ST.MARY'S UNIVERSITY

MASTER OF BUSINESS ADMINISTERATION

DETERMINANTS OF INFORMAL ENTERPRISES PERFORMANCE IN ETHIOPIAN ORTHODOX TEWAHIDO CHURCH : THE CASE OF ARADA SUB CITY

BY

WUBIHET TEKLE

AUGUST 2020

ADDIS ABABA, ETHIOPIA

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr Yirgalem. 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 higher learning institution for the purpose of earning any degree.

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Name   Signature

St. Mary's University, Addis Ababa   **AUGUST 2020**

ENDORSEMENT

This thesis has been submitted to St. Mary's University for examination with my approval as a university advisor.

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Abstract

Now a days, different studies revealed that informal enterprise plays an important role in socio-economic development. This study is intended to identify the major determinants of informal enterprises and fill the gaps by exploring the challenges such businesses operating in Ethiopian Orthodox tewahedo Church. Generally, 113 samples of the informal enterprises were selected using a stratified sampling technique, from which the required data were generated and analyzed with exploratory as well as descriptive research design. The finding revealed that there is significant relationship between management and entrepreneurial skills, government support, working environment, Marketing and related variables, financial and related issues and technology factors and informal enterprise performance. Based on the findings it was recommended that government and Ethiopian Orthodox church should due attention in supporting the sector particularly providing access to finance, creating enabling working environment, providing Marketing and related variables and also training program that enhance management skill in order to improve performance of informal enterprise.

Key Words: Internal and external Determinants, performance, informal Enterprise, Ethiopian Orthodox Tewhido church.

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CHAPTER ONE

INTRODUCTION

1.1 Back Ground Of The Study

The term informal business has different definition among different intellectual, Peter Gutmann (1977) has used the term 'subterranean economy' to define all transaction that 'escape from taxation'. Tanzi (1982) defines the 'underground economy' as 'gross national product that, because of UN reporting and/or under reporting, is not measured by official statistics'. Del Boca Forte defines the 'parallel economy' as those activities that are characterized by lack of formal transaction. (Maliyamkono and Bagachwa ,1986) cited in Sisay Seifu, (2005)

The Concept of informal sector is introduced by ILO (1972) which refers to part of an economy because the economy included in any gross national product (GNP). However, it is not taxed, monitored by any form of government, and it also characterized by easy to entry, not need much training, education and capital, local and low resources based; family ownership; labor-intensive with adapted technology; skills acquired informal processes; not officially regulated and produce on small scale with competitive markets.

According to world bank definition informal sector or informal economy refers to activities that are partially or fully outside government regulation, taxation, and observation. The activity allows employers, paid employees, and the self-employed to increase their take-home earnings or reduce their costs by escaping taxation and social contributions.

Verick mentioned that the informal sector is a source of livelihood for millions of vendors, mechanics, domestic workers, micro-entrepreneurs. It defined as small-scale, self-financed activities operating with a low level of organization in an unregulated environment (Verick, 2006)

Informal Business play an important role in the development of a country's economy. They contribute to economic development in various ways: by creating employment for rural and urban labor force (Curran, 2007).

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Now a day informal business are playing enormous role in employment generation. According to ILO report (ILO, 2018) more than 60 per cent of the world's employed population are in the informal economy, 2 billion people work informally, most of them in emerging and developing countries. The same survey undertaken at the same year shows that in Africa, 85.8 per cent of employment is informal, and 93 per cent of the world's informal employment is in emerging and developing countries.

When we come to our country context, Ethiopian central statistics agency (CSA 1996 and 2002) the term informal sector defined as business household type establishments/ activities which are mainly engaged in market oriented production, not registered, have no full written book of accounts, have less than ten persons engaged in the activity, and have no license.

In Ethiopia, the survey has undertaken by Ministry of Labor and Social Affairs (MoLSA) entitled: Labor Market Dynamics in Ethiopia (2013), of the shares of informal economy employment was 33.3% in 2010 (MoLSA, 2013:16)

The informal sector in fact expanding and contributing substantially in creating employment creation, income generating and poverty reduction (Hart, 1973 and ILO's 1972). In addition to that, according to Mathur and Bacchetta, the 1970s ILO research revealed that the informal sector was not a symptom of underdevelopment (Mathur, 1989 and Bacchetta, 2009).

When we say Success of business compromise Objective measures like sales growth, profitability and continuance in operation (Rockart et al 1979) Van Dijk (2005) views three indicators of success. The first one is profit, the second one is employment creation and the third one is business turnover. Enterprinoural

Now, there are a lot factors that influence the success of informal business. According to Ethiopian micro and small energize strategy categories this factors as Enterprinoural skill, business knowledge and discipline. The external actors are premises, production and marketing facilities, government support, policy and strategy, conducive working environment, availability of finance, availability of technology, competition etc.

This research paper highly intended to describe the major factors that influence the success of informal enterprises that operate adjacent to Ethiopian orthodox church in specific Arada and sub city.

1.2 Statement of the Problem.

Informal sector activities are carried out to ensure survival with the help of backward and traditional technology and low capital requirement. Studies have indicated that about half of the operators are home based with 90% of them depending on start-up capital from own savings, family contributions and from other informal sources (UNECA, December 1994, p. 4).

A lot of studies have undertaken by different researcher at different countries in this specific sectors. Those studies tried to identify a lot of determinants that influence the success of informal enterprise, some of them are financial, environmental, marketing, interpersonal etc. These determinants can be categorized as internal and external. But in this paper the researcher tried to focused only on a selective variable which mentioned here under. Managerial and Enterprinoural skills, government support, financial, technological, environmental and marketing premises.

Eshetu and Zeleke (2008:2-9) conducted a research on influential factors that affect the long-term survival small and micro enterprises in five major cities in Ethiopia. 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%).

Similar study undertaken by Belay (2012) in Addis Abeba informal business owners. He identified as their major problems are lack of working premises (28.8%), lack of working capital (26.6%) and unfair competition from large enterprises (23.3%) (Belay 2012). On the other hand MUDC found that working premises is the second major challenges in regional towns and the major ones in Addis Ababa informal business (Habtamu, et al., 2013; MUDC, 2013).

Financial constraints such as inadequate investment capital, insufficient loan are the major obstacles in doing business (CLEP, 2006). MUDC (2013) also identified that financing has become a principal challenge to small scale enterprises in Ethiopia. Gbandi and Amissah (2014) found that, the failure of informal businesses to access long-term financing as the main source of

small business failure. Akinola and Iordoo (2013) asserted inadequate funding of informal businesses remain as a barrier. Teoh and Chong (2008) argued that the major obstacles to entrepreneurship development are lack of access to credit, lack of access to formal business and social networks.

Sleuwaegen and Goedhuys studies revealed that most informal entrepreneurs faced lack of infrastructure and premises (Sleuwaegen and Goedhuys, 2002). Grimm et al., (2011) reports on entry barriers such as lack of access to raw materials, limited client base, too much competition, access to credit, lack of adequate locality, machines and equipment, management difficulties.

According to Carter & Jones-Evans (2006) have mentioned unavailability financial resources, marketing problems and customer concentration, poor management skills, lack of controls, and technology, skills are some of strategic problems of micro and small business enterprises. Lack of new technology and equipment are hindrances of informal business development (Swierczek & Ha, 2007). Financial resources, marketing strategy, technological resources and government support and entrepreneurial skills are the major determinants for informal business success (Mahmood, Asif, Imran, Aziz and I − Azam, 2011)

Technology Development and mode of production are the challenges that limits to cope up with adaptation of new technology, method of production among informal enterprise in adapting new technology and working methods for continuous improvement in Ethiopia (Mulu Gebreeyesus,2009).

According to Eshetu and Mammo (2009) stated that the informal enterprise lacks appropriate policy, development strategy and support services. This implies that in Ethiopian informal enterprise operates in a difficult business environment due to the government failure in addressing the major problems of the sector. Among other things the lack of sources and access to finance, over regulated business environment, limited support services for innovation, technology development, and marketing limit their contribution to economic development.

The entrepreneurial factors are the other variables which relate to the owners of informal businesses and include their personal traits, skills, experiences, and back ground (Lampadarios, 2016). Lee, Jeon, and Na (2016) suggested age and the educational background of informal business managers played a role in influencing success. In addition to that Lussier and Corman

(2015) found education, experience, and skills of owners and managers help informal businesses to develop the strategies which lead to the success of informal businesses.

Strategic business planning ensures the favorable market position of a firm (van Gelderen Thurik & Patel, 2011). According to van Gelderen et al. (2011), the inability of businesses to establish the right business plan resulted in 95% of business failures, Similarly, business strategies help informal businesses to add value for business growth (Dugguh, 2015). Mengel and Wouter business and strategic planning for the success of the informal business (Mengel & Wouters, 2015). Huggins also mentioned on his study that a well-planned business activities as manifested in a business plan will yield a better business performance (Huggins, 2007). These shows us managerial skills like planning is the one among the major internal determinants that influences the success of informal Business.

Informal sector in less developed countries is seen as unproductive which does not add to the economy, and the role it plays in absorbing labor and its participation in wide range of productive activities is either ignored or not recognized by policy makers. The multitude of people operating in the informal sector is, as a result, negatively perceived as causing congestion, simply crowding the city streets, sidewalks, and back alley (Reynolds 1969 cited in Mathur 1989).

Different researchers have tried to identify the major determinants of informal economy performance from different perspectives. Particularly in developing countries like Ethiopia, the sector is facing constraints like legal impediments, inadequate capital, and lack of appropriate skills to operate businesses, unfavorable government regulation, lack of access to finance and lack of training, poor urban land administration and bureaucratic rules and regulations (Beker, 2004; ILO, 2004; HLCLEP, 2006). Exposition to rain and sun, traffic incidence, and police harassment, high house rent, lack micro credit and inadequacy of loans and lack of access to training on basic book keeping principles and employable skills (HLCLEP,2006)

However, different researchers undertaken different research on determinants of informal enterprises from different business perspectives. But, there is not such research undertaken on informal business around Ethiopian Orthodox church. Alemetsehay in 2007 tried to make a survey on small business in Ethiopian orthodox church. But that study was limited on local taper

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producer and retailer. Hence, in this study the researcher tried to explore the determinants of informal business that operate in Ethiopian orthodox church.

1.3 Research questions:

Based on the preceding research problem, this study sought to answer a number of questions. Generally, the study investigated two main research themes: characterization, internal factors, and external factors with several questions under each theme.

1. What are the internal factors that affect the performance of informal enterprises?
2. What are the external factors that affect the performance of informal enterprises?

1.4 Objectives of the study

1.4.1 General Objectives.

The purpose of this research is to identify major determinants of informal enterprise performance.

1.4.2 Specific Objectives.

➢ To examine the internal factors that affect informal enterprise performance.
➢ To examine the external factors that affect informal enterprise performance.

1.5 Research Hypothesis

Hypothesis (H1): Internal factors such as management and entrepreneurial factors have significant effect on informal enterprise performance.

Hypothesis (H2): External factors such as government support, marketing premises, conducive working environment, financial availability, Technology and related variables have significant impact on informal enterprise performance.

1.6 Significant of the study

As it is mentioned in the above, informal businesses are playing important role for the development of any countries in general and for developing countries in particular, hence, the government, the orthodox church, and any others concerned bodies should due attention for their

business successes. The effectiveness of theses informal enterprises ultimately alleviate poverty and solving other socio economic issues.

Although different scholars agree that informal enterprise is a back-bone for ones country economy development, reducing unemployment and poverty. However by its very nature the sector has a lot of challenges which leads to failure. These factors include the unfavorable and very harsh economic conditions resulting from unstable government policies; gross under capitalization, strained by the difficulty in accessing credits from banks and other financial institutions; lack of transparency and corruption; and the lack of interest and lasting support for the small enterprises by government authorities, to mention a few (Oboh 2002, Wale-Awe 2000).

Hence, the major specific contribution of this study is since the Ethiopia orthodox church has enormous followers and beside her day to day routine spiritual service and worship. But most of those informal enterprises around the church are not grow and develop as expected. For the last half a century most of those businesses are stagnant. Hence, identifying those challenges and possible mitigation action is very important to the informal business success in and around Ethiopian orthodox church in general and for the government job creation and poverty reduction in particular. This research has important significance in identifying the major factors of informal business success, accordingly the informal business should realize their internal performance gap and the government and the church also should play their own role in mitigating those challenges.

