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Factors Affecting the Performance of Small Enterprises: The Case of Addis Ketema Sub City

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ID: SGS/0276/2007A

June, 2016

Addis Ababa

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ENTRPRISES: THE CASE OF ADDIS KETEMA SUB CITY

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ID: SGS/0276/2007A

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**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUTE STUDIES
FACULTY OF BUISNESS**

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Case of Addis Ketema Sub City**

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Declaration

I, the undersigned, declare that this study entitled “Factors Affecting Performance of Small Enterprises: The case of Addis Ketema sub city” is prepared with my own effort. I have made it independently with the close advice and guidance of my advisor.

Name Abebayehu Taye

Signature _____

Date _____

Endorsement

This is to certify that this thesis titled “Factors affecting performance of small enterprises: The case of Addis ketema sub city”, undertaken by Ababayehu Taye for the partial fulfillment of Masters of Business Administration (MBA) at St Mary’s University, is an original work and not submitted earlier for any degree either at this University or any other University.

Research Advisor: Dr. Workneh Kassa

Signature: _____

Date: _____

Dedication

To my late Brother Ato Lidet Taye

Table of Contents

Contents	Page no.
Endorsement	I
Table of Contents	III
Acknowledgements.....	VI
List of Abbreviations	VII
List of Tables	VIII
List of Figure.....	IX
Abstract	X
CHAPTER ONE	1
1. Introduction.....	1
1.1 Background of the study	1
1.2 Statement of the problem	2
1.3 Research Questions	4
1.4 Research Objectives.....	4
1.4.1 Specific objectives	4
1.5 Definition of terms.....	4
1.6 The scope of the study.....	5
1.7 Significance of the Study.....	5
1.8 Organization of the study	6
Chapter Two.....	7
2 Literature Review.....	7
2.1 Definition of Small Enterprises	7
2.1.1 Definition of Small Enterprises in Ethiopia	9
2.2 An Overview of Business Performance	10
2.3 Measuring Performance of Enterprises	11
2.4 Factors Affecting Performance of Small Enterprises	11
2.4.1. Access to finance	12
2.4.2. Access to markets.....	13
2.4.3. Access to networks.....	13
2.4.4. Working premises	14

2.4.5. Ease of Regulations.....	14
2.4.6. Technology	15
2.5 Empirical study.....	15
2.7 Conceptual framework of the study	19
Chapter Three.....	20
3 Research Methodology	20
3.1 Description of the Study Area	20
3.2 Sampling, Questionnaire design and Data Collection.....	21
3.2.1 Sampling	21
3.2.2 Questionnaire Design.....	23
3.2.3 Data Collection	23
3.3 Operationalization of the Variables of the study.....	23
3.4 Data Analysis.....	25
3.4.1 Research Design.....	25
3.4.2 Research Approach	26
3.5 Validity and reliability of instrument	26
3.6 Ethical consideration.....	27
Chapter Four	28
4 Results and Discussion	28
4.1 Respondents Profile	28
4.2. Factors affecting performance of Small enterprises.....	29
4.3 Discussion of result	34
4.3.1 Technological Factors.....	34
4.3.2 Access to Finance.....	35
4.3.3 Access to Market.....	35
4.3.4 Working Premises	36
4.3.5 Ease of Regulation	36
4.3.6 Access to Network.....	36
4.4 Comparison of Factors	37
Chapter Five.....	38
5 Conclusion and Recommendation	38
5.1. Conclusion.....	38

5.2. Recommendation.....	39
REFERENCE.....	42
Appendixes	48
Appendix I	48
Appendix II.....	61

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List of Abbreviations

AACMSEDA	Addis Ababa City Administration Micro and Small Enterprise Development Agency
ETB	Ethiopian Birr (Local currency)
CSA	Ethiopian Central Statistics Authority
FMSEDA	Federal Micro and Small Enterprises Development Agency
GEM	Global Entrepreneurship Monitor
HLCLEP	High Level Commission on Legal Empowerment of the Poor
MoTI	Ministry of Trade and Industry
PRS	Poverty Reduction Strategies
SD	Standard Deviation
SEs	Small Enterprises
SPSS	Statistical Package for Social Science
MFIs	Micro Finance Institutions
MSEs	Micro and Small Enterprises
UNIDO	United Nations Industrial Development Organization

List of Tables

Table No.	Table Title	Page No.
3.1	Operational definition of independent variables.....	24
4.1	Demographic characteristics of respondents.....	28
4.2	Frequency results of factors affecting performance of SEs.....	29
4.3	Results of mean and standard deviation of factors affecting performance of SEs.....	32
4.4	Comparison of factors.....	37

List of Figure

Figure No.	Figure Title	Page No.
2.1	Conceptual framework of the study.....	19
3.1	Map of the study area.....	21
3.2	Collected Questionnaires.....	22

Abstract

This research aims to investigate factors affecting performance of small enterprises with a special emphasizes on both service and industry sectors in Addis ketema sub city, Addis Ababa. The specific objectives of the study is to assess factors that affect the performance of small enterprises, assess the socio economic characteristics of small enterprises owners/operators and recommend possible solution to alleviate the problem of small enterprises. For the sake of achieving the objectives of this study, questionnaires were analyzed using the Statistical Package for Social Science version 20. The results of the data are presented in descriptive and in quantitative forms. The information gleaned through questionnaire from a sample of 160 operators of small enterprises. The respondents were selected using stratified sampling technique. The independent variables for the study are gender, education, age, technology, access to finance, access to market, working premises, ease of regulation and access to network; while, the dependent variable is performance of small enterprises. The finding of the study indicates that the major challenges that affect performance of small enterprises are working premises, access to finance, access to network, technology and ease of regulation. Based on the findings, the key recommendations made are to government bodies they should provide affordable source of finance and strengthening of government institutions at different level. To operators of small enterprises they should form groups and make negotiating power for borrowing purpose and give their employees training. To the further research could target the micro, medium and larger firms that have dominated the markets.

Key words: *SEs, performance, factors*

CHAPTER ONE

1. Introduction

1.1 Background of the study

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (Wolfenson, 2001). Small enterprises are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved (Harris et al, 2006). Furthermore small scale business has been recognized as a feeder service to large- scale industries (Fabayo, 2009).

While the contributions of small businesses to development are generally acknowledged, entrepreneurs in this sector face many obstacles that limit their long term survival and development. Scholars have indicated that starting a business is a risky venture and warn that the chances of small-business owners making it past the five-year mark are very slim (ILO, 2005). Some researches into small-business development have also shown that the rate of failure of small scale businesses in developing countries is higher than in the developed world (Marlow, 2009).

Small enterprises is one of the institutions given recognition in our country's industry development plan and is the fact that it serves as vehicles for employment opportunities at urban center and as it underpin the economic development. They serve as sources for sustainable job opportunities for developing countries like ours. Small businesses are expected to play a key role in Ethiopia's journey towards becoming a middle income country in the next decades; however these infant small businesses are facing different kinds of constraints, which enormously affect their performance.

The definition of small Enterprises can vary depending on the level of capacity of subsidizing each country and from time to time. In our country, the definition of small enterprises is determined by Addis Ababa City Administration Micro and Small Enterprise Development Agency

(AACMSEDA) by evaluating the current situation. Accordingly, when seen from the current development level (standard) and capacity, the following definition is determined to be applicable by the AACMSEDA. Therefore small enterprises means an enterprise with 6-30 employees (including the owner or family) and total asset is not less than 50,001 ETB and not exceeding from ETB 500,000 for service sectors other than high technology consultancy service institutions and not less than 100,001 ETB and not exceeding 1,500,000 ETB for industrial sectors.

