

Determinantes of Growth: The case in Micro and Small Scale Enterprise, in Jimma Town

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

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DECLARATION

I hereby declare that this thesis entitled “*Determinants of Growth: The case in Micro and Small Scale Enterprise, in Jimma Town*”, has been carried out by me under the guidance and supervision of Dr. Ashenafi Haile and Wondimu Abule. The thesis is original and has not been submitted for the award of any degree or diploma to any university or institution.

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CERTIFICATE

This is to certify that the thesis “Determinants of Growth: The case in Micro and Small Scale Enterprise, in Jimma Town”, submitted to Jimma University for the award of the Degree of Master of Business Administration (MBA) and is a record of bonafide research work carried out by Mrs. Ruth Gashaw , under our guidance and supervision.

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

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DEDICATION

I dedicate this research work to my husband Melaku Ayalew and my children (Eyosiyas and Nathan Melaku).

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List of Abbreviation and Acronyms

ADB- Asian Development Bank

CSA- Central Statistical Authority

EC- European Commission

ETB- Ethiopian Birr

FMSEDA- Federal Micro and Small Enterprises Development Agency

GTP-Growth and Transformation Plan

ILO -International Labor Organization

MFI -Micro Finance Institution

MOTI- Ministry of Trade and Industry

MSEDS- Micro and Small Enterprises Development Strategy

MSEs- Micro and Small scale enterprise

UN-United Nation

UNIDO- United Nation Industry and Development Organization

UNIDP- United Nation Industry and Development Program

VAT-Value Added Tax

Abstract

In Ethiopia, Micro and small scale enterprises (MSEs) are recognized as important vehicles of economic growth, employment creation, and income generation. As a result, MSEs occupy a prominent position in the development agenda of Ethiopia. The aim of this study is to examine the determinants of Micro and Small Scale (MSEs) growth in Oromia region Jimma zone specifically Jimma Town .In this study, mixed research methods were used. Stratified sampling with simple random sampling and purposive sampling techniques were used to select proportional number of samples from the study area. Both primary and secondary source of data were used. To obtain the primary data, questionnaires were distributed for 340 micro and small Scale enterprises owners and managers to access the growth status of their enterprises and also to examine factors affecting their growth. Secondary data were collected from books, journals, past research works, official documents and the Internet. To see the impact of governmental, organizational, individual, financial, environmental and technological factor on growth of MSEs in Jimma town, descriptive and inferential statistics were employed. Pearson correlation analysis is also used to see the relationship that exists between the variables. The findings of the study show that there exists substantial strong relationship between independent and dependent variable. Moreover, the selected independent variables were significantly explaining the variations in the dependent variable at 5% level of significance. Based on findings, the factors studied in this study affect growth of MSEs in Jimma town up to 86.2% as indicated by the regression result. Finally the study suggests that small scale and micro enterprise managers, directors, and all stakeholders should not only be concerned about internal structures and policies, but also must consider the external environment together to improve their growth.

Keywords: *MSEs, Growth, determinants, measurement, regression*

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Chapter One

1. Introduction

1.1 Background of the Study

The rapid growth of global markets observed over the last decade has stimulated competition in both developed and developing countries, forcing entrepreneurs and policy makers to adopt market-oriented policies. The fact that the share of MSEs has increased in these countries suggests that efficient MSEs have actually been able to deploy new strategies in order to maintain, or even enhance, their competitiveness in a globalized economy (Miroslav and Yanko, 2010).

Since the 1960s to date, Micro and small scale enterprises (MSEs) have been given due recognitions especially in the developed nations for playing very important roles towards fostering accelerated economic growth, development and stability within several economies. In the past three decades, the significant contributions of MSEs in any economy were widely acknowledged across the globe, and caught attention of all corners including policy makers and international and UN agencies. Furthermore, with an attempt to reduce the worldwide phenomena of unemployment and poverty, worldwide organizations such as the International Labor Organization (ILO), United Nations Industrial Development Organization (UNIDO), and the World Bank have shown a great deal of interest in supporting businesses in the small sector. Many national governments have recently come up with separate Ministry for MSEs and institutionalized various MSE support institutions in order to help this key segment perform in a much better way and contribute further to their respective economies (Eva ,et al,2016; Yassine,2013).

MSEs become a key player of economic development especially in low income countries like Ethiopia; it is a necessary engine for achieving national development goals such as economic growth, poverty alleviation, employment and wealth creation, leading to a more equitable distribution of income and increased productivity. The industry can innovate, adopt new technology and know-how, create jobs, broaden the tax base, and diversify risk (Zuzana, 2009; Breda, 2015).This shows that MSEs are seen as essential facilitator for economic development for both developed and developing countries.

According to Fetene (2010) the sector gets a comprehensive support: by considering the sector serves as a vehicle of development and broadens employment opportunities at urban center, taken as major productive forces in manufacturing and also serve as incubation hubs for developmental investors. Having recognized the importance of the sector to the economy, the Federal Government of Ethiopia has issued a MSE Development Strategy in 1997 followed by the proclamation for the establishment of the Federal Agency for Micro and Small Enterprises Development in 1998. As result the industries helped the enterprises to create employment opportunity for more than 1.6 million, within the first two years of the GTP period to accomplish 56% of the three million targets to be achieved by 2014/15.

Small business plays a central role in everyone's life because much of our day today economic activities based on small business. It provides various service professional practices and merchandisers filling immediate needs of their customers and clients, so small business contribute to the high quality of life that we enjoy (Njue P, 2013).

The ability of firms to innovate and grow is widely recognized as a fundamental driving force behind economic growth and job creation. Small innovative firms are a major part of this process as they speed structural change and create new jobs to replace those destroyed by the decline of older industries or the downsizing of large firms. According to Solomon (2004), in normal process MSEs have to be developed from one level of growth to next levels of growth, which means micro to small, small to medium and medium to large scale industries. Which also increases employment opportunity, industrial development, also increases new micro enterprises. Growth is an important phenomenon in small enterprises. In fact, their survival essentially depends on their power to participate in the market with other big companies.

Growth is an organizational outcome resulting from the combination of firm-specific resources, capabilities and routines which is related to its current organizational production activities. Firm growth is also uncertain: environmental conditions such as competition and market dynamics play their roles. For small firms, growth is also influenced by personal ambition of an entrepreneur (Zhou and Wit, 2002).

According to Liu and Pang(2005)Macroeconomic conditions and firm-level characteristics, such as, size, age, resource-based arguments, management, governance, capacity to obtain external finance to start and expand, and stability in production and operations, are of fundamental importance in explaining a SME's long-term survival and growth.

There are different theories that attempted to identify the main factors underlying firm growth. They can be divided into two main schools: the first addresses the influence of firm size and age on growth, while the second deals with the influence of variables such as strategy, organization and the characteristics of the firm's owners/managers, demographic and competencies. The study of organizational aspects includes the resources of the organization, the company's competence, organizational culture and structure (Sarwoko et al, 2013;Miroslav and Yanko, 2010; Zhou and Wit, 2002).

Therefore, it is essential to examine the determinants of firm growth in an integrated way, and to identify the most important determinants of firm growth.

1.2 Statement of the problem

According to Taiwo et, al (2012) MSEs are known by their greater utilization of local raw materials, employment generation, take part in rural and urban development, development of entrepreneurship, mobilization of local savings, linkages with bigger industries, provision of regional balance by spreading investments more evenly, provision of avenue for self-employment and provision of opportunity for training managers and semi-skilled workers. These industries have a significance role in Ethiopian also: which brings together land, labor and capital, makes a significant contribution to the pace of nation's economic development. However this important factor of production is not utilized properly in Ethiopia (Amentie et, al (2016).

In Ethiopia, MSEs are the second largest employment generating sector next to agriculture (Habtamu et, al, 2013).That is why the development of micro and small scale business industries are becoming a subject of national importance, due its dynamism and flexibility to business activities, which will turn result in improved economic performance. The current economic reform process on going in Ethiopia aiming at reducing poverty, unemployment and strengthening of basic institutions and sub sectors of economy target at improving and enhancing the capacity of micro and small scale enterprises is a beginning to show the industry is an instrument for economic growth and development(Fetene,2010).

According to National survey conducted by Central Statistics Agency (CSA) in 2007 indicates that more than 1.3 million people in the country are engaged in MSEs sector. But a large number of MSEs are unable to grow or expand in terms of employment and remain to be survival (non-growing) type which cannot provide employment. MSEs that add workers or seeking to add labor force make a major contribution to the economic growth of the country (Mead & Liedholm, 1998). In addition it helps people to move up and out of poverty since increase in size is often associated with an increase

in economic efficiency but, most MSEs are subject to different set of dynamic forces which can affect their growth and reduce their potential contribution to the economic growth of the country. Hence, majority of MSEs remain the same in size of employment since start up as compared to larger enterprises since the factors that influence the growth of MSEs are many, complex and erratic.

According to Amentie et,al(2016) and Diriba(2006) inadequate capital, inaccessible credit facilities, poor provision of infrastructure, inefficient regulation of tax, lack of managerial skill, marketing problem and support from different sectors are some of them. Long term development institutional credit was known not to be available to MSEs because they are generally considered high credit risks by financial institutions. According to Fetene (2010) lack of access to finance constrains the growth and competitiveness of micro, small and medium enterprises.

Yirgalem and Viswanadham(2015) stated that micro and small scale industries experiencing the difficulty of access to credit facilities due to various reasons such as underdeveloped financial institutions, high collateral to secure the bank loans, high interest on borrowed sum of money and complicated and tedious banks and other financial institution loan application procedures.

According to Werotew, Micro and small enterprise in Ethiopia are confronted with several factors that affect their growth and survival. The major factors include financial problems, lack of qualified employees, lack of proper financial records, marketing problems and lack of work premises, etc. Besides, environmental factor affects the business which includes social, economic, cultural, political, legal and technological factors.

Gebrehiwot &Wolday (2004) identified that the interruption of electric power, unavailability of adequate transport service and unavailability and unreliability of water supply and other infrastructures are hindering the growth of MSEs. In addition, they revealed that absence of finance further restricts the growth of micro and small scale enterprises. Banks and micro finance institutions do not seem willing to give proper loans and they are not actually meeting the financial needs of micro and small enterprises.

Due to different factors, large numbers of MSEs are eventually closed/dissolved or stagnated at starting phase (Dagmawit and Yishak, 2016). Their closure will result in increment of unemployment, poverty, weak economic growth etc. Undoubtedly closure of an established MSEs is a cost at regional or at national level. This situation has been of great concern to the government, citizenry, operators, practitioners and the organized private sector groups (Zemenu and Mohammed, 2014).

The previous studies conducted in Ethiopia focused on national level, the regional level and sub cities of Addis Ababa. So that, this research work was designed to fill the research gap of MSEs existed at zonal and district level and find out factors specifically affecting growth of MSEs in micro level. MSEs registered in the study area are not effective in their performance so it is vital to investigate the factors that affect the growth of micro and small enterprise. In addition even if a significant amount of research has been done on the determinants of growth, majority of the research work focused on some sectors and consider limited determinant factors. So that taking these all in to account, it is very essential to systematically analyze the factors that affect the growth of MSEs.

Therefore, this study aim was to provide an integrated analysis on the determinants of MSEs growth in Jimma city, Orimiya regional state of Ethiopia, and the major emphasis was given to examine the growth status of MSEs and to identify the key determinants of growth of MSEs in five sectors (Agro-industry, manufacturing, construction, trade and service).

1.3 Research questions

- What is the current level of MSEs Growth in the city?
- What are the determinants of MSEs Growth in Jimma town?
- Does government support MSEs properly as it is expected?

1.4 Objective of the Study

General objective

The general objective of this study was to analysis the determinants of MSEs growth in Jimma town.

Specific objective

- To assess the current growth level of MSEs in Jimma town.
- To identify and analysis the determinants of MSEs growth in Jimma town.
- To identify the level of the government support to MSEs sector.

1.5 Scope of the study

Even though, the issue of MSE is currently hot and interesting throughout the country and there are possibility of using various tools, designs, wide geographical areas with many variables and large sample size, but this study was focused on growth determinants of MSEs who have been registered under the MSEs development strategy of Ethiopia government and licensed by each MSEs service centers in the Town. The variables include governmental, organizational, individual, environmental, financial and technological factors. Based on the research area, the researcher believes that those variables are critical factors to the growth of MSEs in the city and conducting a research with more than those variables is unmanageable to the researcher and needs long period of time.

1.6 Limitation of the study

There are a few limitations in this study. One is the study was not consider private enterprise, which is not formed by the agency. The other limitation is there was no any control group (e.g., slower growing or not growing firms) as a basis for comparison to assess the current growth status of MSEs.

Constraints

A lot of problems were encountered during the process of this research work. These problems include:

1. Finance: A lot of money is required at all stages of the study, it is a big problem.
2. Time constraint: As a civil servant, I have a limited time to put this work together due to other engagements.
3. Invalid information: Some respondents were not also willing to tell important or correct information; even some of them are not willing totally. so convincing the respondents were one of the major challenge.

1.7 Significance of the Study

The research findings could contribute to a better understanding of MSEs in Jimma Town. This also enabled the formulation of focused intervention strategies and coordinate efforts aimed at facilitating MSEs growth. The government especially policy makers could be able to understand the extent to which the policies, rules and regulations affect the growth of MSEs. These factors under the governments control can be put into consideration and observe to ensure that the business environment is favorable for continuous growth.

The findings of this study were also important to the small and micro enterprises owners/ managers. Because they could understand clearly the factors that influence their growth, they can make a measure. The recommendations could help the MSEs by equipping them with adequate tools to get the solutions to the problems posed by the identified factors. The development partners who are usually interested at helping the MSEs prosper can have an understanding of a variety of factors that affect MSEs and the extent to which the identified factors affect MSEs.

1.8 Organization of the Document

This study is structured in to five chapters. Chapter one is the introduction and provides the background of the research, problem statement, research objectives, research questions, scope and significance of the study, limitation of the research as well as the organization of the study. Chapter two reviews related literature on the determinants of micro and small enterprises growth, definition of MSEs, in general and in Ethiopia. It also provides review determinates of MSEs growth and development. The chapter ends with a conceptual framework of the study.

Chapter three covers the methods and procedures employed for the study. The research methodology outlines the research design, target population, sample size and sampling techniques, data collection instruments, reliability and validity, methods of data analysis, and ethical consideration. Chapter four outlines result and discussion. Finally, Chapter five summary, conclusion and suggests possible recommendations.

Chapter Two

2. Review of Related Literature

2.1. Theoretical Literature Review

2.1.1. MSEs Globally

Micro and Small Scale Enterprise (MSEs) are industries which don't have standard definition about its scale, size and capital. According to Rajan (2013) SME Industry may vary from country to country, year to year, from period to period and from time to time and according to the level of economic development reached in a country.

MSEs are a very heterogeneous group which are found in a wide array of business activities, ranging from the single artisan producing agricultural implements for the village market, the coffee shop at the corner, the internet café in small town to small sophisticated engineering or software firm selling in overseas markets and medium_ sized automotive parts manufacturer selling to multinational automakers in the domestic and foreign markets. The firm operates in very different markets (urban, rural, local, national, regional and international). Due to the heterogeneity of the industry there is no universally accepted definition. There are three wings as definitions by international institutions. The European commission uses numbers of employee or staff and annual turnover and balance sheet. The World Bank on the other hand uses three quantitative criteria: number of employees, total assets in US dollar and annual sales in US dollar (Tom Gibson and Van derVaart,2008).

Different international organizations like World Bank, MIF, African Development bank, Asian development bank and UNDP gives different definition to MSEs. They defined by number of employee, annual turnover or balance sheet total and ownership. These functional characteristics are important to monitor, as they often define the very reasons for which taxpayer money is used to support SME development.

Table2. 1: SME Definitions Used by Multilateral Institutions

<u>Institution</u>	Maximum # of Employees	Max. Revenues or Turnover (\$)	Maximum Assets (\$)
World Bank	300	15,000,000	15,000,000
MIF – IADB	100	3,000,000	(none)
African Development Bank	50	(none)	(none)
Asian Development Bank	No official definition. Uses only definitions of individual national governments.		
UNDP	200	(none)	(none)

Source (Tom Gibson and van der Vaart, 2008).

