



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**FACTORS AFFECTING GROWTH OF SMALL AND MEDIUM INDUSTRIES IN
ADDIS ABABA: EVIDENCE FROM ARADA SUB CITY ADMINISTRATION (CITY
GOVERNMENT OF ADDIS ABABA)**

By

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**FEBRUARY, 2020
ADDIS ABABA, ETHIOPIA**

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ADDIS ABABA: THE CASE OF ARADA SUB CITY ADMINISTRATION (CITY
GOVERNMENT OF ADDIS ABABA)**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE
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DEGREE OF MASTERS OF GENERAL BUSINESS ADMINISTRATION**

By

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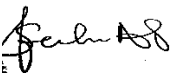
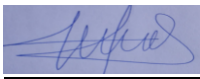
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SCHOOL OF GRADUATE STUDIES
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DECLARATION

I, Eden Tamiru, declare that this thesis is my original work, prepared under the guidance of Assistant Prof. Tiruneh Legesse. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other learning institution for the purpose of learning any degree.

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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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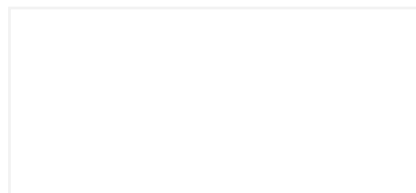


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ACRONYMS

BDS	Business Development Service
CSA	Central Statistical Authority
EEA	Ethiopian Economic Association
FSMMIDA	Federal Small and Medium Manufacturing Industries development Agency
FeMSEDA	Federal Micro and Small Enterprises Development Agency
GDP	Gross Domestic Product
GTP	Growth Transformation Plan
HBEs	Home Based Enterprises
MSMEs	Micro Small and Medium Enterprises
PASDEP	Plan for Accelerated Development to End Poverty.
ReMSEDA	Regional Micro and Small Enterprises Development Agency
SMEs	Small and Medium Enterprises
SMMEs.	Small and Medium Manufacturing Enterprise
SMMIDA	Small and Medium Manufacturing Industries Development Agency
MSE	Micro and Small Business Enterprise
UNDP	United Nations Development Plan
UNECA	United Nations Economic Commission of Africa
USAID	United States Agency for International Development

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ABSTRACT

The purpose of this study is to identifying factors affecting the growth of small and medium manufacturing enterprise in Arada Sub-city. Specifically, the intention of the study was to determine financial, marketing, working place and entrepreneurial factors, infrastructure, technological government policy and internal management factors affecting the growth of MSEs in Arada sub city of Addis Ababa city administration and to examine to what extent the factors determine the growth of small and medium enterprises. The respondents are owners and production employees of SMEs. Target population is 60 SMEs and the sampling technique is census. Data were collected from 57 SMEs who were engaged on textile, agro-processing, soap and detergent and leather byproduct. This study used descriptive and explanatory type of research. Data were collected using structured questionnaires and desk review. The descriptive statistics further shows that the small and medium enterprises are challenged by different factors most importantly by financial factors, absence of working place, insufficient market coverage & market chain for the product and service they produce, lack of technical training, high government bureaucracy and etc. The findings of the study further revealed that the growth of small and medium enterprises is determined by financial, marketing, working place and entrepreneurial factors, which are found the topmost four factors affecting the growth of MSEs in Arada sub city of Addis Ababa city administration. the more of these factors become good the more will be the growth of the small and medium enterprises. In this study, growth (change in capital) was used as a dependent variable and the independent variables were government policy, working premises, technological, infrastructural, marketing, financial, internal management and entrepreneurial variables. The findings further indicated that there exists significant relationship between independent variables and dependent variable. Moreover, the linear regression result confirmed that financial, marketing, working place and entrepreneurial factors have significant impacts on the growth of SMEs at 5% level of significance. SPSS version 24 and Microsoft excel 2010 were used to analyze the data. Based on findings of the study recommendations to government bodies, to operators of SMEs and suggestions for further researchers are forwarded.

Key Words: Small and Medium Enterprises, Arada Sub City, Growth

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Tobar.P (2018), states that, in international literature, SMEs (small and medium sized enterprises) are usually defined as production units of smaller size. However, it is also common for studies to include micro enterprises in their analyses and so this paper has considered this aspect. According to ACCA (2010) cited in Amaradiwakara and Gunatilake, (2017) SMEs makeup a large art of many economies. They are considered as the backbone of an economy given the fact that in some economies SMEs contribute to more than 50% of Gross Domestic Product (GDP). The Small and medium sized firms control both developed and developing economies in terms of employment and number of companies. Yet their full potential remains unused, these tendencies need to be changed. Since smaller firms have the ability to create jobs, they are a major attraction for governments in the short term. SMEs must be encouraged and supported, so that economic objectives (economic growth and development, favorable balance of trade and payment and employment) and social objectives (poverty alleviation and improving standards of living) can be realized. Governments must react to the needs of SMEs as they form an important component of the economy (Ahmed Fouad M.A, 2013). Most big businesses in Ethiopia have started as SMEs and have grown to their maturity over long period by cumulating capital and business management experiences EEA (2015). The promotion of SMEs is one of the strategic directions pursued by the government during the GTP implementation period (2010/11-2014/15), focusing on promoting the development and competitiveness of SMEs. The various business and public development programs have been used to promote the development of SMEs and generate employment opportunities.

Of SMEs, the small scale and cottage manufacturing industries has grown, on average, by 4.8 percent during the first three GTP implementation years which is lower than the average growth (6.0 percent) registered during preceding plan (PASDEP) period. Moreover, SMEs engaged in manufacturing activities have been growing by rate slower than the growth by large and medium scale manufacturing industries over the last decade EEA (2015). The share of manufacturing SMEs in GDP has declined from about 1.6 percent in 2004/05 to 1.3 percent in 2012/13. Despite the significance of their number in the economy, their share in GDP is lower than the share of large and medium scale manufacturing industries throughout the period EEA (2015). As there has been SMEs graduating into medium size enterprises, there are also those dying ones due to a variety of reasons. These developments tend to reduce the number of SMEs actually operating and the size of employment in the sector. Therefore, the objective of this study will be to identify factors that are responsible for affecting the growth of SMEs. The study will help government and concerned bodies to suggest ideas to tackle the problems that are seen in the study and get recommendations for further improvements.

Moreover, the Federal and Regional Micro and Small Enterprises Development Agencies (FRMSEDA) was established by regulation No.33/1998. All these institutional platforms are created in order to promote the growth and development of MSEs, which in turn are expected to contribute their part in national growth and transformation. UNDP (2012) has indicated that the development of MSEs is the key component of Ethiopia's industrial policy direction that will contribute to the industrial development and economic transformation of the country. Even the country's latest grand plan (Growth and Transformation Plan-GTP, 2011-2015) has stressed the need for providing support to MSEs. Based on these efforts, the Government has tried to promote the development of the sector through workable laws and regulations, facilitation of startup and working capitals, managerial and technical assistance, working premises and infrastructure, market-enterprises linkages. As a result of

which, many MSEs have played their roles to employment creation, poverty alleviation, creation of entrepreneurship and national economic development (MoFED, 2010). In spite of the fact that MSEs have been playing their roles in employment creation, poverty alleviation, creation of entrepreneurship and economic development in the country, the sector has been confronting with many challenges whose severity varies across regions and cities. The purpose of this research is, therefore, to identify the factors for the growth of MSEs in Arada sub city of Addis Ababa city Administration.

1.1.1 Background of the federal small & medium manufacturing industry promotion authority.

The federal small & medium manufacturing industry promotion authority was established 78 years ago. Since its establishment until now it has been called by different names: -

- It was established in 1942 by the name “Girmawit Etge Menen handicraft” school.
- In 1977, it was organized as promotional organization of small industries & handicraft.
- In 1992, it was again organized as promotional organization of the development of small industries & handicraft.
- It was again established by Council of Ministers Regulation No. 33/1998, as the federal micro & small commercial business enterprises.

Accordingly, these organizations which were known as handicraft & cottage industries for a long time are recognized as micro & small enterprises starting from 1998.

- In 2011, it was organized as the federal micro & small enterprise development agency. It worked for 5 years with sector`s clear strategy & supportive framework.

- Along with 2nd growth & transformation plan performance, the small manufacturing sector integrated with medium manufacturing sector by the Council of Ministers Regulation No. 373/2016. The name of the organization changed to “federal small & medium manufacturing industry development agency”.
- Finally, by the proclamation number 1097/2018 the name of the organization changed to federal small & medium manufacturing industry promotion authority.

1.2. Statement of the Problem

A solid small and medium enterprises (SMEs) sector contributes highly to the country's economy, contributing to (GDP), by reduction in poverty levels, reducing the level of unemployment and promotion of entrepreneurship activity (Sitharam and Hoque 2016). Therefore, as Sitharam and Hoque (2016) quoted Bayati and Taghavi (2007) the role of SMEs in the development of a country is significant.

SMEs in Ethiopia still encounter many challenges, despite the importance and their contribution to economic growth. Although, the sector has key role for the transformation of the economy appropriate emphasis is not given by the government bodies from top to bottom. Additionally, there is awareness gap on which, the prosperity as well as the transformation of technology without manufacturing industry is impossible to bring growth & competitiveness. Reluctance on accepting & implementing of the export trade as valuable share in the economy is seen by these bodies. Instead, there is partiality in supporting of commercial business rather than manufacturing industries. On the other hand, lack of adequate human resource assignment in each structure of federal, regional, and district level results low performance of annual plan & program (FSMMIDA, 2018). In addition, activities of stakeholders involved in

supporting of manufacturing industries aren't based on the skill gap & interest of these industries. So, these make the result unsatisfactory (FSMMIDA, 2018).

Another important challenge of SMEs is inadequate working premises. Even though, there are constructed shades most of them are closed, because of lack of infrastructure. Some industries that started manufacturing also have shortage of raw material. Absence of adequate data on the current working condition of SMEs that can express a clear and reliable network of information causes a gap in future planning of work and improvements (FSMMIDA, 2018).

The promotion of SMEs is one of the strategic directions pursued by the government during the GTP implementation period (2010/11-2014/15), focusing on promoting the development and competitiveness of SMEs. The various business and public development programs have been used to promote the development of SMEs and generate employment opportunities (EEA 2015).

According to previous researches, among the SMEs, the small scale and cottage manufacturing industries has grown, on average, by 4.8 percent during the first three Growth and Transformation Plan (GTP) implementation years which is lower than the average growth (6.0 percent) registered during preceding plan (PASDEP) period despite heavy promotion activities. Moreover, SMEs engaged in manufacturing activities have been growing by rates lower than the growth by large and medium scale manufacturing industries over the last decades EEA (2015). In addition, the share of manufacturing SMEs in GDP has declined from about 1.6 percent in 2004/05 to 1.3 percent in 2012/13 EEA (2015). Given this state of SMEs in Ethiopia, the need exists to establish the hindering factors to improve/enhance Ethiopia's SME growth. Therefore, the objective of this study is to identify factors that are responsible for affecting the growth of Small & medium manufacturing industries in Arada sub-city of Addis Ababa city administration.

Therefore, the research will seek to investigate whether financial constraints, inadequate infrastructure facilities, poor managerial and technical skills,

inadequate working premises affect the growth of Small & medium manufacturing enterprise in Arada sub-city.

1.3. Basic Research Questions

To clearly identify the key factors affecting the growth of Small and medium manufacturing enterprise, the following basic research questions are very crucial for the study.

- What is the effect of financial constraints on the growth of SMMEs?
- What is the effect of inadequate working premises on growth of SMEs?
- What is the effect of marketing factors on the growth of SMEs?
- What is the effect of government policies on the growth of SMEs?
- What is the effect of inadequate infrastructure on the growth of SMEs?
- What is the effect of entrepreneurship on the growth of SMEs?
- What is the effect of poor internal management skills on the growth of SMEs?
- What is the effect of technological factors on the growth of SMEs?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of the study will focus on identifying and assessing different factors affecting the growth of small and medium manufacturing enterprise in Arada Sub-city.

1.4.2. Specific Objectives

1. To determine the effect of financial constraints, on the growth of SMMEs?

2. To determine the effect of inadequate working premises, on the growth of SMEs?
3. To determine the effect of marketing factors, on the growth of SMEs?
4. To determine the effect of government policies, on the growth of SMEs?
5. To determine the effect of infrastructure, on the growth of SMEs?
6. To determine the effect of entrepreneurship, on the growth of SMEs?
7. To determine the effect of internal management, on the growth of SMEs?
8. To determine the effect of technological factors, on the growth of SMEs

1.5. Definition of Terms

Some of the terms used in this chapter are defined as follows;

Manufacturing means a mechanical, physical, or chemical conversion of a raw material, substance, or component by using machine, equipment or labor into Products that worth better value; (Council of Ministers Regulation No. 373/2016).

Small manufacturing industry means an industry having a total capital, excluding building, from Birr 100,001 to Birr 1, 500,000 (One Hundred Thousand One Birr to One Million Five Hundred Thousand Birr) in the manufacturing sector and engages from 6 to 30 workers including the owner, his family members and other employees; (Council of Ministers Regulation No. 373/2018).

Medium manufacturing industry means an industry having a total capital, excluding building. From Birr 1,500,001 to Birr 20,000,000 (One Million Five Hundred Thousand One Birr to Twenty Million Birr) in the manufacturing sector and engages from 31 to 1 00 workers including the owner, his family members and other employees; (Council of Ministers Regulation No. 373/2018).

Cottage manufacturing industry means an enterprise with fewer than 5 workers which manufacture at home or in small workshop (Azeez, 2003).

Enterprise: refers to a unit of economic organization or activity whether public or private engaged in the manufacturing of goods (FeMSEDA, 2015).

Growth: in this paper growth is defined in terms of growth of capital of the SMEs (Researcher's definition).

1.6. Significance of the Study

Due to the growing need to create jobs and reduce unemployment, as well as the existence of global challenges imposed by the global economic changes, the need of generating a sector strong and competitive of small and medium enterprises is essential, to enable it to play a leading role in the development process, since that it has a role in expanding the economic base and stimulating trade and in providing employment opportunities for citizens, in addition to being a key tributary contribute significantly to the increase in exports and gross domestic production (GDP) growth. Therefore, understanding the factors affecting the growth of small and medium manufacturing industries in Arada sub-city will help:

- Governmental policy makers

The results of the study will enable to policies and program along with helping policy makers to support, inspire and promote SMEs for unemployment and poverty alleviation through reducing the constrains of the growth.

- Small and medium manufacturing Industries

For the SMMEs this study offers an opportunity to work against the constraints of the growth of SMMEs. Small and medium enterprise found in Arada sub-city administration can use the result to determine and to what extent factors affecting the growth of their enterprises. This study will add to the available body of knowledge and increase the understanding of how to best empower

entrepreneurs in the small & medium enterprise sector, so that they in turn can contribute more meaningful to economic development for the country in general and to the city in particular.

- Academics/ Researchers

Finding from this study will help in providing deeper understanding of the critical factors that affect the growth of SMMEs. The study also provides basis upon which further studies can be carried out and useful in providing information on small and medium enterprises in Arada sub-city administration.