1.2 Statement of the problem

Small businesses play a vital role in poverty reduction, employment generation as well as economic development of both developed and developing countries like Ethiopia. However, it appears that considering the enormous potentials of the small enterprises sector, and despite the acknowledgement of its immense contribution to sustainable economic development, its performance still falls below expectation in many developing countries (Arinaitwe 2006). This is because the sector in these developing countries has been bedeviled by several factors militating against its performance, and leading to an increase in the rate of small enterprises failure. These factors include the unfavorable and very harsh economic conditions resulting from unstable government policies; gross under capitalization, strained by the difficulty in accessing credits from banks and other financial institutions; inadequacies resulting from the highly dilapidated state of infrastructural facilities; astronomically high operating costs; lack of transparency and corruption; and the lack of interest and lasting support for the small enterprises by government authorities, to mention a few (Oboh 2002, Wale-Awe 2000).

The study conducted by Ethiopian CSA discloses that the contribution of small enterprises in creating job opportunities and in the development of our economy is vital (FMSEDA, 2006). However, their contribution is very low in compared with that of other countries due to financial problem, lack of qualified employees, lack of proper financial records, marketing problems, lack of working premises and raw materials. Lack of information about market opportunities and standards and regulations is one of the underlying factors that hinder their performance (Mulu Gebreeyesus, 2009).

Research has shown that in order to achieve small enterprises contributions, these businesses have to overcome a series of challenges, which the international labor organization (2000) has identified as the following: legal constraints, institutional constraints, infrastructural constraints, financial constraints and marketing constraints. In addition to these factors, Marshall et al (2000) have also identified the following factors: high utility rates, particularly power, delays at the customs (ports of entry), high excise duties on supplies and parts, high freight costs, limited access to raw materials and the high cost of capital and loans.

In Ethiopia specifically, SEs have been confronted by many of these problems. According to the CSA Report (1994/1995), the major obstacles experienced by small enterprises were lack of access to finance, working premises (at affordable rent), lack of skills and managerial expertise, infrastructure, information and technology. These problems result in failure of these businesses to expand and have the effect of preventing their expansion almost from the beginning of their operations. Therefore this research attempted to identify the specific factors that are responsible for affecting the performance of small enterprises in Addis Ketema Sub City and shed light on different mechanisms to avoid or control the effect of these factors.

In reality, literature on micro and small enterprises in Ethiopia is scanty and most of the available studies were not conducted in line with performance aspects of the enterprises. However, this research tried to assess factors affecting the performance of small enterprises in a holistic way by targeting and deeply investigating those small enterprises owners/operators in Addis Ketema sub city. The purpose of this paper is to examine factors influencing small enterprises performance in Addis Ketema Sub city and to try and suggest ways of controlling or limiting the effect of these factors.

1.3 Research Questions

The following are the main research questions to address in this study:

- a) What are the key economic, social, legal, technical, and administrative factors that affect the performance of these small enterprises?
- b) What are the socio economic characteristics of small enterprises owners/operators in Addis ketama sub city?
- c) What is the overall level of performance by small enterprises as indicated by owners/managers in Addis ketama sub city?

1.4 Research Objectives

The general objective of the study is to identify the major factors affecting the performance of Small enterprises in Addis Ketema sub city.

1.4.1 Specific objectives

The specific objectives of the research are:

1. To investigate factors that affects the performance of small enterprises in Addis Ketama Sub City.
2. To describe the socio economic characteristics of small enterprise operators Addis Ketama Sub City.
3. To assess the overall level of performance of small enterprises in Addis Ketama Sub City.

1.5 Definition of terms

An Enterprise -can be defined as an undertaking engaged in production and/or distribution of goods and services for commercial benefits, beyond household consumption at the household level.

Factor - A factor is a contributory aspect such as access to finance, access to market, technology, working premises, ease of regulation and access to network that affect performance of small enterprises.

Respondents - respondents are those individuals who are owners, manager or operators of an enterprise.

Small Enterprises - means an enterprise with 6-30 employees (including the owner or family) and total asset is not less than 50,001 ETB and not exceeding from ETB 500,000 for service sectors other than high technology consultancy service institutions and not less than 100,001 ETB and not exceeding 1,500,000 ETB for industrial sectors.

1.6 The scope of the study

Among the different types of business classification based on different characteristics, this research focused on small enterprises working at Addis ketema sub city.

The main reasons for selecting Small enterprises at Addis ketema sub city are the observed increase of economic activity, especially at the largest open market in Africa, Merkato and viable small enterprises have start up in recent past in this Sub city but most of them have not survived for more than a year.

Like all research, this study had limitations. The sources of difficulties encountered in this study are time constraint and respondent's reluctance to cooperate due to suspicion that disclosing information may lead to negative effect on their business. It is very important to note that these limitations did not have any significant interference with the outcome of the study.

1.7 Significance of the Study

The study conducted in this thesis concern on the following significant expectations. That is the suggestion including the discussion; result and recommendation that forward in the study can be used to control or limit the effect of the factors that affect the performance of small enterprises in Addis Ketema sub city. It indicates how the performance of small enterprise can be improved by minimizing the effects of the factors.

The significance of this study is to distinguish problems related with performance of small enterprises in Addis ketema sub city and proposing the following contribution:

For sub city administration: The finding of this study will help the Addis Ketema sub city administration to create conducive environment for improving the performance of the enterprises by controlling or limiting the effects of the factors related with the administration.

For small enterprises: The findings of this study will help small enterprises in Addis ketema sub-city and others, within an insight into the benefits of using different factors studied in this research to predict the factors that affect the performance of small enterprises.

Academics/Researchers: The finding of this study will contribute a basis for further study on factors affecting performance of small enterprises. In general the significance of this study is to provide a clear overview of the factors affecting performance of small enterprises. And, provide a way of controlling the negative effect of these factors on the small enterprises.

1.8 Organization of the study

This study is organized by five chapters. The first chapter comprised of introduction, background of the study, statement of the problem, objective of the study, research questions, scope of the study, and significance of the study and definition of important terms. The second chapter focused on the literature review followed by the third chapter Research Methodology. The fourth chapter outlines the result and discussion of the study and chapter five concluded and suggested some recommendations.

Chapter Two

2 Literature Review

2.1 Definition of Small Enterprises

There is no single and universally acceptable definition of a small enterprise. Each definition has usually been made to suit a particular requirement of business and the level of industrial development of a particular country. In a study carried out by International Labor Organization/ILO (2005), over 50 definitions were identified in 75 different countries. However, evidence from literature shows that in defining small-scale business, reference is usually made to some quantifiable measures such as: number of people employed by the enterprises, investment outlay, the annual turnover (sales) and the asset value of the enterprise or a combination of these measures.

The other reason for lack of a standard classification is that small business enterprise in one kind of industry and other small business enterprises in another kind of industry may have different levels of capital, sales and employment. Thus, definitions which are objective in nature (considers size such as number of employees, sales, profitability, net worth etc) at a sectoral level, mean that in some sectors all firms may be regarded as small while in other sectors there are no possibly firms which are small (Storey, 1994).

So far there is no consensus of small and medium business definition as various countries had definitions depending on the phase of economic development and their prevailing social conditions. Thus, various indexes are used by countries to define the terms such as number of employees, invested capital, total amount of assets, sales volume (turn over) and production capability. Nevertheless, there are three approaches to the definition of small sized industry, that is to say (Ibrahim, 2008)

- (a) Quantitative measure, based on such things as employment and capital investment;
- (b) Functional definition on the basis of characteristics; and

(c) Administrative control which determines the eligibility of business to government patronage and other privileges.

