



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

**FACTORS AFFECTING THE GROWTH OF SMALL AND
MEDIUM ENTERPRISES IN BAHIR DAR CITY
ADMINISTRATION**

**'BY
AHMED MEKONNEN
IDNO: SGS/0354/2007A**

**A Thesis submitted to School of Graduate Studies of St. Mary's
University in Partial Fulfillment of the Requirements for the Degree
of Master of General MBA**

Advisor: Temesgen B. (PhD)

Addis Ababa, Ethiopia

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BOARD OF EXAMINERS APPROVAL SHEET

**ST.MARY'S UNIVERSITY
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DEPARTMENT OF GMBA

This is to certify that the thesis prepared by Ahmed Mekonnen, entitled:
'Factors Affecting the growth of small and medium enterprises in Bahir Dar city
administration' and submitted in partial fulfillment of the requirements for the
degree of Master of Art in General MBA

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DECLARATION

I, the undersigned, declare that this study entitled “Factors Affecting the growth of small and medium Enterprises in Bahir Dar city administration” is my own work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis have been properly acknowledged.

Declared by

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LIST OF ACRONYMS AND ABBREVIATIONS

CSA	Central Statistics Agency
ECSA	Ethiopian central Statistics Agency
EFDRSMEs strategy	Ethiopian federal democratic republic SMEs strategy
MoTI	Ministry of Trade and Industry
MSDA	Micro and Small Enterprises Development Agencies
SMEs	Small and medium enterprise
SPSS	Statistical Package for Social Science
OECD	Organization for Economic Cooperation and Development
COC	Center of competence
ICT	Information communication Technology
VIF	Variance inflation factor

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Abstract

This study attempted to identify factors that are affecting the growth of small and medium business enterprises with a special emphasizes on wood work, metal work, retailer, raw material supply, livestock raring, decoration, internet cafe and sub-contracting in Bahir Dar city administration by using a quantitative approach in a survey of managers, owners and managers, and other responsible members of the enterprise by taking closed ended questioners'. The study examined seven external and internal factors that influence the growth of SMEs. These factors are: access to finance, working places, government policy, marketing, infrastructure, internal management and entrepreneurship. Questionnaire was designed based on the factors affecting enterprises growth using proportional stratified sampling basis from the total population of 257 enterprises, by using Watson formula 160 samples were taken from Bahir Dar city administration SMEs; For data analysis, The researcher used descriptive statistics, such as percentage, mean, standard deviation, and inferential statistics such as Pearson correlation coefficients and multiple regressions using statistical package for social science (SPSS) version 20. The result of the study indicates that, access to finance, working places, government policy, market factor, entrepreneurship and infrastructure are important determinants and have positive significant relationship with the growth of SMEs, whereas internal management had insignificant impact on growth.

Key words: Business growth, SMEs, External & Internal factors.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Small and Medium Enterprises (SMEs) play a big role in the creation of jobs and country's employment rate and serve as a mechanism to fight against poverty as evidenced in the literature (Akanji, 2006; Akintoye and Oladejo, 2008; Akande, 2013). Particularly developing economies have started to focus on the critical role that SMEs can play in their development (Maad, 2008). Only very few enterprises promote to medium and higher level enterprises and large number of enterprises may dissolve in the process due to different internal and external factors although they are the only means to create strong investors.

There are a number of studies carried out in various countries have concluded that small and medium business plays major role in job creation (Dobbs and Hamilton, 2007). SMEs play considerable responsibility in providing further employment and transformation of economy. It is also implicit that sectors captured by SMEs are better able to develop dynamic economies of scale. The roles of SMEs in the creation of productive employment are concerned with its position in the center of the range of sizes and resources strengths in a rising economy.

The dynamic role of small and medium enterprises (SMEs) in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized. It is estimated that SMEs employ 22% of the adult population in developing countries (Daniels, 1994; Daniels & Ngwira, 1992; Daniels & Fisseha, 1992; Fisseha, 1992; Fisseha & McPherson, 1991; Gallagher & Robson, 1995 cited in Dalitso and Peter, 2000).

In Ethiopia, next to the agriculture sector, the SME is the second largest employment generating segment (Fiona Meehan, 2004). Thus, the government of Ethiopia gave due attention to the growth of SMEs, especially for women, as a means to reduce poverty and employment creation (Rahel and Issac, 2010).

Small and medium enterprises sector are classified as, Manufacturing (textile and garment leather and leather products, food processing and beverage, metal works and engineering, wood works including furniture and ornaments service and Agro-

processing), Trade (whole seller of domestic product, retailer and raw materials supply), Urban agriculture (modern livestock rearing, bee production, poultry, modern forest development, vegetables and fruits, modern irrigation, animal food processing), Service (Small and rural transport service, café and restaurants, store service, tourism service, beauty salon, decoration, and internet cafe), and Construction,(sub-contracting, building materials traditional mining works, cobble stone, infrastructure sub contract and prestigious goods). But this study primarily focused on manufacturing (metal work and wood work), Trade (whole sealer of domestic product, retailer and raw materials supply), Urban agriculture (livestock rearing), Service (decoration, and internet café) and Construction (sub-contracting).

According to the 2012, Ethiopian Federal Democratic Republic of Small and Medium enterprise strategy, SMEs is one of the institutions given recognition in the country's industrial development plan and is the fact that it serves as vehicles for employment opportunities at urban center and as it support the economic development, sources for sustainable job opportunities and the sector employs about (2009/10),1.5 million job opportunities were created, of which construction sector take the lion share in creating job opportunities.

The purpose of this specific research is to evaluate to what extent both internal(internal management and entrepreneurship) and external(access to finance,working place, government policy, market and infrastructure) factors affect the growth of SMEs sector in Bahir Dar city administration. There are various studies in Ethiopia that have investigated the determinants of small and medium enterprise sector. Some of them such as (Fetene, 2010 and Dereje, 2012) are focused in access to finance in SMEs. But SMEs are hindered by other internal and external determinants and they are poor in terms of statistical analysis. Hence, this study by using statistical test of significance was tried to appraise the determinants of SMEs using many indicators such as, access to finance, working places, government policy, marketing, entrepreneurship, internal management and infrastructure factors are considered. However, the previous study used simple descriptive analysis and didn't include the most important variables in the study. Besides, the study did not employed statistical test and the study was restricted only to Addis Ababa area.

The researcher also has an experience that some SMEs have been dissolved in the process because of their inability to resist internal and external factors and some others struggling to survive with no change from time to time. Therefore, this study tries to identify to what extent internal and external factors affect the growth of SMEs in Bahir Dar city administration.

1.2.Statement of the Problem

Small and medium-sized enterprises (SMEs) play a very important economic and social role, both through their importance in the economy and in job creation, a role which is greatly appreciated in these times of crisis and rising unemployment. In a fast growing population countries particularly, the development of SMEs can help to face many challenges linked with economic development, inequalities, very high unemployment, demographic developments and the need for structural change (Oualalou, 2012).

According to Government of the Federal Democratic Republic of Ethiopia Micro and Small Enterprise Development Strategy, provision framework and methods of implementation approved (2011, 35- 38), says SMEs faces the following challenges in each stage of development;

During at the growth level, lack of financial support on the basis of their business nature, credit amount and time as they have no access to collateral, lack of consistent and integrated technology and skill that help to enhance and improve productivity, quality and standard, Lack of access for manufacturing and sales center, developing sense of rent seeking attitude and failure to run business on legal basis..

During the medium growth level, as the past experiences showed successful enterprises have been tackled many challenges in transforming from small to medium level. One of the reasons for this is that lack of incentive and support that fits their business.

During maturity level, failure in keeping up productivity and quality of product in order to be competent, lack of knowledge in an international standard products and production system, and limitation in technological ability and factors of production that ensure competency in the markets

Access to finance is the most influential factor from among all adverse factors hindering the growth and development of the SMEs sector in Ethiopia (ZelegeWorku, 2009 cited in Admasu, 2012)

In Ethiopia, SMEs have a problem of finance when establishing the business most individual sources of finance come from family & friends, personal savings and loans acquired from relatives, and money lenders with high amount of interests (MoTI, 2005).

The researcher used a decision hierarchy model developed by Ta& Har, (2000). In this model, seven parameters are identified to measure the growth of SMEs. Using these variables across a world studies have conducted by different researchers, however the results of various studies shows no consistency and this is one rational behind the present study. Almassawi (2001) pointed out that although studies done in developed counties have contributed significantly to the literature on SMEs, their findings may not have universal applicability, due to differences in cultural, economic, and legal environments.

In small and medium enterprises area, various studies in Ethiopia have investigated like Fetene, 2010 and Dereje, 2012 in SMEs. They are focused on only access to finance in SMEs. Therefore, the researcher believes that the study fills an important gap by considering other determinants of small and medium enterprises. However, the previous study used simple descriptive analysis and didn't include the most important variables in the study. Besides, the study did not employed statistical test and the study was restricted only to Addis Ababa area.

The researcher also has an experience that some SMEs have been dissolved in the process because of their inability to resist internal and external factors and some others struggling to survive with no change from time to time. Therefore, this study tries to identify to what extent internal and external factors affect the growth of SMEs in Bahir Dar city administration. In view of the problems, the central question of this study is:

- What are the factors affecting the growth of SMEs in Bahir Dar city administration?

Specifically, the following sub-questions are raised.

- i. To what extent internal factors hinders the growth of SMEs?
- ii. To what extent external factors hinders the growth of SMEs?

1.3.Objectives of the Study

1.3.1. General Objective

- The main objective of the study is to examine the factors affecting the growth of small and medium enterprise in Bahir Dar city administration.

1.3.2. Specific Objectives

In light of the general objective, the specific objectives are the following:

- i. To examine the effect of internal factors on the growth of SMEs.
- ii. To examine the impact of external factors on the growth of SMEs.

1.4. Research Hypotheses

According to Leedy et al., (2010), the research hypotheses is a reasonable assumption, an educated guess and its purpose is to provide a temporary objective, an operational target, a logical framework that guides researchers as they collect and analyze data. Therefore, based on the literatures to achieve the stated objectives, the study has developed and tested the following hypotheses.

H1: There is a positive relationship between access to finance and business growth in SMEs

H2: There is a positive relationship between working places and business growth in SMEs

H3: There is a positive relationship between government policy and business growth in SMEs

H4: There is a positive relationship between marketing and business growth in SMEs

H5: There is a positive relationship between infrastructure and business growth in SMEs

H6: There is a positive relationship between entrepreneurship and business growth in SMEs

H7: There is a positive relationship between internal management and business growth in SME

1.5 Significance of the Study

The finding of the study will be important in a number of ways: First, small & medium enterprise found in Bahir Dar city administration can use the result to determine and to what extent factors affecting the growth of their enterprises. In particular, this study focused on the growth and development of entrepreneurs operating micro enterprises, resulting in little effort being directed at developing and exploiting the inherent potential. Second, the study will also significant to researchers as it provides basis upon which further studies can be carried out and useful in providing information on small and medium enterprises in Bahir Dar city administration as a whole.

Finally, the study will provide information for government and other stakeholders in policy formulation and in the development of appropriate approaches for future growth, so as to effectively provide for entrepreneurs in small and medium enterprises sector. It is also hoped that this study will add to the available body of knowledge and increase the understanding of how to best empower entrepreneurs in the small & medium enterprise sector, so that they in turn can contribute more meaningful to economic development for the country in general and to the city in particular.

1.6. Limitations of the Study

Even though large sample size is essential for in-depth understanding of the underlying causes of small and medium Business Failures, the study is limited to a sample size of 160 respondents, due to time and financial limitation.

1.7. Delimitation of the Study

The study assessed factors affecting the growth of business in SMEs in Bahir Dar City administration. Although there are different issues that can be researched in relation to SMEs, this study is delimited to the finance, working places, marketing, Infrastructural, Government policy, Internal management, and Entrepreneurial factors. Besides, the scope of the study was spread across SMEs especially in the business sector.

1.8. Organizations of the Study

The study is organized in to five chapters. The first chapter presents the introduction. The second chapter shows the literature review while the third chapter contains brief description of the research design. The fourth chapter presents and analyzes the results. Finally, chapter five present the conclusions and recommendation of the study.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Theoretical Review Literature

Although this study aims to fill gap in the existing literature by assessing factors affecting the growth of SMEs. Therefore, this section reviews previous theoretical literatures in the growth of SMEs.

2.1.1 Definition of Small and Medium Enterprises

The definition of small and medium enterprises is still debatable. There is no generally accepted definition of small and medium enterprises. Small and medium enterprise reflects the economic patterns of a country and the social & cultural dimensions. These differing patterns are noticeably reflected within different definitions and criteria of SMEs adopted by different countries: whereas some refer to the number of employees as their distinctive criteria for SMEs, others use invested capital, and some other use a combination of the number of employees, invested capital, sales and industry type (OECD, 2004).

