



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**FACTORS AFFECTING GROWTH OF SMALL AND MEDIUM ENTERPRISES IN
ADDIS ABABA: THE CASE OF YEKA SUB-CITY**

By

Merawit Alemu

**THIS THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS
ADMINISTRATION**

June, 2024

Ethiopia, Addis Ababa

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ACRONYMS

BDS: - Business Development Service

CSA: - Central Statistical Authority

EEA: - Ethiopian Economic Association

FeMSEDA: - Federal Micro and Small Enterprises Development Agency

FSMMIDA: - Federal Small and Medium Manufacturing Industries development Agency

GDP: - Gross Domestic Product

GTP: - Growth Transformation Plan

HBEs: - Home Based Enterprises

MSE: - Micro and Small Business Enterprise

MSMEs: - Micro Small and Medium Enterprises

PASDEP: - Plan for Accelerated Development to End Poverty.

ReMSEDA: - Regional Micro and Small Enterprises Development Agency

SMEs: - Small and Medium Enterprises

SMMEs: - Small and Medium Manufacturing Enterprise

SMMIDA: - Small and Medium Manufacturing Industries Development Agency

UNDP: - United Nations Development Plan

UNECA: - United Nations Economic Commission of Africa

USAID: - United States Agency for International Development

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ABSTRACT

This study investigates the critical factors influencing the growth of Small and Medium Enterprises (SMEs) in Yeka Sub-City, Addis Ababa. The purpose was to identify and analyze key barriers and enablers of SME growth in this region, highlighting the significant role of SMEs in economic development and the challenges they face in Ethiopia. A mixed-methods approach was employed, using both qualitative and quantitative data collection techniques. Primary data were gathered through structured questionnaires and in-depth interviews with SME owners, managers, and employees, while secondary data came from relevant reports and research papers. A random sampling method selected 181 SMEs from a population of 330 registered SMEs in Yeka Sub-City. Descriptive statistics, regression analysis, and Pearson Correlation Tests were used to analyze the data. Key barriers to SME growth identified included financial constraints, inadequate working spaces, internal management issues, bureaucratic government policies, and insufficient marketing strategies. Regression analysis indicated that financial resources, working space, government policy, internal management, and market factors are significant positive predictors of SME growth. Hypothesis testing and Pearson Correlation Test results further supported these findings, emphasizing the importance of these factors in fostering a supportive environment for SMEs. The study concluded that enhancing access to financial resources, providing adequate working spaces, improving internal management practices, streamlining government policies, and developing effective marketing strategies are essential for the sustainable growth of SMEs in Yeka Sub-City. It recommends targeted interventions by policymakers and stakeholders to address these barriers and support SME development, including creating financial support programs, ensuring the availability of suitable workspaces, offering management training programs, simplifying regulatory frameworks, and assisting SMEs in developing robust marketing strategies..

KEY WORDS: - SME (Small and medium enterprise), Yeka sub city, SME Growth, Enterprise

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Small and medium-sized businesses, or SMEs, are business organizations that produce goods and services, offer jobs, and engage in other activities for the benefit of the community. SMEs are regarded as the foundation of a nation's economy. This industry is well known for creating a significant amount of jobs, supporting exports, and encouraging entrepreneurship. Additionally, they serve as a foundation for the economic growth of a nation (Addis, 2019).

Tobar (2018), states that SMEs (small and medium sized enterprises) are usually defined as production units of smaller size. However, it is also common for studies to include micro enterprises in their analyses and so this paper has considered this aspect. This sector is highly recognized as contributing a high portion to employment, contribution to exports, and promoting entrepreneurship. And, they are also used as a building block for a country's economic development.

Given that in certain economies SMEs account for more than 50% of GDP, they are regarded as the foundation of an economy (GDP). Regarding employment and the number of businesses, small and medium-sized enterprises dominate both developed and emerging economies. However, these inclinations need to be altered because their full potential is still unrealized. In the near term, smaller businesses are very appealing to governments because they can provide employment. It is necessary to promote and assist SMEs in order to achieve both social and economic goals, which include lowering poverty and raising living standards. Since SMEs play a significant role in the economy, governments must respond to their requirements (Ahmed, 2013).

Small and medium-sized enterprises (SMEs) employ 22% of the adult population in developing countries. According to estimates from the United Nations Industrial Development Organization (UNIDO), small and medium-sized enterprises (SMEs) account for over 90% of private businesses and generate over 50% of GDP and employment in the majority of African nations (UNIDO, 1999). According to ILO reports from 2002, almost half or more of all non-agricultural employment is outside of agriculture in developing nations, with sub-Saharan African countries accounting for roughly 72% of all non-agricultural employment. A 2003 study by the Central Statistical Agency revealed that 1,863 SMEs employed around 97,782 people (CSA, 2003).

Most of large businesses in Ethiopia originated as small and medium-sized enterprises (SMEs) and achieved maturity through the gradual accumulation of capital and the acquisition of business management expertise, as noted by the Ethiopian Economic Association in (2015).

The government, during the GTP implementation period (2010/11-2014/15), prioritized the strategic direction of promoting Small and Medium-sized Enterprises (SMEs) to enhance their development and competitiveness. Various business and public development programs were implemented to stimulate SME growth and create job opportunities. However, the small scale and cottage manufacturing industries within SMEs experienced an average growth of 4.8 percent in the first three years of the GTP, which is lower than the 6.0 percent average growth observed in the preceding plan (PASDEP) period. Additionally, SMEs engaged in manufacturing activities exhibited slower growth compared to large and medium-scale manufacturing industries over the past decade, as reported by the (EEA, 2015). The contribution of manufacturing SMEs to GDP declined from 1.6 percent in 2004/05 to 1.3 percent in 2012/13, highlighting a decrease in their share compared to larger manufacturing industries. Despite their numerical significance in the economy, the GDP share of manufacturing SMEs remained lower than that of large and medium-scale manufacturing industries. The study aims to identify factors influencing SME growth, including the graduation of some SMEs into medium-sized enterprises and the closure of others for various reasons. Understanding these dynamics will enable the government and relevant bodies to address challenges and implement recommendations for further improvements in the SME sector.

Hence, the primary aim of this study is to recognize the factors influencing the growth of Small and Medium-sized Enterprises (SMEs). The findings from this research will be instrumental in offering insights to the government and relevant organizations, enabling them to propose effective strategies for addressing the identified challenges and suggesting improvements. Additionally, the establishment of the Federal and Regional Small and Medium Enterprises Development Agencies (FRSMEDA) was formalized through regulation No.33/1998. These institutional platforms were created with the explicit purpose of fostering the growth and development of Small and Medium Enterprises (SMEs), with the expectation that they would significantly contribute to national growth and transformation. According to UNDP (2012), the advancement of SMEs aligns with Ethiopia's industrial policy direction, playing a pivotal role in the country's industrial development and economic transformation. The most recent national plan, the Growth and Transformation Plan (GTP, 2011-2015), underscores the importance of supporting SMEs. To support this objective, the government has implemented various measures, including the enactment of conducive-laws and regulations, facilitation of startup and working capitals, provision of managerial and technical assistance, and establishment of working premises and infrastructure, as well as fostering linkages between markets and enterprises. Consequently, numerous

MSEs have actively contributed to employment creation, poverty alleviation, entrepreneurship development, and overall national economic progress (MoFED, 2010). Despite the positive contributions of SMEs, challenges persist in the sector, varying in severity across regions and cities. Therefore, the purpose of this research is to identify the growth factors specific to SMEs in the Yeka sub-city of the Addis Ababa City Administration.

1.2. Statement of the Problem

SMEs are the engine of a given economy, as was already mentioned in the previous portion of this study, through exporting, fostering competition, encouraging innovation, and playing a major role in the creation of jobs. In developing nations such as Ethiopia, small and medium-sized enterprises (SMEs) have a significant impact on reducing poverty. In certain instances, they even go above and beyond generating profits to improve the welfare of individuals.

A robust small and medium enterprises (SMEs) sector plays a crucial role in bolstering a nation's economy. It makes substantial contributions to the Gross Domestic Product (GDP) while simultaneously diminishing poverty, alleviating unemployment, and fostering entrepreneurial endeavors (Sitharam and Hoque, 2016). In accordance with Sitharam and Hoque's (2016) reference to Bayati and Taghavi (2007), the impact of SMEs on a country's development is noteworthy. In Ethiopia, there are few studies which are related to this study topic. Ghidena Hailelassie (2021) factors affecting the business transformation process of government-supported small and medium manufacturing enterprises: in the case of Addis Ababa city administration. The study found that the business transformation process of small and medium manufacturing enterprises in Addis Ababa City is significantly influenced by various factors, including management, technology, finance, government support, and training. The correlation analysis revealed strong positive correlations between these factors and the business transformation process.

Additionally, the multiple linear regression analysis demonstrated the significant positive effects of these factors on the business transformation process of the enterprises. Similarly, a review done by Shibru (2017) on the challenges and opportunities of entrepreneurs in Ethiopia suggests enhancing the number of youth entrepreneurs within their country to compete in the global marketplace would reduce part of the financial shortage. It also highlights the opportunities for growth and profitability of a business in Ethiopia and the global marketplace for them. Further, understanding the challenges faced by entrepreneurs would be important for the government to come up with policies that would stop their small businesses from being swept away by rapid changes taking place in today's global economy. But, the numeric correlation isn't well articulated. And also a study on Addis Ketema sub-city by Endalkachew (2008) discussed the underlying causes of micro and small business failures. The study found financial

problems, poor business plans, and lack of access to the market are some of the main factors leading them to failure. Similar study conducted by Abiyu (2011) on factors constraining the growth and survival of micro and small enterprises in the case of Burayu sub-city identified marketing, management, finance, and government support hindering their growth. Mulu (2009) discussed innovation and micro-enterprise growth in Ethiopia and explained factors that affect innovative activity in micro-enterprises. Benyam (2008) studied the financial and operating performance of women-operated micro and small enterprises organized under WISE (women in self-empowerment).

Apart from those few studies conducted, there is a lack of integrated empirical study taking the main determinants which control the growth variable in Ethiopia. As it is shortly described above growth of SMEs is affected by firm-specific factors which include human capital, size, age, and managerial competence.

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

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

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

According to previous research, among the SMEs, the small scale and cottage manufacturing industries have grown, on average, by 4.8 percent during the first three Growth and Transformation Plan (GTP) implementation years, which is lower than the average growth (6.0 percent) registered during the preceding plan (PASDEP) period despite heavy promotion activities. Moreover, SMEs engaged in manufacturing activities have been growing at rates lower than the growth of large and medium-scale manufacturing industries over the last decade (EEA, 2015). In addition, the share of manufacturing SMEs in GDP has declined from about 1.6 percent in 2004/05 to 1.3 percent in 2012/13 (EEA, 2015).

Given this state of SMEs in Ethiopia, the need exists to establish the hindering factors to improve/enhance Ethiopia's SME growth. Therefore, the objective of this study is to identify factors that are responsible for affecting the growth of Small & Medium manufacturing industries in Yeka sub-city of Addis Ababa city administration.

Therefore, the research will seek to investigate whether financial constraints, government policies, poor managerial and technical skills, and inadequate working premises affect the growth of Small & Medium manufacturing enterprises in Yeka sub-city.

My interest in this research topic was sparked by my observations after graduation. As I began to explore opportunities to start my own business, I noticed several challenges that Small and Medium Enterprises (SMEs) face in their growth journey. Some businesses ceased operations, others downgraded, and many remained stagnant without progressing. These patterns of struggle among SMEs triggered my desire to delve deeper into the underlying issues and motivated me to pursue this research.

1.3. Basic Research Questions

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

1. To what extent do financial constraints affect the growth of SMEs?
2. To what extent do working premises affect the growth of SMEs?
3. To what extent do government policies affect the growth of SMEs?
4. To what extent do internal management skills affect the growth of SMEs?
5. To what extent do marketing factors affect the growth of SMEs?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of this study was to comprehensively investigate and analyze the key factors influencing the growth of Small and Medium Enterprises (SMEs) in Yeka sub city.

1.4.2. Specific Objectives

1. To investigate if financial constraints has statistically significant effect on the growth of SMEs
2. To examine if working premises have a statistically significant effect on the growth of SMEs.
3. To assess if government policies have a statistically significant effect on the growth of SMEs.
4. To determine the effect of internal management, on the growth of SMEs
5. To explore if marketing factors have a statistically significant effect on the growth of SMEs.

1.5. Significance of the Study

The significance of this study stems from the increasing necessity to generate employment, alleviate unemployment, and address global economic challenges. Establishing a robust and competitive sector of small and medium enterprises (SMEs) is crucial. This sector can play a pivotal role in the development process by expanding the economic base, stimulating trade, providing employment opportunities, and significantly contributing to the growth of exports and Gross Domestic Product (GDP). Understanding the factors influencing the growth of small and medium manufacturing industries in Yeka sub-city holds importance for various stakeholders:

Small and Medium Manufacturing Industries:

For SMEs in Yeka sub-city, this study presents an opportunity to confront growth constraints. The results can guide these enterprises in understanding the extent to which various factors affect their growth. Additionally, the study adds to the existing body of knowledge, enhancing understanding of how to empower entrepreneurs in the SME sector, thereby fostering meaningful contributions to economic development at both the national and city levels.

Academics/Researchers:

This study's findings deepen the understanding of critical factors influencing SME growth. It provides a foundation for further research and serves as valuable information on small and medium enterprises in Yeka sub-city administration.

1.6. Scope of the study

1.6.1. Conceptual Scope

The study focuses on the critical factors affecting the growth of Small and Medium Enterprises (SMEs) in the Yeka sub-city of Addis Ababa. The conceptual framework includes internal management, government policy, marketing strategies, financial constraints, and workspace conditions. These elements are considered fundamental aspects of business operations that are widely recognized as barriers to SME growth. By examining these factors, the study aims to provide targeted insights and recommendations for overcoming challenges and fostering SME development.

1.6.2. Geographical Scope

Geographically, the study is confined to the Yeka sub-city administration in Addis Ababa, Ethiopia. Yeka sub-city has been chosen because it represents a significant number of SMEs within the city, providing a diverse and representative sample for the research. This specific focus allows for a detailed analysis of the local SME ecosystem and the unique challenges faced by businesses in this administrative region.