According to Poutziouris (2003) it is possible to segment small businesses into four distinct strategic orientation generic groups as; growth oriented, survival oriented, control oriented, and exit oriented. Poutziouris (2003) also mentions that the growth oriented business enterprises are the main contributors to job generation and therefore to the economy. Governments need to focus on encouraging the growth oriented businesses as a good source of job creation.

In addition, one of the claimed advantages of small business owners is the ability to serve market niches not covered by mass production. A small business can be started at a low cost and small business is also well suited to internet marketing because it can easily serve specialized niches, something that would have been more difficult prior to the internet revolution which began in the late 1990s. Adapting to change is crucial in business and particularly small business; not being tied to any bureaucratic inertia, it is typically easier to respond to the market place quickly. Small business proprietors tend to be intimate with their customers and clients which results in greater accountability and maturity. Independence is another advantage of owning a small business. In addition, many people desire to make their own decisions, take their own risks, and reap the rewards of their efforts. Small business owners have the satisfaction of making their own decisions within the constraints imposed by economic and other environmental factors. However, entrepreneurs have to work for very long hours and understand that ultimately their customers are their bosses. Often, leaving your regular job to start a business put pressure on the new business venture and causing the business to fail due to the revenue not meeting expectation. Thus, it is important to recognize this before any job resignation. Small businesses (often carried out by family members) adjust quicker to the changing conditions; however they are closed to the absorption of new knowledge and employing new labor from outside (Longenecker et al., 2008).

2.1.1 Definition of Small Enterprises in Ethiopia

In Ethiopia, there is lack of uniform definition at the national level to have a common understanding of small enterprises. Therefore, the definition of small enterprises in our country is determined by the view of different institutions. For example the perspectives from Ministry of Trade and Industry, Central Statistical Agency and Addis Ababa City Administration Micro and Small Enterprise Development Agency are briefly described as follows:

According to Ministry of Trade and Industry (2014): When seen from the current development level (standard) and capacity, the following definition is determined to be applicable by the ministries. Therefore small business organizations means trade work organizations whose minimum paid up capital is not less than birr 20,000 and not exceeding from birr 500,000 and shall not include higher technological consultancy service and other higher technological institutions. According to CSA, enterprises are categorized into different scales of operation on the size of employment and the nature of equipment. Establishments employing less than ten persons and using motor operated equipment are considered as small scale manufacturing enterprises.

According to Addis Ababa City Administration Micro and Small Enterprise Development Agency (2016) small enterprises are enterprises with 6 to 30 employees (including the owner or family) and total asset is not less than 50,001 ETB and not exceeding from ETB 500,000 for service sectors other than high technology consultancy service institutions and not less than 100,001 ETB and not exceeding 1,500,000 ETB for industrial sectors. Currently, small businesses are identified as one of the main economic activities contributing massively in terms of capital, profit and employment generation in Ethiopia. In bold definition, small businesses are business that are independently owned and operated. The term ‘small business’ varies from country to country, as well as by sectors, and types of the business. But in this case, we are using the Ethiopian perspective the case of local business activities that are common in Addis Ababa.

2.2 An Overview of Business Performance

Global Entrepreneurship Monitor (2004) defined performance as the act of performing or doing something successfully using knowledge as distinguished from merely possessing it. However, performance seems to be conceptualized and measured in different ways thus making cross-comparison difficult.

Businesses have an important role in our daily lives and therefore, successful businesses represent a key ingredient for developing nations. Thus, many economists consider organizations and institutions similar to an engine in determining the economic, social and political progress. In the last 22 years, there were 6 Nobel prizes awarded to researchers who have focused on the analysis of organizations and institutions. Continuous performance is the focus of any organization because only through performance organizations are able to grow and progress. Thus, organizational performance is one of the most important variables in the management research and arguably the most important indicator of the organizational performance (Gavera, 2011).

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs. According to Salem, (2003) performance is referred as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions. Gaskill and van Auken (1993) noted that the understanding of factors that impact small enterprises performance is important and enable business advisors, policymakers and other relevant stakeholders to better serve the small and medium enterprises. Increases in earnings, sales revenues, and employment are also indicators of performance (Blatt 1993; Orser et al., 1998). This is often complicated because of the interference between business profits and entrepreneurial income by the entrepreneurs (Massurel and van Montfort 2006). According to Bird (1992), owner-managers periodically reflect upon the firm's performance in light of their personal vision for business to assess performance.

2.3 Measuring Performance of Enterprises

Organizational performance can be judged by many different constituencies, resulting in many different interpretations of “successful performance”. Each of these perspectives of organizational performance can be argued to be unique. Further, each organization has a unique set of circumstances, making performance measurement inherently situational (Cameron and Whetton, 1983). Firm performance can be measured using different indicators, like profitability growth in employment, production level, or even sales. In addition firms also have their own indicators of measuring their performance (McPherson, 1996). All these indicators however have their advantages. Profitability, for example, has the problem that most of the small firms do not keep records, and do not easily share income information. On the other hand, some firms may not grow, but may diversify into other activities as a strategy to avoid risk. Firms also measure their performance in terms of the stock of materials that are held, the regional coverage of markets, and specialization on specific products.

In assessing performance in the single industry (Schollhammer and Kurioff 1979) suggest that small organization’s performance depends essentially on how well its management is able to use planning. They basically equate performance and successes, a definition that lacks specificity. Many of other empirical studies examining the relationship between strategic management practices and organizational performance in small firms use success or failure as the performance measure in their research. Though it offers an ultimate, conclusive measure of performance, ‘success or failure’ offers little condolence to the manager of the small firm moving toward membership in the latter group. Furthermore, it is of little use to the researcher interested in studying existing privately- held firm.

2.4 Factors Affecting Performance of Small Enterprises

Despite many favorable attributes, the average small business enterprise is often struggling for survival in a hostile environment. The most comprehensive summary of factors influencing performance was noted in a literature review by Theo et al. (2007) the factors include: individual characteristics, parental influence, business motivation and goals, business strategies, goals and motives, networking and entrepreneurial orientation. Others include environmental factors. In

general, the International Labor Organization (ILO) identified the following challenges that small enterprises should overcome in order to improve their performance: these factors or challenges are:- legal constraints, institutional constraints, infrastructural constraints, financial constraints and marketing constraints.

Literature suggests four main categories of factors that are affecting the performance of business enterprises such as: human capital, personal characteristics, family characteristics and business characteristics (Loscocco et al., 1991). In terms of human capital, literature suggests that the more skills and experience entrepreneurs bring into the enterprise the more successful the business enterprise. Others contend that personal characteristics exemplify entrepreneurial traits including the degree of risk-taking behavior and the motivation to achieve the highest levels. Loscocco et al. (1991) argue that small business owners may also benefit from intangible success from family members, although heavy family responsibilities may also have the negative effect of detracting the entrepreneur from the business activity. Business characteristics also play an important role in determining business performance. For example, the industry or the product market in which the enterprise operates may influence business outcomes.

In Ethiopia specifically, most of the small enterprises have been confronted by many of these challenges. According to the CSA report (1994-1995), the major obstacles experienced by small enterprises were lack of access to finance, working premises (at affordable rent), lack of skills and managerial expertise, infrastructure, information, and technology. These problems result in failure of these businesses to expand and have the effect of preventing their expansion almost from the beginning of their operations.

