

**Access to Finance for Micro and Small Enterprises (MSE);
the case study on Jimma Town**

*A Thesis Submitted to the School of Graduate Studies of Jimma University in
Partial Fulfillment of the Requirements for the Award of the Degree of Masters
of science (MSc) in Accounting and Finance*

BY:

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JULY, 2020

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DECLARATION

I declare that the research Report entitled “*Access to finance for Micro and Small Enterprises (MSE) the case study on Jimma Town*” in partial fulfillment of the requirement of the Masters of Science (MSC) Degree in Accounting and Finance with the guidance and supervision of the research advisor, Dr. Derese Mersha.

I, also declare that this thesis is my original work and that all sources of materials used for the thesis have been duly acknowledged.

Declared by:

NASRIYA KEDIR

Name of the Student

Date

Signature

CERTIFICATE

We certify that the Research Report entitled: “*Access to finance for Micro and Small Enterprises (MSE); the case study on Jimma Town*” was done by **Nasriya Kedir** for the partial fulfilment of Masters of Degree under our Supervision.

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ABSTRACT

Access to the source of initial capital is fundamental and still remains a challenge for the start-up business. Especially it is challenging for those developing countries in Sub-Saharan African countries including Ethiopia. Thus, the purpose of this study is to investigate what factors explain micro and small Enterprise's access to initial financial sources in Jimma town. Although the financial determining variables in obtaining a source of finance are studied by different researchers around the world and locally studied by few researchers in different regions, to my knowledge, no study has been conducted on the matter and no solution on these obstacles has been recommended in Jimma town. The study is designed as explanatory and employed the quantitative approach, in which stratified sampling was employed to select 343 micro and small enterprises from the overall enterprises in Jimma town. In order to find out major determinants, the study uses the Statistical Package for Social Science version 20 to run Binary Logistic Regression Model. The major findings of the study show that there exists significantly, the positive relation between certain attributes of institutions and owner-manager including; a legal form of business, lending procedure, educational level of the owner, gender, marital status, religion, and age of the owner-manager. The study further found that distance from financial institutions can negatively and significantly affect access to finance. Lastly, the findings have the following major recommendations'. It is required more effort from the micro and small Enterprises side to overcome their drawbacks by extending the highest educational level for themselves and starting a business with their maturity age. Also forming their business as a partnership is highly recommended to have access to initial financial sources. On the other hand microfinance institutions have to facilitate the supply of finance by improving a long time for the loan process and other bureaucracies. And Policymakers of government bodies have to minimize a large amount of advance savings to supply loans to MSE.

Keywords: Access to finance, initial capital, micro and small enterprise, start-up business, source of finance

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LIST OF ACRONOMY

GDP:	Gross domestic product
GNP:	Gross national product
MSEs:	Micro and small enterprise
MSMEs:	Micro small and medium enterprise
SPSS:	Statistical package social science
WBCSD:	World Business Council for Sustainable Development

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Micro and small enterprises have a significant contribution to any economy regardless of their development by creating employment opportunities and generating income for the country. Moreover, they help in poverty alleviation and function as a tool for regional development (Karunananda & Jayamaha, 2011, Dasanayaka, 2009, Perera & Wijesinha, 2011). Simply, the expansion of this sector accelerates the economic development of the country by significantly involving gross domestic production (GDP). Therefore, locally and internationally governments set different policies, procedures, and strategies to assist entrepreneur when accessing preferred financial sources

Access to finance is the most serious barrier to start-ups business which has been mentioned by existing micro and small enterprises and potential operators (Olomi and Urassa, 2008). The shortage of capital inhibits the relevance of business solving macroeconomic challenges, inability to access funds from financial agencies (Schneider, 2002). Micro and small businesses need adequate funding to play their roles in the economy (Ohachoism, Onwuchekwa&Ifeanyi, 2013).

According to the study of Timberg (2000), on the title “Sources of financing & difficulties of raising finance”, the entrepreneurs preferred own savings, long term debt, short term debt and equity financing at their startup and future financial requirements through similar sources addition with retained earnings as their first choice. Ohachoism (2013) shows that, the maximum problem in raising debt capital is faced due to the requirement of collateral and that the chances of obtaining debt financing by MSMEs are low

Entrepreneurship facilitates economic growth through innovation and creating employment opportunities. However, the accessibility of preferred sources of finance is one of a major impediment to the success of entrepreneurship (Timberg, 2000). But having access to finance or initial capital allows businesses, entrepreneurs, to undertake productive investments and

contribute to the development of the national economy and alleviation of poverty in most of Sub-Saharan African countries (Beck and Demirgüç-Kunt, 2006).

Access to finance had been identified in many business surveys and researches as one of the main factors determining the expansion and growth of micro and small enterprises in both developing and developed countries (Nwanyanwu, 2012). However, to my knowledge there is no further study that shows about the initial startup capital of the business. So, the main objective of this study will be to fill this knowledge gap by identifying the determinants of the source of finance for the entrepreneur's initial capital or startup capital when accessing preferred financial sources.

Generally, In order to improve the development of the countries, reducing unemployment, and to the expansions of job creation opportunity, examining the determinants of micro and small business enterprises source of finance is important, because if the entrepreneur does not have access to initial capital, their innovative and creative ideas are not applicable then this leads to decrease the productivity and increase the unemployment rate in the country. Therefore, Access to finance by micro and small enterprises should be a subject of interest to researchers, entrepreneurs, government agencies, banks, and trade groups.

1.2 Statement of the problem

Developing economies over the world characterized by fast population growth, high rate of unemployment, low level of productivity in both physical and capital resources. Fast population growth, a large amount of new labor entrant to the labor force in addition to previously existing unemployed labor. Micro and small enterprises play an important role in economic development in both developed and developing economies. There is evidence of the immense contributions of Micro and small business enterprises in economic development by creating job opportunities and poverty reduction (WBCSD, 2004). For example In Indonesia, MSEs account for 98percent of her enterprises and over 60percent of her GNP (Timberg, 2000). Not all these MSMEs are in the formal sector; some occupy the unofficial labor market, which varies in size from an estimated 4-6percent in developed countries to over 50percent in developing nations (WBCSD, 2004).

Another example is China, she has more than 10 million micro and small enterprises, which was the 99percent of the total number of registered companies, the total industrial output value and

profits were up 60 percent of the country and 40 percent provided About 75percent of urban jobs, so how to properly resolve the problem of financing micro and small enterprises is of great significance (Zhao, 2008)

To deal with these conditions, the economy should create a lot of micro and small enterprises so that a much-unemployed labor force observed. Thus the current Ethiopian government recently have started economic reforms especially privatization policy. Therefore, the aim of this study is to address how the previously existing private micro and small business enterprises overcome the financial constraints that they had during the starting time so that new entrepreneurs approaching to start new business take lesson.

The source of financing micro and small enterprises start to be analyzed is due to the reasons for its financing of the status, and guide financial institutions to be innovative financial products and improve financial services, a variety of financing at the same time, expand the financing channels for micro and small enterprises, can also build a multi-level credit Security system, which is difficult for micro and small to resolve outstanding issues.

Unlike large enterprises that can use issuing corporate bonds and stocks and other means from the capital markets to raise funds; it is very difficult for micro and small enterprises to borrow money from formal banking operation and from financial institutions funds. Less access to credit support, Narrow channels of direct financing, The lack of its own funds, operating in small-scale, with low ability to resist risks, industry competition, even more, difficult to survive, Small-scale guarantee, decentralized risks and the lack of compensation, poor corporate credit capacity, the Lower credit rating of MSEs affecting the enthusiasm of bank loans, The financing system itself also affects the micro and small enterprises finance, The distribution of financial resources and distribution of micro and small enterprises do not match, and the policy strength is not strong, Bank's inadequate incentives, Social service agencies are not perfect(WBCSD, 2004).

Financing is necessary to help them set up and expand their operations, develop new products, and invest in new staff or production facilities. Many small businesses start out as an idea from one or two people, who invest their own money and probably turn to family and friends for financial help in return for a share in the business. But if they are successful, there come at times for all developing MSE's when they need new investment to expand or innovate further. That is

where they often run into problems because they find it much harder than larger businesses to obtain financing from banks or other informal suppliers of credit.

As the researcher has reviewed a lot of literature, to my knowledge most of them tried to determine factors that affect the business entrepreneur activities. Even though the financial constraints are the vital problem repeatedly reported, they did not identify the source and determinant of raising initial capital to overcome financial constraints for new entrepreneurs. Therefore this study was filling this gap and also helps as guidance for new entrepreneurs. Based on the above stated research problem, the present study aimed to answer the following research questions:

Research question

1. What had been the informal source of initial capital of MSEs?
2. What are the roles of formal financial sources on initial capital of MSEs financing?
3. What are factors affecting source of initial capital of MSEs financing?

1.3 Objectives of the study

1.3.1 General objective

The general objective of this study is to assess determinants of access to finance for micro and small enterprises (MSE) in Jimma Town.

1.3.2 Specific objectives

There are specific objectives that were studied in order to answer the major objective of the study and important issue related to the study. They are specified as follows;

1. To assess the informal source of financing of initial capital for MSEs
2. To examine the type and role of formal financial sources on initial capital of MSE
3. To identify factors affecting initial capital of MSEs financing.

Hypothesis

- H1:** Older entrepreneur have significantly better access to formal financial sources than their younger counterpart.
- H2:** Male entrepreneur significantly have better access to formal finance than their female Counterpart
- H3:** Education level of the entrepreneur significantly and positively determines access to formal financial sources
- H4:** collateral has significant and negative impact on access to formal finance
- H5:** Distances from financial institution have negative and significant impact on formal financial sources of entrepreneurs
- H6:** Having business plan can positively and significantly affect access to formal financial sources
- H7:** interest rate has a negative and significant effect on access to formal financial sources
- H8:** Complex lending procedure or credit policy of financial institutions negatively and significantly affects access to formal financial sources
- H9:** legal form a business may positively affect the access to formal financial source
- H10:** sector of business can significantly and positively affect access to formal financial source
- H11:** marital status can positively affect access to formal finance to start business
- H12:** having entrepreneurship capability can significantly and positively affect access to initial source of capital from formal sources
- H13:** and also having a good work experience can positively affect access to formal finance

1.4. Significance of the study

The study should have important to those currently approaching to participate in business entrepreneur activity. It shows how the predominantly existing enterprises are important to mobilizing capital and also enables stakeholders like; financial institutions, owners of micro and small enterprise or entrepreneur, government, and non-government organization and for researchers and academicians to improve their awareness and to provide some additional ideas.

The government to design and implement means to enhance the capability of micro and small by providing credit access to significantly foster the economic growth of the country and is used as a future preference for policymakers in order to draw some guidelines.

The financial institution, it will help to understand and get an opportunity of controlling the money which is circulating outside the institutions by serving micro and small enterprises through providing credit facility that might increase deposit mobilization.

The entrepreneur, it helps to know how to deal with their financial constraint and to indicate how those sources of finance can influence their financing to start a business in general and be successful in a developing economy.

This study also helps full to the researcher to have an Award Master of Sciences Degree in Accounting and Finance and also useful to other researchers who are seeking to know more about the determinants of the source of micro and small business financing.

