5.2 work premise factors

Work premises are one of encourage instruments of MEs which provide from government and non-Government bodies. The respondents were requested the question related to this factors listed below how much it influence the growth of MEs.

Table.4.20: work premises factors

	Questions	N	Mean	Std. Deviation
1	Absence of work premises	207	3.6	1.1
2	Current working place is not convenient	207	3.7	1.1
3	The rent of house is too high	207	3.8	1.1
4	The Location the enterprise is bad	207	3.36	1.245
5	current work place is Insufficient to the business a	207	3.42	1.06
6	Have no infrastructure	207	3	1

Source own survey 2020

The table above shows question no,1 the respondents requested how much absence of work place does affect the growth of the firm and the majority of the respondents in Aggaro town were agree on the affected of this factor that scored mean of 3.6 which was the moderate case

category. This is supported the finding of (welde gebriel mezgebe, 2012) indicated more than half of the MSEs has no permanent working space.

The question requested on item 2 is Current working place is not convenient, is supported by the mean of 3.7. Also this factor is moderate affected the growth of MEs in Aggaro town.

Item 3. Question was rent of house is too high,were score 3.8 Also this factor is high affected the growth of MEs in Aggaro town. Item 4 Location of the enterprise is bad were score 3.36 which was the lower case category ,Item 5 current work place is Insufficient to the business activities were score 3.42 Also this factor is moderate affected the growth of MEs.Item no 6 Have no infrastructure were scored 3.00 which was the lower case category. This is supported with the finding of (welde gebriel mezgebe, 2012) that respondents indicated located in uncomfortable location (78.1%). The rent of house is 95% and in attractive 52.6%.

4.5.3 Infrastructural factors

Ejembi and Ogiji (2007, p. 7) have found that poor infrastructure (location) hampers small business growth. Poor infrastructure includes bad roads, inadequate water supplies and erratic electricity supply. Mbonyane and Ladzani, (2011)

Table 4.21: Infrastructural factors

3	Questions	N	Mean	Std. Deviation
1	Power interruption	207	4	1
2	Insufficient and interrupted water supply	207	3.7	1.09
3	Lack of telephone and internet service	207	3.3	1.1
4	Lack of sufficient and quick transportation service	207	3.20	1.096

Source own survey 2020

From the question no 1 developed for this research Power interruption at higher case scored mean of 4 which was the moderate case category. On the item no.2 Insufficient and interrupted water supply which scored moderate case mean of 3.7 and only 68.6% of the respondents were agree on this factor. Therefore, this indicates this problem is no more challenged on the growth of micro manufacturing enterprises in Aggaro town. On the item no.3 lack of telephone and internet services also score lower case mean of 3.3 and 48.8% of the respondents were agree on

the effects of this factor. These indicated the power interruption and lack of telephone and internet services was highly influenced on the growth of micro manufacturing enterprises in Aggaro town. But, this finding is contradict with the finding of Rahel & Paul, (2010) in which access to power is not reported as a significant problem.

On the question no. 4 lack of sufficient and quick transportation service indicated lower influences that scored mean of 3.20 and 45.9% of the respondents agree on the challenges of this factor. This finding is also indicate the micro enterprises in Aggaro town were affected by this problem at lower level.

4.5.4 Market related factors

Marketing related factors is determined in many enterprises asone of the challenges that confronting MEs that affecting their growth. Concerning This factors there are developed some questions for this research whether it affect the growth of MEs in Aggaro town.

Table 4.22: Market related factors

4	Questions	N	Mean	Std. Deviation
1	Inadequate market for our product	207	3.43	1.09
2	Lack of knowledge Searching new market	207	3.58	1.12
3	Poor product quality to attract market	207	3.55	1.1
4	Lack of promotion to attract potential users	207	3.62	1.067
5	Poor customer relationship and handling	207	3.42	1.12
6	Unfair competition	207	3.5	1.1
7	Poor market location to attract customer	207	3.4	1.1
8	Absence of relationship with an organization that conduct marketing research	207	3.5	1

Source own survey 2020

The questions developed for this research listed in the table above shows the score of different mean and standard deviation. In relation to item 1 respondents were requested whether Inadequate market for their product and the level it affects the growth of MEs. As shows in the table above this problem finding is scored on moderate mean 3.43.

In relation of item no.2 the respondents asked whether they face lack of knowledge for searching new market in order to grow sells and profit. For this question the majority of the respondents (62.3%) were agree moderate case of mean 3.58 scored on the happened of this problem. This indicates lack of knowledge to search new market has an impact on the growth of MEs in Aggaro town.

The question number 3 provide to the respondents were whether they face Poor product quality to attract market is happened in the firm. This is scored moderate case that mean of 3.55 the majority of the respondents(59%) were agree on the effects of this problem.

In item no. 4 the respondents was asked whether lack of promotion to attract potential users is affected the growth of MEs in Aggaro town. The respondents suggest this factor as very critical problem to grow sells and profit by promoting their production. The majority of the respondents were highly strong agree on the impact of this problem and scored in moderate case mean of 3.62 is scored. This indicated lack of promoted the product to the customer is moderate influence the growth of MEs in Aggaro town.

On item no.5 Poor customer relationship and handling indicated moderate influences that scored mean of 3.42 and 56.5% of the respondents agree on the challenges of this factor. This finding is also indicate the micro enterprises in Aggaro town were affected by this problem at moderate level.

On Item no 6 the respondents was asked whether Unfair competition is affected the growth of MEs in Aggaro town. The majority of the respondents (58%) were highly strong agree on the impact of this problem and moderate case mean of 3.5 is scored. This indicated unfair competition is moderate influence the growth of MEs in Aggaro town.

On item no.7 Poor market location to attract customer indicated moderate influences that scored mean of 3.4 and 49.3% of the respondents agree on the challenges of this factor. This finding is

also indicate the micro enterprises in Aggaro town were affected by this problem at moderate level.