1.7 Scope of the study

Informal businesses around Ethiopia orthodox church are different in size and sector. This research study intended on informal businesses. Hence, this research focused on informal businesses that operate in and around Ethiopian Orthodox Tewahedo church who produce and sell different products that used for church worshiping and related services.

In regarding with geographical scope this study attention is on Arada sub city, because in this sub city there are a lot of informal enterprises who engaged on production, distribution and selling of churches worshiping commodities.

In relation with contextual scope, as different previous studies find out a lot of factors that affect the performance of this sector, the researcher in this study select limited and manageable constraints both internal and external determinants that influence the performance of the sector. As it has been mentioned above those selected variables are internally managerial and entrepreneurial skills, and externally financial, technological, premises, government support, and Working Environment are selected for this study.

1.8 Limitation of the study.

From the experience of other similar studies, a common problem for such kind of study is non-response, some of the sample enterprise in this study was vendors. Due to their nature of business they are not stationed at one place. That makes the response of the questioner very challenging.

1.9 Organization of the study

This study organized with five chapters, chapter one deals with the role of informal businesses for the countries socio- economic development and Other conceptual and theoretical issues raised. In statement of the problem part major internal and external challenges of the sector are properly mentioned. The general and specific objectives of the study properly addressed. Two hypothesis are identified to test the research. The significance of the study, scope of the study and the limitation are properly mentioned in this chapter respectively. In chapter two the review literature the theoretical and empirical aspects of the topic and concepts are described chronologically. In Chapter three, research methodology and data sampling methods are mentioned. In chapter four the data that are gather by surveying properly organized, analyze and interpreted in respect with the research objectives. In the final chapter the research finding, conclusion and recommendation are properly mentioned.

CHAPTER TWO
REVIEW LITRATURE

2.1 Theoretical related literature review

2.1.1 Definition

In Ethiopia the survey on informal economy carried out in 2003 which focused exclusively on urban employment (Central Statistic Authority: 2003 in AFD: 2007) defined informal economy as "activities, which are carried out in the home or in a single person enterprise by owner alone, or by owner and very small number of employees. This definition includes: enterprises, which are not usually registered, and have low level of organization, productivity and profitability, it has limited access to markets, credit facilities, formal training and public services. It has very small or no fixed premises, and finally, it is not recognized, supported or regulated by the public authorities and does not comply with social protection regulations, employment legislations or health safety provisions (AFD: 2007).

As the name indicate Informal sector are considered illegal because of their engagement in systematic fiscal fraud in economic transactions and involvement in the production and distribution of goods and services prohibited by law (Portes et al., pp.13-15).

People who argue against informal sector express their concern that workers involved in such activities are poorly treated, receive fewer benefits and lower wages and experience worse working conditions which is considered anti-social (Portes et al., p. 26). Other arguments in support of the sector emphasize that informality can serve as a remedy for the negative consequences of underdevelopment by helping to free the energies and creative capacities of micro entrepreneurs. However, studies have indicated that even the most promising informal initiatives would fail in the absence of favorable state policies and supplementary external assistance at the take off stage (Ibid., p. 300)

The informal sector in socio-economic development, its activities have been highly controversial in the government and the private formal sectors in view of their assumed illegality. This has created a situation where by the sector has been denied of the benefits and privileges required for its development and expansion (Asmamaw Enquobahrie, 1996, p. 1).

According to Habibitabar (2012), the function of religion in human life is a lot and its influence is visible in all aspects of life. Its function can be divided into social and personal life. Religious functions in personal life are mental comfort, meaningful life, spiritual enjoyment, reduction of pains and physical health. In social life aspects are much too social unity, wellbeing in life freedom, social justice, helping others, less crimes and the growth of cultural and civilization.

The informal sector was first appreciated by ILO (1972) as a distinct socioeconomic force. It is regarded as non-formal employment in micro-enterprises (Seppala, p. 170). The definition given by ILO is still widely accepted to represent the conceptual basis of informal sector activities and is presented below (Ferej, p.1) : "...all small-scale activities that are normally semi-organized and unregulated, use simple labor-intensive technology.... undertaken by artisans, traders and operators in work sites such as open yards, market stalls, undeveloped plots, residential houses and street pavements... not legally registered and in most cases not have licenses from local authorities for carrying out businesses"

Informal enterprises are playing significant role in the economic progress of any countries (Syed et al., 2012).According to the figures and facts provided by the UNIDO, 90 percent businesses world-wide fall into the category of small business, and provides approximately 60 percent employments around the world (Khan et al, 2013). Informal enterprises play a vital role in contributing to the economies and are considered as the backbone of economic growth in developing as well as developed nations. they are the driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Harris et al, 2006). Furthermore small scale business has been recognized as a feeder service to large- scale industries (Fabayo, 2009).

It is estimated that informal enterprises employ 22% of the adult population in developing countries (Fisseha, 2006:43). In developing countries, MSEs by virtue of their size, capital investment and their capacity to generate greater employment, have demonstrated their powerful propellant effect for rapid economic growth. The MSE sector has also been instrumental in bringing about economic transition by providing goods and services, which are of adequate quality and are reasonably priced, to a large number of people, and by effectively using the skills

and talents of a large number of people without requiring high-level training, large sums of capital or sophisticated technology (ILO, 2008:56).

World Bank has studied the characteristics, challenges and opportunities of Ethiopia's urban labour markets (World Bank, 2007). The study found, among others, that the urban economy was segmented into three: a large (formal) public sector, a small formal private sector, and a large informal sector. The study revealed that the informal sector in general consisted of small scale, non-dynamic activities. However, detail evidence regarding its employment, investment and income characteristics and associated challenges was seriously lacking in Ethiopia and, in turn, this impeded appropriate policy responses.

The average informal enterprise is often struggling for survival in a hostile environment. The most comprehensive summary of factors influencing performance was noted in a literature review by Theo et al. (2007). Those factors can be categorized in to two, internal and external internal factors include: individual characteristics, parental influence, business motivation and goals, business strategies, goals and motives, networking and entrepreneurial orientation. Others include environmental factors. In general, the International Labor Organization (ILO) identified the following challenges that small enterprises should overcome in order to improve their performance: these factors or challenges are:- legal constraints, institutional constraints, infrastructural constraints, financial constraints and marketing constraints.

When we come to Ethiopian context, the sector is the second largest employment-generating sector following agriculture (CSA, 2005:34-35 GTPII). In Ethiopia informal enterprises can be categorized in a very diversifiable fields. Similarly in Ethiopian orthodox church there are a lot of businesses which established for profit and tremendous potential. But this research is intended on the business that basis on liturgical church supplies, *'Newayat Qedusan'* which involves in the production, distribution and selling of spiritual printings, like different holly books, magazine, news paper, church's clothing, building finishing materials, carpet, smoking items like candle, incense, lighting etc. Basically, this type of business unlike other business has its own characteristics which is highly associated with worshiping of God, and used for spiritual as well as cultural services. Hence, the production of goods is highly related with customer behavior that is their culture and belief.

2.1.2 Internal Determinants of Informal business

A) Management and Entrepreneurial Factors

The entrepreneurial factors are variables that relate to the owners and managers of informal businesses and include their personal traits, skills, experiences, and background (Lampadarios, 2016). The entrepreneurial factors were widely used by researchers that were investigating growth and success of informal businesses (Lampadarios, 2016). Age, educational level, entrepreneurial orientation, gender, personality, prior work experience and management skills of owners and managers are reviewed to identify their impact to informal businesses and the challenges posed by each factor and how the challenges are mitigated small business environment (Lampadarios, 2016). In addition there are also personal attitudes or internal factors that affect the performance of informal business, which are related to the person's individual attitude, training and technical know-how (Werotew, 2010:226-37).

Ng and Kee (2012) identify the factors for Enterprises success are leadership and management, intellectual capital, organizational innovation, entrepreneurial characteristics and competence, human resource, motivation and market orientation. In addition, he classified all factors into two groups: Individual factors and non-individual factors. Individual factors cover entrepreneur characteristics, such as owner and manager skills, personal characteristics, gender and motivation, while non-individual factors refer to internal (marketing, ability to compete, technology, innovation) and external factors (limited finance, market conditions, intensive competition).

The first and the big internal factors is that the managerial skills such as ability to search business related information, identify opportunities, deal with risk, establish relationships and networks, make decisions under pressure and learn from experience are crucial for the success of an enterprises (Veciana,2007).

Audretsch (2005) showed that ownership profile is key factors in the success of informal business. Business plan it holds its vital importance as better business planning reduces the risks associated with any business activity. Insufficient awareness of the need for a business plan was identified as one problem at the start up phase among business (Chami,2006). Education and

training support for entrepreneurs and small-scale enterprises will help establish a good foundation for business growth (Biggs and Shah, 2006).

In their mixed-method research paper, Omri et al. (2015) investigated factors that affect informal enterprise success are the effect of human, social, and financial capital on informal enterprise success. Moreover, Lampadarios et al. (2017) categorized the factors for Enterprises success into three factors: Entrepreneurial factors (owner age, gender, education level, experience and managerial skills), enterprise factors (business age and size, business networks, financial resources, customer relationship management; human capital, marketing and strategic planning) and business environment factors (political, economic, socio-cultural, technological, legal, and ecological environments).

2.1.3 External Factors

A) Working Environment and related factors

In Many developing countries, lack of enabling business environments has hampered the development of the informal sector and kept entrepreneurs mired in the informal sector (Sethuraman,1997). Hence, poor conducive business environment negatively affect business success.

Creating a Favorable Business Environment, shall be the principal function of the political leadership and executive organs at different levels of government. Thus, the political leadership shall provide rapid responses to solving business constraints. The provision of enterprise development support shall be based on thorough needs assessment that will also contribute to the creation of favorable business environment.

The support to be provided by government shall be based on business needs. The mode of delivery shall be integrated with strategies that help counteract dependency attitudes. The planning and delivery of enterprise development services at different levels shall lead to the nurturing of development oriented attitudes as well as facilitate the formalization of enterprises. (MoUDH 2012)

Governments needs to focuses on their support programs for the Enterprise sector development, in order to sustain a stable national economy (Butler, 2008). The first and for most responsibility

of the government is providing advanced technology because the informal enterprise that uses the latest technology tends to captures its customers more than its competitors. But the fact that in developing countries like Ethiopia are not able to assess new technology due to its higher cost. But technology has vital role in business success (Cartsson, 2008).

The Second government support should be in research and development of the sector. Enterprises have limited funds for R&D or to speed-up products. The intention of research and development is to access markets (Hayami, 2009). Market development is, therefore, vital for preserving high growth in the small and medium line businesses and their success.

Finally availability of business information is a bases for informal enterprise effectiveness, it is relevant sources of inputs, markets, technological, government rules and regulations as well as policies. The availability of the information is found to be dependent on characteristics of the level of education, infrastructure qualities like network, telecommunication and entrepreneurial skills (Deakins,2006).

The large number of informal entrepreneurs arises from a lack of jobs and infrastructure in developing economies (Terluin, 2003). Such entrepreneurs are defined as people establishing a business outside of the formal sector.

There is a high risk in starting a business in the informal sector because of crime, lack of infrastructure and other barriers (Williams and Nadin, 2010). The other major developmental bottleneck that hinders highly informal enterprise in general across the country and in the church specifically is small production and marketing premises. Cost effective business shades is very important for the success of small business. Because it protect from damage, hazards, safety issues and health, theft and robbery. The shades needs to fulfill important utilities like water, toilet, electricity etc. A more effective approach is to build a limited number of premises that are affordable to MSEs and build more as demand arises. (MoHUD,2012)

The sector has potential to provide the ideal environment for enabling entrepreneurs to optimally exercise their talents and to attain their personal and professional goals (MoTI, 1997:9). In all successful economies, business are seen as an essential spring board for growth, job creation and social progress. The informal enterprise sector is also seen as an important force to generate employment and more equitable income distribution, activate competition, exploit niche markets,

and enhance productivity and technical change and, through the combination of all of these measures, to stimulate economic development.

B) Financial availability and related factors

Financial resources are of vital importance for a business to run operations profitably. Enterprises have comparatively limited resources and greater difficulty in accessing to funding sources, are more dependant on a single product, have less adequate budget control system, lack economies of scale (Thurik,2007).