1.5 Scope of the study

This study targeted on the determinants of access to financial sources of micro and small enterprises. And it only focuses on the initial capital for startup business rather than for expansion and growth of the business or it is not about the performance of the enterprises. The researcher conducted the studies on micro and small enterprises that already started their business and found in Jimma town rather than other country segments. This study is not explained all about the financing of micro and small enterprises. Thus other financing issues of the business are not addressed in this study. According to this, the study is not being entirely about all financing activities of micro and small enterprises instead, it only examines the

determinants of access to financial sources for startup business initial capital of micro and small enterprises in Jimma town.

1.6 Limitation of the study

One of the basic limitations that the researcher faced is the recklessness of small business owner-managers in responding to the questions in the questionnaire. The other limitation was again with respondent's perception about the objective of the research project; they consider it as the research is being conducted for some other reason behind the main objective of the research. Also, corona virus has its own role that limits the researcher not to do the thesis as per the program.

1.7 Organization of the paper

The final thesis report was divided into five sections. Chapter one is the introductory part of the study which contains the background of the study, statement of the problem, objective of the study, the significance of the study, scope, and limitation of the study. Chapter two is exclusively devoted to reviewing the key concept of the problem to the related literature on determinants of access to the financial source of micro and small enterprises. Chapter three deals with the methods used to collect and analyze the data. And chapter four presents the discussion and analysis and lastly but not least chapter five shows the conclusion and possible recommendation.

CHAPTER TWO

LITRETURE REVIEW

2.1 THEORETICAL REVIEW

2.1.1 Sources of Financing for micro and small enterprises

Several sources of capital exist but many of them may not be accessible to micro and small business enterprises. Those sources of financing can be classified into debt and equity source.

2.1.2 Theory related to access to a source of finance

Information asymmetry theory: Information asymmetry theory postulates that when two parties are making decisions or transactions, there exists a situation where when one party has more or better information than the other. Thus, information asymmetry may cause an imbalance of power between the parties. In this context, for example, the borrowers are more likely to get more information than the lenders. Information related to the risk associated with the investments is likely to be available to the borrowers. Matthews and Thompson (2008) observed that this may lead to the problems of moral hazard, where a party will take risks because they assume the final cost of that risk, as well as adverse selection, where there are adverse results because parties have different/imperfect information; therefore, the problems may cause inefficiency related to the flow or transfer of funds from the lenders (surplus) to the borrowers

Theory of pecking order: in this theory firms prefer internal to external finance due to adverse selection. If the MSEs operators are hungry of finance (outside fund) they will prefer debt to equity because of lower information costs associated with debt issues (soroshian, norzima, yusuf and rosnah, 2010). The theory pins out those MSEs operators generally prefer to maintain control and maintain managerial independence (Chittenden, hall and hutchinsun, 1996). Also, the study in the formulation of the important factors for analysis on the factors influencing access to a source of finance by MSEs has adopted credit rationing theory.

Credit rationing theory: this theory postulates that a group of individuals in the population who with a given supply of credit are unable to obtain loans at any interest, even though with a large supply of credit they would (converse, fermand, rachmanto and tao.2012). The researcher

adopted this theory because bank and non-bank financial institutions are concerned in lending money to SMEs operators who are going to return it or to borrowers who are not likely to default after taking the loan. Based on my study the issue of imperfect information is the main reason some lending institutions to choose exclude some borrowers (atenio and shem, 2001).

2.1.3 Financing source

Financing source, one of the major source comes under external finance is a difficult method for entity owners due to information asymmetry and agency problems (Chowdhury & Maung, 2013). The financing sources can be also subcategorized into informal and formal financing sources.

1. Informal financing sources.

Business Suppliers

Companies can enjoy some form of credit from their business suppliers. This is a very important source of credit, especially for MSEs. The suppliers allow the company some time to pay for the supplies. The credit periods vary from a few days to several years according to Broom (1983). Credit from business suppliers can be trade credit or equipment loans and leases.

a. Trade Credit:

Trade credit involves the purchase of goods and services from a supplier on credit. The purchasing firm is given a few days, usually between 30 and 120 days, to settle the debt (Broom, 1983). This type of credit is very important to MSEs for a number of reasons

Broom (1983) and Moyer (1992) assert that suppliers are more flexible in dealing with MSEs than the banks. Suppliers may only check the credit standing of an MSE whereas a bank is likely to demand financial statements and cash flow budgets before extending a credit facility. Generally, suppliers are very eager to add to their customers (irrespective of the size of the firm) and thereby increase their sales hence they are more willing to assume greater risk.

Suppliers are more flexible regarding adherence to terms of credit. Banks required strict adherence to loan terms and monitor borrowers more close ley that suppliers do.

The amount of trade credit granted may be readily increased just as the volume of a company's purchases increases. It may not take a lot of negotiations to make this possible. Banks are less willing to substantially increase the amount of credit they grant to customers, especially small and medium scale companies (Peirson, 1990). Trade credit, however, is not cost-free. The cost associated with trade credit may not be explicit as interest on bank loans, for instance. Suppliers incur costs by supplying goods on credit and they must recover the cost. They usually pass the costs on implicitly as part of the purchase price of the merchandise.

Trade credit may come with an offer of a cash discount. A cash discount may be quoted as 3/12 net 40. This means that the customer has 40 days to pay the full amount but can enjoy a 3 percent discount if payment is done within 12 days. Failing to take a cash discount may constitute an opportunity cost of a trade. In the above quote, for example, failing to utilize such a discount implies borrowing the amount for 28 days (i.e. 40-12) days at 3 percent. Therefore it is important to compare the cost of forgoing a trade discount and the cost of other available short-term credit facilities before the decision is made (Brealey, 2001)

b. Equipment Loans and Leases

Many MSEs find it very difficult to raise funds for the outright purchase of certain equipment and machinery. They resort to purchasing such equipment on an installment basis. Longenecker (1994) noted that down payment of about 25 to 30 percent of the price of the respective equipment is usually made initially. The remainder may be amortized over 3 to 5 years. This practice is referred to as equipment loans. An alternative to this is equipment leasing. This arrangement allows firms greater investment flexibility; and smaller amounts of capital are required by the firm at any given time. However, the total cost involved in equipment leasing is usually higher than the cost of outright purchase. On the other hand, in a situation where continuous specialized maintenance and protection against obsolescence are required, leasing may be more suitable (Longenecker 1994).

EQQUB

An Eqqub is a traditional saving and credit association (Rotating Saving and Credit Association), of which its purpose is basically to pool the savings of their members in accordance with the rules established by the group. Members usually deposit contributions on a weekly or monthly

basis, and lots are drawn by turns so that the one who wins the chance gets the total sum. This process continues on a regular basis until the last member receives his/her share or what she/he has been saving through the months and the whole process starts again. To Mauri, (1987) it belongs to the type of traditional financial institutions that are included under savings associations.

Informal Money lender (Usury)

Until the ending of the twentieth century, the only source of the loan was Usury. In different kinds of literature define Usury as Money Lenders, Shylock, and Ethiopia was mostly known by the name “Arata”. Usury condemned by the church, Forbidden by the state and frowned upon by society, the moneylender kept their financial dealings with the borrowers secretly. The spread of money lenders cripples the financial economy of the country. According to Mauri, (1997) stated that in towns, reduced lending by the financial institutions has created a potential for the development of informal lending because even persons who in the past were familiar with bank credit now turn to money-lenders to replace bank loans. Prior to 1974, money lenders were often rich landowners. Today, following the nationalization of land, landlords have disappeared as a social class, and their roles as money lenders are being replaced by rich traders. The financial operations of money lenders are simple, cost-effective and flexible compared to those of the banking system. Interest rates, which are never stated in the agreement made with the borrower, are influenced by the extent of personal relations, degree of risk involved, availability of funds in the community, length of the maturity period and extent of competition from the formal financial market to (Mauri, 1987).

Family and friend support

Loans and contributions from friends and relatives are a common source of funds, especially for new business since the financial institutions are reluctant to providing funding for start-up business because of the risk involved. This source of funds, however, bears a potentially dangerous price. Many friends’ relatives find it very difficult to stay as passive creditors or investors. They usually try to interfere with policy and operational issues (Kuriloff .1993; Longenecker. 1994). As a remedy to this problem, Kuriloff (1993) recommended the treatment

of such loans as bank loans by putting in writing all the terms including interest rates and payment schedule.

Informal finance is often believed to be expensive and in limited supply. But most informal investors – family and friends – offer funds cheaply; and yet, borrowers seem to prefer formal finance. The social preferences make family finance cheap but also create shadow costs that nonetheless discourage its use: Committing family funds to a risky investment crowds out familial transfers in low-consumption states and undermines limited liability. The very characteristics that generate intra-family insurance thus render family finance a poor source of risk capital. This is relevant to the limited success of group-based microfinance in generating entrepreneurial growth, and to the emergence of social lending intermediaries and crowdfunding.

While accurate for informal money lending, this account is at odds with some common aspects of financing from family and friends (hereafter, family finance), which constitutes the bulk of informal finance. First of all, family finance is cheap. Many of the informal investors in the GEM survey willingly accept low or negative returns (Bygrave, 2004). And family loans among the poor are frequently interest-free (Collins, 2010). As the Wall Street Journal (2012) writes, “budding entrepreneurs” often turn to the “Bank of Mom or Dad” for a “dream-come-true interest rate.” If family finance suffers fewer contracting problems and is cheaper than formal finance, one would expect it to be the first choice: borrowers should prefer and exhaust it.

2. Formal financing source

Banks

The study of Hisrich and Peters (1995) makes an assertion that commercial banks constitute the most widely used source of debt financing for small companies. Longnecker (1994), claim that commercial bank loans to small companies are mostly short-term loans, though some do offer long-term loans to small and medium-sized companies. According to Kuriloff (1993), commercial banks usually provide loans for working capital or for the purchase of fixed assets. They demand evidence of a company’s ability to pay the interest and principal as scheduled. This evidence is usually in the form of cash flow statements. They also demand some form of security. Collaterals are the most widely used form of security demanded by commercial banks. Longnecker (1994) classifies commercial bank loans as a line of credit and term loans.

Bank credit is the most important and effective debt financing as more than 91 percent successfully obtained (Lam, 2010). The relationship between banks and entrepreneurs and the quality of that relationship that can have an impact on the level of financial support for startup and early-stage business ventures, have highlighted that over the last two decades banking has changed from a transaction-oriented to a relationship-oriented business model (Durkin, McGowan & Babb ,2013).

Microfinance institution

Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and, their microenterprises. A microfinance institution is a financial institution specializing in banking services for low-income groups or individuals. According to the survey of the Asian Development Bank (ADB) (2000), a microfinance institution provides account services to small-balance accounts that would not normally be accepted by traditional banks and offers transaction services for amounts that may be smaller than the average transaction fees charged by mainstream financial institutions.

MFIs are the pivotal overseas organizations in each country that make individual microcredit loans directly to villagers, micro-entrepreneurs, impoverished women, and poor families. An overseas MFI is like a small bank with the same challenges and capital needs confronting any expanding small venture but with the added responsibility of serving economically-marginalized populations. Many MFIs are creditworthy and well-run with proven records of success; many are operationally self-sufficient (ADB, 2000).

Cooperatives

Like commercial concerns, cooperatives are financed in a variety of ways. They may get their operating funds from membership fees, common or preferred stock, bonds, by borrowing from banks, or from other sources. Many cooperatives also finance themselves to a considerable extent from members saving kept in the business in the form of reserves.