In relation to question no. 8 the respondents were asked how much does absence of relationship with an organization that conduct marketing research is influence the growth of MEs in Aggaro town. Based on this the problem is scored the mean of 3.5 which indicates moderate affected the growth of Micro manufacturing enterprises in Aggaro town. This is supported by The finding with earlier studies conducted by Rahel & Paul (2010), Asegedech (2004), and Eshetu & Mammo (2009) who found that various marketing factors negatively impact upon small business performance.

In relations of this finding the other researchers also explain in "Demand for a product establishes a market for it".(Kamau and Munandi, 2009).. If the demand is high, the market becomes vibrant. The converse also applies. A decline in demand may result to shrinking market. Demand for different products will affect other products depending on the nature of their relationship whether complimentary or substitute. If they are complimentary, then an increase in demand for one product will cause an increase demand for the other. (Kamau and Munandi, 2009).

It is generally recognized that SMEs face unique challenges which in affect the growth and profitability of SMEs and hence diminish their ability to contribute effectively to sustained development (Wanjohi, 2009).

4.5.5 Financial factors:

Past researches conducted by Olawale & Garwe (2010), Rolfe et al (2010), and Eshetu & Mammo (2009) seem to suggest that financial factors have been a major and significant challenge to MSEs.Concerning to the above findings there are questions developed for this research related to financial factors. The respondents were requested about six financial related questions to test how much financial factors affects the growth of MEs in Aggaro town.

Table 4.23 Financial Factor

No	Questions	N	Mean	Std. Deviation
1	Inadequacy of credit institutions	207	4.17	1.00
2	Lack of business plan preparation skills	207	3.9	0.81
3	Loan application procedures of lending institutions are too complicated	207	4.1	1
4	Shortage of working capital	207	3.93	0.92
5	Lack of cash management skill	207	3.95	2.249
6	Fear of collateral requirement from lending institutionon MEs	207	3.86	0.84
7	Fear of high interest rate charged by lendinginstitution on MEs	207	3.82	0.908
8	Lack of borrowers institution option	207	4	1
9	Shortage of access to loan	207	4.08	0.93

Source own survey 2020

In relation to item no.1Inadequacy of credit institutions of the respondents agree and it scored mean of 4.17 which indicates there is limited credit institution to provide credit service to MEs, and this factor is highly affected the growth of MEs in Aggaro town.

The question no. 2 provided for the respondents were whether lack of business plan preparation skills is constraints in financial related factors. As shows in the table above it is higher case due to influence the growth of MEs which score mean of 3.9. This indicates there is lack of preparing appropriate Business plan to get credit from MFIs and it affects the growth of MEs in Aggaro town.

Concerning to question no. 3 the respondents asked whether the Loan application procedures of lending institutions are too complicated and affected the enterprise growth. As the above table indicate higher level it score mean of 4.1 which is majority of the respondents are agree as it is critical problem to borrow money from MFI in order to grow the business.

The question no. 4 Shortage of working capital indicated higher influences that scored mean of 3.95 and 74.8% of the respondents agree on the challenges of this factor. This finding is also indicate the micro enterprises in Aggaro town were affected by this problem at higher level.

On Item no 5 the respondents was asked whether Lack of cash management skill is affected the growth of MEs in Aggaro town. The majority of the respondents (61.8%) were highly strong agree on the impact of this problem and scored in higher case mean of 3.95 is scored. This indicated unfair competition is higher influence the growth of MEs in Aggaro town.

The question no. 6 provided for the respondents were whether Fear of collateral requirement from lending institutionon MMEs were affected the enterprise growth. As shows in the table above it is higher case due to influence the growth of MEs which score mean of 3.86 were affected by this problem at higher level.

The question no. 7 provided for the respondents were whether Fear of high interest rate charged by lendinginstitution on MEs were affected the enterprise growth. As shows in the table above it is higher case due to influence the growth of MEs which score mean of 3.82 were affected by this problem at higher level.

On item no.8 Lack of borrowers institution option indicated moderate influences that scored mean of 4 and 75.9% of the respondents agree on the challenges of this factor. This finding is also indicate the micro enterprises in Aggaro town were affected by this problem at higher level.

The last item of this factors were how much does the Shortage of access to loan is influence the micro manufacturing enterprises in the study area. In this case the majority of respondents were decided as it is critical problem. It was scored mean of 4.08 which indicates it influenced at higher case level.

In general, the above finding of financial related factors are supported with finding of Mulu (2007) found that firms applied for credit from formal sector but was rejected or never applied for credit due to various reasons other than no need for credit or high credit cost (interest rate), and suggested that this implies that MFIs do not seem to support MSEs expansion

Table 4.24: Summary of mean and standard deviation Measurements of the variables.

No	Independent variables	N	Mean	Std. Deviation
1	Managerial expertise factors	207	3.93	1.89
2	Work premises factors	207	3.6	1.1
3	Infrastructural related factors	207	4	1
4	Market related factors	207	3.36	1.14
5	Financial related factors	207	3.96	1.22

Source own survey 2020

4.6: Summary of mean and standard deviation.

The mean and standard deviation measurement result is used to know at what degree of the factors influenced the variable. In relation to this, the infrastructural factors scored mean of 4.00 this factor is highly affected the growth of MMEs in Aggaro town. The financial factors it is higher case mean of 3.96, Managerial expertise related factors it is higher case mean of 3.93, work premises related factors by the mean of 3.6. Also this factor are at moderate level affected the growth of MMEs.Market related factors are at lower case that Mean of 3.36. From the above finding the researcher obtained all factors are at higher, Moderate and lower level affected the growth of micro manufacturing enterprises in Aggaro town.

4.7 Association between independent and dependent variable

According to Wajahat (2010), before the start of regression analysis it is important to check the correlation test between dependent variable and independent variables. The Pearson correlation scale ranges from -1 to 1, any value greater than zero indicate a positive direct relationship between the two variables, which implies that every increase in the independent variable will lead to increase the dependent variable, while any value less than zero indicate a negative indirect relationship between two variables, this means that every increase in the independent variable will lead to the decrease on the dependent variable (Hafiz, 2007). Different authors suggest different interpretations; However, Cohen (1998) suggests about strength of relationship as: $r = 0.10$ to 0.29 0r -0.10 to -0.29 small(weak) relationship, $r = 0.30$ to 0.49 or -0.30 to -0.49 medium (moderate) relationship and 0.50 to 1 or -0.50 to -1 large (strong) relationship. The following table shows the relationship between each variable.