Access to finance for those who take their own initiatives towards business start-up is another major issues. The amount of start-up capital required to run up business is big challenges. Though it is important the provision of credit from micro finance institution which will serve its developmental purpose, it has its own bureaucracy and financial capacity inefficiency (MoHUD,2012)

C) Technology availability and related factors

Technology is also play an important role in this respect. Technology has a close relationship with improvement of production process, different studies have revealed that lack of new technology and mode of production, equipment are hindrances of business development (Swierczek & Ha, 2007). Schumpeter emphasizes that innovation leads to the introduction of new goods and services through a new combination of the existing resources. Firms that engage in this new method of production will grow (Schumpeter,1934).

Lumpkin and Dess (1996) argued that innovativeness represents willingness to depart from old methods of production or service delivery and does not necessarily mean a radical way of change in doing something. Currently studies emphasize on incremental innovation, where innovative activities are assumed to include not only introduction of new methods of production, but also adoption of new product, process or method that have already been in use in other parts of the world.

Ernst (2004) contends that innovation helps microenterprises remain competitive, become profitable and succeed. Innovative firms will grow and succeed while non-innovative firms will be defeated in a stiff competition.

Value chain analysis is a tool to understand the activities that create value to company's product. Value chain analysis help companies in identifying the position of the company and analyze the activities in the value chain as well as eliminate activities that do not create added value to the product or service (Putri, Harsanto 2016)

According to Carrier (2008:11-23) stated that: the MSEs are more fertile than their larger [enterprises] in terms of innovation and development. The MSE sector is characterized by highly diversified activities which can create job opportunities for a substantial segment of the population. This indicates that the sector is a quick remedy for unemployment problem. To curb unemployment and facilitate the environment for new job seekers and self-employment a direct intervention and support of the government is crucial.

The government and any other concerned bodies assistance and support to strengthen these enterprises can lead to higher employment levels which in turn can contribute to a bottom-up transition out of poverty for societies (Sieverts & Vandenberg, 2007:1341). Business development and the provision of services are to enable the entrepreneurs to take advantage of market opportunities and improve the access to skill development opportunities that strengthen entrepreneurial capabilities (UNIDO, 2002:36).

In general, success is a complex process and that a combination of both internal and external factors together would better explain the success or failure of microenterprises in the urban informal sector. Rogerson (2001) argues that, unlike advanced countries firms who would conduct some prefeasibility studies, entrepreneurship in Africa is an enforced one where people start operation largely for survival. Thus, when entrepreneurship emanates from motives such as lack of other options, the role of external factors would become significant.

Of the existing studies of microenterprises in Ethiopia, none has investigated success using a multidimensional approach. Ageba and Amha (2003) looked into the impact of policy and regulatory challenges on the growth of micro and small enterprises in Ethiopia; Gebreeyesus (2009) focused on the impact of innovation on employment growth of microenterprises in the informal sector while Getnet (2006) analyzed the nature of self-employment in the urban informal sector in Ethiopia.

This paper intended to explore the determinants of informal business IN ETHIOPIAN ORTHODOX TEWAHIDO CHURCH which comprise only small and micro enterprises in specific to producing and retailing worshiping commodities related to the usage of Ethiopian orthodox church spiritual and related service.

E) Marketing and related factors

Access to markets is another main constraint faced by small business. The problem is partly related to the inability of informal enterprise to produce competitive products and services; the main reason for this being product development that is not based on proper market assessment. In addition, business make limited efforts to expand their markets. Marketing problems should be solved by enterprises themselves, mainly by adopting more market oriented attitudes. Government and the concerned bodies should take measures to promote market linkages between enterprises and purchasers of goods and services (MoHUD,2012)

2.2 Empirical related literature review

The term informal sector in this paper used for all activities that goods and services of means of production are formal or legal but not registered or out of government control. That people work as self-employed without pay any cost for registration, tax.....and who work as a means of income with poor condition of working and with out security. Within informal-sector activities including small and micro enterprises which are producer, petty traders, street vendors, Home-based workers, not included at all medium and large informal business enterprises.

In this regard different countries across the world define small business according to their own context. Though the technical definition varies from country to country but it is usually based on employment, assets, or a combination of the two. they have their own criteria like capital, sales, turnover, business categories etc. In Ethiopia context there are two different definition given by two government organization. The first definition is given by The Central Statistics Agency's which categorized informal enterprise based on the type of technology and the size of man power: Handicraft and cottage industries in which a single person or family members perform their activities mainly by hand and using non-power driven machineries; and the second one is Small scale manufacturing enterprises engaging less than 10 persons and using motor driven machinery. This definition has it's own limitations, for instance it focus only on manufacturing

sector (i.e., it does not refer to other sectors); and not mentioned the amount of capital as criteria (MoUDH,1997)

The second definition MoUDH in the 1997 MSE Strategy define informal enterprise on the basis of sector that means for industrials sector employing up to 5 persons and total assets not more than ETB 100,000. For the service sector employing a maximum of five persons, including the enterprise owners and family members, with a total asset of not more than ETB 50,000. This definition also has it'sown limitations, for instance it ignored agricultural business, the second limitation is the issue of time value of money, it didn't revise for the last 15 years. Hence we can conclude absence of a standard definition. Other researcher may take further research on this particular issues (MoUDH,1997)

Business scholars define business success from various angles. The most commonly used measure of success for small firms is employment growth (Mead and Liedholm, 1998; Bigsten and Gebreeyesus, 2007). A firm is successful if it increases in size of employees. The implicit assumption is that growth in employment size is associated with higher profits (McPherson, 1996) Understanding informal enterprise success however, requires analysis from various dimensions since success is a complex process that comes because of a number of factors difficult to describe by a single perspective or dimension (Wiklund et al., 2007). This study aims to investigate determinants of informal business success using a multidimensional model. It emphasizes three dimensions: the individual, the business and external factor with emphasis on networks and enabling business environments

Formulation of enlightened policies that can help to tap the growth potential of the informal sector and reinforce social and economic integration in the productive sectors of the economy is vitally important (Morris et al., p. 13). The difficulties encountered in areas of raw material provision, government rules and regulations, acquisition of skills, access to markets and credit facilities, inadequate capital base and absence of working premises have to be tackled through the support of government and other stakeholders (Street Business Operators Task Force/Addis Ababa, p. 9). In addition, the absence of conducive legal environment, lack of working tools and equipment, lack of access to information, inadequate training, poor infrastructural facilities, lack of transparent taxation system, simplified government regulations and bureaucratic procedures

and absence of institutions to help address strategic problems of the sector are regarded as critical impediments of informal sector development (Ibid.).

These factors should, therefore, be considered in order to encourage informal sector development and facilitate its integration into the formal economy (Ibid., p. 25). The informal sector has to be supported by the government to develop its vision and entrepreneurial capacity. Provision of sub-contracting policy can enhance its productive engagements in a wide range of activities and strengthen its relationship with the formal sector. Such an opportunity can help the sector in the following areas (Addis Ababa Chamber of Commerce, p.50): - reducing obstacles for survival building sufficient know-how and capital transfer of appropriate technology improving the capacity utilization of big enterprises helping enterprises reduce labor problems during economic recession acquiring knowledge of local markets.

Informal enterprise assistance from governments of African countries is weak and inadequate. Most research studies on African entrepreneurship have concluded that training programs for entrepreneurs have been few and far between and different in content than what is needed (Wallace, 1999). The technology involved in the training tended to be beyond what trainees can afford to buy and use. In most cases there was no after-training follow up services.

According to Honohan and Beck, African firms finance a significant percentage of their investment with internal funds, about 68 percent. This observation highlights lack of financial assistance to small-scale enterprises. Policies to address this problem should be established with input from lending institutions

According to the study undertake by MoHUD, states that Building production and sales premises are important for informal enterprise success. where cluster development shall be implemented as the principal means for poverty reduction. Facilities and support shall be provided to MSEs at affordable cost, to reduce their production and sales space related constraints, facilitate their access to technology, and improve their access to markets and business finance.

The major regulatory constraints include high taxes, inefficient/arbitrary tax administration, high collateral requirement, lack of/inadequate business premise and lack of business support services in that order. Considering factors that are rated as major problem or higher, we have high taxes,

high collateral requirement, inefficient/arbitrary tax administration, lack of/inadequate business premise, lack of business support services, and lack of/inadequate access to credit figure out prominently. Other factors rated as major or very sever problem by a good number of MSEs include: bureaucratic requirements (red tape and paper work); penalties (including kickbacks to officials), if and when detected, for operating without license; weak legal enforcement; crime and theft; competition; entry regulation; and inability to use the institutional enforcement mechanism (legal and judicial system and police). Perceived policy predictability is a serious problem: only about 34 per cent feel some degree of predictability (ranging from completely predictable to fairly predictable) of changes in laws, rules and policies.

In addition to that, Creating a Favorable Business Environment is also crucial for business success. MSE development shall be the principal function of the political leadership and executive organs at different levels of government. Thus the political leadership shall provide rapid responses to solving MSEs' constraints. The provision of enterprise development support shall be based on thorough needs assessment that will also contribute to the creation of favorable business environment (Gebrehiwot and Wolday 2001)

Admasu (2012) analyzed the factors that affect the performance of MSEs in Addis Ababa using sample household survey data collected in 2011. He used both descriptive data analysis and multiple regression model to identify the factors affecting MSEs. His finding indicated that finance factors, marketing factors, infrastructure factors, technological factors, work premise factors, management factors and entrepreneurial factors hindered the performance of MSEs.

The MSE sector is dominated by young firms, of which about 60% of sample enterprises have been in business for no more than five years. About 95.7% reported they had established the business by themselves from scratch. This suggests that entrepreneurship, particularly in the manufacturing sector, is largely a recent phenomenon in Ethiopia, requiring a conscious strategy to promote start-ups.

Church advertisement is much different in today's culture than it was a hundred, fifty, or even twenty years ago. Effective advertising and public relations must be ever changing with society. There are certainly basic principles that remain timeless, but with new advances in technology, it is crucial that marketing changes and advances with the times as well. In order to know how to

reach a given audience, one must first know who that audience is. In all aspects of communication, it is important to consider the audience. If the audience does not understand, the message has missed its purpose. Audience analysis is key to deciding what to say and how to communicate it (Conrad, 2008)

Our survey data discloses that the main source of competition for the manufacturing MSEs currently are formal domestic manufacturing firms. Less than a tenth of sampled enterprises in the ten study cities identified imports and informal domestic firms as their main competitor. Providing quality products and offering competitive prices are the first and second major means of competition by the businesses . On the other hand, forward contracts, advertisement and credit sales are sources of competition for very few businesses.

The data also shows that about three-fifth of the sampled enterprises had made an important improvement or change to their business within two years prior to the survey year. About a quarter of the sampled enterprises had introduced a new production process and/or new product group. For the vast majority of these firms, the increasing competition from the formal domestic sector is the primary motive to introduce new production processes and product groups.

Manufacturing MSEs in our study areas are obliged to deal with a large number of customers to sell their produces showing that there is no adequately well-established and stable market linkages. The marketing strategies highlighted in the MSE development strategy of Ethiopia do not seem well utilized to benefit more enterprises. For instance, in our survey it is only 6% of the sample enterprises reported that they have benefited the subcontracting arrangements to get market for their output.

Enterprises located in Addis Ababa tend to invest more on land, buildings and other capital goods (such as factory shades) as opposed to enterprises in regional cities which tend to invest more in machineries and equipment. Majority of the enterprises (about 70%) had no access to credit from any of the potential sources owing to highly collateralized financial environment. According to this survey, about two-third of the loan applicants rejected by formal financial institutions are rejected due to lack of collateral or guarantor. Following the financial constraints, and thus lack of working capital, MSEs in Ethiopia operate below their capacity, with a capacity utilization rate of 54.5%.

Lack of adequate working premises, lack of access to credit and shortage of power supply are the three most important factors impeding the operation of manufacturing MSEs in urban Ethiopia. The government and other stakeholders need to work hard in a coordinated manner to solve these problems and create enabling business environment in order for the infant manufacturing enterprises to thrive. The survey shows that informal business in the manufacturing sector supply their main product to a large number of customers and are less likely to depend exclusively on one or few customers.