A definition of SME in developed world would differ from how MSEs are defined in third world. An enterprise categorized as micro enterprise in USA may be treated as medium Enterprise in Africa, for the fact that the definition of MSEs is relative to economic development. The other factor is annual turnover a gain differs from country to country, depending on other factors on population and stage of economic development(Zemenu and Mohammed, 2014):).Generally there is no universally accepted definition to MSEs. This is because of the heterogeneity of the sector and the nature of the economy in which it operates.

According to European union, number of employee and annual turnover is used, so Small enterprises are those who have fewer than fifty employees and annual turnover of less than 10,000,000 euro, Medium fewer than 250 employees and 50,000,000 euro turnover. Annual turnover by European Commission (EC) means income from sales and services without VAT and other indirect taxes (Miroslav and Yanko, 2010).

Generally the definition of MSEs is different from country to country based on socio_ economic status.

2.1.2 MSEs in Ethiopia

The Ethiopian economy, although still highly dominated by the Agricultural Sector in terms employment (80%), its contribution to the GDP (44%) and its share in the export market (80%), is witnessing one of the fastest growing economies in Africa as well as in the world(Diriba,2006).

In its commitment to the socio-economic development of the country, the Government of Ethiopia has given greater focus for the development of the MSEs Sector. In order to realize this, the Government of Ethiopia has designed the first MSEs Development Strategy in 1997. This strategy was intended to create coherence with the other economic sectors and outline duties and responsibilities of all the

stakeholders at all level (from Federal to Kebele level) According to the strategic definition, micro enterprises are business enterprise with less than 20,000 birr paid-up capital and small enterprise business are above 20,000 and less than 50,000 birr, excluding high tech consultancy firms and other technology establishment.[Endalkachew,2008).

Due to different reasons the government revised MSEs Development Strategy in 2011 in order to integrate the development of the sector with the country's 5 year (2003-2007 E.C) Growth and Transformation Plan (GTP), hoped to bring about rapid economic growth and lift up the country to middle income level. The MSEs Development was integrated in the GTP as one of the pillars of the Industrial Development Plan and taken as one of the best tools to implement the country's Industrial Development Strategy. According to revised strategy MSEs are defined on the base of total capital and working labor engaged (Mekonen,2014).

The revised MSEs Development Strategy outlined the Institutional set-up from Federal to Kebele / (One Stop Service Centers) and defined stakeholders entrusted with responsibilities of providing different supports for the development of the sector. The Federal Micro and Small Enterprises Development Agency (FeMSEDA) is the responsible organ for the development of the sector at the Federal level. In 2004/5, the government of Ethiopia decentralized this process by establishing individual regional MSE coordinating bodies at city and sub city levels.

This strategic direction enables the expansion of MSEs in urban areas for the development of broad based and competent private sector. Moreover, with a total population of 90 Million and annual growth 2.6%, the MSE sector is believed to control the effects of unemployment and urban poverty.

The definition of MSEs industries in Ethiopia also lacks uniformity. The old (1998) definition was based on paid capital only, which is called micro if its paid up capital is less than or equal to 20,000ETB. Similarly, small enterprise when the paid capital is less than or equal to 500,000 ETB. This definition doesn't provide appropriate information on job creation, size and asset bases. There is no differentiation between manufacturing (industry) and services (Endalkachew, 2008; Amare and Raghurama, 2017).

Different organizations define in different way like Ministry of trade and Investment,(MOTI, Central Statistical Agency(CSA) . Even though difficulty is there in having clear cut definitions, the country wide used definition of MSEs according to MOTI and CSA is based on level of paid-up capital/ fixed asset, size of employment, the technological establishment used and consultancy services(Mekonen,2014 ;Berihanu et,al 2014;Derej,2012).

Central Statistics Agency (CSA) conducts survey on Small scale industries, for the years 2001/2, 2005/6 and 2007/8. However, CSA adopts its own definition which is not well aligned with the SME policy and the new definition. CSA's Definition is based on the size of employment and extent of automation, so Large and medium scale manufacturing enterprises have been classified as establishment of with more than 10 employee using automated machinery. Small and medium enterprises are establishment that engages less than 10 persons using power driven machinery. CSA definition ignores the size of capital or total asset and the sectors outside manufacturing (Berihanu et,al 2014).

Ministry of Trade and Industry (MOTI) adopts the following official definition of micro and small enterprises: Micro enterprises are business enterprises found in all sectors of the Ethiopia economy with paid up capital (fixed assets) of not more than birr 20,000, and small enterprises are business with capital less than 50,000 birr, excluding high tech consultancy firms and other technology establishment (Mekonen, 2014; Endalkachew, 2008).

In addition to the above definition, by considering different gaps of the current definition, next 5 year inflation and fluctuation, micro enterprises are business having 5workers including family members and total assets not exceeding 100,000 birr for manufacturing and 50,000 for service sector. Small enterprises are industries with 6-30 workers and 1.5 million assets for manufacturing and 500,000 for service sector (Mekonen, 2014).

Table2. 2: current definition of MSE in Ethiopia.

Level of the enterprise	Sector	Human power	Total asset
Micro enterprise	Industry	< 5	≤ 100000(\$6000 or E4500)
	Service	< 5	< 50,000(\$3000 or E2200)
Small enterprise	Industry	6-30	≤ birr 1.5 million (\$9000 or E70000)
	Service	6-30	≤ birr 500,000(\$30000 or E 23000)

But comparing World Bank, with the current definition of MSEs in Ethiopia there is very visible gap, which is two times less of employee and assets of World Bank resulted from the economic status of the country.

2.1.3 MSEs Growth and Development

The main objective of any business/firm is to make profit and grow. A firm is defined as an administrative organization whose legal entity or frame work may expand in time with collection of both physical resource and intangible resource. The term growth is defined as an increase in size or other objects that can be quantified or a process of change or improvement (Habtamu, et, al, 2013). According to Pelizza (2016) growth is the product of an internal process in the development of an enterprise and an increase in quality and/or expansion. “Growth is defined as a change in size during a determined time span”. A company’s growth is essentially the result of expansion of demands for products or services. “It first results in a growth in sales and consequently in investments in additional production factors to adapt it to new demands (Janssen). The growth of a firm can be determined by supply of labor, Capital and opportunities for investments that are profitable (Ghoshal, *et al.*, 2002).

It is an organizational outcome resulting from the combination of firm resources, which is also highly related with current organizational activities. The success of MSEs is measured by performance indicators which are commonly used to help define and evaluate how successful an organization is , typically in terms of progress made towards its long term organizational objectives. Performance of MSEs can be measured monetarily with indicators such as profitability analysis, value of assets held and savings made. It can also be measured quantitatively like units of production, units of sales %age of market share and quantity of stock held (Dereje, 2012).

Firm growth is defined by Zhou and Gerrit de,(2002) it is an increase in the number of employees over time. MSE owners are typically able to remember their number of employees over time, even if they fail to maintain reliable written records. In addition, using the number of employees helps to avoid the need to deflate or otherwise adjust currency figures, which is necessary when using revenue and other monetary metrics.

The contribution of MSEs to the growth of national economies is significant globally. They are important players of national development. MSEs are also important to less developed countries as they make significant contributions to both GDP and employment.

2.1.4 Growth measurement

Similar to the definition of MSEs, there is disagreement on the measures of growth. Different researchers used variety of measures such as total asset, sales, employment size, profit and capital. According to Baum et al.(2001) all growth measure depends upon the ease of availability of the data and good judgment of the researcher, as a result, from the available alternatives of aggregate growth measures (capital, sales, profit, employment and Size).

Measuring sales growth and relative employment growth during specific time period is the most common indicators (Miroslav and Yanko, 2010; Mekonen, 2014; Eveliina and Labinot, 2011;Delmar *et al.*, 2003).

In addition market share, profit and output are also commonly used. Output and market share vary greatly within industries, hard to compare. Total asset also depends on industry's capital intensity and changes over time and profit is not that relevant unless measuring size over long period of time (Eveliina and Labinot, 2011).

There are two basic approaches to measure growth: absolute and relative. Measures of absolute growth examine the actual difference in firm size from one observation to another. Growth rates refers to relative changes in size, that is size changes are related to initial size of the firm typically, by dividing the absolute growth by the initial growth of the firm(Dereje,2012).

According Habtamu, et al (2013) fixed assets and sales are better indicators of growth, but it is difficult to get reliable time series data on growth of fixed assets/sales (better indicator of growth) and MSEs owners would be unable to report their sales or profits even at the present time expecting that their guesses as to sales of ten years ago would be incorrect.

According to Barkham *et al.* (1996) employment is often used, because it is comparatively easy to access and measure as well as because it lies within interest for policy makers. But according to Delmar et al, (2003) it is better to use multiple growth indicators when studying firm growth. Therefore in this study, the researcher measured MSEs growth with non-financial qualitative measurement by using Likert scale analysis.

2.1.5 Growth determinants

Growth is the result of a good administration of resources and capacities which the companies use to promote growth. They comprise capacities, acquired information, financial counseling and resources. The establishment of growth depends on the identification of the origin of resources, capacities and learning on accumulation methods and the generation of sustainable profits, coupled to the examination of how and when the resources of industry and financing are accessed and how the external investors may be informed on the subject(Pelizza ,2016):

Some empirical studies associate SME growth with the personal characteristics of their owners and the environment in which they operate (Miroslav and Yanko, 2010).Haibo and Gerrit (2002) classified determinants into three dimensions, namely, individual determinants, organizational determinants and environmental determinants.

Institutional factors can also be categorized as determinant to growth even though these factors vary across different industry sectors (Dagmawit and Yishak, 2016; Zemenu and Mohammed, 2014).Personality traits an entrepreneur, motivational growth, individual competence and personal background are the most important determinants that determine the growth of MSEs(Amentie et, al, 2016).

Individual characteristics, organizational characteristics, relationships and environmental characteristics, strategy development and planning, as well as organizational development is a factor. Attitude and the ability of owners/manager have an important impact on the growth of small enterprises and will be reflected in the strategic choices and the ways in which it operates the business (Miroslav and Yanko, 2010;Endi and Christea, 2016).

Individual Determinants

Personality traits an entrepreneur, motivational growth, individual competence and personal background are the most important determinants that determine the growth of MSEs. Which includes personality traits, need for achievement, locus of control, personal background, self-efficacy (Amentie et, al, 2016; Zhou and Gerrit,2002; Endi and Christea ,2016).

Organizational determinants

Firm growth can be determined by the degree of effectiveness and capability with which firm-specific resources such as labor, capital and knowledge are acquired, organized, and transformed into sellable products and services through organizational Routines, practices, and structure (Pelizza , 2016; Endi and Christea ,2016).

According to Zhou and Gerrit(2002) the following are organizational related factors that determine firm growth: Firm attributes, firm strategies, firm-specific resources and organizational structure

Environmental Determinants

Most MSEs start and grow, but it is easy to fall due to competition. One major reason is that most of them start businesses that are imitative in mature industries that serve the local market (Zhou and Gerrit, 2002). Environment varies along several dimensions, such as dynamism, heterogeneity, hostility and munificence, and this may largely determine the growth potential of firms. The different external factors like legal and Regulatory Framework, Access to Finance Human Resources Capacities are key determinants (Miroslav and Yanko, 2010).

From the above literature review, we conclude that the growth of MSEs is dependent on a range of internal and external factors. However, there is no clear understanding or specific theory that shows whether MSEs will sustain, grow, succeed, or fail.

2.2 Empirical Literature review

Economists view a firm as a type of contract, which aims to maximize resource allocation and achieve market efficiency, but firm growth is constrained by various internal and external factors that are critical to its existence and growth (Liu and Pang,2005). Scholars have used different approaches to identify the factors affecting the growth of micro and small firms; however there is considerable variation in the results of previous researches, because there is no single theory which provides a generalized framework of MSEs growth.(Asma et al, 2015:Rordiguez et,al,2003)

According to Mead & Liedholm (1998) and Swierczek and Ha (2003) the main factors that affect the growth of MSEs in developing countries is not their small size but their isolation, which hinders access to markets, as well as to information, finance and institutional support. MSEs rate of failure in Africa being put at 99 % (Roberson, 2000). Various reasons for these failures have been proposed by scholars including lack of supportive policies for MSE development (McCormick 1998), intense competition with replication of micro-businesses (Manning &Mashego, 1993); manager characteristics including lack of skills and experience (Katwalo & Madichie, 2008 and Verhees & Meulenberg, 2004).

Eshetu and Zeleke (2008) conducted a longitudinal study to assess the impact of influential factors that affect the long-term survival and viability of small enterprises. According to their analysis the factors that affect the long term survival of MSEs in Ethiopia are adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is because the findings of the study revealed that businesses that failed, during the

study period were characterized by inadequate finance (61%), low level of education (55%), poor managerial skills (54%), shortage of technical skills (49%), and inability to convert part of their profit to investment (46%). The study further indicated that participation in social capital and networking schemes such as Iqub was critically helpful for long-term survival of the enterprises. Businesses that did not participate in Iqub schemes regularly were found to be 3.25 times more likely to fail in comparison with businesses that did, according to the study.

On the other hand firm growth is determined by legal institutions, corruption and financing, and small firms are affected most. Perfect legal system facilitates firm growth, while corruption and lack of finance adversely affects firm survival and growth (Thorsten et al.).

Based on Mulugeta(2011) work MSEs problems are classified in to different categories, such as: market-related problems:-poor market linkage and poor promotional efforts, institution-related problems:- bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide policies, regulations, rules, directives, absence of training to executives, and poor monitoring and follow-up operator-related:-developing a dependency tradition, extravagant and wasting behavior, and lack of vision and commitment from the side of the operators; MSE-related challenges:- lack of selling place, weak accounting and record keeping, lack of experience sharing, and lack of cooperation within and among the MSEs and finally society-related problems such as its distorted attitude about the operators themselves and their products.

According to Wolday and Gebrehiot (2004) business development services (BDS) which refer to non-financial services such as labor and management training, extension, consultancy, counseling, marketing and information services, technology development and diffusion , sub- contracting and franchising are identified as factor of growth and expansion of small enterprises.

MSEs Operators in Addis Ababa face lack of adequate training, unfavorable regulatory policy of the government institutions, problem of premise, and inadequate training in the area of marketing and bookkeeping, which affects the growth and contribution of the sector to the economic development of the country (Workeneh, 2007).

According to Endalkachew (2008) lack of decent location for their business which has limited supply or lack of public services and economic infrastructure (for example, water and electricity, transport systems, telecommunication systems, sanitation services) is the other determinate for firm growth and also limits their ability to meet quality standards.

Other researchers noted about marketing skill, they considered as one of the most effective factor to firm survival and growth. According to Van Scheers (2011) the lack of marketing skills has a negative

impact on the success of small businesses. Pandya (2012) noted that marketing limitations of an SME resemble other limited resources such as financial and human resources.

Besides, other constraints access to appropriate technologies and information limits innovation and SME competitiveness and also has its own impact on firm growth (Mekonen, 2014). According to Yusuf et al. (2003) point out that low technological capabilities hinder and discourage MSEs from fully reaching their potential. Countries with high levels of technological growth tend to have high levels of entrepreneurial growth.

According to Frese (2010), lack of the essential business managing skills like Marketing, Accounting and Finance combined with practical experience is a drawback to business operation and growth.

According to Woldelul (2004), shortage of funds discourages the smooth operation and development of MSEs. Even if there are credit facilities, some of the MSEs do not use the money for the intended purpose. They rather divert it for other unintended and non-productive expenditures. Consequently, the enterprises fail to return the money back to the lender on time. This can result in a loss of credibility to get repeated loans when needed. In his research, Dereje (2008) studied the nature, characteristics, economic performance, opportunities and challenges of MSEs in the construction sector based on 125 sample enterprises. The results of the study revealed that the main constraints of the MSEs were shortage of capital, lack of raw materials, absence of government support, lack of market, lack of credit facilities and high interest rate. Studies were also conducted specifically with a purpose of identifying the problems that MSEs encounter. For instance, Workneh's (2007) research undertaken in Kolfe Keraneo sub-city of Addis Ababa indicated that lack of capital, lack of market, unfavorable policy, and inadequate infrastructure, absence of adequate and relevant training, bureaucratic structure and procedures are among constraints faced by MSEs. Similarly, Adil's (2007) research carried out in Addis Ababa shows that inappropriate government intervention, shortage of capital, location disadvantage, lack of market and lack of display room are the major challenges that obstruct MSEs.