Similarly, in Ethiopia there is no uniform definition at the national level to have a common understanding of the SMEs sector. Ethiopian Central Statistics Authority (CSA) and Ministry of Trade and Industry (MoTI) have defined SMEs distinctly. The Definition of CSA uses employment and favors capital intensive technologies as a yardstick. The definition used by MoTI, which uses capital investment as a standard, has been developed for formulating MSMEs improved development strategy in 2011 (CSA, 2011:29-30).

According to the official definitions of CSA, In small enterprises: - Industrial sectors (manufacturing, construction and mining), operates with 6-30 persons and/or with a paid up capital of total asset Birr 100,000(one hundred thousand) and not exceeding Birr 1.5 million. Whereas in the service sector (retailer, transport, hotel and tourism, ICT and maintenance service), operates with 6 -30 persons and/or total asset, or a paid up capital is with Birr 50,001 and not exceeding Birr 500,000.

In medium enterprises:-Industrial sectors (manufacturing, construction and mining), operates more than 30 persons and/or with a paid up capital of total asset

birr exceeding 1.5 million. Whereas the service sector (retailer, transport, hotel and Tourism, ICT and maintenance service), operates more than 30 persons or/and total asset, or a paid up capital is with exceeding Birr 500,000. When ambiguity is encountered between manpower and total assets as explained above, total asset is taken as primary yardstick.

2.1.2 Operational Definition of Terms

Factors: Economic environment consists of external and internal factors in a business' market and the broader economy that can influence a business (Internet).

Small Enterprise: Industrial sectors operate with 6-30 persons and/or with a paid up capital of total asset of Birr 100,000 (one hundred thousand) and not exceeding Birr 1.5 million (CSA, 2011).

Medium Enterprise: Industrial sectors operates with more than 30 persons and/or with a paid up capital of total asset of more than birr 1.5 million other than high technology and consultancy services (CSA, 2011).

Business: An organization or economic system where goods and services are exchanged for one another or for money (Internet).

Enterprises: Describes the actions of someone who shows some initiative by taking a risk by setting up, investing in and running a business (Internet).

2.1.3. The Concepts of Growth

When researching factors affecting growth of SMEs and growth is measured. Indicators are used to measure growth but don't seem to be any overall measurement. Measuring sales growth and qualified employment growth during a specific time period is the most common indicators used. Indicators such as assets, market share, profits and output are also commonly used, however not as commonly as sales and employment. Output and market share vary greatly within industries and is therefore hard to compare, total assets also depends on the industry's capital intensity and changes over time and profits is not that relevant unless measuring size over a long period of time. Therefore sales and employment are the two most important indicators measuring firm's size and growth. Employment numbers is also a measure that is easily accessible, since it is an important figure for governments. Sales figures are on the other hand affected by

inflation and exchange rates and it is difficult to compare sales figures between industries. That is why it is important to use multiple growth indicators to study firm growth (Davidsson et al., 2006 cited in Soini & Veseli, 2014).

In developing countries SMEs are usually competing with price over added value. On the other hand, SMEs in developing countries have generally a lower productivity than in developed countries and because a country's productivity level is a major indicator of improved living standards; added value should be seen as one of the important indicators of growth (Lind, 2005 cited in Grimsholm & Poblete, 2010).

In Ethiopia, there are two forms of growth level of SMEs. While the first is transition from micro to small & small to medium, the second is a step to be competent within the level they have.

According to (CSA, 2011), the developmental support of government to SMEs is also on the basis of these transition levels of growth and enterprises are divided in to 4 level of growth.

At start-up:- The supports provided at start-up are intended to have SMEs skilled manpower, facilitate raw material supply, infrastructure and knowledge about market.

At growth level: SMEs are provided and given with COC, standards, market development benefits from tax and technical support

At expansion level:- SMEs are provided technology capacity building, management capacity building/managerial skill/, trade mark, sales center, ICT, venture capital and out sources supports.

At maturity level: SMEs are provided design, capacity building, introducing with trade market, industry SMEs expansion and foreign investment support.

2.2. Empirical Evidence

Based on the findings of earlier research, the factors affecting SME business growth were classified into the following categories: (1) Entrepreneur (Kristiansen, Furuholt, and Wahid, 2003; and Rutherford & Oswald, 2000), (2) Internal management and related factors (Swierczek and Ha, 2003), (3) Customers

and markets (William, James, and Susan; 2005), (4) Access to finance (Swierczek and Ha, 2003; and Kristiansen, Furuholt and Wahid, 2003). (5) Infrastructure (Rogerson, 2000), (Darroch and Clover, 2005). (6) Working places (Dahl and Sorenson, 2007), Forth et al., 2004). (7) Government policy (Meyer, 2007).

2.2.1 Determinants of Growth

Access to Finance: All businesses ventures regardless of size require financial resources in order to start their enterprises and to fund growth. Lack of access or availability can be a constraint on business growth (Cassar, 2004). Whether business owners can access adequate and appropriate finance to grow is a particular concern for policymakers. New SMEs can be financed from organizers' own wealth and/or by accessing external sources of finance, whether from 'informal' sources such as family and friends, or from 'formal', market-based sources such as banks, venture capitalists and private equity firms. Once businesses are trading, further development can be financed using retained profits.

Orser (2000) noted that lack of information about alternative sources of finances and inability of SMEs to evaluate financing option were some of the major problems facing the SMEs. Mambula (2002) singled out lack of access to finances as the main bottleneck facing SMEs growth.

Working Places: Location has impacts on the market potential and growth opportunities of new firms. Geographical proximity to either critical buyers or suppliers produces a form of enhanced environmental scanning that enables new firms to more easily identify and exploit growth opportunities in the market. This impacts the market prospect of new firms (Dahl and Sorenson, 2007).

The size of the workplace is measured in terms of the number of employees and number of materials & equipment's. Because of enough working places create good relations to employees and appropriate placement of materials. These increase the life of materials & equipment's, time management & suitable workplace. Then working places is an important determinant of the growth SMEs (Kersley et al., 2006 cited in Forth et al, 2004).

Government Policy - The world bank researchers argued that constraints that are facing from the government rules and regulation for the growth of SMEs are complex tax systems. (World Bank 2000).

New SMEs have to obtain registration licenses and pay taxes (Hashi, 2001). Most, new SMEs also perceive that they do not get enough support from the government. And According to Transparency International (2008), corruption is highly growing both in the public and private sector in developing countries like Ethiopia.

In the government laws and regulation bureaucracy is the main challenging in small and medium enterprises. bureaucracy is a complex procedure or system that leads to inefficiencies, hinders to growth, frustrating customers, staffs, sellers and to make sure that SMEs are delayed to reach final objectives.

Bureaucracies are establish at two levels, within an enterprises and the governmental level by earnings of legislation and set of laws (Meyer, 2007).

Marketing: -Demand for a product establishes a market for it. If the demand is high, the market becomes energetic. The opposite also applies. A decline in demand may result to shrinking market. Demand for different products will affect other products depending on the nature of their relationship whether complimentary or substitute. If they are complimentary, then an increase in demand for one product will cause an increase demand for the other. If they are substitutes, an increase in demand for one causes a decline in the other.

According to Brush et al. (2009) marketing is another challenges for SMEs to grow since many businesses confront challenges establishing effective distribution channels, communicating product features, pricing products and services in an attractive way, implementing sales and marketing efforts to win and retain customers and undertaking constant product development in order to sustain sales. SMEs generally do not have the knowledge or information about other markets, thus, this limit their ability to market their products to larger groups of customers and expand their business.

Access to Public Infrastructure: Access to public infrastructure forces contain water, electricity, serviceable roads, telecommunication, telephones, electronic media and postal services which are all crucial for business start-up, development

and growth (Rogerson, 2000). Limited access to public infrastructure services is a major constraint to SMEs survival (Darroch & Clover, 2005).

Entrepreneurship: -At first glance then, we may have the beginnings of a definition of entrepreneurship. However, detailed study of both the literature and actual examples of entrepreneurship tend to make a definition more difficult, if not impossible.

Consider, for example, the degree to which entrepreneurship is synonymous with 'bearing risk', 'innovation', or even founding a company. Each of the terms described above focuses upon some aspect of some entrepreneurs, but if one has to be the founder to be an entrepreneur, then neither Thomas Watson of IBM nor Rey Kroc of McDonald's will qualify; yet few would seriously argue that these individuals were not entrepreneurs.

Although risk bearing is an important element of entrepreneurial behavior, many entrepreneurs have succeeded by avoiding risk where possible and seeking others to bear the risk. As one extremely successful entrepreneur has said; 'My idea of risk and reward is for me to get the reward and others to take the risks'.

Creativity is often not a prerequisite for entrepreneurship either. Many successful entrepreneurs have been good at copying others and they qualify as innovators and creators only by stretching the definition beyond elastic limits.

There are similarly many questions about what the psychological and social traits of entrepreneurs are. The same traits shared by two individuals can often lead to vast different results: successful and unsuccessful entrepreneurs can share the characteristics commonly identified. As well, the studies of the life paths of entrepreneurs often show decreasing 'entrepreneurship' following success, which tends to disprove the centrality of character or personality traits as a sufficient basis for defining entrepreneurship.

So, we are left with a range of factors and behaviors which identify entrepreneurship in some individuals. All of the above tends to reinforce the view that it is difficult, if not impossible to define what an entrepreneur is, and that the word itself can be best used in the past tense to describe a successful business person.

Measuring Entrepreneurship

Despite the above, there remains a powerful impulse, particularly amongst enterprise development practitioners, to measure entrepreneurship in some way. These measurement attempts can range from simple checklists through to complex and detailed computer programs. This need for a definition and measure of entrepreneurship is because, however defined, the entrepreneur is the key to the successful launch of any business.

He or she is the person who perceives the market opportunity and then has the motivation, drive and ability to mobilize resources to meet it. The major characteristics of entrepreneurs that have been listed by many commentators include the following.

- a. **Self-Confident and Multi-Skilled:** The person who can make the product, market it and count the money, but above all they have the confidence that lets them move comfortably through uncharted waters'. Confident in the face of difficulties and discouraging circumstances.
- b. **Innovative Skills:** Not an 'inventor' in the traditional sense but one who is able to carve out a new niche in the market place, often invisible to others.
- c. **Entrepreneurs Enter into Business with Different Motives:** Some will enter because they have identified a market opportunity and there is need to utilize their skills, others to generate income, while others will enter into business because of the desire for independence to be one's own boss (McCormick and Pedersen, 1996; Dutta, 2009). Other factors that may attract or pull an entrepreneur into business are financial incentives, a hobby, previous work experience and family culture acting as a role model and on the other hand factors such as lack of employment, retrenchment, retirement or death of a family are likely to "Push one into business.

The characteristics of the entrepreneur are widely accepted as vital ingredient that influences growth. Research indicates that particular characteristics of the entrepreneur that are associated with growth of the enterprise include motivation, previous management experience and demographics of the entrepreneur (age, education).

Based on enterprises experience, the entrepreneurs will come up to prepare business plan to achieve the growth as planned (Brush et al., 2009). The quality of human resources, managing the rate of growth and carefully managing customer's relationship is critical to pursue the business plan (Brush et al., 2009).

Internal management: - Managerial competencies are sets of knowledge, skills, behaviors and attitudes that contribute to personal effectiveness (Hellriegel et al., 2008). Managerial competencies are very important to the survival and growth of new SMEs. Martin and Staines (2008) found that lack of managerial experience and skills are the main reasons why new firms fail

A successful manager is one who understands his business environment, both internal and external. He or she understand the situation and prepared, equipped & ready to handle any instability that derives from the environment. These include competitors, suppliers, customers, government agencies, labor organizations, and financial institutions *etc.* (Hisrichet *al*, 2010).

Managers have multi-functional roles. He/she is in charge of planning and implementation, production, human resource (recruiting and firing of employees), marketing and finances (Stokes, 1995, Stokes and Wilson, 2010). All these demands his attention simultaneously, and in most cases he/she ends up tackling the most immediate first, which may mean overlooking a less obvious but more significant problem which has a critical impact. Even with all these responsibilities and challenges, the majority of the owner-managers of SMEs were not trained or poorly trained or unskilled in the various disciplines.