1.7. Scope of the Research

This study identified the internal and external factors affecting the growth of SMMEs in terms of change in capital, in Arada sub-city of Addis Ababa city Administration. These factors affecting the growth of SMEs in terms of change in capital include: government policy factors, financial factors, internal management factors, working premises factors, technological factors, infrastructural and entrepreneurial factors, marketing factors. Besides, the scope of the study will focus on SMEs, on five different sectors textile and garment, leather and leather by products, agro processing, construction chemicals and jewelers, metal, wood and engineering. The scope of the study will also focus on determining the relationship between dependent and independent variables. The research is conceptually bounded to the sectors listed above since the federal small and medium manufacturing industries are currently working on the specified sectors only.

1.8. Organization of the Paper

The research report comprises five chapters, which include the following:

Chapter One: Introduction

This chapter contains background of the study, statement of the problem, basic research questions, objectives of the study, definition of terms, significance of the study, and scope of the study.

Chapter Two: Review of Related Literature

This chapter deals with the literature relevant to the study. This contains the theoretical literature review, empirical literature review and conceptual framework of the study.

Chapter Three: Methods of the study

This chapter describes the type and design of the research; the participants of the study; the sources of data; data collection instruments employed; the procedures of data collection; and methods of data analysis used.

Chapter Four: Results and Discussion

This chapter summarizes the results of the study, and interprets and discusses the findings.

Chapter Five: Summary, Conclusion and Recommendation

This chapter comprises four sections, which include summary of findings, conclusions, limitations of the study and recommendation.

- Summary of findings are drawn from the results discussed under chapter four.
- Conclusions of the study are drawn from the summary of findings.
- Limitations of that could have effect on conclusion are specified.
- Practical recommendations are suggested.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will define the SMEs in brief. The researcher will review some theoretical and empirical work on small and medium Scale Enterprises, which has received a great deal of attention in contemporary development literature and national plans of developing countries. This is because, it has been realized that most countries have programs to develop this sector of the economy since it is believed that the sector is the engine of growth for every economy and especially in all developing countries like Ethiopia. Further to this, there will be some conceptual work, which will be useful to support the study.

2.2 Factors Affecting the Growth of SMMEs

Many determinant factors make SMMEs to flourish and meet their intended purpose. According to (Abdissa and Fitwi, 2016) the main factors/problems that limits Small firm's growth/success falls into two groups;

2.2.1 Internal factors

The Internal factors are the factors that originate from within the firm or in other words they are internal to the firm. These include the characteristics and attitudes of the entrepreneur(S) and the firm as a whole. These factors can be impacted by the decisions made in the firm either by entrepreneur(S) or the staff in the firm. These factors are, lack of motivation and drive, lack of background and experience in business, capital constraint, lack of a proper business plan/vision,

Theft and lack trust in doing business, poor management, running unregistered business, lack of proper record keeping, inadequate education and training, lack of needed talent and improper professional advice and consultation.

2.2.2 External factors

The external factors limiting small firm growth are the factors that originate from outside the firm. These factors have to do with decisions, rules and policies that affect a small firm directly, and in response the firm has not really control over the decisions made but an influence to a change of their existence is possible. These factors originate from outside the firm; these are corruption, competition, and government policy, technological barrier, in access to finances, bureaucratic processes and unfavorable economic factors.

According to Commission on legal empowerment of the poor (2006), most SMMEs in Ethiopia faces critical factors both at the operation and startup level. Some of these factors repeatedly detailed in different literatures include:

➤ The business environment

The business environment is composed and shaped by a system of various institutional, policy and market conditions that govern and direct private sector activities; it is widely discussed that the quality of the business environment has an impact on a firm's innovation, output growth, and job creation potential (Acs, Desai & Klapper 2008). Clearly, these conditions have an influence on the development of the private sector MSEs and overall job creation potential. Market failures and institutional distortions can create fixed costs for businesses and this disproportionately disadvantages smaller enterprises (Aterido & Hallward-Driemeier, 2010). Thus, a poor business environment may provide fewer growth opportunities for small-scale entrepreneurship to create a number of entry barriers to vulnerable and less-privileged entrepreneurs and thereby have a disproportionately negative effect on job creation and poverty reduction. Indeed, among MSEs, the large majority suffer from constraints that are associated with the structural disadvantages within their business environment (World Bank, 2013). Various researches on the business environment have emerged. The most noticeable factors influencing MSE growth and job-creation

potential include the macroeconomic performance, political stability, the degree of competition, business regulations, and law enforcement, the level of corruption, as well as access to infrastructure, finance, business development services, and labor.

➤ **Policy and political environment**

A stable macro-economic and political environment has been shown to positively affect private sector development. Economic and/or political instability increases the number of risks that entrepreneurs face in their daily operations. Especially for micro and small enterprises, high-risk environments render planning nearly impossible and prevent important investments in productivity enhancing and job-creating activities from being undertaken. To sustain macro-economic stability there exists a wide agreement that stable growth, a stable inflation rate and healthy public balance sheets are essential (Ocampo, 2005). Thus, both political and macro-economic instability are regarded as obstacles to the creation of productive jobs within MSEs.

➤ **Lack of access to finance**

Regarding access to finance, the problems are twofold. First, supply of credit is much smaller than demand. MFIs (Micro Finance Institutions) have only met about 50% of the demand for finance. Second, given that the prices of goods and services have been increasing, the real value of the loan is so small and does not provide MSEs much leverage (Assefa, et al 2014).

In the 2nd growth & transformation plan, the government is working to improve the productivity of small and medium manufacturing industries easing the challenges to buy machineries by capital lease financing services. Despite the effort to fulfill their needs the government is facing a currency problem in the country since the manufacturing industries are not using capital lease financing (FeSMMIDA, 2017).

The issues that arise in financing differ considerably between existing and new firms, as well as between those which grow slowly and those that grow rapidly. The expansion of private equity markets, including informal markets, has greatly improved the access to venture capital for start-ups and SMEs, but considerable differences remain among countries (Assefa, et al 2014).

➤ **Working Space Constraints**

According to (Assefa, et al 2014), even though the government pays due attention on the construction and expansion of working spaces, the implementation has its own drawback. The working premises that are constructed to the manufacturing industries are located far from large and medium enterprises' industry zones. This has created problem to integrate or network small and medium manufacturing industries with large and medium manufacturing enterprises. Moreover, the size and quality of the constructed working premises are not suitable for production and technological advancement. Even though the regional government's investment bureau is supposed to provide the graduating MSEs with land in the industry zones, there has not been the case in many of our focused discussions both with the MSE operators and the ReMSEDA. Most of the industrial zones we visited were still under construction or in distant neighborhoods with poor infrastructure and are detached from the large enterprises which affects the market linkages that might have been created with MSEs.

➤ **Productivity, innovation and market linkage**

Micro and small enterprises frequently held back by poor access to markets, finance, and other business services. At the same time, these smaller enterprises are the ones creating most new employment. Especially in low-income countries, they suffer from a limited understanding of markets, have weak bargaining power, and lack adequate knowledge of managing finances. Unable to harness the potential of their value chain to expand and improve their own

competitiveness, they often operate on a precarious basis, with low productivity and poor working conditions. Global value chain analysis offers a theoretical framework to understand the integration of firms into viable market system. Global value chain studies, mostly dealt with the process of integration of developing country firms into the value chains of large firms in developed countries, examined the inter-firm relationships, governance and upgrading practices by which firms improves their competitiveness (Abeiy, 2017).

➤ **Business service and market development**

There is increasing recognition that MSEs need specific business development services (BDS) to reach higher value markets and/or improving competitiveness. However, the MSEs in general are constrained to access these business services. BDS refers to the wide range of services used by entrepreneurs to help them operate efficiently and grow their businesses. Formerly known as “non-financial services” the field originally concentrated on providing training, consulting, and other services that addressed the internal constraints of enterprises (Abeiy, 2017). The SEEP Guide to Business Development Services (Lusby, 2004) identified seven BDS categories that include market access, input supply, technology and product development, training and technical assistance, infrastructure, policy/advocacy, and alternative financing mechanisms. More recently, the BDS field has grown to include marketing services and information resources that help firms gain access to services usually enjoyed only by larger firms.

The BDS market development process start by understanding the existing supply of BDS from the private sector, donor supported programs and government, and the market failures that lead to a gap between supply and demand for services. The goal of market development interventions, thus, is to overcome these market failures and take advantage of opportunities to expand the service market for small enterprises. The desired result is that numerous small enterprises buy the BDS of their choice from a wide selection of products

offered (primarily) from unsubsidized, private sector suppliers in a competitive and evolving market (Abeiy, 2017).

In response to MSE's demand for business services, some common trends in delivery of BDS are emerging. Some of these common BDS practices include common sector-common services; information and communication technologies; media sector services; and BDS finances (Abeiy, 2017). Although several strategies are developed for MSEs to use BDS access to use is very low.

➤ **Education and entrepreneurship skill**

Entrepreneurship is recognized as an important driver of economic growth, productivity, innovation, and employment. Entrepreneurship is related to the functional role of entrepreneurs and includes coordination, innovation, uncertainty bearing, capital supply, decision-making, ownership, and resource allocation in their organization (Munyori & Ngugi, 2014). Most of the prevalent areas in which MSE faces a problem are sales or marketing, human resource management, and general marketing research and training (Kefale & Chinnan, 2012).

Personality traits, motivation, individual competencies and personal background are important factors for the success/failure of MSE. Schooling is important personal background that influences MSE performance and growth. Education helps entrepreneurs to make good judgments, best use of information, exploit opportunities well leading to firm growth and success. Study conducted by (Goedhuys & Sleuwagen 2000), argue that higher education not only raises enterprise performance, but also increases outside options such as wage employment. Lower education and vocational training significantly influenced the likelihood of being entrepreneurs rather than wage employees. Higher education was found to influence post entry firm growth (Goedhuys and Sleuwaegen, 2000).

Marketing problem has been widely acknowledged as being the most important of all activities and critical for the survival and growth of MSEs. However,

many studies found owner/managers of MSEs as having a very limited understanding of the marketing concept generally to be little more than advertising and public relations and lacking adequate marketing skills. Specifically, MSEs frequently encountered problems in promotion and marketing research. These problems include the selection of promotional media, low purchasing power of customers, advertising, content design and format of the promotional materials, market size, location and addresses of potential customers (Kefale & Chinnan, 2012).

2.3 Empirical Literature Review

Empirical evidence from the U.S. (Evans, 1987; Dunne, et al 1989) and from the developing world (Chuta, 1989) has repeatedly supported the inverse relationship between firm growth and both firm age and size that is hypothesized by Jovanovic's theory. In addition to firm age and size, demand and supply factors, such as sector and location, enter into the growth decisions of individual firms, since they influence the product and input prices. The learning model assumes all firms produce a homogeneous product. Firms in different sectors face different product demands, as well as being different on the cost side (e.g., inputs are more or less costly to obtain; competition is more or less stiff). Therefore, if we intend to consider a group of heterogeneous MSEs, we must allow for differences in sector. Sectorial differences in growth rates have been shown by Phillips and Kirchoff 1988) for small firms in the U.S. and by (Chuta 1989) for enterprises in Nigeria. With respect to location, a firm's proximity to demand sources and to concentrations of competition must influence its profitability. In addition, the work of (Piore and Sabel 1984), (Sengenberger 1991), and others highlights the importance of agglomeration externalities in firm growth. These externalities come from many small firms locating near each other and building reliable supplier and buyer relationships within the group. This literature suggests that firms grouped together in urban areas may be able to specialize in particular products and produce at lower cost than would otherwise be the case. Such firms, then, would be more likely to be

in a position to expand. Finally, the location of the premises may imply differential costs regarding rent payments. For example, home-based enterprises (HBEs) may pay less in rental costs than a shop in the commercial district. Moreover, the performance of a firm (including its growth) likely depends in part on the level of human capital embodied in its proprietor. For example, (Bates 1990) finds that the educational level of the proprietor is positively and significantly related to small firm longevity and thus, perhaps, firm growth. (Evans and Leighton 1989), find that education, experience, and previous self-employment are important determinants of the probability of starting a small enterprise. (Cortes et al 1987), argue that while older proprietors are likely to be more experienced than younger ones, they also may be less inclined or less able to make their firms grow. MSEs Sector is the second largest employment-generating sector following agriculture CSA (2005). According to CSA (2005) the sectors contribute 3.4% of GDP, 33% of the industrial sector's contribution and 52% of the manufacturing sector's contribution to the GDP of the year 2001. In spite of the enormous importance of the micro and small enterprise (MSE) sector to the national economy with regards to job creation and the alleviation of poverty in Ethiopia, the sector is facing financial challenges, which impeded its role in the economy. These challenges are lack of access to credit, insufficient loan size, time delay and collateral (Gebrehiwot & Wolday, 2006).\

The research results of Bizusew (2015) which was conducted on the challenges of micro and small enterprises and business development service: the case of Bahir Dar city administration indicated that accessing finance from MFIs, banks and other sources remained challenges to the MSEs in the city. It was also found that access on credit supplies in the city are also live challenges to the MSEs. Market access due to lack of market research, market information, trade fairs, product exhibition, poor packaging and lack of advertising are also fixed as a challenge by most of the MSEs operators.

A research conducted by Seyum (2015) on the role of micro and small scale business enterprises in urban poverty alleviation: a case study on cobble stone paving sector in Addis Ababa city revealed that MSEs are facing multidimensional problems both at start up and operational levels which include shortage of startup capital, lack of working capital, lack of quality of chiseled stone, lack of availability of input on time/lack of raw material., lack of experience, inadequate support from Government/NGO, and lack of access for training. Abiyu (2011) conducted a research on factors constraining the growth and survival of micro and small enterprises in Burayu and concluded that MSEs in the city lack access to market, marketing information, product improvement, adaptation to changing environment, multi-skill training of employees, working capital and convincing business plan.

Currently, there are many internal and external challenges facing MSEs in their operations and hinder their growth in Ethiopia (MoWUD, 2013). According to Woldegebriel (2012), one of the major problems found to have been facing MSEs in Addis Ababa is lack implementing appropriate marketing practice. Lack of implementation of appropriate marketing practice has been a very serious setback to MSEs. This study also reveals that lack of access to raw material is a major setback to the growth of MSEs in Addis Ababa. Lack of efficient and on time delivery of raw materials from the government, high cost and poor quality of raw materials from private suppliers has resulted in decrease in profitability or loss to the enterprises. The government does not adjust the prices of products of the enterprises for a long period of time, and there is restriction to go to the open market especially in the construction and cobble stone enterprises (Ibid).

Mekonnen and Tilaye (2013) identified the deterrents to the success of micro and small enterprises as lack of adequate finance, lack of working premises, lack of managerial and technical skills, lack of adequate market, inadequacy of infrastructure facilities, erratic supply of raw materials and regulatory constraints.

Admasu (2012) also identified the most important contextual factors affecting the growth of MSEs and these include: financial factors i.e. high collateral requirement from banks and other lending institutions, shortage of working capital, high interest rate charged by banks and other lending institutions, and too complicated loan application procedures of banks and other lending institutions. The workings premises factors including absence of own premises and the rent of house is too high. Marketing factors like inadequacy of market, difficulty of searching new market, lack of demand forecasting, lack of market information and absence of relationship with an organization/association that conduct marketing research. Infrastructural factors incorporate power interruptions, and lack of sufficient and quick transportation service that hinder the business growth of all sectors.