2.3. Conceptual Framework

In This study, the researcher analyzes the different factors that affect the performance of MSEs and impede their growth in Jimma town. Based on the literature review and the current research undertaken in the area, the following research model was designed.

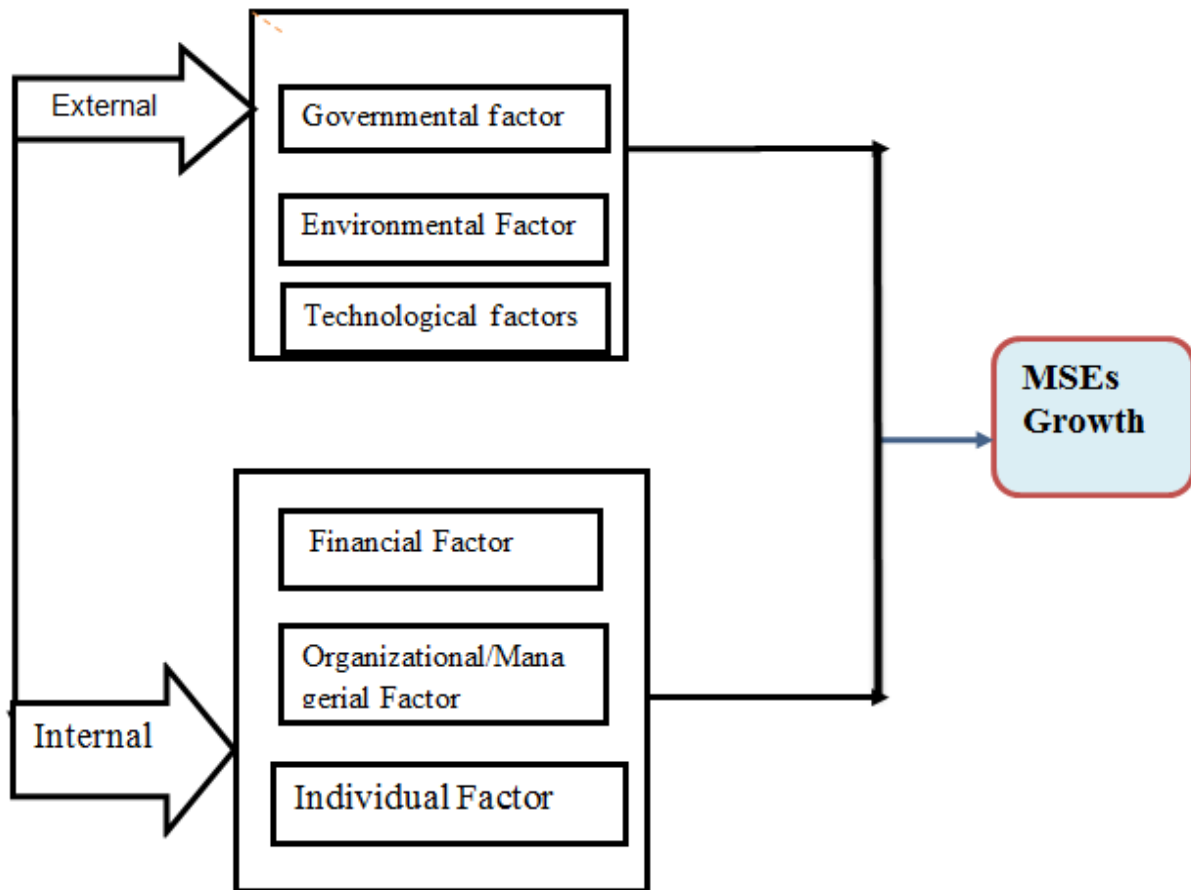


Figure2. 1: Conceptual frame work

Source: Developed by researcher from reviewed literature, 2018

Chapter Three

3. Research Methodology

In order to analyze the potential determinants of MSEs Growth, this study made use of a research methodology. This section provides an overview of the study area, the study's research approach which lays within the mixed methods strategies. The chapter discusses procedures and activities undertaken, focusing on namely the study's research design, data collection, sampling strategy, data processing and analysis, validity and reliability and also discussion on the ethical issues.

3.1 Description of the study area

Oromia is one of the 9 national regional states of Ethiopia; its estimated area is about 363,378km², which is about 34.3% of the country's total area. Also it is the largest National Regional State in Ethiopia in terms of population size and areal coverage. In the 2007 censuses of Central Statistical Agency of Ethiopia, Oromia has an aggregate population of 27,158,471, comprising of 13,676,159 men and 13,482,312 ladies; urban inhabitants consist of about 11.3% of the population and the rest large %age of the people of the region are yet living in the rural. The region is classified into 18 zones, 304 districts (265 rural districts and 39 urban centers under reform) and more than 6412 rural kebelles and Urban Kebelles.

The study was conducted in Jimma Town which is located in Oromia National Regional State, in Jimma zone, Jimma Woreda at a distance 325 Km from Addis Ababa capital city of Ethiopia. Jimma is one of the reform towns in the region and has a city administration, municipality and 13 kebelles. The town has a structure plan prepared in 2009.

Its astronomical location is 7° 4' North Latitude and 36° 5' East Longitude. The Central Statistical Agency (CSA) reported that 26,743 tons of coffee was produced in this zone in the year ending in 2005, based on inspection records from the Ethiopian Coffee and Tea authority. This represents 23.2% of the Region's output and 11.8% of Ethiopia's total output,

Based on the 2007 Census conducted by the CSA, this Zone has a total population of 2,486,155, an increase of 26.76% over the 1994 census, of whom 1,250,527 are men and 1,235,628 women; with an area of 15,568.58 square kilometers, Jimma has a population density of 159.69. While 137,668 or 11.31% are urban inhabitants, a further 858 or 0.03% are pastoralists. A total of 521,506 households were counted in this Zone, which results in an average of 4.77 persons to a household, and 500,374 housing units. The three largest ethnic groups reported in Jimma were the Oromo (87.6%),

the Amhara (4.05%) and the Yem (3.12%); all other ethnic groups made up 5.23% of the population. Oromiffa was spoken as a first language by 90.43% and 5.33% spoke Amharic; the remaining 4.24% spoke all other primary languages reported. The majority of the inhabitants were Muslim, with 85.65% of the population having reported they practiced that belief, while 11.18% of the population practiced Ethiopian Orthodox Christianity and 2.97% professed Protestantism

3.2 Research design

Research design is the blueprint for fulfilling research objectives and answering research questions. It is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it uses economical procedures. According to Kothari (2004) research design refers to arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to research purpose with economy in the perspective.

The types of research design employed under this study were descriptive and explanatory research. The major purpose of descriptive research is description of the state of affairs as it exists at present. Then this study describes and critically assesses the determinants of MSEs growth in Jimma town. Second, the study employs explanatory in that the relationship between variables is correlated with an aim of estimating the integrated influence of the factors/determinants on MSEs growth.

According to Mark et al. (2009) mixing qualitative and quantitative approaches gives the potential to cover each method's weaknesses with strengths from the other method. In this study, a Combination of qualitative and quantitative approaches of doing research was employed to gain an in-depth understanding of factors affecting the growth of MSEs.

The research variables include dependent (MSEs growth) and different independent variables which represent internal and external growth determinants (governmental, organizational, individual, financial, environmental and Technological).

3.3 Source of Data

To undertake this research, the researcher used both primary and secondary sources of data. In order to realize the target, the data was collected from the operators of MSEs and from members and actors of Jimma Town MSE officials this is the primary source of data.

While secondary data sources were previous studies, books, bulletins and government documents, office manuals and policy papers. Literature review and research questions are used as a guideline for questionnaire preparation.

3.4. Target Population

The target population for this research work has been drawn from Micro and small scales Enterprises operating in Jimma Town. Jimma town is divided in to 8 sub cities for management purpose, in each sub cities the MSEs is divided in to five sectors: Agro- industry, manufacturing, service, construction and trade. Therefore all MSEs operating in Jimma town in all sub cities in each sector which is registered by the city Micro and Small enterprise agency according to rule and regulation of Federal Micro & Small Development Agency of Ethiopia is the target population. Those are owner/ managers of MSEs operating in Jimma Town and MSEs agency workers, especially coordinators of each sub city.

3.5. Sampling Techniques

In this research work to select the sample of respondents, both probability and non-probability sampling methods were used to get information about the larger study of population. From non-probability, purposive sampling method was used. Purposive sampling one was used to conduct interview with members of management director and actors of the Jimma Town MSE officials; because they have information about the sector.

Whereas, to select the respondents from the operators of MSEs probability sampling technique was adopted. First stratified random sampling technique was used because; the population that used in this research work was very heterogeneous with different sectors. Stratified random sampling was preferred as it provides data to analyze subgroups, facilitates the use of different methods in strata thereby enabling the researcher to comfortably and easily control sample size in the strata (Kithae, 2012). In addition to select the respondents in each stratum simple random sampling technique was applied.

3.6. Sample size

Sample size is the actual quantity of subsets or sub-sections chosen as a sample to represent the vast population characteristics. From the list of MSEs which registered from 1997 E.C till 2009 by Jimma Town Small and micro enterprise agency in all sub cities which is around 2292MSEs. From this total population the following sample was selected using this formula (yeman, 1997).

$$n = N/1+N (e^2)$$

Where n = Sample Size; N = Population or Sampling frame; e = Margin of Error

"Acceptable" margin of error used by survey researchers falls between 4% and 8% at the 95% confidence level. So we take the margin of error = 0.05 according to Eva et al.(2016): therefore sample size :

$$n = 2292/1+2292(0.05^2) = 340 \rightarrow n=340.$$

3.7. Methods of data collection

In order to realize the target, the study used questionnaire and semi- structured interview as best instrument to collect primary data. The questionnaire as a data collection tool was used because of three distinct advantages. First, a questionnaire is practical in nature and the respondent simply participates by filling out the questions. Secondly, large amounts of information can be collected from a huge number of individuals in the field during a short period of time and in a comparatively cost effective way. Thirdly the questionnaire can be administered by the researcher himself or by any number of people authorized by the researcher with limited effect to its validity (Cooper & Schindler, 2014)

The questionnaire was filled or completed by the owner managers/or operators of the enterprises. Semi-structured Interviews were conduct with selected officials. Secondary data were collected by reviewing different files, pamphlets, office manuals, circulars and policy papers were used to provide additional information where appropriate. Besides, variety of books, published and/or unpublished government documents, websites, reports and newsletters will be reviewed.

3.8 Method of Data Analysis

Data analysis is a process of inspecting, then cleaning, followed by transforming and finally modeling of data with the goal of discovering useful information to support decision making. Once raw data was received, preparation and description of the data followed. Data preparation involved editing, coding then entry. The first step was editing the raw data from the field. Editing aimed at detecting errors and omissions and correcting them. Then code to make it simple the process of grouping responses to some category. After this electronically tabulation using the SPSS software version20 program for data entry and analysis was used. Analysis of data helps to show important relationships of variables in the study.

Here descriptive statistics such as percentage, mean and frequency distributions were used to analyze data obtained through questionnaire regarding factors determining growth of MSE. The econometric analysis tool that is multiple linear regression model was used to identify the determinants of MSE

growth. Qualitative data obtained from MSEs officials and experts was analyzed through narration and interpretation qualitatively.

To determine the growth status of MSEs, information has to be collected and an appropriate measure of aggregate growth has to be used. This study used sales, profit, employment, market share and etc to measure the growth of MSEs.

Model specification

Based on the previous researches the following research model was developed based on the variables of the study

$$MSEs\ growth = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$$

Where:

MSEs Growth: Growth of micro and small scale enterprise (dependent variable)

X_1 = Governmental factor, X_2 = Organizational factor, X_3 =Individual factor, X_4 = Financial factor, X_5 = Environmental factor, X_6 = Technological factor are the explanatory variables and ϵ = standard error.

α is the intercept term- constant which would be equal to the mean if all slope coefficients are 0.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$ are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

Growth denotes variables of relative growth in general; determinants include variables/factors of individual, organizational, governmental, technological, environmental and financial determinants.

3.9 Reliability and Validity

Before administering the final phase of data collection and analysis the methodology was refined. Questionnaires was commented with experienced people to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended. Comments raised by people were corrected and questionnaires were refined. Finally, the improved version of the questionnaires were printed, duplicated and dispatched. The instruments selected can help to show factors (determinants) that determines the growth of MSEs. It can clearly address how these determinants affect the growth of MSEs in Jimma Town. The relevant data were collected.

The reliability of instruments measures the consistency of instruments. Creswell (2009) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. According to Sekaran (2000) to determine the reliability of a measure one needs to test for both consistency and stability, and used Cronbach's alpha reliability coefficient to test for the consistency of scale. The Cronbach's alpha reliability coefficient values range from 0 to 1 with the

higher (the closer the coefficient is to one) coefficients indicating a higher internal consistency reliability and therefore a better measuring instrument. When calculating Cronbach's alpha reliability coefficient, reliabilities less than 0.6 are considered poor, reliabilities within the 0.6 - 0.7 ranges are considered acceptable, and those coefficients over 0.8 are considered good. The researcher tested for the reliability of the data. The reliability tests as measured by Cronbach's alpha performed on the items of the relevant variables are presented in the table below. Cronbach's alpha with a value of 0.7 or above is considered adequate in measuring the internal consistency of an instrument. Since all alpha values are found to be above the threshold point of 0.7, reliabilities of the measurement instruments are considered adequate.

Table3. 1: Summary of Reliability Test on Scale Items

Subscales	Cronbach's alpha
Governmental	0.895
Organizational(managerial)	0.881
Individual/ Enterprenual	0.888
Financial	0.887
Environmental	0.876
Technological	0.874
Growth of MSEs	0.960

3.10 Ethical considerations

One of the most important parts of the research process is the careful consideration of the ethical implications of the study. According to Saunders et al. (2007), research ethics refer to the appropriateness of researchers' behavior in relation to the rights of those who become the subject of your work and are affected by the work. All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and agreement was secured before the commencement of distributing questionnaire and asking interview questions. Concerning the right to privacy of the respondents, the study maintained the secrecy of the identity of each participant. In all cases, names are kept secret thus collective names like „respondents“ were used.

Chapter Four

4. Result and Discussion

4.1 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The chapter presents the analysis of data collected from respondents who filled in the questionnaire from the sampled respondents. Few respondents' responses have been omitted due to missing of data. Later the data was coded and computed. The completed data have been tabled to the requirements. The influence of the variables designed for each factor has been quantified with Likert scale. Statistical tools such as mean, standard deviations have been used to analyze and interpret the data. For calculating statistics SPSS version 20 software has been used.

4.2 Response Rate

The researcher administered 340 questionnaires targeting a sample of 340 small businesses from population of 2292 small businesses operated in the study area. Out of the 340 administered questionnaires, 330 questionnaires were completed and returned, giving a response rate of 97.05% while the rest were not returned.

4.3 General Information

The study analysis a number of demographics and growth related factors. The respondents were asked to provide general information based on the gender, age, position in the business, type of business or sectors in which their business operate. On factors related to growth, the respondents were asked about the number of employees the business had at the start and at present and also the annual sales or sales turn over from time to time.

The questions in section I of the questionnaire requested participants to provide general background information about their profile and their organization including gender, age, education, previous experience, sector, business age other related issues. To analyse these general information, frequency distributions were calculated for all cases in this research and were summarized in the following subsections

4.3.1 Gender of Respondents

As far as the gender of the respondents is concerned, a result indicates that there is low proportion of women compared to men in the MSEs. From the 330 respondents 72.7% of are men and women constitute 27.27%, this demonstrating that there is a clear observable gender gap in the sector. There are some constraints for this. This attributed is mainly to the cultural norms and societal attitudes, which consider women as inferior: regarding “appropriate” works of men and women, too much family responsibilities they have to bear and the legal factors.

