



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**ASSESSMENT OF SUCCESS FACTORS ON MIDUM AND SMALL
ENTERPRISE**

**A SURVEY OF MICRO AND SMALL ENTERPRISE IN ADDIS ABABA CITY
(A CASE STUDY IN YEKA SUBCITY)**

BY
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ADDIS ABAB, ETHIOPIA

DECEMBER 30, 2019

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ENROLEMENT No/SGS/0156/2007B

**A THESIS SUBMITTED TO St. MARY'S UNIVERSTYSCHOOL OF GRDUATE
STUDIES IN PARTIAL FULFILMENT OF THE REQUIRMNET FOR THE DEGREE
OF MASTERS OF BUSINESS ADMINSTRATION (GENERAL MBA)**

December, 2019

ADDIS ABABA, ETHIOPIA

**SAINT MASRY'S UNIVERSTY
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DECLARATION

I, the undersigned declare that this thesis is my original work. All source of materials used for this has been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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December, 2019

ENDORSEMENT

**This thesis has been submitted to St. Mary's University, School of Graduate studies
For examination with my approval as a University advisor**

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Addis Ababa December 30, 2019

Eden Weldetsadik

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ACKNOWLEDGEMENTS

First and for most, I would like to give my glory and praise to the almighty GOD for helping me since the inception of my study to its completion and for his invaluable care and support throughout the course of my life.

Second I would like to thank my advisor Simon Abay (Ass.Prof) for his valuable advice throughout the work of this thesis .His educational and constrictive comments encouraged me to go ahead in accomplishing my work.

Next I would like to thank my friends Rahma , Betelihem ,Wanishet, Daniel and my special thanks will go for Eden.

Last but not least I would like to thank all Yeka sub city Enterprise operators for their cooperation and kindness during data collection.

List of abbreviations/Acronyms

ECLIRTD	Ethiopia Commercial Law & Institutional Reform and Trade Diagnostic
MOTI	Ministry of Trade and Industry (MOTI)
MSE	Micro and Small Enterprise
SME	Small and Micro Enterprise

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Abstract

This study was conducted to assess success factors of MSEs of business of Yeka sub city. Particularly it has tried to investigate internal factors like shared vision, Trust, commitment, compatibility and joint problem solving and external success factors such as government support, access to finance and marketing opportunity of MSEs businesses. Identifying success factors and their differential contribution to success of member's form of business enterprises is the objective of the study. To achieve this objective, cross sectional survey design was used. Data was gathered from business partners and concerned administrative body using survey and interview. To gather data using questionnaire a sample size of 190 respondents were surveyed and finally 100 questionnaires were collected and analyzed. The collected data was analyzed using descriptive statistics to achieve objectives of the study. The software SPSS 16 was used to support the data analysis activities. The study result can be used as inputs for partners' decision making regarding improvement of their business success and the result of the study was to fill the gap of academic research literature of the subject area. The result of the study shows that success of MSEs business is more determined by the internal success factors such as trust and commitment of the partners. Among the external factors, support from the government is mentioned as the most contributing factor. Finally, based on the finding of the study, possible recommendations were given. These include to sustain their business success, partners should give much attention to their internal success factors like trust and commitment and also the problem of access to finance should be eliminated by the concerned body preparing smooth and easy procedure to access credit financing.

Key words: member's, business success, internal and external factors, MSEs,

CHAPTER ONE

1. Introduction

1.1. Background of the study.

The contribution of small and Medium Enterprise (SMEs) to the world economy, has become a big factor. Feeney and Riding (1997) concede that by dint of their inherent potential to create jobs, unleashing the entrepreneurial spirits, laying the foundational structures for industrialization amongst many other. Governments are increasingly motivated to channel their development momentum towards the promotion of SMEs at all levels. Moreover, SMES are better suited to serve the developmental needs of developing countries than the developed countries

Nowhere is this assertion more self-evident than in Africa where a colossal sum of 90% of all private businesses fall within the bracket of SMEs; by this same estimate their chip of the employment strata also stands at 50% with a correspondingly high contribution to the overall productivity output of most African economies (UNIDO, 1999). For instance, according to a study by Aryeetey (2001) on the role of SMEs in the development of Ghana's economy shows that a whopping 85% employment within the manufacturing sector comes from SMES, which is equally not surprising that 92% of private businesses are within this same category. The same is true for the Republic of South Africa, arguably the most advanced economy. In Africa, where SMEs' contribution to the total production output is above 50% and also employs a little over 60% of the labor force of the country.

In Ethiopia, MSE sector plays pivotal roles in bringing about economic transition through creating job opportunities to use existing human and material resources; and through this contributing to poverty alleviation in the short term and poverty eradication in the long run. Particularly, the sector has crucial role in playing as a quick remedy for the increasing unemployment problems in the country. But it has not been able to contribute substantially as needed Endalkachew, (2008) employers a little over 60% of the labor force of the country.

However, this study was focused on identifying the success factors of MSE businesses in Yeka sub city and MSE business successes as discussed in various dimensions by different scholars. As research by Paige and Littrell (2002) stated, medium and small business success can be defined by intrinsic criteria like freedom and independence, controlling a person's own future,

and being one's own boss; while extrinsic outcomes are, among others, increased financial returns, personal income, and wealth. Masuo et.al (2001) Their literature survey stated that business success is commonly defined in terms of economic or financial measures which include return on assets, sales, profits, employees and survival rates; and non-monetary measures, such as customer satisfaction, personal development and personal achievement.

Business success factors are diverse in nature. A study by Mambula (2004) found that internal and external factors are determinants of business success. He stated that the internal factor refers to the characteristics of the owner or entrepreneur and business; while the external factors are deals with factors beyond the control of the owner.

As identified by Shuan (2007), in developing countries, the external environment appeared to have been most important in the early stages while internal issues become more prominent issues later in the life cycle. Shuan (2007) shows that an increase in issues emerging from the external environment in the last stability stage of the growth and he ascribed this to the fact that small businesses are quite imitative and therefore rely on methods already being used and therefore often are slow to external changes.

Alex (2008) identified that in India single ownership is the most widely existing form of business ownership structure. Accordingly, 86.2% of the firms are owned by proprietary owners and 9.5% of the businesses are member'ss. Alex (2008) also stated that while proprietary owners are less likely to experience declines, member'ss are more likely to decline. The cause for low numbers of member's business is great failing amount of member's. As stated by Amir and Iqbal (2012) the situation in Pakistan is even worse where member's is only 2% of the total lawful ownership.

The overall Ethiopian company-form profile shows that like conditions of other countries sole-proprietor dominates the majority of the businesses and the member's form is the least common form of business (Ethiopia Commercial Law & Institutional Reform and Trade Diagnostic January, 2007)

Ermias (2011), in his study about MSE identified that the practice of pooling of capital by a group of individuals as a way to overcome the problems at start-up and while in due course operation is becoming common practice in Ethiopian MSEs'. However, it does not mean that joint ownership and cooperatives have an absolute advantage over sole proprietorship. Ermias (2011), for example, shows that in Gulelle Sub-City, majority of MSEs were legally organized

as cooperatives and member's forms of business, 44.6% as member's, and 46.7% as cooperatives and only 8.7% are operated as sole proprietorships.

The purpose of this research is to investigate the extent of the above factors on the internal factors such as Shared vision, commitment, trust, joint problem solving and compatibility and external success factors such as Government support, access to finance, and Market opportunities of MSEs in Yeka sub city regarding profitability, continuity and employment opportunity of MSEs and to fill gaps that are not identified by other researches regarding internal & external problems such as control and evaluation.

1.2. Statement of the problem

According to Micro and Small Enterprises (MSEs) Development Strategy of Ethiopia, designed to ensure the sustainability of the development achieved in all economic sectors of the country, the main focus of the government is creating Job opportunities through MSEs development, to reducing unemployment and alleviate poverty and enhancing MSEs to be base for industrial development in the country. The sector is crucially important to the economic and social development of the country in the sense that it generates broader job opportunities and assist to alleviate poverty and facilitates rural and urban economic linkage and boost the economy as well as promotes Entrepreneurship culture and enhance self-employment and serves as fertile ground for the emerging of Medium and Small Enterprise however MSE have different definitions, those are the revised definition of SMEs by the Ethiopian government and it is presented under this paragraph with a (Table 1). Accordingly, employment and assets have been used to define SMEs (FDRE, 2011).

Table 1: Definitions of micro and small enterprises

Level of enterprise	Sector	Employment	Total asset (in Birr)
Micro enterprise	Industry	<5	<100,000
	Service	<5	<50,000
Small enterprise	Industry	6-30	<1.5 million
	Service	6-30	<500,000

Source: FDRE (2011)

Therefore, this study was focused on identifying the success factors for SME businesses in Yeka Sub City. The study was also focus on identifying major challenges these businesses have passed through so that other new startups will get the opportunity to learn from these challenges and will be able to overcome them. According to Ellram (1995), the reasons why

SME partners fail are, naturally, connected to lack of understanding the factors of success. Understanding in advance the way how an SME form of business enterprise can be successful can help the decision of forming and operating successful SME type of business. Different studies reveal that there are different success factors for SME business. The McKinsey's (2002) study identifies a simple and compelling goal or shared vision, together with a clearly defined and focused scope as fundamental prerequisites for member's success. There is a strong link between clear goals, and high understanding among partners about their roles, which results in high encouragement and good results in resource mobilization that leads to member's success McKinsey (2002). According to Sroka (2011), commitment and trust lead directly to cooperative behaviors, which are pointers of the success of the member's in the long run. There appears to be theoretical and empirical support on the positive effect of member's compatibility on member's performance Sarkar et. Al (2001). Gardet and Felix (2010) stated that compatibility directly depends on the degree of similarity between the partners and if they are greatly alike in terms of financial weight, skills and similar managerial practices, there will be a high level of potential for the member's to be successful. Mohr and Spekman (1994) stated that successful conflict resolution is managed through joint problem solving between the partners and both smoothing over issues and aggressively arguing with one another are negatively associated with member's success.

SME business success can also be determined by external factors that are beyond the control of the business like: political and economic environment Shuan (2007). There are ideas regarding government support as a success factor of SMEs. Yusuf (2005) found that government assistance is more critical for the success of small businesses while on opposite side, some other studies stated that government assistance is unimportant to small business success. For example, Mambula (2004) stated that government assistance is regarded as a hygiene factor in the sense that it is an enabling condition for small firms to compete in global markets, but insufficient for their success. Yusuf (2005) also stated that access to financing is the most critical external factor next to satisfactory government support. According to Baron & Markman (2003), market demand for the SME's products is a major factor influencing the success of SME. So, choosing a market segment with potential market growth is a factor influencing the success of SME.

As stated in study of Amir and Iqbal (2012) as a knowledge gap, a number of researchers conducted the studies on member's like Mohr, J. and Spekman, R. (1994); Kent Buse K & Harmer A. M (2007); Powell (2004); McKenzie, J & Van Winkelen, H (2006); Kanter, R. M (1994); Vangen, S and Huxham, C (2003) etc., regarding member's between firms. But as to the researcher knowledge no one has stated the success factors with respect to individual as partners.

Abiyu (2011) also argues that a member's is likely to be operated more efficiently than a proprietorship. But as to the researcher knowledge there is no study so far have been conducted in the country to understand the factors associated with the success of member's form of business ownership. Therefore the focus of this study is to understand how to make members of MSEs business successful by identifying and analyzing internal and external factors that determine on how MSEs in Yeka Sub City had survived and reached on stable and profitable businesses.

1.3. Research questions

In the light of the above mentioned problem of statement, the following basic research questions was developed:

- How the internal factors such as shared vision, Trust, Compatibility, commitment and joint problem solving directly affect the success of MSE Business?
- How the external factors such as government support, Market opportunity and financial support affect the success of MSE?

1.4. Objective of the study

1.4.1 General Objective

The general objective of this study was to investigate and analyze the internal success factors like shared vision, trust, compatibility, commitment and joint problem solving and to determine the external success factors like government support, access to finance and market opportunity for medium and small enterprise to lead a success full business.

1.4.2. Specific objectives

In order to handle the research question and realize the general objective stated above the study deals with the following specific objectives:

- The study describes on how members attribute contribute to the success of their business by using the internal factors like shared vision trust, compatibility, commitment and joint problem solving will directly affect the success of the business.
- This study describes on how members attribute contribute to the success of their business by using external factors like government support, access to finance and market opportunity bring MSEs business success.
- The study describes for established MSEs in order to improve their members decision making process based on the finding.

1.5. Significance of the study

The study is useful for the development of MSEs in Addis Ababa. The primary focus is to focus on the assessment of success factors and to forward solution to help succeed in their endeavor to escape from unemployment and filer of their business. The government also benefit from the study that by identifying the possible solutions that is forwarded as a remedy to the problem that holds the growth of MSEs back. The study also expected to give alternative solution to small and Micro enterprises for the way SME business will be successful. It will also contribute to academic significance, the result of the study can be used as a reference for further study on MSE's businesses.

1.6. Scope and limitations of the study

1.6.1. Scope of the study

The study is to make analysis on success factor of MSEs in Yeka sub city this study is delimited in terms of geographical, conceptual and methodological aspects to achieve the objective of the study within the time and budget framework. This study is conducted by surveying MSE businesses formed as members in Yeka sub city.

1.7. Organization of the study

This study is organized in five chapters. The first chapter comprised of background of the study, problem statement, and objectives of the study and scope of the study. Chapter two presents the theoretical and empirical related literature, while chapter three provides research methodology. Chapter four is data presentation, analysis and interpretation. Chapter five concludes the study and suggest some recommendations.