2.4.1. Access to finance

There are two sources of finance available to small enterprises which includes; internal and external sources (Chizea, 2002). Internal sources as the dominant source of finance for most small-scale businesses. And for most businesses, internal sources of finance constitute retained earnings for the period including provisions made for depreciation which is essentially a book

transfer. The external sources of financing constitute bank finance and other forms of institutional credit. External source of finance must also include public equity.

In most of developing countries, the majority of small enterprises lack access to formal financial services. Researches in this area evidenced that the informal firms start their business with their own savings supplemented by borrowing from friends and relatives. Since most of the operators are poor they start their business with very little capital. A few meet their capital requirements through informal credit mechanisms which exist within their community, but rarely from the formal sector institutions. Credit from formal sources are not only governed by government regulations but often they also form part of public sector monopoly, and hence administered by a bureaucracy that is generally unfriendly to the poor, illiterates and semi-literates in the informal sector. Similar attitudes also prevail in the private sector; the private banks for example rarely find it profitable to deal with these units, though a few exceptions are emerging (Sethuraman, 1997).

2.4.2. Access to markets

Although small enterprises have close relationships with customers, finding new customers is a major challenge for small business owners. Small businesses typically find themselves strapped for time but in order to create a continual stream of new business, they must work on marketing their business every day. The majority of small enterprises target the low income market areas because of low entry barriers. The enterprises in this market tend to compete for the same customers. The magnitude of these hindrances is higher for those concentrated in one area as they tend to apply a copycat strategy and thus produce similar products. This limits their growth potential and stability and is one of the reasons why small enterprises experience a relatively high instance of downfall.

2.4.3. Access to networks

Small businesses should join or come together to form organizations to advocate for their causes or to achieve economies of scale that larger businesses benefit from. These organizations include local or regional groups such as Chambers of Commerce and independent business alliances, as

well as national or international industry-specific organizations. Such groups often serve a dual purpose, as business networks to provide marketing and connect members to potential sales leads and suppliers, and also as advocacy groups, bringing together many small businesses to provide a stronger voice in regional or national politics. In the case of independent business alliances, promoting the value of locally owned, independent business through public education campaigns is integral to their work.

2.4.4. Working premises

One of the desires of most participants in the informal sector is to save on costs and this includes saving on rental; for them higher disposable income now is more important than a better quality premises. They therefore prefer to operate either from homes or from other rent free locations even if it means violation of existing regulations (Sethuraman, 1997). Since incomes of the operators depend significantly on where they do their business within the city, they choose to operate closer to inner city or other locations despite the risks involved in violating the regulations where purchasing power, and hence demand for their output, is concentrated.

2.4.5. Ease of Regulations

There is a widespread perception that small enterprises are avoiding regulation and taxation and, therefore, are operating under semi-legal or illegal conditions in the sense that they do not comply with one or more existing government regulations (Sethuraman, 1997). Regulations pertaining to land use, land transactions, rental, tenure, etc., affect the small enterprises in a significant way. Similarly labor related regulations are also known to affect the enterprises in a number of ways. There are also regulations which essentially define the framework within which business should be conducted for instance: those concerning establishment and operation of business such as location, registration, and licensing, bookkeeping, hours of operation, holidays, and tax obligation. In addition to these there may be regulations which intervene in the purchase of inputs, use of power, transport and marketing of outputs. The consequences of not complying with these and other regulations are many for the enterprises. It could mean paying a penalty in the form of a lump sum fee which resulted in a reduction in incomes. In extreme cases it could mean closure of business or confiscation of business property. The net result is to create

uncertainty and discourage business investment. Regarding with non compliance to government laws and regulation, different school thought has a different perspective. The standard neo-liberal perspective is that informal entrepreneurs deliberately avoid compliance with the law and the regulatory environment. The legalist point of view is that informal entrepreneurs find it impossible to comply with the unreasonable bureaucratic procedures associated with registration. (Chen et al., 2002).

2.4.6. Technology

For small enterprises, the introduction and use of new technology can help streamline processes and increase worker productivity if managed properly. The ability to keep up and use technology to the business advantage requires the ability to identify possible uses for each technological advance. Some technological advances may prove cost prohibitive for some small business. This evaluation should shine some light on the possible benefits it will provide to both employees and the company. (Nicole Long. demand media, 2016).

2.5 Empirical study

According to Mead and Liedholm (1998) and Swierczek and Ha (2003), the main factors that affect the performance of micro and small enterprises (MSEs) in developing countries is not their small size but their isolation, which hinders access to markets, as well as to information, finance and institutional support. The argument that small businesses in Africa are crucial in the role they play in employment creation and general contribution to economic growth is not new. Although this may be true, the vast majority of new enterprises tend to be one-person establishments (Mwega, 1991). This has tended to ensure that the journey of the micro and small enterprises entrepreneur in many instances is short-lived, with the statistic of micro and small enterprises failure rate in Africa being put at 99 per cent (Rogerson, 2000). Various reasons for these failures have been proposed by scholars including lack of supportive policies for micro and small enterprises development (McCormick 1998), intense competition with replication of micro-businesses (Manning & Mashego, 1993); manager characteristics including lack of skills and experience (Katwalo and Madichie, 2008 and Verhees, and Meulenber, 2004).

A study by Hall (1992) has identified two primary causes of small enterprises failure appear to be a lack of appropriate management skills and inadequate capital (both at start-up and on a continuing basis). The research undertaken in Tanzania by surveying 160 micro enterprises showed that high tax rates, corruption, and regulation in the form of licenses and permits, are found to be the most important constraints to business operations of micro enterprises (Mulugeta 2011). Roy and Wheeler (2006) identified that the level of training of micro entrepreneurs (both formal and informal); experience and number of years in operation; knowledge of the market; level of differentiation (in terms of price, quality or other) and diversification of products; access to the necessary resources and/or technologies; level of planning; vision for the future; and the entrepreneur's level of poverty are among the factors contributing to success of micro and small enterprises while lack of market knowledge and training, limited access to capital, and lack of co-operation among possible business partners are some of the factors inhibiting the growth and development of the micro enterprise sector.

Eshetu and Zeleke (2008) conducted a longitudinal study to assess the impact of influential factors that affect the long-term survival and viability of small enterprises by using a random sample of 500 enterprises from 5 major cities in Ethiopia. According to this research, that lasted from 1996-2001, the factors that affect the long term survival of the small enterprises in Ethiopia are found to be adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is so because the findings of the study revealed that businesses that failed, during the study period were characterized by inadequate finance (61%), low level of education (55%), poor managerial skills (54%), shortage of technical skills (49%), and inability to convert part of their profit to investment (46%). The study further indicated that participation in social capital and networking schemes such as Iqub was critically helpful for long-term survival of the enterprises. Businesses that did not participate in Iqub schemes regularly were found to be 3.25 times more likely to fail in comparison with businesses that did, according to the study.

In their study, based on the survey covering 123 businesses units in four Kebeles of Nifas Silk-Lafto and Kirkos sub-cities of Addis Ababa, and aimed to investigate the constraints and key determinants of growth, particularly in employment expansion, Paul and Rahel (2010) found out that the studied enterprises registered 25% increment in the number of total employment they created since their establishment with an average annual employment rate of 11.72%. With regard to the sources of initial capital of the studied enterprises, the study indicated that, the main ones were loan from microfinance institution (66.7%), personal savings/Iqub (17.5%), and loan from family/friends (17.1%). Moreover, the concrete problems that the targeted MSEs faced at their startup were lack of capital (52.8%), skills problem (17.9%) and lack of working space (17.1%). Moreover, Daniel (2007), identified that lack of raw material, stiff competition and shortage of working capital.