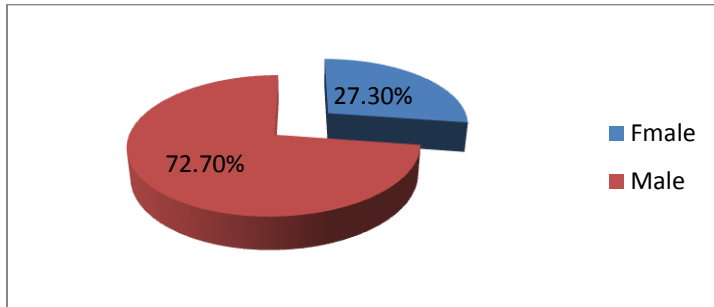


Figure4. 1: Respondent’s sex

4.3.2 Age of Respondents

Regarding the age structure, 2.42 % of respondents were found blow 20 age categories while 65.45% of the respondents were found in the range of 21-30 years age group. Age groups 31- 40, 41- 50 and 51 and above years constituted 22.42%, 8.18 % and 1.5 % of respondents, respectively. The majority of the respondent’s i.e. around 90.3% were found in the age range of 21-40 years and the remaining 9.7% of respondents were found in the age range of 41-51 and above years. This result shows that the most included sample respondents are the active sections of the societies, that are expected most to benefit from the MSEs and urban development strategies. In other words, the finding of this research indicates that the MSEs accommodate the most active and productive age group of people

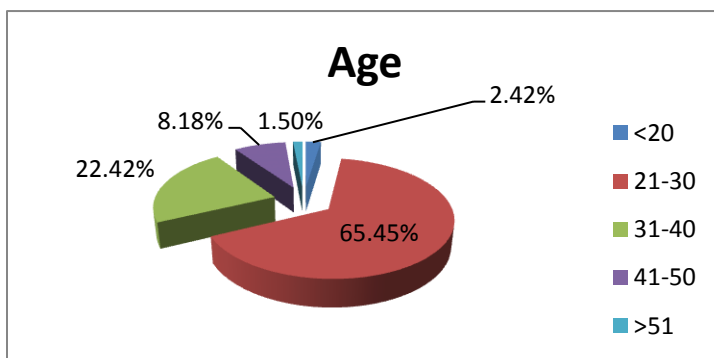


Figure4. 2 Age of Respondents

4.3.3 Educational Status

For enhancing the productivity and growth of MSEs, education and skills are important. As indicated in this research analysis, the Managers/Operators of the enterprises are found in different levels of education status. From the 320 respondents, only 2.7% of the respondents were illiterate, 5.7 % of respondents can only read and write, 4.5% of sample respondents were elementary. As we see from the result, 11.5 % and 20.9% of sample respondents have completed secondary and Certificate level of education, respectively, whereas 52.1% of respondents got Diploma or TVET and 2.4% has above Diploma or TVET level education. This implies that most of the respondents 74.5% were above Certificate up to Diploma or TVET level education.

Hence, from the educational levels of the managers/ Operators of the enterprises, it is possible to generalize that large proportions of the participants in MSEs are those who completed their secondary school education and above. The other benefiting groups are below secondary schools and those who can only read and write. Those who have secondary and above level education can have adequate record keeping and financial control system and proper planning system, while, the other group who attended lower than secondary level educations have lack of record keeping and financial control system and proper planning system, which also affects their enterprise growth.

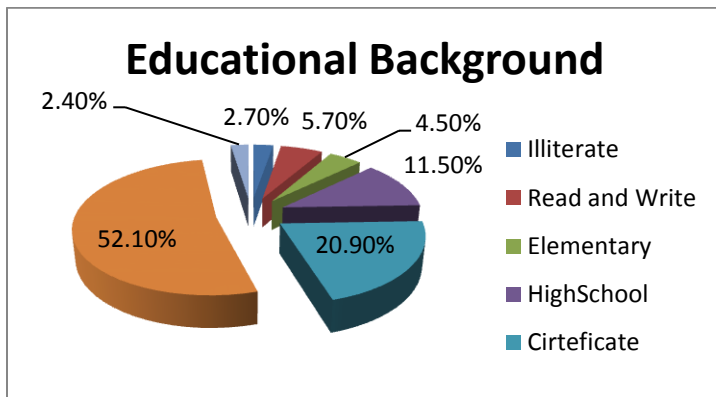


Figure4. 3: Respondent’s Educational background

4.3.4 Marital Status of Respondents

With respect to marital status, out of the 320 respondents in the selected enterprises, 55.15% of the respondents are married while 42.42% of respondents are single. The divorced sample respondents accounted for about 2.42%. These figure shows that most proportions of married and single are able to participate in MSEs, and the sector is capable of absorbing both single and married individuals indiscriminately and is increasing their income.

4.3.5 Position in the Organization and service time

Table4. 1: Respondents position, Skill, experience and motivation to start a business

Item	Demographics	%
Position In the organization	Owner% manager	83.6%
	Salesman	7.2%,
	Casher	6.6%
	Accountant	2.4 %
Service Year or Experience of Respondents	<1 year	14.4%
	1-5 year	68.0%
	5-10 year	13.1%
	>10 year	2.5%
Respondents Skill development /acquired	Self	32.4%
	From Family	10%
	On job training	12.2%
	TVT Training	45.4%
Motivation to start the business	Self interest	82.2%
	Family support	3.0%
	Government Support	14.2%
	Friend Support	0.6%

Source survey data 2018

From the general information provided by the respondents as presented in table 4.1, it was found that 83.6% of the respondents operated their businesses as owner and manager, while 7.2%, 6.6% and 2.4 % of the respondents were salesman, cashier and accountant respectively. In terms of year of experience, 68.1% of the survey respondents had 1 to 5 years of work experience while 13.0% had 5 to 10 years of experience and 2.12% had >10 year of experience . The rest had less than 1 year of experience. From this most of the MSEs operators have experience about growth determinants. Therefor the analysis result inferred to good conclusion.

4.3.6 Respondents Skill development

When we see the skill of the respondent from table 4.1 most of the respondents developed their skill from Vocational training institutions, 45.45% whereas, 32.4% of the respondents developed their skill by their own self courage. While 12.0 %, 10.0 were developed from job training and family respectively.

4.3.7 Motivation to start the business

Business operators were asked the factors behind their motive to start their businesses. The evidence as reported from the analysis in above table 4.1, shows that the most important motive to start a business is the entrepreneur's desire to become independent/ self-interest. The majority of them (82%) responded that they wanted to be their own boss/ have their own business while 14.2% of them reported that government support in the sector pushed them to become business operators. The availability of business oriented family life style or family support was also found to be the third factor for new startups (3.0%), followed by friend support (0.6%).

4.3.8 Source of capital

According to the analysis of start-up capital source, about 44.2% of startup capital comes from internal source of finance, especially, personal savings of entrepreneurs, followed by that of family assistance (30.3%). Credit for startup both from formal and non-formal financial markets is relatively rare 21.2 % and around 4.2% come from personal (3rd person) loaners. Many small enterprises begin with very small amounts of capital from personal savings and household assistance, from relatives or friends, and steadily build up their enterprise by reinvesting profits.

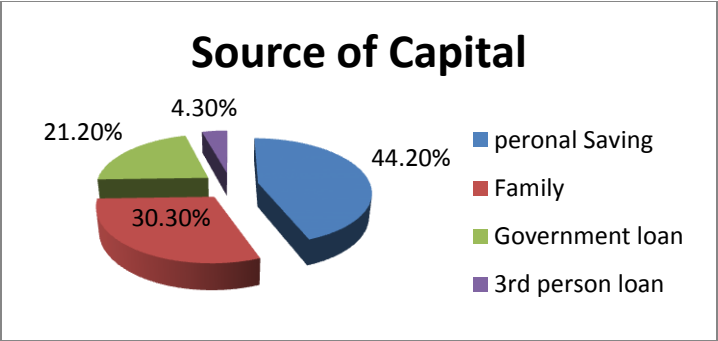


Figure4. 4: Source of Start-up capital

4.3.9 Types of business activity

The agency of MSE in the study area has been mainly working on five business sectors; namely; service, trade, urban agriculture, construction and manufacturing. Among the five business sectors, 31.8% and 27.2% of the entrepreneurs were working on service and trade sectors. 15.1%, 13.6% and 12.1% construction, manufacturing and Agro-industry respectively. Here most of Enterprises in the cities run on service and trade sector with 60.6 % coverage because the sectors need little capital to start and run unlike construction and manufacturing.

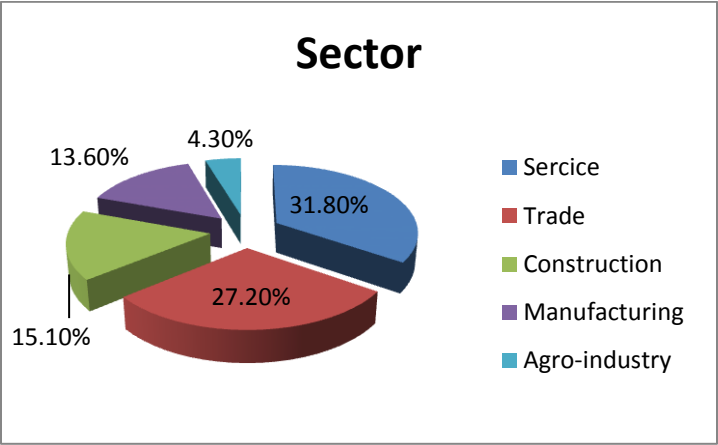


Figure4. 5: Sectors of the Enterprises

4.3.10 Duration of Enterprise Existence

The study requested the respondents to state the duration of their business since they established them in the area of study. According to the study results, 63.0 % of the respondents indicated that their businesses had been in existence for 1- 5 years, 21.2% of the respondents indicated that their businesses had been in existence for 5-10 years, 10.9% of the respondents indicated that their businesses had been in existence for more than 10 years while 4.8% of the respondents indicated that

their business had been in operation for less than 1 year. This implies that majority of the respondents were in existence for a long period thus the study could gather the necessary information sought by the study because they experienced the different challenges and problem in the sector.

4.3.10 Plan in enterprise future operation

Table4. 2: Plan, period of plan and Record Keeping and financial controlling system

Plan	%	N=330
Yes	85.7	
No	14.3	
Period of plan		
<1 year	11.1	
1-2 year	71.5	
3-5 year	15.9	
>5 year	1.5	
Record Keeping		
Yes	96.6	
No	3.4	
Kind of record keeping and financial control system		
Daily transaction	96.3	
Balance sheet	2.0	
Income statement	1.1	
More than one	0.6	

Source survey data 2018

The other variable of this study which is expected to have relation to the growth of micro and small scale enterprise is the internal practice of planning in advance for different activities to be executed in the day to day operation of the enterprises for attaining pre-established goals.

From the total sample enterprises in this study shown as in above table 4.2, 85.7% of respondents in the sample taken have planning practice in their day to day business operation. The possible justification to the importance of using plan is that, planning in advance what needs to be done helps enterprises to act strategically to realize established development goals rather than moving in a random and unsystematic way to the opportunities as well as unfavorable situation that will happen in their business operations. Even if most of the enterprises use future plan for their business activity, the time span of the plan is short. From the respondents almost 71.1% of the enterprise used 1-2 year plan, 15.9% 3-5 year plan, 11.3% less than 1 year and only 1.5% is more than 5 year.

4.3.11 Record Keeping and Financial Control Practice of the Enterprises

Use of formal record keeping and financial control mechanism in the enterprises day to day business operation is considered as another variable that would result difference in growth of Enterprise between those who use the system and those do not use. So as a result of this analysis of table 4.2 indicates 96.6 % respondent's use record keeping and financial control system to facilitate their day to day business activities by applying different Kind of record keeping and financial control system, but most of the Enterprise record keeping process is not well organized, they simply used as a formality.

4.4. Descriptive Statistics of Factors

Respondents were asked different questions regarding the factors affecting the growth of MSEs in Jimma Town and also the current level of their growth. Their responses are organized in the following manner. This part explains the descriptive statistics calculated on the basis of the factors that affect the growth of MSEs. The results for measures of central tendency and dispersion obtained from the sample of respondents are shown in the following tables

4.4.1 Current level of MSEs Growth in Jimma Town

Table4. 3: Growth of Enterprise

Factors	Strongly Disagree	Disagree	Nutral	Agree	Strongly Agree	Total	
	%	%	%	%	%	N=300	%
There is an increasing sale volume in your enterprise in the last years:	29.4	32.2	0.8	21.3	16.3		100
The enterprise increases its market share and opening new branches from time to time.	35.8	31	3	20.9	10.3		100
The profitability of the enterprise increases from time to time.	32.2	27.3	2.8	25.7	12		100
The ability of the enterprise by producing unique product with volume is increasing	30.5	26.5	2.7	26	14.3		100
New customers increase from time to time	35.8	38.8	3.4	12	10		100
The number of employees increases from time to time.	30.7	25	4.5	27.6	12.2		100
Increasing of employees quitting from your enterprise	32	29.6	1.4	22	15		100

Source: Survey data, 2018

In the above table 4.3, respondents were asked to indicate the degree in which their enterprise is growing under the given indicators. Regarding to comparing their current employees with at start up time; the respondents explained regarding to their increment of members there were a problem of increasing numbers of members in the past years. This means, numbers of MSEs members decreased as shown in the table 63% of the respondents agreed. On the same table, respondents answered about their sale volume by comparing to the past years. According to their answers, 29.4 % and 33 % indicated there was lack of increasing their sale volume for the past few years. This shows their sale volume was decreased as the result of respondents indicated. The respondents were asked to respond about increasing finding new market opportunity/increasing market share for the last years, according to their response there was a problem of finding new market in the past consequent years. This indicated that their business growth was decreased. Regarding to the overall increment of new/branch enterprises, respondents indicated that there was a problem there was no any new branch that opened in the past time. The table further shows there was a problem of increasing new and quality product development ability. According to the respondent's answers, 30.5% and 26.5% agreed it. Even the profitability of the enterprises shows no growth according to the respondent's response, 35% and 27.3 agreed on problem of the profitability.

Therefore, the meanings of enterprise growth is the development process that enterprise keeps the tendencies of balanced and stable growth of total performance level such as the increases of sales volume, market share, production value, profit and employee. However; from the above table 4.3 majority of MSEs in the study area were behind of new product development, they become reduced in number of members, and their sale volume was reduced through time. Based on the result one can conclude that growth of MSEs in the study area become weak and almost at decreased level as the average percentage shows.

4.4.2 Governmental Factor

Table4. 4: Descriptive Statistics for Governmental Factor

Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	
	%	%	%	%	%	N=300	%
There is no Bureaucracy and red tap in enterprise registration and licensing procedure	48.3	25	2.4	11.1	13.2		100
MSEs get enough government support	50.9	29.8	2.8	5.6	10.9		100
Information related to government regulations relevant to MSEs is easily accessible.	43.1	38	0	8.9	10		100
Lack of appropriate policy	32.9	42.6	1.9	10	12.6		100
The is enough basic materials and Equipment supply	37.5	50	0	12.5	0		100
There is continuous Training and Support.	40.4	39.8	0	10	9.8		100
There is a good government support for Technology Transition.	36.5	40	1.1	11.8	10.6		100

Source: Survey data, 2018

As shown in the above table 4.4, the respondents were asked different questions related to government factor as a general which raises different issues. One of the questions was whether they had faced Bureaucracy in enterprises registration and licensing procedure / or no. As a result, out of the total respondents, 48.3 % and 25% agreed, about the availability of Bureaucracy in registration and licensing process. From this result we see that, the majority of the respondents i.e. 73.3% agreed on the problem. The second question asked the respondents in governmental factors were about the government support, out of the total respondents in the selected enterprises 50.9% strongly disagreed and 29.2%disagreed on the question. From this majority of respondents agree as there is a gap in government support. The third question is about easily accessible information on government

regulations that are relevant to their business. In this question 43.1%, 38% respondents, strongly disagreed and disagreed, respectively. The fourth question is about availability of appropriate policy and regulation out of the total respondents, 32.9% and 42.6 % strongly agreed and agreed, here the analysis shows there is no problem related policy, according to the interview analysis and respondents comment, there is no problem of policy but there is implementation problem. The fifth question is about availability basic materials/resource and equipment support out of the total respondents, 37.5% and 50 % strongly disagreed and disagreed. This indicates there is no enough resource/ equipment support. The sixth question is about continuous Training and follow-ups out of the total respondents, 40.4% and 39.8 % strongly disagreed and disagreed, about the issue. The seventh and the last one is facility of technology transition support out of the total respondents, 36.5% and 40% strongly disagreed and disagreed, this indicates that there is no technological transition support from government bodies that helps the MSEs to grow and develop in different aspects.