CHAPTER TWO

Review of Related Literature

2.1. Overview of Micro and Small Enterprise

Micro & Small Enterprise Development Program in Ethiopia meaningfully has been given due attention by government since 2004/2005. Even though in 1977, the Handicraft and Small Scale Industries Development Agency (HASIDA) was established to provide training mainly in management and technical skills and to serve as coordinating agency for Government policy on small enterprises. Shortage of funds and unfavorable Government policy toward the private sector in the 1980s made it extremely difficult for HASIDA to have an impact on the development of local small enterprises

Thus, by considering the critical role of the sector and the constrained faced by SME operators since 2004/2005 the government of Ethiopia decide to establish MSEs coordinating body at regional level. Accordingly, MSEs development Agencies are decided to set up in all regions. Then ANRS based on the proclamation no 42/1999 has formulated a strategy for MSEs development in the region .Currently the Ethiopian government amends MSEs strategy with the objective of that in addition that the sector play alleviating poverty & reducing unemployment, to help out the sector to play its pivotal role as a base to medium and large scale industry. The strategy is implemented all over the country and in amending the strategy a lot of experiences had took from different countries especially from India, Japan and Malaysia (ibid)

2.2. Definition Micro and Small Enterprise

MSE have different definition in different country due to this there is no universally accepted definition of SMEs because in each economic system every country has its own classification according to their industrial regulation. The categorization of SMEs depends on qualitative judgment such as number of paid up employees, size of enterprise, and amount of capital employed. In Britain and USA small and medium scale industries classified based on yearly gross revenue and the number of workers they employ. In Britain small scale businesses classified based on paid up employees that do not exceed 200 and annual gross revenue of 2

million pound. Japan classifies SMEs as manufacturing enterprises with total capital not exceeding 100 million yen with 300 employees. In the whole sale trade the classification requires capital not exceeding 30 million yen and less than 100 employees. In retail and service trade SMEs classified based on total capital not exceeding 10 million yen and 50 employees respectively, Ekpenyong and Nyong (1992, p 4). This indicates that the industrial regulation of different country treats and categorize SMEs in different ways.

In Ethiopia MSE has different definitions, the revised definition of MSEs by the Ethiopian government (Table1). Accordingly, employment and assets have been used to define MSEs (FDRE, 2011).

Table 1: Definitions of micro and small enterprises

Level of enterprise	Sector	Employment	Total asset (in Birr)
Micro enterprise	Industry	<5	<100,000
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Small enterprise	Industry	6-30	<1.5 million
	Service	6-30	<500,000

2.3. Determinants of member’s success.

Maria, Isidre and Antonia (2004) stated that a joint venture is a fast and effective way to acquire the missing knowledge that partners require in order to succeed. As some researches shows, knowing how to cooperate can be a determining factor in achieving the success of the member’s business. Maria et al. (2004) through a sample of 74 firms from the service sector and by using a structural equation modeling methodology, they have shown a positive and direct impact between the cooperative learning process and partners’ commitment to business success. In recent years, member’s research has focused on behavioral characteristics of business member’s as key success factors. (Vergauwen, n.d) also argued that managing these softer factors is seen as a key to lower the reported high failure rates and maximize member’s performance.

Resource scarcity was identified as a key motive for seeking partners, yet it was also a factor that contributed to the under management of some member’s. Resource shortages included a lack of time and human resources, insufficient training, and inability to fund or maintain facilities, all of which were a reflection of declining financial resources Wendy.et.al, (2002).

2.3.1. Internal success factors

2.3.1.1. Shared vision

The research by Amir and Iqbal (2012) indicated a positive relationship between shared vision and member's success, shared vision and satisfaction and shared vision and profitability and shared vision found having more effect on satisfaction as compared to profitability. "Vision is a mental image that guides the organization philosophy and actions" (Hord, 2004). He identified it as the power that guides to make decisions, overall business actions and growth by encouraging the genuine devotion. This Power with devotion brings achievements. Shared vision is the factor where we actually harness the horses so that we can get some work done (Hord, 2004)

The review of the literature shows that more successful member'ss are characterized by shared vision than less successful member'ss. Dyer (1998) stated that lack of shared vision is one of the important reasons of failure of ambitious goals. According him a clear vision provides the insight of how people operate towards the attainment of the common goals. Creation of shared vision is dependent on the level of commitment to fulfill the expectations (Hord, 2004). Shared vision offers challenge as it addresses not only change in thinking but also professional practices and also leads to the high expectations towards setting and attaining the mutual goals (Hord, 2004).

Hyatt (2011) stated that best shared vision can be developed by increasing the harmony among the partners about the common interests and organized direction for the attainment of the goals. According to Hyatt (2011), organization with sustaining shared vision shares the similar characteristics and is responsible to develop the norms, values and behavior which further guides in decision making. Dyer (1998) also argued that shared vision motivates the partners, sets direction for the business, establishes the standards to follow, provides guidelines for the action plan and creates their proactive orientation.

2.3.1.2. Trust

The literature provides various definitions of trust. Sroka (2011) stated that trust is expectation that exchange partner will not act opportunistically, despite short-term incentives and uncertainty concerning the long-term benefits. In turn Gulati (1995) said that trust is a positive attitude and reliability towards the partner in risk situation. According to Fukuyama (1995), trust is expectation of regular, honest and cooperative behavior that is based on jointly shared

standards and principles. He also states that trust could be also defined as a common belief that neither partner will behave opportunistically, and that will not use the partner's weaknesses, or as practically expressed expectation towards the partner that its reactions will be good for us. It is worth adding that members can be linked by many types of connections and flows, such as information, materials, financial resources, technological support (Sroka, 2011).

According to Sroka (2011), profitable partnering relationships are cemented by building trust, not by contracts. In the context of the commitment-trust theory, consider that "commitment and trust lead directly to cooperative behaviors, which are pointers of the success of the member's in the long run". Gulati (1995) argued that reducing opportunism in the generation of trust is influenced by quality in communication and by the shared values between client and supplier. Such shared values are reason for commitment of partners in the member's and partner will be committed only to whom he or she trusts, explaining the positive influence of trust on commitment.

Trust plays an important role in facilitating economic exchange between companies, being the most critical factor in the exchange relation Fukuyama, (1995). If the companies are to start cooperation, there must be a certain level of trust between them. Trust is one of the key success factors of not only alliance networks but also any member's (Fukuyama, 1995). Relationships based on trust are built on many positive exchanges between partners and the previous cooperation and personal relations are the foundation of common trust, in which the partners are willing to share key information. Repetitive transactions reduce opportunism and accelerate cooperation between companies, and communication and interaction play a central role in trust building, because the more connections, the stronger member's and this also has a significant impact on the outcome of cooperation between companies Das and Teng,(1998) Gulati (1995) stated trust is built and reinforced in different ways and the common ground of a shared knowledge is the starting point for the member's to develop. Gulati (1995) also discusses that trust influences the performance of the member's in different ways. During the cooperation process, it reduces the need to constantly supervise and introduce costly control measures and it lessens the amount of conflicts and makes resolving them easier when they arise. Chung et al. (2000) also supported stating that it reduces the costs of coordinating activities given that the partners have learnt how to work collectively; it lessens the worry of

appropriation in technology-based member's; and it makes communication, the exchange of information and more specifically, the ability to take on broad knowledge provided by the partner, much easier.

2.3.1.3. Commitment

Gulati (1995) reveals in a member's, the partners have a lot to lose if their behavior is opportunistic and, therefore, the level of commitment in terms of resources is a lot greater than in other forms of cooperation. As also stated by Mohr and Spekman (1994) a high level of commitment reduces the risk of opportunistic behavior and motivates the partners into making the greatest possible effort in order to solve any problems that arise during the cooperation process which, at the same time, increases the possibility that their objectives can be achieved.

Commitment among partners is vital for success of the relationship due to the fact that it acts as a motivating tool for the partners Gulati (1994). Especially its important is high during the implementation of the agreement as it ensures the long lasting relationship, even when there is an imbalance in the level of input between the partners Chung et al., (2000).

According to Mohr and Spekman (1994), partners' commitment ensures that the partners maintain their high expectations, which, in turn, generates even greater commitment and guarantees the achievement of their objectives and the success of the member's. However, a lack of commitment causes the relationship between the partners to failure and puts the ongoing cooperation in doubt Gulati (1995). Therefore, commitment is necessary to overcome the natural resistance to the assumption of risk and ensure that the partners can provide the resources necessary to guarantee the success of the member's (Chung et al., 2000). They also state the willingness of the partner to learn what it is that others can provide and what they expect to receive in return generates an ability to cooperate that enables cooperative learning to be developed through trial and error.

A study by Sarkar et al. (2001) finds that when partners pool together complementary resources and capabilities, not only does that enhance the efficiency and effectiveness of the performance of the partners both directly and indirectly but it also has the added effect of increasing commitment of the partners to their member's.

2.3.1.4. Compatibility

Member's compatibility is the partner fit in terms of operational strategy, management philosophies and practices, partners' experience, and partners' culture of work as stated by Sarkar et. al (2001). Compatibility between partner's fosters and facilitates the creation of sustainability return out of complementary assets leading to alliance success (e.g. Dyer and Singh, (1998)). Kanter (1997) also support that the compatibility of partners to adapt to each other's cultures, management practices, and procedures are likely to lessen the probability of alliance failure. Incompatibility among partners may lead to a distractive working relationship characterized by conflict and suspicion. Therefore, there appears to be theoretical and empirical support on the positive effect of member's compatibility on alliance performance Sarkar et al, (2001).

One of the most commonly cited motives for forming member's is to gain access to complementary resources and capabilities Chung, (2000). Prior studies have shown a strong relationship between resource complementarities and performance Sarkar et al. (2001). Studies have also shown that access to complementary resources allows partners to learn new valuable capabilities and to enhance existing capabilities Dyer and Singh, (1998). Specifically, a study by Sarkar et al. (2001) revealed that when alliance partners pool together complementary resources and capabilities, not only to enhance the efficiency and effectiveness of the performance of the partners both directly and indirectly but it also has the added effect of increasing commitment of the partners to the member's. For Gardet and Felix (2010), the partners involved must have a particular compatibility. They stated that compatibility directly depends on the degree of similarity between the partners and if they are greatly alike in terms of financial weight, skills and similar managerial practices, there will be a high level of potential for the member's to be successful. Gardet and Felix (2010) also stated that, inversely, if the partners are radically different, the cognitive distance that exists will cause difficulties in understanding, common language and culture problems which will undermine the management of the alliance but will be favorable for the exploration.

2.3.1.5. Joint problem solving

At some time in a member's, if all partners are fully engaged, there the existence of conflict is inevitable. Mohr & Spekman (1994) acknowledge that occasionally outside arbitration maybe necessary to resolve conflict, however, they advise that repeated use of arbitration

generally correlates with more serious conflict, dissatisfaction with the results and breakdown of the relationship. Both smoothing over issues and aggressively arguing with one another are “negatively associated with satisfaction”. So, (Mohr and Spekman, 1994) stated that successful conflict resolution is managed through joint problem solving between the partners. Chung et al. (2000) states that because of the dissimilarity in goals and expectations, issues of conflict are commonly observed among parties and conflict resolution techniques such as coercion and confrontation are not productive and fail to reach a win-win situation. In fact, parties in conflict look for a mutually satisfactory solution, and this can be achieved by joint problem solving in order to seek alternatives for problematic issues and such a high level of participation among parties may help them to secure a commitment to a mutually agreed solution (Kanter, 1997).

2.3.2. External success factors of small businesses

2.3.2.1. Government support

The importance of government assistance to small business success is reported in many studies. Sarder, et al. (1997) in their study identified that success in Bangladesh government supports small firms through support services, such as marketing, management education and training, technical, extension and consultancy, information, and provision of common facilities. Sarder, et al. (1997) also stated support from government resulted in the firms to increase their sales level, employment and productivity. Yusuf (2005), however, found that government assistance was more critical for the success of small indigenous entrepreneurs than the non-indigenous ones. On opposite side, some other studies stated that government assistance is unimportant to small business success. For example, Mambula (2004) in a case study on three small manufacturing firms in Nigeria found that those firms receiving credit and other forms of support were not more successful than those less privileged firms. He stated that government assistance is regarded as a hygiene factor in the sense that it is an enabling condition for small firms to compete in global markets, but insufficient for their success.

2.3.2.2. Access to financing

Yusuf (2005) in his study firms in the South Pacific region listed many factors that would contribute to the success of small businesses and access to financing is the most critical factor next to satisfactory government support. He stated that lack of capital and limited access to finance is a factor that influence business success negatively as it impedes the progress that

comes from timely application of resources stating that access to finance is key success factors for SMEs.

2.3.2.3. Market opportunity factors

Market opportunity factors are industry specific factors associated with the industry in which a firm operates and they represent market conditions, the interest or actions of consumers, competitors, intermediaries and suppliers Baron and Markman, (2003). Choosing a market segment with potential market growth is a factor influencing the success of SME. A poor market selection, for instance one with many market imperfections, too much market heterogeneity and limited market size with poor growth prospects, can negatively affect small business success.

According to Baron and Markman (2003), market demand for the SME's products is a major factor influencing the success of SME. They also indicated that low or inadequate or unsteady demand for the product /services remains the primary challenge limiting SME success and growth.

2.4. Empirical Studies

MSE business success was discussed in various dimensions by different scholars. As research by Paige and Littrell (2002) stated, small business success can be defined by intrinsic criteria like freedom and independence, controlling a person's own future, and being one's own boss; while extrinsic outcomes are, among others, increased financial returns, personal income, and wealth. Masuo et.al (2001) in their literature survey stated that business success is commonly defined in terms of economic or financial measures which include return on assets, sales, profits, employees and survival rates; and non-monetary measures, such as customer satisfaction, personal development and personal achievement.

Business success factors are diverse in nature. A study by Mambula (2004) found that internal and external factors are determinants of business success. He stated that the internal factor refers to the characteristics of the owner or entrepreneur and business; while the external factors are deals with factors beyond the control of the owner.

As identified by Shuan (2007), in developing countries, the external environment appeared to have been most important in the early stages while internal issues become more prominent issues later in the life cycle. Shuan (2007) shows that an increase in issues emerging from the external environment in the last stability stage of the growth and he ascribed this to the fact

that small businesses are quiet imitative and therefore rely on methods already being used and therefore often are slow to external changes.