1.6.3. Methodological Scope

Methodologically, the study employs a mixed-methods approach, integrating both qualitative and quantitative data collection techniques. Data is gathered through interviews, standardized questionnaires, and secondary sources such as reports and policy papers. This approach ensures a comprehensive understanding of the factors influencing SME growth. The quantitative data will provide measurable insights, while the qualitative data will offer deeper, contextual understanding.

1.6.4. Unit of Analysis

The unit of analysis for this study is the registered Small and Medium Manufacturing Enterprises (SMEs) within the Yeka sub-city. The research focuses on five distinct sectors: construction, manufacturing, service, business, and urban agriculture. These sectors were chosen to capture a broad spectrum of SME experiences and challenges, ensuring that the study covers a representative sample of the business activities in the sub-city.

1.7. Organization of the study

This study is organized into five chapters. The first chapter contains the background of the study, statement of the problem, objective of the study, basic research questions, definition of terms, significance of the study, and scope of the study. The second chapter presents a review of literature, covering both

theoretical and empirical aspects. The third chapter briefly describes the methodological approach adopted to achieve the study's objectives. The fourth chapter focuses on data presentation, analysis, and interpretation. The fifth chapter summarizes the findings, provides conclusions, and offers recommendations based on the study's results

1.8. Definition of Terms

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

Manufacturing: -is the mechanical, physical, or chemical transformation of raw materials, substances, or components into products of higher value through the use of machinery, equipment, or labor.

Small manufacturing industry: - as an industry in the manufacturing sector with a total capital (excluding buildings) ranging from Birr 100,001 to Birr 1,500,000. It engages between 6 to 30 workers, including the owner, family members, and other employees (Dagnachew, 2019).

Medium manufacturing industry: - as an industry in the manufacturing sector with a total capital (excluding buildings) ranging from Birr 1,500,001 to Birr 20,000,000. It engages between 31 to 100 workers, including the owner, family members, and other employees (Sileshi et al., 2012)..

Cottage manufacturing industry refers to an enterprise with fewer than 5 workers involved in manufacturing, typically operating from home or a small workshop. Azeez (2003)

The term "***Enterprise***," denotes a unit of economic organization or activity, whether public or private, engaged in the manufacturing of goods FeMSEDA (2015).

Growth: - is defined as the expansion of the capital of SMEs, as per the researcher's definition. Gupta et al, (2013)

CHAPTER TWO

REVIEW OF THE RELATED LITERATURE

SMEs will be briefly defined in this chapter. The study's theoretical and empirical research on small and medium-sized businesses, which has drawn a lot of attention in recent development literature and emerging nations' national plans, will be reviewed by the researcher. This is due to the realization that most nations have policies in place to advance this economic sector, since it is thought to be the main driver of economic growth across the board, particularly in emerging nations like Ethiopia. In addition, some conceptual work will be done, which will help to strengthen the research.

2.1. Conceptualization of Small and Medium Enterprises

Generally, no globally acknowledged definition of small and medium-sized enterprises since each business framework found in each nation has its classifications agreeing with their technical control. The divisions of small and medium-sized enterprises depend on subjective judgment such as the number of paid-up employees, a measure of the enterprise size, and a sum of capital utilized (Dagnachew, 2019). The International Labor Organization (ILO, 2000) affirms no universally recognized definitions of small and medium-sized enterprises. Small and medium-sized enterprises assumed that they are the most effective apparatus for economic and social happiness. They are also a means to increase training, technical and business management skills raise local people. In addition, they allow the new generation of creators and serve as a source of innovation of new business ideas. Concurring with the European Union, companies with less than 500 employees are considered SMEs (Eltahir, 2018). Small and medium-sized enterprises have classified according to permanently hired workers who do not exceed 200, and an annual income of 2 million pounds or £ 2 million.

The meaning of small and medium-sized enterprises are also different from nation to nation of people. For example, in the United States, small and medium-sized enterprises are generally independent companies, including less than 500 employees, but more classified according to the criteria of the nature of business industry sector standards focused on employment, size of the enterprise, sales and annual turnover for government programs, such as project contracting and subcontracting. The concept of small and medium business enterprises depends on the purpose of economic activity, the level of economic development, and economic development planning. The definitions of small and medium enterprises include businesses with under 250 employees. In Japan, small and medium-sized enterprises generally employ 4 to 299 employees (Eltahir, 2018). Japan classifies small and medium-sized enterprises as manufacturing companies with total capital that does not exceed ¥ 100 million with 300 employees. In all

the sales trade, the classification does not exceed 30 million ¥, and the number of employees has not exceeded 100. All retail sales and service producers of business endeavors with a capital of not more than 10 million and with employees not more than 50 are classified under small and medium-sized enterprises (Dagnachew, 2019). Further, small and medium-sized enterprises define by various elements, including the number of employees, sales amounts, or size and age. However, the limit of the measurement amounts varies from country to country and organization to organization. For example, the European Commission classifies 250 people and small and medium-sized companies to a total of € 50 million annual sales and a balance of € 43 million. As of 2012, in the European Union, 67.0% of employment (Eurostat, 2015) while a total amount of 99.8% of companies relies on the limits of small and medium enterprises defined. In Sudan, small and medium-sized enterprise defines by the size of employees in the business organization. So, enterprises with fewer than 10 employees are small enterprises (Eltahir, 2018).

The above findings have indicated that the industrial and manufacturing regulation of different treatment and categorization of small and medium enterprises is in various countries in different ways. In particular, the Ethiopia ministry of trade and industry defines small and medium-sized enterprises. Therefore, the Ethiopian small and medium enterprises are categorized as follows: Medium-sized enterprise: those business entities include firms that hired more than 30 people, the total capital of 501,000 to 750,000 ETB for service and 751.00 to 1.5million ETB for an industry with high-professional consultants (Dagnachew, 2019). Small-sized enterprises: business entities that hired up to 30 people, total capital 50,001 to 500,000 ETB for service, and 101.000 to 750,000 ETB for the industrial sector do not include advanced technology and high technical consultancy (Dagnachew, 2019).

Small-sized enterprise: those enterprises hired 6 up to 30 employees or total asset amount birr 100,000 - 1.5 million birr for industry sector and 50,000-500,000 for the services sector. In the Ethiopian economy, medium-sized enterprises in the fabricating and service sector within the Ethiopian economy with total assets of more than 1.5 million ETB for industry and total assets of ETB 500.000 respectively (Sileshi, 2012).

In general, the research considers the small and medium enterprises sector as a driver and source of innovation and new product development. Given the sheer amount of small and medium enterprises, they represent an essential component of national and regional economic development and international competitiveness. However, only a few small and medium enterprises are accountable for innovative product development and wealth creation (Kutscha et al., 2016).

In contrast with their social and economic importance, if small and medium enterprises compared to large companies have to cope with several restrictions regarding tangible and intangible resources. These

comprise the limitations of leadership and technical skills as well as access to finance. Consequently, small and medium-sized enterprises have limited access to human capital skills and knowledge. As a result, in-house research and development activities had often been restricted by resource limitations. Also, small and medium-sized enterprises can invest significantly less amount in training events for their employees, even though such events have great value in adapting organizational and technological innovation. Small and medium-sized enterprises also face significant challenges when implementing organizational ambidexterity, as the top management team has to carry out both, exploitative (operational) and explorative (strategic) tasks. Therefore, small and medium enterprises' strategies tend to be traditional and informal rather than formal (Kutscha et al., 2016).

2.2. Theoretical Review

The existing theories that are related to the business transformation process of government supported small and medium-sized enterprises have their explanations as well as critics in the basic assumptions. Therefore, the researcher's study centered on the theory of economic growth and development, theory of enterprise growth, resource-based and dependency theory, network affiliation theory and constructs which are clearly explain the business transformation process in line with the situation of small and medium-sized enterprises and associated factors that affect them. The latter parts are mainly an attempt made on the theoretical review that is pertinent for this study.

2.2.1. Growth Definition and Its Measurements

A recent research done by Gupta et al, (2013) collectively revised aspects of growth definition.

Growth can be defined in terms of revenue generation, value addition, and expansion in terms of volume of the business. Besides this, it can also be measured with qualitative features like market share, product quality, and customer satisfaction. And for studying the growth of an enterprise the life cycle w.alysis is used mostly. In life cycle models, growth is considered as organic for some firms, assuming linear growth pattern over a period of time or for some firms it might not follow linear path where they can grow, stagnate, and decline in any order. Several studies adopted various growth measurement indicators for their specific study area.

However the most common are: the number of employee and sales /turnover over a given period of time. Previous studies like Delmar et al.,(2003) have discussed further growth indicators applied by various scholars such as; assets, market share, physical output and profits. However those indicators have limited applicability for example, total assets value depend on industrial capital intensity and is sensitive to change over time, and market share and physical output vary within different industries and are therefore difficult to compare and finally, profits are only relevant in order to measure size over a long period of time (Delmar et al., 2003). For policy maker (Barkham et al., 1996), employment growth is interesting

and applied with in some studies it is also relatively easy to access and measure. Moreover, Davidsson and Wiklund, (2000) discussed the most relevant for some purpose such as policy makers' interest in factoring employment growth through entrepreneurship, and this indicator is often applied due to reason of easily data availability. Very few entrepreneurs use growth in employees as a goal in itself (Gray, 1990; Robson and Bennett, 2000) and because some growing firms outsource heavily in employment growth is not always highly correlated with sales growth (Delmar et al., 2003).

Turnover is the most common growth indicator. Various writers noted turnover growth is the best measurement of growth; in addition, this form of growth measurement is mostly used by SME owner and managers themselves (Carter and Evans, 2000).

2.2.2. Enterprise Growth Theories

The concept of growth encompasses two distinct forms: organic and non-organic. Organic growth occurs when a company expands its existing production or introduces new production lines internally. Conversely, non-organic growth transpires when a company grows by acquiring another existing firm (Davidson et al., 2001). Various theoretical models have been developed to describe growth, which can be broadly categorized into two classes. One class centers on the learning process, whether active or passive, while the other class involves a stochastic and deterministic approach.

The passive learning model, as outlined in Jovanovic's (1982) framework, posits that efficient firms, characterized by efficient managers, experience growth over time. These firms expand each period when their managers recognize that their estimations of managerial efficiency have underestimated their true effectiveness. In essence, the annual growth rate of a firm, according to this learning model, hinges on the accuracy of the manager's predictions regarding their ability and the price of the product. Additionally, the model suggests that small and young firms are more conducive to growth (Stranova, 2001; Cunningham and Maloney, 2001; Goedhuys, 2002). In summary, the firm learns how to grow only after entering the market.

Stochastic and deterministic approaches, exemplified by Gibrat's law, posit contrasting perspectives on firm growth. Gibrat's law contends that all changes in size are random, implying that the size and age of the firm do not influence SMEs' growth. In contrast, the deterministic approach suggests that variations in growth rates among firms depend on observable industry and firm-specific characteristics (Becchetti and Trovato, 2002; Francesca et al., 1999). Some perspectives on growth processes adopt life cycle or stage models that span the entire lifespan of a firm (reviewed by Gupta et al., 2013). A model formulated by Churchill and Lewis (1983) delineates five stages of growth for an enterprise: existence, survival, success, take-off, and resource maturity. The existence stage marks the initial phase, followed by survival where

the business grows, and the entrepreneur contemplates additional capital. In the success phase, the enterprise begins to turn a profit. The take-off stage involves planning for further growth, expansion, and exploration of new opportunities. Ultimately, the firm reaches maturity, with a focus on quality control, financial management, and establishing a niche in the market.

Nevertheless, the development of an enterprise may not unfold in discrete stages with clear boundaries between them (Bridge et al., 2003). Enterprises may not strictly adhere to linear models, and it's improbable for firms to progress through each stage uniformly. The growth of an enterprise is generally contingent on the strength of its growth aspirations and growth-enabling factors. Consequently, growth cannot be viewed as a norm or a linear progression for an enterprise. Comprehending the dynamics of Small and Micro Enterprises (SMEs) growth is crucial, given that their growth is often hindered by various factors such as employee education, firm size, age, management competence, financial constraints, access to the market, and infrastructure. Numerous studies have addressed these issues by examining various SMEs. However, discussing the main factors controlling the dynamics of SME growth using models, particularly in the developing world, poses challenges. The next section of this chapter delves into the conceptual background of these variables. The last part of this chapter will discuss empirical findings, and finally, the research gap in the context of SMEs in Addis Ababa, Ethiopia, will be presented.

2.3. Empirical Review

Numerous variables influence the expansion of small and medium-sized businesses. Furthermore, the growth of SME's is distinct, multifaceted, and challenging to capture in a single, straightforward model. Additionally, specific research is helpful to comprehend SMEs' growth in a straightforward manner. A few deciding factors could have to do with how SMEs behave, how easy it is to get financing, and certain insights from institutional players. The existence of several internal and external elements that may have an impact on a firm's growth is a problem for researchers trying to fully explain the phenomena. According to research conducted in South Africa, the employment and job creation potential of small and medium-sized businesses has been overstated, despite their ability to reduce poverty and eventually generate wealth.

According to Mead and Lidholm (1998) and Swierczek and Ha (2003), the main factors influencing the performance of SMEs in developing countries are not their small size but their isolation, which limits access to markets, information, finance, and institutional support. The argument that small businesses in Africa are critical for job creation and economic growth is well-established. However, many new businesses are one-person operations (Mwega, 1991).

Tesfaye and Mekonnen (2017) conducted a study titled "Micro and Small Enterprises Development in Ethiopia: An Empirical Review of the Role of Institutional Factors." They identified institutional factors like access to finance, government support, and business training as positively impacting MSE development in Ethiopia. The authors emphasized improving the regulatory framework and reducing bureaucracy and called for further research on institutional factors affecting MSE development.

Jovanovic's hypothesis suggests an inverse link between company age, size, and business growth, supported by empirical evidence from the developing world (Chuta, 1989) and the United States (Evans, 1987; Dunne, et al., 1989). Major constraints for Ethiopian MSEs are market and financial problems, such as lack of marketing skills, poor product quality, and insufficient market information (FeMSEDA, 2006).