In general this implies that the government factors are affecting or one of the key determinants that determines/ affects the growth of MSEs. When the questionnaire responses were compared with the interview conducted with management actors of the Jimma Town MSE officials, it was confirmed that there are problems related to government bodies at each levels. Especially the implementation problems widely observed at each level. This is because of different reasons such as lack of knowledge, lack of attitudinal changes, and lack of responsiveness to the demands of the operators by Experts and employees of government sector offices.

The other is even opportunities have been created, MSEs have not been able to draw the full advantage due to lack of coordination between actors and lack of facility for growth of enterprise according to the strategies. For the reason that lack of coordination between actors, weak supports and follows up, make difficult to know MSES weakness; and strength entirely.

4.4.3. Organizational Factors

Table4. 5:Descriptive Statistics of Organizational Factor

Factors	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Total	
	%	%	%	%	%	N=300	%
There is clear division of duties and responsibilities among employee	36.2	26.3	2.5	15	20		100
Practicing traditional working method	15.2	18.8	3.5	22.5	40		100
Availability of well trained and experienced employee	31	33.2	2.3	15.5	18		100
There is an organization and effective communication,	35.1	32.4	4.5	20.6	7.4		100
Organized and good record keeping	26.3	38.2	2.5	13	20		100
Availability of low cost and accessible training	31	30.2	6	10.8	22		100
There is a proper and long term plan	37.5	50	0	12.5	0		100

Source: Survey data, 2018

As shown in table 4.5, the respondents were asked different questions related to organization factor as a general which raises different issues. The first question is about availability of clear division of duties and responsibility among employees. But the respondents replay there is no clear division of responsibilities among employee; the result shows that 36.2 %t, and 26.3 % of respondents replay said no clear division and responsibility. With regard to good organization and effective communication, of the total respondents 35.1 % strongly disagreed and 32.4 % disagreed on the issue, from the analysis there is no effective and good communication. Likewise to organized and good record keeping, the majority of respondents 26.3% strongly disagreed and 38.2% disagreed as there is good record keeping, which indicates there is no good record keeping. Regarding to availability of well trained and experienced employee, of the total respondents, 31 % strongly disagreed and 33.2 % disagreed as there are a problem. In relation to low cost and accessible training facilities, 31 % of respondents strongly

disagree and 30.2 % of respondents disagree this indicates there is a problem. The other question is related to their working practices, most of the respondents reply they are not following modern practice instead they follow traditional working methods i.e. 22.5% agreed and 40% strongly agreed , generally from the total respondents 62.5%, one followed traditional working method.

In general, it was investigated many enterprise faced different issues related to organizational/management such as, Poor organization and ineffective communication, practicing traditional working method, inaccessibility of training with low cost, trained and skilled employee.

4.4.4 Individual Factors

Table4. 6: Descriptive Statistics Individual Factor

Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	
	%	%	%	%	%	N=300	%
Good motivation and drive of individual	31.3	35.2	0	15.5	18		
Tolerance to work hard and patience of individual.	38	46	0	10	6		100
Have a knowledge to searching new market	39.1	42.3	3.2	10	5.4		10
Availability entrepreneurship training for individuals	35.3	29.1	3.6	17	15		10
Easily accessible information to exploit business opportunities	35.8	38.8	3.4	12	10		100
There is a chance to choice business type according our interest	31	30.2	6	10.8	22		100

Source: Survey data, 2018

Among the individual factors as shown in table 4.6, good motivation and drive of individual is one the question requested. This factor had got the result from the total respondents 31.3% and 35.2% are strongly disagreed and disagreed respectively. The second most important factor that affects the growth of small scale and micro enterprise is tolerance to work hard and patience of individual. This factor score 38% strongly disagree 46% disagreed which indicates there is no tolerance to work hard. Furthermore, the result of respondents indicates that have knowledge to searching new market is the third factors that affect the growth of enterprises. As indicated in the analysis 39.1% of respondents strongly disagreed and 42.3 %t of them disagreed, this analysis indicates the individuals lack knowledge to searching new market. With similar to this, according to analysis result for availability of easily accessible entrepreneurship training the respondents justified by the 35.3% strongly disagreed and 29.1% disagreed, which means there is no easily accessible entrepreneurship training. Lack of information to exploit business opportunities also the other factor that hinders the growth of small scale enterprises. This is justified by 35.8% of strongly agreed and 38.0% agreed respondents. Finally regarding to a chance to choice in business type according their interest, of the total respondents 31% strongly disagreed and 30.0 are disagreed. Therefore there is lack of choice in business type according to their interest.

According to interview conducted with management and actors of the Jimma Town MSE officials, it was confirmed that the main problem is dependency syndrome, lack of attitudinal change. They don't want to lose government supports i.e. audit service, credit, working place and market linkage, which became lease and asked to pay after transition. For the reason that they do not show interest to develop in to growth, instead they hidden their capital, and human resource, they lose motivation, lack of initiative.

According to (Fagge, 2004), lack of entrepreneur technical skill is one of the most often cited reasons for effective operation of small and medium enterprises. The author stated that low entrepreneur technical skills are problems militate against the effective operation of micro and small enterprises. Many entrepreneurs rush out to establish MSEs without having good and adequate technical skills.

4.4.5 Financial Factors

Table4. 7: Descriptive Statistics Financial Factor

Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	
	%	%	%	%	%	N=300	%
Availability of adequate credit institutions.	49.2	22.6	0	23	5.2		100
Ability and skill of cash management	31.8	36.9	0	23	8.3		100
Availability of enough working capital	34.4	41.3	0	22	2.3		100
Fear of High collateral requirement from banks and other lending institutions on medium scale Enterprises	10	17	5.4	26.5	41.1		100
Fear of high interest rate charged by banks and other lending institutions on medium scale enterprises	13.8	20	3.6	22.9	39.7		100
Complexity of loan application procedures of banks and other lending institutions.	9.2	10.8	6	33.8	40.2		100

Source: Survey data, 2018

As it shown in Table 4.7, the majority of respondent's 71.8 %t reported that they have the problem related to inadequacy of credit institutions i.e. 71.8% agreed on the problem. Similarly most of respondents 68.7% agreed on the lack of cash management skills respectively. With regard to working capital out of the total respondents 34.4 % and 41.3 % of the respondents strongly disagreed and disagreed respectively which indicates there is lack of working capital. Regarding to fear of high collateral requirement from banks and other lending institutions 41.1 % and 26.5 % of respondents strongly agree and agree on the problem respectively. In addition, 40.2 % of respondents strongly agreed, and 33.8 % of respondents agreed with the complexity of loan application procedures of banks and other lending institutions. Moreover, Fear of High interest rate charged by banks and other lending institutions are a serious problem of MSEs. The respondents strongly agreed with 39.7 % and agreed with 22.9 %. In general, the results of Financial Factors indicated that there are Inadequacy of credit institutions, lack of cash management skills, Shortage of working capital, Fear of High collateral requirement from banks and other lending institutions, complex loan application procedures of banks

and other lending institutions, Fear of High interest rate charged by banks and other lending institutions.

In addition, Jimma Town MSE officials, also agreed on the existence of the problems and explained the measures that the government is undertaking to lessen them such as lack of finance for credit, and gap to address all MSEs cash management skill.; however, they all agrees the measurements taken to alleviate these problems are not sufficient and so that a lot has to be done in the future.

4.4.6 Environmental Factor

Table4. 8: Descriptive Statistics for Environmental Factor

Factors	Strongly Disagree	Disagree	Neutra l	Agree	Strongly Agree	Total	
	%	%	%	%	%	N =300	%
There is good marketing linkage facility	29.8	38	3.3	15.9	13		100
There adequate Infrastructure like (Water,power,road)	61.4	19.3	3.3	10	6		100
having convenient working place	39.1	31.1	3.2	20	6.6		100
Absence of relationship with an organization that conduct marketing research	5.5	13.3	4.7	38	38.5		100
High Competition in the market	10	12	3.6	38.8	35.6		100
Cultural influence(especially on female entrepreneur)	13.5	16.5	4	35.5	30.5		100
Good society understanding about small scale enterprise	45.8	28.8	4	11.4	10		100

Source: Survey data, 2018

The above table 4.8 shows that Absence of relationship with an organization that conducts marketing research is one of the factors. This is warranted by the 38.5%respondents strongly agreed and 38 % agreed on the problem. The other factor is regarding to convenient Working Place of Enterprises in the study area. According to the respondent response 39.1 % are strongly disagreed and 31.6 % are disagreed on issue, which means the working place is not convenient. Related to Infrastructural

Factors, as table 4.8 indicated, 61.4 % and 19.3 % of respondents reported that there is a high Power interruptions, insufficient water supply and poor road facility.

Fagge,(2004) asserted that Inadequacy of infrastructural base such as electric power supply, Unreliable telecommunication facilities, Poor state of road network, Water supply etc are problems militate against the effective operation of small and medium enterprises.

In Table 4.8 above, it can be seen that, lack of market linkage is another environmental factor that affect the growth of MSEs. AS a result shows 29.8 % and 38 % of respondents strongly agreed and agreed on the problem respectively.

In relation to society understanding about small scale enterprise, the majority of the respondents 39.1 % strongly disagree and 31.6 %disagree, here these indicates there a problem on societal understanding.. In addition to this there is also cultural influence on female entrepreneurs, according to the analysis result 64.1% of respondents agreed on the presence of the problem.

Technological Factor

Table4. 9: Descriptive Statistics for Technological Factor

Factors	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	
	%	%	%	%	%	N=300	%
Appropriate machinery and equipment are available	39.1	36	0	15.9	9		100
Enough skills to handle new technology	27.7	35.2	0	23	14.1		100
Ability to select proper technology	41.9	31.6	3.2	15.3	8		100
Availability of technology transition within the enterprises.	35.6	26.5	5.8	20	12.1		100
Availability of money to acquire new technology	35.8	38.8	3.6	12	9.8		100
Good Skill and knowledge about technology	45.8	28.6	4	11.6	10		100

Source: Survey data, 2018

As shown on the above table 4.9, regarding to appropriate machinery and equipment, the result of respondents shows that 39.1% strongly disagreed and 36% disagreed respectively, which indicates there is no appropriate machinery and equipment. With regard to skills to handle new technology, 27.7 % are strongly disagreed and 35.2 % are disagreed. According to result about availability capital to acquire new technology 41.9 % are strongly disagreed and 31.6 % are disagreed, so there is lack of capital to access new technology. On the other hand, the results for ability to select proper technology, 35.6 % are strongly disagreed and 26.5 % are disagreed, these results describes that 62.1 % of the respondents said there is a problem to select proper technology for their work. To conclude, all these: Technological Factors were confirmed by the respondents in this survey who indicated that their businesses were constrained by Lack of skills to handle new technology, Lack of capital to acquire new technology, Unable to select proper technology, Lack of appropriate machinery and equipment.

It was also indicated during the interview with the officials of MSEs, indicated that there is a problem of capital to buy the proper technology (equipment, machinery, tools, etc). Because of shortage of money from saving and credit institution and the matured credit not collected on time.

4.5 Diagnostic Tests.

4.5.1. Assumptions of Multiple Linear Regression

MLR allows a more sophisticated exploration of the interrelationship among a set of variables. It can be used to address a variety of research questions and indicate how well a set of variables is able to predict a particular outcome .In the context of this study, the researcher employed the standard multiple linear regression. In standard multiple regression, all independent variables are entered into the regression equation at once.

The assumptions of MR tested with SPSS and identified as primary concern in this research include; sample size, multicollinearity, linearity and homoscedasticity.

4.5.1.1 Sample size

A sample must represent well the characteristics of the population. With small sample size, one may obtain a result that does not generalize to the target population. If results do not generalize to other samples, then they are of little scientific value. Most researchers tend to use Tabachnick and Fidell (2007) formula for calculating sample size requirements for multiple regressions. These authors took into account the number of independent variables that researchers wish to use: $N > 50 + 8m$ (where N = sample size and m = number of independent variables) for testing an overall regression model. In the case of this study, the number of independent variables is 6 and sample size is 340. Substituting these values into the formula, we have; $340 > 98$. Hence, the assumption on sample size requirements for multiple regressions was met by the researcher before analyses.

4.5.1.2 Multicollinearity Test

The researcher is able to interpret regression coefficients as the effects of the independent variables on the dependent variable when Collinearity is low (Keith, 2006). This means that we can make inferences about the causes and effects of variables reliably. Multicollinearity occurs when several independent variables correlate at high levels with one another, or when one independent variable is a near linear combination of other independent variables (Keith, 2006). Tolerance levels for correlations range from zero (no independence) to one (completely independent) (Keith, 2006). The VIF is an index of the tolerance. When a predictor variable has a strong linear association with other predictor variables, the associated VIF is large and is evidence of multicollinearity (Shieh, 2010). The rule of thumb for a large VIF value is ten (Keith, 2006; Shieh, 2010). Small values for tolerance and large VIF values show the presence of multicollinearity. Based on the above assumptions the researcher performed multicollinearity test to check the dependency of predictor variables with one another and the fitness of the model. As indicated in the table below, there is no existence of multicollinearity problem among the explanatory variables as tolerance values are greater than 0.1 and VIF values less than 10.

Table4. 10: Collinearity Statistics

Model	Tolerance	VIF
(Constant)		
Governmental Factor	.304	3.292
Organizational factor	.929	1.077
Individual factor	.241	4.155
Financial Factor	.479	2.086
Environmental Factor	.376	2.657
Technological related constraints	.325	3.079

4.5 .1.3 Normality Test

Normality refers to the normal distributions of the residuals about the predicted dependent variable scores. This assumption is based on the shape of normal distribution and gives the researcher knowledge about what values to expect (Keith, 2006). Normality tests are used to determine whether a data set is well-modeled by a normal distribution or not, or to compute how likely an underlying random variable is to be normally distributed (Gujarati, 2009). Normality can be checked through histograms of the standardized residuals (Stevens, 2009). Histograms are bar graphs of the residuals with a superimposed normal curve that show distribution. As depicted in the figure below; which is an example of a histogram with a normal distribution from the SPSS software, there is no normality problem on the data used for this study.

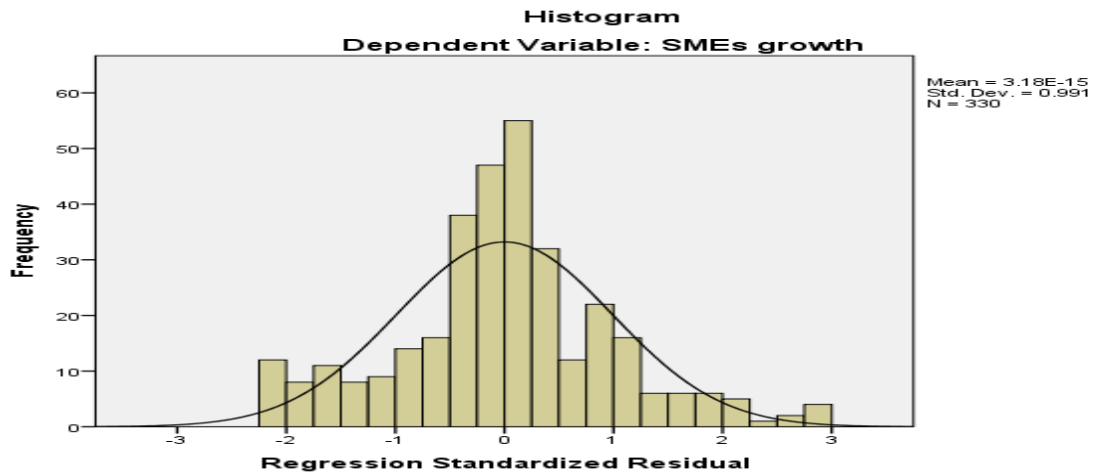


Figure4. 6 Histogram of distribution

4.5.1.4 Linearity

Linearity has to with the residuals should having a straight-line relationship with predicted dependent variable scores. It describes the dependent variable as a linear function of the predictor variables. Multiple regression can accurately estimate the relationship between dependent and independent variables when the relationship is linear in nature. If the relationship between the dependent and independent variables is not linear, the results of the regression analysis will under- or over- estimate the true relationship of the variables (Osborne & Waters, 2002). According to Stevens (2009), linearity can be best checked by normal p-plot residual. As shown in the figure below, the relationship between the dependent and independent variables is linear. Hence, there is no linearity problem on the data used for this study.