Eshetu and Zeleke (2008) conducted a longitudinal study to assess the impact of influential factors that affect the long-term survival and viability of small enterprises by using a random sample of 500 MSMEs from 5 major cities in Ethiopia. According to this research, that lasted from 1996-2001, the factors that affect the long term survival of MSMEs in Ethiopia are found to be adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is so because the findings of the study revealed that businesses that failed, during the study period were characterized by inadequate finance (61%), low level of education (55%), poor managerial skills (54%), shortage of technical skills (49%), and inability to convert part of their profit to investment (46%).

The major constraints identified by various studies on MSEs in Ethiopia are associated with market and financial problems. The causes of market-related problems of MSEs engaged in metal and wood work are shortage or absence of marketing skills, poor quality of products, absence of marketing research, shortage of market information, shortage of selling places, and absence of sub-contracting (FeMSEDA, 2006).

In this research, Dereje (2008) studied the nature, characteristics, economic growth, opportunities and challenges of MSEs in the construction sector based on 125 sample enterprises. The results of the study revealed that the main constraints of MSEs were shortage of capital, lack of raw materials, absence of government support, lack of market, lack of credit facilities and high interest rate. Studies were also conducted specifically with a purpose of identifying the problems that MSEs encounter. For instance, Workneh's (2007) research undertaken in Kolfe Keraneo sub-city of Addis Ababa indicated that lack of capital, lack of market, unfavorable policy, and inadequate infrastructure, absence of adequate and relevant training, bureaucratic structure and procedures are among constraints faced by MSEs. Similarly, Adil's (2007) research carried out in Addis Ababa shows that inappropriate government intervention, shortage of capital, location disadvantage, lack of market and lack of display room are the major challenges that obstruct MSEs.

Mulugeta (2011) has also identified and categorized the critical problems of MSEs into market related problems, which are caused by poor market linkage and poor promotional efforts; institution-related problems including bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide policies, regulations, rules, directives, absence of training to executives, and poor monitoring and follow-up; operator-related shortcomings like developing a dependency tradition, extravagant and wasting behavior, and lack of vision and commitment from the side of the operators; MSE-related challenges including lack of selling place, weak accounting and record keeping, lack of experience sharing, and lack of cooperation within and among the MSEs and finally society-related problems such as its distorted attitude about the operators themselves and their products.

2.4 Research Hypotheses

Hypothesis 1 Ho: There is no significant effect of access to finance on business growth of SMEs.

H1: There is a significant effect of access to finance on business growth of SMEs.

Hypothesis 2 Ho: There is no significant effect of working places on business growth of SMEs.

H2: There is a significant effect of working places on business growth of SMEs.

Hypothesis 3 Ho: There is no significant effect of government policy on business growth of SMEs.

H3: There is significant effect of government policy on business growth of SMEs.

Hypothesis 4 Ho: There is no significant effect of marketing factors on business growth of SMEs.

H4: There is a significant effect of marketing factors on business growth of SMEs.

Hypothesis 5 Ho: There is no significant effect of infrastructure on business growth of SMEs.

H5: There is a significant effect of infrastructure on business growth of SMEs.

Hypothesis 6 Ho: There is no significant effect of entrepreneurship on business growth in SMEs

H6: There is a significant effect of entrepreneurship on business growth of SMEs.

Hypothesis 7 Ho: There is no significant effect of internal management on business growth of SME.

H7: There is a significant effect of internal management on business growth of SME.

Hypothesis 8 Ho: There is no significant effect of technology on business growth of SMEs.

H8: There is a significant effect of technology on business growth of SMEs.

2.5 Growth model

Storey (2000), cited in Curran (1997), noted that there are three models for researching growth: These are the stage models, personality-based models, and descriptive models. Davidsson et al (2006) did similar work when reviewing research projects on small firms' growth and suggested two models of growth "stages and transitions" and "growth antecedents and determinants".

Storey (2000) and Davidsson et al (2006) postulated the stage models which accounts for the growth processes in the form of life cycle or stage or transition throughout the entire life of an organization. These models try to explain the growth and development of organizations. In most cases, life cycle models focus on stages or cycles such as start-up, growth, maturity and decline. The limitations of these models are that not all firms begin at the first stage and move to the final stage. Moreover, in practice, management roles do not move at the same time with their related stage: organizations may have a management style that is more or less advanced than its stage (Storey, 1994).

Models of growth antecedents and determinants referred to factors or determinants that affect firm growth, including both indirect and direct effects of the factors. Both personality-based models and descriptive models were called "descriptive models" by Curran (1997). Hence, by nature, descriptive

models and models of growth antecedents and determinants are the same, although their names are different. However, the reason for separating personality-based models from “descriptive models” is that Storey (2000) distinguishes models based on personality or entrepreneur’s perception.

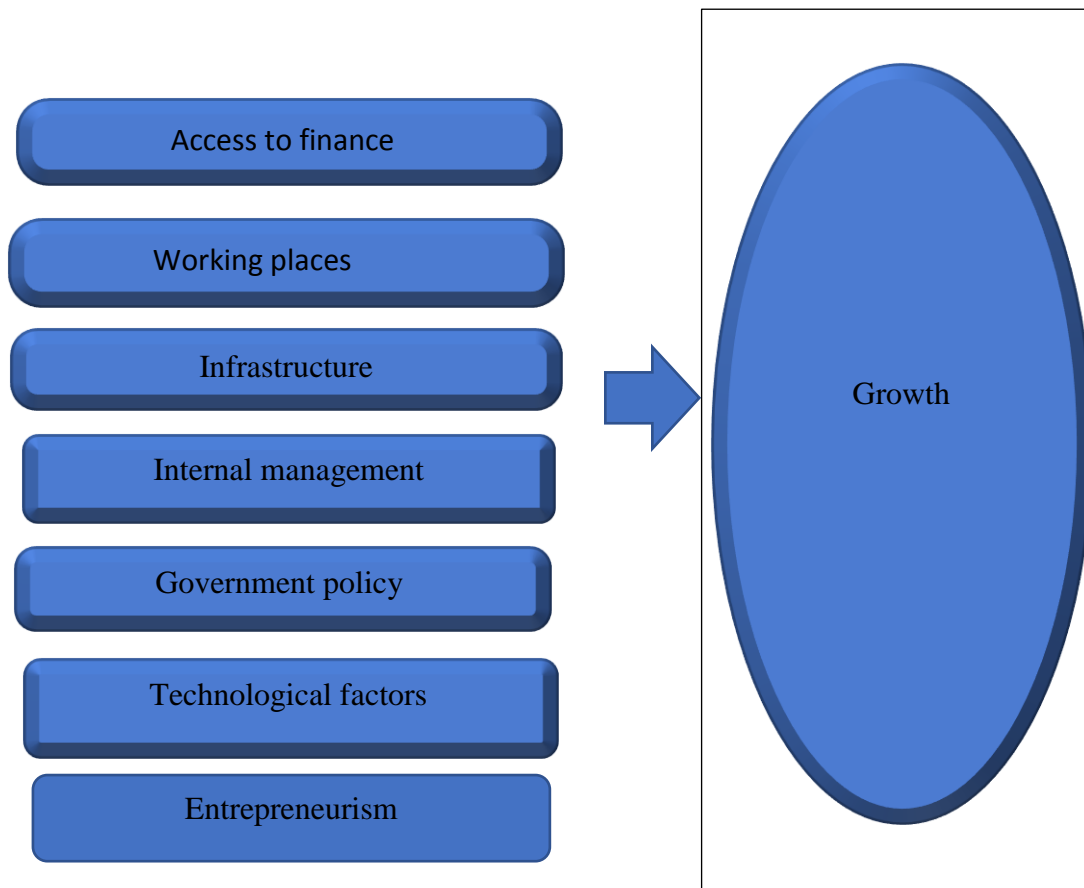
In Davidsson’s model, the determinants are ability, need, and opportunity, as well as the entrepreneur’s perception of each of these groups. Based on data of Swedish firms, his findings suggest that all factors affect growth, but need variables, with the age of the entrepreneur and the size of the firm are the most powerful in explaining variance in growth. They also had the most stable effects across industries (Storey, 2000). The other “descriptive models” were summarized in a frame work by Storey (1994) and adopted by Barkham et al (1996). In this framework, the influences on growth are categorized into three groups of factors.

Barkham et al (1996) investigated the causes of growth in small manufacturing firms in the United Kingdom in 1996. They used OLS regression techniques for analyzing only direct effects of firm characteristics, entrepreneur characteristics, business strategy and constraints to growth in turnover. As a result, they concluded that it was possible to explain growth in small firms in terms of these four groups of variables. It proves that there is an obvious need for a comprehensive multivariate empirical analysis of small firm’s growth from which theoretical development may proceed (Barkham et al, 1996), especially in developing countries where there have not been many empirical researches.

2.6 The Conceptual Framework

The synthesis may be called a model or conceptual framework, which essentially represents an ‘integrated’ way of looking at the problem (Liehr and Smith, 1999). Such a model could then be used in place of a theoretical framework. Thus, a conceptual framework may be defined as an end result of bringing together a number of related concepts to explain or predict a given

event, or give a broader understanding of the phenomenon of interest – or simply, of a research problem. Since business growth is influenced by both internal and external factors. Internal factors namely (Entrepreneurship and Internal management factors) and External factors include (Access to finance, Infrastructure, working places, Marketing and Government policy) were considered for this study based on suitability with the Ethiopian context. The following diagram shows dependent and independent variables



2.1 Conceptual Framework (Own model)

The above models indicated both internal and external factors affecting the growth of SMEs. The internal factors are internal management and entrepreneur ship whereas, the external factors such as access to finance, working place, government policy, market and infrastructure.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter provides information concerning the methods that was used in undertaking this research as well as a justification for the use of this method and how the method was applied in the research. The Chapter also describes the various stages of the research, which includes the selection of participants, the data collection process and the process of data analysis. Therefore, in general this part of the study describes the research design and methodology that were used to guide under the following sub heading: the research design, target population, data collection instrument, data analysis technique and ethical consideration.

3.2 Description of the Study Area

Addis Ababa is the largest as well as the dominant political, economic, cultural, and historical city of Ethiopia established in 1887 by emperor Menilik II. It is the capital of federal government, and it is a chartered city, where the Africa Union, UNECA, UNDP Africa Regional Office, and other continental and international organizations reside. The city is divided in to ten sub-cities, which are the second administrative units next to city administration. Bole is the largest sub-city followed by Akaki- Kality and Yeka. Addis ketema is the smallest followed by Lideta and Arada Sub-cities. The sub-cities are also divided into weredas, which are the smallest administrative unit in the city. There are 116 weredas in the city administration according to Addis Ababa BOFED 2013 Socio Economic report. The number of weredas varies based on their size of the Sub city. Here is the map of Addis Ababa sub-cities.

The research will focus on Arada sub-city; this geographical area has been chosen as there was no study done and represents the largest number of SMEs in Addis Ababa. According to CSA (2011) population projection Arada sub-city covers 9.9sq.km with the population of 225,999 of those 102,036 females

and 105, 963 males. Arada sub-city is located on the northern part of Addis Ababa administration. In Arada sub-city there are 61 small and medium manufacturing industries. Among these, the number of small industries is 28 and medium industries are 33. According to FSMMEs 2019, the small and medium manufacturing industry has created a job opportunity for 704 male, 265 female and total of 969 workers.

Table-3.1 the status of Industries

Measurement	Medium	Small	Sum
Unit	33	28	61
%	54	46	100

As it can be seen from the above table, off all the Arada sub-city industries medium industries accounts 54% which is greater than small industries this can imply to the preference of the entrepreneurs to be engaged in better enterprises which can make them more profitable. In addition to that the small industries are growing to medium industries by extending their capacity with deferent aspects.

3.3 Research Design

Research design is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it uses economical procedures. This study used descriptive and explanatory type of research; descriptive is suitable for describing the existing situation narrating facts and investigating phenomena in their natural setting. Relevant data was collected from primary and secondary data sources. Based on the primary and secondary data collected, the study described in detail and assesses the factors affecting the growth of SMEs in Arada sub-city. Secondly, the study used explanatory design, since the emphasis of this research design is on studying a situation or a problem in order to explain the relationship between variables or to test

whether one event causes another (Creswell, 2003). This method can be applied in the above case by explaining how the different factors affect the growth of SMMEs and showing their relationship. In such regard, this study identified the factors and established causal relationship between the factors and growth of SMMEs. The concern in casual analysis is how one variable affects, or is responsible for, changes in another variable. The stricter interpretation of causation is that some external factor produces a change in the dependent variable.

3.4 Research Approach

Both qualitative and quantitative approach was used as research method. According to (Hollis 1994) qualitative approach seeks to understand phenomena, this means that, the goal of qualitative research is to describe and analyse the world as it is experienced, interpreted and understood by people in the course of their everyday lives. It is often focused on a specific problem in a specific situation. The researcher also used quantitative research method where data are measures of values or counts and expressed as numbers. Quantitative data are data about numeric variables. The purpose of quantitative research in this research used to measure attributes and behaviors in an organizational research.

3.5 Population

There are 61 registered SMMEs in Arada Sub-City Administration on five different sectors textile and garment, leather and leather by products, agro processing, Construction chemicals and jewelers, Metal, wood and engineering.

Table 3.2: Arada sub-city number of registered SMMEs by sector

No. of Industries	Sector
35	Wood, metal & engineering
2	Textile & garment
9	construction input
5	Agro processing
2	Jeweler
1	soap & detergent /chemical/
7	Leather and leather byproducts

Source: Federal Small and Medium Manufacturing Industry Promotion Authority magazine January 2019.

As it can be seen from the table 57.37% of the industries are in wood, metal & engineering, which is the largest of all the sectors, 14.75 % of the industries are in construction input, 8% of the industries are in Agro processing, 3.3% of the industries in textile and garment sector and jeweler, soap and detergent sector is with the list number of industries that is 1.6 % and 11.5% is leather and leather byproducts.

From the selected industries, the population of the study consists of workers working in the SMME, which consists of general managers of each SMMEs and employees in the production area. The managers or owners of SMMEs are selected because they are predominant in the working environment of the industries. And production employees also play an important role on the production. The study used census for studying the population that is taking all the population. The census is also the only source of information on small population groups in terms of area or membership. Full-scale survey used that involves all population and is conducted with the use of owners of the SMMEs

or managers in SMMEs supplemented with a brief questionnaire filled by each respondent.

3.6 Sources of Data

The sources of data are both primary data and secondary data. The primary data collected by using standard questionnaire. The questionnaire filled by managers or owners of SMMEs and production employees. Secondary data from desk review by reviewing previous documents such as, FSMMEs annual reports, FSMMEs annual exhibition magazines.

3.7 Data Collection Instruments

The research used the following data collection instrument to collect primary and secondary data to support the research work.

- **Structured questionnaires**

Structured questionnaires were helpful to collect primary data from 61 SMMEs. A questionnaire is the main means of collecting quantitative primary data. A questionnaire enables quantitative data to be collected in a standardized way so that the data are clear and simple to present and understand. A standardized questionnaire was used to gather the research data. The information from the study participants was gathered based on their consent and reassured that the information is confidential.