Different studies reveal that there are different success factors for member's business. The McKinsey's (2002) study identifies a simple and compelling goal or shared vision, together with a clearly defined and focused scope as fundamental prerequisites for member's success. There is a strong link between clear goals, and high understanding among partners about their roles, which results in high encouragement and good results in resource mobilization that leads to member's success (McKinsey, 2002). According to Sroka (2011), commitment and trust lead directly to cooperative behaviors, which are pointers of the success of the member's in the long run. There appears to be theoretical and empirical support on the positive effect of member's compatibility on member's performance (Sarkar et. al, 2001). Gardet and Felix (2010) stated that compatibility directly depends on the degree of similarity between the partners and if they are greatly alike in terms of financial weight, skills and similar managerial practices, there will be a high level of potential for the member's to be successful. Mohr and Spekman (1994) stated that successful conflict resolution is managed through joint problem solving between the partners and both smoothing over issues and aggressively arguing with one another are negatively associated with member's success.

Alex (2008) identified that in India single ownership is the most widely existing form of business ownership structure. Accordingly, 86.2% of the firms are owned by proprietary owners and 9.5% of the businesses are member'ss. Alex (2008) also stated that while proprietary owners are less likely to experience declines, member'ss are more likely to decline. The cause for low numbers of member's business is great failing amount of member's. As stated by Amir and Iqbal (2012) the situation in Pakistan is even worse where member's is only 2% of the total lawful ownership.

The overall Ethiopian company-form profile shows that like conditions of other countries sole-proprietor dominates the majority of the businesses and the member's form is the least common form of business (Ethiopia Commercial Law & Institutional Reform and Trade Diagnostic January, 2007)

Ermias (2011), in his study about MSE identified that the practice of pooling of capital by a group of individuals as a way to overcome the problems at start-up and while in due course operation is becoming common practice in Ethiopian MSEs'. However, it does not mean that

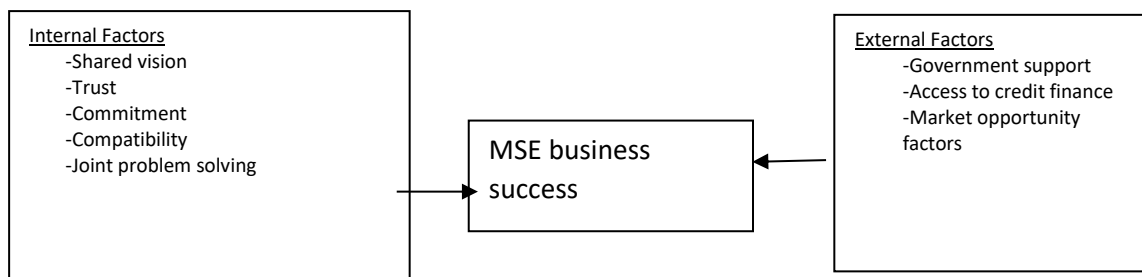
joint ownership and cooperatives have an absolute advantage over sole proprietorship. Ermias (2011), for example, shows that in Gulelle Sub-City, majority of MSEs were legally organized as cooperatives and member's forms of business, 44.6% as member's, and 46.7% as cooperatives and only 8.7% are operated as sole proprietorships

Generally, the internal and external factors play an important role on the success of SMEs according to Ellram (1995) stated that characteristics of successful member's include agreed goals and common purpose, high motivation for success, having the right people and the right leadership, maintaining balanced relationships, trust and respect, good communication and formalization of the status of the relationship as essential for member's success. As Ellram (1995) further explains getting to know the partner is crucial to success and the importance of valuing the partner, developing trust, a sense of ownership and a sense of belonging, as critical aspects for the success of the member's.

2.5. Conceptual framework of the study.

Figure .2.1: Conceptual framework of the study.

Showing determinants of success factors for business success.



Conceptual frame work (own model)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

In order to investigate success factors of micro and small enterprise, this study used research methodology. The methodology includes research approach, research design, research method, sampling techniques, data collection techniques and procedures, variables and measurement, data processing and analysis, ethical issues to anticipate and the study area profile.

3.2. Research Approach

The approach used in this research is a mixed research approach which makes the use of both quantitative and qualitative approaches those approaches was used to assess the success factors of the MSE businesses. The quantitative approach was used to analyze the primary data which was collected from sample partners by means of questionnaire through statistical procedures. The qualitative approach was employed to analyze the data that was collected from some members of MSE businesses and data from the officers of MSE in the Yeka sub city using was used a semi-structured interviews.

3.3. Research Design

The study was employed a cross sectional survey design which was descriptive in nature. According to Zikmund (2000) a cross sectional survey design is the type of survey design in which necessary data was collected at one point in time from particular set of population. The study was employed a research design because of resource and time limitation to undertake longitudinal survey.

3.4. Research Method

3.4. 1. Sample techniques

The total population size was taken from 2009 and 2010 established MSE from the data base of yeka sub city MSEs Office the total registered MSEs was 366. The total number from the construction (200), service (83), trade(35) and manufacturing(48) was 366 from this the sample size was selected and the sample size was selected by techniques of stratified systematic random sampling in proportion to the business type . Stratified random sampling is more preferred because it is suitable in minimizing bias. With this technique, sampling

frame can be organized in to relatively homogeneous groups (strata) before selecting elements for the sample

The sample size was determined based on the following simplified formula proposed by Yamane (1967) (as cited in Israel 2003)

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

Where, n is sample size, N is the population size and e is the level of precision. A 93% confidence level and e = 5%, are assumed for the purpose of determining sample size for this study.

Accordingly sample size for the study is calculated as follows

n=sample size

N=Population size

e=sampling error/level of precision=5%

$$n = \frac{366}{1+366(5\%)^2}$$

n=190

This total sample size is proportionally distributed to each stratum, accordingly, 190 respondents were selected from the total of 366 registered MSEs 2009 and 2010 population which is 51% of the sample population. These 190 respondents were selected form service, trade, construction and manufacturing sectors on proportional basis. Therefore the questioner was surveyed for Construction (104), service (43) manufacturing (25) and trade (18) respectively.

Face to face interviews was conducted on the sample of 5 MSEs Officer. Besides the officers in Yeka sub city job creation process owners and senior officers were purposively interviewed. These bodies can provide sufficient information as they have immediate exposure to MSEs of Yeka sub city

To undertake the study both primary and secondary source of data were used

I. PRIMERY DATA

3.4.2.1. Questionnaire

The questionnaires with both open and close ended questions were distributed to sample respondents in the city. The questionnaire was used because it is simple to respond and also saves time. The questionnaire has two parts. The first part was designed to collect data about demographic characteristics of the respondents. The second part consists of questions related to internal success factors of MSEs business namely: shared vision, trust, commitment, compatibility, and joint problem solving attributes of the partners; and external success factors: government support, access to credit finance and market opportunities. This section of the questionnaire was used to evaluate the factors on a five point likert scale coded by 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, 5= strongly agree. In addition, there were open ended questions which ask respondents to list some other factors which not included in the questionnaire as success factors but that should be added. Finally, the questionnaire was translated to Amharic language in which the study area to help the respondent to understand simply the contents of the questionnaire.

3.5.2. The Personal Interview

The interview schedule was designed to conduct semi-structured interview with MSEs business owners and head of staff members of MSE promotion bureau of the yeka sub city. 5 selected partners from those who filled the questionnaire and those having the longer period and best experience of doing business as MSEs was interviewed to supplement the data collected through questionnaire. During interview session, the researcher took notes on all important points and has organized them for analysis purpose

II. Secondary source

Various print and electronic content like Journals, Proclamation and regulation, office manuals, variety of books, published and /or unpublished government documents, reports, newsletters, and website were reviewed to develop the study.

3.6. Data collection approach

While administering the questionnaires, the researcher was followed the appropriate approach to get the honest response from the prospective respondents. First, potential respondents were asked for cooperation in filling the questionnaire and the purpose of collecting the data and how the questionnaire to be filled and the confidentiality of the obtained information was

explained for them. Then, the questionnaire was distributed and respondents were asked to furnish information honestly and returned questionnaire.

As of the Yeka sub city staff information the MSEs partners visit customs and revenue office to make a report for the monthly income so the researcher planned to meet some of them on that specific date.

3.5. Data processing and analysis

3.5.1. Data processing

The data was collected using semi structured interview and questionnaire were edited, coded and analyzed with great care. Both in-house and field editing was carried out to detect errors that may be committed by respondents while filling the questionnaires.

The coding of the possible alternatives in the questionnaire was made in advance before distributing the questionnaire to sample respondents. Meaning, in a Likert scale the possible responses were pre-coded (for example, 1= strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5=strongly agree) to facilitate quick answering of the questions and to simplify data entry in to computer software for analysis.

3.5.2. Data analysis techniques

The statistical package for Social Science (SPSS) version 16 was used to analyze the data obtained from primary and secondary source. Descriptive statistics and inferential statistics were done by the help of this software. Table's pie charts were used to summarize and present the data.

3.6. Ethical issues to anticipate

The purpose of the study was clearly described to the participants in a rational manner during the data collection proper care was taken in order not to put participants at risk. The researcher strictly followed other procedures during the data collection that involved gaining the permission of individuals in authority to provide access to study participants are research sites. Regarding rights to privacy of respondents, the study maintained the confidentiality of the identity of the respondents. Name of participants are kept confidential. Collective names such as the interviewees and the respondents were used in the research.

CHAPTER FOUR

4. Data Presentation, Analysis and Interpretation

4.1. Introduction

In this chapter, data collected from sample respondent are presented and interpreted. Questionnaires were distributed to collect necessary data from partners of manufacturing, Construction, service and trade sector MSEs found in Yeka-sub city. Even though 131 questionnaires were distributed to partners, only (73%) were collected and used for analysis purpose. This makes the non-response rate 27%. Additionally, semi-structured interview with officers of MSE bureau and with 5 business partners were conducted to supplement data that have been collected via questionnaires. Furthermore, as a secondary data, data concerning member's businesses were gathered from database of Yeka-sub city.

4.2. Demographic Characteristics of respondents

Table 4.1. Sex of the respondents and Sector of the business

Type of Business		Male	Female
Manufacturing	Count	11	4
	%	73.33	26.67
Service	Count	14	19
	%	42.42	57.58
Trade	Count	11	8
	%	57.89	42.11
Construction	Count	27	1
	%	96.43	3.57
Total	Count	63	32
	%	66.32	33.68

Source: field survey result of, 2019

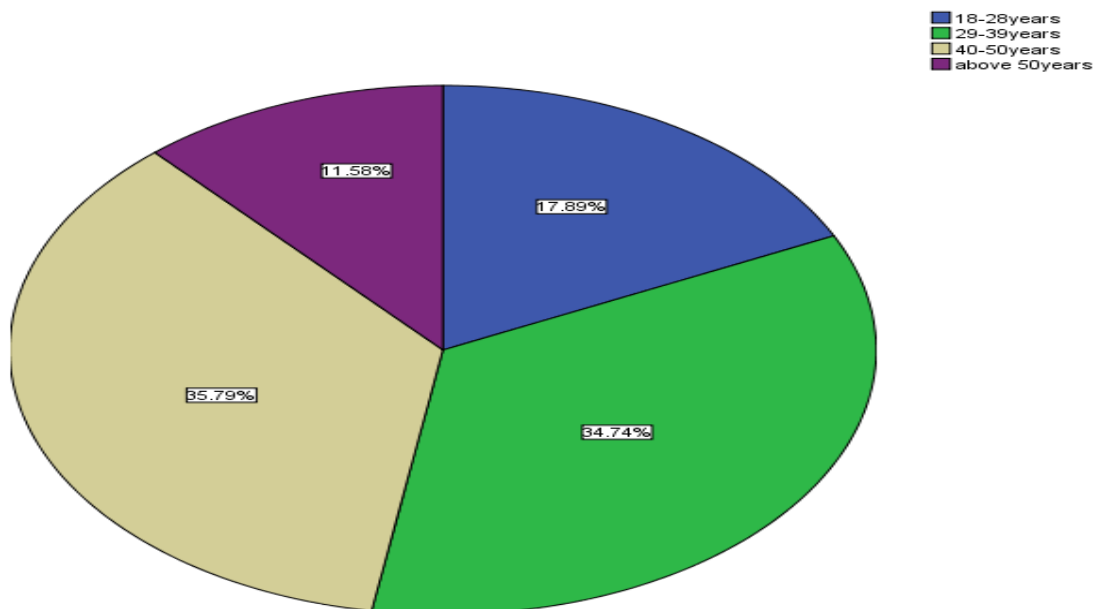
The above Table 4.1 indicates that the total male respondents account for 66% of this shows that the number of male partners is dominant and the participation of female partners is less than that of male in construction and manufacturing. The participation of males is slightly higher than female partners in all surveyed sectors. Comparable to females, males can mainly work on the construction and manufacturing work because those business type has a bit complex work process females can't perform due to family care with maternity case and other burden and males they can be more committed for those business to contribute to the success of their business.

It can also be clearly seen from the above table that construction sector represents 96% of total sample respondents and the service sector represents 42.7%, manufacturing 73%, trade 57% of the total respondents. This implies that majority of the respondents were from the sector of construction. Because, construction sector has more market opportunity than the other businesses with larger number of partners than other sectors.