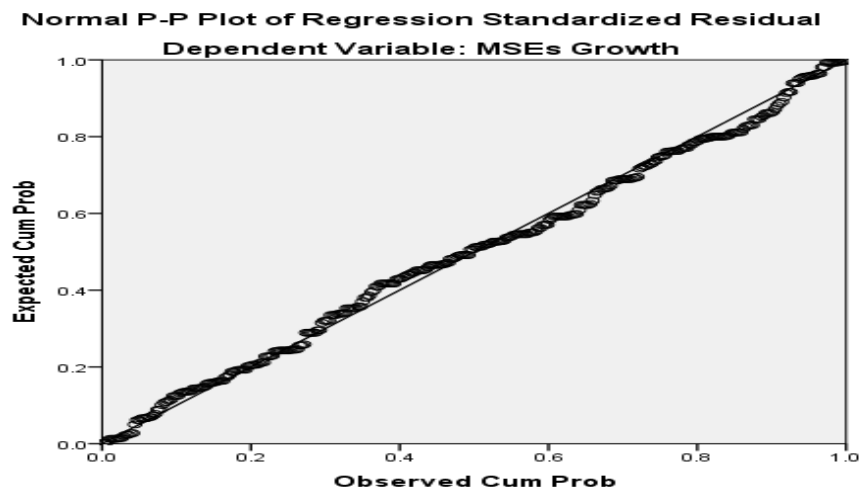


Figure4. 7 Normal P-P plot Test

4.5.1.5 Homoscedasticity

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that researchers assume that errors are spread out consistently between the variables. Statistical software scatter plots of residuals with independent variables are the method for examining this assumption (Keith, 2006). Ideally, residuals are randomly scattered around zero providing even distribution (Osborne & Waters, 2002). To check this assumption scatter plot was generated for the model. As shown in the figure below, the error variance is constant since most scattered plot attributes are around zero and near to the horizontal line. Therefore, there is no violation of homoscedasticity assumption in this study.

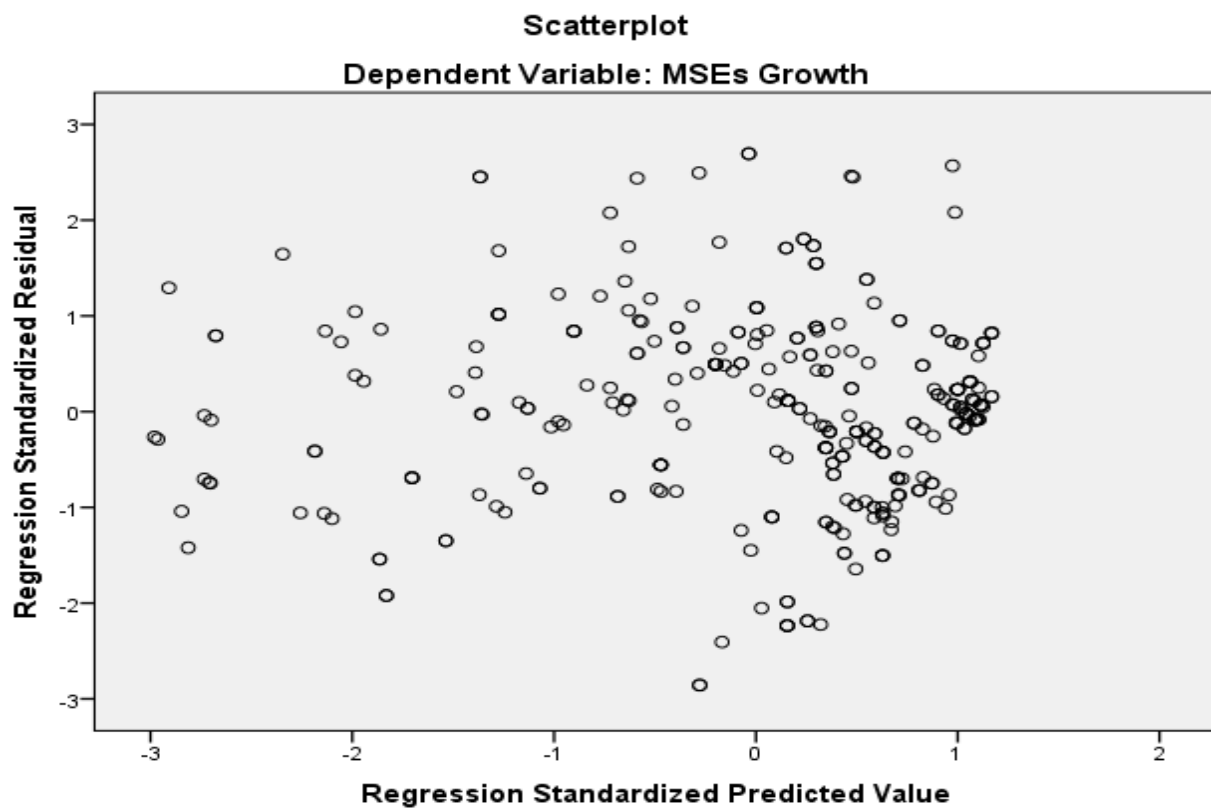


Figure4. 8: Scatter plot

4.6 Pearson Correlation Analysis

This research is investigating the strength of relationships between the studied variables. The study Employ the Pearson correlation which “measures the linear association between two metric variables” (Hair et, al., 2008). The Pearson correlations were calculated as measures of relationships between the independent variables and dependent variables. This test gives an indication of both directions, positive (when one variable increases and so does the other one), or negative (when one variable increases and the other one decreases. The test also indicates the strength of a relationship between variables by a value that can range from -1.00 to 1.00; when 0 indicates no relationship, -1.00 indicates a negative correlation, and 1.00 indicates a perfect positive correlation.

The Pearson correlations between independent variables governmental factor, organizational/managerial factor, individual factors, Financial factor, Environmental factor, Technological factor and the dependent variable MSEs growth are depicted in Table below.

Table4. 11: Pearson correlation between variables

Variables(with N=330 for all)		Growth of MSEs
Governmental Factor	Pearson Correlation	.808
	Sig. (2-tailed)	.000
Organizational Factor	Pearson Correlation	.417
	Sig. (2-tailed)	.003
Individual Factor	Pearson Correlation	.848
	Sig. (2-tailed)	.000
Environmental Factor	Pearson Correlation	.569
	Sig. (2-tailed)	.000
Financial Factor	Pearson Correlation	.801
	Sig. (2-tailed)	.000
Technological Factor	Pearson Correlation	.710
	Sig. (2-tailed)	.000
Growth of MSEs	Pearson Correlation	1
	Sig. (2-tailed)	

❖ Correlation Analysis between Governmental factor and MSEs Growth

Pearson correlation test was conducted to see the degree of relationship between the independent variable i.e. governmental factor and MSEs Growth. The results of the correlation between these variables are shown in the table above; there is significant correlation between governmental factor and MSEs growth. In other hand, governmental factor and MSEs Growth have strong relationship ($r=0.808$ with $p 0.00$)

❖ Correlation Analysis between organizational factor and MSEs Growth

Pearson correlation test was also conducted for these variables and the results are shown in above table. As it is indicated in the table 4.11, there is significant positive correlation between organizational factor and MSEs growth. In other words Organizational factor and MSEs growth are correlated in a moderate positive relationship ($r=.417$ with $p 0.003$).

❖ Correlation Analysis between individual factor and MSEs Growth

For these variables Pearson correlation test was conducted and the results are shown in the above table.4.x, there is significant correlation between individual factor and MSEs growth. In other hand, individual factor and MSEs Growth have strong relationship ($r=0.848$ with $p 0.00$)

❖ Correlation Analysis between environmental factor and MSEs Growth

For these variables, Pearson correlation test was conducted and the results are shown in table 4.11 above. As it shown in the table, there is significant correlation between environmental factor and MSEs growth. In other words, environmental factor and MSEs growth have strong relationship ($r=0.569$ with $p 0.00$). This indicated that environmental factors are positively correlated with enterprise growth in the study area.

❖ Correlation Analysis between financial factor and MSEs Growth

For these variables, Pearson correlation test was conducted and the results are shown in table 4.10 above. As it shown in the table, there is significant correlation between financial factor and MSEs growth. In other words, environmental factor and MSEs growth have strong relationship ($r=.801$ with $p 0.000$). This indicated that financial factors are correlated with enterprise growth in the study area.

❖ Correlation Analysis between Technological factor and MSEs Growth

. Pearson correlation test was conducted and the results are shown in table 4.10 above. As shown in the table, there is significant relationship between technological factor and MSEs Growth. In other words, technological dimension and MSEs Growth have a strong positive relationship ($r=0.710$ with $p=0.00$)

4.7 Regression Analysis

In addition to correlation analysis, the researcher conducted a regression analysis to establish the consolidated effects of the independent variables (governmental, organizational, individual, environmental, financial, and technological factors) on the dependent variable (Growth of MSEs). The findings are presented below:

The regression analysis between independent variables of governmental, organizational, individual, financial, environmental, technological factors and a dependent variable namely Growth of MSEs is shown in table 4.12. These findings show that the factors studied in this study affect growth of MSEs in Jimma Town up to 86.2% as indicated by the adjusted R Square. Thus, 86.2%, of the variances in MSEs' growth can be explained by combined effect of the predictor/independent variables. The remaining variances on the dependent variable could be explained by other explanatory variables not included in this study.

4.7.1 ANOVA Analysis

ANOVA (Analysis of Variance) of regression analysis between independent variables including governmental factor, organizational factor, individual factor, environmental factor, financial factor, technological factor and a dependent variable namely growth of MSEs. From the analysis of variance the result of positive and significance of all values shows that model summary was significant. This is so, given F statistic of 336.832 and a probability value of 0.000 (i.e. $F=336.832$, $P\text{ value} = 0.000$). The probability value of (0.000) shows that there is a very low possibility that the statement "overall regression model was insignificant" was true and it was therefore possible to conclude that the statement was untrue. Hence, the overall regression model was significant and therefore gives a logical support to the study model.

Table4. 12: Coefficient of Regression of the dependent variable (MSEs growth)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig	R ²	Adjusted R ²	F
	B	Std. Error	Beta					
(Constant)	4.491	.190		6.905	.000	.865	.862	336.832
Governmental	.195	.027	.272	7.189	.000			
Organizational	.166	.044	.080	3.789	.000			
Individual	.236	.031	.320	7.665	.000			
Financial	.054	.027	.059	2.001	.046			
Environmental	.129	.019	.224	6.662	.000			
Technological	.315	.042	.266	7.563	.000			

a. Dependent Variable: growth of an enterprise(MSEs)

Source: Survey data, 2018

By looking at the Sig.-value in table 4.12, it is possible to interpret whether the particular independent Variable has a significant impact on the dependent variable (MSEs). The relationship is significant if the Sig. value is not larger than 0.05. The results show that there is a significant relationship for governmental factor (0.000), organizational (0.000), Technological factor (0.000), individual factor (0.000), Financial factors (0.046), environmental factor (0.000), and technological factor (000). This means that all the variables are good predictors of the dependent variable of the service sector.

The multiple regression result at table 4.12 indicates that the explanatory variables have significant influence on MSEs growth. The value of ($\beta = .195, .166, .236, .054, .129$ and $.315$) for governmental, organizational, individual, financial, environmental and technological factors respectively show that there is a positive direction and its influence is significant at $p < 0.05$ the dependent variable and these are good predictors.

$$\text{Predicted MSEs growth} = 4.491 + .195 (\text{governmental}) + .166 (\text{organizational}) + .236 (\text{individual}) + .054 (\text{Financial}) + .129 (\text{environmental}) + .315 (\text{technology}) + E$$

The findings from the study showed that all the variables were significant as their significance values were less than 0.05. From the model, taking all independent variables/factors constant at zero, growth of MSEs had an autonomous of 4.491. The data findings also showed that a unit increase in governmental factor leads to increase in the growth of MSEs by .195. A unit increase in organizational factor leads to an increase in the growth by .166, while, a unit increased in individual factor leads to an increase growth by .236, A unit increase in financial factor leads to increase growth by .054, a unit increase in environmental factor leads to increase growth by .129 and finally a unit increase in technological factor leads to increase growth by .315.

Generally, this regression model shows how much each predictor variables contributed to the outcome value. According to Commission on Legal Empowerment of the Poor (2006), most MSEs in Ethiopia faces critical constraints both at the operation and start up level. Some of these constraints include lack of access to finance, access to premise, infrastructure, training in entrepreneurial and management skills, information on business opportunities, and social and cultural factors particularly related to deficient entrepreneurial culture and excessive corruption.

In line with the Enock, 2010 findings, the regression result of this particular study showed, all the internal and external variables (factors) included in this particular study were statistically significant and therefore, the growth of MSEs in the study area was affected by both variables.

4.8 Discussion

Based on the analysis result the current level of MSEs growth, most of the enterprises are not grown. Out of the total sample, on average 62.4% of MSEs are found non-growing and only 37.6% of them were growing. This result supports the findings of Gebreeyesus (2009) who found 69% of MSEs are found non growing types, Wasihun and Paul(2010) said majority of MSEs are non-growing around 75.6% and Dagmawit and Yishak(2016) 60% of MSEs are non-growing. Even if the researchers used only employment size and capital as growth measurement. Scholars argue that the safe way of measuring growth of firms is to have comprehensive measures of success than relying on a single indicator. This study reveals the scholars argument. That is why the researcher used aggregate growth measurement.

According to the analysis result of governmental, organizational, finance, technological, individual and environmental factors that affect the growth of MSEs, all are identified as determinants of MSEs growth. But this does not mean that all factors are equally affect the growth of the micro and small scale enterprises. Therefore, the study aims at identifying which of the variables contributed the most for prediction of the dependent variable. This information can be investigated via Standardized coefficient Beta in table 4.12 the standardized coefficients mean that “values for each of the different variables have been converted to the same scale so they can be compared (Pallant,2010). In this study the highest Beta value is 0.320 for individual factor, 0.272 governmental factors, 0.266 for technological factor and 0.224 environmental. Both independent variables are statistically significant since the Sig. value is less than0.05. These results indicate that the variables individual, governmental, technological and environmental factor makes the strongest unique contribution in explaining the dependent variable MSEs Growth. These results enable to conclude that the model explains 86.2 percent of the variance in MSEs growth. Thus, these variables represent good predictors of the dependent variable.

Empirical findings of this research support previous studies. Among the individual determinants, motivation, hardworking, market information and training have positive relation with firm growth. It is consistent with the motivation theory (Delmar, 1996).Entrepreneur technical skill is one of the most often cited reasons for effective operation of micro and small enterprises. The author stated that low entrepreneur technical skills are problems militate against the effective operation of enterprises. Many entrepreneurs rush out to establish MSEs without having good and adequate technical skills.

Governmental factor is one of the factors that limit the growth of MSEs, especially on the implementation of rule and regulation as well as accessibility of the rule and regulations regarding to

the business sector and also procedures. Perfect legal system facilitates firm growth, while corruption and lack of finance adversely affects firm survival and growth (Thorsten et al.).