2.3. Conceptual Framework

The synthesis may be called a model or conceptual framework, which essentially represents an 'integrated' way of looking at the problem (Liehr and Smith, 1999). Such a model could then be used in place of a theoretical framework. Thus, a conceptual framework may be defined as an end result of bringing together a number of related concepts to explain or predict a given event, or give a broader understanding of the phenomenon of interest – or simply, of a research problem. Since business growth is influenced by both internal and external factors. Internal factors namely (Entrepreneurship and Internal management factors) and External factors include (Access to finance, Infrastructure, working places, Marketing and

Government policy) were considered for this study based on suitability with the Ethiopian context.

The following diagram dependent and independent variables



Figure 2.1 Conceptual Frameworks (Own model)

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

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter discusses the research design and methodology used in the study, more specifically, research approach, sampling design, method of data collection and analysis, and variable measurement

3.1 Research Approach

The objective of this study is to examine factors that affect the growth of small and medium enterprises. To this end, a quantitative research approach was used. There are three approaches available for researchers to design their research methodology namely quantitative, qualitative and mixed methods research approaches (Creswell, 2003).

According to (Creswell, 2003), the primary criterion to be considered for selecting an approach is the research problem. In view of this, quantitative researchers measure variables on a sample of subjects and express the relationship between variables using effect statistics such as correlations, relative frequencies, or differences between means; their focus is to a large extent on the testing of theory or understanding the best predictors of outcomes (Hittleman& Simon, 1997). Therefore, the researcher decided to use quantitative data as a more applicable approach to study factors affecting the growth of SMEs.

3.2 Research Design

Research design is the blueprint for fulfilling research objectives and answering research questions (John A.H. et al., 2007). In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it uses economical procedures. The same authors discusses three types of research design, namely exploratory (emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables) and causal (concerned with determining the cause and effect relationships). The types of research employed under this study were descriptive and causal research. The major purpose of descriptive research is description of the state of affairs as it exists at present. Then this study describes and critically assesses the factors affecting the growth of SMEs in Bahir Dar city

administration. Second, the study employs causal in that the relationship between variables is correlated with an aim of estimating the integrated influence of the factors on growth. Moreover, the study utilized cross-sectional in the sense that all relevant data was collected at a single point in time. The reason for preferring a cross-sectional study is due to the vast nature of the study and the limitation of time. And obtaining information from a cross-section of a population at a single point in time is a reasonable strategy for pursuing many descriptive researches (Ruane, 2006).

3.3 Population and Sampling Techniques

The target population of the study was the entire set of small and medium enterprises in Bahir Dar City Administration. The sampling frames were the list of 257 target population of enterprises, from which the required number of sample size is drawn, which is available in Bahir Dar city Technical vocational training and enterprise development office which is formally registered up to August 30, 2008EC. Sample size was drawn, because it is impossible to consider the total population as respondents to this survey due to impracticality, time and cost.

The sampling units for this study focused on, the top managers, Owner and managers, or other responsible person who leads the enterprise like sales person who represent the owner.

Proportional stratified sampling was used to get information from different sizes of the SMEs. This technique was preferred because it is used to assist in minimizing partiality when dealing with the population. With this technique, the sampling frame was organized into relatively homogeneous groups before selecting elements for the sample. According to Janet (2004:114), this step increases the probability that the final sample will be representative in terms of the stratified groups. The strata were: Manufacturing, Construction, Urban Agriculture, Trade and Service in SEMs in Bahir Dar city administration.

According to Catherine Dawson (2002:49), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. While there are no general rules, the sample size usually depends on the population to be sampled. In this study to select sample size, a list of the population formally

registered SMEs until August 30, 2008 EC in Bahir Dar technical vocational training and enterprise development office were taken.

The total population of the study is 257 small and medium enterprises which includes, manufacturing (104), Trade (32), urban agriculture (23), service (62) and construction (36).

To ensure the validity of the findings, the study used sufficient sample size. The researcher determined to accept at 5% sampling error and wants to be at 95% confidence level with the findings of this study is standard for social science applications. Before data collection, the response rate is difficult to know. So 96% is the estimated response rate and conservative figure of estimated variance in the population is 50%, for 50 - 50 (Watson, 2001:5)

According to (Watson, 2001:5), the following formula was used to determine sample size:

$$n = \left[\frac{\frac{p[1-p]}{\frac{A^2}{Z^2} + \frac{p[1-p]}{N}}}{R} \right]$$

Where: N = 257 = Number of population

n = 160 = Sample size required

P = 0.5 = Estimated variance in the population

A = 0.05 = Margin of error

Z = 1.96 for 0.95 confidence = Confidence level

R = 0.96 = Estimated response rate

Accordingly, 160 respondents were selected from the total of 257 SMEs. These 160 respondents were selected from manufacturing, Trade, urban agriculture, service and construction on the proportional stratified random sampling basis. Therefore, manufacturing $(104/257*160) = 65$ out of 104, trade $(32/257*160) = 20$

out of 32, urban agriculture ($23/257*160$) = 14 out of 23, service ($62/257*160$) = 38 out of 62 and construction ($36/257*160$) = 23 out of 36, were selected.

3.4 Questionnaire Design

The survey questionnaire was prepared in both Amharic and English versions to reduce the impact of language barriers. This study compiled the questions from different sources. Questions were prepared to assess factors affecting the growth of SMEs. Some questions in the questionnaire were adopted from other sources from Admasu (2012) and Fatoki & David (2010) with some modification to suit our country's context.

The questions that were used in the questionnaire are multiple-choice questions and five score likert scales to provide respondents a wider range of five alternatives. The level of agreements are represented by 1 to 5 by question related to determinants of growth in SMEs,

Strongly disagree = 1, disagree = 2, neutral = 3, agree = 4, strongly agree = 5.

If the respondent respond disagree and strongly disagree, it indicates that there is no problem on the growth of SMEs. On the other hand, if there response is agree and strongly agree, it indicates that there is high problem on the growth of SMEs.

3.5 Variable Measurement

3.5.1. Dependent Variable and its Measurement

In line with earlier studies that investigated the determinants of growth, this study relies on commonly used measure of growth, which are sales growth and qualified employment growth during a specific time period is the most common indicators used. Indicators such as assets, market share, profits and output are also commonly used, however not as commonly as sales and employment. Output and market share vary greatly within industries and is therefore hard to compare, total assets also depends on the industry's capital intensity and changes over time and profits is not that relevant unless measuring size over a long period of time. Therefore market coverage and employment are the two most important indicators measuring firm's size and growth. Employment numbers is also a measure that is easily accessible, since it is an important figure for governments. Sales figures are on the other hand affected by inflation and exchange rates and it is difficult to

compare sales figures between industries. That is why it is important to use multiple growth indicators to study firm growth (Davidsson et al., 2006 cited in Soini & Veseli, 2014).

According to CSA (2011) in Ethiopia, there are two forms of growth level of SMEs. The first is transition from micro to small and small to medium, the second is a step to be competent within the level they have.

3.5.2. Independent Variables and its Measurement

According to Fatoki & David (2010), Joseph & Henry (2013), the independent variables were measured 1. Access to finance 2. Working places 3. Government policy 4. Marketing 5. Entrepreneurship 6. Infrastructure 7. Internal management

3.6 Source of Data and Method of Data Collection

The main base for the study was primary data only which is collected through field work survey in order to get information on the issue of factors affecting the growth of small and medium enterprise. In order to collect the data from respondents, the questionnaire with a covering letter which explained the objective of the study were distributed in small and medium enterprises responsible persons. The structured questionnaire consists of multiple choices and closed ended questions to collect quantitative data from the respondents.

3.7 Methods of Data Analysis and Interpretation

All hypotheses are tested with the help of the Statistical Package for Social Science (SPSS-20) software. In order to analyze the data the two sets of Statistics: Descriptive and Inferential statistics are used. Descriptive statistics summarizes and describes quantitative information in the form of frequency distribution and measures of central tendency (mean and standard deviation), whereas inferential statistics (correlation and regression) were taken from this tool. During data analysis multiple regression test is used to test for significance of differences between the observed and the expected distributions of data, while Pearson's coefficient of correlation is used to measure the direction and strength of the relationship between the research variables and determine whether the independent variables (access to finance, working places, government policy,

marketing entrepreneurship and infrastructure) have an effect on dependent variable (enterprises growth).

3.8 Model Specification

The model built around two sets of variables, specifically dependent variable (Growth) and independent variables (Access to finance, working places, Government policy, marketing, technology, infrastructure and Entrepreneurship). The basic objective of using regression equation on this study was to make the study more effective at describing, understanding and predicting the stated variables.

The following regression model was formulated with seven independent variables and one dependent variable.

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + U_i$$

Where:

Y = Dependent variable – Growth

β_0 = Constant term

X_1 = Access to finance, X_2 = Working places, X_3 = Government policy, X_4 = Marketing, X_5 = Infrastructure, X_6 = Entrepreneurship, X_7 = internal management are independent variables,

U_i = Disturbance or error term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ and β_7 = Coefficient of independent variables

Accordingly, this statistical technique was used to explain the following relationships.

Regress growth (as dependent variable) on the selected linear combination of the independent variables using multiple regressions (access to finance, working places, government policy, marketing, infrastructure, entrepreneurship and internal management).

3.9 Validity and Reliability

Validity is the degree to which a test measures what it purports to measure (Creswell, 2009). Validity defined is the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. He contends that the validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to provide the information requested.

A pilot study was conducted to refine the methodology and test instrument such as a questionnaire before administering the final phase. Questionnaires was tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by John Adams et al. (2007:136). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection, by the advisor had been taken to ensure validity of the instruments. Finally, the improved version of the questionnaires were printed and dispatched.

The reliability of instruments measures the consistency of instruments. Creswell (2009:190-92) considers the reliability of the instruments as the degree of consistency that k. the instruments or procedure demonstrates.

In this study each statement rated on a 5 point likert response scale which includes strongly agree, agree, undecided, disagree and strongly disagree. Even if, the questionnaires were adopted from Admasu (2012) and Fatoki & David (2010) with some modification, reliability test was conducted in Bahir Dar city administration with a sample of 20 experienced enterprises operators and the Cronbach's alpha coefficient for the instrument was found as 0.67 and above, which is reliable. Typically an alpha value of 0.67 or higher (Cohen et al. 2007: 506) is taken as a good indication of reliability.

Table 3.1 Reliability Coefficient

Scale	Cronbach alpha coefficient	No. Of Items
Access to finance	.757	6
Working places	.807	4
Government policy	.713	6
Marketing	.820	4
Infrastructure	.704	5
Entrepreneurship	.745	4
Internal management	.723	5
Growth	.718	7

Source: SPSS result of pilot test, 2016

In the above reliability test all were satisfied. Since, instruments were developed based on research questions and objectives; it is possible to collect necessary data from respondents. Therefore, the researcher can be assumed that the pilot test of the instrument was reliable for data analysis.

3.10 Ethical Considerations

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent was secured before the commencement of distributing questionnaire. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names are kept confidential thus collective names like ‘respondents’ were used.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents the results of a statistical analysis of the data obtained from the respondents. The results focus on answering the research questions stated in chapter one. Therefore, general information of the Business enterprises respondents as well as descriptive statistics in the growth of small and medium enterprises currently experienced in Bahir Dar city administration were presented and analyzed first, followed by testing the hypotheses. Data were collected from owner, managers or any responsible persons of SMEs found in all nine sub-cities.

One hundred sixty questionnaires were distributed across the five sectors in all nine sub-cities, out of which 155 were completed and retrieved successfully, representing 96.8% response rate. Out of the 160 questionnaires administered 65, 20, 14, 38 and 23 were distributed to manufacturing, trade, urban agriculture, service and construction respectively. The number of questionnaires response and retrieved from manufacturing, trade, urban agriculture, service and construction are 65, 20, 13, 37 and 20, respectively. This represents a response rate of 100%, 100%, 92.85%, 97.36% and 86.95% for manufacturing, trade, urban agriculture, service and construction respectively.

Table 4.1 Categories of Selected Small and Medium Enterprises in all nine Sub-cities

No	Sector	Population		Sample		Respondent	
		Frequency	Percent	Frequency	Percent	Frequency	Percent
1	Manufacturing	104	40.46	65	40.62	65	41.93
2	Trade	32	12.46	20	12.50	20	12.90
3	Urban Agricu.	23	8.95	14	8.75	13	8.39
4	Service	62	24.13	38	23.75	37	23.87
5	Construction	36	14.00	23	14.38	20	12.90
Total		257	100	160	100	155	100

Source: Field survey, 2016

Table 4.1 shows the type of small and medium enterprises in Bahir Dar city administration 104(40.46%) are manufacturing, 32(12.46%) trade, 23(8.95%) urban agriculture, 62(24.13%) service and 36(14%) construction. Among these enterprises, 65(40.62%) are manufacturing, 20(12.50%) trade, 14(8.75%) urban agriculture, 38(23.75%) service and 23(14.38%) construction are samples. Samples were taken proportional stratified random sampling and 65(41.93%), 20(12.9%), 13(8.39%), 37(23.87%) & 20(12.90%) of them were able to return the feedback of the questionnaire respectively.