Demand and supply variables, like industry and location, affect the costs of inputs and finished goods and influence growth decisions. Sector-specific growth variations have been shown for small businesses in the U.S. (Phillips and Kirchoff, 1988) and Nigeria (Chuta, 1989). Geography also plays a role, as proximity to demand sources and competitive concentrations impacts profitability. Research by Piore and Sabel (1984) and Sengenberger (1991) highlights agglomeration externalities, where businesses located near each other can develop strong supplier and customer relationships, potentially leading to growth. Additionally, location affects rent costs, with home-based businesses often paying lower rental fees than commercial district stores. Furthermore, a company's performance including its ability to grow probably depends in part on the amount of human capital that its owner possesses. For instance, (Bates 1990) discovers a positive and significant relationship between the owner's educational attainment and the lifespan of small businesses, and potentially, the expansion of those businesses. Education, experience, and prior self-employment are found to be significant predictors of the likelihood of launching a small business (Evans and Leighton 1989).

(Cortes et al., 1987) contend that although senior business owners are probably more seasoned than younger ones, they might also be less motivated or less equipped to expand their companies. After agriculture (CSA), the MSEs industry is the one that creates the second-highest number of jobs (2005). As per the CSA report of 2005, the sectors accounted for 3.4% of the GDP in 2001, while the industrial sector contributed 33% and the manufacturing sector 52%. The micro and small business (MSE) sector is crucial to Ethiopia's economy because it creates jobs and reduces poverty, but it also has financial difficulties that have limited its ability to play this role. According to Gebrehiwot and Wolday (2006), these difficulties include collateral, timing delays, inadequate loan amounts and limited credit availability.

Mulugeta (2011) additionally identified and categorized the critical issues facing MSEs into four categories: institutional issues, such as bureaucratic bottlenecks, weak institutional capacity, lack of

awareness, disregard for policies, regulations, rules, directives, lack of executive training, and poor monitoring and follow-up; operator issues, such as the development of a dependency tradition, extravagant and wasteful behavior, and a lack of commitment and vision from the operators; MSE-related issues, such as inadequate accounting and record keeping, lack of cooperation within and among the MSEs, and finally, problems related to society.

Bizusew's (2015) research on the challenges faced by micro and small enterprises (MSEs) and business development services in Bahir Dar city administration highlighted persistent difficulties in accessing finance from various sources, including microfinance institutions and banks. The study revealed ongoing challenges related to credit supply in the city, affecting MSEs. Market access was identified as another significant challenge, attributed to factors such as inadequate market research, lack of market information, limited participation in trade fairs, insufficient product exhibition, subpar packaging, and inadequate advertising practices among MSE operators.

Seyum's (2015) research, focusing on the role of micro and small-scale business enterprises in urban poverty alleviation with a case study on the cobblestone paving sector in Addis Ababa city, unveiled multifaceted problems encountered by MSEs during startup and operational phases. These challenges encompassed issues like a shortage of startup capital, insufficient working capital, the absence of quality chiseled stone, delays in input availability, lack of experience, inadequate support from government and non-governmental organizations (NGOs), and limited access to training.

Abiyu's (2011) research, which explored factors constraining the growth and survival of micro and small enterprises in Burayu, concluded that MSEs in the city faced challenges related to market access, lack of marketing information, difficulties in product improvement, adaptation to changing environments, inadequate multi-skill training for employees, shortages in working capital, and the absence of convincing business plans.

2.3.1 Conclusion and Knowledge Gap Emerged From Earlier Literature

Several studies have explored the determinants and constraints affecting the growth of small and medium-sized enterprises (SMEs) across different regions. Mateev and Anastasov (2010) conducted a study on SMEs in Eastern Europe using a panel data analysis method, identifying firm size and internally generated funds as the main determinants. However, their model lacked the inclusion of crucial variables such as human capital and managerial competence. Musa and Ibrahim (2012) focused on SMEs in Nigeria's manufacturing sector, using a quantitative method to emphasize financial constraints as a key factor influencing SME growth. Their study was limited by the absence of a comprehensive quantitative

analysis. Green et al. (2006) explored the growth performance of SMEs in developing countries through a qualitative method, identifying management skill, financing, and barriers to market access. However, their research also lacked an integrated quantitative analysis.

Similarly, Mohd Noor (2008) studied SMEs in Cambodia, concentrating on the impact of venture capital and employing a quantitative method to consider factors like access to markets and infrastructure. Yet, the study excluded variables such as markets and infrastructures in the analysis. Ahmed and Johan (2013) conducted a case study of Swedish manufacturing companies, examining barriers to growth using a qualitative-quantitative method, and identified management skill, manufacturing strategy, and access to finance as key factors. Nevertheless, an integrated analysis of external variables was missing from their research. Memba et al. (2012) focused on the impact of venture capital on SMEs in Kenya with a quantitative approach, considering factors like access to markets and infrastructure. They acknowledged the need for more variables in the analysis.

Atsede et al. (2008) investigated factors influencing SMEs in Nigeria using a quantitative method, identifying owner/manager characteristics as determinants. However, their study also lacked an integrated quantitative analysis. Finally, Abiyu (2011) studied factors constraining the growth and survival of SMEs in Ethiopia through a qualitative method, highlighting marketing, management, and government support as influential factors. The research emphasized the need for a quantitative analysis and the inclusion of more variables.

2.4. Conceptual Framework

Since business growth is influenced by both internal and external factors. Based on their applicability for the Ethiopian setting, internal factors such as internal management factors and external factors such as government policy, infrastructure, and access to finance were taken into consideration for this study. The dependent and independent variables are depicted in the following figure.

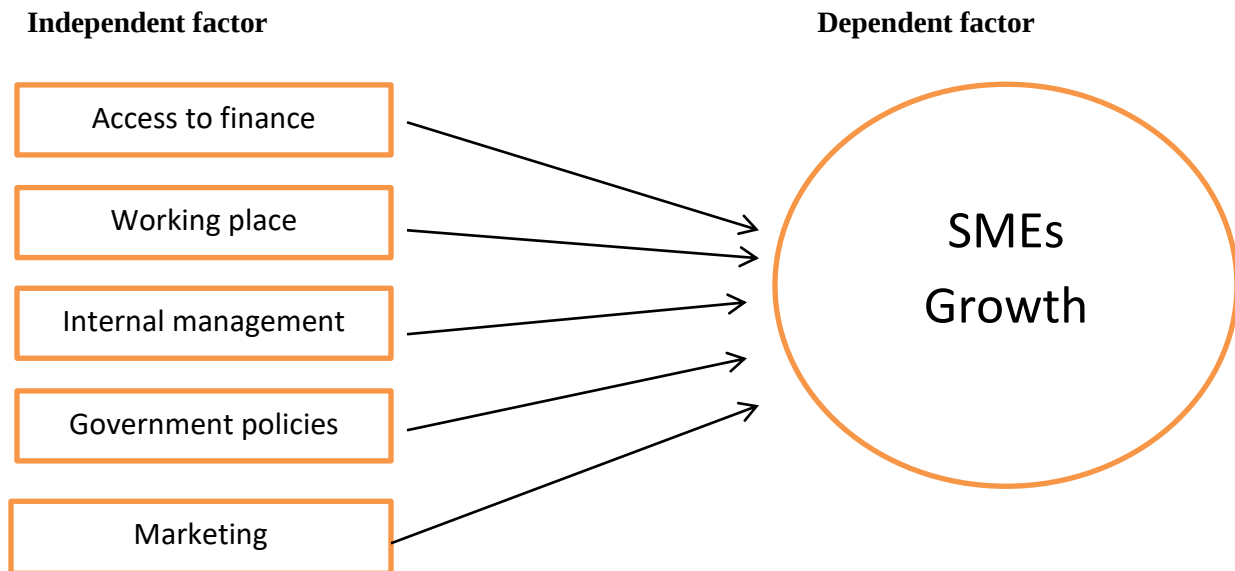


Chart 1 Conceptual framework

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

2.5. Research Hypotheses

H1: Access to finance has statistically significant positive effect on business growth of SMEs.

H2: Access to working space has statistically significant positive effect on business growth of SMEs.

H3: Internal management factor has statistically significant positive effect on business growth of SMEs.

H4: Favorable government policy has statistically significant positive effect on business growth of SMEs.

H5: Access to marketing has statistically significant positive effect on business growth of SMEs.

CHAPTER THREE

METHODOLOGY

3.1. Description of the Study Area

Addis Ababa, established in 1887 by Emperor Menilik II, is Ethiopia's largest and most influential city, serving as the political, economic, cultural, and historical hub. It hosts the federal government, Africa Union, UNECA, UNDP Africa Regional Office, and other international organizations. The city is divided into eleven sub-cities, with Bole being the largest and Addis Ketema the smallest. Each sub-city is further divided into ten weredas.

The research focuses on Yeka sub-city, chosen due to its lack of previous studies and its significant number of SMEs. Yeka, located in the northeastern part of the city, consists of 12 weredas and has a population of approximately 346,664. The sub-city is home to 330 industrial industries, including 239 small and 91 medium-sized businesses, indicating a prevalence of small industries.

This distribution suggests that financial considerations might make small enterprises more viable due to lower capital requirements. Additionally, small industries in Yeka are gradually expanding into medium-sized businesses, further contributing to their prevalence.

3.2. Research Design

"A research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure," Kothari's, (2004). Additionally, a research design serves as a blueprint or framework for the study and provides guidelines for data collection and analysis. This study employed explanatory research design (why is it happening) and descriptive research design (how is it happening) techniques, both of which are applicable to the research case.

By answering who, what, when, where, and how questions, descriptive research design attempts to "paint a picture" of a particular scenario (William G. Zikmund, 1984). Otherwise, it illustrates the situation. Questions are addressed by explanatory research, and this characteristic result in causal explanations. This thesis uses a descriptive study approach in order to identify and evaluate the variables influencing the expansion of small and medium-sized in Yeka Sub City. Additionally, an explanatory study design was employed to calculate the impact of those variables on growth, the dependent variable.

3.3. Research Approach

The research adopted a mixed-methods approach, integrating both qualitative and quantitative methodologies. Following Hollis's (1994) suggestion, the qualitative component was employed to gain insights into phenomena, aiming to describe and analyze the world as experienced, interpreted, and understood by individuals in their everyday lives. This qualitative approach was well-suited for focusing on specific problems in specific situations. Simultaneously, a quantitative research method was incorporated, where data were measured in values or counts and expressed as numbers. Quantitative data, related to numeric variables, were utilized to measure attributes and behaviors within the organizational context. The integration of these two approaches, commonly referred to as a mixed-methods approach, facilitated a more comprehensive understanding of the factors influencing the growth of SMEs in Yeka sub-city.

3.4. Target Population

The research focused on registered Small and Medium Enterprises (SMEs) in Yeka Sub-City Administration across five distinct sectors: construction, manufacturing, service, business, and urban agriculture. These sectors represented diverse areas of economic activities within the sub-city. The study aimed to gather insights and analyze the factors influencing the growth of these registered SMEs, contributing to a more comprehensive understanding of the challenges and opportunities within this specific business landscape. The target population for this study comprised 330 SMEs.

3.5. Sample Size and Techniques

There are several methods for determining sample size. Given the total population, the number is known; Yamane's (1967) formula was used to calculate a sample size that could accurately represent the total 330 SME owners in Yeka Sub-City Administration across five distinct sectors: : construction, manufacturing, service, Business, urban agriculture. The formula used to calculate the sample size was as follows, assuming a 95% confidence level and $p = .05$:

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

The formula used to calculate the sample size of the study (Yamane, 1967)

Where n = the sample size, N = population size, and e = level of precision.

$$n = \frac{330}{1 + 330(0.05)^2} = n = \frac{330}{1.825}$$

$$n = 180.8219 \approx 181$$

The sample size for the study was 181 SMEs.

Random sampling, a probability sampling technique, was used to select participants. This method ensures that every SME owner in the population has an equal chance of being selected, thereby enhancing the representativeness and reliability of the study findings. Random sampling was chosen for its ability to reduce selection bias and improve the generalizability of the results, which is particularly valuable given the diverse sectors involved in the study.

3.6. Sources and Types of Data

The research employed a combination of primary and secondary data sources to comprehensively analyze factors influencing the growth of Small and Medium Manufacturing Enterprises (SMMs) in Yeka Sub-City Administration. Primary data was collected through interviews and standardized questionnaires from managers, owners, and production employees of SMEs. This approach aimed to capture firsthand insights.

3.7. Data Collection Instruments

The research utilized a mixed-method approach to collect both primary and secondary data. The primary data collection techniques included:

Interviews: In-depth interviews were conducted with managers, owners, and production employees of Small and Medium Enterprises (SMEs) in Yeka Sub-City Administration. These interviews gathered detailed qualitative insights into the factors influencing SMME growth.

Standardized Questionnaires: Structured questionnaires were administered to managers, owners, and production employees of SMEs. These questionnaires captured demographic information, ranked contextual conditions, and measured business success factors. They were available in both Amharic and English to accommodate respondents' language preferences.

The secondary data collection techniques involved gathering information from various published and unpublished sources, including:

SME Reports: Reports specifically focused on Small and Medium Enterprises (SMEs), providing data and insights into the performance and challenges faced by these enterprises.

Research Papers: Studies and research papers related to SMMEs, offering insights into best practices, challenges, and potential solutions.

Circulars: Official circulars or notifications from relevant government bodies or industry associations containing information pertinent to SMMEs in the area.

Policy Document: Documents outlining government policies and strategies related to SME development, providing a broader context for understanding the regulatory environment and support mechanisms available to SMMEs.

The questionnaire design prioritized simplicity, clarity, and confidentiality to ensure that respondents could easily understand and answer the questions while safeguarding their privacy. The data collection process emphasized obtaining consent from participants, ensuring the confidentiality of their responses, and employing a combination of self-administered and assisted questionnaire filling to enhance the response rate and address potential non-response errors

3.8. Methods of Data Analysis

For the research, survey data were processed using the Statistical Package for Social Science (SPSS-27) software. The data were analyzed through two sets of statistics: Descriptive and Inferential statistics. Descriptive statistics summarized and described quantitative information using frequency distribution and measures of central tendency, such as mean and standard deviation. Inferential statistics, specifically regression analysis, were employed to determine the factor affecting SME growth in Addis Ababa. During data analysis, the multiple regression model of the ordinary least square model (OLS) was used to examine these differences.