4.2.1. Age of the respondents

Age of the respondents was categorized into three groups with interval of 10 years and the data collected from partners is presented hereunder

Figure 4.1. Age of respondent



Source survey result of 2019

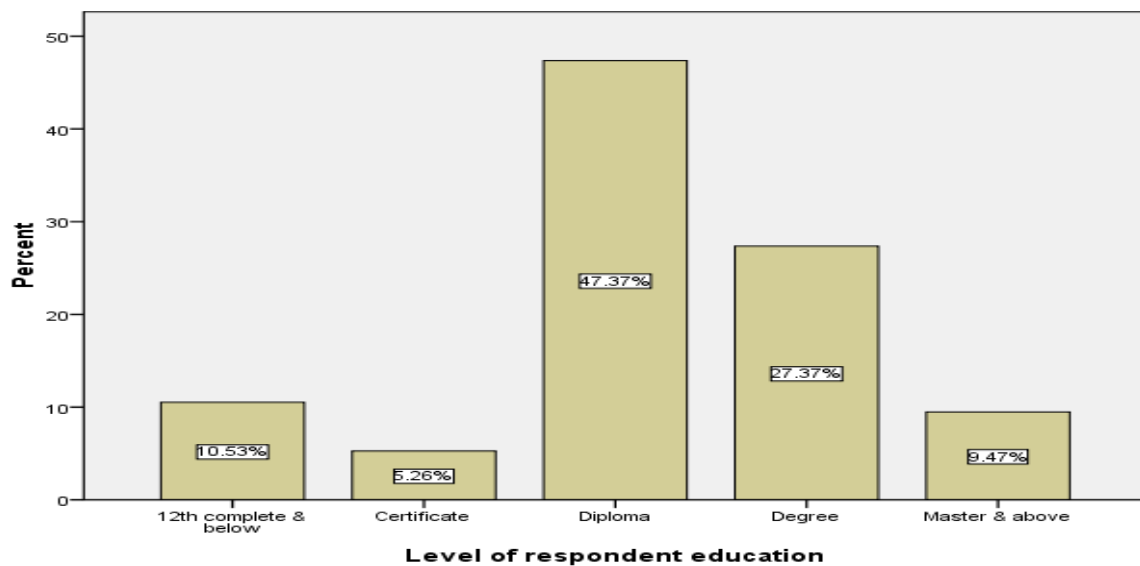
Majority of the respondents were found in the third and second interval i.e. respondents of age 18-28 account for 17.89% of the total respondents and followed by the third interval of age 40-50, those account for 35.5%, and the second category of 29-39 accounts for 34 %.

This generally indicates that majority of the respondents are youth and adult. The data also shows us there is considerable number of adults. The fourth category with the age of 40-50 is the least participating category.

4.2.2. Education level of the respondents

Hereunder is the data on the education level of the respondents according to data collected from the partners.

Figure .4.2. Education level of the respondents



The above bar chart vividly indicates that 47.37% of respondent partners are on the academic level of diploma, while 5.26% respondents are on academic level of the certificate. Respondents on academic level of grade 12 and <12 represent 10.53% respectively from the total sample and 27.37% respondent partners are on the academic level of degree the remaining 9.4% are on the academic level of Masters and above.

Generally, it can be said that majority of the respondent partners have reached diploma level and followed by degree level, whereas the Master's degree was relatively low in number. This implies that, success of the partner's business is supported by the education of the respondents as the majority hold diploma and above.

4.2.3. Marital status of the respondent

Table 4.3. Marital status of the respondents

Manufacturing	Count	6	4	5	0
	%	40	27	33	0
Service	Count	18	9	4	2
	%	55	27	12	6
Trade	Count	13	3	0	3
	%	68	16	0	16
Construction	Count	18	10	0	0
	%	64	36	0	0

The above table shows that from the total respondents 58% were Married, 27% are single, 9% divorced and 5% widowed. Particularly, generally, it can be said that marital status of the majority of the respondents in all sectors was married and single while number of divorced and widowed respondents was very few. As majority of the respondents in all surveyed sectors were married, it can be said that they can have high commitment level that can help their business to succeed because married members have more responsibilities than single members so they work hard for their business success.

4.2.4. Work experience



Source: survey result 2019

Regarding work experience 55% of the respondent have experience on their business for the past five years, 23% of the respondent two years and above the remaining 11% have only one year experience.

4.3. Analysis of success factors

Under this section detailed analysis of data collected on success factors of member's is presented. The first section dealt with internal success factors and followed by analysis and presentation of external success factors. As stated in previous section of this paper, Mambula (2004) found that internal and external factors are determinants of business success. The case of MSE member's businesses in the Yeka-sub city is not different from this.

4.3. Internal Success factor

4.3.1 Shared Vision

Table 4.4.: Questions on existence of shared vision and member's understanding of their goals.

Response	Response	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
The MSE Business has a clear and shared vision that is exciting and worthy of the combined efforts.	%	18.9	27.4	50.5	3.2	3.38	0.827
Member's can articulate MSE goals and how each partner contributes to achieving that goal.	%	8	8.4	63	9.5	3.74	0.0747
It is clear how your MSE Business can create the value-added impact desired by the enterprise and the role of each member	%	15.8	26	45	12.8	3.55	0.908

Source: survey result 2019

The partners were asked to reflect their view on the statement "The member's has a clear and shared vision that is exciting and worthy of the combined efforts". Of the 95 partners who responded to the statement, 50% of them agree and 18.9% disagreed with the statement.

Around 27.4% were neutral to the statement and 3.2% of them strongly agreed with the statement. Similarly, the respondents were asked to respond whether they support or stand against the statement: ‘Member’s can articulate member’s goals and how each partner contributes to achieve that goal’. Of the total respondents, 63.2% agreed and 18.9% neutral with statement, 9.5% were strongly agree to the statement and 8.4% disagreed with the statement

Similarly respondent also responded to the statement” It is clear how your MSE Business can create the value-added impact desired by the enterprise and the role of each member” 45% of them agree,26% of them said Neutral and the other 15.8% disagree finally 12.6% of them strongly agree

From this it can be said that majority of the respondents believe that their member’s has clear and shared vision for which they pay due attention and also majority of the partners can articulate their member’s goals and how to contribute to achieve their member’s goals. Less number of respondents is found to be uncertain about the existence of shared and clear vision and how to contribute to the achievement of their member’s goals. The overall mean of 3.55 and 3.74 of both statements of existence of clear shared vision and understanding of member’s goal could reveal this scenario. So, this implies that having a clear understanding of member’s vision can help the partners in achieving their business goal and thereby contribute to their member’s success.

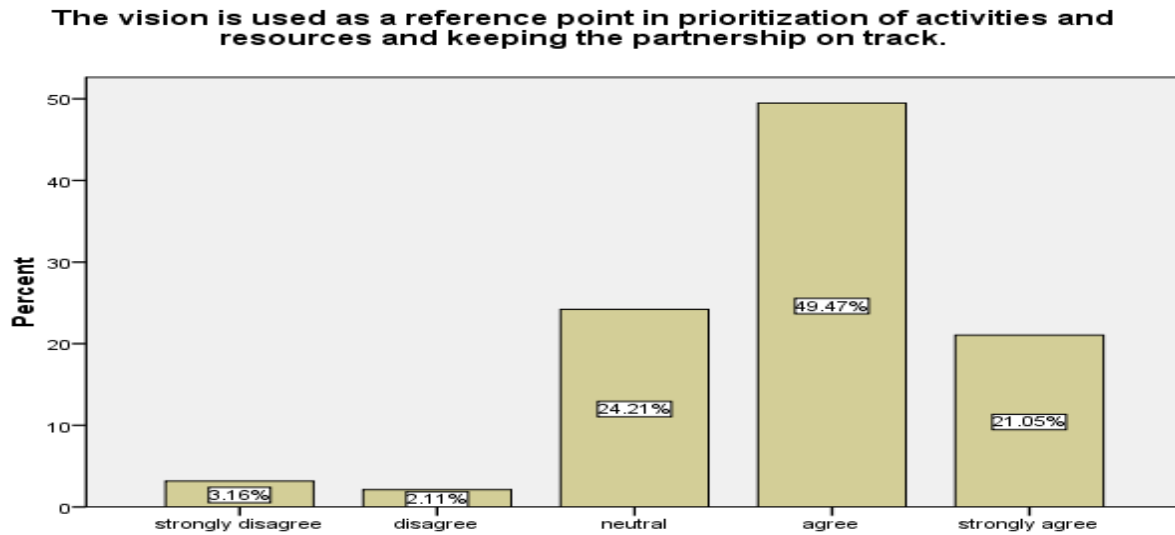
Generally, it can be said that majority of the partners have clear understanding of their member’s vision and they can articulate their member’s goals with the way to achieve them. This implies that having a clear understanding of member’s vision can help the partners in achieving their business goal and there by contribute to their member’s success.

The vision is used as a reference point in prioritization of activities and resources and keeping the member’s on track.

“Vision is a mental image that guides the organization philosophy and actions” (Hord, 2004). Shared vision motivates the partners, sets direction for the business, establishes the standards to follow, provides guidelines for the action plan and creates their proactive orientation (Dyer, 1998). So respondents were asked if the shared vision of their member’s keep their business on track. The following bar chart shows the result of analysis data on the statement ‘The vision

is used as a reference point in prioritization of activities and resources and keeping the member's on track'.

Figure 4.4. The vision is used as a reference



Source: Survey result 2019.

As it is clearly seen from the above chart, 49.47% agreed and 24.21% agreed with the statement. 21.05% strongly agree to the statement while 3.16% and 2.11% disagreed and with statement respectively. This shows that most of the respondents use the vision as a reference point to prioritize their activities and resources to keep their member's on track. Some of the respondents replied that they did not consider their vision when prioritizing their activities and resources to keep their member's on track.

Generally, it can be said that there is not enough understanding of vision of their business among partners and partners use their member's business's vision as a reference point in arranging their resources and activities to keep their member's business on track to contribute to their business success. This analysis shows that, clear understanding of member's vision and using it as a reference point is setting a base for the success of the member's business because having a reference point can help the partners in arranging their business activities in contributing to their business success.

4.3.2. Trust

As also stated in the previous sections of this paper, Chung et al. (2000) discussed that trust influences the performance of the member's in different ways. During the cooperation process, it reduces the need to constantly supervise and introduce costly control measures and it lessens the amount of conflicts and makes resolving them easier when they arise Gulati, (1995). So the respondents were asked to respond to the statement 'Member's have mutual trust, share and act according to common values regarding the expected output of the member's' and the result of the collected data is presented as follows.

Table 4.5: Members have mutual common values regarding the expected output of the member's.

Members have mutual trust and, share and act according to common values regarding the expected output of the MSE Business and the processes for carrying out the work			
Response		Frequency	%
	strongly disagree	3	3.2
	disagree	15	15.8
	neutral	35	36.8
	agree	33	34.7
	strongly agree	9	9.5
	Total	95	100

Source: survey result 2019

As vividly seen from the above table, the statement (Members have mutual trust, share and act according to common values regarding the expected output of the member's) was supported by a large number of the respondents i.e. of the total respondents from 95 strongly agreed 9.5% and 34.7 agreed with the statement. On the other hand, some of respondents stand against the statement 15.8% disagreed and 3.2% strongly disagreed. The remaining 36% respondents were neutral to the statement. this generally indicates that 50% of the respondents believe that they have mutual trust with their partners and them act and share according to

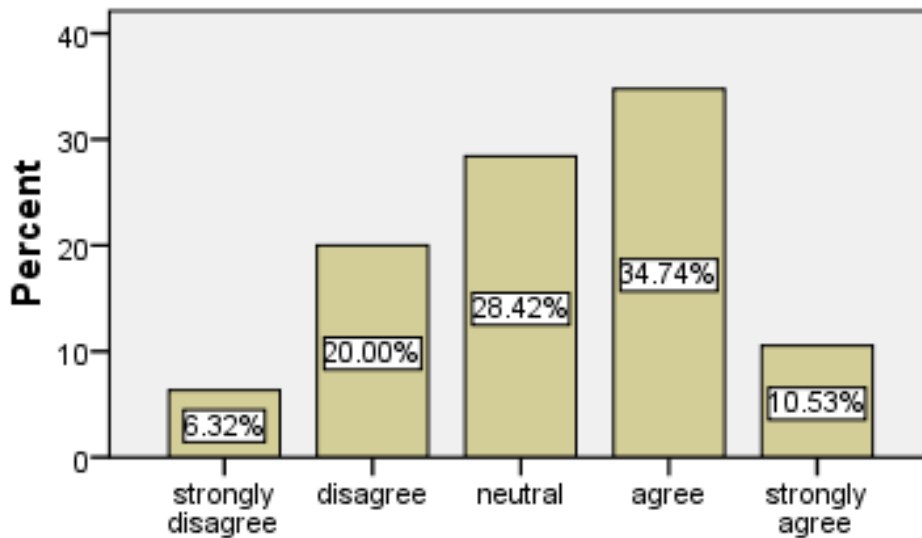
common values. The statement was not supported by some of the respondents showing that there are difficulties in having mutual trust between partners that help them to succeed in their business endeavor.

Partners deliver on promises and commitments made based on mutual trust.

According to Sroka (2011), profitable partnering relationships are cemented by building trust, not by contracts. The context of commitment-trust theory says, “Commitment and Trust lead directly to cooperative behaviors, which are pointers of the success of the member’s in the long run” Sroka, (2011). Accordingly, the respondents were asked to respond to statement of ‘Partners deliver on promises and commitments made based on mutual trust’ and the following bar chart presents the analysis of the data collected from respondent partners.

Figure 4.5. Partners deliver on promises mutual trust

Partners deliver on promises and commitments made based on mutual trust



Source: Survey result 2019

The above bar chart shows that of the total respondents asked to respond to the statement ‘Partners deliver on promises and commitments made based on mutual trust’ 34.7% agreed and 28.2% Neutral with the statement. While on the other hand 20% disagreed and 6.3% strongly disagreed and the remaining 10.53% were strongly disagree to the statement.

This shows that majority of the respondents supported the statement as the sum of the agreed and strongly agreed respondents were much more than the sum of not supporting group. So, it can be concluded that there is good mutual trust through which partners deliver their promises and commitments and it is logical that member’s to be successful, mutual trust between partners is the important prerequisite to deliver their promises and commitments.