4.2. Demographic Profile of Respondents

Descriptive statistics in the form of frequency mean and standard deviations are computed for the various dimensions of demographic factors of respondents and their perception on SMEs in their respective enterprises.

The Demographic factors of the enterprises /respondents/ which is considered crucial for this study is presented as follows:

Table 4.2 Educational level of Respondents at the time of the Study

What is your level of education?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below grade 12	55	34.4	35.5	35.5
	TVET Certificate	46	28.8	29.7	65.2
	Diploma	38	23.8	24.5	89.7
	Bachelor Degree	15	9.4	9.7	99.4
	Masters and above	1	.6	.6	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As illustrated in Table 4.2, the education level of most of the respondents is below grade 12(35.5%), TVET certificate (29.7%), Diploma (24.5%), 9.7 bachelor degree and remaining 0.6 masters and above. This implied that 65.2% of respondents are below Diploma. Therefore most of the enterprise respondents are not higher educated.

Table 4.3 Employment position of Respondents at the time of the Study

What is your current position in the company?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager	32	20.0	20.6	20.6
	Owner & Manager	107	66.9	69.0	89.7
	Others	16	10.0	10.3	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

Table 4.3 Provides details of employment position of respondents who participated in this study. As indicated in table 4.3, most of the respondents were owner and manager which accounted 69% of the total valid respondents, and next is managers (20.6%),and the remaining 10.3% of total valid respondents are others. As a result of this, they are expected to have full information about SMEs growth applied in their enterprises. Therefore, their responses are expected to be reliable.

Table: 4.4 Work Experience of Respondents in the Present Company

How long have you been working in this position?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	35	21.9	22.6	22.6
	1-5 years	41	25.6	26.5	49.0
	6-10 years	33	20.6	21.3	70.3
	More than 10 years	46	28.8	29.7	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As indicated in Table 4.4, from the total respondents (29.7%) were working in their present enterprises for more than 10years, 26.5% for 1 to 5 years and the remaining 22.6% have less than 1 years' experience.

Table: 4.5 Business Activities of the Enterprises

What is your main business activity?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manufacturing	65	40.6	41.9	41.9
	Trade	20	12.5	12.9	54.8
	urban agriculture	13	8.1	8.4	63.2
	Service	37	23.1	23.9	87.1
	construction	20	12.5	12.9	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As indicated in Table 4.5, most of the total respondents are employed in manufacturing sector (41.9%), and services 23.1%, trade 12.9%, construction 12.9% and urban agriculture is least employed (8.4%). This shows that manufacturing and service are more preferable sector for business enterprises.

Table: 4.6 Sources of Start-up Capital of the Enterprises

How do raise funds to start-up your business?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Personal saving	51	31.9	32.9	32.9
	Family and friends	55	34.4	35.5	68.4
	Loan	18	11.3	11.6	80.0
	credit association	22	13.8	14.2	94.2
	others	9	5.6	5.8	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As can be seen from Table 4.6 Family and friends (35.5%) are the most sources of fund, followed by personal saving (32.9%), Credit association (14.2%), Loan (11.6%) and others (5.8%%). This shows that the main source of finance for SMEs in Bahir Dar city administration is family, friends and personal saving. Loan and credit association also plays the significant role.

Table: 4.7 Business Types of the Enterprises

What is your business type?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole proprietorship	53	33.1	34.2	34.2
	partnership	97	60.6	62.6	96.8
	private limited company	5	3.1	3.2	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As can be seen from the Table 4.7 Partnership is the main type of business(62.6%), followed by sole proprietorship (34.2%), private limited company are rare (3.2%) in Bahir Dar city administration. This shows that the main types of business are partnership and sole proprietorship.

Table: 4.8 Ages of the Enterprises

For how long your business was in the market?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than one years	43	26.9	27.7	27.7
	1-5 years	41	25.6	26.5	54.2
	6-10 years	27	16.9	17.4	71.6
	More than 10 years	44	27.5	28.4	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As indicated in Table 4.8, from the total respondents (28.4%) were serving at their present enterprises for more than 10 years, 27.7% for less than 1 year and 26.5 % for more 1-5 years. The remaining 17.4% were serving for less than 6-10 years. This shows that 71.6% of enterprises are serves as below than 10 years.

Table: 4.9 Number of Permanent and Temporary Employees

Number of employees		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 5 employees	113	70.6	72.9	72.9
	6 - 30 employees	42	26.3	27.1	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As indicated in Table 4.9, from the total respondents (72.9%) have employed at their present enterprises for 1- 5 number of workers and 27.1% for 6 to 30 number of employees. This shows that most enterprises have small number of employees.

Table: 4.10 Amount of Start-up Capital

Start-up capital		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than birr 10,000	100	62.5	64.5	64.5
	10,001 - 50,000	27	16.9	17.4	81.9
	Above 50,000	19	11.9	12.3	94.2
	I do not know	9	5.6	5.8	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As can be seen from the Table 4.10, amount of start-up capital were less than 10,000 birr (64.5%), followed by between 10,001 to 50,000 (17.4%) and 12.3% were more than 50,000. The remaining 5.8% responses were not known the exact start-up capital of the enterprises.

Table: 4.11 Amount of Current Capital

Amount of current capital		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	50,000 - 500,000	80	50.0	51.6	51.6
	500,001 - 1,000,000	33	20.6	21.3	72.9
	1,000,001-1, 500, 000	23	14.4	14.8	87.7
	More than 1, 500, 000	19	11.9	12.3	100.0
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		160	100.0		

Source: Field survey, 2016

As can be seen from the Table 4.11, the amount of current capital of the enterprises are between 50,000 to 500,000(51.6%), followed by 500,001 to 1,000,000 (21.3%) and 14.8% are between, 1,000,001 and 1,500,000. The remaining 12.3% are more than 1, 500, 000 birr. This above table shows that 87.7 % of respondents are small enterprises.

4.3. Determinants of Growth

Respondents were asked different questions regarding the factors affecting the growth of SMEs in Bahir Dar city administration. Their responses are organized in the following manner.

There are a number of challenges that hinders the growth of SMEs associated with different factors. This part explains the descriptive statistics calculated on the basis of the factors that affect the growth of SMEs. The results for measures of central tendency and dispersion were obtained from the sample of respondents of manufacturing, trade; urban agriculture, service and construction are shown in the following tables. Tables indicate that the mean and standard deviation of variables. The mean score indicates the degree of respondents agreed on the given idea. The higher the mean score, the more respondents agreed on the given idea and vice versa. On the other hand, the standard deviation indicates the degree of responses varied each other. The higher the standard deviations are the more variation in the responses of respondents.

According to Zaidatol, and Bagheri, 2009, mean score of ≤ 3.39 is low, from 3.40 up to 3.79 is moderate and > 3.80 is high. The comparison basis analysis was based on the above mean score

4.3.1 Financial Factor

Table 4.12 Descriptive Statistics result for financial factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Shortage of working capital	155	4.2258	.50386	-.888	.195	9.745	.387
Insufficient credit institutions	155	4.0774	.46341	.281	.195	1.551	.387
High collateral requirements	155	4.2387	.42768	1.238	.195	-.474	.387
High interest rate	155	4.2323	.48106	.545	.195	-.104	.387
Complicated loan application procedures	155	4.1871	.51958	.218	.195	.146	.387
Improper financial recording system	155	4.2065	.40607	1.465	.195	.147	.387
FF	155	4.1989	.29369	1.230	.195	.884	.387
Valid N (listwise)	155						

Source: Field survey, 2016

As it is revealed in the Table 4.12, the aggregate financial factor has a high mean value of 4.1989 and standard deviation of 0.29369. All the financial factor items have a high mean value which ranges from 4.0774 to 4.2387. The item “High collateral requirements” has a highest mean value of 4.2387 with its corresponding standard deviation 0.42768. And, the item “Insufficient credit institutions” has a lowest mean value of 4.0774 with its corresponding standard deviation 0.46341. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of financial factor items in this study are within the recommended levels indicating univariate normality of the data.

4.3.2 Working Place Factor

Table 4.13 Descriptive Statistics result for Working place Factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Absence of own working places	155	4.1161	.46925	.378	.195	1.183	.387
Working place is far from the market	155	4.1742	.39720	1.415	.195	1.020	.387
Working place is very narrow	155	4.0839	.45520	.340	.195	1.660	.387
Very high rent of working places	155	4.1097	.35250	1.577	.195	3.496	.387
WP	155	4.1210	.30863	1.002	.195	2.631	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is depicted in the Table 4.13, the aggregate working place factor has a high mean value of 4.1210 and standard deviation of 0.30863. All the working place items have a high mean value which ranges from 4.0839 to 4.1742. The item “Working place is far from the market” has a highest mean value of 4.1742 with its corresponding standard deviation 0.39720. And, the item “Working place is very narrow” has a lowest mean value of 4.0839 with its corresponding standard deviation 0.45520. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of working place items in this study are within the recommended levels indicating univariate normality of the data.

4.3.3 Government Policy Factor

Table 4.14 Descriptive Statistics result for Government Policy Factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Bureaucracy in enterprise registration and licensing	155	4.2129	.41069	1.416	.195	.006	.387
Insufficient government support	155	4.2065	.47940	.520	.195	.196	.387
Unnecessary political intervention	155	4.0839	.50907	.143	.195	.796	.387
Lack of clarity related to government rules and regulation	155	4.1484	.37440	1.615	.195	1.897	.387
High tax rate & other tariff	155	4.0452	.48806	.114	.195	1.246	.387
Because of corruption	155	4.0839	.41018	.609	.195	2.607	.387
GPF	155	4.1301	.28444	1.015	.195	1.785	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is indicated in the Table 4.14, the aggregate Government policy factor has a high mean value of 4.1301 and standard deviation of 0.28444. All the government policy items have a high mean value which ranges from 4.2129 to 4.0454. The item “government policy is a bureaucracy in entrepreneur registration and licensing has a highest mean value of 4.2129 with its corresponding standard deviation 0.41069. And, the item government policy has a lowest mean value of 4.0452 with its corresponding standard deviation 0.48806. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of government policy items in this study are within the recommended levels indicating univariate normality of the data

4.3.4 Market Factor

Table 4.15 Descriptive Statistics result for Market factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Insufficient market & market chain for your product	155	4.2000	.43245	1.015	.195	.388	.387
Lack of research for interest and demand predicting	155	4.1161	.46925	.378	.195	1.183	.387
Lack of customer treatment	155	4.1032	.36350	1.305	.195	3.417	.387
Lack of product & service advertising	155	4.1613	.41847	1.014	.195	1.211	.387
MF	155	4.1452	.31709	.755	.195	3.435	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is shown in the Table 4.15, the aggregate market factor has a high mean value of 4.1452 and standard deviation of 0.31709. All the marketing items have a high mean value which ranges from 4.1032 to 4.2000. The item “Insufficient market & market chain for your product” has a highest mean value of 4.2000 with its corresponding standard deviation 0.43245. And, the item “Lack of customer treatment” has a lowest mean value of 4.1032 with its corresponding standard deviation 0.36350. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of market items in this study are within the recommended levels indicating univariate normality of the data.

4.3.5 Entrepreneurship Factor

Table 4.16 Descriptive Statistics result for Entrepreneurship factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Lack of business skills	155	4.1871	.46692	.591	.195	.480	.387
Lack of Entrepreneurship training	155	4.1484	.45289	.597	.195	1.073	.387
Lack of tolerance & commitment to change	155	4.1484	.37440	1.615	.195	1.897	.387
Because of risk averters	155	4.2065	.45150	.800	.195	.263	.387
EF	155	4.1726	.33172	1.415	.195	1.321	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is revealed in the Table 4.16, the aggregate entrepreneurship factor has a high mean value of 4.1726 and standard deviation of 0.33172. All the entrepreneurship items have a high mean value which ranges from 4.1484 to 4.2065. The item “Because of risk averters” has a highest mean value of 4.2065 with its corresponding standard deviation 0.45150. And, the item “Lack of Entrepreneurship training” has a lowest mean value of 4.1484 with its corresponding standard deviation 0.45289. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of entrepreneurship items in this study are within the recommended levels indicating univariate normality of the data.