3.8.1. Dependent and Independent Variable and Its Measurement

Regarding the variables and measures, the dependent variable was measured using commonly employed indicators for growth, specifically sales growth and qualified employment growth over a specific time period. These indicators are widely used in earlier studies as measures of firm size and growth. Multiple indicators, including market coverage and employment, were considered due to their importance and accessibility. Sales growth and employment growth were chosen over other indicators like assets, market share, profits, and output, which are also commonly used but less prevalent. Multiple growth indicators ensured a comprehensive study of firm growth (Davidsson et al., 2006).

The independent variables, as identified by Fatoki & David (2010), were measured based on Access to finance, Marketing, Working places, Government policy, and internal management. These variables are

recognized as crucial factors influencing the growth of Small and Medium Manufacturing Enterprises. Their measurements contributed to a thorough analysis of their impact on the dependent variable in the research.

3.9. Reliability and Validity

For the research, the validity of the questionnaire data was crucial in ensuring accurate and meaningful inferences based on the research results. Validity, defined as the accuracy and meaningfulness of inferences derived from research outcomes, is contingent upon the degree to which the data accurately represents the phenomena under study. According to Kothari (2004), validity is the most important criterion in research and refers to the degree to which an instrument accurately measures what it is intended to measure. To establish content validity, the research instrument had to cover all relevant items or domains comprehensively. To test the validity of the research instrument, a small sample of the instrument was distributed to respondents. The responses and understanding of the questions were analyzed to identify any ambiguities or irrelevant information in the questionnaire. Based on the feedback received, necessary modifications were made to ensure validity.

Reliability refers to the consistency with which an instrument can be interpreted across different situations. According to Hair et al. (2007), reliability is the degree to which a variable or set of variables consistently measures what it is intended to measure. Reliable data is replicable; the study can be repeated and will yield the same findings (Sapsford, 1999; Neumann, 1997; Babbie, 1979). To assess the reliability of the instrument, Cronbach's alpha value was used. If the Cronbach's alpha value is above 0.70, it is considered to be a reasonable indicator of reliability. In this study, the questionnaire was distributed, and the Cronbach's alpha values were determined to assure the reliability of the instrument.

Table 1 Reliability

Variables	No of items	Reliability Statistics in Cronbach's Alpha
Finance	6	.803
Working place	4	.725
Internal Management	6	.883
Governmental Policy	6	.806
Market	5	.816

Growth of SME	7	.919
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3.10. Ethical Consideration

Ethical considerations were paramount to ensure the well-being and rights of all research participants. Prior to the distribution of questionnaires, all participants were thoroughly informed about the research's purpose, and their willingness and consent were secured. The right to privacy was strictly maintained, ensuring the confidentiality of each participant's identity. In all instances, individual names were kept confidential, and collective terms such as "respondents" were used to refer to participants. These ethical measures aimed to uphold the principles of transparency, respect, and privacy throughout the research process.

CHAPTER FOUR

DATA PRESENTING, ANALYZING AND INTERPRETATION

Chapter Four presents the data analysis and key findings from the research study. This includes both descriptive and inferential statistical analyses that provide insights into the various aspects explored through the survey. The chapter begins by outlining the demographic and general information of the survey participants of SME in Yeka sub city. It then dig into an in-depth analysis of the data using descriptive statistics to examine research objectives related to the key factors influencing the growth of Small and Medium Enterprises (SMEs) in Yeka sub city. Furthermore, inferential statistical techniques including correlation, regression, and ANOVA are utilized to establish and quantify the relationships between significant variables. The objective analyses presented in this chapter provides crucial insights that inform the discussion, conclusions, and recommendations outlined in the subsequent sections of the thesis.

4.1. Demographic and General Information

During the data collection phase, 181 questionnaires were distributed, and all 181 were fully completed and returned. This resulted in a response rate of 100%. Consequently, all 181 completed questionnaires were included in the analysis. This exceptionally high response rate indicates a strong level of engagement and participation from the respondents, ensuring that the data collected is comprehensive and representative of the target population.

		Gender of Respondent			
		Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	72	39.8	39.8	39.8
	Female	109	60.2	60.2	100.0
	Total	181	100.0	100.0	
Age of Respondent					
	Frequency		Percent	Valid Percent	Cumulative Percent
Age	18-25		12	6.6	6.6
	26-33		39	21.5	21.5
	34-41		45	24.9	24.9
	42-49		51	28.2	28.2
	above 49		34	18.8	18.8
	Total		181	100.0	100.0
Academic Qualification of Respondent					
	Frequency		Percent	Valid Percent	Cumulative Percent
Academic-qualification	Below grade 12		51	28.2	28.2
	TVET Certificate		54	29.8	29.8
	Diploma		31	17.1	17.1
	college Diploma		22	12.2	12.2
	BA/BSC Degree		23	12.7	12.7
	Total		181	100.0	100.0
Work Experience at SME					
	Frequency		Percent	Valid Percent	Cumulative Percent
Work-experience	0-5 years		62	34.3	34.3
	6-10 years		40	22.1	22.1
	11-15 years		51	28.2	28.2
	Above 15 years		28	15.5	15.5
	Total		181	100.0	100.0

Table 2 own survey data

Several important insights are revealed by the demographic information of the participants in the Yeka Sub City, Addis Ababa, and SMEs research.

With 60.2% of respondents being female and 39.8% being male, the gender distribution reveals a larger percentage of female respondents, which may have an impact on the viewpoints and experiences that are shared.

With 24.9% of respondents in the 34–41 age group and 28.2% in the 42–49 age group, the age distribution clearly shows that the majority of respondents are middle-aged, which is consistent with the demographics of the area's SME owners and workers.

The data indicates a wide range of educational backgrounds in terms of academic degrees; the biggest groups had schooling below grade 12 (28.2%) and TVET certificates (29.8%), demonstrating a considerable presence of vocational training among the respondents.

The work experience data reveals that a significant proportion of respondents have between 0–5 years (34.3%) and 11–15 years (28.2%) of experience in SMEs, showing a mix of relatively new entrants and highly skilled individuals within the sector.

The suggested values for the demographic variables offer additional insights. The suggested gender value of 1.48 indicates a slightly higher proportion of females. The suggested age value of 1.60 suggests that the average respondent is younger, falling towards the 18–25 age group.

The mean academic qualification of 3.31 reflects that most respondents have qualifications around the diploma level. The mean work experience of 2.51 suggests an average of 6–10 years of experience, indicating a fairly skilled sample with a strong emphasis on practical vocational education.

These results have significant implications for the examination of variables influencing the expansion of SMEs. The greater percentage of female responders raises the possibility that SME assistance programs could take gender-specific opportunities and obstacles into account. The majority of responders were middle-aged, suggesting that programs should target this group and take use of their stability and expertise. Vocational training is quite prevalent, which emphasizes the value of practical skills and points to the necessity of ongoing professional development and technical training programs. Lastly, the respondents' wide range of work experiences highlights

the need for customized support programs for both new and seasoned SME employees by indicating varied degrees of knowledge and obstacles. Stakeholders may create and execute plans to assist the expansion and development of SMEs in Yeka Sub by having a better understanding of these demographic data.

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

As discussed in the theoretical part of previous chapters five anticipated factors of small and medium enterprises growth were identified such as working places, marketing, internal management, government policy, and financial Factors. The descriptive statistics of each of the factors are presented below. In the methodology part explained that every item was measured using a 5-point likert scale in order to measure the factors affecting growth of small and medium enterprises. Furthermore, according to Scott (1999) for likert scale data from 1 (Strongly Disagree) to 5 (Strongly Agree) if the sample is approximately normally distributed the interpretation should be for mean up to 2.8 is “Disagree”, mean between 2.9 and 3.2 is “Neutral”, and mean above 3.2 is “Agree” (Scott 1999). Therefore, this research employs this remark to infer and make generalization.

4.2.1. Financial Factors

Financial Factors	Mean	Std. Deviation
Shortage of working capital is a hindrance for your business growth	4.03	1.032
The lack of sufficient credit institutions in areas hinders economic development	2.74	1.416
High collateral requirements make it difficult for small businesses to secure loans	3.71	1.073
High interest rates can significantly impact the cost of borrowing for businesses.	4.03	.977
Complicated loan application procedures can deter potential borrowers from seeking financial assistance	2.96	.893
An improper financial recording system can lead to inaccuracies in financial reporting and decision-making	4.13	.974

Grand mean	3.6	1.061
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Table 3 Descriptive Response on Financial Factor

Respondents agree that the shortage of working capital is a significant hindrance to business growth, with a mean score of 4.03 and a standard deviation of 1.032. This suggests a strong consensus that insufficient working capital is a major obstacle for SMEs. Similarly, high collateral requirements, which have a mean score of 3.71 and a standard deviation of 1.073, are also seen as a significant barrier. This indicates that the difficulty in securing loans due to high collateral demands is a major issue for small businesses.

High interest rates are another critical factor, with a mean score of 4.03 and a standard deviation of 0.977, indicating strong agreement that high borrowing costs significantly impact business growth. Additionally, improper financial recording systems are perceived as a significant issue, with a mean score of 4.13 and a standard deviation of 0.974. This highlights the importance of accurate financial reporting and decision-making processes in supporting business growth.

In contrast, respondents disagree that the lack of sufficient credit institutions is a significant hindrance to economic development, as indicated by a mean score of 2.74 and a standard deviation of 1.416. This suggests that while access to credit is important, the availability of credit institutions may not be the primary issue. The complexity of loan application procedures is viewed with neutrality, with a mean score of 2.96 and a standard deviation of 0.893. This neutrality indicates that respondents are neither strongly in favor nor against the notion that complicated loan procedures deter potential borrowers.

The grand mean of 3.6, with a standard deviation of 1.061, indicates an overall agreement that financial factors significantly impact the growth of small businesses. This overall agreement underscores the critical importance of addressing financial constraints to foster the growth and development of SMEs. Therefore, it can be inferred that to support the growth of SMEs, it is essential to address issues related to working capital shortages, high collateral requirements, high interest rates, and inadequate financial recording systems. Additionally, while improving the availability of credit institutions may not be a top priority, simplifying loan application procedures could also be beneficial.

4.1.2. Working Space

Working space factors	Mean	Std. Deviation
The absence of dedicated working spaces can hinder productivity and work-life balance for individuals	1.90	1.202
Having a working place that is far from the market can result in logistical challenges and increased transportation costs for businesses.	2.99	1.319
A very narrow working place can lead to discomfort and reduced productivity for employees.	1.85	1.178
The very high rent of working places can significantly impact a company's operating expenses and financial stability.	3.22	1.257
Grand mean	2.49	1.239

Table 4 Response of Employees on Working Place

Respondents disagree that the absence of dedicated working spaces hinders productivity and work-life balance, as indicated by a mean score of 1.90 and a standard deviation of 1.202. This suggests that, in general, respondents do not view the lack of dedicated working spaces as a significant issue affecting productivity and work-life balance.

Similarly, respondents disagree that a very narrow working place leads to discomfort and reduced productivity for employees, with a mean score of 1.85 and a standard deviation of 1.178. This indicates that the narrowness of working spaces is not seen as a major hindrance to employee comfort and productivity.

On the other hand, respondents are neutral about the impact of having a working place far from the market, which can result in logistical challenges and increased transportation costs. This is reflected by a mean score of 2.99 and a standard deviation of 1.319. The neutrality suggests that while this factor is recognized, it is not overwhelmingly considered a significant barrier.

Lastly, respondents agree that the very high rent of working places significantly impacts a company's operating expenses and financial stability, as shown by a mean score of 3.22 and a standard deviation of 1.257. This agreement highlights the concern regarding high rental costs and their effect on the financial health of businesses.

The grand mean of 2.49, with a standard deviation of 1.239, indicates an overall disagreement that working space factors are major issues affecting business growth. However, the high rent cost is a notable exception, which is seen as a significant challenge.

In summary, the analysis suggests that, apart from high rental costs, working space factors such as the absence of dedicated spaces, narrowness of working spaces, and distance from markets are not considered major hindrances by the respondents. Addressing high rental costs could be a key area for improving the business environment for SMEs.

4.1.3. Internal Management Factors

Internal Management Factor	Mean	Std. Deviation
Weak organizational structure can hinder productivity and communication within a company.	4.03	1.032
Lack of technical training can result in inefficiencies and gaps in skills among employees.	3.59	1.178
A lack of organized and effective communication can lead to misunderstandings and decreased collaboration among team members.	2.85	1.120
The absence of qualified and highly skilled employees, along with a lack of division of labor, job specialization, and team spirit among workers, can hinder organizational efficiency and effectiveness.	2.97	1.256
A lack of strategic planning can result in directionless decision-making and missed opportunities for organizational growth and success	2.96	.893

Weak organizational structure can lead to confusion, inefficiency, and difficulty in achieving company objectives.	4.13	.974
Grand mean	3.42	1.075

Table 5 Internal Management Factor

Respondents agree that a weak organizational structure can hinder productivity and communication within a company, with a mean score of 4.03 and a standard deviation of 1.032. This strong agreement highlights the importance of a robust organizational structure for ensuring effective communication and productivity.

The lack of technical training is also seen as a significant issue, with a mean score of 3.59 and a standard deviation of 1.178, indicating that respondents agree on its impact in causing inefficiencies and skill gaps among employees.

Regarding the lack of organized and effective communication, the respondents are neutral, as indicated by a mean score of 2.85 and a standard deviation of 1.120. This neutrality suggests mixed views on whether poor communication significantly decreases collaboration and leads to misunderstandings.

Similarly, respondents are neutral about the absence of qualified and highly skilled employees, with a mean score of 2.97 and a standard deviation of 1.256, and about the lack of strategic planning, with a mean score of 2.96 and a standard deviation of 0.893. This neutrality indicates that these factors are recognized but not overwhelmingly considered significant barriers to organizational efficiency and growth.

However, there is agreement that a weak organizational structure can lead to confusion, inefficiency, and difficulty in achieving company objectives, as reflected by a mean score of 4.13 and a standard deviation of 0.974. This agreement emphasizes the critical role of a strong organizational structure in ensuring the company meets its objectives efficiently.

The grand mean of 3.42, with a standard deviation of 1.075, indicates an overall agreement that internal management factors significantly impact the growth and efficiency of businesses.