- **Questionnaire Design**

The survey questionnaire prepared in both Amharic and English languages versions to reduce the impact of language barriers. This study compiled the questions from different sources. Questions prepared to assess factors affecting the growth of SMEs. Some questions in the questionnaire were adopted from Admasu (2012) and Fatoki & David (2010) and modified by researcher. The questionnaire consists of three parts. The first part comprises demographic characteristic, and profile information of the respondents and the enterprise. In

the second part, the respondents were asked to rank statements on contextual condition related to each success factor faced by the respondents. The third part consists of questions which are intended to measure factors of business success, using 5-point Likert scale anchored by strongly agree to strongly disagree.

The questionnaire was designed and lay out was kept very simple to encourage meaningful participation by respondents. The questions were as concise as possible with care taken to the actual wording and phrasing of the questions. The information from the study participants were gathered based on their consent and reassured that the information is confidential. To enhance the response rate, the questionnaire was delivered by hand to the enterprises approached and convinced to participate on this study. Some participants of this study filled up questionnaire by themselves others were assisted by the, elaborating and explaining the idea of the questions. This minimized the problems of non- response error of respondents to some questions which they considered sensitive as well as to those questions they don't understand in a way as they intended to be in the questionnaire.

- **Desk review**

Desk review was done by reviewing previous documents to gain a broad understanding of the field. Reviewing documents is the cheapest and quickest way to understand the domain. I reviewed FSMMEs document, annual FSMMEs exhibition documents published recently. I reviewed a series of in-depth interviews and group discussions, where appropriate, with selected key informants. The key informant interviews and group discussions elicited stakeholder opinions on the relevance, effectiveness, efficiency, sustainability and impact of the research domain.

3.8 Methods of Data Analysis

All hypotheses were tested with the help of the Statistical Package for Social Science (SPSS-20) software in order to analyze the data the two sets of Statistics: Descriptive and Inferential statistics were used. Descriptive statistics

summarizes and describes quantitative information in the form of frequency distribution and measures of central tendency (mean and standard deviation), whereas inferential statistics (regression) taken from this tool. During data analysis multiple regression model of ordinary least square model (OLS) was used to test for significance of differences between the observed and the expected distributions of data.

3.8.1 Variables and Measures

Dependent Variable and its Measurement

In line with earlier studies that investigated the determinants of growth, this study relies on commonly used measure of growth, which are sales growth and qualified employment growth during a specific time period are the most common indicators used. Indicators such as assets, market share, profits and output are also commonly used, however not as commonly as sales and employment. Therefore, market coverage and employment are the two most important indicators measuring firm's size and growth. Employment number is also a measure that is easily accessible, since it is an important figure for governments. Sales figures are on the other hand affected by inflation and exchange rates and it is difficult to compare sales figures between industries. That is why it is important to use multiple growth indicators to study firm growth (Davidsson et al., 2006)

Independent Variables and its Measurement

According to (Fatoki & David 2010), the independent variables were measured Access to finance, Working places, Government policy, Marketing, Entrepreneurship, Infrastructure and Internal management.

3.9 Reliability and Validity

Validity defined is the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study.

The validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to provide the information requested (Creswell, 2009). A pilot study was conducted with a sample of 20 experienced enterprise operators to refine the methodology and test a questionnaire before administering the final phase. Since all respondents were able and willing to provide the information requested and returned the questionnaire filled, the questionnaire is valid.

The reliability of instruments measures the consistency of instruments. Creswell (2009:190-192) considers the reliability of the instruments as the degree of consistency that the instruments or procedure demonstrates. In this study each statement rated on a 5-point likert response scale which includes strongly agree, agree, undecided, disagree and strongly disagree. Even if, the questionnaire was adopted from Admasu (2012) and Fatoki & David (2010) with some modification by the researcher, reliability test was conducted with a sample of 20 experienced enterprises operators and the Cronbach's alpha coefficient for the instrument was found as 0.776 which is reliable. Typically, an alpha value above 0.7 are generally considered acceptable and satisfactory, In the social sciences, acceptable range of alpha value estimates from 0.7 to 0.8 (Nunnally and Bernstein, 1994).

Reliability Statistics	
Cronbach's Alpha	N of Items
.776	61

3.10 Ethical Consideration

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent secured before the commencement of distributing questionnaires. The right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names were kept confidential thus collective names like “respondents” is used.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter presents the results of a statistical analysis of the data obtained from the respondents. The results focus on answering the research questions stated in chapter one. Therefore, general information of the business enterprises respondents as well as descriptive statistics in the growth of small and medium enterprises currently experienced in Arada sub-city administration were presented and analyzed first, followed by testing the hypotheses. Data were collected from owners, managers or any responsible persons of SMEs found in Arada sub city. Sixty-one questionnaires were distributed across the five sectors in Arada sub-city. 57 were completed and retrieved successfully, representing 93% response rate.

4.1. Demographic Profile of Respondents

Descriptive statistics in the form of frequency, mean and standard deviations are computed for the various dimensions of demographic factors of respondents and their perception on SMEs in their respective enterprises. The Demographic factors of the enterprises /respondents/ which is considered crucial for this study is presented as follows:

Table 4.1 Age and Sex of Respondents

		Age of respondent				Total	
		20-30	31-40	41-50	51 and above		
Sex of respondent	Male	8	14	8	5	35	61.4
	Female	3	10	6	3	22	38.6
Total		11	24	14	8	57	100.0
		19.3	42.1	24.6	14	100	
		work position			Total		
		Manager	Owner & manager	Sales person			
level of education	Below grade 12	8	0	2	10	17.5	
	TVET Certificate	7	12	0	19	33.3	
	Diploma	6	5	0	11	19.3	
	Bachelor degree	6	9	0	15	26.3	
	Master's degree	0	2	0	2	3.5	
Total		27	28	2	57	100	
		47.4	49.1	3.5	100		
		Frequency	Percent	Valid Percent	Cumulative Percent		
	Less than one year	4	7.0	7.0	7.0		
	1-5 years	33	57.9	57.9	64.9		
	6-10 years	17	29.8	29.8	94.7		
	More than 10 years	3	5.3	5.3	100.0		
	Total	57	100.0	100.0			

4.1.1. Sex and age category of respondents

As it is described in the introduction part the first demographic factor which will be presented is sex and age of the sampled respondents. Accordingly, as it is shown in table 4.1 majorities of the sampled enterprise representative respondents were males, which accounts 61.4 percent of the total sample; the remaining 38.6 percent of the respondents were female respondents, this implies that males take the initiative to own SMEs than females. In addition to this, with regard to the age composition of respondents, 42.1 percent of the respondents fall under the age category of 31-40 years of age followed by 41-50 years age which contains 24.6 percent of the total sampled enterprise representatives. The remaining 19.3 and 14 percent of the respondents fall in the age category of 20-30 and above 51 years of age respectively. In terms of proportion both male and female respondents are the active productive age which is between 31-40 years, although it seems dominated by male enterprise owners. The above finding implies that young population are dominant and successful in taking the risk to open the SMEs.

The findings of the descriptive statistics shows that the respondents who are involved in enterprise business had four educational qualification, below 12 grade, TVET certificate, diploma, Bachelor and master's degree; accordingly, majority of them, that is 33.3 percent of the respondents had TVET certificate, secondly, 26.3 percent of them had a bachelor degree followed by diploma holders which accounts 19.3 percent of the respondents. The last two categories are below 12 grade and master's degree holders which accounts 17.5 and 3.5 percent of the respondents respectively. The above shows that largest proportion of the respondents attended primary education, this implies that education has contribution for the success of enterprises. There were also three types of work position as the table below shows, 49.1 percent of the respondents is both owner and manager of the enterprise, 47.4 percent of them were only managers and the remaining 3.5 percent were sales persons. The statistics further shows majority of the respondents who run and own the

enterprise had a better educational qualification which might help them to run the enterprises in a better way. It is known that experience matter in every business, in line with this the maximum working experience goes to more than 10 year and the minimum one is below a year. Accordingly, 7 percent of the sampled enterprises work for not more than a year; on the other hand very majority of the sampled enterprises had a working experience up to 5 years, this category account 57.9 percent of the respondents. The remaining 29.8 and 5.3 percent of the respondents had a working experience of between 6 and 10 and more than 10 years respectively.

Table 4.4 Categories of Selected Small and Medium Enterprises in Arada sub city

		Source of Startup fund				Total	
		Personal saving	Family & friends	Loan	Credit association		
type of sector	Textile and garment	7	14	1	0	22	38.6
	Agro processing	4	2	0	1	7	12.3
	Wood and metal engineering	1	5	0	1	7	12.3
	Construction input	0	1	0	1	2	3.5
	Soap & detergent	2	0	0	0	2	3.5
	leather and leather by product	4	13	0	0	17	29.8
Total		18	35	1	3	57	100.0
		31.6	61.4	1.8	5.3	100.0	

4.1.2. Enterprise sector and their source of Start-up fund

In the small and medium enterprise sector there were forty six types of enterprises, textile and garment, agro processing, wood and metal engineering, construction input, soap and detergent and leather and leather by products. Out of the 61 questionnaires administered 6, 30, 8, 1, 12 were distributed to wood, metal & engineering, Textile & garment, agro-processing, jeweler, soap and detergent, others respectively. Out of these total enterprises 38.6 percent of them engaged on textile and garment sector followed by leather and leather by product sector which accounts 29.8 percent of the total enterprises. Further, 12.3 and 3.5 percent of the enterprises involves and makes their business on agro processing and soap and detergent sector. Likewise, the same percentage of enterprises, that is 12.3 and 3.5 percent of the enterprises engaged in wood and metal engineering and delivery of construction input respectively. These enterprises got their start up capital from different sources to establish their business; 31.6 percent of them replied that they start their business from their own personal savings, 61.4 percent of the respondents also said that they use their families and friends as a source of startup capital to start their business and lastly, the remaining, 5.3 percent of the respondents establish their enterprise through taking credit from available sources. When we see the proportionally, majority of the enterprises who engaged on textile, wood & metal and leather and leather by products found their startup capital from families and friends whereas, majority of those who engage on agro processing and soap and detergent found their startup capital from personal saving.

		Source of Startup fund				Total	
		Personal saving	Family & friends	Loan	Credit association		
type of sector	Textile and garment	7	14	1	0	22	38.6
	Agro processing	4	2	0	1	7	12.3
	Wood and metal engineering	1	5	0	1	7	12.3
	Construction input	0	1	0	1	2	3.5
	Soap & detergent	2	0	0	0	2	3.5
	leather and leather by product	4	13	0	0	17	29.8
Total		18	35	1	3	57	100.0
		31.6	61.4	1.8	5.3	100.0	

Table 4.4 Categories of Selected Small and Medium Enterprises in Arada sub city.

4.1.3. Startup capital and type of business

The enterprises had a starting capital of ranging from 10,000 to more than 50,000 birr based on the nature of the business and sector type of the enterprises. As shown in the table below majority of the enterprises start their business with a starting capital ranging from 100,001 to 500,000 birr; apparently, 38.6 percent of the sampled enterprises start their business with an initial capital of Birr less than 100,000 Birr. The remaining 15.8 percent of the enterprises start their business with an initial capital of more than 500, 000 Birr. In addition to these, the enterprises had three types of business nature, sole proprietorship, partnership and private limited company. Majority of the small

and medium enterprises establish as a partnership and sole proprietorship as replied by more than 90 percent of the respondents. The remaining 5.3 percent of the sampled enterprises established as private limited company. Comparatively sole proprietorship type business had the lowest initial capital; whereas majority of the enterprises who start their business as a partnership type had an initial capital of between 100,100 and 500,000. And almost all of the PLC type of enterprises starts their business with a high initial capital.

Table 4.5 Enterprises Startup Capital and Their Business Type

		Business type				Total	
		Sole proprietors hip	Partnership	. Private Limited company	Others		
Startup capital	Less than birr 100,000	11	10	0	1	22	38.6
	Birr100,001 to 500,000	10	14	0	0	24	42.1
	Above birr 500,000	5	2	2	0	9	15.8
	I do not know	0	0	1	1	2	3.5
Total		26	26	3	2	57	100.0
		45.6	45.6	5.3	3.5	100.0	

4.1.4. Descriptive statistics of Factors Affecting Growth of Small and Medium Enterprises

As discussed in the theoretical part of previous chapters eight anticipated factors of small and medium enterprises growth were identified such as entrepreneurial, working places, marketing, infrastructure, internal management, government policy, technological and financial Factors. The descriptive statistics of each of the factors are presented below. In the methodology part explained that every item was measured using a 5-point likert scale in order to measure the factors affecting growth of small and medium enterprises. Furthermore, according to Scott (1999) for likert scale data from 1

(Strongly Disagree) to 5 (Strongly Agree) if the sample is approximately normally distributed the interpretation should be for mean up to 2.8 is “Disagree”, mean between 2.9 and 3.2 is “Neutral”, and mean above 3.2 is “Agree” (Scott 1999). Therefore, this research employs this remark to infer and make generalization.

4.1.5. Financial Factors

The first factor which is considered in this part is financial factor, financial factor was measured from using six different perspectives; and mean was used as central tendency measurement and the items are described using their mean result. Accordingly, the first item was regarding capital shortage, the mean value of capital shortage was 3.93 with a standard deviation of 0.163; the mean value indicates that this value highly inclined to agree level which implies enterprises had high shortage of working capital. The second question was concerning adequacy of credit institutions, in this regard, the credit institution concern had a mean value of 3.79 with a standard deviation 0.359; the result of mean value fall in the category of agree level based on the above reference which revealed that credit institutions are insufficient and inaccessibility for small and medium enterprises. Not only insufficiency of credit institutions is bothering to the enterprises but also high collateral requirement, the high collateral requirement had a mean value of 3.98 with a standard deviation of 0.916, the mean value belongs to the agree level which implies enterprises are asked to provide high collateral for every accessible loan. Just in case the loan become accessible to the enterprises the high interest and complicated loan application procedure becomes the critical challenges, the high interest rate and complicated loan procedure had a mean value of 3.95 and 4.26 with a standard deviation of 0.076 and 0.094 respectively. The mean value of both indicators fall in the agree level which confirms enterprises are expected to pass complicated loan application procedure to get the loan with high interest rate. Furthermore, the grand mean for the financial factor was 4.05 with a standard deviation of 0.1285 which fall in the agree level, which indicates enterprises are

perceived the financial factor as the critical factor which constrained them in their growth process.

Table 4.6 Descriptive Response on Financial Factor

Financial Factors	Mean	Standard deviation
Shortage of working capital	3.93	0.163
Insufficient credit institutions	3.79	0.359
High collateral requirements	3.98	0.916
High interest rate	3.95	0.076
Complicated loan application procedures	4.26	0.094
Improper financial recording system	4.40	0.163
Grand mean	4.051667	0.1285

4.1.6. Working places

In every business aspect working place are the most critical factor in business success; in measuring working places four dimensions or questions were used; the first was absence of availability of working place; for the question regarding absence of their own working places the mean value was 4.05 with a standard deviation 1.260; which shows the their high level of agreement which shows the enterprises didn't have their own working place. Apparently, their current working place also is very far from the market place, this item, working place is far from the market, had a mean score of 4.04 with a standard deviation 1.362; the mean value belongs to the agree level which shows the current working place of majority of the enterprises are far from the market place which they took and sell their products. In addition to these, the enterprises are obliged to work in very small and narrow working place with very high working place; the item working narrow place and high working place rent had a mean score of 4.56 and 4.18 with a standard deviation of 0.945 and 1.325 respectively. Comparing with the reference mean value the mean value of these items fall in the agree level which implied majority of the enterprises perform

their task in a small and narrow working area with high rental price. The grand mean for working place is 4.207 with a standard deviation 1.233 which falls in the agreement level shows that enterprises are lacking of own working place. The analyses imply that for the growth of small and medium enterprises working place is important factor and they also believed that working place have significant implication for their growth.