Table 4.25: Correlations analysis

Managerial	1.0000				
Working	0.5302	1.0000			
Infrastruc~l	0.4371	0.1904	1.0000		
Marketing	0.5060	0.7161	0.3178	1.0000	
Financial	-0.0628	0.4131	-0.0045	0.3867	1.0000

**. Correlation is significant at the 0.01 level (2-tailed).

Source own survey 2020

Commencing from investigation it can be noted that, managerial, work premises, marketing, Infrastructure factors have significant and positive relationship with growth of micro manufacturing enterprise and Financial factors have significant and negative relationship with of MMEs.Therefore, they have correlated and strong association among each other.

4.8 Multiple linear regression assumptions

Testing assumption of multiple linear regression analysis models is very important before running regression analysis. So each assumption results were discussed in the following sub topics. In the previous section of this paper the descriptive and inferential analysis was carried out separately with the existence of association between the dependent and independent variables with the intension identifying factors affecting growth micro enterprise of manufacturing sector. However, identification of these factors is not enough for meaningful conclusion. Therefore, the influence each independent variable must be assessed and identified sequentially. The researcher used multiple linear regression models assumptions as follow.

4.8.1. Multicollinearity Test between independent variables

According to Gujarati (2003) Multicollinearity tests helps identify the high correlation between explanatory variables and to avoid double effect of independent variable from the model. When independent variables are multicollinear there is overlap or sharing of predictive power. Predictor variable should be strongly related to dependent variable but not strongly related to

each other. This may lead to the paradoxical effect, whereby the regression model fits the data well but, none of the explanatory variables (individually has a significant impact in predicting the dependent variable. For this purpose, variance inflation factor (VIF) and tolerance test were used to check Multicollinearity for variables if the value of VIF is less than 10 there is no Multicollinearity and on the other hand if VIF greater than or equal to 10 there is a serious Multicollinearity problem.

According to Gujarati, (2003) to avoid serious problem of Multicollinearity omitting the variable with 10 and more from the analysis, in addition tolerance is an indicator how much of the variability of independent variable is not explained by the other independent variable in the model and is calculated using the formula 1- R^2 for each variable. If the value is very small (less 0.1), it shows the multiple correlation with other variable is high.

Table 4.24: Multicollinearity Test between independent variables

Variable	VIF(Variance Inflation factor)	1/VIF Tolerance
Working	2.57	0.389151
Marketing	2.37	0.421725
Managerial	1.99	0.503025
Financial	1.48	0.676333
Infrastruc~l	1.29	0.774130
Mean VIF	1.94	

Source own survey 2020

Table 4.25 Shows the division result that the value of VIF all variables were by far less than 10 and the value of tolerance statistics being above 0.1 they were accepted entered in to regression model for the estimation of variables.

4.8.2: Normality test

Normality assumption is around the mean of the residuals is zero and used to determine whether a data set is well modeled by a normal distribution or not and also to indicate un underlying random variable is to be normally distributed (Gujarati.2009). There the researcher was used histogram methods of testing the normality of the data. If the residuals are normally distributed about its mean of zero, the shape of histogram should be a bell-shaped and regression standardized residual plotted between -3.3 and 3.3. From the figure below data normality can be indicated.

Figure 4.7: Histogram(Normality test) Regression Standardized Residual
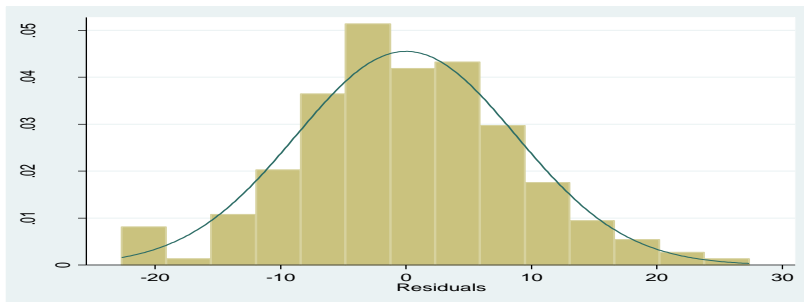
Source; survey result, 2020

4.8.3 Linearity Test

Linearity is used to check whether all the estimates of regression including regression coefficients, standard errors and tests of statistical significance are biased or not (Keith, 2006). This can be checked by p-p plot residuals as indicated by figure 3 below. There is no linearity problem on the data for this study if p-p residual follows at straight line

Figure 4.8: Linearity Test

Dependent variable:

63
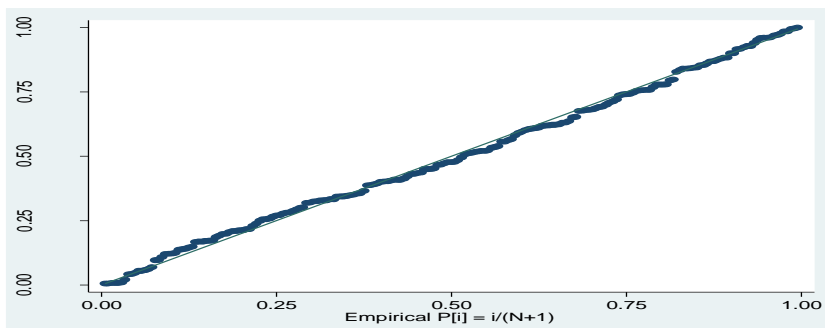
p-p plot; Linearity test results
Source; survey result, 2020

4.8.4 Heteroscedasticity test

Heteroscedasticity is the equality or violation of the residuals for every set of values for independent variable. So the researchers assume that errors are spread out constantly between the variables. Heteroscedasticity problem exist when scatter plot is greater than 3.3 and less than -3.3. Therefore, as it was indicated in figure 4 below the data did not violate Heteroscedasticity assumption and instead it was homoscedastic.