Roy and Wheeler (2006) identified that the level of training of micro entrepreneurs (both formal and informal); experience and number of years in operation; knowledge of the market; level of differentiation and diversification of products; access to the necessary resources and/or technologies; level of planning; vision for the future; and the entrepreneur's level of poverty are among the factors contributing to success of micro and small enterprises while lack of market knowledge and training, limited access to capital, and lack of co-operation among possible business partners are some of the factors inhibiting the growth and development of the micro enterprise sector.

2.3 Conceptual Framework

This study has both independent and dependent variables. Dependent variable is success of the business enterprises. On the other hand, the independent variables are lack of experiences, management and know-how, Infrastructural facilities, Limited access to working place and land, resources and finance, customers and market information and external environment. Therefore, the finding depends on the relationship and outputs of the independent and dependent variables. The model shows the relationship between independent and dependent variables.

INDEPENDENT VARIABLES   **DEPENDENT VARIABLES**

Internal Factors

Entrepreneurial Skills

Age, sex, Experience,

External Environment Factors

Government support

Informal enterprise performance

(Profitability)

Marketing Premises

Conducive Working Environment

Financial availability
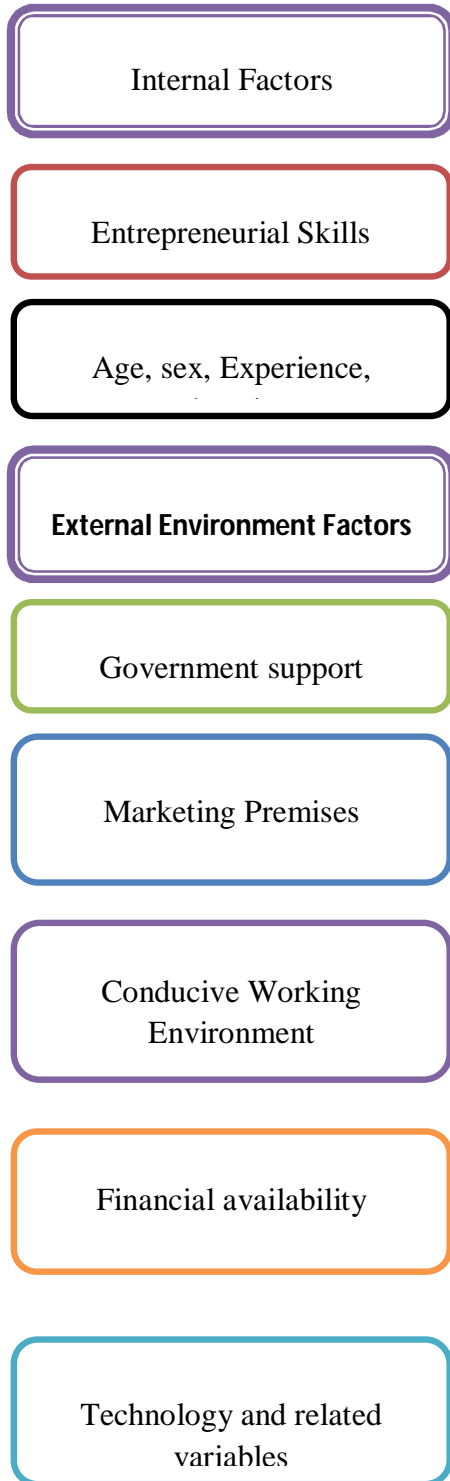
Technology and related variables
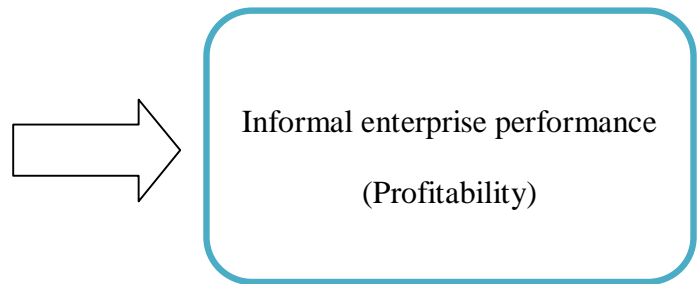
Source: Conceptual frameworks (Own Model)

CAPTER THREE

METHODOLOGY OF THE STUDY

Methodology is the way to identify the best and valuable techniques of collecting data for particular study (Dr.sue Greener. (2008). Research must be based on various type of relevant information; this information better to gathered from proper sources in order to do correct work.

3.1 Research Design

There are three types of research design, namely exploratory which emphasizes discovery of ideas and insights. The second one is descriptive which concerned with determining the frequency with which an event occurs or relationship between variables and the third one is explanatory which concerned with determining the cause and effect relationships (John A.H. et al., 2007:20-84). The types of research employed under this study were both descriptive and explanatory research. The study describes and critically assesses the factors affecting the performance of informal enterprise performance. Similarly, this study also employed explanatory in that the relationship between variables is correlated with an aim of estimating the integrated influence of the factors on performance.

Here, the researcher attempts to describe or define a subject, often by creating a profile of a group of problems. However, description of data through mere descriptive analysis does not provide conclusive results. It only helps to describe the properties of a specific sample under study. Thus, in order to obtain conclusive results, hypotheses formulated is tested in the research. These hypotheses are tested statistically with the help of inferential statistical techniques are used to test the hypotheses and on that basis it is decided whether the hypotheses are accepted or rejected. This process of analysis that follows description of data to provide conclusive results. On the basis of these tests, generalization made to a certain sample group is extended to the entire population. Thus, an inferential analysis is aimed at testing of hypothesis (Pandya, 2010).

3.2 Research Approach

Since this study is Descriptive and explanatory research design a qualitative research approach was used. Because qualitative data was associated with the opinions of the respondents those are

informal business owners, regarding the influence of various determinants to informal business performance.

3.3 population and sampling design

3.3.1 population of the study

The population of the study is members of those informal enterprises which only engaged in marketing of worshiping commodities in Ethiopian orthodox Tewahedo church which is found in Arada sub city. The total population is comprised 200 informal.

3.3.2 Sample size determination and technique

According to Taro Yamane's formula for sample size determination stated that a simplified formula to calculate sample sizes $=N/ (1+N (e) 2)$. Where n is – Sample size N is Total population the researcher will use 5% sampling error and 95% confidence level. The sample size calculated by $200/1+200(0.052) =133$. Hence out of the total population of 200 sample size determined will be 133.

For the purpose of the study the researcher used probability sampling method (Stratified sampling) which may have resulted in more reliable and detailed information and also helps to draw sample representative form population of the study that does not constitute homogeneous group. In order to form stratum, the researcher was used the stated enterprise categories and followed proportional allocation method from each stratum. And after allocating the sample size of each stratum researcher drawn items using simple random sampling.

Table 3.1 Category of Enterprises

Stratum based on category	Population (N)	Proportion of population in stratum (Pi)	Sample size from each stratum (n)
Producer	6	3%	**4**
Artesian	28	14%	19
Manufacturing (textile and garment)	26	13%	17
Construction finishing goods	22	11%	15
Trade	118	59%	58
Total	200	100%	113

3.4 Source and methods of data collection

The type of information the researcher used both primary and secondary sources of data. The primary data collected through administrated type of questionnaires which is distributed for informal business operators and unstructured interview were conducted for owners of the enterprises and in addition to this, the researcher used structured type of observation; in this type the observer prepared checklists in order to cross check the factors that impede the growth of the enterprises. The secondary data collected from published and unpublished documents like journals, magazine, sales documents, books, reports and various literatures on the title of the research.

3.5. Data analysis and presentation

Data analysis is the further transformation of the unprocessed data to look for patterns and relationship between and/or among data groups by using descriptive and inferential (statistical) analysis. The Statistical Package for Social Science (SPSS) used to analyze the data obtained from primary sources. Specifically, descriptive statistics (mean, standard deviation, table and charts) are used in order to transform raw data in to meaningful information. Description of data through mere descriptive analysis does not provide conclusive results. It only helps to describe the properties of a specific sample under study. Thus in order to obtain conclusive results, hypotheses formulated is tested in the research. These hypotheses are tested statistically with inferential statistical techniques.

3.5.1 The Pearson Product Moment Correlation Coefficient

Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. To ascertain whether a statistically significant relationship exists between internal and external variables, like Management and Entrepreneurial skill, Government Support, marketing premises, Financial availability, Working Environment and related variables and Technology and related variables, with firm's performance, the Product Moment Correlation Coefficient was used.

Correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship. The results of correlation coefficient may be interpreted as follows.

(-1.00 to -0.8)	Strong
(-0.8 to -0.6)	Substantial Negative
(-0.6 to -0.4)	Medium
(-0.4 to -0.2)	Low
(-0.2 to 0.2)	Very Low
(0.2 to 0.4)	Low
(0.4 to 0.6)	Medium Positive
(0.6 to 0.8)	Substantial
(0.8 to 1.00)	Strong

3.5.2 Linear Regression Analysis

Like correlation, linear regression examines the relationship between variables. however, the primary purpose of regression is prediction In this study Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores. Multiple regression analysis, which means more than one predictor is jointly regressed against the criterion variable. This method is used to determine if the independent variables will explain the variance in dependent variable (Geoffrey M. et al., 2005:224-225).

3.5.3 Regression Functions

This study built a question of two sets of variables, dependent variable (performance) and independent variables (internal and external determinants such as management and entrepreneurial skills, marketing premises, Technology and related variables, financial availability, etc).

Regress Performance on Selected Variables

$Yi = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8$

Where:

Y is the response or dependent variable - performance

X1= management and entrepreneurial skills, X2= government support, X3= marketing premises, X4= conducive working environment, X5= financial availability, X6= Technology and related variables, are the explanatory variables.

β_0 is the intercept term- constant which would be equal to the mean if all slope coefficients are 0. β_1, β_2, β_3, β_4, β_5, β_6, are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables. Accordingly, this statistical technique was used to explain the following relationships.

Regress performance (as dependent variable) on the selected linear combination of the independent variables using multiple regressions.

3.6 Ethical consideration

All the respondents included in this study were appropriately informed about the purpose of the research and their willingness and consent was secured before the beginning of distributing questionnaire. Regarding to respondents privacy issue, it maintained the confidentiality of the each enterprises. Each respondents assigned by code numbers instead of names. The completed questionnaires were filed safely and were accessible only to the researcher and thesis advisor. In all cases, names are kept confidential.

CHAPTER THREE

ANALYSIS AND DESCUSION

It is necessary to analyze some demographic characteristics of the respondents to see the extent to which samples were representative of the population from which they were drawn and also because variation in such characteristics may influence relationships between indicators variously. Demographically gender, age and educational level of respondents were considered. Generally, the analysis and discussion of the results were carried out using both explanatory and descriptive research design, including statistical tools such as bar graphs, pie charts and tables, Pearson correlation and regression as well.

4.1 Socio-Demographic Characteristics and Prospects of respondents

This section discusses the general characteristics of respondents in the informal businesses based on their responses. It includes Respondents sex, Age category, and status of formal Education and Marital status etc.

Table 4.1 Respondents sex and Age category

Item	Frequency	Percentage
Gender		
Male	32	28%
Female	81	72%
Total	113	100%
Age		
18-25	0	0
26-40	15	13%
41-50	69	61%
51-60	19	17%
Above 60	10	9%
Total	**113**	**100%**

Source: Own survey (2020)

Regarding the sex composition of the sampled respondents, about 72% of them were Female while the remaining 28% were male. This mean that majority of sampled respondents were female.

On the other hand, about 13% of the sampled respondents were between the age of 26 and 40. About 61% of the sampled respondents were between the age of 41-50. About 17% of the sampled respondents were between the age of 51 -60. About 9% of the sampled respondents were above 60. Which shows that the informal business in Ethiopian orthodox tewahido church is dominated by aged group.

A number of studies have focused on the entrepreneurial characteristics of the owners/managers of informal businesses as key determinants to performance. Age of the owners/managers was one of the most important characteristic that was repeatedly used to predict small business performance and success (Lussier and Pfeifer. 2001). The relationship of the business owner's age has effect on the performance of the enterprises (Lussier,1995) .