Table 4.7 Response of Employees on Working Place

Working places	Mean	Standard deviation
Absence of own working places	4.05	1.260
Working place is far from the market	4.04	1.362
Working place is very narrow	4.56	0.945
Very high rent of working places	4.18	1.325
Grand mean	4.2075	1.223

4.1.7. Marketing Factors

The other important factor for the growth of small and medium enterprises was marketing factor; in order to measure the marketing factor five questions were used. The first two items were insufficient market coverage & market chain for your product and lack of adequate and reliable market information; these two items had a mean score of 3.49 and 3.93 with a standard deviation of 1.465 and 1.361 respectively. The mean values belong to the agree level which implied the small and medium enterprises not only are not getting adequate and reliable market information but also, they had insufficient market coverage & market chain for their product. The other two perspectives which had a mean value of 4.53 and 4.40 were lack of product & service advertising and enterprise is unable to predict market demand with a standard deviation of 0.889 and 1.033. The results of the mean value fall in agree level which implies the small and

medium scale enterprises are unable to predict their market demand and they had a problem of advertising the products and services. The marketing factor had a mean value of 4.12 with a standard deviation of 1.1708 which shows small and medium enterprises had a problem of marketing. All of the analysis together with the grand mean insight that small and medium enterprises are constrained by marketing problem; this might pull back the growth of small and medium enterprises since the enterprises didn't get market access for their products.

Table 4.8 Tabular Description of Marketing Factor

Marketing Factors	Mean	Standard deviation
Insufficient market coverage & market chain for your product	3.49	1.465
Lack of adequate and reliable market information	3.93	1.361
Lack of customer handling	4.25	1.106
Lack of product & service advertising	4.53	0.889
Enterprise is unable to predict market demand	4.40	1.033
Grand mean	4.12	1.1708

4.1.8. Infrastructure Factors

Five items were employed to evaluate infrastructure factors; as we can see all of the items such as poor water supply, poor Electricity, poor telecommunication, lack of quick and insufficient, transportation services and lack of appropriate wastage screening & filtering system had a mean value of greater than 4. If the mean value is greater than 4 means the value is at agree level. Accordingly, in the place where the enterprises working there are in poor water, telecommunication and electricity supply. Apparently, their mean

score also confirmed that there is lack of adequate transportation services as well as appropriate wastage screening & filtering System. Individually, Poor water supply had a mean value of 4.02, poor electricity had 4.58, poor communication 4.09 inadequate transportation 4.09 and Lack of appropriate wastage screening & filtering system had a mean value of 4.04. The grand mean of infrastructure factor were 4.16 with a standard deviation 1.2912; the grand mean also reflects infrastructural problems are challenging the small and medium enterprises at selected areas. The grand mean as well as the other mean also implied that small and medium enterprises are constrained by infrastructural facilities.

Table 4.9 Tabular Description of Infrastructure Factor

Infrastructure Factors	Mean	Standard deviation
Poor water supply	4.02	1.470
Poor Electricity	4.58	0.865
Poor telecommunication	4.09	1.405
Lack of quick and insufficient transportation services	4.11	1.277
Lack of appropriate wastage screening & filtering System	4.04	1.439
Grand mean	4.168	1.2912

4.1.9. Internal management factors

The internal management factor under this context concerns organizational structure, technical training, communication, strategic planning, and employee's skill, division of labor, and job specialization and team spirit. Weak organization structure had a mean score of 3.86 with a standard deviation 1.202; the mean value fall in the range of agree level based on the reference

measurement which confirms the small and medium got weak organization structure. Lack of technical training had also a mean score of 4.12 with a standard deviation 1.070; the results of the mean value indicate that the enterprises are lacking technical trainings. Apparently, lack of strategic planning and Lack of organized & effective communication had a mean score of 3.86 and 3.91 with a standard deviation 1.342 and 1.074 respectively. The mean results fall in agree level which replies the enterprises lacks effective communication as well as lack good strategic planning. The grand mean of internal management of 3.922 indicates that like other considerable factors the factor internal management also challenging the enterprises. The finding implies internal management factor also other important factor which can contribute for the success of small and medium enterprises. If enterprises work more on their internal management their growth might also be go higher in a better rate.

Table 4.10 Internal Management Factor

Internal management factors	Mean	Standard deviation
Weak organizational structure	3.86	1.202
Lack of technical training	4.12	1.070
Lack of organized & effective communication	3.91	1.074
Lack of qualified and highly skilled employees, division of labor, job specialization and team spirit among workers.	3.86	1.369
Lack of strategic planning	3.86	1.342
Grand mean	3.922	1.2114

4.1.10. Government policy Factors

The government policy factor refers bureaucracy in registration licensing, government support, political and administrative intervention, information related to government rules and regulation, tax rate & corruption. Existence of bureaucracy in enterprise registration and licensing had a mean score of 3.88 with a standard deviation of 1.240; the mean score is in the range of agreement level which implied the enterprises are facing high bureaucracy in registration and licensing. Lack of government support had a mean score of 3.86 with a standard deviation 1.342, the results of the mean score fall in agree level which reflects the small and medium scale enterprises were not getting government support. Unnecessary political and administrative intervention had a mean value of 3.88 with a standard deviation 1.337; the mean result of this item belongs to the agree level based on the reference we put initially; falling in the agree level indicates the small and medium enterprise were challenging from the unnecessary political and administrative intervention. Furthermore, lack of accessible information related to government rules and regulation, high tax rate & other tariff and corruption had a mean score of 4.51, 4.42 and 3.56 with a standard deviation 1.071, 0.865 and 1.524 respectively. Apart from different factors government bureaucracy also had considerable contribution for the success of small and medium enterprises; however, the current scenario of government bureaucracy is one of the obstacles which pull back the growth of small and medium enterprises.

Table 4.11 Government Policy Factor

Government policy Factors	Mean	Standard deviation
Bureaucracy in enterprise registration and licensing	3.88	1.240
Lack of government support	3.86	1.342
Unnecessary political and administrative intervention	3.88	1.337
Lack of accessible information related to government rules and regulation	4.51	1.071
High tax rate & other tariff	4.42	0.865
Because of corruption	3.56	1.524
Grand mean	4.018333	1.229833

4.1.11 Technological factors

In the current world technology matters in most types of businesses, in line with this, in order to measure the technological factor four different items were employed such as availability of appropriate working machineries, equipment and other technology, availability of company website, skilled employees to handle technology and online service. As described earlier mean was used as a measure of central tendency; accordingly, lack of appropriate working machineries, equipment and other technology in the enterprise had a mean score of 4.42 with a standard deviation 0.944; meaning that the enterprises are suffering from lack of appropriate working machineries, equipment and other technology in the enterprise. Lack of skilled employees to handle technology had a mean result of 3.42 with a standard deviation of 1.679. Absence of company website and lack of online service also the other items which had a mean score of 4.49 and 4.49 with a standard deviation of 0.889 and 0.848; the results of both of the mean value fall in the agree level indicating that the enterprises lack using web and internet technologies. The grand mean also read on 4.020 with a standard deviation of 1.009. Based on the mean and grand

mean the analysis implied that apart from other related factor technology is another factor of growth for small and medium enterprises, therefore, through continues trainings small and medium enterprises should be equipped with technology knowledge.

Table 4.12 Technological Factor

Technological factors	Mean	Standard deviation
Lack of appropriate working machineries, equipment and other technology in the enterprise	4.42	0.944
Lack of skilled employees to handle technology.	3.42	1.679
Absence of company website	4.49	0.889
Lack of online service	4.49	0.848
Grand mean	4.205	1.09

4.1.11. Entrepreneurial factors

Entrepreneurial factor evaluated using eight different items such as motivation and tolerance, persistence and courage, initiative to assess one's strengths and weakness, educational background, gender, age, business exposure and human resource capacity. Entrepreneurs have lack of motivation, tolerance, and drive to work hard; this item had a mean score and standard deviation of 3.00 and 1.680 respectively. As observed in the table below except the first item all of the questions mean score fall in the agree level and it implies entrepreneurs lack persistence and courage to take responsibility of one's failure, entrepreneurs absence of initiative to assess one's strengths and weakness and the low levels of educational background of entrepreneurs' have challenge on their business. Apparently, the mean statistics also infer that entrepreneurs' gender and age affects performance, they lack business exposure prior to the establishment of the enterprise and their low human resource capacity have major challenge in

their business. The entrepreneurial factor had a grand mean score of 3.96125 with a standard deviation of 1.104375; this implies the entrepreneurial factor is another considerable factor that constrained the enterprises. The analysis implied that small scale enterprises are basically challenged by entrepreneurial factor meaning that the enterprises should work on this factor to keep their growth.

Table 4.13 Entrepreneurial Factor

Entrepreneurial factors	Mean	Standard deviation
Entrepreneurs have lack of motivation, tolerance, work hard.	3.00	1.680
Entrepreneurs lack persistence and courage to take responsibility of one's failure	3.53	1.571
Entrepreneurs absence of initiative to assess one's strengths and weakness	4.33	1.041
The low levels of educational background of entrepreneurs' have challenge on my business.	3.46	1.477
Entrepreneurs' gender affects performance	4.68	0.659
Entrepreneurs' age affects performance	4.37	0.698
Entrepreneurs lack business exposure prior to the establishment of the enterprise	3.86	1.109
Law human resource capacity have major challenge in my business	4.46	0.600
Grand mean	3.96125	1.104375

4.1.12. General Growth factors

In order to measure the growth level of small and medium level enterprises from the owners and employee's perspective seven items were employed. Accordingly, the item which said the enterprise do not have profit from time to time had a mean score of 2.93 with a standard deviation of 1.307; the mean

score fall in the neutral level, which indirectly means neither agree nor disagree; that is it is inconclusive for the enterprises to determine whether the enterprises are generating profit or not. The other item which had a mean score of 1.61 and 1.37 is number of employees within the enterprise did not increase from time to time and the enterprise has created full capacity to transform from small to medium or medium to large with a standard deviation 0.675 and 0.587 respectively. The mean result of each item is on the range of disagree level that mean the employees of established small and medium enterprises are at its increasing as well as they created full capacity to transform from small to medium or medium to large. Furthermore, there are not enough materials and equipment within in the enterprise and the enterprise has less capability to reduce risk related to inflation; these two issues had a mean value of 4.60 and 4.35 with a standard deviation 0.678 and 0.790; the results of mean statistics indicates that small and medium enterprises didn't have enough materials and equipment within and has less capability to reduce risk related to inflation. Apart from these, small and medium enterprises couldn't create more market coverage; this item had a mean score of 3.37 with a standard deviation of 1.205, implying that small and medium enterprises got difficulty to cover wider market area. The grand mean summary of growth was 3.022 with a standard deviation of 0.95957. The general growth factor implied that although the growth of small and medium enterprises is constrained by different factors; however, they are still showing a progress in their growth.

Table 4.14 General Growth Factor

General Growth factors	Mean	Standard deviation
The enterprise does not have profit from time to time	2.93	1.307
Number of employees within the enterprise did not increases from time to time	1.61	0.675
There are no enough materials and equipment within in the enterprise	4.60	0.678
The enterprise hasn't created full capacity to transform from small to medium or medium to large	1.37	0.587
There are no qualified and highly skilled employees within the enterprise	2.93	1.412
The enterprise doesn't create more market coverage	3.37	1.205
The enterprise has less capability to reduce risk related to inflation	4.35	0.790
Grand mean	3.02285	0.950571

4.2. Regression analysis

In the methodology part it is clearly explained that the growth of small and medium enterprises would be estimated using the classical linear regression model, specifically, ordinary least square. Therefore, as explained theoretically at least some assumption tests should be performed to run the regression such as heteroscedasticity, multicollinearity, normality and linearity. Accordingly, the test of each of the assumption would be discussed primarily followed by the main regression analysis

4.2.1. Multicollinearity test Analysis

Different literature sources explained that when there is a linear relationship between independent or explanatory variables it is said that there is Multicollinearity problem among the explanatory in the regression model. Among the type of tests for the purpose of this research variance inflation factor (VIF) method is used to test the problem of multicollinearity; according to this method the benchmark number is 10 if there is any variable whose VIF is greater than 10, it can be assumed that the regression coefficients are poorly

estimated due to multicollinearity which should be handled accordingly. If multicollinearity is a problem in a multiple model, that is, the variance inflation factor for predictor is near or above 5. the solution may be simply to remove highly correlated predictors from the model. Accordingly, as we can see in the first table below two variables infrastructure and technology had a VIF value of greater than 10.

Table 4.15 Multicollinearity test with the multicollinearity problem

Variable	VIF	1/VIF
Internal	1.53	0.653769
Infrastructure	11.48	0.673447
Entrepreneurial	1.33	0.752000
Marketing	1.26	0.794985
Technology	11.20	0.830281
Policy	1.20	0.835757
Financial	1.17	0.854742
Working Place	1.09	0.918416
Mean VIF	3.36	

Following the existence of the multicollinearity (very high correlation) which is problematic, among many the best remedial action is to avoid the problem by removing the variables from the regression model in order to avoid the problem of multicollinearity; therefore, the researcher removed two independent variables from the regression model such as infrastructure and technology. Accordingly, as it is seen in the table below after the two variables is removed from the regression model the VIF values of all of the variables become below 10.

Table 4.16 Multicollinearity test after the multicollinearity

Variable	VIF	1/VIF
Internal management	1.26	0.790888
Marketing	1.20	0.831694
Policy	1.13	0.886282
Entrepreneurial	1.12	0.891946
Financial	1.12	0.893724
Working place	1.08	0.928671
Mean VIF	1.15	

4.2.2. Heteroskedasticity Test Analysis

Breusch-Pagan test was used to test heteroskedasticity; this assumption states that the variance of the estimated parameters and to confirm the error terms is distributed equally. The interpretation of Breusch-Pagan test is done if the P values are less than 0.05 we reject the null hypothesis and accept alternative hypothesis. Accordingly, as we can see below from the table the p value is not less than 0.05 which indicate the data is free from the problem of heteroskedasticity.