Figure 4.9 **Heteroscedasticity test**
Scatter plot
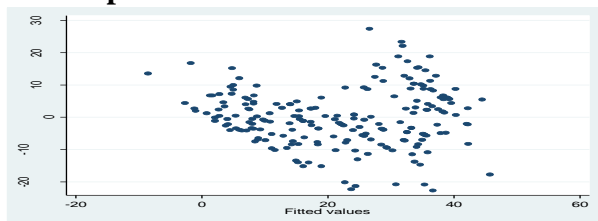
Scatter plot Heteroscedasticity test result
Highly enterd
Source; Survey result, 2020

4.9 The effect of independent variables on growth of micro manufacturing enterprise

After the model assumption was checked presentation and interpretation of the analysis output is mandatory. The prediction or estimation of the value one variable (the dependent or the predicted variable; called as Y from one or more independent or predictor variables (called as X) (Keith, 2006).

Table 4.25: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.822[a]	.675	.667	8.87426	1.697

From table 4.25 it can be seen that R value is .822[a]. Consequently, R value designates that there is a strong positive relationship between finance, work premise, managerial, marketing and infrastructure and growth of micro manufacturing enterprise. The r-square value in the model summary tells the golly of fit of the model. R-square value for this model is 0.675, which means finance, work premise, managerial, marketing and infrastructure on performance of micro

enterprise in manufacturing sector. The growth of micro manufacturing enterprise were affected at 67.5 percent. However; the remaining 32.5 percent could be some other variables which had not been considered in this study.

Table 4.26 ANOVAa

Source | SS   df   Number of obs   =   207

------------+---------------------------------   F(5, 201)   =   83.64

 Model | 32935.4108   5   6587.08216   Prob > F   =   0.0000

 Residual | 15829.2574   201 78.7525244   R-squared   =   0.6754

------------+---------------------------------   Adj R-squared   =   0.6673

Total | 48764.6682   206   236.72169   Root MSE   =   8.8743

R=.822a

a. Dependent Variable: Growth

b. Predictors: (Constant), Financial   challenge factors, Infrastructural factors, Managerial expertise problem, Marketing challenge factors , Working premises challenges, managing (83.643) which is used to measure the overall test of significance of the model was presented, since the p- value is 0.00 which is sufficiently and the model is well fitted at 1 percent level of significance, that means p-value (< 0.05).

Table 4.27: Standardize and Unstandardized Coefficient

  Growth1000 | Coef.   Std. Err.   t   P>|t| [95% Conf. Interval]

----------------+--

  Managerial | 2.502317 .6764561   3.70   0.000   1.168456   3.836178

    Working | 2.126509 .6673691   3.19   0.002   .8105665   3.442452

Infrastructural | 1.479301 .6379355   2.32   0.021   .2213961   2.737205

   Marketing | 3.967445 .680158   5.83   0.000   2.626284   5.308605

    Financial | 3.50455   .6860271   5.11   0.000   2.151817   4.857284

65

_cons	-22.17203	3.052619	-7.26	0.000	-28.1913	-16.15277

a.Dependent Variable; b.Independent variable

** Significant p<.05%, p<.01

The dependent (Y) and independent (X) variables relationship can be explained as;

Growth = β0+ β1Managerial +β2Working+ β3Infrastracture+ β4Marketing+ β5Finance… **β n Xn.**

Y=β0+β1X1+β2X2+β3X3+β4X4+β5X5+ +e, … **β n Xn** where β0 is constant, β is the coefficient of independent variables (Satendra et, 2011). The researcher was used unstandardized beta coefficients to compare or prioritize the effect of independent variables on dependent variable and to construct regression equation. If we substitute the coefficient from the above table, the equation becomes; Growth of micro manufacturing enterprise = -22.17203 + (2.502) managerial + (2.126) work premises + (1.479) infrastructure + (3.967) marketing + (3.504) finance. From this we can understand that the marginal values provide the impact that a unit change in the individual independent variables has on different growth of micro manufacturing enterprise when other variables are held constant.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents and discusses briefly the summary of findings, then offers a conclusion and recommendations from the findings, and finally gives suggestions for further research.

5.2 Summary of the study

This study aimed at investigating the key problems which affect the growth of MMEs based on the questionnaires consisting 207 randomly selected MEs and structured interviews. The study covers enterprises in manufacturing sector from Food and Beverage Products, Wood and Furniture, Textiles, Garment and apparel, Metal and engineering, Leather and Leather Products which are the most prioritized and targeted areas of the strategy of MSEs in Ethiopia. Based on the analyses and interpretation of chapter four the researcher has presented the following summary.

➢ In the descriptive part of the analysis, this research examined the gender of respondents and larger percentage of males is respond than females. Concerning with age category, the majority of the micro enterprise owners that were included in this study was between the ages of 31-40 years old. The trend of number of members and it founds that the current number of members is decreased from the starting time in all types of the enterprises.

➢ The marital status of the respondents leads by single and based on education level the majority of micro enterprise owners was attained secondary level.

➢ Work type of respondents shows that majority of the respondents are organized under food and beverage which is most of the respondents were operation in the business for less than 2 years and they join this business due to lack of other alternatives.

➢ Enterprises have shortage of finance and the major source of finance were borrowing money from MFIs, and none of the respondents got loan from bank and NGOs. Regarding to attractiveness and sufficiency of working place, most of the enterprises obtain working place from the government which is located in unattractive and uncomfortable business area.

- The mean and standard deviation measurement is used to show the factors that affect growth of ME in manufacturing sector. Based on this the infrastructural related factors scored mean of 4.00 that strongly affect the growth of MMEs, this score is the highest among the factors affect. The other is financial factors at higher case mean of 3.96 that ranked at second score; Managerial expertise related factors related problem was at higher level mean of 3.93 that ranked at the third position, work premises factors are at moderate level mean of 3.6 and market related factors at lower level mean of 3.36. All factors are affected the growth of micro manufacturing enterprises in Aggaro town.