Theorists explain the influence of the age of owners/managers and call for younger owners/managers (Baum 2004: 46–47; Dockel and Ligthelm 2005: 211, Harabi 2003:103). These arguments are based on the belief that younger owners/managers have the necessary inspiration, energy and commitment to work and are more likely to take risks. The logic is that older owners/managers are more likely than younger owners/managers to have achieved their initial ambition. Ishengoma and Kappel (2006: 109–110) and Kolvereid and Isaksen (2006: 26–28) argue that there is a significant relationship between the age of the owners/managers and the level of growth achieved. As a result, firms that are run by younger owners/managers tend to have greater growth probability than those run by their older counterparts.

Figure 4.1 Status of formal Education and Marital status.

30
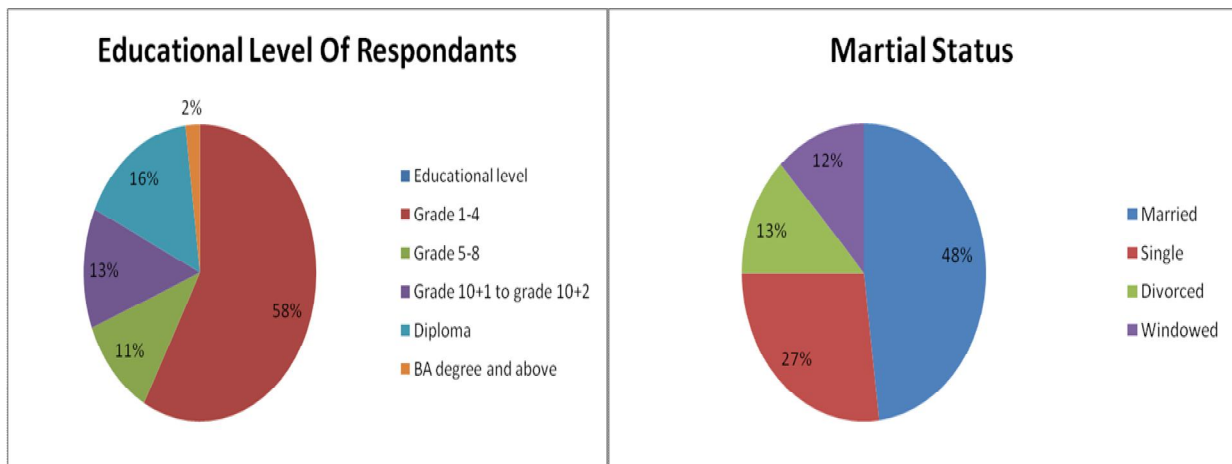
As shown in the above table and graph, majority of the respondents are non professionals, about 58% of the respondents have attended Grades 1-4. About 11% of the respondents have attended grade Grades 5-8. About 13% of the respondents have attended grade 10+1- grade 10+3. The percentages of respondents who have completed diploma and bachelor degree are 16% and 2% respectively. This suggests that less educated operators tend to own small enterprises, implying that there is a need to enhance their capacity through training and consultation.

From the above analysis we can observe that the majority of business owners are non professionals. But most studies revealed that education can provide the skills set and knowledge, which can help owner/managers with tools, like technology literacy, which helps to increase productivity and success. education helps owner/managers to integrate relevant information to do effective planning and to make well-informed decisions, which would ultimately enhance the organization's success□ (Mohan Niell. 2009).

Lack of entrepreneurial skills are important problems for women (Wasihun & Paul, 2010). The problem stems from a lack of experience or from the assumption that informal business didn't need sophisticated or technical knowledge. The youth are expected to run these kind of businesses, but they lack the necessary managerial skills on how to run a business and cope with potential problems (Bekele & Worku, 2008, p. 4 as cited in Clack, 2014).

In regarding with marital status, the majority 48% of the respondents are married, the remaining 27%, 13%, 12% are single, divorced and windowed.

Table 4.2 Type of Eenterprises

Item	Frequency	Percentage
Producer	4	4%
Manufacturing	17	15%
Construction	15	13%
Artesian	19	17%
Trade	58	51%
Total	**113**	**100**

Item	Frequency	Percentage
Number of Employees		
1 to 3 years	3	2%
4 to 6 years	8	7%
7 to 10 years	21	19%
Greater than 10	81	72%
Total	**113**	**100**

Source: Own survey (2020)

As shown in figure above, the sample firms were engaged in five different sectors. The majority of them are operating in trade (59%) followed by Artesian, manufacturing, and construction. 14%, 13% and 11% respectively. The producer only consists 3%. The dominant informal business around EOTC dominated by trade which include vendors.

Figure 4.2 Source of Start up fund and situation of business
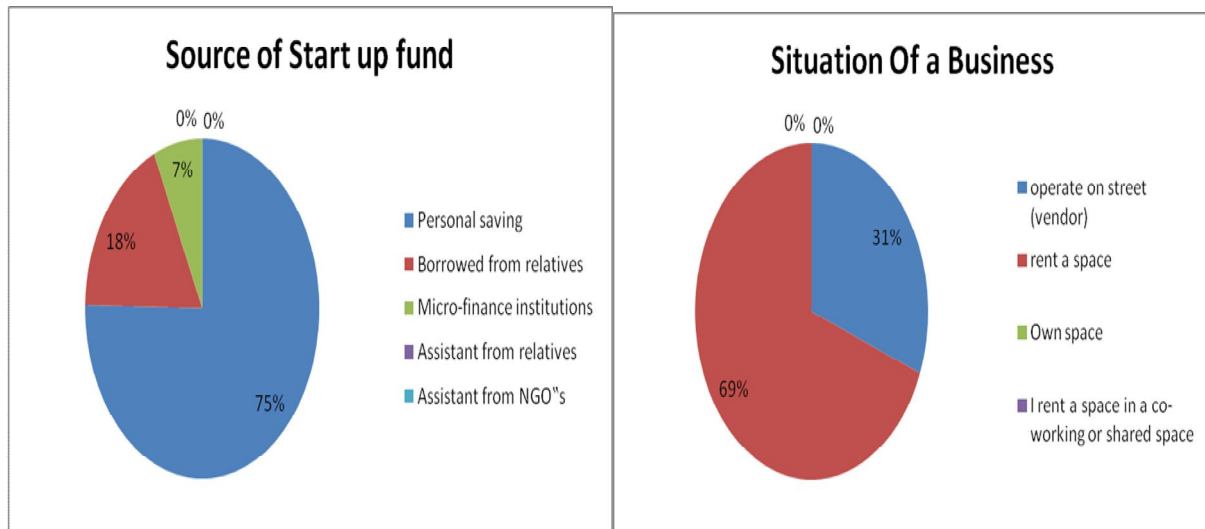
Source: Own survey (2020)

In regarding with sources of start up capital, as can been shown the above figure and table personal saving (75%) are the most frequently used sources, followed by *borrowed with relatives* (18%), micro finance institutions only contains (7%). This shows that the major source of finance for informal business around EOTC is personal saving. The micro finance role is very less.

Many studies revealed that informal business suffered from inadequate finance and run their businesses with little or no access to finance, and insufficient access to loans (Dr bie & Kassahun, 2013; Wasihun & Paul, 2010). Many informal businesses find their initial financing by way of borrowing from formal sources. However, the major difficulty for entrepreneurs is accessing credit due to collateral requirements of the banks. Even if they can access financial credit, the money borrowed is rarely sufficient to address the financial gap or expand their businesses (Wasihun & Paul,2010).

On the other hand, situation of the business the majority (69%) of informal business around EOTC operating their business by renting a space, the remaining 31% are vendors on street, which are highly liable for hazards, their product will spoiled easily, ultimately their performance will deteriorated.

Table 4.3 Ownership status

Item	Frequency	Percentage
Ownership status		
Sole ownership	97	86%
Joint ownership	11	10%
Family business	2	2%
Corporative	3	3%
Other (specify)	0	0
Total	**113**	**100**

Source: Own survey (2020)

4.1.2 Major Determinants of informal Enterprises performance

One of the reasons for the conduct of this research is to identify the factors affecting performance of small enterprises around Ethiopian orthodox Tewahedo church: the case Arada sub city. In order to identify those determinants questions were asked under different internal and external categories. Accordingly respondents were to assess the statements using a five-point likert scale of strongly agree, agree, undecided, disagree and strongly disagree. carries the weight of 5,4,3,2,1 respectively.

Table 4.4 Management and Entrepreneurial

Variables	Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree(1)
I have business and strategic plan	0	14	6	82	11
my business is well organized with man power and other resources	0	6	3	88	16
The business has trained and experienced employees.	0	13	2	91	7
The business practice Basic managerial function (planning, organizing, staffing directing and controlling) in improving business performance.	0	11	3	89	10

Among internal determinants that affect the performance of informal business is management and entrepreneurial skills of business owner. In this regard four different questioners were provided for business enterprise about 72% and 12% a total of 84% of business owner doesn't have a business plan. In addition to that 78% of the respondents didn't agree and 14% strongly disagree with as their business well organized with man power and other resources. In regarding with trained and experienced employees about 81% and 6% of the respondents disagree and strongly disagree. Further more, in relation with basic management practice like planning, organizing etc. The majority which covers 79% and 9% disagree and strongly disagree respectively.

All in all, the above result shows us as there are a big gap in management and entrepreneurial skills. But, different studies revealed that entrepreneurial skills, such as planning, organizing, directing, leading etc finding ways to to come up with new ideas are very important factors that business enterprises should possess to be successful long term survival in the future (Tiruneh Abebe. 2011).

Some entrepreneurs prepare business plans as a means to attain financing for their businesses while others use a plan to get all their ideas down on paper to assess whether their business idea is sound and viable (Tiruneh Abebe.2011). Ahmed, Shahbaz and Mubarak (2008) and cited in Tiruneh Abebe. 2011), suggested that no one should start a business in today's economy without

a business plan. They argued that success for informal businesses is achieved through planning, commitment.

Table 4.5 Descriptive analysis of internal determinants (Mean and Standard Deviation)

Variables	N	M	SD
I have business and strategic plan	113	2.20	0.78
my business is well organized with man power and other resources	113	1.99	0.61
The business has trained and experienced employees.	113	2.19	0.71
The business practice Basic managerial function (planning, organizing, staffing directing and controlling) in improving business performance.	113	2.13	0.70
Grand Mean and SD	**113**	**2.13**	**0.7**

From the above table we can concluded that among internal determinants the absence of business plan is the major determinants for performance of informal enterprises (MN=2.20, SD=0.78). Training opportunity and lack of experienced employees also has second major problem that influence the performance of the sector.

4.1.3 External Determinants

Table 4.6 Government Support

Variables	Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree(2)	Strongly disagree(1)
I have technical support and advice (like legal support, accounting, training, awareness creation from government.	3	5	31	61	13
Different incentives and subsides from government .	2	6	42	51	12
The accessible information on government regulations that are relevant to the business	3	8	29	69	4
The government support in clustering and incubation,	3	8	19	51	32

In regarding with government support about 12% and 54% of the respondents confirmed that they disagree and strongly disagree respectively in related with the government technical support and advices up on their business doing. Similarly the government support in relation with different incentives and subsides 45% and 11% of respondents are disagree and strongly disagree.

Finally with respect to the different business and related information and regulations that the government provided for informal enterprises about 61% and 4% of respondents are disagree and strongly disagree the accessibility. Hence, all the above responses shows that the government support to enhance the business is less. Huntington mentioned that there should be direct and indirect benefit of legitimate political participation (Huntington, 1968). Business owners must update with new policy and strategy made by both national and city administration government.

Table 4.7 Descriptive analysis of government support (Mean and Standard Deviation)

Variables	N	M	SD
I have technical support and advice (like legal support, accounting, training, awareness creation from government.	113	2.33	0.84
Different incentives and subsides from government.	113	2.42	0.82
The accessible information on government regulations that are relevant to the business	113	2.44	0.78
The government support in clustering and incubation,	113	2.11	0.98
Grand Mean and SD	**113**	**2.33**	**0.85**

Here we can concluded that among the government support, The accessible information on government regulations that are relevant to the business and Different incentives and subsides that provided from the government are the major obstacles for their performance with Mean and standard deviation of (M 2.44, SD 0.78) and (M 2.42, SD 0.82) respectively. This ultimately shows us the government should give priority and special attention in particular providing business information and subsides for the sector.