Mainly relying on a sample survey of 557 operators and 200 micro and small enterprises chosen from four major cities of Ethiopia namely Adama, Hawassa, Bahirdar and Mekelle, Tegegne and Meheret's research (2010) was conducted with the intention of assessing the contribution of the MSE strategy to poverty reduction, job creation and business development. The raised causes for this gloomy prospect of business were not growing (33%), lack of finance (13%), lack of market (11%), and lack of working space (4%).

The major constraints identified by various studies on micro and small enterprises in Ethiopia are associated with market and finance problems. The causes of market-related problems of micro and small enterprises engaged in metal and wood work are shortage or absence of marketing skills, poor quality of products, absence of marketing research, shortage of market information, shortage of selling places, and absence of sub-contracting (FMSEDA, 2006). The product line of micro and small enterprises activities in Ethiopia is relatively similar (Assegedech Woldelul, 2004). Accordingly she states that lack of product diversity, however, is prevalent and as a result similar products are over-crowding the market. Some micro enterprises shift from one product to another, and in doing so, capture better market opportunities. Nevertheless, as soon as the market has established itself, a multitude of further micro enterprises start off in the same business and this causes the selling price to fall immediately.

In his research, Dereje (2008) studied the nature, characteristics, economic performance, opportunities and challenges of micro and small enterprises in the construction sector based on 125 sample enterprises. The results of the study revealed that the main constraints of the micro and small enterprises were shortage of capital, lack of raw materials, absence of government support, lack of market, lack of credit facilities and high interest rate. Studies were also conducted specifically with a purpose of identifying the problems that micro and small enterprises encounter.

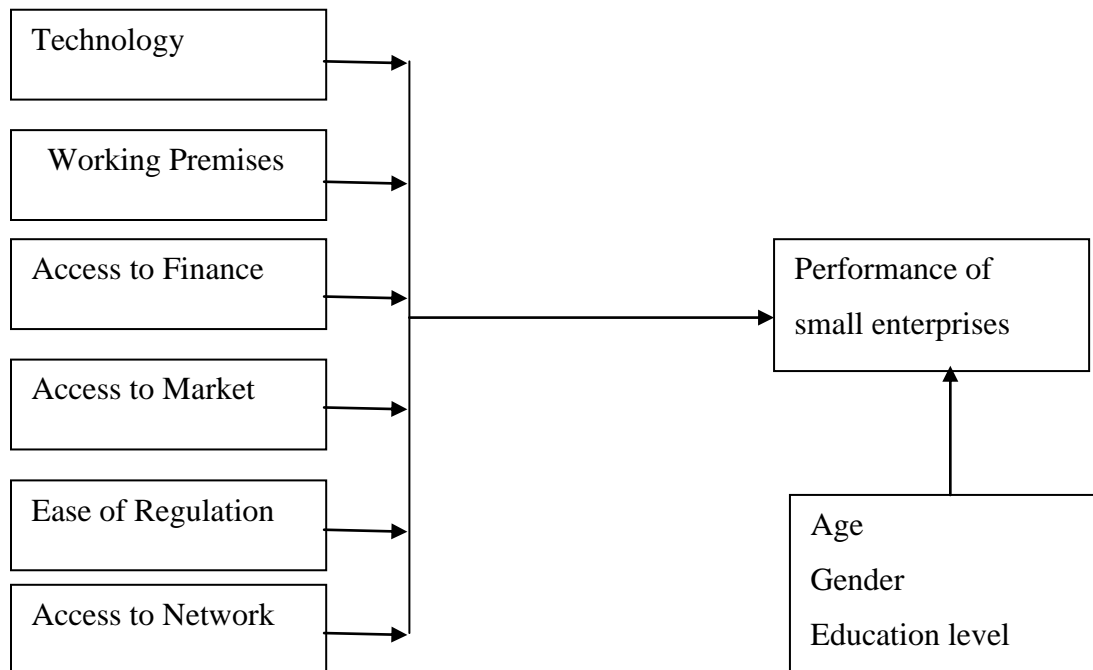
According to HLCLEP (2006), there is lack of entrepreneurial and managerial skills, which in turn leads to problems in production due to the unfamiliarity of workers with rapid changing technology, lack of coordination of production process and inability to troubleshoot failures on machinery and/or equipments is a critical problem that micro and small enterprises are facing since they cannot afford to employ specialists in the fields of planning, finance and administration, quality control and those with technical knowledge.

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

2.7 Conceptual framework of the study

There are many factors that affect the business performance of small enterprises as tried to describe briefly in the literature review part. Based on the literature the independent variables for this study are access to finance, access to market, technology, working premises, ease of regulations, access to network, age, gender and education while the dependent variable is performance of small business enterprises. Based on the review of related literature discussed above the conceptual framework of this study is presented in Figure 2.1.

Figure 2.1 Conceptual framework of the study



Source: Own Synthesis from literature

Chapter Three

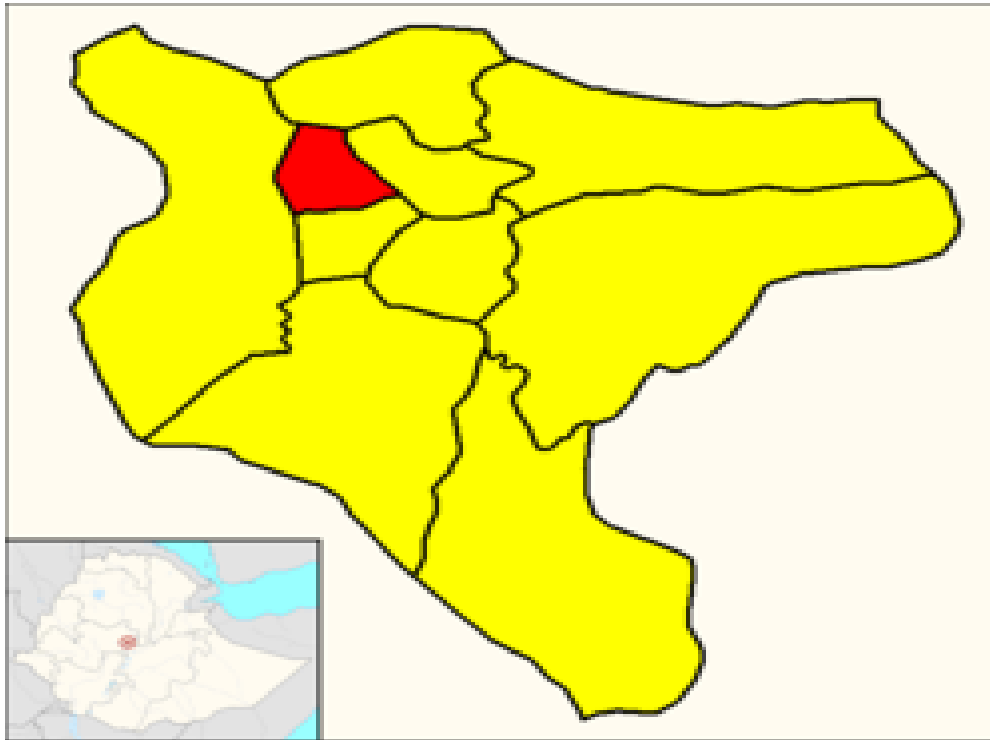
3 Research Methodology

This chapter discusses the research materials and methods used in the study including location and description of the study area, data types and data sources, methods of sampling, methods of data collection, method of questionnaire design and analysis.