4.3.6 Infrastructure Factor

Table 4.17 Descriptive Statistics result for Infrastructure factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Poor water supply	155	4.2065	.40607	1.465	.195	.147	.387
Poor Electricity	155	4.2065	.45150	.800	.195	.263	.387
Poor telecommunication	155	4.1355	.44250	.635	.195	1.360	.387
Lack of quick and insufficient transportation services	155	4.1484	.37440	1.615	.195	1.897	.387
Lack of appropriate wastage screening & filtering system	155	4.2000	.43245	1.015	.195	.388	.387
IF	155	4.1794	.29469	1.476	.195	1.580	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is depicted in the Table 4.17, the aggregate infrastructure factor has a high mean value of 4.1794 and standard deviation of 0.29469. All the infrastructure items have a high mean value which ranges from 4.1355 to 4.2065. The items “Poor Electricity” and “Poor water supply” have a highest mean value of 4.2065 with their corresponding standard deviation 0.45150 and 0.40607. And, the item “Poor telecommunication” has a lowest mean value of 4.1355 with its corresponding standard deviation 0.44250. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of infrastructure items in this study are within the recommended levels indicating univariate normality of the data.

4.3.7 Internal Management Factor

Table 4.18 Descriptive Statistics result for internal management factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
High product & service cost	155	4.2065	.53083	.165	.195	-.039	.387
Lack of technical training	155	4.1032	.47227	.324	.195	1.235	.387
Lack of organized & effective communication	155	4.1935	.39636	1.567	.195	.460	.387
Lack of sufficient & skilled labor	155	4.2000	.64867	-.220	.195	-.676	.387
Lack of strategic planning	155	3.8000	.47537	-.544	.195	.285	.387
IMF	155	4.1006	.25924	1.080	.195	2.114	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is indicated in the Table 4.18, the aggregate internal management factor has a high mean value of 4.1006 and standard deviation of 0.25924. All the internal management items have a high mean value which ranges from 3.8000 to 4.2065. The item “High product & service cost” has a highest mean value of 4.2065 with its corresponding standard deviation 0.53083. And, the item “Lack of strategic planning” has a lowest mean value of 3.8000 with its corresponding standard deviation 0.47537. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of internal management items in this study are within the recommended levels indicating univariate normality of the data

4.3.7 Summery Determinants of Growth

Table 4.19 Descriptive Statistics result for Summery Determinants of Growth

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Financial Factor	155	4.1989	.29369	1.230	.195	.884	.387
Working Place	155	4.1210	.30863	1.002	.195	2.631	.387
Government Place Factor	155	4.1301	.28444	1.015	.195	1.785	.387
Market Factor	155	4.1452	.31709	.755	.195	3.435	.387
Entrepreneur Factor	155	4.1726	.33172	1.415	.195	1.321	.387
Infrastructure Factor	155	4.1794	.29469	1.476	.195	1.580	.387
Internal Management Factor	155	4.1006	.25924	1.080	.195	2.114	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is depicted in the Table 4.19, all the determinants of SMEs have a high mean value which ranges from 4.1006 to 4.1989. The “financial factor” has a highest mean value of 4.1989 with its corresponding standard deviation 0.29369. And, the item “internal management factor” has a lowest mean value of 4.1006 with its corresponding standard deviation 0.25924. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of all the determinants of SMEs in this study are within the recommended levels indicating univariate normality of the data.

4.4.Growth of SMEs

Table 4.20 Descriptive Statistics result for Growth of SMEs

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
The enterprise has created more market coverage	155	4.2323	.42364	1.281	.195	-.365	.387
The enterprise has got good sales profit from time to time	155	4.2323	.49438	.426	.195	-.111	.387
There are qualified and highly skilled employees within the enterprise	155	4.1935	.51088	.273	.195	.158	.387
Number of employees within the enterprise increases from time to time	155	4.2129	.41069	1.416	.195	.006	.387
There are enough materials and equipment within in the enterprise	155	4.0452	.57369	.004	.195	.079	.387
The enterprise has the capability to reduce risk related to inflation	155	4.1355	.44250	.635	.195	1.360	.387
The enterprise has created full capacity to transform from small to medium or medium to large	155	4.2194	.54975	.069	.195	-.200	.387
Growth of SMEs	155	4.1816	.24599	.623	.195	.484	.387
Valid N (listwise)	155						

Source: field survey, 2016

As it is depicted in the Table 4.20, the aggregate growth of SMEs has a high mean value of 4.1816 and standard deviation of 0.24599. All the growth factor items have a high mean value which ranges from 4.0452 to 4.2323. The item “The enterprise has created more market coverage” has a highest mean value of 4.2323 with its corresponding standard deviation 0.42364. And, the item “There are enough materials and equipment within in the enterprise” has a lowest mean value

of 4.0452 with its corresponding standard deviation 0.57369. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of autonomy items in this study are within the recommended levels indicating univariate normality of the data.

4.5 Results of Inferential Statistics of the Study

In this section, the results of inferential statistics are presented. For the purpose of assessing the objectives of the study, Pearson's Product Moment Correlation Coefficient and regression analyses were performed. With the aid of these statistical techniques, conclusions are drawn with regard to the sample and decisions are made with respect to the research hypothesis.

4.5.1 Pearson's Product Moment Correlation Coefficient

In this study Pearson's Product Moment Correlation Coefficient was used to determine whether there is significant relationship between financial, working places, government policy, marketing, entrepreneurship and infrastructure variables with growth of SMEs. The following section presents the results of Pearson's Product Moment Correlation on the relationship between independent variables and dependent variable. The table below indicates that the correlation coefficients for the relationships between growth and its independent variables are linear and positive ranging from substantial to strong correlation coefficient

The measurement of rule of thumb that used to determine for the relationship between the dependent and independent variables that a correlation: ≤ 0.20 is characterized as very weak; > 0.20 and ≤ 0.40 is characterized as weak; > 0.40 and ≤ 0.60 is characterized as moderate; > 0.60 and ≤ 0.80 is characterized as strong; and greater than 0.80 is very strong (Kothari, 2004).

As it is clearly indicated in the above table 4.17, a strong positive relationship was found between financial factor and growth ($r = .655$, $p < .01$), which are statistically significant at 99% confidence level. This implies that at a 1% level of significance it was discovered that the financial factor plays a significant role in determining the growth of SMEs. Similarly, a strong positive relationship was found between working place factors and growth ($r = .677$, $p < .01$), government

policy factors and growth($r = .780, p < .01$), which are statistically significant at 99% confidence level.

Table 4.21 Pearson's Correlation Coefficient

		Correlations							
		FF	WP	GPF	MF	EF	IF	IMF	GGF
FF	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	155							
WP	Pearson Correlation	.407**	1						
	Sig. (2-tailed)	.000							
	N	155	155						
GPF	Pearson Correlation	.733**	.525**	1					
	Sig. (2-tailed)	.000	.000						
	N	155	155	155					
MF	Pearson Correlation	.188*	.470**	.380**	1				
	Sig. (2-tailed)	.019	.000	.000					
	N	155	155	155	155				
EF	Pearson Correlation	.698**	.441**	.635**	.281**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	155	155	155	155	155			
IF	Pearson Correlation	.530**	.552**	.691**	.519**	.605**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	155	155	155	155	155	155		
IMF	Pearson Correlation	.187*	.273**	.232**	.188*	.106	.350**	1	
	Sig. (2-tailed)	.020	.001	.004	.019	.188	.000		
	N	155	155	155	155	155	155	155	
GGF	Pearson Correlation	.655**	.677**	.780**	.671**	.688**	.792**	.229**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.004	
	N	155	155	155	155	155	155	155	155
** . Correlation is significant at the 0.01 level (2-tailed).									
* . Correlation is significant at the 0.05 level (2-tailed).									

Source: own computation, 2016

Moreover, the table presents the association between the selected variables and growth of SMEs for a sample of 155 enterprises in Bahir Dar. There is a strong positive relationship between market factor and growth ($r = .671, p < .05$), which is statistically significant at 95% confidence level.

This implies that at a 5% level of significance it was discovered that the market factor plays a significant role in determining the growth of SMEs. There is also strong, statistically significant relationship between entrepreneurship and growth ($r = .688, p < .01$). This would imply that, the more entrepreneurship the better growth of MSEs would be. Moreover, statistically significant relationship between infrastructure factor and growth ($r = .792, p < .01$). This would imply that, the more available infrastructure the better growth of MSEs would be. Finally, the table indicates that, there is a weak positive correlation between internal management and business growth ($r = .229, p < .01$).

4.5.2 Regression Assumptions Test

4.5.2.1 Normality Test

The data were checked to verify that the assumption of multivariate normality was met. Brooks (2008) noted that in order to conduct hypothesis test about the model parameter, the normality assumption must be fulfilled. The normality assumption is about the mean of the residuals is zero. According to Gujarati (2004), in testing the normality assumption, three tests of normality could be considered: (1) histogram of residuals; (2) normal probability plot (NPP), a graphical device; and (3) the Jarque–Beratest (it is an asymptotic, or large-sample, test).

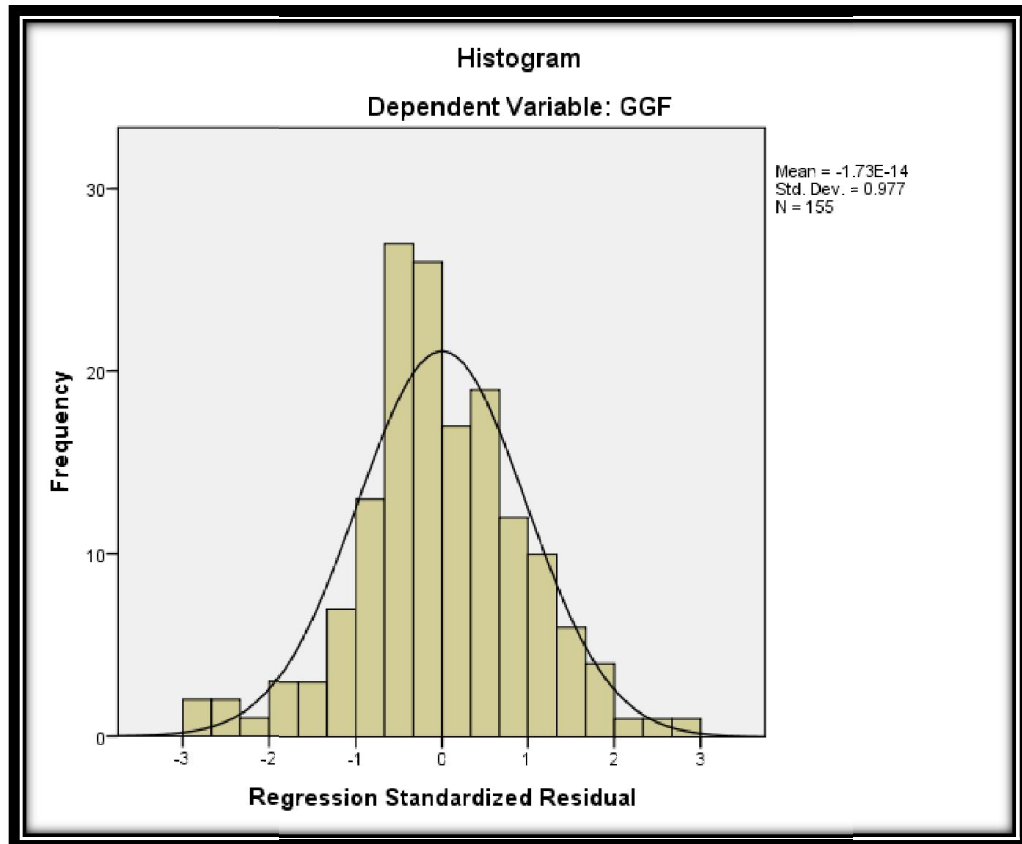
Because of their simplicity, the first two simple graphical instruments for testing the normality assumption were applied in this study as indicated below.

I. Histogram of Residuals

A histogram of residuals is a simple graphic device that is used to learn something about the shape of the Probability Density Function of a random variable. On the horizontal axis, the values of the variable of interest (OLS residuals) are divided into suitable intervals, and in each class interval rectangles are erect equal in height to the number of observations (frequency) in that class interval.

If the residuals are normally distributed around its mean of zero the histogram is a bell-shaped. The shape of the histogram as shown below in figure 4.1 revealed that the residuals are normally distributed around its mean of zero.