Table 4.8 Marketing Premises

Variables	Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree(1)
I have my own Market premises	0	0	1	11	101
The rent is faire and reasonable	6	31	0	76	0
My business premises is convenient to customer	11	21	0	39	42

The issues related to marketing premises, almost all respondents agreed that they haven't own their own business premises. About 33% of respondents agree and strongly agree as the rent of premises is reasonable and faire, the researcher tries to assess some of

Location can play a central role in determining the survival of small enterprises. Those enterprises that operate in commercial districts or on roadsides show greater growth rates than those based in homes, or far from main roads (Berkham et al. 1996: 320–321; Liedlholm 2002: 80). Geographical locations have implications for access to customers and other resources such as finance, trained labor, distribution and transport logistics. The achievements of small enterprises also depend on neighbor hood appearance and status of future business operations in that location.

Location can play a central role in determining the survival of small enterprises. Those enterprises that operate in commercial districts or on roadsides show greater growth rates than those based in homes, or far from main roads (Berkham et al. 1996: 320–321; Liedlholm 2002: 80). Geographical locations have implications for access to customers and other resources such as finance, trained labor, distribution and transport logistics. The achievements of small enterprises also depend on neighbor hood appearance and status of future business operations in that location.

Table 4.9 Descriptive analysis of Marketing premises (Mean and Standard Deviation)

Variables	N	M	SD
I have my own market premises	113	1.12	0.35
The rent is faire and reasonable	113	2.70	1.04
My business premises is convenient to customer	113	2.29	1.38
Grand Mean and SD	**113**	**2.03**	**0.92**

The table above showed that extent to which market premise and related statement issues that determine the performance of informal enterprise. From the table result revealed the highest Mean and standard deviation 2.7 and 1.04 respectively are the problem related with the rent of Marketing and related variables are not faire and reasonable. Which increases their operating cost that ultimately influence the businesses profitability and chance of expansion.

Table 4.10 Finance and related variables

Variables	Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree(1)
I am satisfied with the availability of financial access from financial institution	0	0	5	11	97
High collateral requirement from lending financial institutions	0	0	5	11	97

A majority of the informal business enterprise, which covers 95% are dissatisfied with Finance and related variables from financial institutions. Only 4% of the respondents are undecided the issues, which shows no one is satisfied with the availability of finance.

High collateral requirements were serious problems for the respondents. The survey result shows that almost all informal business enterprises face a big challenge to acquire finance due to high collateral problem.

As it has been already mentioned 86% of enterprises have gotten finance for their businesses from their own saving. This implies that the proportion of enterprises that finance their business through borrowing from banks is found to be insignificant despite availability of financial institutions in Addis Ababa. It seems that access to finance appears to be a very challenging for doing business.

More than half of the respondents also confirmed that the amount of loan size borrowed from 40 MFI & other lending institutions were not sufficient to operate their business, on the other hand around 17 percent of the respondents agreed that the loan was sufficient. In conformity with the finding, according to Terfasa et al, (2016:30) the problem of access to finance is more severe as loan requirement of microfinance institutions (MFIs) is complicated. A large proportion of both

micro and small enterprises do not apply for a loan or credit due to cumbersome bureaucracy, limited working premises, and high collateral requirement.

To sum up, financial constraints affects directly or indirectly the advancement of their performance. There are studies which support this finding. Lack of financial resources is often reported as the major obstacle and limiting factor that is experienced by informal business in developing countries (Millicent & Reginald, 2014:61).

Table 4.11 Descriptive analysis of Finance and related variables(Mean and SD)

Variables	N	M	SD
I am satisfied with the availability of financial access from financial institution	113	1.19	0.49
High collateral requirement from lending financial institutions	113	1.19	0.49
Grand Mean and SD	**113**	**1.19**	**0.49**

From the above table we understand that with regard to availability of financial access question mean of 1.19 and standard deviation of 0.49 agreed that it affects the performance of the business. High collateral requirement from lending institutions similar magnitude with accessibility of finance.

Table 4.12 Working Environment and related variables

Variables	Strongly Agree(5)	Agree (4)	Neutral(3)	Disagree (2)	Strongly disagree(1)
The Safety and security of business area is well secured.	0	8	0	24	81
The hygiene of the business area is favorable.	0	8	0	24	81
The availability of infrastructure such as water, electric power etc is accessible.	0	0	0	47	66
The business has access to transport	0	9	6	45	53

External factors considered for the purpose of this study are enabling business environment and social networks. These are assumed to be the most relevant external factors for informal businesses performance. Each is discussed in the sections that follow.

Several indicators of business environment have been used in this study including, the Safety and security of business area, the hygiene of the business area, the availability of infrastructure such as water, electric power etc, and accessible to transportation. As per the survey the majority of respondents (96%) were respond that, the Safety and security of their business area is not well secured. Similar in relation to the hygiene of the business area about 21% and 72% of the response shows that as they are disagree and strongly disagree with the hygiene of the business area. All respondents (100%) respond that the availability of infrastructure such as water, electric power etc is not accessible. 87% of the respondents answered that the business area is not access to transport.

Osotimehin et al. (2012) pointed out that basic infrastructure plays their own enormous role on the success of business enterprises. Further, Daniel (2012 as cited by Drbie & Kassahun, 2013) stated that poor infrastructure such as access to roads, power interruptions, lack of sufficient provision of water, and telecommunication problems significantly affect the performance of their business productivity.

Table 4.13 Descriptive analysis of Working Environment and related variables(Mean and SD)

Variables	N	M	SD
The Safety and security of business area is well secured.	113	1.42	0.82
The hygiene of the business area is favorable.	113	1.42	0.82
The availability of infrastructure such as water, electric power etc is accessible.	113	1.42	0.49
The business has access to transport	113	1.74	0.88
Grand Mean and SD	**113**	**1.5**	**0.75**

Among the determinants that related with Working Environment and related variables.The accessibility of transport factors that affected highly the performance of enterprises: which has the mean and standard deviation of 1.74 and 0.88 respectively. The Safety and security of business area, the hygiene of the business area, the availability of infrastructure such as water,

electric power etc all have nearly equal magnitude of problem for the performance of informal business enterprises.

Table 4.14 Technology and related variables

Variables	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree(1)
I have access to appropriate machinery and equipment.	0	0	7	8	98
I used modern technology for my business.	0	0	8	6	99
Adoption of new technologies help to copy with market needs	0	0	9	7	99
Lack of appropriate machinery and equipment to run the business	0	0	10	11	92

As indicated in the table nearly all business enterprises lack to the access of appropriate machineries and equipments. In relation to using modern technology for their business a total of 93% or 87% are strongly disagree and 6% disagree. In order to adopt new technologies to keep the market need similar responses are revealed. Hence, the accessibility and usage of modern technology is the one among the major challenge.

A research conducted by Daniel (2012) stated that unfavorable roads, power interruption, shortage of water, and inaccessible telecommunications are the major challenges and without which business cannot function. Furthermore, Habtamu et al. (2013) indicated that business operating with available infrastructure facilities has higher probability of long lasting existence and growth as compared to those that are operating without adequate infrastructures; and electric power interruption and inadequate water supply.

Table 4.15 Descriptive analysis of Technology and related variables (Mean and Standard Deviation)

Variables	N	M	SD
I have access to appropriate machinery and equipment.	113	1.19	0.53
I used modern technology for my business.	113	1.19	0.54
Adoption of new technologies help to copy with market needs	113	1.22	0.57

Variables	N	M	SD
Lack of appropriate machinery and equipment to run the business	113	1.27	0.61
Grand Mean and SD	**113**	**1.21**	**0.56**

The table shows that Mean of 1.27 and standard deviation of 0.61 are the major determinants for the performance of informal enterprises with regard to usage of modern technology and adoption of new technology that helps to be competitive in market.

Table 4.16 Grand mean and standard Deviation of all internal and external determinants

Variables	Grand standard Deviation and Mean		Rank of Severity
	Mean	**SD**	
Management and Entrepreneurial Skills	2.14	0.70	2nd
Government support	2.33	0.88	1st
Marketing Premises	2.03	1.23	3rd
Conducive Working Environment	1.18	0.49	4th
Financial availability	1.50	0.78	5th
Technology and related variables	1.21	0.55	6th
Grand Mean and SD	**1.73**	**0.77**	

From the above table we understand that both internal and external determinants had their own level of influence on the performance of informal enterprises. The lack of government support is with high grand mean 2.33 the first and for most challenges. Management and entrepreneurial skill and the availability of marketing premise are high degree of influence on the performance of informal business. Hence, the government intervention in regarding with providing technical support in different areas like financial, management, legal issues and other related support area are important to improve the business prospects of informal enterprise.

4.2 Inferential Data Analysis

4.2.1 Pearson Correlation Analysis

This research is investigating the strength of relationships between the studied variables. The study employs the Pearson correlation which "measures the linear association between two metric variables" (Hair et al., 2008). The Pearson correlations were calculated as measures of relationships between the independent variables and dependent variables. This test gives an indication of both directions, positive (when one variable increase and so does the other one), or negative (when one variable increases, and the other one decreases (Pallant, 2010). The test also indicates the strength of a relationship between variables by a value that can range from --1.00 to 1.00; when 0 indicates no relationship, -1.00 indicates a negative correlation, and 1.00 indicates a perfect positive correlation (Pallant, 2010).

Based on the questionnaire which was filled by the informal enterprise owners, the following correlation analysis was made. The table below indicates that the correlation coefficients for the relationships between performance and its independent variables are linear and positive ranging from substantial to strong correlation coefficients.

Table 4.17. The relationship between independent variables and performance

Correlations								
		Performance	Management and Entrepreneurial Skills	Governm ent Support	Marketing Premises	Financial availability	Conducive Working Environment	Technology and related variables
Performance	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	113						
Management and Entrepreneurial Skills	Pearson Correlation	$.809^{**}$	1					
	Sig. (2-tailed)	0.000						
	N	113	113					
Government Support	Pearson Correlation	$.872^{**}$	$.812^{**}$	1				
	Sig. (2-tailed)	0.000	0.000					
	N	113	113	113				

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Correlations		Performance	Management and Entrepreneurial Skills	Government Support	Marketing Premises	Financial availability	Conducive Working Environment	Technology and related variables
Marketing Premises	Pearson Correlation	.886**	.755**	.827**	1			
	Sig. (2-tailed)	0.000	0.000	0.000				
	N	113	113	113	113			
Financial availability	Pearson Correlation	.852**	.850**	.719**	.770**	1		
	Sig. (2-tailed)	0.000	0.000	0.000	0.000			
	N	113	113	113	113	113		
Conducive Working Environment	Pearson Correlation	.931**	.745**	.879**	.836**	.800**	1	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000		
	N	113	113	113	113	113	113	
Technology and related variables	Pearson Correlation	.868**	.875**	.724**	.768**	.961**	.817**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	
	N	113	113	113	113	113	113	113

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

Source: Field survey, 2020

We understand from the above table that a strong positive relationship was found between Working Environment and related variables and performance (r =.931, p < .01), Marketing Premises (r =.886, p < .01), Government Support (r = .872, p < .01), Technology and related variables (r = .868, p <.01), Finance and related variables and performance (r = .852, p < 0.01), and Management and Entrepreneurial Skills (r = .809, p <.01) which are statistically significant at 99% confidence level. This implies that at a 1% level of significance it was discovered that the both internal and external variables play a significant role in determining the performance of informal enterprise in Arada sub-city. This would imply that, the more Conducive business environment and Marketing and related variables availability the better performance of informal enterprise would be. Moreover, there is a positive correlation between entrepreneurial factors and business performance (r = .809), which is statistically significant at 99% confidence level.

To sum up, for these variables Pearson correlation test was conducted and the results are shown in the above mentioned figure, there is significant correlation between internal and external determinants and informal enterprise performance. In other words, internal and external factors and informal enterprise performance have high or strong relationship.

The regression analysis assumption tests are annexed in appendixes B.

Table 4.18 Modeling Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.963[a]	0.928	0.924	0.26430	0.89	139.36	6	106	0.000
a. Predictors: (Constant), Technology and related variables, Government Support, Marketing Premises, Management and Entrepreneurial Skills, Working Environment and related variables, Financial availability									

By looking at the Sig.-value in the above table, it is possible to interpret whether the particular independent variables have a significant relationship with the dependent variable. The relationship is significant if the Sig. value is not larger than 0.05. The results show that the first model summary, statistic, R, is the multiple correlation coefficients between all of the independent variables and the performance except management and Enterprinoural skills and financial availability as well. In this model, the value is 0.963. The next value, R Square, is simply the squared value of R. This is frequently used to describe the goodness-of-fit or the amount of variance in performance explained by a given set of predictor variables. In this model, the value is 0.0928, which indicates that 92.8% of the variance in performance of informal enterprise is explained by the independent variables.