Table 4.17 Heteroskedasticity Test

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of Growth
chi2(1) = 0.77
Prob > chi2 = 0.3793

4.2.3. Normality test analysis

The assumptions of normality states that the error or residuals should be normally distributed; In order to perform normality test there are different ways testing the assumptions, however for the purpose of this study histogram test was performed, and hence as shown in the histogram below the residuals are normally distributed

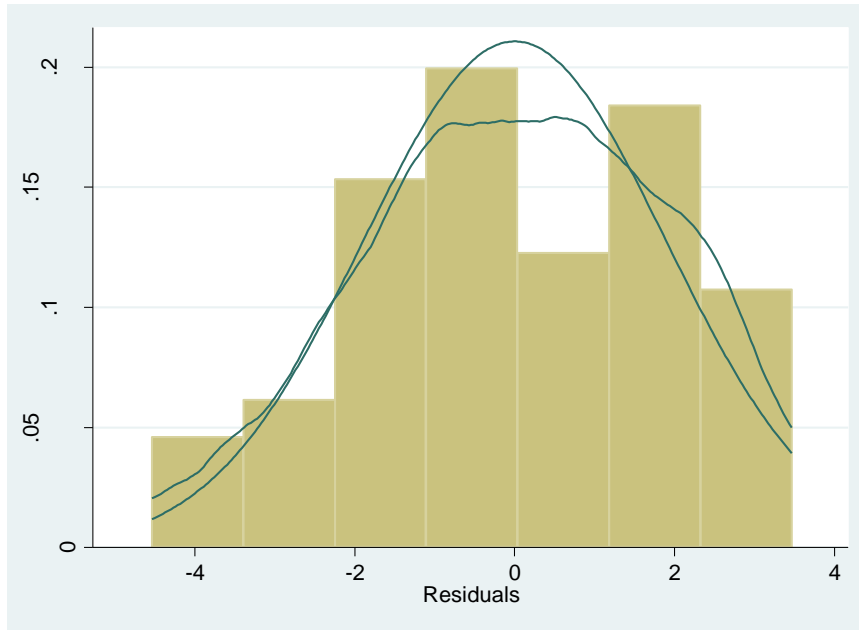
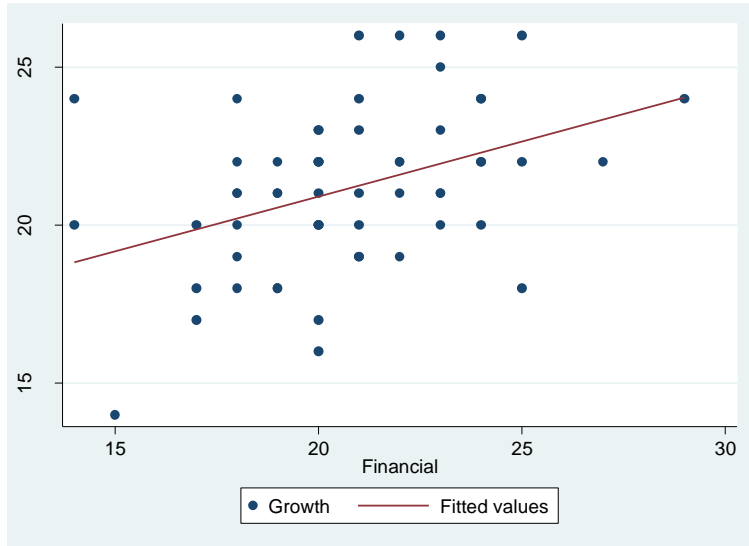


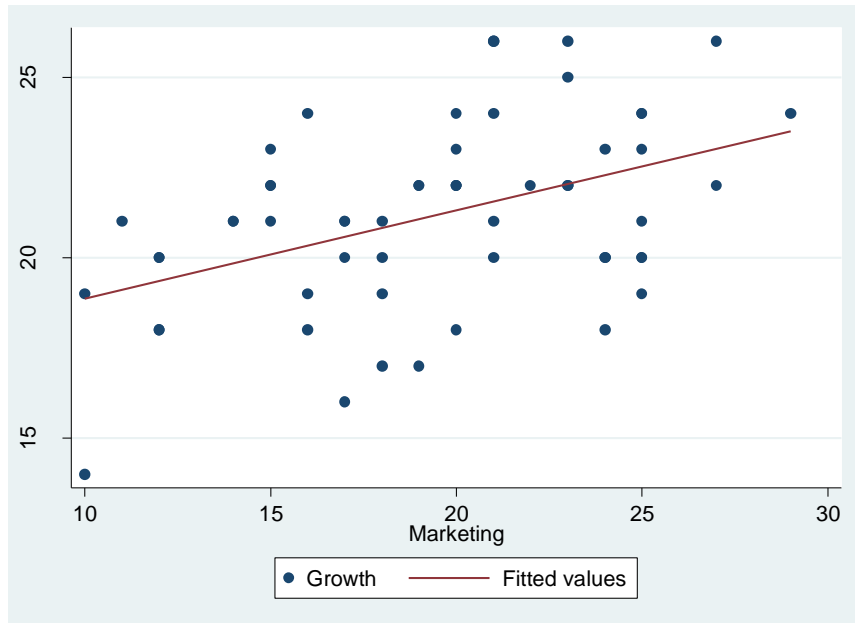
Figure 4.1 histogram test of normality

4.2.4. Linearity test analysis

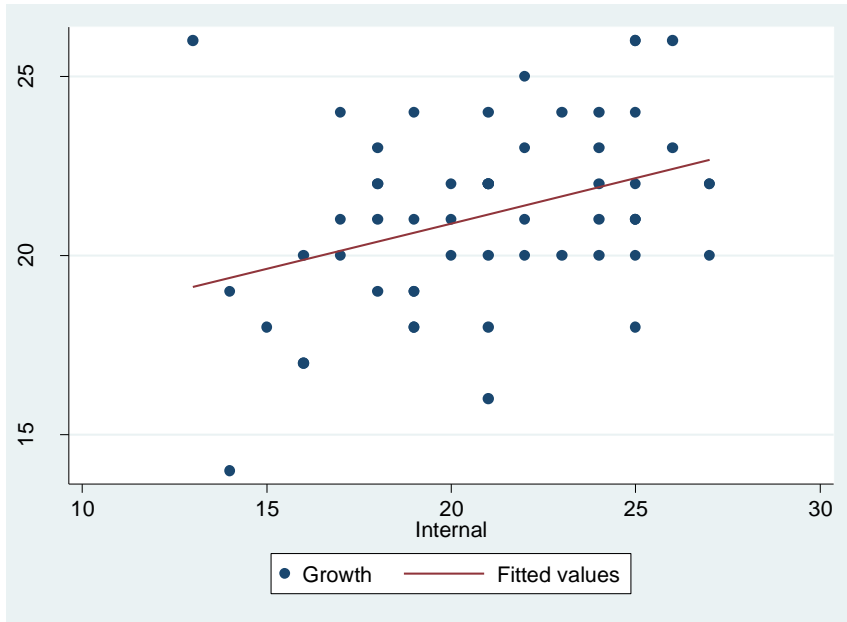
The assumption of linearity says the dependent and each independent variable should have a linear relationship. Therefore, scatter plot technique was employed to test the linearity assumption and as shown in the graph below the assumptions are fulfilled.



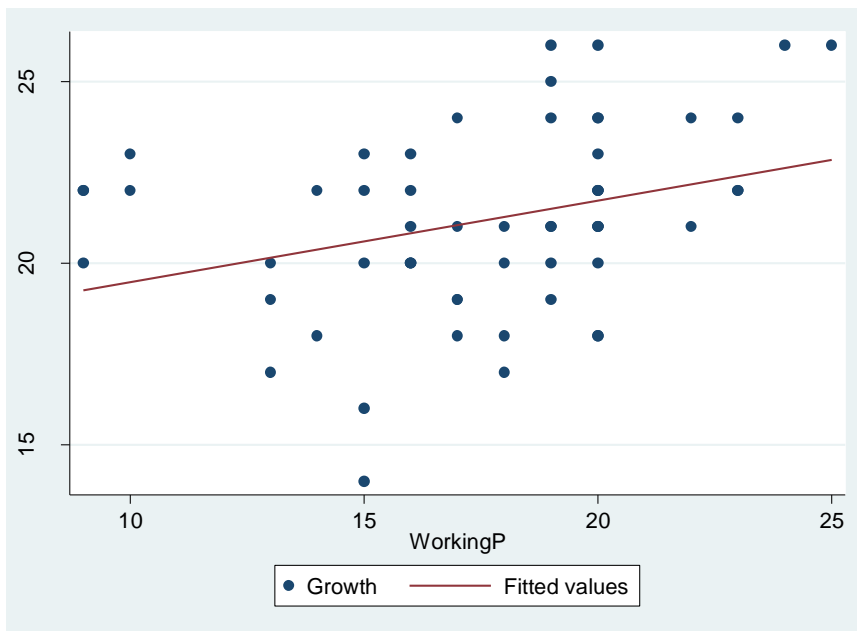
Growth VS financial factor



Growth VS Marketing factor



Growth VS Internal factor



Growth VS Work place factor

4.2.5. Regression analysis result

As shown in the previous sub topic all of the assumption was fulfilled except Multicollinearity, therefore in order to avoid the problem two of the variables were removed from the regression model and small and medium enterprise growth were estimated with six explanatory variables only. As shown in the Model summary and ANOVA table below the coefficient of determination (R^2) for the model is 0.721 ($F= 7.102, p < 0.001$) showing that the model explained 72.1% of the variation in the growth of small and medium enterprises and the overall model is statistically significant.

Table 4.18 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.849 ^a	.721	.695	2.003

a. Predictors: (Constant), Internal, Working Place, Entrepreneurial, Financial, Policy, Marketing

Table 4.19 ANOVA^a output

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	170.968	6	28.495	7.102	.000 ^b
	Residual	200.611	50	4.012		
	Total	371.579	56			

a. Dependent Variable: Growth

b. Predictors: (Constant), Internal, Working Place, Entrepreneurial, Financial, Policy, Marketing

The results of the econometric model estimation revealed that, financial factor, marketing factor, working place factor and entrepreneurial factor were found to contribute significantly and positively to the growth of small and medium enterprises. In contrast, policy and internal management factor didn't show any significant association with the growth of small and medium enterprises.

Looking in to the individual variable analysis; the first random variable which had a significant effect on the growth of small and medium enterprises is financial factor. The variable financial factor had a significant and positive relationship with the growth of small and medium enterprises at 5 percent level of significant. Considering the coefficient this variable as the goodness of financial factor increases by one percent small and medium size enterprises grow by .196 percent. This indicates as the financial related issues such as working capital, financial recoding system and etc. becomes good for the enterprises they will respond positively in their growth.

Marketing factor also had significant effect on the growth of small and medium size enterprises. The variable marketing factor had a significant and positive effect on the growth of small and medium size enterprises at 5% level of significance; the coefficients of this variable shows that as the marketing factor increased by one percent the small and medium enterprises also grow by .161 percent. The analysis implied as the marketing factors including more market coverage, good market prediction and good market information become good and more effective the small and medium size enterprises also shows a positive change.

The other variable which had a significant effect on the growth of small and medium size enterprises is the Working Place factor. the variable leadership working place had significant and positive effect on the growth of small and medium size enterprises at 5% significance level; as shown in the estimation table the coefficient of this variable is .205, this indicates as the working place factor increases by one percent small and medium size enterprises also grow by 0.205 percent; this implied as the enterprises had good working place, near to the market with low rental price their growth rate becomes more swift and fast.

The last variable which had significant effect on the growth of small and medium enterprises was Entrepreneurial factor; the variable Entrepreneurial factor had significant and positive effect on the growth of small and medium

size enterprises at 5% level of significance. The coefficient of this variable is .107; the coefficient of this variable indicated that as the entrepreneurial factor increases by one percent the small and medium scale enterprises grow by 0.107 percent. As the enterprise owners or employees had good and increasing entrepreneurial factor such as tolerance, persistence, courage, initiative and business exposure their enterprise also grows in line with those important factors.

Table 4.20 Regression Output and Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.825	2.719		1.775	.082
Access to finance	.196	.095	.226	2.052	.045
Marketing	.161	.062	.296	2.602	.012
Working Place	.205	.074	.298	2.763	.008
Government Policy	.004	.061	.008	.070	.945
Entrepreneurial	.107	.053	.223	2.026	.048
Internal Management	.114	.082	.163	1.393	.170

a. Dependent Variable: Growth

Table 4.21 Hypothesis Test

Variable	Unstandardized Coefficients (B)	Sig
Access to finance	.196	.045
Marketing	.161	.012
Working Place	.205	.008
Government Policy	.004	0.945
Entrepreneurial	.107	.048
Internal Management	.114	.170

Hypothesis Test

Based on the regression analysis of the above model, access to finance has a positive and significant effect on growth ($\beta = 0.129$, $p < 0.05$). Hence, the null hypothesis was rejected and the alternative hypothesis which states as there is a positive effect of access to finance on business growth in SME was accepted. This implies that Shortage of working capital, insufficient credit institutions, high collateral requirements, high interest rate, complicated loan application procedures, improper financial recording system has negative influence on growth.

Based on the regression analysis of the above model, the working place also has a positive and significant effect on growth ($\beta = 0.205$, $P < 0.05$). Hence the null hypothesis was rejected and alternative hypothesis which states as there is a positive effect of working places on business growth in SMEs was accepted. This implies that absence of own working place, working place is far from the market, working place is very narrow, very high rent of working places has high influence on growth.

In the regression analysis of the above model, government policy has insignificant effect on growth ($\beta = 0.004$, $P > 0.05$). Hence the null hypothesis

is accepted and alternative hypothesis was rejected. This implies that bureaucracy in enterprise registration and licensing, lack of government support, unnecessary political and administrative intervention, lack of accessible information related to government rules and regulation, high tax rate & other tariff, cause of corruption has insignificant influence on growth.

There is also a significant effect of marketing factors on growth ($\beta = 161$, $p < 0.05$). Hence, the null hypothesis is rejected and the alternative hypothesis which states that there is a positive effect of marketing factors on business growth in SMEs was accepted. This indicates that marketing has a positive influence on growth. In the regression analysis of the above model, entrepreneurship has positive and significant effect or correlation with ($\beta = 0.106$, $p < 0.05$). Hence, hypothesis 6 was accepted. This implies that lack of business skills, lack of entrepreneurship training, lack of tolerance & commitment to change and risk averters has a negative influence on growth.

Furthermore, there is also an insignificant effect of internal management on growth of SMEs ($\beta = 0.114$, $P > 0.05$). Hence, the null hypothesis which states that internal management does not have significant effect on the growth of SMEs was accepted. and the alternative hypothesis which states internal management has significant effect on business growth was rejected.

The hypothesis 3 was rejected since the P value was greater than 0.05 which is insignificant this implies that bureaucracy in enterprise registration and licensing, lack of government support, unnecessary political and administrative intervention, lack of accessible information related to government rules and regulation, high tax rate and others doesn't affect the growth of SMEs.

On the other hand, hypothesis 7 was rejected since the p value of the variable internal management is greater than .05 which is insignificant this implies that weak organizational structure, lack of trainings, lack of organized and

effective communication and lack of strategic planning doesn't affect the growth of SMEs.

4.2 Pearson Correlation Test

Correlation determines whether and how strong pairs of variables are related. The correlation analysis can lead to greater understanding of the data. To know whether there is a correlation between the variables and what the level of the linear relationship between the variables, the Pearson's correlation coefficient was examined. This coefficient indicates the direction and the strength of a linear relationship between two variables. The Pearson's correlation coefficient (r) can vary from -1 to +1. The larger the value implies the stronger the relationship. A coefficient of +1 indicates a perfect positive relationship and a coefficient of -1 indicates a perfect negative relationship. 0 indicates that there is no linear relationship between the variables (Field, 2009). According to Eachron (1982) the values for interpretation are indicated in the table.