In summary, the analysis suggests that respondents view a weak organizational structure and lack of technical training as significant hindrances to business growth. There is neutrality regarding the impact of poor communication, the absence of skilled employees, and lack of strategic planning. Addressing weaknesses in organizational structure and providing technical training are essential steps for improving internal management and fostering business growth.

4.1.4. Government Policy and Regulatory Factors

Government Policy Factor	Mean	Std. Deviation
Bureaucracy in enterprise registration and licensing processes can impede business growth and innovation.	3.59	1.178
The lack of government support can hinder economic development and limit opportunities for businesses to thrive and contribute to society.	2.85	1.120
Unnecessary political and administrative intervention can disrupt business operations and create uncertainty, impacting economic stability and growth.	2.41	1.366
The lack of accessible information related to small and medium size enterprise can hinder informed decision-making and impede progress in the respective field or industry.	3.12	1.200
A lack of clarity or accessibility regarding government rules and regulation can create obstacles for businesses to navigate effectively.	2.07	1.317
High tax rates and other tariffs can significantly impact business operations and investment decisions, potentially hindering economic growth and competitiveness.	2.64	1.256
Grand mean	2.78	1.239

Table 6 Government Policy Factor

Respondents agree that bureaucracy in enterprise registration and licensing processes can impede business growth and innovation, with a mean score of 3.59 and a standard deviation of 1.178. This indicates a strong consensus that bureaucratic hurdles are significant barriers to business growth. The lack of government support is viewed neutrally, with a mean score of 2.85 and a standard deviation of 1.120. This neutrality suggests mixed opinions on whether inadequate government support significantly hinders economic development and business opportunities.

Respondents disagree that unnecessary political and administrative intervention disrupts business operations and creates uncertainty, impacting economic stability and growth, as indicated by a mean score of 2.41 and a standard deviation of 1.366. This disagreement suggests that such interventions are not widely seen as major barriers to business growth. The lack of accessible information related to small and medium-sized enterprises is viewed neutrally, with a mean score of 3.12 and a standard deviation of 1.200. This neutrality indicates that respondents have mixed views on whether the lack of information significantly hinders informed decision-making and progress. Respondents disagree that a lack of clarity or accessibility regarding government rules and regulations creates significant obstacles for businesses to navigate effectively, with a mean score of 2.07 and a standard deviation of 1.317. This suggests that unclear regulations are not perceived as major hindrances. High tax rates and other tariffs are also viewed neutrally, with a mean score of 2.64 and a standard deviation of 1.256, indicating mixed opinions on their impact on business operations and investment decisions. The grand mean of 2.78, with a standard deviation of 1.239, indicates an overall disagreement that government policy factors are major issues affecting business growth. However, the high mean score for bureaucracy suggests it is a notable exception.

In summary, the analysis suggests that respondents view bureaucracy in enterprise registration and licensing processes as significant hindrances to business growth. There is neutrality regarding the impact of the lack of government support, accessible information, and high tax rates. Respondents do not see political intervention and unclear regulations as major barriers. Addressing bureaucratic hurdles could be a key area for improving the business environment for SMEs.

4.1.5. Marketing Factors

Marketing Factor	Mean	Std. Deviation
Insufficient market coverage and market chain for your product can limit its reach and potential sales, hindering business growth and profitability. Customers and maximize sales potential.	2.93	1.281
The lack of adequate and reliable market information can impede informed decision-making and hinder business strategies, potentially leading to missed opportunities and decreased competitiveness.	2.09	1.268
Lack of customer handling can lead to dissatisfaction, affecting customer loyalty and potentially harming the reputation and profitability of the business.	3.59	1.178
The lack of product and service advertising can result in limited visibility and awareness among potential customers, hindering sales and business growth.	3.33	1.183
The enterprise's inability to predict market demand may lead to overstocking or under stocking of goods, impacting profitability and customer satisfaction.	2.38	1.400
Grand Mean	2.864	1.262

Table 7 Description of Marketing Factor

Based on Scott's (1999) guidelines for interpreting Likert scale data, where mean values up to 2.8 are considered as "Disagree," means between 2.9 and 3.2 are "Neutral," and means above 3.2 are "Agree," the analysis of marketing factors affecting business growth reveals several insights. Respondents are neutral about the impact of insufficient market coverage and market chain on business growth and profitability, with a mean score of 2.93 and a standard deviation of 1.281. This suggests mixed opinions on whether limited market reach significantly hinders business growth. They disagree that the lack of reliable market information is a major problem, as

indicated by a mean score of 2.09 and a standard deviation of 1.268, suggesting that most do not see it as a significant barrier to making informed decisions and developing business strategies.

However, respondents agree that poor customer handling leads to dissatisfaction and harms customer loyalty, reputation, and profitability, with a mean score of 3.59 and a standard deviation of 1.178, highlighting the importance of good customer service. They also agree that a lack of advertising limits visibility and awareness among potential customers, which hinders sales and business growth, as reflected by a mean score of 3.33 and a standard deviation of 1.183, underscoring the need for effective advertising. In contrast, respondents disagree that the inability to predict market demand is a major issue, with a mean score of 2.38 and a standard deviation of 1.400, indicating that most do not see it as significantly impacting profitability and customer satisfaction.

The grand mean of 2.864, with a standard deviation of 1.262, suggests overall neutrality, indicating mixed views on the impact of marketing factors on business growth. In summary, respondents are neutral about the impact of insufficient market coverage and market chain, indicating mixed opinions on its significance. They disagree that the lack of reliable market information and inability to predict market demand are major issues. However, they agree that poor customer handling and lack of advertising are significant barriers to business growth. Therefore, improving customer service and advertising strategies are critical areas for fostering business growth and profitability.

4.1.6. SME Growth

General Growth Factor	Mean	Std. Deviation
The enterprise doesn't create more market coverage	1.90	1.202
The enterprise does not have profit from time to time	2.99	1.319
There are no qualified and highly skilled employees within the enterprise	1.85	1.178
Number of employees within the enterprise did not increase from time	3.22	1.257

to time		
There are no enough materials and equipment within in the enterprise	3.33	1.183
The enterprise has less capability to reduce risk related to inflation	2.38	1.400
The enterprise has created full capacity to transform from small to medium or medium to large	1.96	1.295
Grand Mean	2.52	1.264

Table 8 General Growth Factor

Several essential problems impacting marketing, profitability, employee qualifications and total development of the firm become obvious to one during a detailed analysis of general growth factors affecting SMEs.

The average value for the sentence “The enterprise doesn’t create more market coverage” is 1.90 with a standard deviation of 1.202. This implies that respondents largely agree that lack of market coverage is a big obstacle to their growth although there is much disagreement among them. Mean value for the sentence “The enterprise does not have profit from time to time” is 2.99 and its standard deviation is 1.319 which shows some agreement on unstable profitability as well as different responses that might relate to variations in experience among SMEs. The average score of “there are no competent or highly skilled workers in the firm” is 1.85 with a standard deviation of 1.178. This means that while the respondents acknowledge the problem of unskilled labor force their opinions differ greatly.

The mean for the statement 'number of employees within the enterprise did not increase from time to time' is 3.22 with a standard deviation of 1.257, suggesting there is slight consensus on stasis in employment dynamics, but various interpretations as well. Mean and standard deviation of inadequate materials and equipment for the company is 3.33 and 1.183 respectively which shows that many people responded that they do not have enough resources according to them this was an issue that was rated as average in terms of agreement though it had a relatively high dispersion around its mean value with most responses being similar across all answers given by interviewees The second statement “the enterprise has less capability to reduce risk related to

inflation” has a mean of 2.38 and a standard deviation of 1.400 which implies that people are moderately concerned about managing inflation-related risks though their views vary greatly.

Lastly, the statement "The enterprise has created full capacity to transform from small to medium or medium to large" has a mean of 1.96 and a standard deviation of 1.295, indicating that respondents generally agree that the enterprise has limited capacity for transformation, though opinions vary.

The overall grand mean of 2.52, is considerably high at 1.264, which means on average respondents agree up to a moderate extent that these general growth factors pose as challenges with regard to the operation of SMEs. Second, the moderate variability in responses suggests that experiences and perceptions of SMEs relative to growth challenges vary widely. Based on the analysis, it is determined that there is a necessity for interventions in achieving market coverage, improving profitability, attracting and sustaining skilled labor, obtaining resource sufficiency to operate efficiently; addressing inflation risks while considering business-level transformation efforts. If these general growth-related issues are sorted out down the line, this can widely benefit SMEs in terms of development and sustainability that also help them to reach their desired state of growth alongside ensuring that they have a solid position in market competitiveness.

4.3. Pearson Correlation Test

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

Correlations							
		Finance	Working space	Internal Management	Government Policy	Access to Market	SME Growth
Finance	Pearson Correlation	1					
Working space	Pearson Correlation	.214**	1				
Internal Management	Pearson Correlation	.512**	.415**	1			
Government Policy	Pearson Correlation	.469**	.488**	.600**	1		
Access to Market	Pearson Correlation	.040	.478**	.444**	.589**	1	
SME Growth	Pearson Correlation	.359**	.871**	.639**	.484**	.600**	1
**. Correlation is significant at the 0.01 level (2-tailed).							

Table 9 Correlations

The correlation analysis provides valuable insights into the relationships between various factors and the growth of SMEs, as indicated by Pearson correlation coefficients. These coefficients range from -1 to 1, where positive values indicate positive relationships and negative values indicate negative relationships.

The results show significant positive correlations between growth and all factors except for the market's relationship with finance, which is not significant. The strongest correlation with growth is observed for the working place (0.871), highlighting that the quality of the working place is critically important for SME growth. Internal management and market factors also show strong positive correlations with growth, with coefficients of 0.639 and 0.600, respectively, underscoring the importance of efficient internal operations and effective marketing strategies. Government policy and finance have moderate positive correlations with growth, at 0.484 and 0.359, respectively, suggesting that while supportive policies and financial stability are important, they are less influential compared to working place and management factors.

Additionally, finance shows significant correlations with internal management (0.512), government policy (0.469), and working place (0.214), indicating interdependencies among these

factors. Overall, the analysis underscores the multifaceted nature of SME growth, where various internal and external factors play significant roles. Addressing these factors collectively can foster a supportive environment for the development and success of SMEs.

4.4. Regression Analysis

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

4.4.1. Multicollinearity Test Analysis

Various academic publications elucidated that the presence of a linear correlation between independent or explanatory factors is indicative of a multicollinearity issue among the explanatory variables inside the regression model. The variance inflation factor (VIF) approach is one of the test types utilized in this study to assess the multicollinearity issue; the method's benchmark number is 10. The regression coefficients are likely under-estimated owing to multicollinearity if any variable has a VIF larger than 10, in which case it should be treated appropriately. If multicollinearity is a problem in a multiple model, that is, the variance inflation factor for predictor is near or above 5. The solution may be simply to remove highly correlated predictors from the model.

Collinearity Statistics		
Variables	VIF	Tolerance
Finance	1.758	0.569
Working Place	1.913	0.523
Internal Management	2.557	0.391
Government Policy	2.074	0.482
Market	1.482	0.675

Table 10 Multicollinearity test

The Collinearity statistics, including Variance Inflation Factor (VIF) and its reciprocal ($1/\text{VIF}$), provide insight into the extent of multicollinearity among the independent variables in the regression model. Multicollinearity, which occurs when independent variables are highly correlated, can affect the stability and interpretation of regression coefficients. For this analysis, the VIF values for all variables are below the commonly accepted threshold of 5, indicating low to moderate multicollinearity. Specifically, the VIF for Finance is 1.758 ($1/\text{VIF} = 0.569$), for Working Place is 1.913 ($1/\text{VIF} = 0.523$), for Internal Management is 2.557 ($1/\text{VIF} = 0.391$), for Government Policy is 2.074 ($1/\text{VIF} = 0.482$), and for Market is 1.482 ($1/\text{VIF} = 0.675$). These values suggest that none of the variables exhibit problematic multicollinearity, meaning that they do not significantly correlate with each other to the extent that would compromise the regression model. The low VIF values imply that the independent variables finance, working place, internal management, government policy, and market can be reliably included in the regression analysis, ensuring the robustness and interpretability of the results. Consequently, the regression analysis will provide valid and reliable insights into the factors influencing SME growth without the distortion effects of multicollinearity.

4.4.2. Heteroscedasticity Test Analysis

The scatterplot displays the relationship between the regressions standardized predicted values and the regression standardized residuals for the dependent variable "Growth." The random scattering of residuals around the horizontal axis, with no discernible pattern, indicates that the assumptions of linearity and homoscedasticity are likely met. This suggests that the variance of the residuals is constant across all levels of predicted values, supporting the model's validity. The residuals are evenly spread on both sides of the zero line, indicating that the model does not systematically over predict or under predict growth. Additionally, the absence of extreme outliers implies that no individual data points are exerting undue influence on the regression model. Although the R^2 value is extremely low, indicating a weak linear relationship between the independent variables and growth, the scatterplot confirms that the regression model's assumptions are met, ensuring the reliability of the results.