Similarly, under this model summery ANOVA describes the overall variance accounted for in the model. The F statistic represents a test of the null hypothesis that the regression coefficients are all equal to zero. In this model all the null hypothesis for management and entrepreneurial skill, government support, marketing premises, working environment, finance access, and Technology and related variables are different from zero and p-value (0.000) would indicate that there is a linear relationship.

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	95.817	6	15.969	228.616	.000[b]
	Residual	7.404	106	.070		
	Total	103.221	112			

a. Dependent Variable: Performance
b. Predictors: (Constant), Technology Availability, Government Support, Marketing Premises , Management and Entrepreneurial Skills, Conducive Working Environment , Financial availability

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-0.322	0.093		-3.466	0.001
	Management and Entrepreneurial Skills	-0.058	0.099	-0.042	-0.582	0.562
	Government Support	0.173	0.083	0.159	2.082	0.040
	Marketing Premises	0.191	0.042	0.244	4.590	0.000
	Financial availability	0.045	0.186	0.023	0.244	0.808
	Conducive Working Environment	0.469	0.094	0.382	5.002	0.000
	Technology and related variables	0.460	0.195	0.268	2.361	0.020
a. Dependent Variable: Performance						

In the second coefficients summary, the unstandardized coefficients B column, gives us the coefficients of the independent variables. Independent variables which determine the performance at 5% level of significance are summarized below as:

$Y_i = -0.322 + 0.173 X_{1i} + 0.191 X_{2i} + 0.469 X_{3i} + 0.460 X_{4i}$

Where, Y_i= Predicted performance, X_{1i}= Government support, X_{2i}= marketing premises, X_{3i}= Working Environment and related variables X_{4i}= Technology and related variables.

All the explanatory variables included in this study can significantly explain at 99% confidence level to the variation on the dependent variable. The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average amount the dependent variable increases when the independent variable increases by one standard deviation all other independent variables are held constant. The major determinant on the performance of informal enterprise is conducive working environment, Technology and related variables, and marketing premises with the value of (0.382, 0.268 and 0.244) respectively. To sum up, summary of results and discussions based on inferential analysis.

Working environment and related variables: - In the regressions analysis Working Environment and related variables were identified as the leading positive significant influential determinant of informal business at 0.000% level of significance. This shows that the factor is decisive for performance growth and a one standard unit increase in marketing factor results in 0.382 increase in performance while keeping other variables constant. Correlation results was also shown that there is a strong relationship (0.5 to 1.00) between the factors and performance (r =.886, p < .05).

Technology and related variables: - In the regressions analysis technology factor was identified as the significant influential determinant of informal business at 0.020% level of significance. This shows that the factor is decisive for performance growth and a one standard unit increase in marketing factor results in 0.268 increase in performance while keeping other variables constant. Correlation results was also shown that there is a strong relationship (0.2 to 1.00) between the factors and performance (r =.868, p < .05).

Marketing and related variables:- In the regressions analysis premises factor was also significant influential determinant of informal business at 0.000% level of significance. This

shows that the factor is decisive for performance growth and a one standard unit increase in marketing factor results in 0.244 increase in performance while keeping other variables constant. Correlation results was also shown that there is a strong relationship (0.4 to 1.00) between the factors and performance (r =.886, p < .05).

Hypothesis testing

Based on the above inferential data analysis the result shows that the two hypothesis which are Internal factors such as management and entrepreneurial factors have significant effect on informal enterprise performance, and External factors such as government support, marketing premises, conducive working environment, financial availability, Technology and related variables have significant impact on informal enterprise performance are accepted. Because both internal and external variables have significant influence on the performance of informal enterprises.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

This final chapter summarizes and concludes the general findings of the study and makes recommendations to policy makers, researchers and practitioners or entrepreneurs in informal business in particular in Ethiopian Orthodox Tewahedo Church .

5.1.1 Conclusion

Informal businesses have important role in one country socio - economic development. But in order to make them successful there are different internal and external hindrances. This study focused on the major determinants of informal enterprises performance in Ethiopian orthodox tewahido church in the case of Arada sub city.

Each sector was used purposively as a stratum from which the required samples were drawn to represent the population, using a stratified proportional random sampling technique. In order to determine the sample size, the study applied a simplified formula. To achieve the minimum required sample size at 95% confidence level, 0.5 degrees of variability. Using these techniques, 113 informal enterprises were randomly selected.

The general characteristics and prospects of the enterprises in the study, such as age, level of education, gender distribution and marital status were discussed. The discussions revealed that most of informal enterprises were owned and run by a aged labor owner. But the youth should play a leading role in operating business. The government should due attention for youth job creation. This is the first determinants that affect the performance of business.

 level of education was also assessed; the level of education of the majority in both study sit was non professional. High levels of education increase operational efficiency, profitability and the success of business operators. However, the results of the survey indicated that operators of informal enterprises were generally less educated.

Most operators of informal businesses in this study lacks Management and Entrepreneurial knowledge and skills. They had no business plan, and didn't practice managerial functions which ultimately affect the performance of business.

With regarding to external determinants, the survey examining and identifying major determinants that affect the performance of informal enterprise. The most serious challenges cited by respondents during the survey were inadequate financial availability, technology accessibility, challenges related to work premises, conducive business environment such as safety, security and hygiene of work place, the profession of basic infrastructure like power, water, electric city. All these affect the performance of informal enterprises.

The inferential analysis revealed that both internal and external variables have strong correlation with performance. ANOVA shows that conducive working environment, Technology and related variables and marketing premises factors are found the top most positive determinants of performance of informal enterprise in the study area at 5% level of significance.

5.1.2 Recommendations

Based on the findings, the conclusions and the relevant literature, the researcher proposes the following recommendations for policy makers, researchers and practitioners or entrepreneurs in small enterprises in order to boost their growth and expansion.

Conducive working environment, Technology and related variables and Marketing premise factors are frequently coined as the key determinant factors of the studied of informal enterprises. Therefore, it is necessary to solve these deep-rooted problems of the enterprises by providing enabling environment for the business. Like safety, protection, provision of basic infrastructure, shelters etc. The government also should due attention in supporting enterprises by providing modern technology that facilitate productivity. Adopt and expand best technology that make ease of doing their business. Devising new rule and regulations, especially on issues that to address the problem of availability in independent production and selling place for the enterprises.

Most informal enterprises owner have low educational status. Hence, to make the enterprises more competitive and profitable, boosting the capacity and skills of the operators through

continuous training and development program. Access to training and technological support are frequently indicated as an important factor that determines informal businesses performance under this study. Therefore, an ongoing training based on their gap and a technological support has to be given.

Since the majority of the enterprises did not have access to credit from formal financial institutions as the precondition of collateral by financial institutions is a major challenge. Hence, In order to overcome these problems, more innovative guarantee schemes should be designed to support enterprises operators. working premises while there are on the production process could enhance their ability to cop up with technological advancement as well as effective and efficient production capacity. This further will enhance their capacity to upgrade their business.

The government also should due great attention in providing enabling business environment, facilitate technical and financial supports. Since marketing premises and the accessibility of technology are major important for the success of informal enterprises the government should work more towards these initiatives. Improved provision and expansion of the necessary infrastructure are necessary and basic to the effective performance of these enterprises. The government should focus more on playing a facilitative role by reviewing all the impediments and addressing the issues of obtaining facilities.

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Saint Marry University

Masters in Business Administration

Survey Questionnaire Developed To Collect Information For The Partial Fulfillment Of Master Of Business Administration

SECTION 1: INTRODUCTION

Dear respondent, Sir/Madam,

I am a graduate student in the department of development economics, Saint Marry University. Currently, I am undertaking a research entitled *'Determinants of informal enterprises performance IN ETHIOPIAN ORTHODOX TEWAHIDO CHURCH..the case of Arada subcity'* You are one of the respondents selected to participate on this study.

Please assist me in giving correct and complete information to present a representative finding on the current status of the business. Your participation is entirely voluntary, and the questionnaire is completely anonymous.

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

Sincerely,

Wubishet Tekle

Instructions

☐ No need of writing your name

☐ For Likert scale type statements and multiple choice questions indicate you're a check mark (√) in the answers with appropriate block.

SECTION 2: PERSONAL INFORMATION ON BUSINESS ENTERPRISES

1. What is your age

A 18-25   B 26-40   C 41-50   D 51-60   E. above 60

2. What is your Gender

A Male   B Female

3. Level of education and training

a. Grades1-4
b. Grades 5-8
c. Grades 10 complete
d. 10+1 &10+2
e. 10+3 /diploma
f. BA/BSC and above

4. Marital status

a. Married
b. Single
c. Divorced
d. Widowed

5. What is the main activity of the enterprise?

a. producer

b. manufacturing

c. construction

d. Trade E Artesian

6. Number of employees in the enterprise

a.1-3

b.4-6

c. 7-10

d greater than 10

7. What was your main source of start-up funding?

a. Personal saving

b. Borrowed from relatives

c. Micro-finance institutions

d. Assistant from relatives

e. Assistant from NGO□s

f. Others (specify) _____

8. Which of the following best describes your situation?

a. I operate on street (vendor)

b. I rent a space

c. I own a space

d. I rent a space in a co-working or shared space

SECTION3: Determinants of informal enterprise

The major Determinants of informal enterprise performance are listed below. Please indicate the degree to which these determinants are affecting the growth of employment of your business. After you read each of the factors, evaluate them in relation to your business and then put a tick mark ($\sqrt{}$) under the potential choices below.

5 = strongly agree,

4 = agree,

3 = undecided,

2 = disagree

1= strongly disagree.

Please indicate the degree to which you agree with the following statements

Determinants	Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree(1)
Management and Entrepreneurial					
I have business and strategic plan					
my business is well organized with man power and other resources					
The business has trained and experienced employees					
The business practice Basic managerial function (planning, organizing, staffing directing and controlling) in improving business performance.					
Government Support					
technical support and advice from government.					
get different incentives and subsides from government.					
accessible information on government regulations that are relevant to my business					
Marketing Premises					
I have my own Marketing premises					
The rent is faire and reasonable					
My business premises is convenient to					

Determinants	Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree(1)
customer					
Working Environment and related variables					
The Safety and security of business area is well					
The hygiene of the business area is favorable.					
The availability of infrastructure such as water, electric power etc is accessible.					
The business has access to transport					
Financial availability					
I am satisfied with the availability of financial access from financial institution					
High collateral requirement from lending financial institutions.					
Technology and related variables					
I have access to appropriate machinery and equipment.					
I used modern technology for my business.					
Adoption of new technologies help to copy with market needs					

Determinants	Strongly Agree(5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly disagree(1)
Lack of appropriate machinery and equipment to run the business					

Please indicate the degree to which you agree with the following factors that have a direct influence on the performance of your business?