In addition to this standard way of getting funds, cooperatives have developed a financing system particularly suited to their method of operation. Known as the revolving capital methods,

it is widely used in both this country and in Canada. It is originated in California about thirty years ago and has been growing in importance ever since. Under the revolving capital method of financing, members make a contribution to capital in proportion to their patronage. After the coop had the use of this money for a certain period, it is returned to the members as a new contribution.

2.2 EMPIRICAL REVIEW

This section includes closely related studies that other scholars have previously undertaken on determinants of access to a financial source of micro and small business enterprise. Several studies have been conducted in different countries regarding determinant factors that affect access to the source of finance and some of them can be reviewed and summarized as follows:

A study conducted by Dr. Deresse and Zerihun (2017) Determinants of Access to Formal Financial Sources of Micro and Small Enterprises (MSEs) in West Oromia Region, was to identify factors enabling successful access to formal financial sources. It has 200 sample MSEs which selected from three towns in west Oromia region. The finding indicated that; availability of collateral, MSE's age, Sector of the MSEs, Legal ownership, owner's or manager's age, owner's or manager's religion, and Size of the MSE significantly determine access to bank credit. It was also found that keeping accounting records, Sector, Legal ownership, owners or manager's age, owner's or manager's business experience, and Size of the MSE significantly determine access to credit from MFIs. From the supply side, high-interest rates and long loan procedures are the main factors.

The study of (Kihimbo. 2012) reflects that it is evident that most MSEs are denied and discriminated by the lenders in providing financing. This is because of high risk and for not having adequate resources to provide as collateral. Small business support services Governments all over the world have designed a number of support services for MSEs which include the policy initiatives and support programs for the purpose of creating and developing the MSE sector.

According to Fatoki and Smith (2011), in South Africa the major factors that influence the low access to finance by MSEs are grouped in two ways; external and internal The External factors constitute the legal environment, crime and corruption, ethical perceptions, and macro-economy.

Internal factors include business information, collateral, networking, and managerial competences.

The survey of Olomi and Urassa (2008) identified that there are three major groups of constraints of access to finance by MSEs. The first group of factors included the capacity (low level of knowledge and skills), the under-developed culture of the business, non-separation of the business between personal issues and family, the credit history of MSEs, and lack of knowledge of available financial services. The second group of factors included the number of competent personnel and the lack of experience of MSEs. The third group of factors is related to the regulation of the environment where transactions occur between lenders and borrowers, lack of system identification, and credit reference bureaus.

An obstacle in accessing financial products in the developing countries is the weaknesses in financial and legal systems present. The study analyzed 70 developing countries and concluded that the local government has actually the entire responsibility to build institutions. Market activities should be undertaken in a friendly manner in order to provide a proper regulatory framework to reduce financial constraints by MSE's (Beck, 2007).

Different studies like Kaufmann and Wilhelm(2006) found that the major problems concerning access to finance for small businesses are basically related to the high-interest rate charged on financial products and the inefficient banking services, than would be justified by economic reasons.

The other studies yitayal (2004) with the main focus on the developing countries, observed that the lack of collateral requirements, high risks, information asymmetries, small credit transactions particularly of rural households, and the distance between lender-borrowers as the main causes for credit variation among the different and existent sources of credit. In addition, the same researchers state that the policy and the type of financial institution in one or in other way determine access to finance. It has been remarked that interest rates charged by banks in Sub-Saharan Africa create disincentives for most borrowers to acquire funds to invest in their businesses on one hand. On the other hand, the interest rates charged by banks discourage most small businesses from applying for bank financing (Diagne and Zeller, 2002; Foltz, 2004).

The 90 percent of working capital and 64.9 percent of new investments were financed by MSEs' own capital, compared to 6.9 percent working capital and 8.2 percent of new investments which were financed by the banking institutions indicating low access to finance by MSEs. It is considered a number of factors that affect access to finance by MSEs. And also, in most banks, in order to finance MSEs and to accept loan proposals, the collateral must be 100 percent or more, equal to the amount of credit extension or finance product (World Bank, 2003).

The World Bank (2003) also identified a number of factors that constitute constraints by MSEs to access finance. These factors include distortions of financial sectors, lack of know-how on the banking part, information asymmetry (access to business information), and the high risk in lending to small businesses.

It is also noted that loan term places an important element when it comes to lending issues. It is further stated that in most cases the loan period and the size present obstacles for accessing bank financing and the interest rate affects access to finance in a few cases (Brownbridge, 2002).

2.2.1 Formal versus informal finance;

The study of Degryse and Ongena (2014) accompanied a study on informal or formal financing or a combination of the two with the evidence on the co-funding of Chinese firms. Using unique survey data, the study found that informal finance is associated with higher sales growth for small firms and lower sales growth for large firms. The study also identifies a complementary effect between informal and formal finance for the sales growth of small firms, but not for large firms. Informal finance offers informational and monitoring advantages, while formal finance offers relatively inexpensive funds. The simultaneous of formal and informal finance is the optimal choice for small firms.

Fridell (2007) found that accessibility and low application costs are the key advantages of informal credit, while these are often perceived to be disadvantages of formal credit. Informal finance is found to be very flexible since the dominant sources of informal credit seem to be family, friend, neighbor, it may not be so surprising that most informal loans were interest-free and that many do not agree that interest rates are higher for informal lending in general. The informal financial sector was also seen to be disadvantaged by the credit ceiling, while the formal sector had reliable funds available. The study concluded that that the key method of

enhancing credit access to businesses and individuals and hence reduce the financial exclusion was by encouraging the development of the informal financial sector. The reduced costs and flexibility were found to enhance credit access which in turn led to increased business performance.

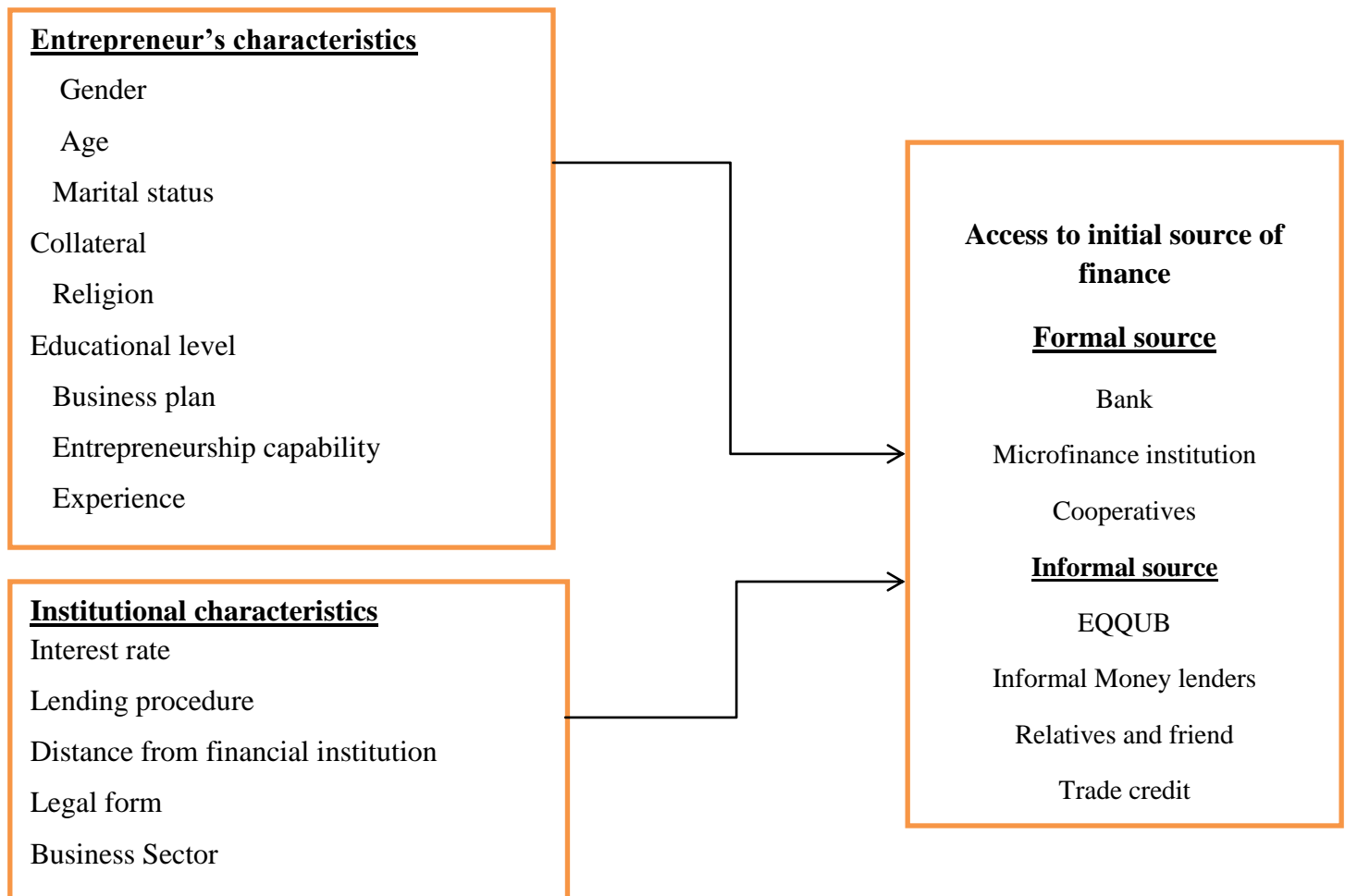
Credit rationing is significantly higher in the formal financial markets than the informal and semi-formal financial sector in Kenya (Atieno, 2001). She found that the anxiety with the loan repayment among formal lender determines the amount of credit a borrower get while in the formal financial sectors, the main determinant is their limited resource base. Her conclusion is that the lending terms imposed by the formal financial sector share a large number of borrowers out of the credit market living only a few who can afford the required collateral. On the other hand, some of the borrowers do not get what they want from the informal sector due to the limited resource base creating a credit gap in the rural markets.

2.3 Literature and knowledge gaps

The previous researcher, most of them focus on the determinants of micro and small enterprise financing on their growth and expansion rather than on the startup capital or on initial capital of the business enterprise to start a business. So the current study focus on the access to initial financial source of micro and small enterprises to start a business to fill the above knowledge gap. And also different studies that have been carried out globally on the financial accessibility of MSE show conflicting results. Cressy (2006) and ollofson (2006) showed in their study that the growth and financial performance finance of firms were more constrained by managerial and psychological factors than it was by the availability of external finance. On the other hand Fatoki and Smith (2011), in their paper on the firm growth and business environment identified those constraints on access to finance as the main factors hindering the growth of small firms. Limited access to finance has been identified as the key constraint globally Kihimbo. (2012). Therefore the researcher wants to conduct this study to fill the existing gap and to negotiate the conflicting results of different researchers.

2.4 Conceptual framework

After the detail discussion of theoretical and empirical review of the determinants of financial source of micro and small enterprises, it is right to provide diagrammatic presentation that links those dependent variables with the independent one. As a result of this conceptual frame work of this study will outlined in the following figure



Source: Adopted from previous Researches, modified by researcher

CHAPTER THREE

RESEARCH METHDODOLOGY

3.1 Research Design

This study was adopted an explanatory survey research design, and assessed the Determinants of access to initial financial sources of micro and small business enterprises in Jimma town and identified the relation and dependency between financial source and the initial capital of micro and small enterprise in Jimma town. A descriptive statistical method and binary logistic regression were used to conclude.