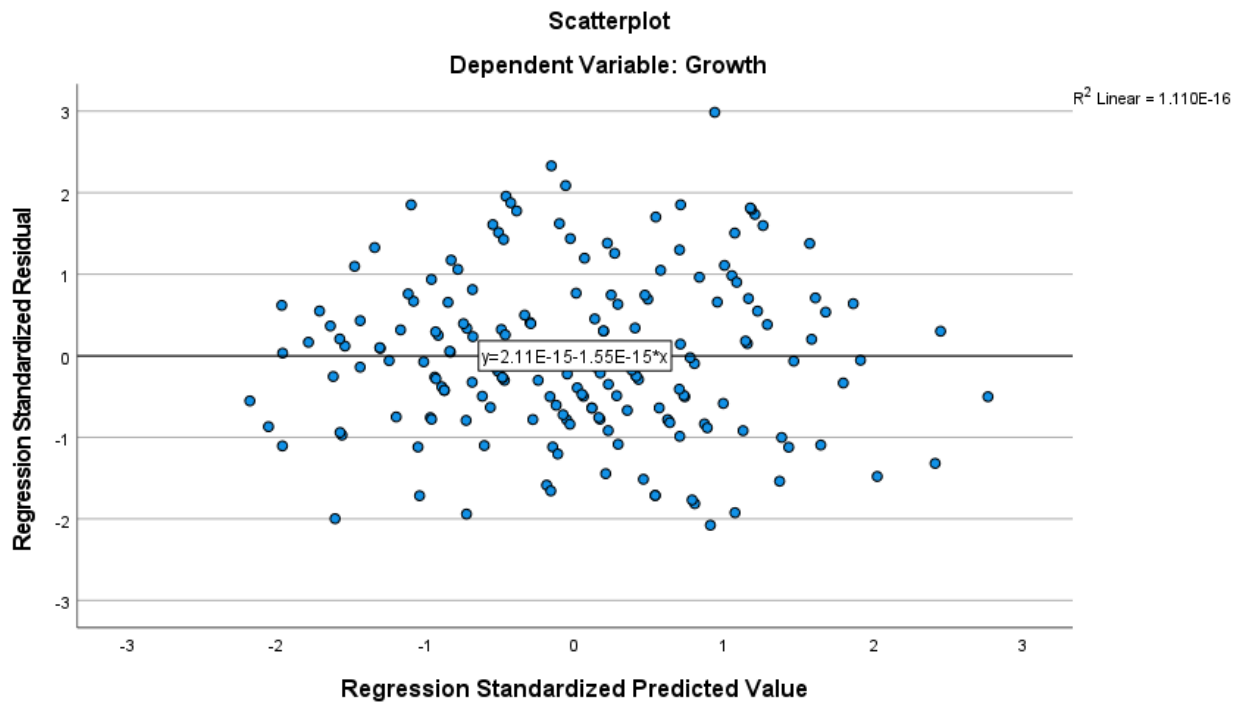


Figure 1 Heteroscedasticity Test/scatterplot

4.4.3. Normality Test Analysis

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

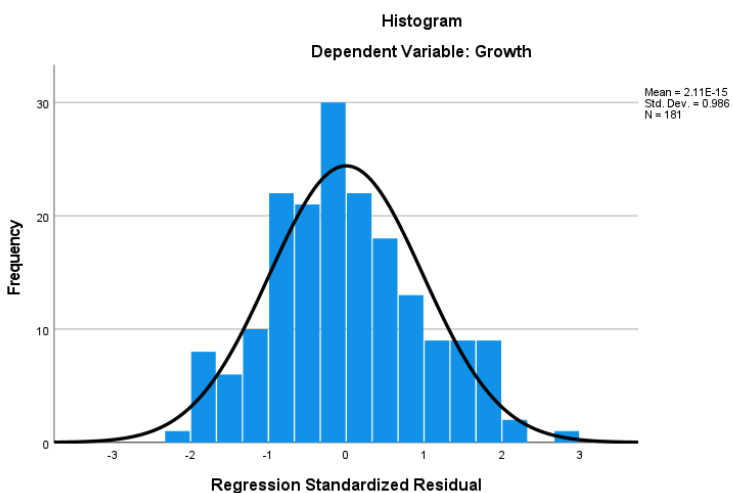


Figure 2 Histogram test of normality

The histogram displays the distribution of the regression standardized residuals for the dependent variable "Growth," providing a check for the normality assumption in the regression model. The histogram shows a roughly symmetrical bell-shaped curve, indicating that the residuals are approximately normally distributed, which is further supported by the overlaid normal distribution curve closely matching the histogram bars. The mean of the residuals is very close to zero ($2.11\text{E-}15$), as expected for standardized residuals, and the standard deviation is 0.986, suggesting a typical normal distribution pattern around the mean. Most of the residuals fall within the range of -2 to 2, with the highest frequency around the mean, indicating that the majority of data points have small residuals and the model predictions are close to the actual values. Additionally, the absence of significant outliers or extreme values in the distribution supports the normality assumption. Therefore, the histogram confirms that the regression model meets the normality assumption for the residuals, ensuring the validity and reliability of the regression analysis results.

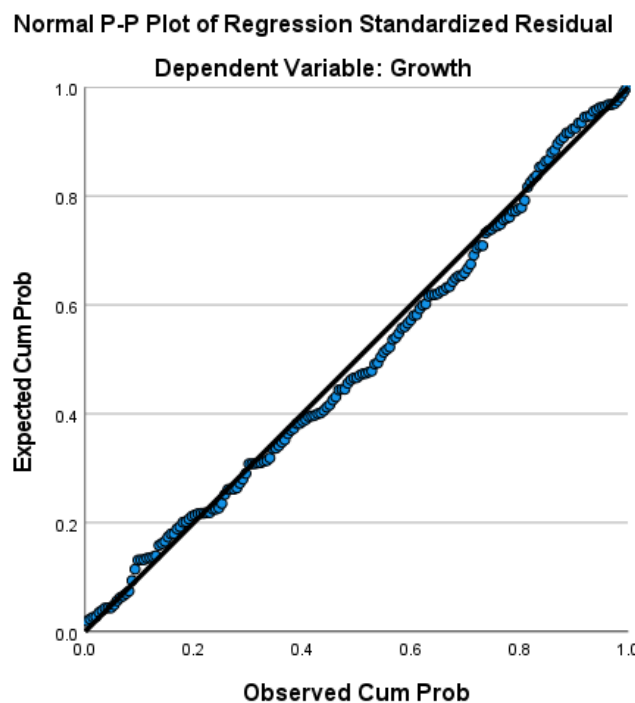


Figure 3 Normal p-p plot test of normality

The Normal P-P Plot graphically compares the observed cumulative probabilities with the expected cumulative probabilities under a normal distribution. In the plot, the residuals lay very

close to the 45-degree diagonal line, suggesting that the observed values reasonably fit the expected values under normal distribution. For real data, there are expected to be minor deviations from this line, which do not indicate serious violations of the normality assumption. The residuals seem to follow the diagonal line in general, which indicates that the residuals are normally distributed.