Member’s directly communicate about organizational interests and expectations keeping secrets or hidden agendas to a minimum and Members are willing to compromise or sacrifice their self-interest to satisfy the needs of other partners.

Das and Teng (1998) discussed that repetitive transactions reduce opportunism and accelerate cooperation between companies, and communication and interaction play a central role in trust building, because the more connections, the stronger member’s and this also has a significant impact on the outcome of cooperation between companies. According to Fukuyama (1995) relationships based on trust are built on many positive exchanges between partners and the previous cooperation and personal relations are the foundation of common trust, in which the partners are willing to share key information. Accordingly, partners were asked to respond to the following two statements and the analyzed data is presented in the following table:

Table 4.6: Statements on Member’s communication.

Statements	Response	Strongly disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
Member’s directly communicate about organizational interests and expectations; keeping secret or hidden agendas to a minimum.	%	3.2	21.1	40.0	10.5	3.29	1.06
Members are willing to compromise or	%	3.2	12.6	44.2	14.7	3.42	1.116

sacrifice their self-interest so that the needs of other partners are met.							
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Source: Survey result 2019

The above table indicates that of the total respondents asked to reflect their view on the first statement, 3.2% strongly disagreed and 25.3% disagreed with the statement. But 40% agreed and 10.5 strongly agreed with the statement while 21.1% of the respondents were neutral to the statement. On the other hand, for the second statement, 3.2% and 25.3% respondents stand against the statement by strongly disagreeing and disagreeing respectively while 38% and 44.2%. Stands for the statement by agreeing and strongly agreeing. The remaining 12.6% neither agreed nor disagreed with the statement. This shows majority of the respondent support that *Member’s directly communicate about organizational interests and expectations keeping secrets or hidden agendas to a minimum* and also the majority believe that *Members are willing to compromise or sacrifice their self-interest to satisfy the needs of other partners*. Minority of the respondents stands against both statements. So, from these it can be concluded that there is transparency between partners that help them build mutual trust that is a base for their member’s business success and partners were also willing to compromise their interest with interests of other partners to build mutual trust and contribute the success of their member’s business.

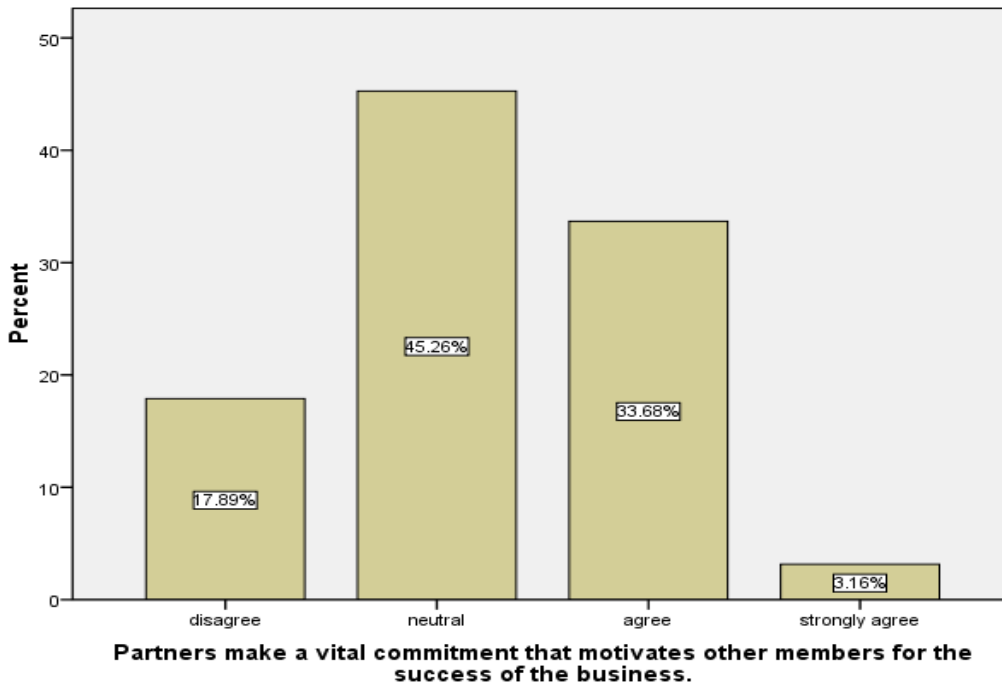
Generally, it can be said that partners are directly communicating about organizational interests and expectations keeping secrets or hidden agendas to a minimum and also have willingness to compromise or sacrifice their self-interest to satisfy the needs of other partners. The mean and the standard deviation of the two statements reflect these scenarios. The mean of the first statement is 3.29 and 3.42 for the second statement. This shows that there is agreement with the statements.

4.3.3. Commitment

Sarkar et al. (2001) finds that when partners pool together complementary resources and capabilities, not only does that enhance the efficiency and effectiveness of the performance of the partners both directly and indirectly but it also has the added effect of increasing commitment of the partners to their member’s. Accordingly, respondents were asked to respond to statement: ‘Partners make a vital commitment that motivates other member’s for

the success of the businesses' and the result of data collected is presented in the following bar chart.

Figure. 4.6. Commitment



Mean	3.2
Std. Deviation	0.77

Source: Survey result 2019

Accordingly, respondents were asked to reflect their view on the statement: 'Partners show high commitment in terms of resources to implement their agreements to insure their long lasting relationship' and the data collected is analyzed and presented by using the above bar chart.

The chart shows that minority stands against the statement agree 41.05%, strongly agree 10.53% and few of the respondents strongly disagreed 6.3% and Neutral 42.11% respectively). At the other side, majority support the statement agree 41.05%, strongly agree 10.53%.

This indicates that Partners show high commitment in terms of resources to implement their agreements and to insure their long lasting relationship and this could be mentioned as the base for their member’s business as it is logical that high partners’ commitment will bring a better performance leading to member’s business success.

Partners make the greatest possible effort in order to solve any problems that arise during their cooperation process.

As stated by Mohr and Spekman (1994) a high level of commitment reduces the risk of opportunistic behavior and motivates the partners into making the greatest possible effort in order to solve any problems that arise during the cooperation process which, at the same time, increases the possibility that their objectives can be achieved.

The mean (3.22) and standard deviation (0.774) of the responses on the statement could be an evidence for this scenario showing the agreement with the statement.

Table 4.7: Partners problem solving

		Frequency	%
Response	strongly disagree	3	3.2
	disagree	12	12.6
	neutral	42	44.2
	agree	38	40.0
	Total	95	100

Source: Survey result 2019.

The above table vividly shows that of the total 95 respondents, 40% respondents agreed with the statement and strongly disagree 3.2% strongly disagreed with the statement: ‘Partners make the greatest possible

Effort in order to solve any problems that arise during their cooperation process.’ while 12.6% disagree and the remaining 44.2 were neutral to the statement.

This shows that some of the respondent supported the statement and majority of the respondents stand against the statement.

So, the general implication of the above analysis is that: partners have difficulties to make greatest possible effort in order to solve any problems that arise during their cooperation process but members have to focus in solving problems to the greatest effort. For their business successful as efforts in solving problems encountered in business operation can remove the obstacles of business success.

4.3.4. Compatibility

Compatibility between partners fosters and facilitates the creation of sustainability of return out of complementary assets leading to alliance success Dyer and Singh, (1998). The compatibility of partners to adapt to each other’s cultures, management practices, and procedures are likely to lessen the probability of alliance failure Kanter, (1997). So, respondents were asked to reflect their view on the statement: ‘The member’s uses and respects the diverse skills, knowledge and backgrounds of its member’s’ and the analysis of the data collected presented as follows:

Table 4.8: Member’s respects the diversity.

Responses	Frequency	%
Disagree	1	1.1
Neutral	33	34.7
Agree	51	53.7
strongly agree	10	10.5
Total	95	100

Mean 3.7
 Std. Deviation 0.7

Source: Survey result 2019

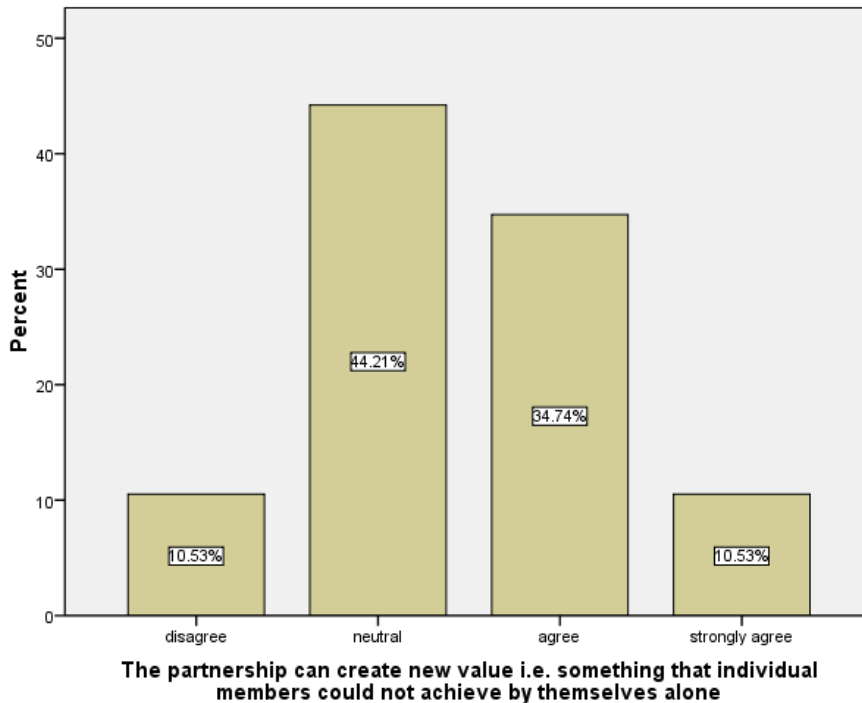
The above table vividly shows that 10.50%) respondents strongly agreed and 53.7% respondents agreed with the statement: ‘the member’s uses and respects the diverse skills,

knowledge and backgrounds of its member's' and 1.1% disagreed and with the statement. The remaining 34. % were neutral to the statement. This indicates that majority of the respondents agreed with or believe that their member's uses and respects the diverse skills and knowledge of its partners and minority respondents did not accept this.

Generally, from this analysis it could be concluded that, as Sarkar et. al (2001) stated compatibility between partner's fosters and facilitates the creation of sustainable return out of complementary assets leading to member's success, member's businesses Yeka sub city has also using the diverse knowledge, skills and background of its member's as a base for their member's businesses. Using diverse knowledge, skill and background of member's could increase business operation efficiency and effectiveness that can improve member's business success.

The member's can create new value that individual member's could not achieved by themselves alone.

Figure 4.7. The members can create new value.



Mean	3.5
Std. Deviation	0.8

Source: Survey result 2019.

From the above bar chart it can be clearly seen that of the total respondents, 10.53% respondents strongly disagreed and 10.53% disagreed with the statement: ‘the members can create new value that individual members could not achieve by themselves alone’. On the other hand, 34.74% agreed and while the remaining 40.21% neither agreed nor agreed with the statement. This indicates the statement was not accepted by the majority and few of them supported the statement.

From this it could be concluded that the member’s business could create new value that individual members could not achieve by themselves alone. This implies that member’s businesses were combining and using the complementary skills and knowledge of their partners and contributing to the success of their member’s.

Table 4.9: Member’s contribution.

Responses	Member’s believe that each member’s contribution is essential For the total outcome of the member’s goal.		Members have the skills necessary to achieve the member’s goal.	
	Frequency	%	Frequency	%
neutral	18	18.9	18	18.95
agree	74	77.9	63	66.32
Strongly agree	3	3.2	14	14.74
Total	95	100	95	100

Survey Result of 2019

Mean 3.8
 Std. Deviation 0.4

Accordingly the above table shows that 3.2% strongly agreed and 77.9% respondents agreed with the statement: ‘member’s believe that each member’s contribution is essential for the total outcome of the member’s goal and 18.95 remained neutral For the second statement:

members have the skills necessary to achieve the member's goal 14.74%) respondents strongly agreed and 66.32%) respondents agreed. And while 18.95% respondents remained neutral to the statement. This indicates that both statements were supported by majority of the respondents and minority responded against the statements.

The above analysis result can help to reach on conclusion saying: members believe that each member's contribution is essential for the total outcome of the member's goal and partner members have the skills necessary to achieve the member's goal. This implies that, if member's believe in importance of each partner's contribution for the overall achievement of member's goal and if they have the necessary skills, they will strive to contribute their part and this can help them in bringing business success for their member's.

4.3.5. Joint problem solving

Mohr and Spekman (1994) stated that successful conflict resolution is managed through joint problem solving between the partners.

Table 4.10 Joint problem solving

All partners participate in solving the problem being faced.			
Response		Frequency	%
	Disagree	13	14
	Neutral	27	28
	Agree	39	41
	strongly agree	16	17
	Total	95	100

Survey result of 2019

The above table vividly shows that 17% strongly agreed and 41% agreed that all partners take part in solving problems being faced while 14% disagreed and 28% neutral that all partners participate in problem solving process. This indicates that the statement was supported by the majority of the respondents and resisted by minority.

As the above analysis shows, it can be said that there is good culture of participating all partners in problem solving process. It is logical that if all partners are involved in problem

solving process they can improve their performance and contribute to the success of member's business as the partners could feel a sense of self belongingness for their member's.

Members can recognize others' concerns and/or interests in solving the problem being faced.

Respondents were asked to reflect their view on statement: members can recognize others' concerns or interests in solving the problem being faced. Accordingly, the result of the data collected on the mentioned statement is presented in the following table. High level of participation among partners may help them to secure a commitment to a mutually agreed solution Kanter, (1997).

Table .4.11 Member's understanding each other in solving the problem being faced.