3.2 Source of Data and Techniques of Data Collection

Both primary and secondary data were used to conduct this study. The primary data that the researcher used is an interview questionnaire which was asked for the randomly selected targeted group of the sample. The researcher used secondary data as supplemental of the primary data and the secondary data that were used includes various sources like book, journal, web, manual, and different report.

3.3 Target Population and Sampling Methods

According to Kombo (2009) population is a group of individuals, objects, or items from which samples will be taken for measurement or it is an entire group of persons or elements that have at least one thing in common. In this research, the subjects of the study were MSEs that are legally registered and operating in Jimma town at the onset of this study accordingly to the number of legally registered and operating MSEs in Jimma Administrative micro, small and medium enterprises. The study targeted to take samples from all the registered MSEs in Jimma town. The total number of the targeted population in this town was 2,418.

The sample size is the subject of the study, which was selected from the entire population. And it is believed that truly represents the population and has a small sampling error. Whereas, a good sample should be truly representative of the population, result in a small sampling error, viable, economical, and systematic, whose results can be applied to a universe with a reasonable level of confidence (Kothari, 2004).

All the MSEs formed the population of the study. Initially, we estimated the size of the sample from a total of 2418 at a 95 percent confidence level with ± 5 percent level of precision which was found to be 343. Those MSEs were categorized in heterogeneous groups like Manufacturing, construction, service, trade, mining, urban agriculture, and livestock. So the researcher believed to apply stratified random sampling techniques depending on the sectors. In stratified sampling, the population is classified into several startups that are similar by themselves rather than the total population, and then to make up a sample we choose an item from each stratum. According to Yamane (1967), for a 95 percent confidence level and $p = 0.05$, size of the sample should be:

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

$$n = \frac{2418}{1 + 2418(0.05)^2} \quad n = \underline{\underline{343}}$$

Where, N is the population size and e is the level of precision. The allocation of the samples to the different categories of enterprise was carried out through the proportional allocation method. The proportional allocation method was originally proposed by Bowley (1926). In this method, the sampling fraction $\frac{N}{n}$ is same in all strata. This allocation was used to obtain a sample that can estimate size of the Sample with greater speed and a higher degree of precision. The allocation of a given sample of size n to different stratum was done in proportion to their sizes.

I.e. in the i^{th} stratum,

$$n_i = n \frac{N_i}{N}$$

$i = 1, 2, 3$. Where n - represents sample size, N_i - represents population size of the i^{th} -strata and N -represents the population size. In our study, $N = 2418$; $n = 343$

Table 1 Proportional allocation of sample size

Sectors	Sample size	Allocation Formulae	Sample Proportion
Manufacturing	n1= 343	$n \frac{Ni}{N}$	$343 \left(\frac{345}{2418} \right) \approx \underline{\underline{49}}$
Construction	n2= 343	$n \frac{Ni}{N}$	$343 \left(\frac{252}{2418} \right) \approx \underline{\underline{35}}$
Service	n3= 343	$n \frac{Ni}{N}$	$343 \left(\frac{648}{2418} \right) \approx \underline{\underline{92}}$
Trade	n4= 343	$n \frac{Ni}{N}$	$343 \left(\frac{857}{2418} \right) \approx \underline{\underline{122}}$
Urban Agriculture	n5= 343	$n \frac{Ni}{N}$	$343 \left(\frac{251}{2418} \right) \approx \underline{\underline{36}}$
Mining	n6= 343	$n \frac{Ni}{N}$	$343 \left(\frac{20}{2418} \right) \approx \underline{\underline{3}}$
Livestock	n7= 343	$n \frac{Ni}{N}$	$343 \left(\frac{45}{2418} \right) \approx \underline{\underline{6}}$
Total			<u><u>343</u></u>

Source: Own computation

3.4. Method of Data Analysis and Presentation

Data analysis is a practice in which raw data is ordered and organized so that useful information can be extracted from it (Kothari, 2004). After the data is collected using primary (questionnaire) and secondary data sources, it was made ready for analysis by editing, handling blank responses, coding, categorizing and keying in to statistical package for social sciences (SPSS) computers software for analysis. SPSS was used to produce descriptive and inferential statistics and which was used to drive conclusions and summarization regarding the population. Descriptive statistics is one of the techniques used to summarizing data collecting from the respondents to draw some important conclusions

3.4.1 Model Specification

The econometric part of analysis uses a proxy variable showing whether access to financial source is formal or informal. The proxy variable (taking binary form) assigned a value of 1 or 0 using the access to finance as a cutoff point. i.e.

$$y = \begin{cases} 0 & \text{if } Y < Z \\ 1 & \text{if } Y > Z \end{cases} \dots\dots\dots 1$$

Having the above information the choice is the qualitative response models, i.e. linear probability model, logit model and probit model. The logit model is more preferable for this study due to the draw backs of LRM and the normality assumption of probit model which makes it difficult to test. So the selected model to use for this study is highlighted showed below.

According Gujarati(2004) the dependent variable of this logit model takes binary response, i.e. $y=1$ if formal and $y=0$ if informal. In terms of probability it can be written as

$$P(y_i = 1) = P_0$$

$$P(y_i = 0) = 1 - P_0 \dots\dots\dots 2$$

This simply shows that the probability that a formal source of finance is P_0 and the probability that it is informal is $1-P_0$. This can be written in equation form of logistic distribution as:

$$P_0 = E(y_i = 1/X_i) = \frac{1}{1 + e^{-(B_0 + \sum \beta_i X_i)}} \dots\dots\dots 3$$

$$P_0 = \frac{e^{B_0 + B_1 X_1 + B_2 X_2 + \dots + B_i X_i}}{1 + e^{B_0 + B_1 X_1 + B_2 X_2 + \dots + B_i X_i}} \dots\dots\dots 4$$

Where: P_0 is the probability, e is an irrational number, B_0 the intercept term and B_i 's are the coefficients of the predictors X_i . In reality P_0 is unobserved (latent) variable, but instead we see the proxy variable y_i is taking the values $y_i = 1$ if informal and $y_i = 0$ if the formal. So equation 4 can be written as:

$$P(y_i = 1/X_i) = \frac{e^{B_0 + \sum B_i X_i}}{1 + e^{B_0 + \sum B_i X_i}} \dots\dots\dots 5$$

Equation, 5 is expressed in terms of event probability, i.e. the probability that $y_i = 1$ occurs. The nonevent probability can easily be derived from the above equation. Since, y_i takes only 0 and 1, the probabilities of $y_i = 1$ and $y_i = 0$ should sum up to 1. So the nonevent probability will be:

$$P(y_i = 0/X_i) = 1 - P(y_i = 1/X_i)$$

$$P(y_i = 0/X_i) = 1 + e^{\frac{1}{B_0 + \sum \beta_i X_i}} \dots\dots\dots 6$$

By taking equations 5 and 6, we can write in terms of odds (probability ratio) as:

$$\frac{[P(y_i = \frac{1}{X_i})]}{[P(y_i = \frac{0}{X_i})]} = \frac{[P(y_i = \frac{1}{X_i})]}{[1 - P(y_i = \frac{1}{X_i})]} = \frac{[1 + e^{B_0 + \sum B_i X_i}][e^{B_0 + \sum B_i X_i}]}{[1 + e^{B_0 + \sum B_i X_i}]} = e^{B_0 + \sum B_i X_i} \dots\dots\dots 7$$

The equation is simply the odds in favor of being poor, i.e. the ratio of the probability that a source of finance is formal to the probability that it is informal. Equation 7 can be linearized by taking the natural logarithms as:

$$Y_i = \ln\left[\frac{P(y_i = 1/X_i)}{1 - P(y_i = 1/X_i)}\right] = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_i X_i$$

$$Y_i = \beta_0 + \sum_{i=1}^i B_i X_i \dots\dots\dots 8$$

Y_i is simply the log odds ratio, which is linear in X 's. If we are interested in probabilities rather than the odds, we estimate the coefficients B_i . Generally, for estimation purpose, the logit model can be written as:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_i X_i + E_i \dots\dots\dots 9$$

Where, E_i is a stochastic term, which indicates the random effect of other variables that are not included in the model. The most important properties of the logit model are the dependent variable is assumed to have a linear relationship not with the predictor as it is, but with its logit form. Moreover, it doesn't assume any relationship between the predictors; they may take any form. There is no assumption of normality regarding to the distribution of the error term, rather it is assumed to follow a logistic distribution. Having the mentioned discussion, our econometric model becomes:

$$Y_i = \beta_0 + \sum \beta_i X_i + E_i$$

Where, Y_i stands for the source of initial capital.

β is are coefficients of the predicators $X_{i.i}$

E_i satirical errors terms and unobserved character.

Variables and measurement

Dependent Variable: The dependent variable for the Logistic regression model is source of initial capital. Dependent variable is Determinants that may affect this choice will be considered as independent variable.

Independent Variables: The explanatory variables in this study are those variables, which are a consideration to have affecting micro and small business enterprises source of finance. This included Personal saving characters variables or equity source; Informal sources variables, and Formal sources variables. Those variables are listed as follows

Table 2 Variables and measurement

Variable	Indicators	Symbol	Measurement	Data status	Expected sign
Dependent variable					
Initial capital	Source of finance	IC	Categorical	0= Informal 1= Formal	
Independent variables					
Entrepreneurs capability	Ability to creat job	EC	Nominal	1=have cap 0=otherwise	+
Business plan	Preliminary study	BP	Nominal	1= have BP 0= otherwise	+
Religion		RGN	Categorical	1= Muslim 2= orthodox 3=protestant	+
Credit procedure	Lending process	CP	Dummy	0= complex 1=simple	+

Legal form	Formation of business (type)	LF	Catagorical	1=sole prop 2=partship 3=PLC	+
Marital status		MS	Categorical	1=meried 2=un married 3=divorced	+
Age	Maturity of the entrepreneur	AG	In year	0=older 1=younger	+
Sex	Gender	SX	Dummy	1= if male 0= female	-
Experiace	Social capital	EX	Nominal	1= have exp 0= otherwise	
Collateral	Guarantee	COLL	Dummy	1= if yes 0= otherwise	-
Interest rate	Impact of cost of borrowing	INT	Dummy	1= if yes 0= otherwise	-
Distance from Fis	Social practice in using finance	DFFI	Nominal	0=closely 1=far	-
Business sector	Business situation	BUSEC	Categorical	1= trade 2= service 3=manufacturing 4=agriculture	+
Educational level	Status of school attained	EDCL	Categorical	1=belowG12 2=diploma 3=degree &above	+

The researcher employed a general model form based on empirical evidence as follow:

$$Y = \beta_0 + \sum \beta_i X_i + E_i \text{ Where: } Y = \text{initial capital(IC)}$$

n is number of variables

β_0 - is the intercept

β_i - represents the coefficients of the X_i variables

X_i - represents the explanatory variables $i = 1, 2, \dots, n$. And ε_i - is the error term

The above empirical model developed to examine factors affecting access to source of finance in jimma by using explanatory that listed above table as follows:

$$IC = \beta_0 + \beta_1 SX + \beta_2 LP + \beta_3 BP + \beta_4 MS + \beta_5 RGN + \beta_6 BS + \beta_7 EX + \beta_8 + \beta_9 LF + \beta_{10} AG + \beta_{11} DFFI + \beta_{12} EDCL + \varepsilon_i$$

Where; IC = initial capital

ε_i = Satirical errors & unobserved characters

$\beta = 1, 2, \dots, 18$ = coefficient

SX=sex

LF= legal form

AG= age

BP=business plan

LP=lending procedure

EX= experience

MS=marital status

RGN=religion

LF= legal form

DFFI= distance from financial institution

BS=business sector

EDCL= education level

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.0. Introduction

This chapter discussed the analytical results of the study and the first section of this chapter presents the descriptive statistics results of the study. This is followed by the discussion of the econometric model results. Therefore, this section presents findings of the analysis, based on the objectives of the study where both descriptive statistics and binary logistic model have been employed.