3.1 Description of the Study Area

Addis ketema sub city is one of the 10 sub-cities located in Addis Ababa, Ethiopia (see Figure 3.1). The district is located in the northern area of the Addis Ababa, not too far from the center of the city. It shares borders with the districts of Gullele in the north, Arada in the east, Lideta in the south and kolfe keranio in the west. Also, Mercato is located in Addis ketema which is Africa's largest open air market place. Its total population is 271,664 which is (9.3%) of Addis Ababa's total population. Among the 10 subcities Addis Ketema was selected because small enterprises are densely populated in this sub city, the observed increase of economic activity especially at the largest open market in Africa, Merkato, viable small enterprises have start up in recent past in the sub city but most of them have not survived for more than a year. The district has 10 Weredas. The estimated land area of the district is 7.41 km² (2.86 sq mi).

Figure 3.1. Map of the study area



Addis Ketema sub city (red) within Addis Ababa

3.2 Sampling, Questionnaire design and Data Collection

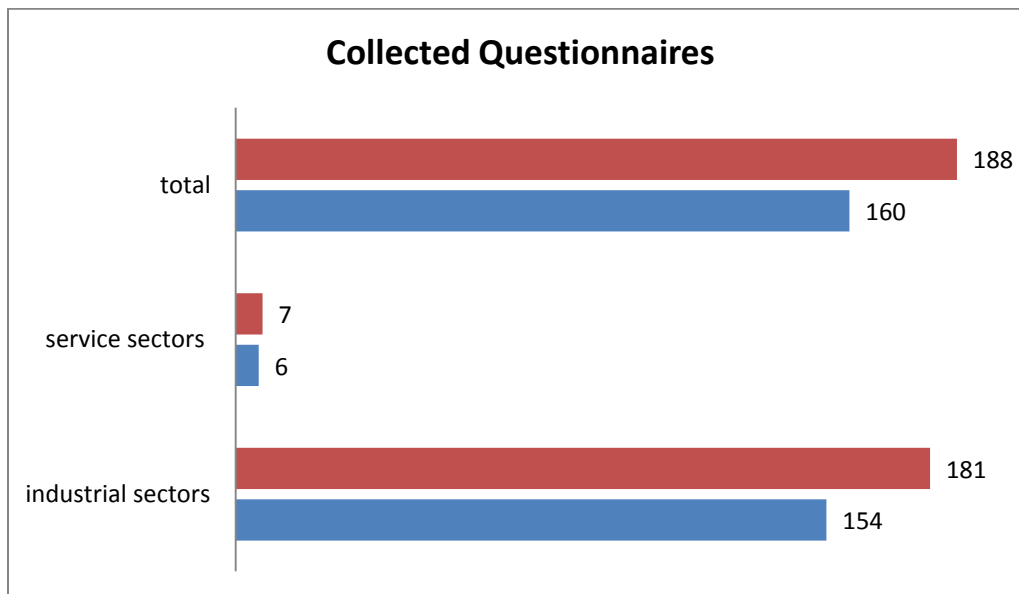
3.2.1 Sampling

Stratified random sampling was used to get information from different sizes of the small enterprises. This technique is preferred because it is used to assist in minimizing bias when dealing with the population. With this technique, the sampling frame can be organized into relatively homogeneous groups (strata) before selecting elements for the sample. According to Janet (2006), this step increases the probability that the final sample will be representative in terms of the stratified groups. The strata considered in this study are sectors including: service and industrial sectors.

According to Dawson (2009), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. Although 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 small enterprises in Addis Ketema sub city until January 2015 by the Addis Ababa City Administration Micro and Small Enterprise Development Agency were obtained. The total population of the study is 366 enterprises. The Rao soft sample size calculator (2016) was used for the calculation of the sample size. Where the amount of uncertainty tolerance (confidence level) is 95%, the amount of error tolerance (margin of error) is 5 %, and response distribution (the expected result for each question) is 50%.

Accordingly, 188 respondents were selected from the total of 366 Small Enterprises. These 188 respondents were selected from service and industrial sectors. Therefore, $[(14/366) \times 188] = 7$ service sectors out of 14 and $[(352/366) \times 188] = 181$ industrial sectors out of 352 were selected. Because of unreturned and incomplete questionnaires I collected 160 questionnaires, 6 of them are service sectors and 154 are from industrial sectors.

Figure 3.2. Collected Questionnaires



3.2.2 Questionnaire Design

The questionnaire was designed (see Appendix 1) and the layout of the questionnaire was kept very simple to encourage meaningful participation by the respondents. The questions were kept as concise as possible with care taken to the actual wording and phrasing of the questions. The reason for the appearance and layout of the questionnaire are of great importance in any survey where the questionnaire is to be completed by the respondent (John et al., 2007). The literature in the study was used as a guideline for the development of the questions in the questionnaire. Besides, some questions in the questionnaire were adopted from other sources (Habtamu and Mulugeta, 2010). The questions that were used in the questionnaire are multiple-choice questions and five-point Likert scale type questions.

3.2.3 Data Collection

The study employed both primary and secondary sources of data collection. The primary data was obtained by preparing and distributing structured questionnaire. The questionnaire was pre-tested to check its appropriateness for gathering all the required information. This was completed by the owner managers/or operators of the enterprises. To get the secondary data, files, office manuals, and policy papers were used. Besides, variety of books, published and/or unpublished government documents, the internet, previous researches were reviewed to make the study fruitful.

3.3 Operationalization of the Variables of the study

a) Dependent variable

Performance of small enterprises: Performance of SEs is defined as the enterprises owner/operator subjective measure of their business performance. Performance of SEs was measured using a 5 point Likert scale (1= much less than I expected, 2= less than I expected, 3= as expected(average), 4=more than I expected, and 5= much more than I expected) to identify the overall level of respondents' performance (See Appendix 1). While measuring performance this study makes use of both financial and non financial performance measures. Sales, profitability, growth, productivity and owners' satisfaction are used as measures of performance in this study.

Although ‘success or failure’ offers a limited performance measure, the extent of its use in business policy research on smaller, privately – held is evidence of the difficulty in obtaining objective measures within this milieu. Again, similar to the situation associated with business units of multi-industry firms, the researcher investigating small firms is often confronted with an inability to obtain objective performance measures on a consistent basis. However, although the problem is the same, the causes are somewhat different.

First, access to performance data on privately – held firms severely restricted. Such information is not publicly available. Owners, very sensitive about releasing any performance- related data, are the sole gatekeepers to such information on individual firms. Secondly, even if access to such information is obtained with a sample of privately- held firms, there is greater risk of error attributable to varying accounting procedures in these firms.

b) Independent variables

The following are the independent variables used in this study:

The independent variables are access to finance, access to market, and access to networks, working premises, ease of regulations, technology, age, gender, and education.

Table 3.1. Operational definition of independent variables

Variable	Definition and measures	Expected effect on performance of SEs (-/+)
Gender	A respondent’s state of being male or female. It is measured using a dummy variable.	+/-
Education	Refers to the education level of respondents. It is an interval scale.	+
Age	The age of the respondent which 15 years old and above. It is a continuous variable.	+/-
Technology	Refers to the availability of technology in the SEs and the ability to use them to the businesses advantage. It is measured using five point Likert scale.	+

Access to Finance	Refers to the source of finance for the business. It is measured using five point Likert scale.	+
Access to Market	Refers to the challenges of SEs owners finding new customers to create a continual stream of business. It is measured using five point Likert scale.	+
Working Premises	Refers to the availability of working place with reasonable rental cost and the availability of electricity transportation and water supplies as needed. It is measured using five point Likert scale.	+
Ease of Regulation	Refers to government regulations that affect SEs like tax, labor, rental and licensing. It is measured using five point Likert scale.	+
Access to Network	Refers to SEs joining together to form organizations to advocate their causes or to achieve economic of scale. It is measured using five point Likert scale.	+

3.4 Data Analysis

The Statistical Package for Social Science (SPSS) version 20 was used to analyze the data obtained from primary sources.