Table 4.9: Direction and magnitude of correlation

S/No.	Direction		Magnitude
	Positive	Negative	
1	0.00 to 0.20	-0.00 to -0.20	Very weak or very low
2	0.20 to 0.40	-0.20 to -0.40	Weak or low
3	0.40 to 0.60	-0.40 to -0.60	Moderate
4	0.60 to 0.80	-0.60 to -0.80	Strong or high
5	0.80 to 1.0	-0.80 to -1.0	Very high or very strong

	Financial	Marketing	Working	Infrastructure	Management	Government	Technological	Entrepreneurial	Growth
Financial	1								
Marketing	.423**	1							
Working	.451**	.357**	1						
Infrastructure	-.049	.367**	.242	1					
Management	.362**	.236	.358**	.147	1				
Government	-.185	.082	.135	.031	.392**	1			
Technological	-.092	.047	.236	.179	.324*	.019	1		
Entrepreneurial	.197	-.096	.021	.171	.052	-.106	.312*	1	
Growth	-.23	.123	-.26	.98	-.14	.68	.100	.81	1

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

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

Source: Own Survey data (2020)

Relationship between financial factor and growth of SMEs

As presented in the above table 4.2.4, there is a negative weak relationship between financial factor and growth of SMEs. ($r = -0.23$, $P < 0.05$).

Relationship between marketing factor and growth of SMEs.

As presented in the above table 4.2.4, there is a positive very weak relationship between marketing factor and growth. ($r = 0.123$, $P < 0.05$).

Relationship between working place factor and growth of SMEs.

As presented in the above table 4.2.4, there is a negative very weak relationship between working place factor and growth of SMEs. ($r = -0.26$, $P < 0.05$).

Relationship between government policy and growth of SMEs.

As presented in the above table 4.2.4, there is a positive moderate relationship between government policy and growth of SMEs. ($r = 0.68$, $P < 0.05$).

Relationship between infrastructure and growth of SMEs.

As presented in the above table 4.2.4, there is a negative very strong relationship between infrastructure and growth of SMEs. ($r = -0.98$, $P < 0.05$).

Relationship between internal management and growth of SMEs.

As presented in the above table 4.2.4, there is a negative very weak relationship between internal management and growth of SMEs. ($r = -0.14$, $P < 0.05$).

Relationship between technology and growth of SMEs.

As presented in the above table 4.2.4, there is a positive very weak relationship between technology and growth of SMEs. ($r = 0.1$, $P < 0.05$).

Relationship between Entrepreneurial factor and growth of SMEs.

As presented in the above table 4.2.4, there is a positive very strong relationship between entrepreneurial factor and growth of SMEs. ($r = 0.81$, $P < 0.05$).

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATION

1.1. Summary of the main findings

This study was carried out in pursuit of addressing identifying and assessing different factors affecting the growth of small and medium manufacturing enterprise in Arada Sub-city. Specifically, the intention of the study was to determine financial constraints, inadequate working premises, marketing factors government policies, infrastructure, entrepreneurship, internal management technological factors affect the growth of small and medium enterprises and to examine to what extent these factors determine the growth of small and medium enterprises. The research identified 61 small and medium enterprises where data were collected from 57 of them who engage on textile, agro-processing, soap and detergent and leather byproduct. As a design the research employed explanatory research design and data were collected using structured questionnaires.

The result of the research denoted that the majority i.e. 61.4% of the SMEs were owned by males, most (42.1%) of the participants were between the age 31-40 (who can fall under the youth age category), more than 33.3% of the respondents attended at least primary level education.

The findings of the study show majority of the enterprises start their business from their own personal savings where they start their business type as sole proprietorship and partnership. The descriptive statistics further shows that the small and medium enterprises are challenged by different factors most importantly by financial such as lack of working capital, absence of working place, insufficient market coverage & market chain for the product and service they produce, lack of technical training, high government bureaucracy and etc.

The findings of the study further revealed that the growth of small and medium enterprises determined by financial, marketing, working place and entrepreneurial factors, the more of these factors become good the more will be

the growth of the small and medium enterprises. This implies the identified factors constrained the growth of the small and medium enterprises at in Arada sub city of Addis Ababa area.

The result of correlation matrix showed that there is a negative and weak relationship between financial factor and growth. The relationship between marketing factor and growth is a positive and very weak relationship. There is a negative very weak relationship between working place factor and growth. There is a positive moderate relationship between government policy and growth. There is a negative very strong relationship between infrastructure and growth. There is a negative very weak relationship between internal management and growth. There is a positive very weak relationship between technology and growth of SMEs. There is a positive very strong relationship between entrepreneurial factor and growth of SMEs.

5.2 Conclusion

Since the findings of the result showed the variable financial factor had a significant and positive relationship with the growth of small and medium enterprises at 5 % level of significant. Considering the coefficient this variable as the goodness of financial factor increases by one percent small and medium size enterprises grow by .196 percent. This indicates as the financial related issues such as working capital, financial recoding system and etc. becomes good for the enterprises they will respond positively in their growth.

Similarly, the variable marketing factor had a significant and positive effect on the growth of small and medium size enterprises at 5% level of significance; the coefficients of this variable shows that as the marketing factor increased by one percent the small and medium enterprises also grow by .161 percent. The analysis implied as the marketing factors including more market coverage, good market prediction and good market information become good and more effective the small and medium size enterprises also shows a positive change.

The variable leadership working place had significant and positive effect on the growth of small and medium size enterprises at 5% significance level; as shown in the estimation table the coefficient of this variable is .205, this indicates as the working place factor increases by one percent small and medium size enterprises also grow by 0.205 percent; this implied as the enterprises had good working place, near to the market with low rental price their growth rate becomes more swift and fast.

The variable Entrepreneurial factor had significant and positive effect on the growth of small and medium size enterprises at 5% level of significance. The coefficient of this variable is .107; the coefficient of this variable indicated that as the entrepreneurial factor increases by one percent the small and medium scale enterprises grow by 0.107 percent. As the enterprise owners or employees had good and increasing entrepreneurial factor such as tolerance, persistence, courage, initiative and business exposure their enterprise also grows in line with those important factors.

Furthermore, there is also an insignificant relationship between internal management and growth of SMEs ($\beta = 0.114$, $P > 0.05$). Hence, internal management does not have significant relationship with the growth of SMEs.

Similarly, there is also an insignificant relationship between government policy and growth of SMEs ($\beta = .004$, $P > 0.05$). Hence, government policy doesn't have significant relationship with the growth of SMEs.

Apparently, Access to finance, marketing, working Place and entrepreneurial factors had significant contribution to increase the growth of small and medium enterprises in Arada sub-city of Addis Ababa; however, government policy and internal management showed an insignificant effect on the growth of small and medium enterprises.

The result of correlation matrix implied that financial factor has inverse relation with the growth of SMEs, the marketing factor has direct relation with growth of SMEs. Working place factor has inverse relation with growth of SMEs,

government policy has direct relation with growth of SMEs. Infrastructure factor has direct relation with growth of SMEs. There is inverse relation between internal management and growth of SMEs. An entrepreneurial factor has direct relation with growth of SMEs.

5.3 Recommendation

Suggestions for corrective and complementary measures to enhance the potential growth of SMEs are essential. Such recommendations demand an in-depth analysis of the influence of different factors regarding the sector. Based on the findings and conclusions of the study, the following recommendations are forwarded.

- ❖ Access to finance has a positive and significant effect on growth. In order to facilitate access to credit for SMEs, banks and MFIs need to allocate a certain portion of their loanable funds for SME entrepreneurs. This has to be supported by special lending and repayment arrangements. Thus, in order to address the problem of credits, financial institutions, the Federal and Regional Governments, donors, NGOs can assist in creating lines of credit and special windows for assisting growth-oriented. The government should arrange and give equipment's, machines and other necessary materials through lease in which SMEs can cover the payment during the operations to reduce doubt of getting back payments for the borrowed finance.
- ❖ As working places is a major factor for growth of SMEs, the government should organize/make SMEs an industry village in suitable location by constructing sheds and other common basic requirements, arranging common facilities and encourage private investors to engage in these premises constructions by providing certain incentives for private investors like tax relief and availing of lease-free land.

- ❖ Marketing factors are frequently indicated as the explanatory factor for most problems faced by the studied SMEs. Therefore, it is necessary to solve this deep-rooted problem. Some of the ways of doing so can be:
 - o By Preparing trade exhibition and bazaar.
 - o By offering training on how to attract new customers and retain the existing customers.
 - o By providing selling and display places in areas close to working area.
 - o Linking the SMEs with other private contractors working within or around sub - city, so that the operators are able to secure market opportunity.
 - o Changing the perception of the general public through extensive awareness creation mechanisms, since private individuals are envisaged to be the main buyers of the products manufactured by SMEs in the long run.
 - o Allowing those SMEs located and operating to participate in biddings opened in other sub -cities.
- ❖ Entrepreneurship has significant effect. So, to make SMEs competitive and profitable, increasing the capacity and skill of the operators, Investigating different factors based on the right information are vital for growth of any business enterprises. This can be achieved by conducting more researches in related areas. The focus for this study was on the manufacturing sectors particularly in (wood and metal work), trade (retailer and raw material supply), urban agriculture (livestock rearing), service (internet cafe and decoration) and construction (sub-contracting and cobble stone). It is the researcher's view that future research could therefore investigate the other sectors that are uncovered and come up with specific findings which will potentially contribute a lot in the development of the country.

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APPENDIX

Questionnaire

**ST. MARY'S UNIVERSITY
COLLEGE OF BUSINESS AND
ECONOMICS DEPARTMENT
OF GENERAL MBA
PROGRAM**

**Small and Medium Enterprises
(SME's) survey questionnaire Section
1: Introduction**

Dear respondent,

This thesis is titled “**Factors affecting the growth of small and medium enterprises in Arada sub-city administration**”. The examiner is Eden Tamiru who is currently a General MBA student at St. Mary's University. The examiner seeks to gather relevant information using census from SMEs in Arada sub- city administration, to examine the determinants of growth of SMEs.

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

Sincerely,

Eden Tamiru

For further information, please contact Eden Tamiru by the following address:

Tel.: +251 913182856 Email:kidanmehret0@gmail.com

Section 2: General information of the respondent and business enterprises

Instructions

- ❖ No need of writing your name
- ❖ For multiple choice questions indicate your answers with a check mark (√) in the appropriate box.

1. Age

1. 20-30

3. 41-50

2. 31-40

4. 51 and above

2. Sex?

1. Male

2. Female

3. What is your level of education?

1. Below grade 12

2. TVET Certificate

3. Diploma

4. Bachelor degree

5. Master's degree

6. PHD

4. What is your current position in the company?

1. Manager

2. Owner & manager

3. Sales person

- 4. Machine operator
- 5. Store keeper
- 6. Accountant
- 7. Others

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

- 1. Less than one year
- 2. 1-5 years
- 3. 6-10 years
- 4. More than 10
years

6. What is your main business activity?

- 1. Textile and garment
- 2. Agro processing
- 3. Wood and metal engineering
- 4. Construction input
- 5. Jeweler
- 6. Soap & detergent
- 7. Leather and leather by products

7. How do you raise funds to start-up your business?

- 1. Personal saving
- 2. Family & friends
- 3. Loan
- 4. Credit association

- 5. NGOs
- 6. Others

8. What is your business type?

- 1. Sole proprietorship
- 2. Partnership
- 3. Private limited company
- 4. Others

9. What was your startup capital?


- 1. Less than birr 100,000
- 2. Birr100,001 to 500,000
- 3. Above birr 500,000
- 4. I do not know

10. What is the current capital of your business?

- 1. 100,000 - 500,000
- 2. 500,001 to 1,000,000
- 3. 1,000,001- 1, 500, 000
- 4. More than 1, 500, 000

Section 3: Factors affecting the growth of small and medium enterprises

The major factors that affect **the growth of business in SMEs** are listed below. Please indicate the degree to which these **factors are affecting the growth of your business enterprise**. After you read each of the factors, evaluate them in relation to

your business and select your appropriate answer and then /circle/  under the choices below. Where,

1= strongly disagree

2= disagree

3= I can't to decide

4= agree

5= strongly agree

Part one; - Internal Factors of SMEs

11. Please indicate the degree to which you agree with the following statements regarding financial factors.

No.	Financial Factors	Please circle your answer!				
		1	2	3	4	5
11.1	Shortage of working capital	1	2	3	4	5
11.2	Insufficient credit institutions	1	2	3	4	5
11.3	High collateral requirements	1	2	3	4	5
11.4	High interest rate	1	2	3	4	5
11.5	Complicated loan application procedures	1	2	3	4	5
11.6	Improper financial recording system	1	2	3	4	5

12. Please indicate the degree to which you agree with the following statements regarding to working places factors.

No.	Working places	Please circle your answer!				
		1	2	3	4	5
12.1	Absence of own working places	1	2	3	4	5
12.2	Working place is far from the market	1	2	3	4	5
12.3	Working place is very narrow	1	2	3	4	5
12.4	Very high rent of working places	1	2	3	4	5

13. Please indicate the degree to which you agree with the following statements regarding to Marketing factors.

No.	Marketing Factors	Please circle your answer!				
		1	2	3	4	5
13.1	Insufficient market coverage & market chain for your product	1	2	3	4	5
13.2	Lack of adequate and reliable market information	1	2	3	4	5
13.3	Lack of customer handling	1	2	3	4	5
13.4	Lack of product & service advertising	1	2	3	4	5
13.5	Enterprise is unable to predict market demand	1	2	3	4	5

14. Please indicate the degree to which you agree with the following statements regarding to Infrastructure factors.

No.	Infrastructure Factors	Please circle your answer!				
14.1	Poor water supply	1	2	3	4	5
14.2	Poor Electricity	1	2	3	4	5
14.3	Poor telecommunication	1	2	3	4	5
14.4	Lack of quick and insufficient transportation services	1	2	3	4	5
14.5	Lack of appropriate wastage screening & filtering System	1	2	3	4	5

15. Please indicate the degree to which you agree with the following statements regarding to internal management factors.

No.	Internal management factors	Please circle your answer!				
15.1	Weak organizational structure	1	2	3	4	5
15.2	Lack of technical training	1	2	3	4	5
15.3	Lack of organized & effective communication	1	2	3	4	5
15.4	Lack of qualified and highly skilled employees, division of labor, job specialization and team spirit among workers.	1	2	3	4	5
15.5	Lack of strategic planning	1	2	3	4	5

Part Two; - External Factors SMEs

16. Please indicate the degree to which you agree with the following statements regarding to government policy factors.

No.	Government policy Factors	Please circle your answer!				
		1	2	3	4	5
16.1	Bureaucracy in enterprise registration and licensing	1	2	3	4	5
16.2	Lack of government support	1	2	3	4	5
16.3	Unnecessary political and administrative intervention	1	2	3	4	5
16.4	Lack of accessible information related to government rules and regulation	1	2	3	4	5
16.5	High tax rate & other tariff	1	2	3	4	5
16.6	Because of corruption	1	2	3	4	5

17. Please indicate the degree to which you agree with the following statements regarding to technology.

No	Technological factors	Please circle you answer				
		1	2	3	4	5
17.1	Lack of appropriate working machineries, equipment and other technology in the enterprise	1	2	3	4	5
17.2	Lack of skilled employees to handle technology.	1	2	3	4	5
17.3	Absence of company website	1	2	3	4	5
17.5	Lack of online service	1	2	3	4	5

18. Please indicate the degree to which you agree with the following

statements regarding to Entrepreneurial factors.