4.4.4. Linearity Test Analysis

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

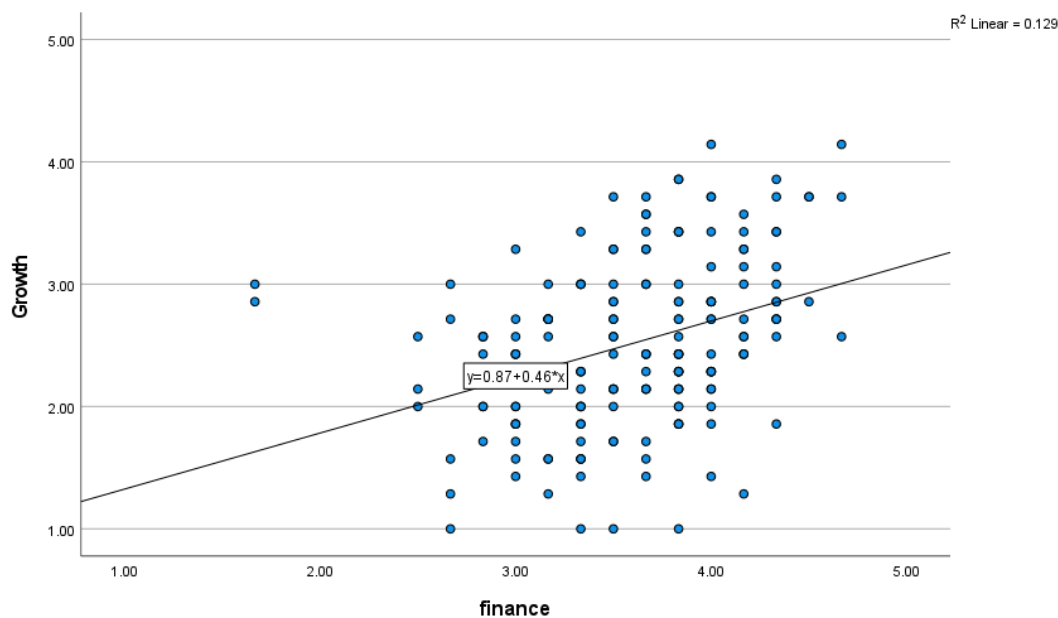


Figure4. Growth-Finance

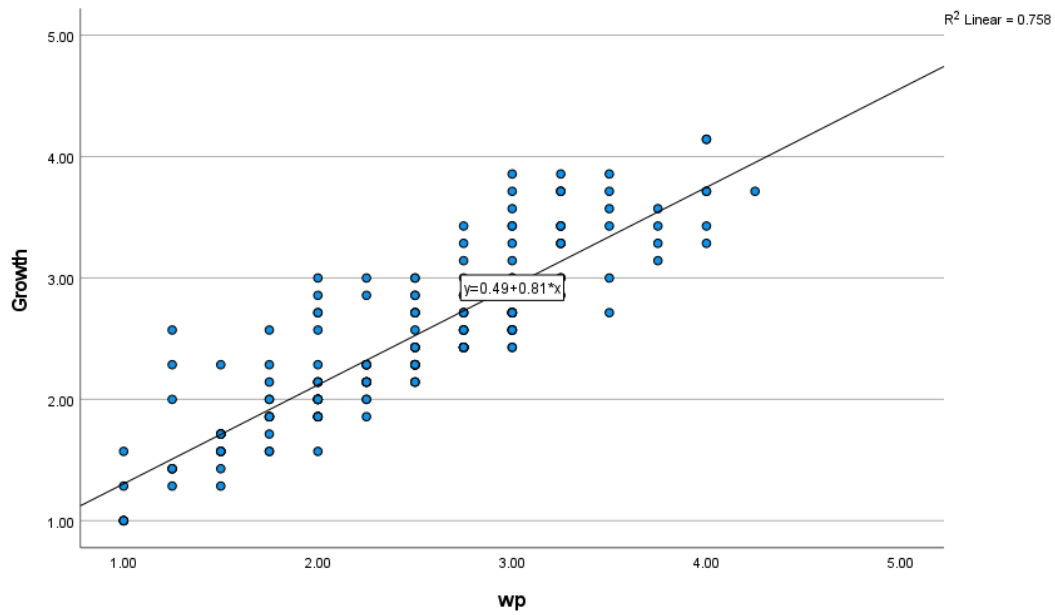


Figure 5 Growth- Working Place

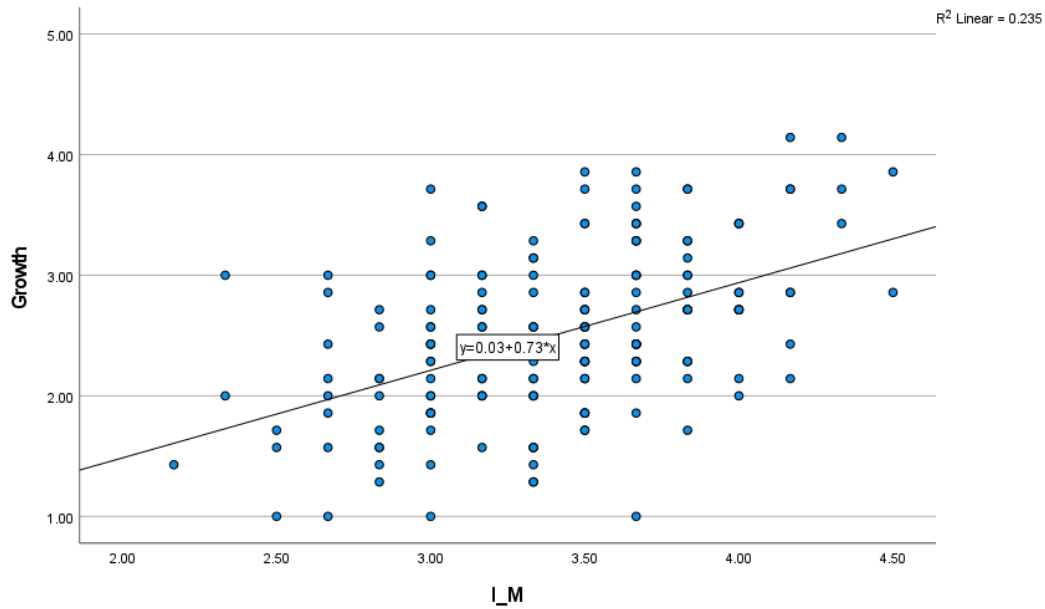


Figure 6 Growth – Internal Management

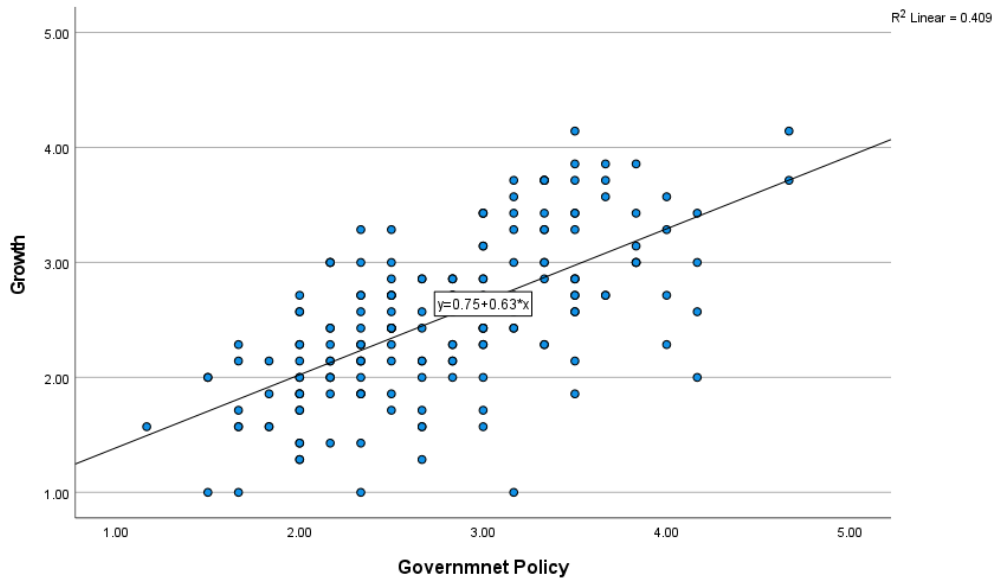


Figure 7 Growth – Government Policy

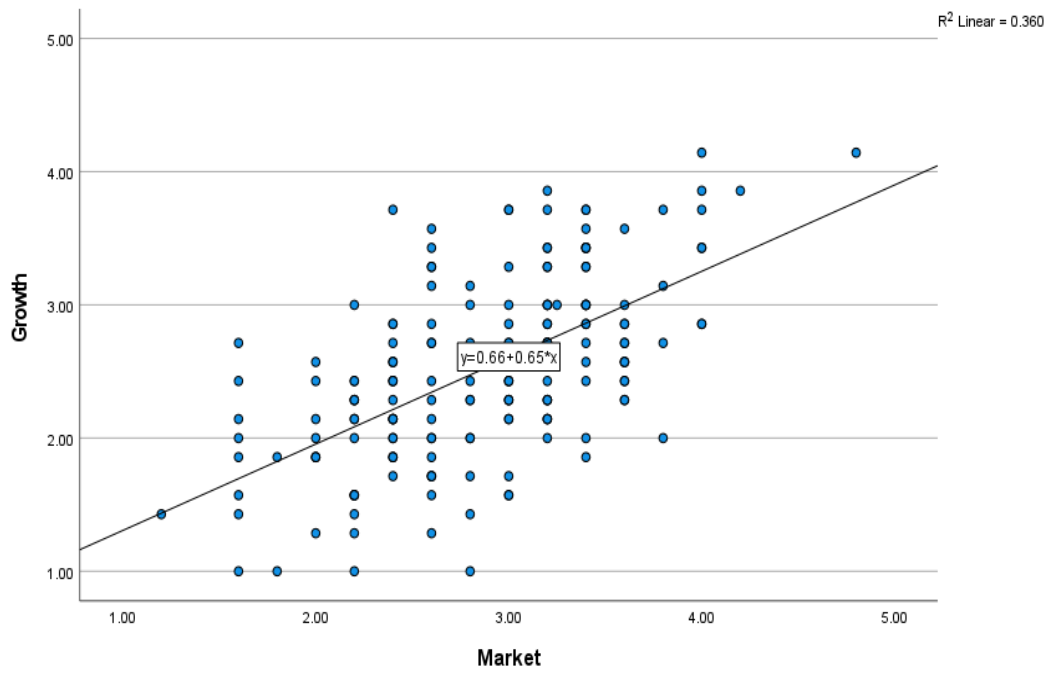


Figure 8 Growth – Market

4.5. Regression Analysis Result

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.932 ^a	.868	.864	.25026
a. Predictors: (Constant), Market, finance, working place, Government Policy, Internal M				
b. Dependent Variable: Growth				

Table 11 Model Summary

The model summary indicates that the regression model provides a very strong fit to the data, with an R value of 0.932, showing a high positive correlation between observed and predicted values of "Growth." The R Square of 0.868 demonstrates that the model explains a substantial portion of the variance in the dependent variable, while the adjusted R Square of 0.864 confirms the robustness of the model's explanatory power. Additionally, the standard error of 0.25026 indicates precise predictions by the model. Overall, these metrics suggest that the predictors (Market, Finance, Working Place, Government Policy, and Internal Management) are highly effective in explaining the growth of SMEs.

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	72.156	5	14.431	230.423	<.001 ^b
	Residual	10.960	175	.063		
	Total	83.116	180			
a. Dependent Variable: Growth						
b. Predictors: Market, finance, working place, Government Policy, Internal M						

Table 12 ANOVA

The ANOVA table evaluates the overall significance of the regression model by comparing the model's explained variance to the unexplained variance. The sum of squares for the regression model is 72.156, representing the variance explained by the model, while the sum of squares for the residuals is 10.960, indicating the variance not explained by the model. The total sum of squares is 83.116, encompassing the total variance in the dependent variable "Growth." The model has 5 degrees of freedom, corresponding to the number of predictors (Market, Finance, Working Place, Government Policy, Internal Management), while the residuals have 175 degrees of freedom. The mean square for the regression is 14.431, compared to 0.063 for the residuals. The F-value of 230.423 suggests that the model explains a significant amount of the variance in the dependent variable relative to the unexplained variance. The significance level is less than 0.001, indicating that the regression model is statistically significant, meaning there is a very low probability that the observed relationship occurred by chance. In conclusion, the ANOVA results demonstrate that the regression model is statistically significant, with the predictors collectively explaining a significant portion of the variance in "Growth." The high F-value and low significance level confirm that the model provides a good fit for the data, implying that the predictors are effective in explaining the growth of SMEs.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.479	.162		-2.958	.004
	Finance	.270	.046	.211	5.804	<.001
	Working Place	.623	.031	.666	19.932	<.001
	Internal Management	.295	.066	.196	4.475	<.001
	Government Policy	.198	.038	.200	5.260	<.001
	Market	.324	.043	.300	7.588	<.001

a. Dependent Variable: Growth

Table 13 Coefficients

The regression analysis results reveal significant relationships between various factors and the growth of small and medium enterprises (SMEs). The constant term has an unstandardized coefficient (B) of -0.479, indicating that when all independent variables are zero, the predicted growth value would be -0.479. This constant term is statistically significant, with a t-value of -2.958 and a significance level of 0.004. Finance has a significant positive effect on SME growth, with an unstandardized coefficient of 0.270, a standardized coefficient (Beta) of 0.211, a t-value of 5.804, and a significance level of less than 0.001. This implies that better financial resources are associated with increased SME growth.

The working place factor exhibits the highest positive impact on SME growth, with an unstandardized coefficient of 0.623, a standardized coefficient (Beta) of 0.666, a t-value of 19.932, and a significance level of less than 0.001. This underscores the critical importance of an adequate working environment for SME growth. Internal management also significantly contributes to SME growth, as evidenced by an unstandardized coefficient of 0.295, a standardized coefficient (Beta) of 0.196, a t-value of 4.475, and a significance level of less than 0.001.

Government policy positively impacts SME growth, with an unstandardized coefficient of 0.198, a standardized coefficient (Beta) of 0.200, a t-value of 5.260, and a significance level of less than 0.001. This highlights the role of supportive government policies in fostering SME growth. Lastly, the market factor has a significant positive effect on SME growth, with an unstandardized coefficient of 0.324, a standardized coefficient (Beta) of 0.300, a t-value of 7.588, and a significance level of less than 0.001. This demonstrates that access to and engagements with the market are essential for the growth of SMEs.

In summary, the regression analysis confirms that finance, working place, internal management, government policy, and market are all significant predictors of SME growth, each contributing positively to the overall growth of SMEs.

4.6. Hypothesis Test Interpretation

Variable	Unstandardized Coefficients (B)	sig
Finance	.270	<.001
Working Place	.623	<.001
Internal management	.295	<.001
Government policy	.198	<.001
Market	.324	<.001

Table 14 Hypothesis Test Interpretation

The hypothesis test results indicate significant relationships between various factors and the growth of small and medium enterprises (SMEs). Each factor was evaluated for its impact, and the results show the following:

Finance has a positive effect on SME growth, with an unstandardized coefficient (B) of 0.270, and this relationship is statistically significant ($p < 0.001$). This means that better financial resources are associated with improved growth of SMEs. The working place has the highest positive effect among the factors, with an unstandardized coefficient (B) of 0.623, and this is also statistically significant ($p < 0.001$). This indicates that having an adequate and conducive working environment significantly boosts SME growth. Internal management also plays a crucial role, with an unstandardized coefficient (B) of 0.295, showing a significant positive impact on SME growth ($p < 0.001$). Effective internal management practices contribute to the better performance and expansion of SMEs. Government policy has a positive influence on SME growth, with an unstandardized coefficient (B) of 0.198, and this relationship is statistically significant ($p < 0.001$). Supportive and well-implemented government policies are beneficial for the growth of SMEs. Lastly, the market factor shows a significant positive effect on SME growth, with an unstandardized coefficient (B) of 0.324 ($p < 0.001$). Access to and engagement with a robust market is essential for the growth and success of SMEs.

In summary, the hypothesis tests confirm that finance, working place, internal management, government policy, and market factors all significantly and positively impact the growth of SMEs.

CHAPTER FIVE

FINDINGS, CONCLUSION RECOMMENDATION AND DISCUSSION

5.1. Findings

This study was carried out in pursuit of addressing identifying and assessing different factors affecting the growth of small and medium manufacturing enterprise in Yeka Sub-city. Specifically, the intention of the study was to determine financial constraints, inadequate working premises, marketing factors government policies, internal management factors affect the growth of small and medium enterprises and to examine to what extent these factors determine the growth of small and medium enterprises. The research identified 181 small and medium enterprises where data were collected from 181 of them who engage on construction, manufacturing, service, Business, urban agriculture. As a design the research employed explanatory research design and data were collected using structured questionnaires.

The study highlights several key factors affecting the growth of SMEs in Yeka Sub City, Addis Ababa, through the use of demographic analysis, descriptive statistics, inferential statistics, regression analysis, hypothesis testing, and Pearson Correlation Test results. The demographic findings reveal that the majority of respondents are female (60.2%) and a significant proportion are middle-aged, with 24.9% aged 34-41 and 28.2% aged 42-49. Educational background shows that most respondents hold TVET Certificates (29.8%) and education below grade 12 (28.2%), with work experience varying, as 34.3% have 0-5 years and 28.2% have 11-15 years of experience.

Descriptive statistics indicate that financial constraints are significant, with a grand mean of 3.435, suggesting moderate to strong agreement among respondents about the impact of financial issues on SME growth. Working space issues also affect SMEs, with a grand mean of 2.3825.

Internal management issues have a grand mean of 2.7467, pointing to the need for better organizational practices. Government policy factors show a grand mean of 2.78, highlighting bureaucratic challenges and the need for clearer regulations. Marketing factors, with a grand mean of 2.986, indicate that better market strategies are essential for SME growth.

The regression analysis explains 54.1% of the variance in SME growth ($R^2 = 0.541$), identifying significant predictors of growth, including finance ($B = 0.270, p < 0.001$), working place ($B = 0.623, p < 0.001$), government policy ($B = 0.198, p < 0.001$), internal management ($B = -0.295, p < 0.001$) and market ($B = 0.324, p < 0.001$). Hypothesis testing confirms that finance internal management, government policy and market factors positively impact SME growth. The Pearson Correlation Test reveals significant positive correlations between finance and other factors like working place, internal management, government policy, and growth. Internal management and government policy have strong positive correlations with growth, emphasizing their critical importance. However, market factors show weaker correlations with other variables.

5.2. Conclusion

Based on the findings of this research, the study of SMEs in Yeka Sub City, Addis Ababa, reveals several critical factors influencing their growth. Demographic analysis indicates that the majorities of the SME operators are female, middle-aged, and have varying levels of education and work experience, which suggests a diverse workforce with different needs and capabilities. Descriptive statistics highlight that financial constraints are a significant barrier to SME growth, pointing to the need for better access to financial resources. Issues related to working space, internal management, government policies, and marketing also present substantial challenges, each requiring targeted interventions to improve SME performance.

Regression analysis identifies finance, working place, government policy, and market factors as significant positive predictors of SME growth. Conversely, internal management negatively impacts growth, underscoring the necessity for better organizational practices and leadership within SMEs. Hypothesis testing confirms the positive impact of finance internal management and market factors on SME growth. Pearson Correlation Test results further support these findings, revealing strong positive correlations between finance and other critical factors such as working place, internal management, government policy, and growth. The strong correlations of

internal management and government policy with growth emphasize their importance in fostering a supportive environment for SMEs.

In conclusion, addressing financial constraints, improving working spaces, refining internal management practices, clarifying government policies, and enhancing market strategies are essential for fostering the growth of SMEs in Yeka Sub City. These findings highlight the need for comprehensive support systems and targeted interventions to overcome the barriers to SME growth and achieve sustainable development.

5.3. Recommendations

Based on the findings of the research to address the issues related to working space, it is recommended to develop affordable and strategically located workspaces that can reduce logistical challenges and enhance productivity. Providing subsidies or incentives for SMEs to access better facilities can also be beneficial. Improving internal management practices is crucial. Comprehensive training programs focused on enhancing technical skills, organizational efficiency, and leadership capabilities should be implemented. Encouraging a culture of effective communication and collaboration within SMEs can also improve internal operations. Government policies need to be streamlined and made more transparent. Simplifying the registration and licensing processes, providing clear and accessible information on regulations, and offering advisory services can reduce bureaucratic hurdles for SMEs. Additionally, managing tax rates to be more supportive of SME financial stability is recommended. Strengthening marketing strategies is essential for SME growth. This includes expanding market coverage, providing reliable market information, improving customer handling practices, increasing advertising efforts to boost visibility, and developing better market demand prediction strategies to manage inventory effectively.

By focusing on these areas, the growth and development of SMEs in Yeka Sub City can be significantly enhanced, creating a more supportive and sustainable environment for these businesses.

5.4. Discussion

The thesis on the factors affecting the growth of SMEs in Yeka Sub-City, Addis Ababa, reveals several important insights and comparisons with other similar research. The thesis mixed-

methods approach, integrating both qualitative and quantitative methodologies, provides a comprehensive analysis of the factors influencing SME growth. This study used random sampling to select 181 SMEs from a population of 330 registered SMEs, employing descriptive and inferential statistics, including regression analysis and Pearson Correlation Tests, to analyze the data.

Comparing this thesis research to other studies reveals both commonalities and unique contributions. For instance, Mateev and Anastasov (2010) focused on firm size and internally generated funds in Eastern Europe using panel data analysis but lacked variables such as human capital and managerial competence. Musa and Ibrahim (2012) emphasized financial constraints in Nigeria's manufacturing sector using a quantitative method, yet their study was limited by the absence of a comprehensive quantitative analysis. Green et al. (2006) explored management skill, financing, and market access barriers in developing countries through a qualitative method, but their research lacked an integrated quantitative analysis.

Similarly, Mohd Noor (2008) examined the impact of venture capital on SMEs in Cambodia, considering market access and infrastructure, but excluded crucial variables like market details. Ahmed and Johan (2013) investigated barriers to growth in Swedish manufacturing companies using a qualitative-quantitative method, identifying management skill, manufacturing strategy, and access to finance as key factors but missed an integrated analysis of external variables. Memba et al. (2012) focused on venture capital impact on Kenyan SMEs, considering market access and infrastructure, but recognized the need for more variables. Atsede et al. (2008) highlighted owner/manager characteristics as determinants of SME growth in Nigeria through a quantitative method but lacked an integrated quantitative analysis. Abiyu (2011) explored factors constraining SME growth in Ethiopia, such as marketing, management, and government support, using a qualitative method and emphasized the need for a quantitative analysis and more variables.