4.1 Descriptive Statistics

This section shows the results from descriptive statistics and generally, the data that was collected for this study were Primary in nature. The descriptive statistics was used in order to get insight about the variables of the determinants of access to initial financial source for micro and small enterprises and it was used as a base to forward recommendations after determining the relationship between the variables from regression analyses.

4.1.1 Demographic characteristics of the Respondents

Description of the characteristics of the target population gives some basic information about the sample population involved in the study. From the data collected and tabulated, the following significant characteristics of respondents have been obtained.

Table 3 characteristics of the respondents

Variable	Variables categories	Frequency	Percentages
Sex	Male	261	76.1%
	Female	82	23.9%
	Total	343	100%
Age	Older age	182	53.1%
	Younger age	161	46.9%
	Total	343	100%
	Below grade 12	125	36.4%

Educational background	Diploma	144	42%
	Above degree	74	21.6%
	Total	343	100%

Source: Survey result, 2020

As displayed in table 2 above, 261(76.1percent) of the respondents were male, 182 (53.1percent) were older age, and 144 (42percent) of them were having diploma.

4.1.2 Question pertains to micro and small business enterprises

Table 4 what is/are your reason(s) to start the business?

Answers	Frequency	Percentage
Entrepreneur ability initiated me	20	3%
Retrenched from other organization	85	25%
Inherited the business from family	210	61%
Could not find any employment	300	87%
Pressure from family & Friends	224	65%
Others	5	1%
Total	343	100%

Source: survey result and own computation

As the above table shows, that the enterprises response, about 87 percent reason to start their business is unemployment problem. This means majority of the enterprise in jimma town are created and start business because the members have no job before. And the second reason and third reasons are pressure from family & friends and inherited the business from their family respectively. Therefore this implies that the micro and small enterprise is important in the reduction of unemployment rate so, it need great attention from government and other responsible bodies.

Table 5 Have you made feasibility study before you start your business?

Answer	Frequency	Percentage
Yes I made formal business plan	162	47%
No, I opened it by looking others	34	10%
Yes but informal assessment	241	70%
Others	-	-
Total	343	100%

Source: Survey result

Table 4 shows about the preparation of feasibility study to start business. It implies that, majority of micro and small business enterprises can prepare it but it is an informal assessment which is about 70 percent responses of the MSE's. And about 47 percent of MSEs are prepared the formal business plan to start their business. This shows that the majority of the enterprises does not prepare formal business plan this made difficulties in their business success. Therefore the responsible body must aware and push them in case of feasibility study.

Table 6 which is/are the most important business constraint (s) that stuck you to start the business?

Answers	Frequency	Percentage
Lack of adequate finance	325	95%
Lack of technical knowledge / skill	80	23%
Lack of working space (Land)	275	80%
Lack of managerial knowledge/skill	110	32%
Lack of input (Raw Materials)	19	5.5%
Lack of adequate labor force	-	-
Lack of Market for products	-	-
Total	343	100%

Source: Survey result and own computation

The above table shows that the major important business constraint that stuck the enterprises to start their business is lack of adequate finance. It is about 95 percent respondent's response. This shows the severity of lack of access to finance to start business. And the second constraint is lack of working space which has 80 percent responses. It is followed by the problem of managerial skill and lack of technical knowledge respectively.

Table 7 what was/were your source (s) of finance when you started your business?

Answers	Frequency	Percentages
Loan from Banks	55	16%
Own saving	312	91%
Microfinance Institutions	122	36%
Contribution from Family & Friends	210	61%
Saving and Credit association	98	29%
Inheritance from family	62	18%
Mobilizing Iqub	130	38%
Capital Lease	-	-
Informal Money lenders	145	42%
Others	15	4%
Total	343	100%

Source: Survey result

As the above table shows that, the sources of finance when the enterprise started their business are; own saving (91percent) contribution from family and friends (61percent) informal money lenders (42percent) mobilizing Iqqub (38percent) and from microfinance institution (36percent) This is generally shows that there is informal source of finance than formal financial sources as initial capital of MSEs business in jimma town. This implies that it needs great attention to transfer the sources of finance from informal to formal because the formal sources have different advantage over the informal one.

Table 8 if you did not take any bank loan, what is/are the reason(s)?

Answers	Frequency	Percentage
Inadequate collateral	313	91%
Did not want to incur debt	10	3%
High interest rate charged	278	81%
Fear of inability to repay	53	15%
Long Loan processing time	220	64%
No need for Credit	-	-
Business Plan & report requirements	-	-
Total	343	100%

Source: survey result and own computation

Table 5 shows that majority of the respondents (91 percent) did not take any bank loan because of inadequate collateral and secondly because of interest rate charged (81percent) and because of long loan processing respectively. This is because of the enterprises incapability during their starting point since they are micro and small enterprise.

Table 9 if you have used Iqqub for your business as source of finance, what is / are your reason (s)?

Answer	Frequency	Percentage
Iqub has no interest rate	343	100%
It increases cooperation	343	100%
Locally available	343	100%
Total	343	100%

Source: survey result and own computation

The above table show about the iqqub as source of finance for micro and small business enterprises and about the reason of owners of the enterprise to use it. So it shows that all of the respondent’s reason to use iqqub is because it has no interest rate, it increase cooperation and it is nearly and locally available. So iqqub is one of the informal financial sources which is used as source of finance for MSEs.

Table 10 Have you received any trade credit from your suppliers?

Answer	Frequency	Percentage
Yes always	35	10%
Not at all	-	-
Yes sometimes	308	90%
Total	343	100%

Source: survey result and own computation

This table is used to describe about trade credit and it shows that almost all the enterprise can receive trade credit from the suppliers in jimma town Because of the nature of their business. And they use this trade credit sometimes and least of them used always.

Table 11 If yes, what factor(s) motivate to take the trade credit?

Answer	Frequency	Percentage
Willingness to grant credit	31	9%
It is free of interest	115	33%
Being regular Client of the supplier	200	58%
Others (support our business)	59	17%
Total	343	100%

Source: survey result and own computation

The above table implies about the factors that motivate the enterprises to take the trade credit. And it shows that about 58 percent respondents responds that the first and most motivation factors is that the enterprises want to be a regular client of the supplier and the second one is that trade credit is interest free.

Table 12 if you are not using Capital Lease, what is/are your reason(s)?

Answer	Frequency	Percentage
I do not know what it is	299	87%

It is not locally available	44	13%
High Interest rate	-	-
Total	343	100%

Source: survey result and own computation

According to the table 10, the owners of micro and small business enterprises that are lived in jimma town do not know and not aware of about capital leases because it is not locally available. So about 87 percent respondent's reason to not to use capital lease as source of finance is the lack of knowledge and inexistence of the capital lease in their local town.

Table 13 how do you evaluate interest rate charged by formal financial Institutions?

Answer	Frequency	Percentage
Very high	203	59%
Medium	50	15%
High	90	26%
Low	-	-
Total	343	100%

Source: survey result and own computation

This is the last but not the least descriptive table that shows about the interest rate of the formal financial institution which shows that it is very high which about 59 percent is. This can negatively affect access to financial sources from formal financial institution. This implies that it is not suitable for micro and small business enterprises to borrow money as initial capital from formal financial institution.

4.2 Result of Econometrics modes

An econometric model, binary logistic regression model, was employed to identify the determinants of access to financial source of micro and small enterprises. Binary logistics regression does not make many of the key assumption of multiple linier regressions particularly linearity, normality, homoscedasticity assumptions (tabachnic&fidell, 2007; pallet, 2005). But some other assumptions are applied here. Which includes large sample size and multicollinearity

so; these assumptions were checked before running to the binary logistic regression.

According to Stevens (1996), for social science research about 15 subjects per independent variable are required for a reliable result. That means for 11 variables which is used in this study; the minimum sample size required should be 165 (11x15). The 343 responses used in this study are well above the minimum required under this formula and satisfy sample size requirement for this specific model.

Another assumption is absence of multicollinearity which refers to the relationship among the independent variables. Since multiple regression model do not like multicollinearity, checking of this assumption is important before starting the analysis (Pallat, 2005). Therefore in order to check the existence of multicollinearity among the 10 independent variable, correlation coefficients among the variable were calculated and presented in a matrix as shown in table below.

Table 14 correlation matrix among the independent variables for in the study

Correlations											
	IC	AG	EDCL	SX	RGN	EX	MS	BS	DFFI	LF	LP
IC	1										
AG	.298**	1									
EDCL	.358**	0.093	1								
SX	.191**	0.021	0.102	1							
RGN	.330**	0.09	.179**	-0.071	1						
EX	0.056	.202**	0.011	0.084	0.087	1					
MS	.201**	.218**	0.045	0.094	.180**	.533**	1				
BS	0.001	-0.02	0.05	0.018	-0.009	-0.002	-0.007	1			
DFFI	-0.005	0.098	0.06	0.014	.237**	.352**	.316**	0.099	1		
LF	.580**	.266**	.411**	.126*	.309**	.118*	.215**	0.065	.147**	1	
LP	.527**	.180**	.359**	.133*	.242**	0.098	.136*	0.043	.152**	.832**	1

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

* . Correlation is significant at the 0.05 level (2-tailed).

According to pallet, (2005), multicollinearity exist when the independent variable are highly correlated ($r=0.9$ and above). As it is shown in the above table, all the correlation coefficient among the variable are less than 0.9 which shows that multicollinearity is not a problem.

The following diagnostic tests were carried out to insure that the data fit are presented or checked.

Case Processing Summary: is a summary which shows the total number of cases observed, missing cases and cases included in analysis (Julie, 2007). Case processing summary is presented in the following Table 15

Table 15 Case processing Summary

Case Processing Summary

UnweightedCases ^a		N	Percent
	Included in Analysis	343	100.0
Selected Cases	Missing Cases	0	.0
	Total	343	100.0
Unselected Cases		0	.0
Total		343	100.0

a. If weight is in effect, see classification table for the total number of cases.

Source: Binary logistic regression output

The case processing summary in the above table shows that a total number of cases observed are 343 and of which all included in analysis. When running binary logistic regression model, if there is missing in a given case in one of the explaining variables or predicted variable then it will be excluded from the overall analysis (Julie, 2007).

Omnibus test of model coefficient: gives an overall indication of how well the model performs, over and above the result obtained for Block 0, with none of the predictor enters in to the model. This is referred as a ‘goodness of fit’ test. For this set of result a highly significant value is necessary (significant value less than 0.05) (Julie, 2007). It is presented in the following table, Table 16

Table 16 Omnibus tests of model Coefficients

Omnibus Tests of Model Coefficients

	Chi-square	Df	Sig.
Step	187.534	10	.000
Step 1 Block	187.534	10	.000
Model	187.534	10	.000

Source: Binary logistic regression output

Table 17 shows that a significant effect of determinants of access to initial source of finance. Therefore, the model with the set of variables used as predictors is better than SPSS, original guess shown in the block0.