- The correlation analysis which shows the relationship between dependent variable and independent variables indicates that managerial, work premises, Infrastructure,marketing, and finance factors have significant point of 1, .530, .437, .506, and -.063 respectively. This indicates that they have significant and managerial,work premises,infrastructure and market factors are positive relationship with growth of micro manufacturing enterprise and positively correlated and strong association among each other.Financial factor are negative relationship with growth of MME.

- The Regression analysis results indicates the main power on growth of micro manufacturing enterprise is the Marketing expertise at beta value 3.96 at (p=0.000), the next is finantial factor at beta value 3.505 at (p=0.000),managerial expertise at beta value 2.505 p(0.000),work premises at beta value 2.127 at p(0.000) and the last was infrastructure related variable at beta value 1.479 at (p=0.000).

5.3. Conclusion of the study

This study has attempted to identify the factors affecting the growth of MMEs in Aggaro town. The reasons of doing this research was to identified factors limiting the growth of MMEs in Aggaro town. A number of factors that affecting MMEs in Aggaro town have been identified and the study has discussed these constraints. Among factors affecting growth of MMEs are financial problem, lack of work premises, market problems, infrastructural factors and managerial expertise remainders a major hindrance to MMEs growth mainly in Aggaro town.

Financial factors; inadequacy of credit provider's institutions, shortage of working capital, scarcity of loan supply capacity of micro finance, and lack of MFI option are positively affected the growth of MMEs due to this the profitability of the enterprise was restricted and become cause for the distraction of the enterprise. Additional factors MMEs growth were work premises factors those are, insufficient and unattractiveness working place of their enterprise activities. Other market factors that concerning with inadequate market, lack of knowledge searching new market, poor product quality to attract market, lack of relationship with an organization that conduct marketing research and poor market location to attract customer were highly affected the growth of MMEs. Succeeding to this infrastructural factors those are

power interruption, lack of sufficient, quick transportation service and lack of telephone and internet service were also hinder the growth of MMEs. Last but not least the factor obtained for this research were managerial expertise which include lack of knowledge of entrepreneurial and managerial capacity, lack of formal education and training in proper business management and lack of technical knowledge to lead business organization were affects the growth of MMEs as a reason of all the above factors in Aggaro town MMEs become low performance, loss profitability and their growth is stagnant.

The best solution to overcome the problem of MMEs is improving their capacity through training, providing sufficient finance to solve problem of finance, availability of selecting eye coughing area, scale up grading the best experience among the other enterprise and related strategies are possible solution.

The correlation analysis shows the relationship between the finance, work premise, managerial, marketing and infrastructure and growth of micro manufacturing enterprise were strong and positive relationship. The results of regression analysis observed that finance, work premise, managerial, marketing and infrastructure variables have a significant positive effect on the growth of micro manufacturing enterprise.

5.4 Recommendation

Based on the findings of the study, the researcher found it important to make some recommendations to guide the enterprises, researches, governments stake holders and other concerned bodies.

➢ Government requests to come up with a helpful policy for the establishment of information center and networks to provide information to micro enterprises entrepreneurs in order to cope up their market, financial, management system and other problems. Government should have to create favorable business environment in corporation with the society and other potential organizations by constructing cluster and shade on eye catch area. To develop comfortable source of finance for MEs the government should have to organize and support the performance of MFIs and other source of finance, and create an options of other finance institution through encouraging NGOs, private sector and other civil organization. Last but not least, it is very important that the government comes up with effective means of ensuring by create awareness by using different method (mini media, mass media, distributing pamphlet and brusher etc) that already existing policies aimed at the micro enterprise sector are properly and fully implemented. There should be accountability and ownership attached to these policies rather than just been mare documents and pronouncements.

➢ Micro finances institution be supposed to have to minimize their interest rates, service charge and advance saving of 10%, enhanced to give continuous advice, supervision and counseling the MEs at start up, growth and maturity stage, Create trust worthiness between the institution and customers and open satellite branch at cluster level.

> Stakeholders are supposed to have to develop training programs and courses aimed at MEs owners and their respective staffs. This will ensure that the MEs owners are equipped with adequate business knowledge and experience for them to run successful businesses.

> MMEs should enhance their marketing skills through appropriate training and experience sharing with other MSEs, trade organization, civil society, import and exporters and by working with different advertisement agencies. Enterprises should form a supply chain management and support each other to minimize their market absence problem. Micro enterprise owners should also be encouraged to join professional organizations which are run by experienced business owners and trainers, those organizations should offer mentoring and coaching to new startups, they should impart skills training and knowledge especially regarding proper business management, writing and keeping of financial records and writing of sustainable business plans. List but not last existing women entrepreneurs in MSEs they should have to better to establish MSEs trade union to enhance their capacities, develop peer-to-peer relationships with successful entrepreneurs that sharing knowledge and experience, assess to network for other alternative supporting agents and upgrade their basic educational level and skill development.

5.4.5 Suggestions for further research.

The researcher suggests the following issues for further research:

- Even though this study was not more than sufficient for the intended purpose as it met all its set out objectives, there is a need for a more detailed study into each of the constraining factors to enterprise growth that this study has brought to light. A more detailed research study using different methodologies should examine the intricacies of each factor individually

- Different problems with different degree of perceived impact on MEs can be addressed at different times in different ways depending on the availability of resources and situations in the operating environment. Hence, a continuous detail research on each sub-sector should be undertaken to identify the major problems.

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JIMMA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT MANAGEMENT

MA PROGRAM IN PUBLIC MANAGEMENT

SECTION 1: INTRODUCTION

Dear respondent,

I am a graduate student in the department of management, Jimma University. Currently, I am undertaking a research entitled *'the factors that affecting the growth of MEs in manufacturing sector in Aggaro town, Southwest Ethiopia'*. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the *factors that affecting the growth of MEs in manufacturing sector in Aggaro town*. Your participation is entirely voluntary and the questionnaire is completely anonymous.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only.

Thank you in advance for your cooperation and dedicating your time!

Shimelis Bulto Debele

SECTION 1: INSTRUCTIONS

❖ No need of writing your name

❖ For Likert scale type statements and multiple choice questions indicate your answers with a check mark (√) in the appropriate block.