3.4.1 Research Design

A descriptive analysis has been adopted for the analysis of the data. It is suitable for describing the existing situation narrating facts and investigating phenomena in their natural setting. Thus, descriptive survey approach was employed in the study. It was used to describe analysis and interpret the nature of the problem under study based on the data collected from both primary and secondary sources.

3.4.2 Research Approach

Quantitative research approach is adopted to carry out this study. Quantitative research is applauded for the fact that “the findings are generalized and the data are objective” (Blanche et al., 2006). It is hoped that the findings from this study would help in reflecting what is happening in the whole of Addis Ketema Sub city. Quantitative data and statistical analysis would also help in testing relationships between dependent and independent variables and increase on the validity of the findings from this study.

The quantitative data from the questionnaire was coded and a master sheet prepared before the beginning of data collection. After the data had been collected, I go through the data pieces questionnaire at the end of each day of data collection. This was for purposes of screening the data pieces and marking the codes on the different variables, to make the data ready to be entered into the master sheet using SPSS version program. At the end of the data collection process, and when all the codes had been entered into the master Sheet, data analysis was done using SPSS. I used the output derived from SPSS to discuss the findings of this study.

3.5 Validity and reliability of instrument

One of the common methods to test the reliability and validity of data collected through questionnaire is use of Cronbach's alpha coefficient. Lee Cronbach (1951) defines reliability as an attribute of an instrument used to measure consistency. Consistency indicates that an instrument has constructive value it used to measure. A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha on the (Appendix II). Therefore, the Cronbach's alpha for this study collected from 15 randomly selected respondents for the 48 items included in this study is 0.883. This shows that the Cronbach's alpha lies within the $0.8 \leq \alpha \leq 0.9$ category indicating that the survey instrument was good in terms of internal consistency. Validity is concerned with meaningfulness of research component. The validity of the research was assured through designing appropriate questions for the questionnaire.

3.6 Ethical consideration

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 beginning of distributing questionnaire. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. Their privacy, identity and confidentiality were maintained by assigning them code numbers instead of names. The completed questionnaires were filed safely and were accessible only to the researcher and thesis advisor. In all cases, names are kept confidential thus collective names like ‘respondents’ were used.

Chapter Four

4 Results and Discussion

4.1 Respondents Profile

It is necessary to analyze some demographic characteristics of the respondents to see the extent to which samples were representative of the population from which they were drawn and also because variation in such characteristics may influence relationships between indicators variously. Demographically gender, age and educational level of respondents were considered.

Regarding the sex composition of the sampled respondents, about 66% of them were male while the remaining 34% were female. This mean that majority of sampled respondents were male. About 45% of the sampled respondents were between the age of 26 and 35. The percentages age of respondent who are 15-25, 36-45, 46-55, and 56 and above year were about 16.3 %, 25.6 %, 7.5% and 5.6%, respectively. About 43% of the respondents have attended secondary school and 38.8% of them primary school. The percentages of respondents who have completed diploma and bachelor degree were 7.5% and 6.9% respectively. Only 3% of respondent were with no education. This may indicate that most of the respondents don't have a good educational background (Table 4.1)

Table 4.1.: Demographic characteristics of respondents

Items	Frequency	Percentage
Gender		
Female	55	34
Male	105	66
Total	160	100
Education		
Read and write	5	3
Primary	62	38.8
Secondary	70	43.8

Diploma	12	7.5
Bachelor Degree	11	6.9
Total	160	100
Age		
15-25	26	16.3
26-35	72	45
36-45	41	25.6
46-55	12	7.5
56 and above	9	5.6
Total	160	100

Source: Own survey (2016)

4.2. Factors affecting performance of Small enterprises

One of the reasons for the conduct of this research is to identify the factors affecting performance of small enterprises in Addis ketema sub city. In order to identify these challenges 36 questions were asked under 6 categories. Respondents were to assess the statements using a five-point likert scale of strongly agree to strongly disagree. Strongly agree carries the highest weight of 5 score, and strongly disagree carries the least weight of 1 score as follows:

Table 4.2 Frequency Results of Factors Affecting performance of small enterprises Survey, N= 160

Variables	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Technological Factors					
My enterprise applies always modern technology	13	27	46	61	13
My technology for my business is better than competitors	21	26	37	62	14
	13	9	0	74	64

You don't think that modern techniques improve performance differently					
I have enough money to acquire new technology	1	5	17	76	61
Unable to select proper technology	44	30	43	32	11
You have the skills to handle new technology	22	46	37	40	15
You have the appropriate machinery and equipment	26	79	7	32	16
Average	20	31	27	54	28
Access to Finance					
Inadequacy of credit institutions	1	3	27	77	52
No shortage working capital	0	9	19	94	38
Low collateral requirement from banks and other lending institutions	2	9	30	46	73
Low interest rate charged by banks and other lending institutions	9	24	28	37	62
You have cash management skills	28	43	12	56	21
Loan application procedures of banks and other lending institutions is not complicated	29	74	31	13	13
Your business is profitable	1	24	40	64	31
Average	10	27	27	55	41
Access to Markets					
Inadequate market for my product	24	27	19	72	18
Searching new market is not difficult	19	66	17	48	10
Doing demand forecasting	14	36	34	61	15
I have market information	20	55	23	43	19
I have no relationship with an	60	28	21	39	12

organization that conduct marketing research					
Promotion to attract potential users	42	50	29	32	7
Average	30	44	24	49	13
Working premises					
You have ur own premises	1	18	15	79	47
Current working place is convenient	7	11	24	59	59
The rent of house is reasonable	14	11	15	68	52
There is sufficient and quick transportation service	1	33	15	81	30
There is no power interruptions	27	19	14	51	49
There is insufficient and interrupted water supply	10	29	30	56	36
Average	10	20	19	66	45
Ease of Regulations					
The tax levied on my business is reasonable	14	12	21	52	61
No bureaucracy in company registration and licensing	8	27	30	51	44
Have government support	36	48	40	33	3
No political intervention	42	63	24	28	3
You have accessible information on government regulations that are relevant to my business	4	17	25	62	52
Average	21	33	28	45	33
Access to Networks					
There are accessible trade organizations	19	52	40	38	11
Being a member of organizations like chamber of commerce is not useful for my enterprise	19	33	34	56	18

Access to an organization that conduct marketing research is not useful	10	11	24	60	55
Being a member of trade organizations provides marketing advantage isn't good for my business	6	21	19	64	50
Being a member of trade organization is not useful	0	19	23	74	44
Average	11	27	28	58	36

Source: Own survey (2016)

Table 4.3 Result of mean and standard deviation of Factors affecting performance of small enterprises survey, of Addis ketema sub city

Variables	N	Mean	SD
Technological Factors			
My enterprise applies always modern technology	160	2.79	1.08
My technology for my business is better than competitors	160	2.86	1.19
You don't think that modern techniques improve performance differently	160	1.96	1.17
I have enough money to acquire new technology	160	1.81	0.79
Unable to select proper technology	160	3.40	1.27
You have the skills to handle new technology	160	3.13	1.21
You have the appropriate machinery and equipment	160	3.42	1.26
Average		2.77	1.14
Access to Finance			
Inadequacy of credit institutions	160	1.90	0.79
No shortage working capital	160	1.99	0.76
Low collateral requirement from banks and other lending institutions	160	1.88	0.99