Figure 4.1. Normal distributions of the data



Source: field survey, 2016

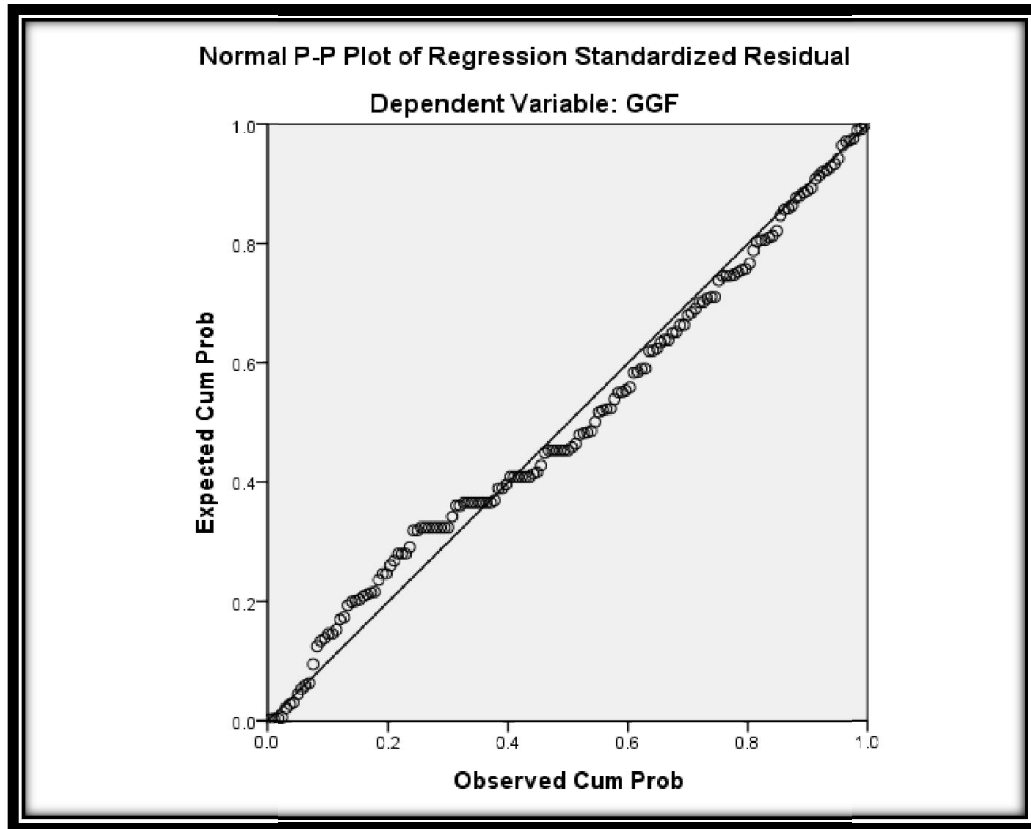
II. Normal Probability Plot

In addition to histogram of residuals, the normal probability plots were used to test the normality of data. It is comparatively simple graphical device to study the shape of the probability density function (PDF) of a random variable is the normal probability plot (NPP).

It uses values of the variable of interest on the horizontal axis and the expected value of this variable on the vertical axis. If the fitted line in the NPP is approximately a straight line, one can conclude that the variable of interest is normally distributed. Hence, Figure 4.2 below indicated that residuals from the research model regression are approximately normally distributed, because a straight

line gives the impression to fit the data reasonably well. This test also shows the normal distribution of residuals around its mean of zero.

Figure 4.2 Normal p-p plot of Regression Standardize Residual



Source: field survey, 2016

Therefore, based on the above tests, it is possible to conclude that the normality assumption is fulfilled and the presumption that the researcher will make about the population parameter from the sample is suitable.

4.5.2.2 Multicollinearity Test

Multicollinearity exists when there is a strong correlation between two or more predictors in a regression model. Multicollinearity poses a problem only for multiple regressions because it involves more than two predictors. Perfect collinearity exists when at least one predictor is a Perfect linear combination of the others. According to different statistical books, one way of identifying Multicollinearity is to scan the correlation matrix of all of the predictor variables.

Another method is to produce a Collinearity diagnostics with the use of SPSS, and one of which is the variance inflating factor (VIF). The VIF indicates whether a predictor has strong linear relationship with the other predictor(s). Although there are no hard and fast rules about what value of the VIF should be a cause for concern, (Gujarati, 2004) suggests that value of less than 10 is good value and he suggest that if the average VIF is greater than 1, then there is no Multicoliniarity in the regression model. In this study, (Table 4. 19)the Variance inflation factors (VIFs) for the independent variables included in the regression equation are all lower than 4. Related to the VIF is the tolerance statistics, which is a reciprocal of VIF ($1/VIF$). Such values below 0.2 are worthy of concern. Considering the regression model for this study the tolerance statistics values are all less than 0.80 and greater than 0.20(see tables 4.19) as such no Multicoliniarity is observed in this model.

4.5.2.3 Autocorrelation Test

Autocorrelation is adjacent residuals of any two observations not being independent of each other or correlated. For any two observations the residual terms should be uncorrelated (or independent). This eventually is sometimes described as a lack of autocorrelation. This assumption can be tested with the Durbin-Watson test, which tests for social correlation between errors. Specifically, it tests whether adjacent residuals are uncorrelated (see table 4.18).The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule of thumb, the residuals are uncorrelated is the Durbin-Watson statistic is approximately 2. A value close to 0 indicates strong positive correlation, while a value of 4 indicates strong negative correlation. For this study, the value of Durbin-Waston is 1.893, approximately equal to 2, indicating no serial correlation (Field, 2009).

4.5.5 Multiple Regressions Analysis

In this study, Regression assumptions to be checked above include normality of the error term, Multicoliniarity and autocorrelation. Multiple regression analysis was carried out to get the predictive value of the constructs considered. Since the model is developed in such a way that each construct is being affected by other constructs, it is necessary to carry out a separate regression analysis against each variable which are considered to be affected by other variables. This was basically made to

determine the linear combination of the constructs. Regression analysis model used to predict values of the dependent variables from one or more independent variables (Field, 2005).

The researcher used linear regressions which seek to predict an outcome from several predictors. The purpose of regression analysis is used to analyze the relationship between metric or dichotomous independent variables and a metric dependent variable. If there is a relationship, using the information in the independent variables will improve our accuracy in predicting values for the dependent variable (Field, 2005). In this section the researcher tried to answer questions such as relationships between dependent and independent variables, identify the very significant factors that affect the growth of SMEs in the case of Bahir Dar city administration.

In addition to the analysis of R- square the researcher also considers the model fit (“ANOVA”) table which is the separation of variance attributable to one cause from the variance attributable to others.

Table 4.22 ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.139	7	1.163	144.865	.000 ^b
	Residual	1.180	147	.008		
	Total	9.319	154			
a. Dependent Variable: Growth of SMEs						
b. Predictors: (Constant), IMF, EF, MF, WP, GPF, IF, AF						

Source: field survey, 2016

The lower the ANOVA table variance or significance number, the better the fit. Generally, if “sig” is greater than 0.05, the researcher concluded that the model could not fit the data (Gupta, 1999)

According to (Gupta, 1999), in order to fit the model and the data the ‘sig’ result should be less than 0.05. Therefore, the researcher result that the overall significance of the model in the above ANOVA table 4.22 is fit at ‘sig’ of 0.000. So that the researcher concluded that our model could fit the data.

Table 4.23 Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.935 ^a	.873	.867	.08959	1.893
a. Predictors: (Constant), IMF, EF, MF, WP, GPF, IF, AF					
b. Dependent Variable: Growth of SMEs					

Source: field survey, 2016

The result of the regression model summary shown in table 4.23 indicates the value of multiple R square value of 0.873 (87.3%) indicated that there a high positive relationship between dependent and independent variables. R-square value for the model showed that 87.3% of the dependent variable was predicted by the independent variables in the model. The remaining 12.7% of the dependent variable is explained by other variables which are not included in the model (Gupta, 1999). Therefore, the relationship between the dependent and independent variables has strong correlation (Kothari, 2004). Adjusted R-square value for the model showed that 86.7% of goodness of fit, the model is strong.

Similarly, Table 4.24 depicted that the beta coefficients that present the contribution positive or negative relationship of each variable to the model. The t and p values showed the influence of the independent variables on the dependent variable.

The beta coefficient of the model in table 4.19 indicates the beta value of the constant is 0.214 whereas the beta value for the predictor variables (access to finance, working place, government policy, marketing, entrepreneurship, infrastructure and Internal management) are 0.129,0.136, 0.188, 0.257, 0.106, 0.188,and -0.051 respectively. The P –value of these variables are .002, .000, .000, .000, .002, .000, and .099 respectively.

In the table 4.24 shown, the Unstandardized beta coefficients and p-value of access to finance (B= 0.129, p = 002), working place (B = 0.136, p = 000), government policy (B = 0.188, p = 000), marketing (B = 0.257, p = 000), entrepreneurship (B = 0.106, p = 002), Infrastructure (B = 0.188, p = 099). This indicates that financial, working place, government policy, market, entrepreneurship, and Infrastructure factor has a positive and significant relationship to the growth SMEs as their p-

values are < 0.05. However, internal management = (B = -0.051, p = 0.99) has not significant relationship to the growth SMEs.

Table 4.24: Coefficients

Coefficients ^a							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.214	.156		1.368	.174		
Access to finance	.129	.041	.154	3.120	.002	.355	2.814
Working place	.136	.030	.171	4.502	.000	.596	1.678
Government policy	.188	.045	.218	4.203	.000	.321	3.114
Market factor	.257	.028	.332	9.155	.000	.657	1.523
Entrepreneur	.106	.034	.143	3.149	.002	.418	2.393
Infrastructure factor	.188	.040	.226	4.660	.000	.367	2.721
Internal management	-.051	.030	-.053	-1.663	.099	.838	1.193

a. Dependent Variable: Growth of SMEs

Source: field survey, 2016

This beta implies that, when the level of access to finance increased by 0.129 on average growth increased by one, when the level of working place increased by 0.136 on average growth increased by one, when the level of government policy increased by 0.188 on average growth increased by one, when the level of marketing increased by 0.257 on average growth increased by one, when the level of entrepreneurship increased by 0.106 on average growth increased by one and when the level infrastructure increased by 0.188 on average growth increased by one.

The Unstandardized coefficients β column, gives us the coefficients of the independent variables in the regression equation including all the predictor variables as indicated below:

$$G = 0.214 + 0.129AF + 0.136WP + 0.188GPF + 0.257MF + 0.106EF + 0.188IF + -0.057IMF$$

Where: G= growth of SMEs, AF= access to finance, WP= working place, GPF = government policy MF= marketing, EF = entrepreneurship and IF= infrastructure.

Generally, the b-value (beta coefficient) tells us about the relationship between the outcome and each predictor. If the value is positive, it is said that there is positive relationship between the predictor and the outcome; whereas a negative coefficient

represents a negative relationship. For these data all predictors, has positive b-values, indicating positive relationships.

4.5.6 Hypothesis Test

Based on the regression analysis of the above model, access to finance has a positive and significant effect or correlation on growth ($\beta = 0.129$, $p < 0.05$). Hence, hypothesis 1 was accepted. It implies that shortage of working capital, high collateral requirements, high interest rate and improper financial recording system has negative influence on growth. The previous study has supported that access to finance has positively related to dependent variables (Fatoki & David, 2010)

Based on the regression analysis of the above model, the working place also has a positive and significant effect or correlation on growth ($\beta = 0.136$, $p < 0.05$). Hence, hypothesis 2 was accepted. It implies that absence of own working places, working place is very narrow and very high rent of working places has high influence on growth. Working place has a positive and significant influence on growth (Admasu, 2012).

In the regression analysis of the above model, government policy has positive and significant effect or correlation with ($\beta = 0.188$, $p < 0.05$). Hence, hypothesis 3 was accepted. It implies that bureaucracy in enterprise registration and licensing, insufficient government support, high tax rate & other tariff and corruption has negative influence on growth. The result supported by (Admasu, 2012).

There is also significant correlation or relationships were found between marketing and growth ($\beta = 0.257$, $p < 0.05$). Hence, hypothesis 4 was accepted. It indicates that marketing has a positive influence on growth. The previous study proved also proved that marketing has significant correlation on growth. The result supported by (Admasu, 2012).

In the regression analysis of the above model, entrepreneurship has positive and significant effect or correlation with ($\beta = 0.106$, $p < 0.05$). Hence, hypothesis 5 was accepted. It implies that lack of business skills, lack of entrepreneurship training,

lack of tolerance & commitment to change and risk averters has a negative influence on growth. The result supported by (Fatoki & David, 2010).

In addition, infrastructure has also influence on growth ($\beta = 0.188$, $p < 0.05$). Hence, hypothesis 6 was accepted. It implies that, poor water supply, Poor Electricity, poor telecommunication and lack of quick and insufficient transportation services have a negative influence on growth. The result supported by (Fatoki & David, 2010).

There is also insignificant correlation or relationships were found between internal management and growth of SMEs ($\beta = -0.051$, $p > 0.05$). Hence, hypothesis 7 was rejected.