Determinants	5	4	3	2	1
Management and Entrepreneurial					
Government Support					
Marketing Premise					
Financial availability					
Conducive Working Environment					
Technology and related variables					

መጠይቅ

ቅድስት ማርያም ዩኒቨርሲቲ

የንግድ ሥራ አመራር ድህረ ምረቃ

ክፍል አንድ፡ መግቢያ

ውድ የጥናቱ ተሳታፊዎች፦

እኔ በቅድስት ማርያም ዩኒቨርስቲ የቢዝነስ አስተዳደር የድህረ ምረቃ ተመራቂ ተማሪ ስሆን፤ በአሁን ሰዓት የመመረቂያ ፅሁፌን በማዘጋጀት ላይ እገኛለሁ። የጥናቱ ርዕስም ″በኢትዮጵያ ኦርቶዶክስ ተዋህዶ ቤተክርስቲያን ዙሪያ ኢመደበኛ ንግድ ተቋማት አፈፃፀም ላይ ተፅእኖ የሚያሳድሩ ተግዳሮቶችን″ ይመለከታል። እርስዎም በዚህ ጥናት እንዲሳተፉ ተመርጠዋል። እርስዎ የሚሰጡትን ትክክለኛውን መረጃ ለጥናቱ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞሉ አጠይቃለሁ። ተሳትፎዎ በእርስዎ በጎ በፈቃደኝነት ላይ የተመሰረተ ነው። በመጨረሻም የሚሰጡት መረጃ ሚስጥራዊነቱ የተጠበቀና ለዚህ ጥናት ዓላማ ብቻ እንደሚውል አረጋግጣለሁ። የማንኛውም መልስ ሰጪ ማንነት በማንኛውም መልኩ የማይታተምና የማይሰራጭ ይሆናል። ሁሉም መረጃዎች ለትምህርታዊ ዓላማ ብቻ ይውላሉ። ለትብብርዎ በቅድሚያ አመሰግናለሁ።

<div align="right">ውብሸት ተክሌ</div>

ማሳሰቢያ - በመጠይቁ ላይ ስም መፃፍ አያስፈልግም። መልስዎትን በሳጥኑ ውስጥ የእርማት ምልክት (✓) ያስቀምጡ።

ክፍል ሁለት፡ ስለ ቢዝነስ ተቋም አጠቃላይ መረጃ

1. ዕድሜያ ስንት ነው
ሀ) 18-25   ለ) 26-40   ሐ) 41-50   መ) 51-60 ሠ) ከ60 በላይ

2. ጾታዎ
ሀ) ወንድ   ለ) ሴት

3. የትምህርት ዝግጅትዎ

1).   1-4

2). 5-8

3) ከ10ኛ ክፍል በላይ

4). 10+1 እና 10+2

5). 10+3 /ዲፕሎማ

6). የመጀመሪያ ዲግሪና ከዚያ በላይ

4. የትዳር ሁኔታ

1). ያገባ

2). ያላገባ

3). የፈታ

4). የሞተበት

5. በምን ዘርፍ ነው የተሰማሩት?

1. በምርት

2. በጨርቃጨርቅ ምርት

3. በኮንስትራክሽን

4. በንገድ

5 በዕደጥበብ

6. ምን ያህል ሰራተኛዎች አልዎት ?

1.1-3   2) 4-6   3) 7-10   4) ከ10 በላይ

7. ዋንኛ የመነሻ ካፒታልዎ ምንድን ነው ?

1. ቁጠባ

2. ከዘመድ ብድር

3.. ከጥቃቅን አበዳሪ ተቋማት

4. የዘመድ ድጋፍ

5. መንግስታዊ ካልሆኑ ድርጅቶች ድጋፍ

6. ሌላ ካለ ይግለጹ _____

8. ከታች ከተጠቀሱት የትኛው ይገልጻታል?

a. የመንገድ ላይ ንግድ

b. በንግድ ቤት ኪራይ

c. በራሴ የገበያ ቦታ

d. ከሌሎች ጋር በጋራ በመከራየት

ክፍል 3: ኢ-መደበኛ በሆኑ የንግድ ተቋማት ላይ ተጽእኖ የሚያሳድሩ ጉዳዮች

ከዚህ በታች ለኢመደበኛ የንግድ ተቋማት የአፈፃፀም ችግር ሊሆኑ የሚችሉ ነገሮች ተዘርግዘዋል። ከተዘረዘሩት ችግሮች የእርስዎን የስራ ዘርፍ ይበልጥ ተፅእኖ የሚያሳድሩትን በደረጃ ያመላክቱ። ለእያንዳንዱ ጥያቄ ከአማራጮቹ አንድ ጊዜ ብቻ የ(✓) ምልክት በማድረግ ምላሽ ይስጡ።

5 = በጣም እስማማለሁ

4 = እስማማለሁ

3 = ለመወሰን እቸገራለሁ

2 = አልስማማም

1= በጣም አልስማማም

ተጽእኖ የሚፈጥሩ ጉዳዮች	በጣም እስማማለሁ(5)	እስማማለሁ (4)	ለመወሰን እቸገራለሁ(3)	አልስማማም(2)	በጣም አልስማማም (1)
የንግድ አስተዳደር እና የስራ ፈጠራ ክህሎት					
የቢዝነስ እና ስትራቴጂክ ዕቅድ አለኝ					
የንግድ ተቋሜ በሰው ሃይል እና ግብዓት የተደራጀ ነው					
የቢዝነስ ተቋሜ ልምድ ያላቸው ብቁ					

ተጽእኖ የሚፈጥሩ ጉዳዮች	በጣም አስማማለሁ(5)	እስማማለሁ (4)	ለመወሰን እቸገራለሁ(3)	አልስማማም(2)	በጣም አልስማማም (1)
ባለሙያዎችን ይዟል					
መሰረታዊ የስራ አመራር ተግባራትን ሥራየን ለማሻሻል ተግባራዊ አደርጋለሁ					
ለንግድ ተቋሙ በመንግስት የሚደረጉ ድጋፎች					
ምክር እና የቴክኒክ ድጋፎች					
የንግድ ተቋሙን ሊያሳድጉ የሚችሉ ማበረታቻዎች እና ድጋፎች					
ከንግድ ሥራው ጋር ተዛማጅ የሆኑ ህጎች፣ ደንቦችና አዋጆች ተደራሽ አለመሆን።					
የመስሪያ ቦታ					
የራሴ የሆነ የመስሪያ ቦታ አለኝ					
ኪራዩ ምክንያታዊ እና ጥሩ ነው					
የንግድ ቦታዬ ለደንበኞች ተስማሚ እና ቅርብ ቦታ ነው					
ምቹ የስራ አካባቢ					
የንገድ ቦታው አስተማማኝ እና ደህንነቱ የተጠበቀ ነው					
የንግድ ቦታው ንጽህናው ጥሩ ነው					
መሰረተ ልማቶች ተደራሽ ናቸው					

ተጽእኖ የሚፈጥሩ ጉዳዮች	በጣም አስማማለሁ(5)	እስማማለሁ (4)	ለመወሰን እቸገራለሁ(3)	አልስማማም(2)	በጣም አልስማማም (1)
የንገድ ቦታው ለትራንስፖርት ተደራሽ ነው					
የፋይናንስ አቅርቦት					
ከአበዳሪ ተቋማት የብድር አቅርቦት ተደራሽ ነው					
ከአበዳሪ ተቋማት ከፍተኛ ማስያዣ ይጠይቃሉ					
የቴክኖሎጂ ተደራሽነት					
ለንግድ ሥራው አስፈላጊ መሳሪያዎች እና ማሽኖች ተደራሽ ናቸው፤					
ለንግድ ሥራዬ ዘመናዊ ቴክኖሎጂዎችን እጠቀማለሁ					
አዳዲስ ቴክኖሎጂዎችን ማለማድ ለንግድ ስራዬ ተወዳዳሪ ለመሆን አግዘውኛል					
የመሳሪያ እና ማሽን እጥረት አለ					

እባክዎትን ከዚህ በታች ከተዘረዘሩት አጠቃላይ ጉዳዮች በቀጥታ የእርስዎን የስራ ዘርፍ አፈፃፀም ላይ ይበልጥ ጠቃሚ የሆኑትን በመጠን ያመላክቱ።

ተጽእኖ የሚፈጥሩ ጉዳዮች	በጣም አስማማለሁ(5)	እስማማለሁ (4)	ለመወሰን እቸገራለሁ(3)	አልስማማም(2)	በጣም አልስማማም (1)
የንግድ አስተዳደር እና የስራ ፈጠራ ክህሎት					
የመንግስት ድጋፍ					

ተጽእኖ የሚፈጥሩ ጉዳዮች	በጣም አስማማለሁ(5)	እስማማለሁ (4)	ለመወሰን እቸገራለሁ(3)	አልስማማም(2)	በጣም አልስማማም (1)
የገበያ ቦታ					
የፋይናንስ አቅርቦት					
ምቹ የስራ አካባቢ					
የቴክኖሎጂ አቅርቦት					

Appendix B

Regression Analysis Assumption Testes

Descriptive

			Statistic	Std. Error
Technology Availability	Mean		1.2124	.05251
	95% Confidence Interval for Mean	Lower Bound	1.1083	
		Upper Bound	1.3164	
	5% Trimmed Mean		1.1249	
	Median		1.0000	
	Variance		.312	
	Std. Deviation		.55824	
	Minimum		1.00	
	Maximum		3.00	
	Range		2.00	
	Interquartile Range		.00	
	Skewness		2.543	.227
	Kurtosis		5.160	.451
Conducive Working Environment	Mean		1.5044	.07343
	95% Confidence Interval for Mean	Lower Bound	1.3589	
		Upper Bound	1.6499	
	5% Trimmed Mean		1.3938	
	Median		1.0000	
	Variance		.609	
	Std. Deviation		.78061	
	Minimum		1.00	
	Maximum		4.00	
	Range		3.00	
	Interquartile Range		1.00	
	Skewness		1.820	.227
	Kurtosis		3.244	.451
Financial availability	Mean		1.1858	.04627
	95% Confidence Interval for Mean	Lower Bound	1.0942	
		Upper Bound	1.2775	
	5% Trimmed Mean		1.1018	
	Median		1.0000	
	Variance		.242	

Descriptive

			Statistic	Std. Error
	Std. Deviation		.49187	
	Minimum		1.00	
	Maximum		3.00	
	Range		2.00	
	Interquartile Range		.00	
	Skewness		2.686	.227
	Kurtosis		6.430	.451
	Mean		2.0354	.11585
	95% Confidence Interval for	Lower Bound	1.8059	
	Mean	Upper Bound	2.2649	
	5% Trimmed Mean		1.9282	
	Median		2.0000	
	Variance		1.517	
Marketing Premises	Std. Deviation		1.23150	
	Minimum		1.00	
	Maximum		5.00	
	Range		4.00	
	Interquartile Range		1.00	
	Skewness		1.129	.227
	Kurtosis		.079	.451
	Mean		2.3363	.08302
	95% Confidence Interval for	Lower Bound	2.1718	
	Mean	Upper Bound	2.5008	
	5% Trimmed Mean		2.2886	
	Median		2.0000	
	Variance		.779	
Government Support	Std. Deviation		.88247	
	Minimum		1.00	
	Maximum		5.00	
	Range		4.00	
	Interquartile Range		1.00	
	Skewness		.790	.227
	Kurtosis		.942	.451
	Mean		2.1416	.06636
Management and	95% Confidence Interval for	Lower Bound	2.0101	
Entrepreneurial Skills	Mean	Upper Bound	2.2731	
	5% Trimmed Mean		2.1018	

Descriptive

	Statistic	Std. Error
Median	2.0000	
Variance	.498	
Std. Deviation	.70543	
Minimum	1.00	
Maximum	4.00	
Range	3.00	
Interquartile Range	.00	
Skewness	1.502	.227
Kurtosis	2.639	.451

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Technology Availability	.507	113	.000	.419	113	.000
Conducive Working Environment	.360	113	.000	.646	113	.000
Financial availability	.506	113	.000	.422	113	.000
Marketing Premises	.308	113	.000	.756	113	.000
Government Support	.294	113	.000	.847	113	.000
Management and Entrepreneurial Skills	.447	113	.000	.607	113	.000

a. Lilliefors Significance Correction

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.322	.093		-3.466	.001		
	Management and Entrepreneurial Skills	-.058	.099	-.042	-.582	.562	.128	7.822
	Government Support	.173	.083	.159	2.082	.040	.116	8.589
	Marketing Premises	.191	.042	.244	4.590	.000	.239	4.190
	Financial availability	.045	.186	.023	.244	.808	.075	13.378
	Conducive Working Environment	.469	.094	.382	5.002	.000	.116	8.602
	Technology Availability	.460	.195	.268	2.361	.020	.053	19.005

a. Dependent Variable: Performance

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions						
				(Constant)	Management and Entrepreneurial Skills	Government Support	Marketing Premises	Financial availability	Conducive Working Environment	Technology Availability
1	1	6.686	1.000	.00	.00	.00	.00	.00	.00	.00
	2	.166	6.354	.25	.00	.00	.10	.00	.01	.00
	3	.071	9.732	.07	.00	.03	.12	.04	.01	.04
	4	.040	12.916	.03	.00	.03	.68	.00	.28	.00
	5	.025	16.388	.52	.20	.15	.07	.01	.12	.00
	6	.008	28.498	.04	.33	.42	.03	.52	.24	.07
	7	.005	37.893	.08	.47	.38	.00	.42	.33	.89

a. Dependent Variable: Performance