SECTION 2: GENERAL INFORMATION OF THE RESPONDENTS

1. Gender: A. Male _____   B. Female _____

2. Age: A. 18-30 _____ B. 31-40 _____ C. 41- 50 _____ D. 51-60 ____E. 61 & above_____

3. Marital Status? A. Single__   B. Married___ C. Divorced__ D. widowed___

4. Level of Education? A. Never attended class__ B. Primary Level___C. Secondary level___
    D. TVET___ E. College diploma___ F. First Degree and above___

5. What is your position in the interprise?
    A Salaried manager _____B. Business owner___ C, manager_____ D, other firm member___

6. For how long have your business been in operation? A) Less than a year B. 1-2 years C. 3-4
    years Above 5 years.

SECTION 3: GENERAL INFORMATION ON ENTERPRISES

7. Reason to start the business; **A,** Profitability ___B,no alternative _____C, government
    incentives ___D, previous experience _____

8. How many employees does the business have? A. at starting time.? ___ B. current time?___

9. Your business total capital in Birr? A. initial capital _____ Current capital _____

10. Source of finance to start the business. **A.** Own personal saving_____B. Bank loans___C,
    Loan from relatives___D. MFIs loan___F. NGOs_____G. family support___

11. What is your business type? A. solepropritor ___B partnership___ C. Acsiyon __D. PLC___

12. What is the main subsector of your firm? A. Food and Beverage Products___ B. Wood and
    Furniture___ C. Textiles, Garment and apparel___D. Metal and engineering___ E.Leather
    and Leather Products___.

13. How your business is going on? A. At increasing sells and profit___ B. At decreasing sells
    and profit___ C. no change on sells and profit_____

14. Is your business location being easily acceptable to the customer? Yes ☐   No ☐

15. Did you promote your production to compute in the market? Yes ☐   No ☐

16. If yes, which promotion type you used? A. printing media__ B. electronic media ____C. On bazar and exhibition ____D. Others(Specify)___

17. If "No" Why? A. Lack of knowledge ____B. lack of advertisement opportunity___ C. because it is too coasty ____D. others (specify)___

18. Did you have an entrepreneur skill before you join this business? Yes ☐ No ☐

19. If "yes" how did you acquire this capability? A. Training___ B. Experience___ C. Education ___D Naturally___ E others specify___

20. Do you have business licenses? Yes ☐ No ☐

21. If "no" does affect your business growth? Yes ☐ No ☐

SECTION 4: FACTORS AFFECTING THE GROWTH OF MICRO AND SMALL ENTERPRISES

The major challenges that affect growth of MSEs are listed below. Please indicate the degree to which these factors are affecting the growth of your enterprise. After you read each of the problems, evaluate them in relation to your business and then put a tick mark (√) under the choices below. Where, **5** = strongly agree, **4** = agree, **3** = undecided, **2** = disagree and **1**= strongly disagree.

22. Please indicate the degree to which you agree with the following statements concerning managerial expertise problems.

No.	**Managerial expertise problem**	5	4	3	2	1
20.1	Lack of knowledge of entrepreneurial and managerial capacity					
20.2	lack of coordination of production process					
20.3	Lack of formal education and training in proper business management					
20.4	Lack of technical knowledge to lead business organization					

23. Please indicate the degree to which you agree with the following statements concerning working place challenges.

No.	**Working premiseschallenges**	5	4	3	2	1
20.1	Absence of work premises					
20.2	Current working place is not convenient					

20.3	The rent of house is too high					
20.4	The location of the enterprise is bad					
20.5	Insufficient to the business activities					
20.6	Lack of infrastructure					

24. Please indicate the degree to which you agree with the following statements concerning infrastructural factors.

No.	infrastructural factors	5	4	3	2	1
21.1	Power interruption					
21.2	Insufficient and interrupted water supply					
21.3	Lack of telephone and internet service					
21.4	Lack of sufficient and quick transportation service					

25. Please indicate the degree to which you agree with the following statements concerning marketing factors.

.No.	Marketing challenge factors	5	4	3	2	1
22.1	Inadequate market for our product					
22.2	Lack of knowledge Searching new market					
22.3	Poor product quality to attract market					
22.4	Lack of promotion to attract potential users					
22.5	Poor customer relationship and handling					
22.6	Absence of relationship with an organization that conduct marketing research					
22.7	Unfair competition					
22.8	Poor market location to attract customer					

26. Please point to the degree to which you agree with the statements of financial factors.

No.	Financial challenge factors	5	4	3	2	1
23.1	Inadequacy of credit institutions					
23.2	Lack of cash management skills					
23.3	Shortage of working capital					
23.4	Fear of collateral requirement from lending institutions on MEs					

23.5	Fear of High interest rate charged by lending institutions on MEs					
23.6	Loan application procedures of lending institutions are too complicated					
23.7	Lack of business plan preparation skills to convince micro finance institution					
23.8	Shortage of loan supply capacity of micro finance					
23.9	Lack of borrowers institution option					

Interview Questions

Interview questions with MSE operators

1. What problems did you face while running MEs in relation to:

    A.external factors

➢ Premises factors

➢ Infrastructure (power, transportation, water supply and like)

➢ Marketing factors (relationship with suppliers, customers and others value chain)

➢ Financial factors (accessibility, interest rates, collateral requirements, etc)

A. Internal factors

- Management and related factors

Generally, what were the problems you face?

    A. At the time of establishment of the business

    B. Running the business

What were your solutions?

    A. For problems at the time of establishment of the business

    B. For problems at the time of running the business

2. What are other problem(s) did you faced regarding the overall functioning of your activity?

Interview used for Government Officials Interview questions with MSE leaders and actors in different level

Thank you for your cooperation to the interview

Date of interview --

Name of the Organization _____

Name of interviewee _____

Position in the institution _____

Time of interview: Started at _____ Ended at _____

1. What problems did/are you face/facing in your office in the process of developing manufacturing firms in micro scale to growth medium scale enterprise?

2. How you see the coordination of different sectors works on micro manufacturing enterprise?

3. How do you describe the general situation of MEs in view of the goal set by the government in developing micro scale to lay down the base for industrialization?