The researcher has observed these seven findings .These is described below:

- Access to finance has a positive and significant relationship with the growth of SMEs.
- Working place has a positive and significant relationship with the growth of SMEs.
- Government policy has a positive and significant relationship with the growth of SMEs.
- Market factor has a positive and significant relationship with the growth of SMEs.
- Infrastructure has a positive and significant relationship with the growth of SMEs.
- Entrepreneur has a positive and significant relationship with the growth of SMEs.
- Internal management does not have significant relationship with the growth of SMEs.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

In this chapter the conclusions and recommendations are discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to government bodies, to operators of SMEs and suggestion for other researchers.

5.1. Summary

A total of 160 questionnaires were distributed to owners and managers, managers and any responsible person from small and medium enterprises in Bahir Dar city administration. From the distributed questioners 155(96.87%) were collected and all were used in the data analysis. By using reliability 20 questioners were tested and which have a good loading value and reliability scale was treated for analysis. Since each construct was affected by other constructs, regression analysis was conducted by the models, using growth as dependent variables, this was basically done to get the best linear combinations of the constructs as well as to get predictive value of individual predictors for testing the hypotheses proposed. The researcher applied quantitative approach to describe and evaluate the factors affecting the growth of SMES. In chapter four, the primary data has been analyzed and interpreted in relation with the statement of the problem and objectives of the study.

In general, the results of this study are summarized as follows:

- ❖ Access to finance has a positive and significant effect or correlation on growth of SMEs ($\beta = 0.129$, $p < 0.05$).
- ❖ Working place also has a positive and significant effect or correlation on growth of SMEs ($\beta = 0.136$, $p < 0.05$).
- ❖ Government policy has positive and significant effect or correlation on growth of SMEs ($\beta = 0.188$, $p < 0.05$).
- ❖ There is also significant correlation or relationships were found between marketing and growth of SMEs ($\beta = 0.257$, $p < 0.05$).
- ❖ Entrepreneurship has positive and significant effect or correlation with growth of SMEs ($\beta = 0.106$, $p < 0.05$).
- ❖ Infrastructure has also influence on growth of SMEs ($\beta = 0.188$, $p < 0.05$).

- ❖ There is also insignificant correlation or relationships were found between internal management and growth of SMEs ($\beta = -0.051$, $p > 0.05$).

5.2. Conclusions

This research was conducted in Bahir Dar city administration with the prime intent of critically assessing the factors affecting the growth of SME enterprises engaged in manufacturing, trade, urban agriculture, and service and construction sector. Specifically, the study attempted to investigate the factors that affect the growth of SMEs and to recommend possible solution to alleviate both internal and external problems of SMEs. Internal factors such as internal management and entrepreneurship and external factors also access to finance, working place, government policy, market factor and infrastructures. Based on the objectives and findings of the study, the following conclusions are worth drawn.

The research result concluded that there exists significant positive relationship between finance and growth of SMEs. This indicates that Access to finance has high influence in determining the growth of SMEs. The results of the study shows that shortage of working capital, high interest rate charged by lending institutions, high collateral requirement from banks and other lending institutions, improper financial recording system and complicated loan application procedures are main problems of the enterprises.

Workings place factor has also positive and significant effect on the growth of SMEs. Absence of own working places, very high rent and working place narrowness are the major problems of enterprises and these problems adversely affect the growth of SMEs. So there is positive relationship between working place factor and growth of SMEs.

Similarly, Marketing has also positive and significant effect on the growth of SMEs. Marketing factor which includes insufficient market, lack of market chain, lack of research, unknown demand predicting and lack of product & service advertising has high influence on the growth SMEs in Bair Dar city administration. Hence, Marketing factor and growth of SMEs have positive relationships.

The result of the study in case of infrastructure has positive and significant effect which includes incorporate power interruptions, and lack of sufficient and quick transportation service that hinder the business growth these enterprises in Bahir Dar city Administration.

Entrepreneur has also positive and significant effect on the growth of SMEs. These includes business skill ,tolerance to change ,entrepreneurship training and awareness of risk that hinders the business growth of SMEs .these enterprises in Bahir dar city administration.

Last but not least, government policy also has positive and significant effect which includes very high tax rate & other tariffs, bureaucracy in the enterprises during registration & licensing and insufficient government supports are main problems. In both factors, the stated research hypothesis of the empirical studies emerged that there exists significant positive relationship between independent and dependent variables.

However, this study concluded that there is no significant relationship between internal management and growth of SMEs. This implies that the management ability of SMEs operators have low influence on their businesses growth.

Generally, this study identified the different influences in which each of the factors under study has different effects to SMEs. The research clearly illustrated that, even if the degree of one critical factor is slightly different from the other critical factors, most of the factors are considerably common for all sectors. It has been noted that both internal and external factors such as finance, marketing, working place, infrastructure, government policy and entrepreneurship had very high effects on the growth of SMEs except internal management which shows low influence on the growth of SMEs.

5.3 Recommendations

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

- ❖ Finance factor has a positive and significant impact. In order to facilitate access to credit for MSEs, banks and MFIs need to allocate a certain portion of their loanable funds for MSE entrepreneurs. This has to be supported by special lending and repayment arrangements. Thus, in order to address the problem of credits, financial institutions, the Federal and Regional Governments, donors, NGOs can assist in creating lines of credit and special windows for assisting growth-oriented. The government should arrange and give equipment's, machines and other necessary materials through lease in which MSEs can cover the payment during the operations to reduce doubt of getting back payments for the borrowed finance.
- ❖ As working places is a major factor for growth of SMEs, the government should organize/make MSEs as industry village in suitable location by constructing sheds and other common basic requirements, arranging common facilities and encourage private investors to engage in these premises constructions by providing certain incentives for private investors like tax relief and availing of lease-free land.
- ❖ Government policy has positive and significant impact for growth SMEs. Bahir Dar city technical vocational training and enterprise development office should modified their complicated policy and procedures through;
 - Formulating clear and simple enterprises registration and licensing
 - Sufficient government support
 - Setting appropriate tax rate rather than guessing tax system
 - Avoiding political intervention and corruption
- ❖ Marketing factors are frequently indicated as the explanatory factor for most problems faced by the studied SMEs. Therefore, it is necessary to solve this deep-rooted problem. Some of the ways of doing so can be:
 - By Preparing trade exhibition and bazaar.
 - By offering training on how to attract new customers and retain the existing customers.
 - By providing selling and display places in areas close to working area.
 - Linking the SMEs with other private contractors working within or around Bahir Dar city, so that the operators are able to secure market opportunity.
 - Changing the perception of the general public through extensive awareness

creation mechanisms, since private individuals are envisaged to be the main buyers of the products manufactured by SMEs in the long run.

- Allowing those SMEs located and operating at Bahir Dar city to participate in biddings opened in other areas like Addis Ababa.
- ❖ Infrastructure has positive and significant impact for growth of SMEs. the Government should be given the following possible solutions:
 - Uninterrupted power supply by improving new and advanced electrical installation
 - Quick transportations service
 - Sufficient water supply
 - Uninterrupted tele-communication system
 - Appropriate wastage screening and filtering system.
- ❖ Entrepreneurship has positive and significant effect. So to make SMEs competitive and profitable, increasing the capacity and skill of the operators, Bahir Dar city technical vocational training and enterprise development office should provide;
 - Continuous technical training for operators
 - Entrepreneurship trainings
 - Experience sharing from successful enterprises
 - Provision of advice and consultancy are crucial

Finally, investigating different factors based on the right information are vital for growth of any business enterprises. This can be achieved by conducting more researches in related areas. The focus for this study was on the manufacturing sectors particularly in (wood and metal work), trade (retailer and raw material supply), urban agriculture (livestock rearing), service (internet cafe and decoration) and construction (sub-contracting and cobble stone). It is the researcher's view that future research could therefore investigate the other sectors that are uncovered and come up with specific findings which will potentially contribute a lot in the development of the country.

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APPENDIX A

**ST. MERRY UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF GENERAL MBA PROGRAM**

Small and Medium Enterprises (SME's) survey questionnaire

Section 1: Introduction

Dear respondent,

This thesis is titled “**Factors affecting the growth of small and medium enterprises in Bahir Dar city administration**”. The examiner is Ahmed Mekonnen who is currently a General MBA student at St. Merry University. The purpose of this thesis is to examine factors affecting the growth of small and medium enterprises in Ethiopia, particularly in Bahir Dar. The examiner seeks to gather relevant information using proportional stratified random sampling from SMEs in Bahir Dar city administration.

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,

Ahmed Mekonnen

For further information, please contact Ahmed Mekonnen by the following address:

Tel.: +251 911 252558

[Email: Mekonnen.ahmed25@gmail.com](mailto:Mekonnen.ahmed25@gmail.com)

Section 2: General information of the Business enterprises

Instructions

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

1. What is your level of education?
 1. Below grade 12
 2. TVET Certificate
 3. Diploma
 4. Bachelor degree
 5. Masters or above
2. What is your current position in the company?
 1. Manager
 2. Owner & manager
 3. Sales person
 4. Others
3. How long have you been working in this position?
 1. Less than one year
 2. 1-5 years
 3. 6-10 years
 4. More than 10 years
4. What is your main business activity?
 1. Manufacturing
 2. Trade
 3. Urban agriculture
 4. Services
 5. Construction
5. How do raise funds to start-up your business?
 1. Personal saving
 2. Family & friends
 3. Loan
 4. Credit association
 5. NGOs
 6. Other

6. What is your business type?
1. Sole proprietorship
 2. Partnership
 3. Private Limited company
 4. Others
7. For how long your business was in the market?
1. Less than one year
 2. 1-5 years
 3. 6-10years
 4. More than 10 years
8. How many employees both (permanent and temporary) for your enterprise in 2007 E.C
1. 1-6
 2. 7-30
 3. 31-100
 4. More than 100
9. What was your startup capital?
1. Less than birr 10,000
 2. Between 10,001 to 50,000
 3. Above 50,000
 4. I do not know
10. What is the current capital of your business?
1. 50,000 - 500,000
 2. 500,001 to 1,000,000
 3. 1,000,001- 1, 500, 000
 4. More than 1, 500, 000

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

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

Where,

- 1= strongly disagree
- 2= disagree
- 3= I can't to decide
- 4= agree
- 5= strongly agree

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

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

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

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

13. Please indicate the degree to which you agree with the following statements regarding to **Government policy factors**.

No.	Government policy Factors	Please circle your answer!				
13.1	Bureaucracy in enterprise registration and licensing	1	2	3	4	5
13.2	Insufficient government support	1	2	3	4	5
13.3	Unnecessary political intervention	1	2	3	4	5
13.4	Lack of clarity related to government rules and regulation	1	2	3	4	5
13.5	High tax rate & other tariff	1	2	3	4	5
13.6	Because of corruption	1	2	3	4	5

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

No.	Marketing Factors	Please circle your answer!				
14.1	Insufficient market & market chain for your product	1	2	3	4	5
14.3	Lack of research for interest and demand predicting	1	2	3	4	5
14.5	Lack of customer treatment	1	2	3	4	5
14.6	Lack of product & service advertising	1	2	3	4	5

15. Please indicate the degree to which you agree with the following statements regarding **Entrepreneurial factors.**

No.	Entrepreneurial Factors	Please circle your answer!				
15.1	Lack of business skills	1	2	3	4	5
15.2	Lack of Entrepreneurship training	1	2	3	4	5
15.3	Lack of tolerance & commitment to change	1	2	3	4	5
15.4	Because of risk averters	1	2	3	4	5

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

No.	Infrastructure Factors	Please circle your answer!				
16.1	Poor water supply	1	2	3	4	5
16.2	Poor Electricity	1	2	3	4	5
16.3	Poor telecommunication	1	2	3	4	5
16.4	Lack of quick and insufficient transportation services	1	2	3	4	5
16.5	Lack of appropriate wastage screening & filtering system	1	2	3	4	5

17. Please indicate the degree to which you agree with the following statements regarding to **internal management.**

No.	Internal managerial Factors	Please circle your answer!				
17.1	High product & service cost	1	2	3	4	5
17.2	Lack of technical training	1	2	3	4	5
17.3	Lack of organized & effective communication	1	2	3	4	5
17.4	Lack of sufficient & skilled labor	1	2	3	4	5
17.5	Lack of strategic planning	1	2	3	4	5

Section 4. Small and medium enterprises general growth indicator

18. Indicators of growth of your enterprise

No.	General growth Factors	Please circle your answer!				
18.1	The enterprise doesn't create more market coverage	1	2	3	4	5
18.2	The enterprise do not have profit from time to time	1	2	3	4	5
18.3	There are no qualified and highly skilled employees within the enterprise	1	2	3	4	5
18.4	Number of employees within the enterprise did not increases from time to time	1	2	3	4	5
18.5	There are no enough materials and equipment within in the enterprise	1	2	3	4	5
18.6	The enterprise has less capability to reduce risk related to inflation	1	2	3	4	5
18.7	The enterprise has created full capacity to transform from small to medium or medium to large	1	2	3	4	5

ቅድስተ ማርያም ዩንቨርሲቲ

ቢዝነስና ኢኮኖሚክስ ኮሌጅ

የማኔጅመንት ት/ክፍል

ለአነስተኛና መካከለኛ ድርጅቶች የተዘጋጀ የጥናት መጠየቅ!