Hosmer and Lemeshow Goodness of Fit Test: is the most reliable test of model fit available in SPSS and interpreted very differently from the omnibus test. Here poor fit is indicated by a significant value less than 0.05. So, to support a model the value must be greater than 0.05 (Julie, 2007).

Table 17 Hosmer and Lemeshow

Step	Chi-square	Df	Sig.
1	12.943	8	.114

Source: Binary regression output

As presented on the above Table the chi-square value for the Hosmer-Lemeshaw Test is 12.943 with a significant level of 0.114. This value is larger than 0.05, therefore indicating support for the model.

Model summary: gives us another piece of information about the usefulness of the model. The Cox and Snell R square and the Nagelkerke R square values provide an indication of the amount of variation in the dependent variable explained by the model (from a minimum value of zero to a maximum of approximately 1) (Julie, 2007).

Table 18 model summary

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	287.122 ^a	.421	.562

a. Estimation terminated at iteration number 5 because parameter estimates changed by less than .001.

From Table 19 the two values of Cox and Snell R square and the Nagelkerke R square are 0.421 and 0.562 respectively, suggesting that between 42.1 percent and 56.2 percent of the variability is explained by the set of variables.

Classification table: provides with an indication of how well the model is able to predict the correct category for each case. There are two predictive values called positive and negative.

Positive predictive value is the percentage of cases that are the model classified as having the Characteristics that is actually observed in the group. Negative predictive value is the percentage of cases predicted by the model not to have the characteristics that is actually observed not to have the characteristics (Julie, 2007).

Table 19 Classification table

Classification Table^a

Observed		Predicted		
		INCAPITAL		Percentage Correct
		0	1	
Step 1	INCAPITAL 0	135	28	82.8
	1	34	146	81.1
Overall Percentage				81.9

a. The cut value is .500

Source: Binary logistic regression output

As presented in the above Table, classification table shows misses in classification accuracy, which shows correctly classified and incorrectly classified. Here, the overall accuracy of the model is 81.9 percent implying the model can correctly predict the predicted variables, access to source of finance, with an error of 18.1 percent.

since the assumption were tested and the data fitness are insured as shown above, binary logistic regression analysis was run to identify which of the independent variables significantly determine access to financial source of micro and small business enterprises.

4.3 Binary Logistic Regression Result

In this subtopic the study investigate the level of relationship and magnitude of explanatory variables over predicted variable based on the logistic regression model output. Therefore, finally the finding determines which of the explanatory variable are predictive of access to initial Source finance. Here the data analyzed is “variable in the equation table” from output of the regression.

The variable in the equation table gives information about the contribution or importance of each of a models predictor variable. The test that is used here is known as the Wald test, and the value of the statistics for each predictor in the column labeled Wald. Value less than 0.05 in the sig. column are the variables that contribute significantly to the predictive ability of the model (Julie, 2007). The variable in the equation table is presented below.

Table 20 Variables in the equation table

Variables in the Equation

	B	S.E.	Wald	Df	Sig.	Exp(B) OR	95% EXP(B)		C.I.for
							Lower	Upper	
Age	1.005	.304	10.912	1	.001	2.732	1.505	4.958	
Education	.609	.213	8.213	1	.004	1.839	1.212	2.790	
Sex	1.063	.361	8.647	1	.003	2.895	1.425	5.879	
Religion	1.024	.244	17.678	1	.000	2.785	1.728	4.489	
Experience	-.484	.379	1.631	1	.202	.616	.293	1.295	
Marstat	.880	.376	5.467	1	.019	2.410	1.153	5.038	

Step 1^a

Sector	-.058	.185	.098	1	.755	.944	.656	1.357
Disfrfi	-1.028	.343	8.987	1	.003	.358	.183	.701
Legform	1.234	.535	5.314	1	.021	3.435	1.203	9.806
Lendpro	1.312	.581	5.100	1	.024	3.714	1.189	11.599
Constant	-2.277	.374	37.133	1	.000	.103		

a. Variable(s) entered on step 1: age, education, sex, religion, experiance, marstat, sector, disfrfi, legform, lendpro.

Source: Binary logistic regression output

From the above table, it can be seen that access to a financial source of finance or initial capital is significantly determined by age, education, sex, religion, marital status, distance from a financial institution, legal form of the business, and lending procedure at $p < 0.05$.

AGE

As indicated in the regression result, there is a positive and significant relationship between the age of owner-managers or entrepreneurs and the likelihood of obtaining a source of finance. Assuming other variables constant, the Wald's tests for an extra year in owner age shows significant ($\chi^2 = 10.912$, $p < 0.05$) effect on access to a source of finance. Looking at 95 percent confidence intervals for the odds ratio, the result indicates that the odd (Exp (B)) of access to initial financial source was 2.732 times higher for an increase in age. The result of this study shows that there is a positive and significant correlation between the ages of the owner and obtaining formal finance. Therefore, the regression output implies that the probability of getting a source of formal finance is determined by age of owner who operates micro and small Enterprises. As a result, there is enough evidence to retain the proposed hypothesis and it is statistically positively significant in the case of Jimma.

This finding is in line with Kofi (2013); Nguyen & Luu (2013); and Selamawit (2014) results. The age of owner-manager is a determinant factor that likely helps reduce the firms financing obstacles and when the owner becomes older and older he/she will be more risk-averse and less energetic. Similarly, those studies justify as young owners are less wise and less responsive than the old one and that makes age a determinant factor.

EDUCATION LEVEL

It has a statistically significant positive effect on MSE's access to the source of finance. The Wald's test is evidence for significant effect ($\chi^2 = 8.213$, $p < 0.05$) on access to finance. Based on 95 percent confidence intervals for the odds ratio, the odd (Exp(B)) of access to initial finance is 1.839 times higher for an improvement in educational level. In other words, the implication here is educated owner-managers are more likely to have access to credit than those with low education level or it implying that one more year of education increases the probability of access to credit.

Further analysis implies that the overall educational level can contribute a lot in obtaining and making things easy to obtain a spatially formal loan. In other words, when the educational level of MSE's owner becomes improved, they would get making loans easier and easier. Therefore, it can be concluded as, there is enough evidence to accept the proposed hypothesis, as far as there is a positive and statistically significant influence, and educational level determines access to a source of finance in the case of Jimma.

This result is consistent with prior expectations and findings of Selamawitet (2014); and Yehuala (2008). Those studies indicate that education improves the capability for resourcefulness and invention. Contrary, the result is against Hassen & Abdwahab (2014); and Kofi. (2013) findings reasoning as financial institutions don't consider the level of education before granting a loan.

GENDER

As shown in the regression result, there is a positive and significant relationship between sex or gender of entrepreneurs and the likelihood of obtaining a source of finance. Assuming other variables constant, the Wald's test shows significant ($\chi^2 = 8.647$, $p < 0.05$) effect on access to the source of finance. And based on 95 percent confidence intervals for the odds ratio, the odd (Exp(B)) of access to the initial financial source is 2.895 times higher for gender. Therefore, the regression output reflects that the probability of getting a source of finance is determined by the gender of the owner who operates micro and small Enterprises. As a result, there is enough evidence to retain the proposed hypothesis and it is statistically positively significant. This finding is similar to zewdie (2015); results. gender is a determinant factor that likely helps reduce the firms financing obstacles and when the owner becomes male he will be more vulnerable than

female and risk-averse. Similarly, the above studies clearly show male are responsive than the female and that makes gender a determinant factor.

RELIGION

Religion is another factor that affects access to financial sources of micro and small enterprises. Spatially Islamic religion negatively affects the formal source of finance because of Islamic religious custom regarding pre-arranged interest rate. In Islamic law, paying and receiving credit on interest is for bidden. The Wald's test is evidence for significant effect ($\chi^2 = 17.678$, $p < 0.05$) on access to finance. Based on 95 percent confidence intervals for the odds ratio, the odd (Exp (B)) of access to the financial source is 2.785 times higher for the non-Muslim owner. So the probability of getting a source of finance is determined by religion. That means as the number of Muslim is increased the likelihood to the access of source of finance spatially formal source is decrease. This finding is similar to the finding of Khan (2008) which implies that 20-40 percent of the respondent cited the religious reason for not accessing the formal source of finance.

MARITAL STATUS

Marital status was also found to affect access to financial sources of micro and small enterprises has a statistically significant effect on MSE's access to a source of finance. The Wald's test is evidence for significant effect ($\chi^2 = 5.467$, $p < 0.05$) on access to finance. Based on 95 percent confidence intervals for the odds ratio, the odd (Exp (B)) of access to the financial source is 2.410 times higher for a married owner. In other words, the implication here is married owner-managers of enterprises are more likely to have access to credit than those unmarried or it implying that marriage increases the probability of access to credit. Further analysis clearly shows that the chance of obtaining a loan is significantly increased only as the owner is married. However, the overall marital status shows that it contributes a lot in obtaining and making things easy to obtain spatially source of finance. Therefore, it can be concluded as, there is enough evidence to accept the proposed hypothesis, as far as there is a positive and statistically significant influence, and marital status determines access to a source of finance in the case of Jimma. This result is consistent with a prior expectation and findings of Hassen & Abdwahab (2014); and Kofi. (2013).

DISTANCE FROM FINANCIAL INSTITUTION

Distance from a financial institution is one of the independent variables that tested as determinant factors of access to initial financial sources of micro and small business enterprises. Assuming other variables constant, the Wald's test shows significant ($\chi^2 = 8.987$, $p < 0.05$) effect on access to a source of finance and based on 95 percent confidence intervals for the odds ratio, the odd ($\text{Exp}(B)$) of access to finance is 0.358 times higher for a short distance from a financial institution. Therefore, the regression output shows that the probability of getting a source of finance is determined by the location of enterprise this is true spatially if the source of finance is the formal one. Enterprise near lending institution has a location advantage and more access to source finance than more distant enterprises. Therefore, distance from a financial institution can significantly and negatively determine access to a source of finance of micro and small business enterprises. This result is similar to the study of Hussien (2007) result that justifies this idea.

LEGAL FORM OF BUSINESS

The last significant variable in the regression output is the legal form of the business. The analysis found that it has a statistically significant and has an effect on MSEs access to a source of finance. The Wald's test is evidence for significant effect ($\chi^2 = 5.314$, $p < 0.05$) on access to finance. Looking up on 95 percent confidence intervals for the odds ratio, the odd ($\text{Exp}(B)$) of access to a source of finance is 3.435 times higher for a partnership form of business. In other words, the implication here is partnership form of enterprises are more likely to have access to credit than those sole proprietorship or it implying that partnership form of business increases the probability of access to credit because most of the micro and small enterprises are organized as a partnership. This result is in line with the finding of Yehuala (2008). Other variables including experience, lending procedure, business sector, interest rate, business plan and entrepreneur capability, and collateral are not found to determine access to financial sources of micro and small enterprises in Jimma town. These results contradict the finding of Selamawitet (2014); and Yehuala (2008). Therefore it needs further investigation by other researchers.