Responses	Members can recognize others concerns and/or interests in solving the problem being faced.		The member's use a common approach or framework for addressing the problem.	
	Frequency	Percent	Frequency	Percent
disagree	4	4.2	3	3.2
neutral	34	35.8	20	21.1
agree	42	44.2	52	54.7
strongly agree	15	15.8	20	21.1
Mean	9.5		3.7	
Std. Deviation	0.9		0.7	

Source: Survey result 2019.

According to the above table, of the total respondents,15.8%strongly agreed and 44.2% respondents agreed that member's recognize others' concerns and/or interests in solving the problem being faced. On the other hand, 4.2% respondents disagreed and 15.8 strongly disagreed while 35%

Remained neutral to the statement.

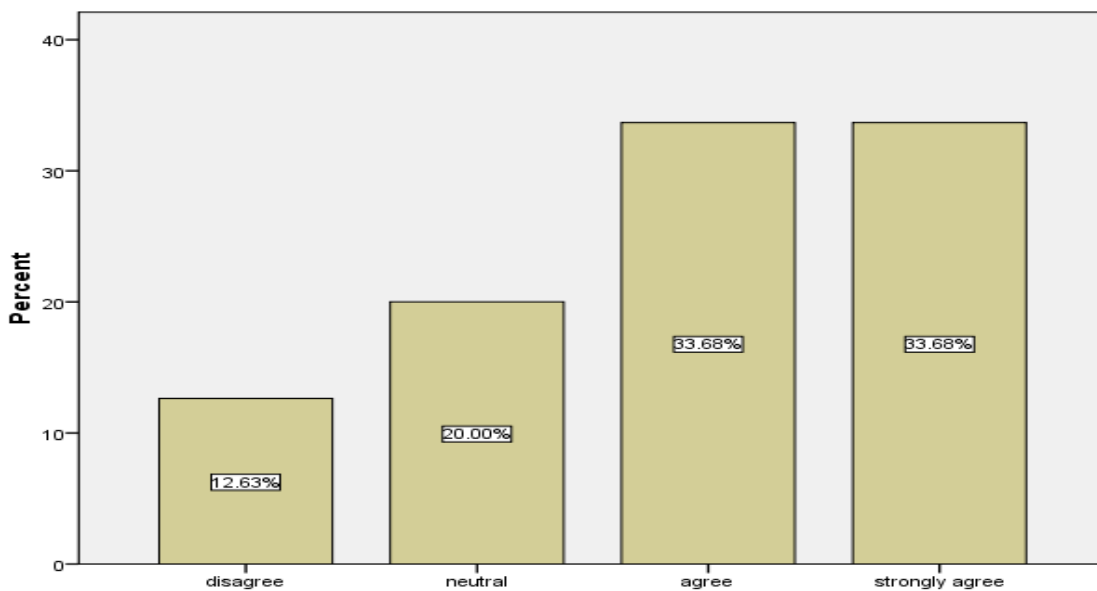
And the total respondent for the next question strongly agree 21.1 %, 54.7% agree and 21.1%strongly agree On the other hand,3.2% respondents disagreed and 21.1% remained

neutral to the statement this indicates majority of them said that they recognize the interests of other partners in solving the problems being faced.

From the above result it is possible to conclude that there is good mutual respect between the partners and interests of each partner is considered in solving problems. If there is mutual respect between the partners, the performance of the partners could increase and thereby bring the success of member's business because if their interest is respected by others, the partners' satisfaction level could increase and can contribute more to their business success.

Meetings are held with the frequency required to ensure full communication and adequate problem solving.

Figure.4.8. Meetings are held for problem solving



Source: Survey result 2019.

The above bar chart shows the result of data collected on whether member's held frequent meeting on regular bases to solve the problems being faced and to ensure full communication among partners. So, 33.68% and 33.68% of the total respondents strongly agreed and agreed respectively. But 12.63% disagree and 20.0% of the total respondents remains neutral to the statement. This indicates that majority agreed with existence of meetings at required interval.

Mohr & Spekman (1994) acknowledge that occasionally outside arbitration may be necessary to resolve conflict; however, they advise that repeated use of arbitration generally correlates with more serious conflict, dissatisfaction with the results and breakdown of the relationship. So, they stated that successful conflict resolution is managed through joint problem solving between the partners.

To this end the respondents were asked to reflect their view on the statement saying: ‘meetings are held with the frequency required to ensure full communication and adequate problem solving’ and the result shows that there is agreement on the statement. So, it could be possible to conclude that partners held meetings regularly to solve problems and ensure full communications between partners. This could be mentioned as another important practice that insures their member’s business success. Frequent meeting held to solve problems and to insure full communication among partners could help continuous improvement of the member’s business by eliminating obstacles to operation of member’s business and improve business success.

4.4. Analysis of external factors

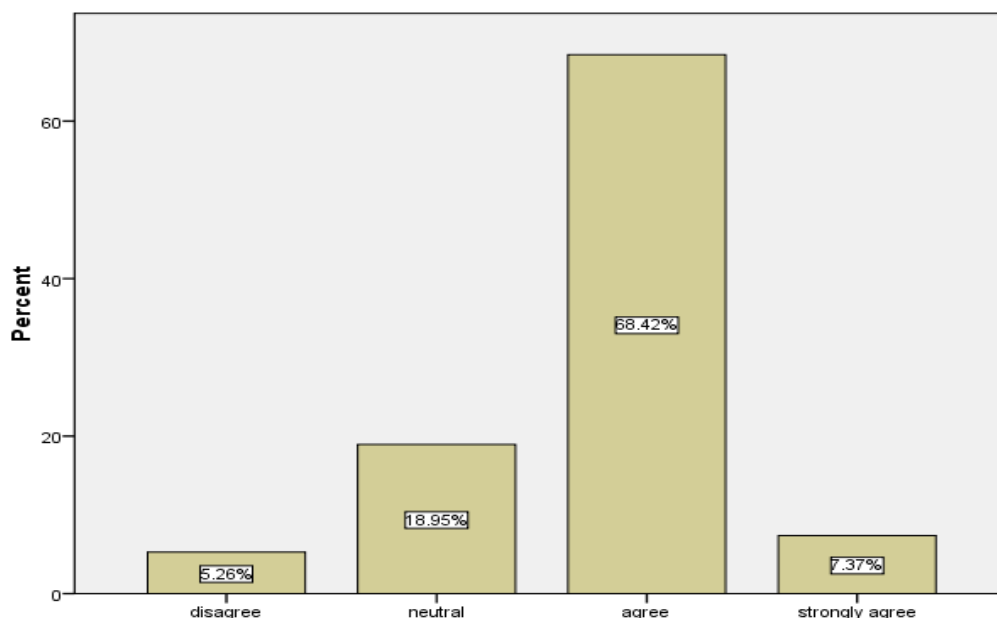
Mambula (2004) found that the external factors deal with factors beyond the control of the owner. As identified by Shuan (2007) in developing countries, the external environment appeared to have been most important in the early stages of business life cycle. Shuan (2007) stated that an increase in issues emerging from the external environment in the last stability stage of the growth and he ascribed this to the fact that small businesses are quiet imitative and therefore rely on methods already being used and therefore often are slow to external changes.

So, under this section analysis of the data collected on the external success factors of member’s business is presented.

4.4.1. Government support

Government is assisting Micro and Small business success by provision of required services to start the business.

Figure .4.9. Government support



Source: Survey result 2019.

The above bar chart shows that 5.26% disagreed with the description saying: ‘government is assisting micro and small business success by provision of common facilities’ while, % agreed and 68.42% strongly agreed with the statement. The remaining 18.95% gave neutral response. This indicates majority supports the statement while, small percentage of the total respondents stand against the statement.

From the above analysis, it is possible to conclude that behind the success of member’s business there was a government support by provision of common facilities like basic infrastructures that are important for the operations of the member’s business. Provision of basic infrastructure by government can make the business operation of the member’s smooth and contribute to business success.

Table 4.12: Government support through different support services.

Reponses	Yeka Sub city supports micro and small firms through support service, such as aftercare, training, consultancy and information provision.		There is market linkage support from Yeka Sub city that resulted in increase in sales level and productivity of your member’s.	
	Frequency	%	Frequency	%
disagree	1	1.1	23	24.2

neutral	23	24.2	30	31.6
Agree	57	60.0	32	33.7
strongly agree	14	14.7	10	10.5
Mean	3.9			
Std. Deviation	0.7			

Source: Survey result 2019.

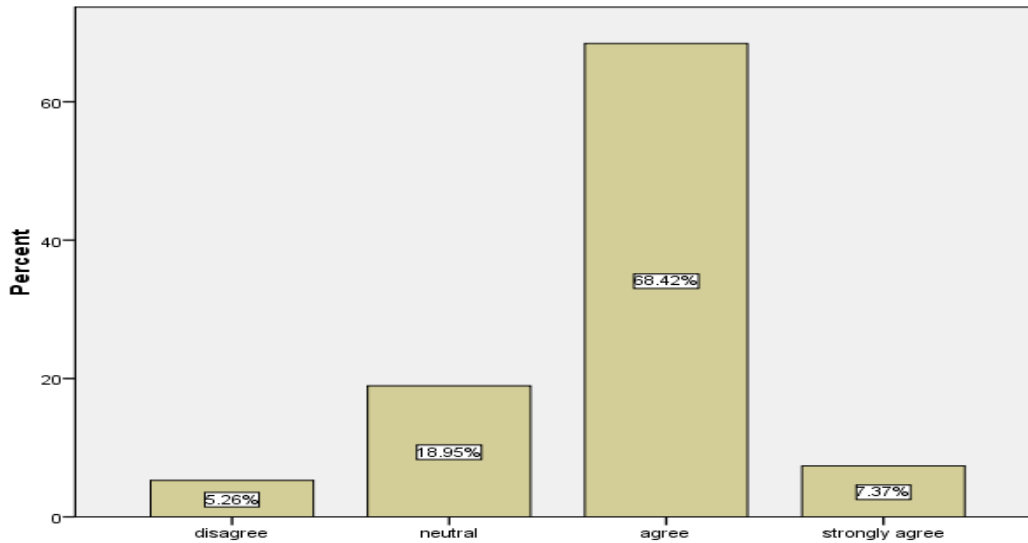
As clearly seen from the table, 14.7% strongly agreed and 60% agreed with the first statement in the table while on the other hand equally 1.1% disagreed and the other 24.2 neutral to the statement. For the second statement, 10.5 and 33.7 respondents strongly agreed and agreed while 24.2 and respondents disagreed and 31.6% neither agreed nor disagreed with the statement. This shows that the above both statements were supported by majority of the respondents while the minority resisted the idea of the statement.

Mambula (2004) in a case study on small manufacturing firms in Nigeria found that those firms receiving credit and other forms of support were not more successful than those less privileged firms. He stated that government assistance is regarded as a hygiene factor in the sense that it is an enabling condition for small firms to compete in global markets, but insufficient for their success. But the above analysis result of the second statement was to the contrary to the study of Mambula (2004) in that respondents believe firms receiving government support are more successful than those do not receive any. The respondents also agreed that government is also giving support service such as management education, training, consultancy and information.

So, it is possible that to conclude that government support service is contributing to the success of member's business and there is difference between the success of firms receiving and not receiving government support and those receiving were better performing.

There is marketing support from government that resulted in increase in sales level and productivity of your member's

Figure. 4.10. Marketing support from government



Mean 3.8
Std.
Deviation 0.7

Survey result of 2019

The above bar chart shows that of the total respondents, 7.37% strongly agree and 58.42% respondents agreed with the statement that says: 'there is marketing support from the government that increases the sales level and productivity of member's businesses. On the other hand, 18.95% respondents were neutral to the statement while 5.26% disagreed. But when we see the overall responses, majority of the respondents support the statement because the sum of respondents who agreed and strongly agreed is more than the sum of the respondents those disagreed and Neutral.

So, from this it is possible to conclude that there is (but not satisfactory) marketing service supports from the government as considerable numbers of respondents resist this idea. Sarder, et al. (1997) also stated support from government resulted in the firms to increase their sales level and productivity and the above analysis supports this idea.

Table 4.13 Yeka sub city has a less bureaucratic process in place to start an SME business

Yeka Sub city has a less bureaucratic process in place to start SME business?			
Response		Frequency	%
	Disagree	2	2.1
	Neutral	28	29.5
	Agree	46	48.4
	strongly agree	19	20.0
	Total	95	100.0

Survey result of 2019

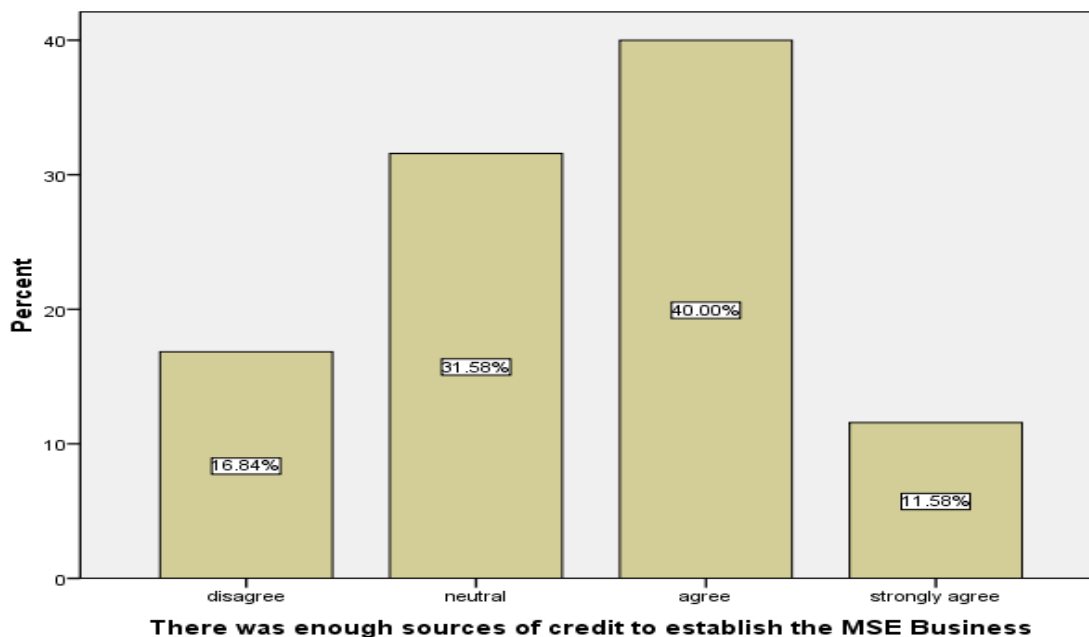
The above table shows that of the total respondents, 20.0% strongly agree and 48.6% respondents agreed with the statement that says: On the other hand, 2.1%% respondents were disagree and the remaining 29.5% neutral to the statement. But when we see the overall responses, majority of the respondents support that Yeka sub city has less bureaucratic process in place to start an SME business.