Several common themes emerge across these studies, including the critical barrier of financial constraints, the importance of management skills and internal management practices, and the significance of market access and effective marketing strategies. Additionally, bureaucratic hurdles and supportive government policies are widely recognized as significant factors affecting SME growth. This thesis aligns with these themes but provides unique insights through a

comprehensive mixed-methods approach, specifically focusing on Addis Ababa. This thesis identified key barriers such as financial constraints, inadequate working spaces, internal management issues, bureaucratic government policies, and insufficient marketing strategies. The study emphasizes the importance of addressing these issues by enhancing access to financial resources, providing adequate working spaces, improving internal management practices, streamlining government policies, and developing effective marketing strategies.

This thesis fills gaps identified in previous studies by integrating quantitative and qualitative data, providing a robust foundation for future interventions and policy-making to support SME growth. The detailed and integrative approach offers targeted insights and recommendations for policymakers and stakeholders in Yeka Sub-City, contributing to a deeper understanding of the factors influencing SME growth and development in the region.

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APPENDIX

Questionnaire

St. Mary's University

School of Graduate Studies Program

Department of Business Administration

Dear valued respondent,

This thesis is titled “FACTORS AFFECTING THE GROWTH OF SMALL AND MEDIUM BUSINESS ENTERPRISES IN ADDIS ABABA: THE CASE OF YEKA SUBCITY”. The examiner is Merawit Alemu who is currently a General MBA student at St. Mary's University. The examiner seeks to gather relevant information using census from SMEs in Yeka sub- city administration, to examine the determinants of growth of SMEs.

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

Sincerely,

Merawit Alemu

For further information, please contact Merawit Alemu by the following address:

Tel.: +251 923482988 Email:merawitalemu99@gmail.com

Part I: General Questions

Please read each question carefully and Tick or mark in the appropriate spaces provided.

1. Gender: - Male () Female ()
2. Age group: - 18-25 () 26-33 () 34-41 () 42-49 () above 49 ()
3. Academic qualification: - Below grade 12 () TVET Certificate () Diploma () College diploma () BA Degree () MA Degree () Phd ()
4. Work Experience at SME: - 0 - 5 years () 6 - 10 years () 11-15 years ()
Above 15 years ()

The major factors that affect the growth of business in SMEs are listed below. Please indicate the degree to which these factors are affecting the growth of your business enterprise. After you read each of the factors, evaluate them in relation to your business and select your appropriate answer and then /Tick/ under the choices below. Where,

1= strongly disagree (SD)
2= disagree
3= neutral

4= agree
5= strongly agree

No	Descriptions	SD	Disagree	Neutral	Agree	Strongly
		1	2	3	4	5
1	Access to finance in SMEs growth					
1.1	Shortage of working capital is a hindrance for your business growth					
1.2	The lack of sufficient credit institutions in areas hinders economic development					
1.3	High collateral requirements make it difficult for small businesses to secure loans.					
1.4	High interest rates can significantly impact the cost of borrowing for businesses.					
1.5	Complicated loan application procedures can deter potential borrowers from seeking financial assistance.					
1.6	An improper financial recording system can lead to inaccuracies in financial reporting and decision-making.					

2	working place in SMEs growth					
2.1	The absence of dedicated working spaces can hinder productivity and work-life balance for individuals.					
2.2	Having a working place that is far from the market can result in logistical challenges and increased transportation costs for businesses.					
2.3	A very narrow working place can lead to discomfort and reduced productivity for employees.					
2.4	The very high rent of working places can significantly impact a company's operating expenses and financial stability.					
3	Internal Management in SMEs growth					
3.1	A weak organizational structure cannot facilitate productivity and communication within a company.					
3.2	Lack of technical training does not prevent inefficiencies and skill gaps among employees.					
3.3	Disorganized and ineffective communication cannot avoid misunderstandings and decreased collaboration among team					
3.4	The absence of qualified and highly skilled employees, along with a lack of division of labor, job specialization, and team spirit among workers, does not promote organizational efficiency and effectiveness.					
3.5	A lack of strategic planning cannot lead to directionless decision-making and missed opportunities for organizational growth and success.					
3.6	A weak organizational structure does not prevent confusion, inefficiency, and difficulty in achieving company objectives.					
4	Government policy in SMEs growth					
4.1	Bureaucracy in enterprise registration and licensing processes can impede business growth and innovation.					
4.2	The lack of government support can hinder economic development and limit opportunities for businesses to thrive and					
4.3	Unnecessary political and administrative intervention can disrupt business operations and create uncertainty, impacting economic stability and growth.					
4.4	The lack of accessible information related to small and medium size enterprise can hinder informed decision-making and impede					
4.5	a lack of clarity or accessibility regarding government rules and regulation can create obstacles for businesses to navigate effectively.					
4.6	High tax rates and other tariffs can significantly impact business operations and investment decisions, potentially hindering economic growth and competitiveness.					

5	Market linkage in SMEs growth					
5.1	Insufficient market coverage and market chain for your product can limit its reach and potential sales, hindering business growth and profitability. Customers and maximize sales potential.					
5.2	The lack of adequate and reliable market information can impede informed decision-making and hinder business strategies, potentially leading to missed opportunities and decreased competitiveness.					
5.3	Lack of customer handling can lead to dissatisfaction, affecting customer loyalty and potentially harming the reputation and profitability of the business.					
5.4	The lack of product and service advertising can result in limited visibility and awareness among potential customers, hindering sales and business growth.					
5.5	The enterprise's inability to predict market demand may lead to overstocking or under stocking of goods, impacting profitability and customer satisfaction.					
6	MSE Growth					
6.1	The enterprise doesn't create more market coverage					
6.2	The enterprise does not have profit from time to time					
6.3	There are no qualified and highly skilled employees within the					
6.4	Number of employees within the enterprise did not increases from time to time					
6.5	There are no enough materials and equipment within in the enterprise					
6.6	The enterprise has less capability to reduce risk related to inflation					
6.7	The enterprise has created full capacity to transform from small to medium or medium to large					

Open-Ended Questions for interview

What possible solution do you have recommended to reduce factors affecting the growth of small and medium business enterprise?

ቅድስት ማርያም ዩኒቨርሲቲ

ቢዝነስ ኢኮኖሚክስ ኮሌጅ

የቢዝነስ አድሚኒስትሬሽን ት/ክፍል

ለአነስተኛናመካከለኛ ድርጅቶች የተዘጋጀ የጥናት መጠየቅ!

ክፍል 1:መግቢያ

ውድ የጥናቱ ተሳታፊዎች!

የዚህ ጥናት ርዕስ “FACTOR AFFECTING THE GROWTH OF SMALL AND MEDIUM BUSINESS ENTERPRISES IN ADDIS ABABA : THE CASE OF YEKA SUBCITY” ሲሆን አጥኝመርአዊት አለመብሰብ አሁኑኒ ዜጎች ቅድስት ማርያም ዩኒቨርሲቲ ቢዝነስ አድሚኒስትሬሽን የድህረ ምረቃ ተማሪዎች፡፡ የጥናቱ ዋና አላማ በአራዳክፍ ለከተማ አስተዳደር ውስጥ የሚገኙ አነስተኛና መካከለኛ ድርጅቶች ከሚፈጸሙ እድገት ደረጃ ላይ እንዳይደርሱ የሚያደርጉ የዋና ዋና ምክንያቶችን የተፅዕኖ ደረጃ ማወቅና መለየት ሲሆን ለተመረጡ አነስተኛና መካከለኛ ድርጅቶች እንዲያገለግል ሆኖ የተዘጋጀ የጥያቄ መልስ መጠይቅ ነው፡፡ በመጠይቁ ላይ የሚሳተፈ የድርጅቱ ባለቤቶች በሙሉ በፈቃደኝነት ላይ የተመሰረተ ሁኖ መጠይቁ የተሳታፊዎችን ማንነት ሳይለይ ሚስት ጥርበመጠበቅ ይመዘግባል፡፡ የተሳታፊዎች መልስ ለትምህርታዊ ዓላማ ብቻ ይውላል፡፡ እርስዎ የሚሰጡትን ትክክለኛውን መረጃ ጥናቱ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞላ እጠይቃለሁ፡፡ ለመልካም ትብብር ዎና ለጊዜ ዎ በጣም አመሰግናለሁ!!

ከሠላም ታጋር”

መርአዊት አለሙ

ለተጨማሪ መረጃዎች የአጥኝመርአዊት አለሙ አድራሻ የሚከተለው ነው፡፡ ሞባይል 251 9 23482988

ክፍል አንድ፡ አጠቃላይ ጥያቄዎች

እባክትን እያንዳንዱን ጥያቄ በጥንቃቄ እንብብና ምልክት አድርግ ወይም በቀረቡት ቦታዎች ላይ ምልክት አድርግ

1. **እድሜ** :- 18-25 () 26-33 () 34-41 () 42-49 () 49 በላይ ()
2. **ጾታ** :- ወንድ () ሴት ()
3. **የትምህርት ደረጃዎ** :- 12ኛ ክፍል በታች () የቴክኒክና ሙያ ምሩቅ () ዲፕሎማ () ባችለር ዲግሪ () ማስተርስ ዲግሪ () ፒ.ኤች.ዲ ()
4. **ምን ያህል ጊዜ በዚህ ኃላፊነት ላይ ስር ተዋል?** 0 - 5 ዓመት () 6 - 10 ዓመት () 11-15 ዓመት () 15 ዓመት በላይ ()

በአነስተኛና መካከለኛ ድርጅቶች ላይ ተፅዕኖ ሊያሳድሩ የሚችሉ ዋና ዋና መላኪያዎች፡፡

ከዚህ በታች ለአነስተኛና መካከለኛ ድርጅቶች የእድገት ችግር ምክንያት ሊሆኑ የሚችሉትን ቀጥሎ የተዘረዘሩ ሲሆን ከተዘረዘሩት ውስጥ የርስዎ ድርጅት ላይ ችግር የሆኑትን በተሰጠው አማራጭ መሰረት በጥንቃቄ እንደ ጊዜ ብቻ በመምረጥ የመረጡትን መልስ ምልክት በማድረግ ምላሽ እዲሰጡ እየጠቅሁ የሚሰጡት የምላሽ ውጤትም

ከ1-5 ነጥብ አንድሚከተለው ተሰይሟል፡፡

1 = በጣም አልስማማም

4 = እስማማለሁ

2 = አልስማማም

5 = በጣም እስማማለሁ

3 = ለመውሰን እችላለሁ

ተቂ	መግለጫ	በጥምአል	አልስማማ	ሊመወሰን	ሂሳብማለ	በጥምእስ
		1	2	3	4	5
1	ከገንዘብጋርየተያያዙነጥቦች					
1.1	የሥራማስኬጃየገንዘብእጥረትመኖር					
1.2	በቂናአመችየብድርተቋማትአለመኖር					
1.3	ከፍተኛየብድርመያዣመጠየቅ					
1.4	የብድርተቋማትወለድከፍተኛመሆን					
1.5	ብድር ለማግኘት ውጣ ውረድ መኖር					
1.6	የሒሳብ አያያዝ ችግር መኖር					
2	ከስራቦታጋርየተያያዙነጥቦች					
2.1	የድርጅቱየራሱየሆነየስራቦታአለመኖር					
2.2	የድርጅቱየስራቦታለደንበኛሩቅናምቹአለመሆን					
2.3	የስራቦታጥበትመኖር					
2.4	የስራቦታኪራይከፍተኛመሆን					
3	ከድርጅቱአስተዳደርጋርየተያያዙነጥቦች					
3.1	የድርጅቱምርትናአገልግሎትዋጋከፊተኛመሆን					
3.2	የክህሎትስልጠናአለመኖር					
3.3	ጥሩአደረጃጀትናግንኙነትአለመኖር					
3.4	ብቁናየሰለጠነየሰውኃይልአለመኖር					
3.5	የአጭርናየረጅምጊዜእቅድአለመኖር					
4	ከመንግስትአሰራርጋርየተያያዙነጥቦች					

4.1	በቢሮክራሲየተተበተበየምዝገባናየንግድፈቃድአሰጣጥችግር					
4.2	በቁየሆነየመንግስትማበረታቻአለመኖር					
4.3	አላስፈላጊየፖለቲካጣልቃገብነትመኖር					
4.4	የመንግስትግልፅየሆነአሠራርህግናደንብአለመኖር					
4.5	ተመጣጣኝያልሆነየስራግብርናሌሎችታሪፎች					
4.6	ከሙስናጋርየተያያዙችግሮችመኖር					
5	ከ ገበያጋርየተያያዙነጥቦች					
5.1	ድርጅቱከፊተኛየሆነገብያናበቁየሆነየገቢያ					
5.2	የፍላጎትቅድመጥናትአለመኖር					
5.3	ለደንበኛፈጣንናቀለጣፊመስተንግዶያልመስጠት					
5.4	ምርትንናአገልግሎትንለደንበኛያለማስተዋወቅ					
6	ከድርጅትዎአጠቃላይእድገትጋር የተያያዙነጥቦች					
6.1	ድርጅቱከፊተኛየሆነየገብያተደራሽነትመፍጠርአልቻለም።					
6.2	ድርጅቱበተደጋጋሚጥሩትርፍማግኘትአልቻለም።					
6.3	በድርጅቱውስጥበሙያቸውብቁናከፊተኛክህልትያዳበሩሰራተኞችአይገኙም።					
6.4	የድርጅቱቋሚናጊዜያዊሰራተኞችከጊዜወደጊዜእየቀነሰይገኛል።					
6.5	ድርጅቱአስፈላጊመሳሪያዎችናቁሳቁሶችንማሟላትአልቻለም።					
6.6	ድርጅቱየዋጋንረትንየመቋቋምአቅምመፍጠርአልቻለም።					
6.7	ድርጅቱካለበትአነስተኛወይምመካከለኛደረጃወደሚቀጥለውደረጃለመሻገርአቅምአልፈጠረም።					

ለቃለመጠይቅክፍትየሆኑጥያቂዎች

1. የአነስተኛ እና መካከለኛ የንግድ ድርጅት እድገትን የሚነኩ ሁኔታዎችን ለመቀነስ ምን መፍትሄ ይመክራሉ?