Related to organizational factor, the finding shows that, most of the MSEs operators have no efficient experience and management know-how to perform their activities effectively and efficiently. There is no clear division of duties and responsibilities among employee. These lead to them unsuccessful because they run their business activities without having adequate knowledge about the business environment and also create ineffective communication. Lack of managerial know-how places significant constraints on SME growth. According to Frese (2010), lack of the essential business managing skills like Marketing, Accounting and Finance combined with practical experience is a drawback to business operation and growth.

Regarding to environmental factor, most of MSEs operators had no adequate infrastructural facilities at the given study area, specially insufficient and interrupted electric power and water supply. These lead to them, unable to generate adequate profit by satisfying the needs of the customers. Infrastructural problem is not only the problem of the study area problem it is a country wide problem, therefore this problem is not solved by the MSEs operators rather than by the government of the country. In addition majority of MSEs operators in the study area does not have enough working premises. Because of this, the MSEs operators are not perform their business related activities effectively and efficiently. And also, the location of the working premises is not suitable for attracting the new customers that means the working premises have no access to market and the other environmental problem is, there was a problem of market linkage with the external parties such as vendor, suppliers and customers. Because of theses most of the time the MSEs operators are kept their products in the store. This result also similar with Endalkachew (2008)'s work based on his analysis lack of decent location for their business which has limited supply or lack of public services and economic infrastructure (for example, water and electricity, transport systems, telecommunication systems, sanitation services) is the other determinate for firm growth and also limits their ability to meet quality standards.

The other factor that determine the growth of MSEs is technology, majority of MSEs operators activities are affected by technological related problems i.e. the MSEs operators are did not have the opportunity to get modernized technology due to shortage of capital and also lacks adequate skill to handle and select appropriate one at the given study area which made them unable to grow. The finding of(Mekonen,2014) indicates constraints to access appropriate technologies and information limits innovation and SME competitiveness and also has its own impact on firm growth According to

Yusuf et al. (2003) also low technological capabilities hinder and discourage MSEs from fully reaching their potential. Countries with high levels of technological growth tend to have high levels of entrepreneurial growth.

According to Commission on Legal Empowerment of the Poor (2006), most MSEs in Ethiopia faces critical constraints both at the operation and start up level. Some of these constraints include lack of access to finance, access to premise, infrastructure, training in entrepreneurial and management skills, information on business opportunities, and social and cultural factors particularly related to deficient entrepreneurial culture and excessive corruption.

According to Minster of Urban Development and Construction, (2013), the study also identified a number of challenges and constraints hindering the growth of MSEs in Selected Major Cities of Ethiopia. These factors were manifested in terms of capital, technology and employment growth trends. The findings of Mulu (2007) also indicate that banks and MFIs do not seem to support MSEs Expansion. According to this research finding, there is no adequate financial institution, and also their requirement and collateral is high, with complex loan procedure.

To conclude, the study shows that firm growth is a complex phenomenon it cannot be explained by one particular dimension or one determinant. But generally in line with previous researches findings, this research finding also shows that governmental, individual, organizational environmental, financial and Technological factors are the determinants of MSEs growth that operate in Jimma city.

4.9 Possible Solutions for the Problems

Respondents were asked about the possible solutions to solve the existing problems in MSEs growth. As they suggested, the government should arrange easy access for capital with appropriate interest rates. There should also have provision of enough production and selling place for the growing enterprises. The problem of market should be solved not only by the participants in the enterprises but also primarily by the government through market linkages with governmental organizations. Provision of assistances in market research and should have support in relation to promotion of MSEs from the government and other stakeholders; also mentioned by the respondents as a solution for achieving the intended goal, i.e. MSEs to be base for industries. They also strictly suggested that the government is also responsible to strong support, follow-up.

In addition from the results of Jimma Town MSE official's interview they indicated that solving the problem of dependency syndrome in operators, and lack of attitudinal change in all level of the government experts is the key one. Government has given attention for institutional capacity building.

Chapter Five

4. SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter deals with the summary, conclusions and recommendations. The summary from Major Findings and the conclusions are based on the research objectives of the study. Recommendations are made to government bodies, to operators of MSEs and suggestion for other researchers.

5.1 Summary

Despite the vital role of MSEs sector in employment creation, innovation, and economic development in general, MSEs are facing more challenges around the world in general and in developing countries in particular. Likewise, Ethiopian MSEs are hampered by several factors, which may differ from region to region within the country, between rural and urban areas, between sectors, or between individual enterprises within a sector. However, there are certain factors that are common to almost all MSEs. These factors arise from the interaction between external and internal factors. This study aimed at investigating the key factors which affect the growth of MSEs based on the questionnaires consisting of 340 MSEs members from 2292 MSEs enterprises and semi-structured interviews with management actors of the Jimma Town MSE officials.

With respect to academic qualifications, the findings shows majority of the respondents have higher diploma/TVT (52%) and the next higher result is certificate (20.9%). MSEs Members which are from higher education were not many in participation. This indicates that the sector is not attracted many higher educated professional.

The findings also shows that the main sources of startup and expansion finance or funds for most MSEs are personal savings 44.2%, followed by family and relatives 30.3%. This shows that formal financial institutions are not able to meet the credit needs of the MSEs. Since there is high interest rate and collateral requirement, most MSEs have been forced to use the informal institutions for credit.

Regarding to the governmental factor, there are problems related to government bodies at each level. The implementation problems widely observed in the side of the heads and lower level experts and employees of government sector offices It was found that factors like lack of coordination between actors, lack of support, problem of bureaucracy in Enterprises registration, lack responsiveness to the demands of the operators and lack of accessible information on government regulations that are relevant to their business are identified as focus areas of MSEs in study area.

Regarding to organizational factor such as traditional working method, lack of clear division of duties and responsibility among employees, Poor organization and ineffective communication, lack of well

trained and experienced employee, lack of low cost and accessible training, poor record keeping and lack of long term plan with % value of 62.5%, 62.5%, 64.2%, 67.5%, 64.5%, 61.2%, 87.5% of respondents reported the availability of this problem. Which indicates management problem/managerial skill is one of the major factors for growth of MSEs.

Individual/Entrepreneurial is very important for the growth of business Enterprises but It was found that factors like lack of motivation and drive, absence of initiative to assess ones strengths and weakness, lack of tolerance to work hard, lack of persistence and courage to take responsibility, lack of entrepreneurship training, lack of information to exploit business opportunities, lack of choice in business type according their interest is the main problem in the operators of the Enterprises in the study area.

Regarding to financial related constraints, the findings indicated that high interest rate charged by microfinance institution, low maturity period of loan, too long process of loan application, in adequate credit institution in the study area and lack of cash management skill by MSEs Managers /owners are a major financial related constraints. Majority of respondents indicated there are a shortage of credit institutions like bank, credit union and other external credit institution that satisfied the needs of the sector in the study area.

Moreover, the findings of the study indicated that environmental factor play a major role in determining the growth of MSEs. From the results, poor infrastructure (power interruption and insufficient water supply, transport system), lack of market linkage, lack of societal awareness about MSEs, and also, the location of the working premises is not suitable for attracting the new customers that means, the working premises have no access to market.

Regarding to technological constraints, lack of skill to handle new technology, lack of money to acquire new technology & equipment ,lack of appropriate machineries' and inability to select proper technology by MSEs are also technological factors affecting growth of MSEs in the study area.

In the descriptive part of the analysis, this research examined the trend of number of members and it found that the current number of members is decreased from the starting time in all types of the enterprises. This indicated that most of the enterprises in the study area were not growing as they planned, because increasing number of members is one indicator of enterprise growth. Also, the finding shows sale volume of most of MSEs currently decreased. On opening of new branch, attracting of new customer and their new product development status are all still on the same place as the beginning. This indicated that MSEs in the study area are not growing as necessary as possible.

The findings from Pearson's correlation coefficient in this study indicated that there is positive relationship between the independent variables and MSEs Growth. Governmental factor strongly related with MSEs Growth with $r=-0.808$ and $p=0.00$, Organizational factor has positive relation with MSEs growth with $r=0.417$ and $p=0.03$, Individual factor has strong positive relation with MSEs growth with $r=0.848$ and $p=0.00$, Environmental factor related with MSEs growth with $r=0.569$ and $p=0.00$, Financial factor has relation with MSEs growth with $r=0.801$ with and 0.00 and finally Technological factor has strong positive relationship with MSEs growth with r value $.710$ and $p=0.00$. Regression result of this study shows the impact of individual independent variables to the dependent variable. Accordingly, all independent variables (governmental, organizational, individual, environmental, financial and technological) are significant with p value of < 0.05 at 95% confident level. These findings show that the factors studied in this study affect growth of MSEs in Jimma town up to 86.2% as indicated by the adjusted R Square.

Generally there are problems related to government bodies at each level. The implementation problems widely observed in the side of the heads and lower level experts and employees of government sector offices. It was found that factors like lack of coordination between actors, lack of knowledge, need of attitudinal changes, lack of support, problem of bureaucracy in Enterprises registration, lack responsiveness to the demands of the operators and lack of accessible information on government regulations that are relevant to their business are identified as focus areas of MSEs in study area.

Regarding to the MSEs in the position of growth development stage, there is no clear policy which sector can follow up. For the reason that and lack of coordination between actors Week supports and follows up, make difficult to know their weakness and strength entirely. In addition Officials/experts not define and identify the types of supports according to the enterprises level arrived.

5.2 Conclusion

Governments in most developing countries are currently interested in the effects of the small enterprise sector on job creation. The study focused on the underlying determinants of Micro and Small business Enterprises Growth in Jimma city. For this end, the study examines relevant literatures, the country's development policies, Jimma city administration Micro and Small businesses Enterprises Development Strategy, the national micro and small enterprise development strategy. Here, government recognized and paid due attention for the promotion and development of MSEs as they are important vehicles to address the challenges of unemployment, economic growth and inequity in the country. Because the growth of MSEs is crucial to preserve the flow of new small businesses into the economy and it will further reduce the unemployment rate and increase the number of products or services offered to the society. This research was conducted in Jimma Town of Oromia Regional state with the main objective of assessing the determinants of MSEs growth.

According to the findings, it is possible to conclude that, most of the Principal Owners have lack of Management skill and run by individuals with, need for marketing skill training and development for different activities performed in the enterprises.

There are problems related to government bodies at each level. The implementation problems widely observed in the side of the heads and lower level experts and employees of government sector offices. It was found that factors such as lack of coordination between actors, need of attitudinal changes, lack of knowledge, problem of bureaucracy in Enterprises registration, lack of support, lack responsiveness to the demands of the operators and accessible information on government regulations that are relevant to their business are the main problem which hinders the growth of micro and small scale Enterprise in the study area.

The statistical result indicates that, there is the problem of dependency syndrome, and lack of attitudinal change in most operators in MSEs. There is also lack of proper infrastructural service like water, power, and road) in the study area which needs government attention. The growth determinate related to technology factor which is lack of skills to handle new technology, lack of capital to acquire new technology, unable to select proper technology, lack of appropriate machinery and equipment for their business. There is also lack of coordination between actors. Generally there are different constraints which hinder the growth of MSEs in the study area which can be solved by different stockholders.

5.3 Recommendation

Based on findings obtained from the study, the following recommendations are made to different stakeholder.

To Government bodies

- The government should improve MSEs' access to financing by deepening the reforms of the micro financial institution system. This can be done by communicating with the credit institutions by considering different reforms like interest rates, collateral requirements, and the credit registration and loan maturity date system because as many entrepreneurs continuously complain about high interest rates, the high collateral requirement.
- The regional government should strengthen the government institutions capacity at different levels, to play a major role in positively influencing the development of MSEs.
- The types of supports need for the MSEs in each level of growth should be identified and define to help according to their stage.
- Given that education of the MSE owner, members & managers has a positive effect on the growth of the enterprise, it is important for the government to revise the educational policy of schools and universities to impart entrepreneurial skills and knowledge to the students starting from primary school to the universities. Continued training and technical assistance should also be provided to entrepreneurs/individuals.
- Empower women entrepreneurs: Women have an important role to play in the economy but as the finding of study shows MSEs Participations in the study area were male dominated. The government should, therefore, support women entrepreneurs to participate in MSEs, and enable them access credit, access education, access land and work sites while addressing other factors that may discriminate against women entrepreneurs.
- There are infrastructural facility problems in the study area, like power interruption, inadequate supply of water, and transportation problems. Therefore, the government and the other concerned body have to give attention to minimize such kind of problems to improve the growth of MSEs.
- To make MSEs competitive and profitable, increasing the capacity, knowledge, and skill or attitude that enables operators to prepare for production activities, through continuous trainings, experience sharing from successful enterprises, and provision of advice and consultancy in the area of accounting record keeping, financial statement and auditing.

To MSEs

- MSEs Managers should give attention to internal factors, specially, those which are solved with a minimum effort, and prioritized them in order of importance in order to tackle them sequentially, thereby improving their business operations.
- MSEs Members should give full attention to their work and exert their full efforts to become beneficiary and should identify their target market in addition they have to avoid sense of dependency.
- The MSEs operators are better to enhance their marketing skills through proper training and experience sharing with other successful medium and large scale enterprises.

Other stakeholder like MFIs and loan giving institutions should strengthen the provision of credit. They have to make loan process clear and attractive through applying good customer service management, by increasing their workers & balancing their interest rates and also avoiding bureaucratic procedures.

Technological capacity of the entrepreneurs should be enhanced to promote performance of MSEs such as communication with both the supplier and customers, easing the transportation of goods, easing the marketing of our products, by offering a new distribution channel.

Finally, investigating different factors based on the right information are vital for the good performance of any business venture. This can be achieved by conducting more researches in related areas. The current study employed on six elements as independent variables under factors affecting the growth of MSE. This implies that other factors affecting MSEs' growth were not considered. Hence, it is suggested that in future, other researchers should investigate other elements as factors and assess their impact of MSEs' growth in detail.

In addition, due to resource constraints, the cross-sectional study conducted did not examine the variables that impact the growth of micro and small scale businesses as they move from one stage to another. To see change of growth of the micro and small business longitudinal studies is needed.

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My Name is Ruth Gashaw MBA- student in Business and Economics College Department of Management in Jimma University. I am carrying out a research on “Determinants of MSEs growth in Jimma Town”. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present representative finding. Your participation is entirely voluntary.

Finally, I confirm you that the information that you share with me will be kept confidential and only used for the academic purpose. Thank you in advance for your kind cooperation and dedicating your time.

SECTION I -General information of the respondents

1. Gender:

A. Male

B. Female

2. Age:

A. Blow 20 B. 20-30 C. 31- 40 D. 41- 50 E. 51 & above

3. Education levels

A. Illiterate

B. Read and write

C. Elementary

D. Secondary

E. Certificate

F. Diploma or TVE

Other please specify.....

4. Marital Status?

A. Single B. Married C. Divorced

5. What is your current position in the company?

Manager Owner/Manager Salesman Cashier Accountant

6. How long have you been working in this position?

A. Less than one year B. 1-5 years C. 5-10 years D More than 10 years

7. How did you acquire the skills you are applying in your job now?

A. Self-development B. Family C. On job training D. Vocational Training

8. What motivates you to work in this area/sector?

Self Interest Government support Family Support Friend support

SECTION 2: GENERAL INFORMATION ON BUSINESS ENTERPRISES

9. Which sectors are you involved?

Agro-industry sector Service sector Construction sector Manufacturing Tra

10. How long has your organization been in business?

A Less than one year B. 1-5 years C. 5-10years D, More than 10 years

11. By how much capital you start your business? _____

12. How much do you have currently? _____

13. When start your business, by how many employees you start? _____

14. Please indicate roughly the average sales of your business in 2009 fiscal year. _____

15. Does your organization have access to financial resources from microfinance institutions needed for developing your business?