LENDING PROCEDURE

As far as the lending procedure of credit institution is concerned, the presented output in Table 18 shows that there is a positive and significant relationship between the lending procedure and the likelihood of obtaining initial capital from formal finance.

Assuming other variables constant, the Wald's tests for enhancement in lending procedure from 'complex' to 'simple procedure' show significant ($\chi^2 = 5.100$, $p < 0.05$) effect on access to formal finance. Looking at 95 percent confidence intervals for the odds ratio, the result indicates that the odd (Exp (B)) of access to formal finance was 3.714 times higher for every improvement in the procedure (from complex to simple). As a result, there is enough evidence to retain the proposed hypothesis, and the lending procedure plays positively a significant role in obtaining formal credit in the case of Jimma. This result is consistent with empirical studies by Nguyen & Luu (2013), which give great emphasis on the lending procedure as a major factor to obtain finance in developing countries.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the findings, conclusion, and recommendations of the results. It has three sections: the first section presents a summary of the major findings of the study which is directly taken from the data presentation and analysis chapter, the second section presents a conclusion about the study area. In this section mainly the researcher's opinions were included in the previous major summaries presented as a conclusion. Finally, the last section presents the recommendation part of the study.

5.1 Summary of Major Findings

Based on the Binary Logistic Regression Model which is designed to find out what factors determine access to the initial source of finance in Jimma town. This study found the following major findings after a detailed analysis and interpretation of data in chapter four.

The regression output shows that there is a positive and significant relationship between the age of the owner and the likelihood of obtaining a source of finance. This finding shows that the age of the owner explains access to a source of finance. As a result, there is enough evidence to retain the proposed hypothesis and it is statistically positively significant in the case of Jimma town. The proportion of enterprises with access to finance is increasing simultaneously when the age of the firm in operation increases. This result indicates the difficulty to get a loan at startup is higher and difficulty declines in line with an increase in the age of the firm.

As per the survey, both enterprises with access to formal financial sources and informal sources have the same perception regarding the necessity of credit and concerning the highest educational level, the majority of respondents who got credit are with above diploma level. Therefore, the highest educational level, educated entrepreneurs are more likely to have access to formal credit than those with low education levels. So, there is enough evidence to accept the proposed hypothesis and educational level determines access to a source of finance

In addition, the gender of the MSE's owner influenced access to finance, women owners being less likely to apply and receive finance. The results also indicate that there are significant gender

differences in access to finance, with women less likely to access the source of finance yet women play a strategic role in the business sector.

Similarly, Religion is another factor that affects access to financial sources of micro and small enterprises. Spatially Islamic religion negatively affects the formal source of finance because of Islamic religious custom regarding pre-arranged interest rate. That means when the owner of MSEs is Muslim, the likelihood to the access source of finance spatially formal source is decreased.

Marital status was also found to affect access to financial sources of micro and small enterprises it has a statistically significant effect on MSE's access to a source of finance. In other words, the implication here is married owner-managers of enterprises are more likely to have access to credit than those unmarried or it implying that marriage increases the probability of access to finance.

Regarding distance from a financial institution, the survey indicates that the majority of enterprises with access to finance have a short distance from financial institutions. Therefore, the regression output shows that the probability of getting a source of finance is determined by the location of enterprise this is true spatially if the source of finance is the formal one

The legal form of business has statistically significant and has an effect on MSE's access to a source of finance. In other words, the implication here is partnership form of enterprises are more likely to have access to credit than those sole proprietorship or it implying that partnership form of business increases the probability of access to credit.

Lastly, the analysis found that the lending procedure has statistically significant and has an effect on MSE's access to a source of finance. It implies that a simple lending procedure is more likely important to have access to initial financial sources than the complex lending procedure. This means that a simple credit procedure increases the probability of access to initial financial sources from formal money lenders.

5.2 Conclusion

The main purpose of this study was to explain what factors determine access to a source of initial capital finance for MSEs in Jimma town. As presented briefly in the literature review access to finance is crucial for micro and small enterprises to start the business. Similarly, the result in this study supports this idea that micro and small enterprises need an additional source of finance for acquiring machinery and for the purchase of raw materials which is used in production as an input in the start-up stage. While there are a number of constraints that limit MSEs from obtaining access to formal credit (finance) and as well as an informal source of finance.

The researcher can conclude that from the first major finding of the study, it indicates that the firm's access to a source of finance is explained by the age of the owner. When a firm manager gets old and old, the likelihood to obtain a loan is higher. The second major finding of the study indicates that the overall educational level contributes a lot in obtaining and making things easy in order to obtain a source of finance. In other words, when the educational level of MSE's owner becomes improved through time, they would get making loans easier and easier. The third finding of the study indicates that the gender of the MSE's owner influenced credit access, with women MSE owners being less likely to apply and receive credit. The results also indicate that there are significant gender differences in access to finance, with women less likely to receive credit yet women play a strategic role in the growth of the informal sector. Hence the stakeholders in the micro and small scale development initiatives need to boost the basic female qualities in the finance area. Also, we can conclude that religion, marital status, and distance from a financial institution can affect access to financial sources of micro and small enterprise

In addition, MSE's likelihood of obtaining a source of finance is significantly determined by the legal form of business. Those MSEs who are formed as a partnership can create a relationship with credit providers and obtain a source of finance easily than a sole proprietorship. This shows legal form explains the possibility of access to finance.

Therefore it can be concluded as; there is enough evidence to accept the proposed hypothesis concerning age, education, gender, religion, marital status, distance from financial institution legal form, and lending procedure as explaining factors to obtain initial financial source in Jimma town.

5.3 Recommendation

Based on the study result, the researcher would like to forward the following recommendations. In order to increase MSE's access to finance,

- It requires more effort from the micro and small Enterprises side to overcome their drawbacks. This includes specific owner-manager personal characteristics such as: extending the highest educational level of owner-managers.
- Extending the educational level is necessary to strengthen the capacity to prepare loan-financed project documentation in order to meet the credit provider's requirements (Nguyen &Luu, 2013). Besides, further research is required to determine the methods of how to develop the highest educational level of MSE's owner-managers.
- And the other requirement is institutional characteristics like; forming their business legal form as a partnership. Those MSEs who are formed as a partnership can create a relationship with credit providers and obtain a source of finance easily than a sole proprietorship
- When a firm manager gets old and old, the likelihood to obtain a loan is higher and shortening their distance from financial institutions. this is another requirement from owner of MSE to increase their accessibility to source of finance
- The stakeholders in the micro and small scale development initiatives need to boost the basic female qualities in the finance area to increases access to finance for women
- Financial institution have to develop financial product which is interest free for Muslim religion customer so as to include their access to finance
- Microfinance institutions have to facilitate the supply of finance by improving a long time for the loan process and other bureaucracies.
- And Policymakers of government bodies have to minimize a large amount of advance savings to supply loans to MSE's.
- Also, financial institutions have to provide loans to MSEs at a fair interest rate.

5.4 Recommendation for future researcher

In addition to previous recommendations, similar researches should be undertaken on a national level, because this study is limited to the start-up business and in Jimma town only. So as to show what factors determine access to initial financial sources in Ethiopia context? Similarly, future researches recommended studying this research by including variables that are insignificant in this study like the business sector and experience, and by adding other variables like cost of loan.

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APPENDIXES
JIMMA UNIVERSITY
College of Business and Economics
Department of Accounting and Finance

This questionnaire is designed to gather data for a research paper with a title of “determinants of access to financial source of micro and small business enterprises case study in Jimma town “for the purpose of the requirements for the degree of master of accounting and finance in Jimma University. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis.

The information you provide will be used only for academic purposes and confidentially treated. Thank you in advance for your cooperation!

For further information you can Contact Nesriya Kedir through the following,

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Appendix A: Interview Questionnaire for MSEs in Jimma Towns (English Version)

Instruction 1: Give your opinion on the following questions based on your experience in your business by putting tick mark (√) on the appropriate choice(s). You can select more than one choice whenever necessary.

1. What is/are your reason(s) to start the business?
 Entrepreneur ability initiated me Retrenched from other organization
 Inherited the business from family could not find any employment
 Pressure from family & Friends Others, _____
2. Have you made feasibility study before you start your business?
 Yes I made formal business plan No, I opened it by looking others
 Yes but informal assessment Others, _____
3. Which is/are the most important business constraint (s) that stuck you to start the business?
 Lack of adequate finance Lack of technical knowledge / skill

- Lack of working space (Land) Lack of managerial knowledge/skill
 Lack of input (Raw Materials) lack of Adequate labour force
 Lack of Market for products Others,_____
4. Which of the following fixed assets do you owns when you start business?
- Tools, Machineries & equipment Vehicles or other transport means
 Building, shop or working space No Fixed asset at all
5. What was/were your source (s) of finance when you started your business?
- Loan from Banks Own saving
 Microfinance Institutions Contribution from Family & Friends
 Saving and Credit association Inheritance from family
 Mobilizing Iqub Capital Lease
 Informal Money lenders Others,_____
6. If you did not take any bank loan, what is/are the reason(s)?
- Inadequate collateral did not want to incur debt
 High interest rate charged Fear of inability to repay
 Long Loan processing time No need for Credit
 Business Plan & report requirements Others,_____
7. If you did not taken any loan from Microfinance institutions, what is/are your reason(s)?
- Lack of awareness about MFIs Forced Saving by MFIs
 Business beyond target of MFIs High interest rate
 Lack of guarantee for taking Loan No MFIs in my Place
 Difficulty to form group Others,_____
8. If you have used Iqub for your business as source of finance, what is / are your reason (s)?
- Iqub has no interest It increases Cooperation
 Locally available Others,_____
9. Have you received any trade credit from your suppliers?
- Yes always Not at all
 Yes sometimes Others,_____
10. If yes, what factor(s) motivate to take the trade credit?
- Willingness to grant credit It is free of interest

Being regular Client of the supplier Others,_____

11. If you are not using Capital Lease, what is/are your reason(s)?

- I do not know what it is It is not locally available
 High Interest rate Others,_____

12. How do you evaluate interest rate charged by formal financial Institutions?

- Very high Medium
 High Low

13. How do you evaluate the lending procedure of formal financial Institutions?

- Long procedure Medium
 Simple I do not know

14. What is the legal form of your business?

- Sole proprietorship PLC
 Partnership Informal

Age of Owner	_____
Education	_____
Experience	_____
Sex	_____
Marital Status	_____
Religion	_____
Distance from FIs	_____
Sector	_____

Thank you in advance for your cooperation

Appendix B: Interview Questionnaire (Oromic Version)

YUNIVARSIITII JIMMAA

Kollejjii Bisinasii Fi Ikonomiksii

Muummee Akkawuntiingi Fi Finansii

Sagantaa Digrii Lammaffaa

Gaafiilee

Hojjettotaa fi dura bu’oota waldaalee interprizii mayikiroo fi xixiqqaa magaala jimmaatti argamanif kan qophaahe.

Gaafiileen Kun kan qophaahanif qoranno mata dureen isaa’’determinants of access to financial source of MSEs in Jimma town’’ Jedhuf odeeffano yookin ragaa funaanuf dha.odeeffannoon an isinirraa argadhu kunis kaayyo qorannochaatif qofa kan ooluta’uu isaaf waadaan gala.

Hirmaattotni galataf kabajaa guddaa kan onneerra madde qabdu.