4.4.2. Access to finance

According to Yusuf (2005), access to finance is the most critical external success factor next to satisfactory government support and he explained that access to finance could help the timely application of resources stating that access to finance is key success factor for SMEs.

To these end respondents were asked whether there are enough sources of credit financing and its bureaucratic difficulty to access it.

Figure.4.11. There are enough sources of credit for the member's.



Source: Survey result 2019.

The above bar chart vividly shows that 40.0% of the respondents agree and 11.58% strongly agree and 16.84 % disagreed and 31.58% of the respondents is neutral this indicate that there are enough sources credit financing for member's. But considerable number of respondents resisted the statement by standing against it. Generally, the above analysis states that there were enough sources of credit financing that is contributing to the success of member's businesses

Table 4.14: Importance and influence of access to finance

Responses	Capacity for MSEs to fulfill their potential in their business depended on the availability of finance.		The MSE has prepared feasible financial plan to request a credit based on the plan	
	Frequency	%	Frequency	%
Disagree	10	10.5	7	7.4
Neutral	24	25.3	29	30.5

Agree	46	48.4	45	47.4
strongly agree	15	15.8	14	14.7
Total	95	100	95	100

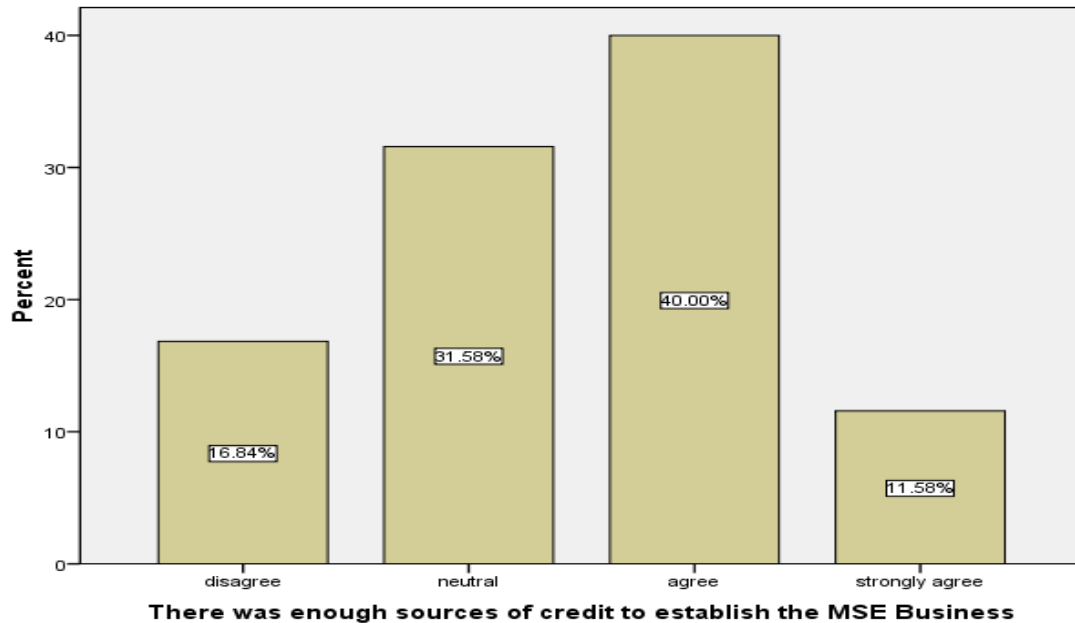
Source: Survey result 2019.

As it is clearly seen from the above table, the first statement, capacity for MSEs to fulfill their potential in an economy depends on the availability of finance, face few resistance (10.5% disagreed), while 48.4% and 15.8%) agreed and strongly agreed with the statement. The remaining 24% respondents were neutral to the statement. And respondents respectively strongly disagreed and disagreed with the second statement, access to financing is influencing positively the success of your member's business, while, 30.5% were neutral to this idea, and 47.4% and 14.7%) agreed and strongly agreed respectively.

From the above analysis it is possible to understand that majority of the respondents believed that capacity for MSEs to fulfill their potential in an economy depends on the availability of finance, supporting the study of Gamage (2001). Generally it can be said that majority of the respondents also believed that access to financing is positively influencing the success of member's businesses. So, it could be possible to conclude that access to financing is contributing to the success of member's business.

The member's is getting easy access to credit financing from different sources

Figure 4.12. The member's is getting easy access to credit financing from different sources



Source: survey result 2019.

The above bar chart vividly shows that of the total respondents, 31.58% and respondents were neutral to the statement and 16.84% disagreed that they were not getting easy access to finance while on the other hand, 40.00% and 11.58% agreed that they were getting easy access to credit financing. This indicates that majority agree with the easy access to finance from different sources while minorities resist with the easy access to finance.

Generally, the above analysis shows that there are bureaucratic procedures that hinder the easy access to credit finance. Despite their response on there is enough availability of credit financing, respondents were not satisfied with accessibility of the finance. Some respondents discussed that there is difficult bureaucratic procedure and the time period to repay the loan was too short.

4.4.3. Market Opportunity

According to Baron and Markman (2003) choosing a market segment with potential market growth is a factor influencing the success of MSE. So, the respondents were asked to reflect their views of whether there is good market condition in which the member's operates.

Table 4.15 Market Opportunity

The current economic situation is favorable for the member's		
Responses	Frequency	Percent
strongly disagree	3	3.2
Disagree	31	32.6
Neutral	20	21.1
Agree	36	37.9
strongly agree	5	5.3
Total	95	100

Mean 3.09
Std. Deviation 1.0

Source: Survey result 2019.

The above table shows 5.3% and 37.9% respondents respectively strongly agreed and agreed that there is good market condition while 32.6% disagree and 21.1% respondents respectively neutral to the statement. This shows that majority believe that there is no good market condition in which member's operates.

So, from the above analysis it is difficult to say there is favorable market condition because the majority of the respondents are against the idea, so government have to improve the market opportunity for MSEs business to succeeded.

Respondents were asked whether their member's was not facing hardship from its environment and the analysis of their responses is presented hereunder:

Table 4.16. Partner's difficulty

Responses	The member's is not facing difficulty from competitors, intermediaries and suppliers	
	Frequency	Percent

Strongly Disagree	3	3.2
Disagree	30	31.6
Neutral	19	20.0
Agree	38	40.0
strongly agree	5	5.3
Total	95	100

Source: Survey result 2019.

As clearly the above table shows, 5.3% and 40.0% respondents strongly agreed and agreed respectively that their member's did not face hardship from its external environments. At the other side, 31.6% disagreed and 3.2% strongly disagreed with the idea while 20.0% respondents remained neutral. So the idea that there was no hardship that the member's faced from its customers, suppliers and competitors was supported by the majority.

Market opportunity factors are industry specific factors associated with the industry in which the firm operates and they represent market conditions, the interest or actions of consumers, competitors, intermediaries and suppliers (Baron and Markman, 2003). So, it could be possible to conclude that the external environment was comfortable for the member's business and this could be mentioned as a base for member's business success implying that there is favorable external environment.

Respondents were also asked whether there was good market demand for their product and whether there is good market supply for their operation and the results of data collected on these two ideas are presented in the following table:

Table 4.17. Market condition

Responses	There is good market demand for The MSEs products as major factor contributing for the success of MSE.		There are enough sources of raw material supply in the market For the operation of the member's.	
	Frequency	%	Frequency	%

strongly disagree	3	3.2	6	6.3
disagree	15	15.8	0	0
neutral	27	28.4	33	34.7
Agree	44	46.3	45	47.4
strongly agree	6	6.3	11	11.6
Total	95	100	95	100

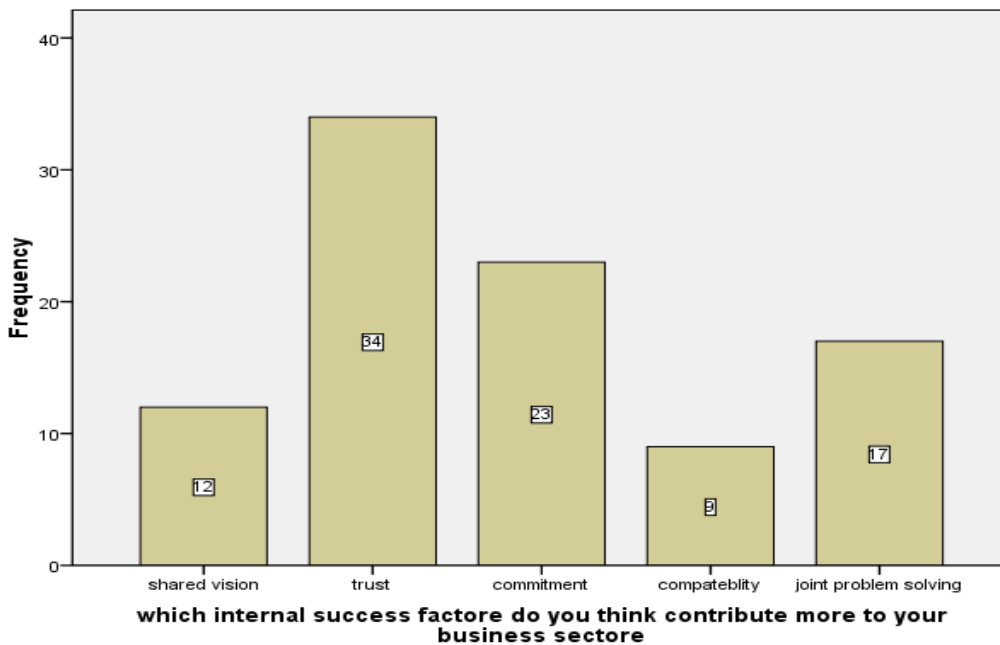
As it is clearly seen from the above table, 6.3% and 73 46.3% respondents respectively strongly agreed and agreed with the first statement: ‘there is good market demand for the member’s’s products as major factor contributing for the success of member’s’, while at the other side 15.8% and 3.2% respondents disagreed and strongly disagreed. The remaining 28.4% remained neutral. For the second statement: ‘there are enough sources of raw material supply in the market for the operation of the member’s’, 11.6% and 47.4 respondents strongly agreed and agreed respectively while 0% and 6.3% respondents disagreed and strongly disagreed. The remaining 34.7% remained neutral to the statement. This shows that both statements were supported by the respondents as majority of the respondents agreed with the two ideas.

According to Baron and Markman (2003), market demand for the SME’s products is a major factor influencing the success of SME. As the respondents responded, there is good market demand for the products and services of their member’s; it could be possible to conclude that good market demand is contributing to the success of member’s business. It is also possible to say that the market supply for their operation is also contributing to the success of their member’s business. The adequate demand and supply for member’s can balance the operation and market of the business and can contribute to the member’s business success.

4.5. Ranking internal success factors

Partners were again asked to rank the internal success factors according to their contribution to success of their member's business. Accordingly, the result is presented hereunder:

Figure 1 4.13. Ranking internal success factors



According to the above bar chart, of the total respondents 12% responded shared vision, 34% responded trust, 23.0% responded commitment, 9% responded compatibility and 17% mentioned joint problem solving as the most contributing internal success factor. This shows that majority responded trust as the most important factor while compatibility is ranked least.

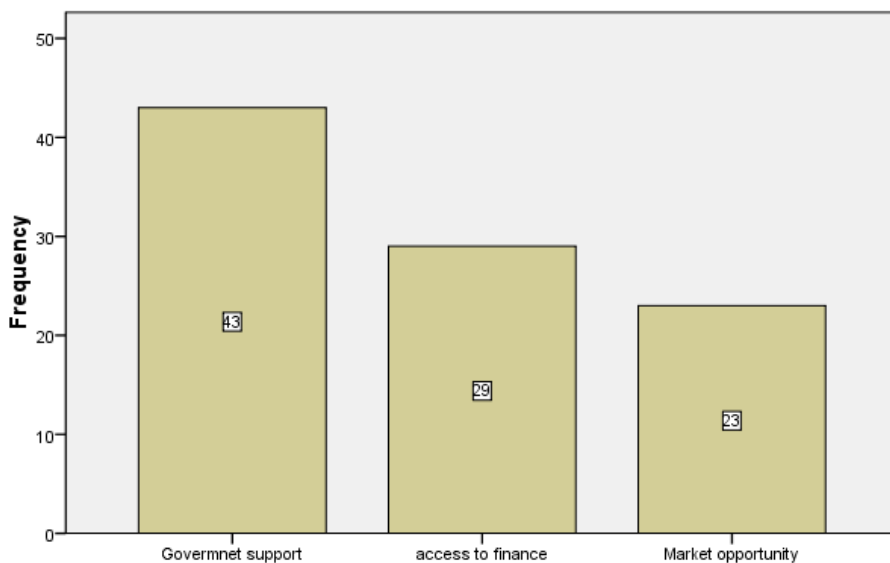
So, based on the above analysis it is possible to rank the internal factors as: trust, commitment, joint problem solving, shared vision, and compatibility according to descending order of their contribution to business success.