ክፍል 1: መግቢያ

ውድየጥናቱ ተሳታፊዎች!

የዚህ ጥናት ርዕስ ‘Factors affecting the growth of small & medium enterprises’ in the case of Bahir Dar city Administration ሲሆን አጥኝው አህመድ መኮነን በአሁኑ ጊዜ ቅድስተ ማርያም ዩንቨርሲቲ በቢዝነስ አድሚኒስትሬሽን የድህረ ምረቃ ተማሪ ነው።

የጥናቱ ዋና አላማ በባህርዳር ከተማ አስተዳደር ውስጥ የሚገኙ አነስተኛና መካከለኛ ድርጅቶች ከሚፈልጉት እድገት ደረጃ ላይ እንዳይደርሱ የሚያደርጉ የዋናዋና ምክንያቶችን የተፅዕኖ ደረጃ ማወቅና መለየት ሲሆን በዕጣ ለተመረጡ አነስተኛና መካከለኛ ድርጅቶች እንዲያገለግል ሆኖ የተዘጋጀ የጥያቄና መልስ መጠይቅ ነው።

በመጠይቁ ላይ የሚሳተፉ የድርጅት ባለቤቶች በሙሉ በፈቃደኝነት ላይ የተመሰረተ ሁኖ መጠይቁ የተሳታፊዎችን ማንነት ሳይለይና ሚስጥር በመጠበቅ ይመዘገባል። የተሳታፊዎች መልስ ለትምህርታዊ ዓላማ ብቻ ይውላል።

እርስዎ የሚሰጡትን ትክክለኛውን መረጃ ለጥናቱ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞሉ እጠይቃለሁ።

ለመልካም ትብብርዎና ለጊዜዎ በጣም አመሰግናለሁ!!

ከሠላምታ ጋር”

አህመድ መኮነን

ለተጨማሪ መረጃዎች የአጥኝው አህመድ መኮነን አድራሻ የሚከተለው ነው።

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ክፍል 2: አጠቃላይ የድርጅቱና የራስዎ መረጃዎች

መመሪያ፣

- ስም መጻፍ አያስፈልግም።
- የመረጡትን መልስ ፊትለፊት ካለው ሳጥን የራይት(✓) ምልክት ያድርጉ።

1. የትምህርት ደረጃዎ፣

1. 12ኛ ክፍል በታች
2. የቴክኒክና ሙያ ምሩቅ
3. ዲፕሎማ
4. ዲግሪ
5. ማስተርና ከዚያ በላይ

2. በድርጅቱ ውስጥ ያልዎት የስራ ድርሻ፣

1. ስራ አስኪያጅ
2. ባለሀብትና ስራ-ስኪያ
3. የሽያጭ ሰራተኛ
4. ሌሎች

3. ምን ያህል ጊዜ በዚህ ኃላፊነት ላይ ሰርተዋል?

1. ከ 1 ዓመት በታች
2. ከ 1 - 5 ዓመት
3. ከ6 - 10 ዓመት
4. ከ10 ዓመት በላይ

4. የድርጅቱ ዋና ስራ ምንድን ነው?

1. ማምረት
2. ንግድ
3. የከተማ ግብርና
4. አገልግሎት
5. ግንባታ

5. የድርጅትዎ መነሻ ገንዘብ ምንጭ ከየት ነው?

1. ከቁጠባ
2. ከቤተሰብና ጓደኛ
3. ከብድር
4. ከመህበር
5. ከውጭ እርዳታ ድርጅቶች
6. ሌሎች

6. ድርጅቱ የሚተዳደረው በማን ነው?

- 1. ባንድ ግለሰብ
- 2. ሽርክና መሀበር
- 3. ሃላፊነቱ የተወሰነ የግል ማህበር
- 4. ሌሎች

7. ድርጅቱ በዚህ ስራ ላይ የቆየበት ጊዜ ምን ያህል ነው?

- 1. ከአንድ ዓመት በታች
- 2. ከ1-5 ዓመት
- 3. ከ6 -10 ዓመት
- 4. ከ10 ዓመት በላይ

8. በአሁኑ ጊዜ በድርጅቱ ውስጥ ምን ያህል ቋሚና ጊዜያዊ ስራተኞች ይገኛሉ?

- 1. ከ1- 5
- 2. ከ6-30
- 3. ከ31 በላይ

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

- 1. ከ10,000 በታች
- 2. ከ10,001 - 50,000
- 3. ከ50,000 በላይ
- 4. አላስታውስም

10. ድርጅቱ አሁን ያለው ካፒታል ምን ያህል ነው?

- 1. ከ50,000 - 500,000
- 2. ከ500,001 - 1,000,000
- 3. ከ1,000,000 - 1, 500,000
- 4. 1, 500, 000 በላይ

ክፍል 3: በአነስተኛና መካከለኛ ድርጅቶች ላይ ተፅዕኖ ሊያሳድሩ የሚችሉ ዋና ዋና

መለኪያዎች:

ከዚህ በታች ለአነስተኛና መካከለኛ ድርጅቶች የእድገት ችግር ምክንያት ሊሆኑ የሚችሉት ቀጥሎ የተዘረዘሩ ሲሆን ከተዘረዘሩት ውስጥ የርስዎ ድርጅት ላይ ችግር የሆኑትን በተሰጠው አማራጭ መሰረት በጥንቃቄ አንድ ጊዜ ብቻ በመምረጥ የመረጡትን መልስ /ክብ/

በማድረግ ምላሽ እዲሰጡ እየጠቅሁ የሚሰጡት የምላሽ ውጤትም ከ 1 -5 ነጥብ አንድ ሚከተለው ተሰይሟል።

- 1 = በጣም አልስማማም
- 2 = አልስማማም
- 3 = ለመወሰን እቸገራለሁ
- 4 = እስማማለሁ
- 5 = በጣም እስማማለሁ

11.ጥሪ ገንዘብን በተመለከተ፡

ተ.ቁ	ከገንዘብ ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
11.1	የሥራ ማስኬጃ የገንዘብ እጥረት መኖር	1	2	3	4	5
11.2	በቂና አመች የብድር ተቋማት አለመኖር	1	2	3	4	5
11.3	ከፍተኛ የብድር መያዣ መጠየቅ	1	2	3	4	5
11.4	የብድር ተቋማት ወለድ ክፍተኛ መሆን	1	2	3	4	5
11.5	ብድር ለማግኘት ውጣ ውረድ መኖር	1	2	3	4	5
11.6	የኢሳብ አያያዝ ችግር መኖር	1	2	3	4	5

12.የስራ ቦታን በተመለከተ፤

ተ.ቁ	ከስራ ቦታ ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
12.1	የድርጅቱ የራሱ የሆነ የስራ ቦታ አለመኖር	1	2	3	4	5
12.2	የድርጅቱ የስራ ቦታ ለደንበኛ ሩቅና ምቹ አለመሆን	1	2	3	4	5
12.3	የስራ ቦታ ጥበት መኖር	1	2	3	4	5
12.4	የስራ ቦታ ኪራይ ከፍተኛ መሆን	1	2	3	4	5

13.የመንግስት ፖሊሲን በተመለከተ

ተ.ቁ	ከመንግስት አሰራር ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
		1	2	3	4	5
13.1	በቢሮክራሲ የተተበተበ የምዝገባና የንግድ ፈቃድ አሰጣጥ ችግር	1	2	3	4	5

13.2	በቂ የሆነ የመንግስት ማበረታቻ አለመኖር	1	2	3	4	5
13.3	አላስፈላጊ የፖለቲካ ጣልቃ ገብነት መኖር	1	2	3	4	5
13.4	የመንግስት ግልፅ የሆነ አሰራር ህግና ደንብ አለመኖር	1	2	3	4	5
13.5	ተመጣጣኝ ያልሆነ የስራ ግብርና ሌሎች ታሪፎች	1	2	3	4	5
13.6	ከሙስና ጋር የተያያዙ ችግሮች መኖር	1	2	3	4	5

14. ገበያን በተመለከተ

ተ.ቁ	ከገበያ ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
15.1	በቂ የሆነ ገበያና የገቢያ ትስስር አለመኖር	1	2	3	4	5
15.2	የፍላጎትና ቅድመ ማምጣት ጥናት ያለመኖር ችግር	1	2	3	4	5
15.3	ለደንበኛ ፈጣንና ቀልጣፋ መስተንግዶ ያለመስጠት ችግር	1	2	3	4	5
15.4	ምርትንና አገልግሎትን ለደንበኛ ያለማስተዋወቅ ችግር	1	2	3	4	5

15. የስራ ፈጠራ በተመለከተ

ተ.ቁ	ከስራ ፈጠራ ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
15.1	የቢዝነስ ክህሎት እጥረት መኖር	1	2	3	4	5
15.2	የስራ ፈጠራ ስልጠና አለመኖር	1	2	3	4	5
15.3	ለመሰረታዊ ለውጥ ትግስት ማጣት	1	2	3	4	5
15.4	ኪሳራን የመፋራት ችግር	1	2	3	4	5

16. መሰረተ ልማትን በተመለከተ፣

ተ.ቁ	ከመሰረተ ልማት ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
16.1	የውሃ አቅርቦት ችግር መኖር	1	2	3	4	5
16.2	የሃይል አቅርቦት ችግር መኖር	1	2	3	4	5
16.3	የቲሌኮምንዩሽን ችግር መኖር	1	2	3	4	5
16.4	ፈጣንና በቂ የትራንስፖርት አገልግሎት አለመኖር	1	2	3	4	5
16.5	ተረፈ ምርቶችን ማጣራትና ማስወገድ አለመቻል	1	2	3	4	5

17. የድርጅቱ አስተዳደር በተመለከተ፣

ተ.ቁ	ክድርጅቱ አስተዳደር ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
17.1	የድርጅቱ ምርትና አገልግሎት ዋጋ ከፋተኛ መሆን	1	2	3	4	5
17.2	የክህሎት ስልጠና አለመኖር	1	2	3	4	5
17.3	ጥሩ አደረጃጀትና ግንኙነት አለመኖር	1	2	3	4	5
17.4	ብቁና የሰለጠነ የሰው ኃይል አለመኖር	1	2	3	4	5
17.5	የአጭርና የረጅም ጊዜ እቅድ አለመኖር	1	2	3	4	5

ክፍል 4: በአነስተኛና መካከለኛ ድርጅቶች የድርጅቱን አጠቃላይ እድገት አቅጣጫ የሚለኩ ነጥቦች።

18. የድርጅትዎን እድገት በተመለከተ

ተ.ቁ	ክድርጅትዎ አጠቃላይ እድገት ጋር የተያያዙ ነጥቦች	እባክዎ መልስዎን ያክብቡ!				
18.1	ድርጅቱ ከፋተኛ የሆነ የገብያ ተደራሽነት መፋጠር አልቻለም።	1	2	3	4	5
18.2	ድርጅቱ በተደጋጋሚ ጥሩ ትርፍ ማግኘት አልቻለም።	1	2	3	4	5
18.3	በድርጅቱ ውስጥ በሙያቸው ብቁና ከፋተኛ ክህሎት ያዳበሩ ሰራተኞች አይገኙም።	1	2	3	4	5
18.4	የድርጅቱ ቋሚና ጊዜያዊ ሰራተኞች ከጊዜ ወደ ጊዜ እየቀነሰ ይገኛል።	1	2	3	4	5
18.5	ድርጅቱ አስፈላጊ መሳሪያዎችና ቁሳቁሶችን ማሟላት አልቻለም።	1	2	3	4	5
18.6	ድርጅቱ የዋጋ ንረትን የመቋቋም አቅም መፍጠር አልቻለም።	1	2	3	4	5
18.7	ድርጅቱ ካለበት አነስተኛ ወይም መካከለኛ ደረጃ ወደ ሚቀጥለው ደረጃ ለመሻገር አቅም አልፈጠረም።	1	2	3	4	5

በጣም አመሰግናለሁ!!!!