4. According to the strategies of micro and small scale enterprise do all sectors work on micro and small scale enterprise particularly in manufacturing sector play their role properly? If not, what is the problem?

5. How do you monitor the activities of MEs in your town?

6. What are the solutions for the problem?

GUCA GAAFANNOO AFAAN OROMOOTIIN

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KUTAA TOKKOFFAA; KALLATTII (QAJEELFAMOOTA)

Kabajamtoota deebistoota gaaffilee kanaa,

An jaafar Alii kanin jedhamu yuniivarsiitii Jimmaatti dippaartimantii maanaajimantii keessatti barnoota bulchiinsa ummataa (public management) jedhamu sagantaa digirii lammaffaatiin hordofaa kanin jiru yoon ta'u rakkoowwan waldaaleen maayikiroo sektara maanifakcharingii irratti gurmaahan guddina isaanii miidhu irratti barreeffama qo'annoo fi qorannoo gaggeessaa waanin jiruuf deebiin sirriin isin naaf kennitan rakkoowwan jiran adda baasanii beekuuf faayidaa guddaa qaba.

Deebiin isin kennitanis iccitiin isaa kan eegamuufi dhimmaa qorannoo kanaatiif qofa kan oolu waan ta'eef deebii sirriidha jettan bakkeewwan deebiif kaa'amanitti mallattoo (√) kaa'uudhaan deebii akka naaf kennitan kabajaan isin gaafadha.

Yeroo keessan aarsaa gootanii gaafannoo kana waan naaf guuttaniif dursee galatoomaa isiniin jiedha.

Shimalis Bultoo Dabalee

KUTAA TOKKOFFAAN; QAJEELFAMOOTA

- ❖ Maqaa barreessuun barbaachisaa miti
- ❖ Gaaffiiwwan likert iskeelii fi filannoodhaan qophaahaniif bakka deebiif qophaahetti mallttoo (√) kaa'uudhaan deebisaa.

KUTAA LAMMAFFAA2: ODEEFFANNOO WALIIGALAA DEEBISTOOTAA

1. Gaheen waldaa keessatti qabdan maali?

A gaggeessaa qacaramaa ____B. abbaa dhaabbatichaa___ C,dura ta'aa waldichaa____ D, miseensa waldichaa___

2. Saala : A. dhiira _____   B. dubara _____

3. Umurii : A. 18-30 _____ B. 31-40 _____ C. 41- 50 _____ D. 51-60 ____E. 61 & above_____

4. Haala maatii? A. gaa'ila kan hin raawwanne__   B. gaa'ela kan raawwate___ C. kan hike/hiikamte__ D. tokko keessaa kan du'e___

5. Sadarkaa barumaa? A. kan hin baratin__ B. saaykilii 1ffaa___ C. sadarkaa lammaffaa___ D. TVET___ E. dippiloomaa koolleejii___ F. digirii jalqabaaf isaa ol___

KUTAA SADDAFFAA; ODEEFFANNOO WALIIGALAA WALDICHAA

6. Turtii yeroo hammamii waldichi hojii keessa ture? A) waggaa tokkoo gadi B. waggaa 1-2 C. waggaa 2-3 D. waggaa 3 ol.

7. Baay'ina miseensa waldichaa? A. yeroo jalqabaa.? dhiira____ dubara _____waliigala_____

   B. yeroo ammaa? dhiira____ dubara _____waliigala_____

8. Kaappitaala waliigala waldichaa qarshiidhaan? A. yeroo jalqabaa _____ kan ammaa _____

9. Akaakuu gurmii waldichaa? A. dhuunfaa ___B shariikaa___ C. aksiyoona __D. PLC___

10. Gosa hojii cita sektarichaa? A. nyaataaf dhugaatii___ B. Mukaaf bobboca___ C. hucuu hodhuuf dhahuu___ D. sibiilaaf injinariingii___ E. Gogaaf bu'aa gogaa___.

11. Sadarkaa hojiin waldichaa erra jiru? A. bu'aaf gugurtaan dabalaa jira___ B. gurgurtaaf bu'aan hir'achaa jira___ C. jijjiiramni hin jiru_____

12. bakki hojii keessanii maamila keessaniif mijaahaadhaa? Ee ☐ Lakki ☐

13. Gabaa keessatti dorgomaa ta'uuf oomisha keessan hin beeksistuut? Ee ☐ Lakki ☐

14. Deebiin keessan ''Ee'' yoo ta'e beeksisa gosa kam fayyadamtu? A. miidiyaa maxxansaa__ B. miidiyaa elektirooniksii ____C. baazaariif egzibiishinii ____ D. kan biro yoojiraate haa'ibsamu)___

15. Deebiin keessan ''lakki'' yoo ta'e maaliifi? A. hubannoo dhabuu ____B. haalli mijaawaan dhibamuu___ C. gatiin beeksisaa qaala'uu ____D. kan biro yoo jiraate haa'ibsamu_____

16. Osoo gara waldaa kanaa hin dhufin beekumsa interpiriinarshiippummaa qabduu ? Ee ☐ lakki ☐

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17. Deebiin keessan ee yoo ta'e beekumsa kana akkamtti gonfattan? A.Leenjiidhaan___ B. muuxxannoodhaan___ C. Barumsaan ___D Uumamaan___ E kan biraa yoo jiraate___

18. Heeyyama hojii qabduu? Ee ☐   Lakki ☐

19. Deebiin keessan "lakki" yoo ta'e hojii keessan irratti miidhaa qabaa? Ee ☐   Lakki ☐

KUTAA ARFAFFAA; SABABOOTA GUDDINA WALDAALEE MAAYIKIROO SEKTARA MAANIFAAKCHARINGII IRRATTI DHIIBBAA GEESSISAN

Sababoonni gurguddoon guddina waldaalee irratti miidhaa geessisan armaan gaditti tarreeffamaniiru. Sababoota kana erga dubbiftaniin booda madaalliiwwan liikert iskeelii kaa'amaniin dhiibbaa hagamii hojii keessan irratti akka fidan mallaattoo (√) kaa'uun agarsiisaa. Filannoon keessan; baay'iseen itti waliigala= **5** = ittin waliigala,= **4** murteessuuf rakkisaadha = **3** itti walii hin galu= **2** baay'iseen morma= **1**