4.6. Ranking external success factors

Respondents were also asked to rank external success factors according to their contribution to the business success factors and the result of data collected on this is presented hereunder using the following bar chart.

Figure 4 .15. Ranking external success factors

Can you rank the following external factors that can determine MSEs business success



The above bar chart shows that of the total respondents, 43% responded that government support is the most contributing external factor for their business success while 29% and 23% responded respectively, access to finance and market opportunity as the most contributing external success factor. This shows that majority believes that support from government is the most important external factor contributing to their business success while the minority mentioned access to finance as the most important external success factor contributing to their business success.

So, the above analysis could help to rank the external success factors, in descending order (government support, market opportunity and access to finance) according to their contribution to business success.

4.7. Discussion of Interview Results

The researcher has conducted interview with the officers of MSE bureau and business partners. The purpose of the interview was to supplement the data collected through questionnaire. The general summary of interview of both groups is presented as follow.

4.7.1. Interview of MSE officers

This was the primary data which was collected during data collection time the interview was made with MSE's officers, member's businesses are the most successful form of MSE

business compared to other forms in the Sub city. As the analysis of data collected from partners by questionnaire shows, the officers too trace back partners' mutual trust and commitment for their businesses to the success. They also revealed that the government is also giving them the necessary training and information specially how to manage their businesses. Government assistance especially at the beginning of the business is essential in their current business success. Officers also stated that the market demand for the businesses of member's is the other important factor for their success as they are engaged in the business by considering the demand in the market. According to the officers, partners can sustain their business success by keeping their commitment for their business and developing their flexibility to adjust their business to the continuously changing economic and technological environments. They measure business success based on their profitability and their survival rates and also the successful businesses are those creating many employment opportunities for others. Future business member's business to be established should consider first the demand in the market and set goal and to be committed for it. They also should develop trust between partners as trust is the distinguishing characteristic of the successful member's business.

4.7.2. Interview of business partners

This was a primary data which was interviewed during data collection process 5 member's was selected from who filled the questionnaire and those having the longer period and best experience of doing business as a member's was interviewed to supplement the data collected through questionnaire. As they replied in the questionnaire partners also trace back their business success to the mutual trust they have with their partners and the commitment they have for their business. To have mutual trust and committed partner they said that, partners should know the background of individuals before selecting partners for their business. They also mentioned government assistance in the form of training on how to manage their business and provision of basic infrastructure as the main contributors to their business success. They also mentioned a good market demand for their product and service as a base for their member's business success.

According to the partners' view, business success could be sustained by expanding their business and considering the needs of their customers and adjusting their business to the changing business environment like change in technology and economic situations. Moreover,

they mentioned keeping their trust and commitment for their business as the main way of sustaining their business success.

They measure business success in their profitability and their ability to change their life standard. They also consider their businesses as successful business because they survived many challenges and they are on the way to expand their business and develop to medium level enterprises. The partners also said that partners to be established should consider a market demand for their business and should select the partners they trust and know their background. The needs of great trust among partners and sense of belongingness distinguishes member's business from the other forms of businesses.

Generally, from the view of partners and MSE's officer's business success is depend on the internal factors especially on trust among the member's the internal and external factors play an important role on the success of SMEs, as of the MSE's officers MSE's business success is measured by the number of employment they created. According to Ellram (1995) stated that characteristics of successful member's include agreed goals and common purpose, high motivation for success, having the right people and the right leadership, maintaining balanced relationships, trust and respect, good communication and formalization of the status of the relationship as essential for member's success. As Ellram (1995) further explains getting to know the partner is crucial to success and the importance of valuing the partner, developing trust, a sense of ownership and a sense of belonging, as critical aspects for the success of the member's.

CHAPRER FIVE

Conclusion and Recommendation

Introduction

The final chapter of the thesis presents conclusion and recommendation on the basis of research objectives and findings recommendation are believed to be considered by government bodies, owners and /or operators of MSEs and further suggestion for other research in the area.

CONCLUSION

The finding of this study shows that, internal success factors are the important determinants of MSEs businesses. So, internal factors like trust among partners and partners' commitment are the most important determinants of business.

The finding of this study also shows that the external factors have a significant contribution for the MSEs business success. External environment could be favorable or obstacles to the operation of micro and small member's businesses. So, member's mostly adjust themselves with the environment, as they may not have the capacity to change/influence their external environment. As stated in this study, government supports for MSEs businesses. There are bureaucratic procedures that hinder the easy access to credit finance. Some of them mentioned that they are not happy with the time to repay the loan they receive. Partners also mentioned that they are operating in good market conditions.

Adequacy and accessibility of credit financing can determine the success of their business.

Good market demand for their products and services and good supply of the needed materials for their member's operation can also determine the success of MSEs business.

Generally, the study shows that the MSEs businesses member's in Yeka sub city mentioned that the reason for their business success rests with the partners themselves.

They state, that internal factors like trust, joint problem solving, commitment and having shared vision are the most important base for the success of member's businesses and they mention support from government and market opportunity as the most determining external factor. This shows that the member's also recognize the differential contributions of different success factors for their MSEs business success. Understanding differential contribution can

help to prioritize the success factors and can help the partners to decide on which factor should be more focused than the other.

RECOMENDATION

Based on the empirical results of this study the researcher provides the following recommendations with regard to the success factors of the MSEs business.

The research of the study shows that mostly the MSEs business success is determined by the internal factors i.e. the member's attribute like trust among partners, having shared vision, commitment, compatibility and joint problem solving. So, members should give the great emphasis on these partner attributes to sustain their member's business success.

Thus partners should give more emphasis on developing these member's characteristic and members should think over it at the inception of their business when they choose their partner. Choosing a member who have similar goal is a base to develop trust among partners.

As the study result reveals, external factors have also a significant contribution for the success of MSEs business. So, there businesses should give attention to these factors to sustain their business success. To adjust to the changing environment members should continuously assess market demands and technological advancements in the field of their businesses.

According to the result of the study, government support is the most contributing external factor. So, there should be sustainability of these support because the support and privileges they get from the government could motivate them for further commitment to achieve better success. The problem of access to finance should also get quick remedy from the concerned body. Many partners are not happy with the bureaucratic procedure and time they are given to repay the loan they receive. The problem with this regard should get solution to sustain partners' business success easily reducing or eliminating the procedural difficulty and by preparing smooth procedure to access credit financing. To do this, the need of the MSEs businesses and the adequacy and accessibility of the credit financing should be assessed by the concerning body.

If a new MSEs businesses to be established they should also give due attention to their internal member's characteristics like developing trust and commitment among themselves and increasing the joint problem solving skill of their partners and there should be an evaluation time for each member's about the going concern of their business They should

also give much attention to the external market situation, there should be flexibility and business minded skill and adjust their business according to market demand and preferences.

Limitations of the study

This study has some limitations that was resulted from its scope of the study. For example, the data was collected from Yeka sub city micro and small businesses enterprise and the result cannot be generalized to businesses of other scales. The data was collected on the perception of the partners about the factors of their business success and may not be free from response bias. Absence of the researcher conduct on SME Business create the difficulty to compare the result of this study with other researches done in other areas of the country. So, the success factors for this study delivers the model of success factors of SME between firms and from different literature reviews.

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Appendices I
Questionnaire for SMEs
St. Merry University
MBA program

Questionnaire to be filled by business partners of manufacturing, Construction, trade and service giving business enterprises:

This questionnaire is designed by Eden Weldetsadik to *assess the success factors of SMEs in Addis Ababa CITY a case study in Yeka sub city* as a partial fulfillment of the requirements for the awards of Master’s degree in Business Administration. You are kindly requested to provide the correct data on the above title as it has a great role for the attainment of the objective of the study. The researcher assures you that the data that you provide is confidential.

Thank you for your cooperation in advance!!

Direction: please read each question carefully and give a response that you feel appropriate.

- I. Encircle the option which is your choice
- II. Please write your answers clearly for open ended questions

Part I: Personal and general information

1. Sex: a. Male b. Female
2. Age: a. 18-28years b. 29-39years c. 40-50years d. above 50years
3. Educational level:
 - a. 12th complete b. Certificate
 - c. Diploma d. Degree e. Master & above
4. Marital status
 - a. Married b. Single c. Divorced d. Widowed
5. Type of your business
 - a. Manufacturing b. Service c. Trade d. Construction
6. Work experience
 - a. 0-1 years c.2-4 years d.4 year and above

Part II. Questions on MSE Business success factors

For the first four statements in a table there is likert scale with five points coded with number 1-5 as below. Please tick in the table on the point of your choice. For the last open ended question, try to express your view openly and clearly. Here under is likert scale with its coded number.

1= strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5=strongly agree

1. Internal factors

	Shared vision	1	2	3	4	5
1	The MSE Business has a clear and shared vision that is exciting and worthy of the combined efforts.					
2	It is clear how your MSE Business can create the value-added impact desired by the enterprise and the role of each member.					
3	Members can articulate MSE goals and how each partner contributes to achieving that goal.					

4	The vision is used as a reference point in prioritization of activities and resources and keeping the member's on track.					
5	Can you identify other importance or impact of shared vision for the success of your member's business? Please explain it.					

	Trust	1	2	3	4	5
1	Members have mutual trust and, share and act according to common values regarding the expected output of the MSE Business and the processes for carrying out the work					
2	Member's deliver on promises and commitments made based on mutual trust					
3	Member's directly communicate about organizational interests and expectations; keeping secret or hidden agendas to a minimum.					
4	Members are willing to compromise or sacrifice their self-interest so that the needs of other partners are met.					
5	Can you identify other importance of trust among partners for the success of your MSE business? Explain please.					

		1	2	3	4	5
	Commitment					
1	Partners make a vital commitment that motivates other member's for the success of the business.					
2	Partners' commitment ensures that the partners maintain their high expectations which in turn generates even greater commitment					
3	Partners show high commitment in terms of resources to implement which ensures their long lasting relationship.					
4	Partners make the greatest possible effort in order to solve any problems that arise during their cooperation process					
5	Can you specify other importance of MSE partners' commitment for the success of your business? Explain it, please?					

	Trust	1	2	3	4	5
1	Members have mutual trust and, share and act according to common values regarding the expected output of the MSE Business and the processes for carrying out the work					
2	Member's deliver on promises and commitments made based on mutual trust					
3	Member's directly communicate about organizational interests and expectations; keeping secret or hidden agendas to a minimum.					
4	Members are willing to compromise or sacrifice their self-interest so that the needs of other partners are met.					
5	Can you identify other importance of trust among partners for the success of your MSE business? Explain please.					

	Compatibility	1	2	3	4	5
1	The member's uses and respects the diverse skills, knowledge and backgrounds of its member's.					
2	The member's can create new value i.e. something that individual member's could not achieve by themselves alone					
3	Member's believe that each member's contribution is essential for the total outcome of the member's goal.					
4	Member's have the skills necessary to achieve the member's goal.					
5	Can you explain other importance of partners' compatibility for the success of your member's business?					

	Joint problem solving	1	2	3	4	5
1	All partners participate in solving the problem being faced.					
2	Members can recognize others' concerns and/or interests in solving the problem being faced.					
3	The member's use a common approach or framework for addressing the problem.					
4	Meetings are held with the frequency required to ensure full communication and adequate problem solving,					

5	Can you explain other importance of joint problem solving for the success of your MSEs business?
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	Government support	1	2	3	4	5
1	Yeka Sub city is assisting micro and small business success by provision of required services to start the business.					
2	Yeka Sub city supports micro and small firms through support service, such as aftercare, training, consultancy and information provision.					
3	There is market linkage support from Yeka Sub city that resulted in increase in sales level and productivity of your member's.					
4	Yeka Sub city has a less bureaucratic process in place to start an SME					
5	Can you mention and rank the types of support you have received from Yeka Sub city and their importance for your business success?					

2. External factors

	Access to financing	1	2	3	4	5
1	Capacity for MSEs to fulfill their potential in their business depended on the availability of finance.					
2	There was enough sources of credit to establish the MSE Business					
3	The MSE has prepared feasible financial plan to request a credit based on the plan					
4	The collateral required to get access to credits is manageable and reasonable					
5	Can you mention and rank the sources of credit available for your member's and their contribution to your business success?					

	Market opportunity	1	2	3	4	5
1	The current economic situation is favorable for the member's					
2	The member's is not facing difficulty from competitors, intermediaries and suppliers					
3	There is good market demand for the MSE's products as major factor contributing for the success of MSE.					
4	There are enough sources of raw material supply in the market for the operation of the member's.					
5	What other market opportunities can you identify as the most important for the success of your member's business?					

Part II. Questions of ranking the factors

1. Can you rank the following internal factors that can determine MSEs Business success?

Give number 1 for the most important and 5 for the least important factor.

Internal success factors	Rank
Shared vision	
Trust	
Commitment	
Compatibility	
Joint problem solving	

2. From your experience can you identify success factor that leads MSEs business to be success full.

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3. Can you rank the following external factors that can determine SMEs business success?

Give number 1 for the most important and 3 for the least important factor.

External success factors	Rank
Government support	
Access to finance	
Market opportunity	

4. Can you identify other external factors other than the above mentioned three factors that are important for your SMEs business?

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Appendices II

Interview question

Interview schedule for Yeka sub city MSE promotion bureau staff members and some selected member's business owners in the CITY.

N.B. Question number nine is only for MSEs officers

1. In your opinion, what is the economic status of member's business in the sub city?
2. What do you consider as the most important internal factors for a member's?
Business to succeed? And why?
3. Based on your experience, how do you think these success criteria can be achieved?
4. What do you consider as major external factors contributing to member's business?
Success and why?
5. Based on your experience, how do you think partners can sustain business success?
6. Do you measure success in member's business?
7. What do you think future business member's to be established should give more
Emphasis to succeed?
8. What do you think are the factors which distinguish member's form of businesses?
From other forms of business in Yeka sub city in terms of business success?
9. What is the contribution of particularly your office for the success of member's business?