A.yes B.No

16. What criteria do the microfinance institutions use to offer loans (multiple answers are possible)?

Collateral B. Business plan C. Permanent working places

D.All are requirement

17. Do you have a record keeping and financial control system?

A. Yes B. No

18. If your response for question # 18 is yes, what kind of record keeping and financial control system you are using?

A. Recording the daily transaction B. Balance sheet

C. Income statement D. more than one

19. Do you have financial experts? A, yes B no

SECTION 3: GENERAL FACTORS AFFECTING GROWTH OF SMALL AND MICRO ENTERPRISES

20. Here below different factors that affect the growth of MSEs are listed, after you read each of the factors, evaluate them in relation to your business and then put a tick mark (√) under the choices below. Where, **5** = strongly agree, **4** = agree, **3** = Nutral, **2** = disagree and **1**= strongly disagree.

s.no	Factors	1	2	3	4	5
	Governmental factor					
1.	There is no bureaucratic and red tape in enterprise registration process.					
2.	Enough government support and appropriate policy					
3.	There is appropriate policy					
4.	Easily accessible information on government regulations that are relevant to my business					
5.	Technological transition supports					
6.	There is a continues training and follow up support					
7.	There is enough basic materials and Equipment supply					
	Organizational factor					
1.	clear division of duties and responsibility among employees					
2.	There is well trained and experienced employees					
3.	Availability of low cost and accessible training facilities					
4.	Practicing traditional working method					
5.	An organized and effective communication					
6.	proper and long term plan					
7.	Good and organized record keeping					
	Financial Factor					
1.	Financial constraint					
2.	Fear of high collateral requirement of loan giving institutions					
3.	Very simple loan procedures followed by financial institutions					
4.	Inadequacy of credit institutions and high interest rate					
5.	A good cash management skills					
6.	Availability of adequacy credit institution					

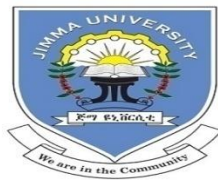
	Individual factor					
1.	motivation and drive among individuals					
2.	Have good tolerance to work hard					
3.	entrepreneurship training and skill					
4.	A chance to choice a business type according to interest					
5.	Access for information to exploit business opportunities					
6.	have knowledge to searching new market					
	Environmental factor					
1.	availability of market linkage facility					
2.	Very convenient working place (marketable area)					
3.	Good society understanding about small scale enterprise					
4.	High market competition					
5.	Adequate and regular water, power supply and good infrastructure					
6.	Cultural influence on business holders(especially female entrepreneur)					
	Technological Factor					
1.	Appropriate machinery and equipment are available					
2.	Enough skills to handle new technology					
3.	Ability to select proper technology					
4.	Availability of technology transition within the enterprises.					
5.	Availability of money to acquire new technology					
6.	Skill and knowledge about technology					

Growth of an Enterprise

Please, indicate the degree to which you agree with the following statements concerning growth and of your enterprise.

Growth of an enterprise by employee	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
There is an increasing sale volume in your enterprise in the last years:					
The enterprise increases its market share and opening new branches from time to time.					
The profitability of the enterprise increases from time to time.					
The ability of the enterprise by producing unique product with volume is increasing					
New customers increase from time to time					
The number of employees increases from time to time.					
Increasing of employees quitting from your enterprise					

Generally what is expected from different stakeholders to solve the above problems to improve the growth of small and micro enterprises in Jimma Town?



ጅምዩኒቨርሲቲ

ቢዝነስናኢኮኖሚክስኮሌጅ

ማኔጅመንት ትምህርት ክፍል

የተከበሩ የጥናቱ ተሳታፊ

የዚህ ጥናት ርዕስ ለጥቃቅን አነስተኛ ተቋማት እድገት ወሳኝ ነገሮች በጅምዩኒቨርሲቲ ከተማ የሚል ሲሆን እኔ አጥኚዎ ሩት ጋሻው እባላለሁ። በአሁኑ ሰዓት በጅምዩኒቨርሲቲ ቢዝነስና ኢኮኖሚክስ ኮሌጅ በማኔጅመንት ትምህርት ክፍል የMBA ተማሪ ነኝ።

የጥናቱ ዋና አላማ በጅምዩኒቨርሲቲ ከተማ ውስጥ ለሚገኙ ጥቃቅንና አነስተኛ ተቋማት እድገት ወሳኝ የሆኑ ነገሮችና ተግባራቶች ሁኔታ ይመለከታል። እርስዎ ምን ዓይነት ጥናት እንዲሳተፉ ተመርጠዋል። እርስዎ የሚሰጡት ትክክለኛ መረጃ ጥናቱ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቅ በጥንቃቄ እንዲሞሉ በትህትና እጠይቃለሁ።

ተሳትፎዎ በእርስዎ ፍቃድኝነት የተመሰረተ ነው። በመጨረሻም በማንኛውም መልኩ ማንነትዎ የማይገለፁና የሚሞሉት መጠይቅም ለትምህርታዊ አላማ ብቻ የሚውል መሆኑን እገልጻለሁ።

ስለሚያደርጉልኝ ትብብር በሙሉ በቅድሚያ አመሰግናለሁ!!!

በመጠይቁ ላይ አስያየት ወይም ጥያቄካልዎት በሚቀጥለው አድራሻ ይጠቀሙ።

ስም: ሩት ጋሻው

ኢ-ሜል: ruthinam85@gmail.com

ማሳሰቢያ-

➤ በመጠይቁላይስምማፍአያስፈልግም::

➤ መልስዎትንበሳጥኑውስጥ(✓) ምሌክትያስቀምጡ::

1. ጠቅላላመረጃ

1. የታ :- ወንድሴት

2. ዕድሜ:- h20ዓመትበታች h20-30ዓመት h31-40 ዓመት
h41-50ዓመት h51 ዓመትበላይ

3. የትምህርትመረጃ:- ያልተማረ መፅሀፍናማንበብአ ፊደረጃ ሁለተኛደረጃ
ስርተፊኬት ቲቪቲ/ዲፕሎማ

ሌላካለአባክዎንይጥቀሱ_____

4. የጋብቻሁኔታ:-

ያገባ/ች ያላገባ/ች የፈታ/ች

5. አሁንበድርጅቱውስጥያለዎትኃላፊነትምንድንነው;

ሥራአስኪያጅ ባለቤትናሥራአስኪያጅ የሽያጭሠራተኛ

ገንዘብያዥየሂሳብሠራተኛ

በሌላሥራድርሻእባክዎንይጥቀሱ_____

6. በዚህየሥራጅርሻለሰንትዓመትአገለገሉ;

h1ዓመት በታች h1-5 ዓመት h5-10 ዓመት
h10 ዓመትበላይ

7. አሁንያለዎትንየሥራክህሎትእንዴትአገኙት /አዳበሩት/

ከቤተሰብበራሴ በሥራላይሰጡከ

ከሙያማሰልጠኛተቋማት

8. ይህን ስራ ለመስራት ምን አነሳሳዎት/ ገፋፋዎት

የራስ ፍላጎት የመንግ ማበረታቻ መኖር የቤተሰብ ድጋፍ መኖር ደኛ ድጋፍ መኖር

9. የተሰማሩ በትየሙ ያዘርፍ ምን ድንኳን ነው;

በግብርና እንዲሁ ትሪ በአገልግሎት ዘርፍ በ ታዘርፍ

በማምረቻ ዘርፍ በንግድ ዘርፍ

10. የተቋሙ የወደፊት ዕቅድ ይዘጋጃል?

አዎ አይ

11. ከላይ ለተጠየቀው ጥያቄ መልስ ሰጥቶ ከሆነ ለምን ያህል ጊዜ ነው ?

ከ 1 አመት በታች መት 3-5 አመት ከ 5 አመት በላይ

12. ድርድር ያዎ ስራ ሲጀምር በምን ያህል መነሻ ካገኘታል/ ገንዘብ/ ነበር; _____

13. ይህን የሥራ ማስከፃ ገንዘብ ከየት አገኙት;

ከቤተሰብ ድጋፍ በራሴ ቁጠባ ከመንግስት አብዳሪ ተቋማት

ከግለሰብ አብዳሪ

14. በአሁን ጊዜ ምን ያህል ካገኘህ አለህ? _____

15. ድርድር ያዎ ሥራ ላይ ስንት ዓመት ቆይቷል;

ከ 1 ዓመት በታች ከ 1-5 ዓመት ከ 5-10 ዓመት 10 ዓመት በላይ

16. ድርድር ያዎ ሥራ ሲጀምር በስንት ሠራተኞች ነበር; _____

17. አሁን ስንት ሠራተኞች አለህ?

1-10 11-20 ከ 21-50 ከ 50-100 ከ 100 በላይ

18. ድርጅትዎትከማይከሮፋይናንስድርጅቶችየገንዘብድጋፍብብድርያገኛል;

ያገኛል አያገኝም

19. ከማይከሮፋይናንስድርጅቶችብድርለማግኘትምንማሟላትያስፈልጋል;

ተያዥማቅረብ የሥራእቅድ ቋሚየሥራቦታ

ሌላካለ _____

20. የመረጃአያያዝናየገንዘብቁጥጥርስርዓትአለዎት;

አዎ የለንም

21. መልሰዎአዎከሆነምንአይነትየመረጃአያያዝናየገንዘብቁጥጥርስርዓትጠቀማላችሁ;

የዕለትዕለትሂሳብአያያዝ የሁብትናእዳምዘገባ

የሁብትገቢናወጪምዘገባ ሌላካለይጥቀሱ _____

23. የሂሳብባለሞያአለዎት;

አዎ የለንም

II. ከዚህ በታች ለጥቃቅንናአነስተኛ ተቋማት እድገት ወሳኝ የሆኑ ነገሮች ተዘርዘረዋል። ከተዘረዘረት ውስጥ በእርሰዎ ድረጅት ሥራ ላይ ተፅዕኖ የሚያመጡትን ይምረጡ። ከተዘረዘሩት አማራጮች 5. በጣምእስማማለሁ '4. እስማማለሁ '3. አላውቅም
2. አልስማማም 1. በጣምአልስማማም ከሚሉት አንዱን ብቻ ይምረጡ።

ተ.ቁ	ችግሮች	በጣምእስማማለሁ	እስማማለሁ	እርግጠኛአይደለሁም	አልስለለም	በጣምአልስማማም
	መንግሥታዊተግዳሮቶች (ችግሮች)					
	በወጣውረድየተተበተበየምዘገባናየንግድፍቃድአጠጣትሂደትመኖር።					
	የመንግሥትማበረታቻአነስተኛመሆን።					
	ለሥራውተገቢየሆኑፖሊስ/ መመሪያ/ ችግርመኖር።					
	ከስራውጋርተዛማጅየሆኑህገጦች'ደንበኞችናአዋጆችተደራሽአለመሆን።					

	መሰረታዊ የሆኑ የግብአት አቅርቦት ችግር።					
	ተከታታይ የግብይት ያለው ስልጠናና ክትትል አለመኖር።					
	የቴክኖሎጂ ሽግግር አለመቻቻ።					
	ድርጅታዊ ችግሮች (management issue)					
	ባህላዊ የሆነ የሥራ አመራር ሂደት መከተል።					
	በሰራተኞች መካከል ግልፅ የሆነ የሥራ ኃላፊነት ክፍፍል አለመኖር።					
	የሰለጠኑና ልምድ ያላቸው ሠራተኞች አለመኖር።					
	ተመጣጣኝ ናይት ደራሽ የሆኑ የሥራ ፈጠራና አመራር ስልጠና አለመኖር።					
	የረዥም ጊዜ የሥራ እቅድ አለመኖር።					
	የመረጃ አያያዝ ችግር					
	ደካማ አደረጃጀትና ውጤታማ ስራ ሆኖ ገንጠል አሰራር።					
	ግለሰባዊ ችግሮች					
	ለሥራ ጣሪነት መነሳሳት።					
	ሀላፊነትን መውሰድ።					
	ጠንክሮ መስራት።					
	ለሥራ ውበቁ የሆነ መረጃ ማግኘት።					
	የገበያ አማራጮችን የመፈለግ ክህሎት መኖር					
	በቁራ የሆነ የሥራ ፈጠራ ስልጠና ማግኘት።					
	የምንፈልገውንና የምንወደውን የሥራ ዘርፍ ማግኘት					
	አካባቢያዊ ችግሮች					
	በቁራ የሆነ የገበያ ዕድል /ትስስር/ አለመኖር					
	የመሰረተ ልማት አቅርቦት ችግር/ ውሃ መብራትና መንገድ/					
	ለጥቃቅንና አንስተኛ ተቋማት የማህበረሰቡ ግንዛቤ አናሳ መሆን።					
	ከፍተኛ የሆነ የገበያ ወድድር መኖር።					
	አመቺ የሆነ የሥራ ቦታ አለመኖር።					
	ግብይትን በተመለከተ ጥናትና ምርምር ከሚያካሂድ ተቋማት ጋር ግንኙነት አለመፍጠር።					
	የባህል ተጽኖ መኖር (በተለይ በሴቶች ላይ)።					
	ከገንዘብ ጋር የተያያዙ ችግሮች					
	በቁራ የሆኑ የብድር ተቋማት አለመኖር።					
	የሥራ ማስኬጃ ገንዘብ አጥረት።					
	የብድር ተቋማት በበቂ ሁኔታ አለመኖርና ከፍተኛ የብድር ወለድ መጠን መኖር።					

አበዲሪተቋማት ለማበደር የሚከተለት ውስብስብና አሰልጣኝ ሂደት።					
አበዲሪተቋማት ለማበደር የሚጠይቁት ከፍተኛ የማስያዣ መጠን።					
የብር አያያዝ ክፍል ትኩረት።					
ከቴክኖሎጂ ጋር የተያያዙት ግሮች					
በገንዘብ እና ጥረት ምክንያት አዳዲስ ቴክኖሎጂ ውጤቶችን ማግኘት።					
በቁረብ የቴክኒክ ክፍሎች መኖር።					
ለሰራው ተገቢ የሆነ ቴክኖሎጂ ግብአት መኖር።					
ለሰራው ተገቢ የሆነ የቴክኖሎጂ ውጤት መምረጥ አለመቻል።					
የቴክኖሎጂ ሽግግር መኖር።					
ስለ ቴክኖሎጂ ምንም እድገት መኖር።					

III. ከዚህ በታች የድርጅት ምንጭ ለገንዘብ ማግኘት የሚጠቀሙ (የሚለኩ) መጠይቆች ተዘርዝረዋል። ከተሰጡት አማራጮች አንዱን ምረጡ (5. በጣም እስማማለሁ' 4. እስማማለሁ '3. እርግጠኛ አይደለም' 2. አልሰማምም 1. በጣም አልሰማምም) ከሚሉት አንዱን ብቻ ይምረጡ።

ተ. ቁ	የእድገት መለኪያዎች (በጣም እስማማለሁ	እስማማለሁ	እርግጠኛ አይደለም	አልሰማምም	በጣም አልሰማምም
1.	የድርጅቱ የገበያ አማራጮችን የመፈለግ ሁኔታ እየጨመረ ነዉ።					
2.	ተጨማሪ ቅርንጫፍ የመክፈት ሁኔታ እየጨመረ ነዉ።					
3.	የምርት ሂደት (አመታዊ ምርት መጠን) እየጨመረ ነዉ።					
4.	አመታ ዊሽያጭ ከጊዜ ወደ ጊዜ እየጨመረ ነዉ።					
5.	የደንበኞች ቁጥር ከጊዜ ወደ ጊዜ እየጨመረ ነዉ።					
6.	የሰራተኞች ድርጅቱን የመልቀቅ ሁኔታ እየጨመረ ነዉ።					
7.	የድርጅቱ አዳዲስ ምርቶችን የማምረት አቅም እየጨመረ ነዉ።					

IV

1. በአጠቃላይ ከላይ የተዘረዘሩትን የእድገት ማነቆዎች ለመፍታትና የጥቃቅንና አነስተኛ ጠቋማትን እድገት ለማምጣት ከባለድርሻ አካላት ምን የጠበቃል?

Semi -Structured Interview

1. Explain the current situation of the MSEs and growth level in Jimma Town.
2. Does government (your office) through its agencies make the environment favorable where MSEs operate and assisting MSEs as adequately as being pronounced by government agencies?
3. How do you monitor and control the activities of MSEs in Jimma Town?
4. What are the key determinants of MSEs Growth in jimma Town?
5. What is expected from your office?
6. Future plan of the office?