No	Entrepreneurial factors	Please circle your answer!				
181	Entrepreneurs have lack of motivation, tolerance, and drive to work hard.	1	2	3	4	5
182	Entrepreneurs lack persistence and courage to take responsibility of one's failure	1	2	3	4	5
183	Entrepreneurs absence of initiative to assess one's strengths and weakness	1	2	3	4	5
184	The low levels of educational background of entrepreneurs' have challenge on my business.	1	2	3	4	5
185	Entrepreneurs' gender affects performance	1	2	3	4	5
186	Entrepreneurs' age affects performance	1	2	3	4	5
187	Entrepreneurs lack business exposure prior to the establishment of the enterprise	1	2	3	4	5
188	Law human resource capacity have major challenge in my business	1	2	3	4	5

19. Please indicate the degree to which you agree with the following statements regarding to general growth factors.

No	General growth factors	Please circle your answer!				
19.1	The enterprise doesn't create more market coverage	1	2	3	4	5
19.2	The enterprise does not have profit from time to time	1	2	3	4	5
19.3	There are no qualified and highly skilled employees within the enterprise	1	2	3	4	5
19.4	Number of employees within the enterprise did not increases from time to time	1	2	3	4	5
19.5	There are no enough materials and equipment within in the enterprise	1	2	3	4	5
19.6	The enterprise has less capability to reduce risk related to inflation	1	2	3	4	5
19.7	The enterprise has created full capacity to transform from small to medium or medium to large	1	2	3	4	5

ቅድስት ማርያም ዩኒቨርሲቲ

ቢዝነስ ኢኮኖሚክስ ኮሌጅ

የማኔጅመንት ት/ክፍል

ለአንስተኛና መካከለኛ ድርጅቶች የተዘጋጀ የጥናት መጠየቅ!

ክፍል 1: መግቢያ ውድ የጥናቱ ተሳታፊዎች!

የዚህ ጥናት ርዕስ ‘Factors affecting the growth of small & medium enterprises’ in the case of Arada sub-city Administration ሲሆን አጥኝ ኤደን ታምሩ በአሁኑ ጊዜ በቅድስት ማርያም ዩኒቨርሲቲ ቢዝነስ አድሚኒስትሬሽን የድህረ ምረቃ ተማሪ ናት። የጥናቱ ዋና አላማ በአራዳ ክፍለ ከተማ አስተዳደር ውስጥ የሚገኙ አንስተኛና መካከለኛ ድርጅቶች ከሚፈልጉት እድገት ደረጃ ላይ እንዳይደርሱ የሚያደርጉ የዋና ዋና ምክንያቶችን የተፅዕኖ ደረጃ ማወቅና መለየት ሲሆን ለተመረጡ አንስተኛና መካከለኛ ድርጅቶች እንዲያገለግል ሆኖ የተዘጋጀ የጥያቄና መልስ መጠይቅ ነው። በመጠይቁ ላይ የሚሳተፉ የድርጅቱ ባለቤቶች በሙሉ በፈቃደኝነት ላይ የተመሰረተ ሁኖ መጠይቁ የተሳታፊዎችን ማንነት ሳይለይ ሚስጥር በመጠበቅ ይመዘግባል። የተሳታፊዎች መልስ ለትምህርታዊ ዓላማ ብቻይውላል። እርስዎ የሚሰጡትን ትክክለኛውን መረጃ ለጥናቱ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞሉ እጠይቃለሁ። ለመልካም ትብብርዎና ለጊዜዎ በጣም አመሰግናለሁ!!

ከሠላምታ ጋር”

ኤደን ታምሩ

ለተጨማሪ መረጃዎች የአጥኝ ኤደን ታምሩ አድራሻ የሚከተለው ነው። ሞባይል 251 09 13182856

ክፍል 2: አጠቃላይ የድርጅቱና የራስዎ መረጃ

መመሪያ፣ ስም መጻፍ አያስፈልግም።

የመረጡትን መልስ ፊት ለፊት ካለው ሳጥን ውስጥ የራይት (/) ምልክት ያድርጉ።

1. እድሜ

1. 20-30

3. 41-50

2. 31-40

4. >= 51

2. ጾታ

1. ወንድ

2. ሴት

3. የትምህርት ደረጃዎ፣

1. 12ኛ ክፍል በታች

2. የቴክኒክናሙያ ምሩቅ

3. ዲግሎማ

4. ባችለር ዲግሪ

5. ማስተርስ ዲግሪ

6. ፒ.ኤች.ዲ ዲግሪ

4. በድርጅቱ ውስጥ ያልዎት የስራ ድርሻ

1. ስራ አስኪያጅ

2. ባለሀብትና ስራ አስኪያጅ

3. የሽያጭ ሰራተኛ

4. የማሸን ሰራተኛ

5. የግምጃ ቤት ጠባቂ

6. የሒሳብ ሰራተኛ

7. ሌሎች

5. ምን ያህል ጊዜ በዚህ ኃላፊነት ላይ ስርተዋል

1. ከ 1 ዓመት በታች

2. ከ 1 - 5 ዓመት

3. ከ 6 - 10 ዓመት

4. ከ10 ዓመት በላይ

6. የድርጅቱ ዋና ስራ ምንድን ነው?

1. ጨርቃ ጨርቅና አልባሳት

2. የግብርና ምርት

3. የእንጨትና የብረታብረት ምርት

4. የግንባታ ግብአት

5. የጌጣጌጥምርት

6. ሳሙና እና ንጹህና መጠበቂያ ፈሳሾች

7. ሌሎች

7. የድርጅትዎ መነሻ ገንዘብ ምንጭ ከየት ነው?

1. ከቁጠባ

2. ከቤተሰብና ንደኛ

3. ከብድር

4. ከአብዛሪማህበር

5. ከውጭ እርዳታ ድርጅቶች

6. ሌሎች

ግለሰብ

2. ሽርክና ማህበር

8. ድርጅቱ የሚተዳ ደረግ በማን ነው?

1. በ 1

3. ሃላፊነቱ የተወሰነ የግልማህበር

4. ሌሎች

9. የድርጅቱ መነሻ ገንዘብና አጠቃላይ የንብረት ተመን ምን ያህል ነበር?

1. ከ100,000 በታች

2. ከ100,001 - 500,000

3. ከ500,000 በላይ

4. አላውቅም

10. ድርጅቱ አሁን ያለው ካፒታል ምን ያህል ነው?

1. ከ100,000 - 500,000

2. ከ 500,001 - 1,000,000

3. ከ1,000,000 - 1, 500,000

4. 1, 500, 000 በላይ

ክፍል 3: በአነስተኛና መካከለኛ ድርጅቶች ላይ ተፅዕኖ ሊያሳድሩ የሚችሉ ዋና ዋና መለኪያዎች። ከዚህ

በታች ለአነስተኛና መካከለኛ ድርጅቶች የእድገት ግርምክንያት ሊሆኑ የሚችሉት ቀጥሎ

የተዘረዘሩ ሲሆን ከተዘረዘሩት ውስጥ የርስዎ ድርጅት ላይ ግርምክንያት ገንብተሰጠው

አማራጭ መሰረት በጥንቃቄ አንድ ጊዜ ብቻ በመምረጥ የመረጡትን መልስ (ክብ)

በማድረግ ማሻሻያ ሲሰጡ እየጠቀሱ የሚሰጡት የምላሽ ወጪ ስም ከ1-5

ነጥብ አንድ ሚኒስትር ተሰይሟል።

1 = በጣም አልሰማም

2 = አልሰማም

3 = ለመወሰን እቸገራለሁ

4 = እሰማለሁ

5 = በጣም እስማማለሁ

ክፍል አንድ የውስጥ እክሎች

12. ጥሬ ገንዘብን በተመለከተ፡

ተ.ቁ	ከገንዘብ ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
12.1	የሥራ ማስኬጃ የገንዘብ እጥረት መኖር	1	2	3	4	5
12.2	በቂና አመች የብድር ተቋማት አለመኖር	1	2	3	4	5
12.3	ከፍተኛ የብድር መያዣ መጠየቅ	1	2	3	4	5
12.4	የብድር ተቋማት ወለድ ከፈተኛ መሆን	1	2	3	4	5
12.5	ብድር ለማግኘት ውጣ ውረድ መኖር	1	2	3	4	5
12.6	የሒሳብ አያያዝ ችግር መኖር	1	2	3	4	5

13. የስራ ቦታን በተመለከተ፤

ተ.ቁ	ከ ስራ ቦታ ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
13.1	የድርጅቱ የራሱ የሆነ የስራ ቦታ አለመኖር	1	2	3	4	5
13.2	የድርጅቱ የስራ ቦታ ለደንበኛ ሩቅና ምቹ አለመሆን	1	2	3	4	5
13.3	የስራ ቦታ ጥበት መኖር	1	2	3	4	5
13.4	የስራ ቦታ ኪራይ ከፍተኛ መሆን	1	2	3	4	5

ተ.ቁ	ከ ገበያጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
14.1	ድርጅቱ ከፋተኛ የሆነ ገብያና በቂ የሆነ የገቢያ ትስስር መፍጠር አልቻለም					
14.2	የፍላጎት ቅድመ ጥናት አለመኖር					
14.3	ለደንበኛ ፈጣንና ቀልጣፋ መስተንግዶ ያለመስጠት					
14.4	ምርትንና አገልግሎትን ለደንበኛ ያለማስተዋወቅ					

15. መሰረተ ልማትን በተመለከተ፤

ተ.ቁ	ከመሰረተ ልማት ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
15.1	የውሃ አቅርቦት ችግር መኖር					
15.2	የኤሌክትሪክ ሃይል አቅርቦት ችግር መኖር					
15.3	የቲሌኮምንኪሽን ችግር መኖር					
15.4	ፈጣንና በቂ የትራንስፖርት አገልግሎት አለመኖር					
15.5	ተረፈ ምርቶችን ማጣራትና ማስወገድ አለመቻል					

16. የድርጅቱ አስተዳደርን በተመለከተ፤

ተ.ቁ	ከድርጅቱ አስተዳደር ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
16.1	የድርጅቱ ምርትና አገልግሎት ዋጋ ከፋተኛ መሆን	1	2	3	4	5
16.2	የክህሎት ስልጠና አለመኖር	1	2	3	4	5
16.3	ጥሩ አደረጃጀትና ግንኙነት አለመኖር	1	2	3	4	5
16.4	ብቁና የሰለጠነ የሰው ኃይል አለመኖር	1	2	3	4	5
16.5	የአጭርና የረጅም ጊዜ እቅድ አለመኖር	1	2	3	4	5

ክፍል ሁለት የውጪ እክሎች

17. የመንግስት ፖሊሲን በተመለከተ

ተ.ቁ	ከመንግስት አሰራር ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
17.1	በቢሮክራሲ የተተበተበ የምዝገባና የንግድ ፈቃድ አሰጣጥ ችግር	1	2	3	4	5
17.2	በቂ የሆነ የመንግስት ማበረታቻ አለመኖር	1	2	3	4	5
17.3	አላስፈላጊ የፖለቲካ ጣልቃ ገብነት መኖር	1	2	3	4	5
17.4	የመንግስት ግልፅ የሆነ አሰራር ህግና ደንብ አለመኖር	1	2	3	4	5
17.5	ተመጣጣኝ ያልሆነ የስራ ግብርና ሌሎች ታሪፎች	1	2	3	4	5
17.6	ከሙስና ጋር የተያያዙ ችግሮች መኖር	1	2	3	4	5

18. ቴክኖሎጂን በተመለከተ

ተ.ቁ	ከ ቴክኖሎጂ ጋር የተያያዙ ነጥቦች	እነባክዎን መልሶን ያክብቡ				
		1	2	3	4	5
18.1	ድርጅቱ በቂ እና ዘመናዊ ማሻሻያዎች የሉትም	1	2	3	4	5
18.2	ድርጅቱ የኮምፒውተር ቴክኖሎጂ አይጠቀምም	1	2	3	4	5
18.3	ድርጅቱ የራሱ ድህረገጽ የለውም	1	2	3	4	5
18.4	ድርጅቱ የድህረ ገጽ ግብይትና ማሰተዋወቅ አገልግሎት አይሰጥም	1	2	3	4	5

19. ከስራ ፈጠራ ጋር የተያያዙ ነጥቦች

ተ.ቁ	ከስራ ፈጠራ ጋር የተያያዙ ነጥቦች	እነባክዎን መልሶን ያክብቡ				
		1	2	3	4	5
19.1	ስራን ለመስራት ተነሳሽነት ጽናትና ጥንካራ አለመኖር	1	2	3	4	5
19.2	ለሚፈጠሩ ጊዜያዊ ውድቀቶች ፀንቶ ሀሊፊነትን አለመውሰድ	1	2	3	4	5
19.3	የራስን ጥንካራ ን ድክመትን ለማወቅ አለመፈለግ	1	2	3	4	5
19.4	በትምህርት ያልተደገፈ የስራ ፈጠራ	1	2	3	4	5
19.5	የሰራተኞች የታ ውጤታማነትን ይቀንሳል	1	2	3	4	5
19.6	የሰራተኞች እድሜ ውጤታማነትን ይቀንሳል	1	2	3	4	5
19.7	የስራ ልምድ አለመኖር	1	2	3	4	5
19.8	የሰራተኛ ብቃት ማነስ	1	2	3	4	5

20. የድርጅትዎን እድገት በተመለከተ

ተ.ቁ	ከድርጅትዎ አጠቃላይ እድገት ጋር የተያያዙ ነጥቦች	እነባክዎን መልሶን ያክብቡ				
20.1	ድርጅቱ ከፋተኛ የሆነ የገብያ ተደራሽነት መፍጠር አልቻለም።	1	2	3	4	5
20.2	ድርጅቱ በተደጋጋሚ ጥሩ ትርፍ ማግኘት አልቻለም።	1	2	3	4	5
20.3	በድርጅቱ ውስጥ በሙያቸው ብቁና ከፋተኛ ክህሎት ያዳበሩ ሰራተኞች አይገኙም።	1	2	3	4	5
20.4	የድርጅቱ ቋሚና ጊዜያዊ ሰራተኞች ከጊዜ ወደ ጊዜ እየቀነሰይገኛል።	1	2	3	4	5
20.5	ድርጅቱ አስፈላጊ መሳሪያዎችና ቁሳቁሶችን ማሟላት አልቻለም።	1	2	3	4	5
20.6	ድርጅቱ የዋጋ ንረትን የመቋቋም አቅም መፍጠር አልቻለም።	1	2	3	4	5
20.7	ድርጅቱ ካለበት አነስተኛ ወይም መካከለኛ ደረጃ ወደ ሚቀጥለው ደረጃ ለመሻገር አቅም አልፈጠረም።	1	2	3	4	5

በጣም አመሰግናለሁ።