20. Maaloo; dhiibbaa sababa iddoo hojiitiin walqabatu kan gabatee keessa jiru akkaataa filannoo kennameetiin guutaa

Lakk	Dhiinnaa bakka iddootiin walqabatu	5	4	3	2	1
20.1	Bakkii hojii dhabamuu					
20.2	Iddoon itti hojjetaa jirru mijataa miti					
20.3	Kiraan iddoo ol ka'aadha					
20.4	Bakki hojii gabaaf mijataa miti					
20.5	Bakkii hojii sochiif gahaa miti					
20.6	Bakki hojii bu'uuraamee misoomaa hin guutamneef					

21. Dhiibbaawwan bu'uuraalee misoomaatiin wal qabatan

Lakk	Sababoota bu'uuraalee misoomaa	5	4	3	2	1
21.1	Hanqina human ibsaa					
21.2	Hanqina bishaanii					
21.3	Bilbillii fi intarneetiin ciccituu					
21.4	Tajaajilli geejjibaa gahaan dhabamuu					

22. Dhabbaawwan sababa gabaa wajjin wal qabatan miidhaan isaanii hagam akka ta'e agarsiisaa.

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lakk.	Sababoota gabaa waliin wal qabatan	5	4	3	2	1
22.1	Gabaan gahaan dhibamuu					
22.2	Gabaa haaraa barbaaduuf hanqinni hubannoo jiraachuu					
22.3	Qulqullina oomishaa gabaa hawwatu oomishuu dadhabuu					
22.4	Oomisha beeksisanii gabaa harkisuu dadhabuu					
22.5	Waliitti dhufeenya cimaa maamila waliin uumuu dadhabuu					
22.6	Dhaabbilee qorannoo gabaa taasisan waliin walitti dhufeenya dhabuu					
22.7	Dorgommii hin barbaachifne keessa galuu					
22.8	Iddoo gabaaf mijataa ta'e dhabuu					

23. Maaloo sababoota faayinaansii(maallaqa) waliin walqabatanii dhiibbaa geessisan filannoo kennameen agarsiisaa

lakk	Sababoota faayinaansii waliin jiran	5	4	3	2	1
23.1	Liqii yeroo gaafatametti argamuu dhabuu					
23.2	Hanqina dandeettii qabiinsa galmee herregaa					
23.3	Hanqina kaappitaa hojii					
23.4	Soda ulaagaa fudhannaa fi deebii liqiitiin wal qabatee jiru					
23.5	Soda dhala liqii dhaabbilee liqeessitootiin jiru					
23.6	Soda Birookraasii dhaabbilee liqeessitootaa bira jiru					
23.7	Hanqina dandeettii karoora daldalaa qopheessuu					
23.8	Hanqina dhiheessii liqii dhaabbilee maayikiroo faayinaansii					
23.9	Dhaabbileen liqeessitootaa xiqqaachuu					

AF-GAAFFII

AAF-GAAFFII SOCHOOFTOTA IMXF

1. Rakkoowwan hojii keessatti isin quunnamaa jiran maali?

   A. sababoota dhiibbaa alaa kan ta'an.

- Lafa (bakka hojii argachuun walqabatee)
- Bu'uuralee misoomaatiin(Ibsaa, bishaan, daandii, bilbila, intarneetii)waliin walqabatee jiran.
- Gabaa argachuu waliin (bakka gabaa, dhaabbilee fi maamiloota dhuunfaa fi qorannoo gabaa gaggeessuu waliin walqabatee
- Dhiheessii liqiitiin walqabatee

A. Sababoota dhiibbaa keessoo ta'an.

- Bulchiinsa ykn gaggeessummaa waldichaa waliin kan walqabatan.
- Interpiriinarshiippummaa wallin kan wal qabatan.

Walumaa gala rakkoowwan isin quunnaman?

A. Yeroo waldicha hundeessitan
B. Hojii keessattihoo?

Falli akka keessanitti keessan maali?

A. Rakkoon yeroo waldichi hundaa'u quunnameef
B. Raakkoowwan hojii keessattii quunnamaniif

AF-GAAFFII GAGGEESSITOOTA W/RAA, QOODA FUDHATTOOTAA FI DURA BU'OOTA WALDAALEEF QOPHAAHE.

Af-gaafii kanaaf heyyamamaa ta'uu keessaniif galatoomaa

        Guyyaa af-gaaffiin gaggeeffamu _____

        Maqaa dhaabbatichaa/w/richaa _____

        Maqaa gaafatamaa _____

        Gahee hojii dhaabbaticha keessatti _____

        Sa'atii afgaaffiin itti jalqabe: sa'aa _____ sa'aa itti xumurame _____

1. Waldaalee maayikiroo sektara maanufaakcharingii irratti gurmaahan deggartanii akka guddatan gochuu keessatti rakkoowwan isin quunnamanii fi quunnamaa jiran maali?

2. Qindoomina sektaroota adda addaa waldaalee maayikiroo sektarmaanifaakcharingii irratti gurmaahaniif godhan akkamitti ilaaltu?

3. Haala waldaaleen irra jiraniifi kaayyoo mootummaan waldaalee IMX, keessayyuu sektara maanifaakcharingii cimsuun bu'uura industirii akka buusan taasisuuf qabatee deemaa jiru waliin akkamitti ibsitu?

4. Akkaataa tarsimoo misooma IMX jedhuun keessaayyuu xiyyeeffannoo sektara maanufaakcharingiitiif kennameen sektaroonni hundi gaheeisaan irraa eegamu bahataa jiru jechuu dandeenyaa? Yoo bahataa hin jirre sababni isaa maali jettu?

5. Sochii waldaalee IMX magaala keessanii haala kamiin hordoffiif to'annoo gaggeessitu?

6. Waliigala Rakkoowwan hojii kanaan walqabatanii jiraniif furmaatni isaa maal ta'uu qaba ettu?

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