Qajeelfama

Gaafiilee armaan gadiitif muxannoo keessanirratti hundaa’uun yaada keessan bakka duwwaa mullatu irratti maallattoo (√) kaa’aa. Yoo barbaachisaa tae fillanno lammaf isa ol filachuu ni dandeessu.yaada dabalataatif iddo duwwa fayyadama.

1. Gara hojii keessan kanaatti seenuf maltu isin kakkaase
 Hojii mataa kooti uumuf hojii mootumma gadhiise
 Maatii irra waan natti darbeef hojii dhaba wanintaef
 Dhiibba maatif hiriyaatin kan biraa_____
2. Gara hojiitti seenuun duratti qorranno bu’aa taasistanittu
 Bizinas plaani qopheesera nama biraa ilaaletan jalqabe
 Eyye garuu xiqqoo qofa Kan biraa_____
3. Kan armaan gadii keessa hojii akka hinjalqabnef gufuu kan isinitti ta’e isa kami
 Hanqina maallaqa rakko teeknikii
 Rakkoo iddo hojii hanqina muuxxanno manajimantii
4. Kan armaan gadii keessa qabeenya dhaabataa isa kam qabdu
 Meeshaalee oomishaa fi biiroo konkolaataa

- () Gamoo suuqii ykn iddoo hojii () kan bira_____
5. Hojii yeroo jalqabdan caapitaala jalqabaa eessa argattan
- () Bankiirra () qussaanno duraan ofif qusadherra
- () Maykiro finaansii irraa () maatiif hiriyoota Koo irraa
- () Araaxaa () dhaala maatii
- () Iqqubii () liqiif qusannaa biiroo hojiiti
- () Kan biraa_____
6. Liqii mana bankiiti fudhatanii yoo hin beekne sababni isaa maali
- () Qabeenya qabsiisuu waan hinqabnef () liqeefachuu waan hinbarbannef
- () Liqiin bankii dhalli isaa olaanaa waan taef () sodaa liqicha deebisuu dadhabu
- () Haala liqii dheeraa waan qabuuf () caapitaala gahaa wanan qabuf
- () Bizinas pilaanii fi riportii finansii waan gaafatuf () kabiraa_____
7. Dhaabatta mayikiroo fayinansii irra liqii yoo liqii hin fudhanne sababni isaa maal
- () Hubanno waan hinqabnef () dirqama qussannan hin barbachisu
- () Dhabaticha irra liqii argachuu waan hindandeenyef () dhalli isaa gudda dha
- () Wabii dhabee () dhabattichi naanno kotti hin argamnef
- () Gurmaa'uu waan hin barbaannef () Kan bira_____
8. Iqqubii akka madda galiitti fayyadamtani yoo beektan sababni isaa mali
- () Dhala waan hinqabnef () aadaa walgargaarsa wan ida'uuf
- () Naanno kootti waan argamuuf () Kan biraaa_____
9. Nama dhiheessi oomisha irra liqiin meeshaa ni fudhatta
- () Eeyye yeroo hunda () fudhadhee hin beeku
- () Darbee darbee Nan fudhaa () Kan biraa_____
10. Deen keessan fudhadheera yoo ta'e maaltu isin kakkase
- () Eyyema maalila kooti () dhala waan hin qabnef
- () Maamila yeroo dheera wanan ta'ef () Kan birra_____
11. Maashiinii liiziidhaan fayyadamtani yoo hin beekne maalif
- () Maal akka ta'e hin beeku () naanno keenya hinjiru

() Kiraan isaa olaana wan ta'ef () kan biraa _____

12. Dhala Dhabilee liqaa haala kamiin ilaatan

() Baayye olaana () giddu galeessa

() Olaana () gad aanaa

13. Adeemsa dhabileen liqa ittin kennanu akkamiin ilaalta

() Dheeraa () giddugaleessa

() Salphaa () hin beekuu

14. Dhaabatni keessan haala ijaarsa akkami qaba

() Nama tokkon kan ijaarame () kan itti gaafatamumman isaa murtaahe

() Nama lamaaf isa oliin () kan hin galmoofne

Umuriii _____

Sadarkaa barnoota _____

Muuxxanno _____

Saala _____

Haala gaailaa _____

Amantaa _____

Fagenya dhabilee MF irra _____

Seektara _____

Appendix C: Interview Questionnaire (Amharic Version)

በጂኦግራፊ ምርመራ ለአዲስ አበባ ከተማ አስተዳደር የተዘጋጀው የሥራ ስልጠና ማጠቃለያ

መሪያ

1:

ለሥራ ስልጠናው ላይ ተሳታፊ የሆኑትን ሰነድ ደብዳቤ ለማሰባሰብ ይጠቀሙ፡፡

አስፈላጊ ሁሉንም መረጃዎችን ማሞላት ይቻላል፡፡

ተጨማሪ ማስጠንቀቂያዎች ላይ ለውጥ ይደረጋል፡፡

1. የንግድ ስራዎች ለመጀመር ያለ ሳሳዎች ምን ድንገት ይኖራቸዋል?

- () የራሱን ስራ ለማጠናቀቅ ያለ ጥራት ስህተት () ከመንግሥት ድርጅት ስራ ላይ ትኩረት ስህተት
- () ድርጅቱን ከቤተሰብ የወረሰ ስህተት ስለሆነ () ሥራ አፈጻጸም
- () የቤተሰብ አካባቢ ነጋዴ ግጭት () ሌላ ካለ: _____

2. የንግድ ስራዎችን ከመጀመሪያው ሰዓት ለመጀመር ለማድረግ ምን ድንገት ይኖራቸዋል?

- () በደንብ ብቻ ስለሆነ ስራ ላይ ስህተት ይኖራል () አላካሄደኩም፡ ሌሎችን አይቆን ወይ
- () የዳሰሳ ጥናት ስህተት ስለሆነ () ሌላ ካለ: _____

3. ከሥራ ስልጠናው ላይ ተሳታፊ የሆኑትን ሰነድ ደብዳቤ ለማሰባሰብ ይጠቀሙ፡፡

- () የገንዘብ ጥራት () የቴክኒክ ክህሎት ስህተት
- () የመሥሪያ ቤቅ (መሪያ) ችግር () የሜትሮች ክህሎት ስህተት
- () የግብአት (ጥሬ ዕቃ) ችግር () የሰራተኛ ጉልበት ስህተት/ወደጋ ስህተት
- () የገበያ ስህተት () ሌላ ካለ: _____

4. ከሥራ ስልጠናው ላይ ተሳታፊ የሆኑትን ሰነድ ደብዳቤ ለማሰባሰብ ይጠቀሙ፡፡

- () የማሞላት መሪያ ስህተት () ተሸከረ ካሪ (መኪና)
- () ህንጻ: ስቅ ወይም መሪያ ቤቅ () ሌላ ካለ: _____

5. የንግድ ስራዎች ለመጀመሪያው ሰዓት ለመጀመር ለማድረግ ምን ድንገት ይኖራቸዋል?

- () ከባንክ ስህተት () አካባቢ ስህተት ስለሆነ
- () ከሥራ ስልጠናው ላይ ተሳታፊ የሆኑትን ሰነድ ደብዳቤ ለማሰባሰብ ይጠቀሙ፡፡ () ከቤተሰብ አካባቢ ስህተት ስለሆነ
- () ከአራጣኝ ሰነድ ደብዳቤ ለማሰባሰብ ይጠቀሙ፡፡ () ከቤተሰብ ጠዋና ስህተት ስለሆነ
- () አቅጣጫ ስህተት () ካፒታል ስህተት

() ከመከራ ያቤት ብድር እና ቁጠባ () ሌላ ካለ: _____

6. ከባንክ ብድር ወስደው ማዶ ወቅክሆነ ላለ መወሰድ ያስፈልግዎት ነው?

() ማን ያዝዩ ማሆን ቃላት ብረት ስለሌሉኝ () ብድር መጠየቅ ስለማይፈልግ

() የባንክ ብድር ወለ ዳክፍተኛ ስለሆነ () ብድሩን መክፈል እንዳያቅተኝ በመፍራት

() ረጅም እና አስልቺ የ ብድር ሂደት ስለሌለው () በቁመን ቀሳ ቀሺያ ገንዘብ ስለሌሉኝ

() ቢዝነ ስፕላን እና የ ሂሳብ ሪፖርት ስለማይጠይቁ () ሌላ ካለ: _____

7. ከማይክሮ ፋይናንስ ተቋማት ብድር ወስደው ማዶ ወቅክሆነ ላለ መወሰድ ያስፈልግዎት ነው?

() ስለ ማይክሮ ፋይናንስ ተቋማት ገንዘብ ላልነ በረኝ () የግዴታ ቁጠባ ስለማይፈልግ

() ከማይክሮ ፋይናንስ ተቋማት መገኘት ስለማይችል () ወለ ዳክፍተኛ ስለሆነ

() ዋስትና ማሆን ችግር ስለሌሉኝ () በአካባቢዬ ምትክ ስለሌለ

() በቡድን መደራጀት ስለማይፈልግ () ሌላ ካለ: _____

8. ዕቅድ ስላለዎት በወ/ተጠቅመዎ ማዶ ወቅክሆነ ምክንያት ያተዋዎት ነው?

() ዕቅድ ወለ ድስለ ሌለው () መተባበርን ስለማይጠይቁ

() በአካባቢዬ ስለማይሆን () ሌላ ካለ: _____

9. ከምርት ወይም ገቢዎ ላይ ቃላት ቅራቢዎ እንዲቀንሱ ወስደው ወቅኩ?

() አዎ ሁልጊዜ ወስዳለሁ () ምንም ዓይነት ጅምርም

() አልፎ አልፎ ወስዳለሁ () ሌላ ካለ: _____

10. መላሰዎ ወስጃለዎት ለመወሰድ ምን ዓይነት ሳሳዎት?

() የደንበኛዎ ፈቃደኛ መሆን () ወለ ድስለ ሌለው

() መደበኛ ተረካቢ ስለሆነኩ () ሌላ ካለ: _____

11. ካፒታል (ማሸን) ሊዝተጠቅመዎ ማዶ ወቅክሆነ ምክንያት ያተዋዎት ነው?

() ምን ዓይነት ስለማይሆን () በአካባቢዬ ስለማይሆን

() ከራዩ ክፍተኛ ስለሆነ () ሌላ ካለ: _____

12. የ ብድር ተቆማት የ ማሸን ጠቅን የ ወለ ድመጠን እንደትያዩ ታል

() በጠቅላላ ተቆማት () መካከለኛ

() ከፊተኛ () ዝቅተኛ

13. የ ብድር ተቆማትን የ ብድር አሰ ጣጥሂ ደትእን ትያ ዩ ታል

() ረጅምሂደት () መካከለኛ

() ቀላል () አላ ወቅ ወም

14. ድር ጅቱምን አይነ ትአ ወቃቀር አለ ዉ.

() በአን ድሰ ወዳ ተመሰረተ () ሃላፊነ ቱየ ተወሰነ የ ግል ማህበር

() በሁለ ትእና በላይሰ ወዳ ተመሰረተ () ያ ልተመዘን በ

ዕ ድሜ	_____
የ ትምህር ትደረጃ	_____
የ ስራ ልምድ	_____
ጾ ታ	_____
ሃይማኖት	_____
ሴክተር	_____
ከ ማይክሮፋይናን ስተቻምር ቀት	_____
የ ጋብቻሁኔ ታ	_____