Low interest rate charged by banks and other lending institutions	160	2.26	1.27
You have cash management skills	160	3.01	1.36
Loan application procedures of banks and other lending institutions is not complicated	160	3.58	1.12
Your business is profitable	160	2.38	0.98
Average		2.43	1.04
Access to Markets			
Inadequate market for my product	160	2.79	1.28
Searching new market is not difficult	160	3.23	1.18
Doing demand forecasting	160	2.83	1.14
I have market information	160	3.09	1.26
I have no relationship with an organization that conduct marketing research	160	3.53	1.40
Promotion to attract potential users	160	3.55	1.20
Average		3.17	1.24
Working premises			
You have ur own premises	160	2.04	0.95
Current working place is convenient	160	2.05	1.09
The rent of house is reasonable	160	2.17	1.21
There is sufficient and quick transportation service	160	2.34	1.03
There is no power interruptions	160	2.53	1.46
There is insufficient and interrupted water supply	160	2.50	1.20
Average		2.27	1.16
Ease of Regulations			
The tax levied on my business is reasonable	160	2.16	1.26
No bureaucracy in company registration and licensing	160	2.40	1.20
Have government support	160	3.51	1.11
No political intervention	160	3.71	1.10

You have accessible information on government regulations that are relevant to my business	160	2.12	1.06
Average		2.78	1.15
Access to Networks			
There are accessible trade organizations	160	3.19	1.13
Being a member of organizations like chamber of commerce is not useful for my enterprise	160	2.87	1.21
Access to an organization that conduct marketing research is not useful	160	2.13	1.15
Being a member of trade organizations provides marketing advantage isn't good for my business	160	2.18	1.13
Being a member of trade organization is not useful	160	2.11	0.94
Average		2.50	2.11

Source: Own survey (2016)

NB: The mean for a five point likert scale is 3.00 with a standard deviation (SD of 1.58).

4.3 Discussion of result

4.3.1 Technological Factors

From table 4.3, the construct, 'you have enough money to acquire new technology' recorded the lowest mean figure of 1.81 below the mean figure 3. This means the respondents generally disagree that their enterprise having enough money to acquire new technology. 'You don't think that modern techniques improve performance differently' recorded a mean figure of 1.96 below the mean figure 3. This means the respondents believe a modern technique improves their performance but they don't have enough money to acquire them. 'my enterprise applies always modern technology and my technology for my business is better than competitors' recorded a mean figure of 2.79 and 2.86 respectively also below 3. This implies that the enterprises don't use and apply technology better than their competitors. On the other hand, a mean figure of 3.40, 3.13 and 3.42 was recorded for 'unable to select proper technology, you have the skill to acquire new technology, and you have the appropriate machinery and equipment respectively. The entire

constructed recorded an average mean figure of 2.77 which is below 3 and a standard deviation of 1.14. The findings suggest that technological factor is a major challenge on performance of SEs in Addis ketema sub city. Table 4.2 confirms the assertion that Addis ketema sub city SEs lacks proper technology. While 82 respondents 'Agree', 51 'Disagree' and 27 remain 'Neutral'.

4.3.2 Access to Finance

From table 4.3, the highest mean of 3.58 was recorded on the construct 'loan application procedures of banks and other institutions are not complicated' with a standard deviation of 1.12. The lowest mean figure of 1.88 was recorded on the 'Low collateral requirement from banks and other lending institutions'. The construct 'inadequacy of credit institutions, no shortage of working capital, low, you have cash management skill, and your business is profitable' recorded the mean figure of 1.90, 1.99, 2.26, 3.01, and 2.38 respectively. The entire construct recorded an average mean figure of 2.43 with standard deviation of 1.04. The implication is that access to finance is a major challenge to performance of SEs. From Table 4.2 confirms Addis ketema sub city SEs face financial problems. While 96 respondents 'Agree', 37 'Disagree' and 27 remain 'Neutral'.

4.3.3 Access to Market

From table 4.3, 4 of the constructs tested recorded mean figures above 3, with the lowest being 3.09 representing 'you have market information' to the highest being 3.55 representing 'promotion to attract potential users'. The one below the mean figure 3 are 'inadequate market for my product and doing demand forecasting'. The entire construct recorded an average mean figure of 3.17 which is above 3 with a standard deviation of 1.24. The implication is that access to market isn't a major challenge or obstacle to Addis ketema sub city SEs. However, it must be noted that the mean figure for this factor is 3.17 which is still below 4, this clearly shows that even though on the basis of the figures recorded, access to market is not a major challenge, it cannot be totally ignored. It can be seen from Table 4.2 as well that access to market was not seen to be a major challenge to solid waste management. 74 of the respondents 'Agree' with the statement, 24 remain 'Neutral' and 62 'Disagree' with the statement.

4.3.4 Working Premises

From table 4.3, all the 6 constructs tested for working premises issues had a mean figure below 3. The highest mean was recorded on the construct ‘there is no power interruption’ even that, the mean figure recorded is 2.53 which is below 3. The entire construct had a mean figure of 2.27 with a standard deviation of 1.16. This implies that working premise issue is a major challenge to SEs in Addis ketema sub city. It is clear from Table 4.2 that, only 30 respondents ‘Agree’ that working premises issue is not a challenge, 19 remain ‘Neutral’ and 111 ‘Disagree’ that working premises is not a challenge. This confirms the assertion from Table 4.2 that working premises issues are major challenge to Addis ketema sub city SEs.

4.3.5 Ease of Regulation

From the above table 4.3, the construct ‘the tax levied on my business is reasonable’ recorded a mean figure of 2.16 which is below mean figure 3. This indicates that the respondents are not happy with the tax levied on their business A mean figure of 2.40 and 2.12 was recorded on the construct ‘no bureaucracy in company registration and licensing and you have accessible information on government regulation that are relevant to my business’ respectively. This is an indication that the enterprises don’t have enough information about government regulation and the bureaucracy in company registration and licensing is complicated. The mean figure of 3.51 and 3.71 recorded for the construct ‘have government support and no political intervention’ respectively. The entire construct tested had average mean figure of 2.78 with standard deviation of 1.15. This shows that ease of regulation is challenge for SEs in Addis ketema sub city. Table 4.2 confirms because of regulations Addis ketema sub city SEs face obstacles on their businesses. While 78 respondents ‘Agree’, 54 ‘Disagree’ and 28 remain ‘Neutral’.

4.3.6 Access to Network

From the above table 4.3 the construct ‘there are accessible trade organizations’ recorded a mean figure of 3.19 which is a little above the mean figure of 3 clearly indicates that there are accessible trade organizations for enterprises. On the construct ‘being a member of tread organizations like chamber of commerce is not useful for may business’ recorded a mean of 2.87 which is below the mean figure 3. This implies the enterprises believe that being a member of tread organization is useful for their business. On the other hand, a mean figure 2.13, 2.18, and

2.11 was recorded for ‘access to an organization that conduct marketing research is not useful, being a member of tread organization provides marketing advantage isn’t good for my business, and being a member of tread organization isn’t useful’ respectively. The entire construct tested had average mean figure of 2.50 with standard deviation of 2.11. Which indicates access to network is major challenge for SEs performance in Addis ketema sub city. As we can see from figure 4.2 above while 94 respondents ‘Agree’, 38 ‘Disagree’ and 28 remain ‘Neutral’.

4.4 Comparison of Factors

Even though, all the technology, access to finance, access to market, ease of regulation, and access to network factors affect the performance of SEs, this does not necessarily mean that all factors have equal impact. The following table clearly compares the overall impact of all the key factors.

Table 4.4 Comparison of factors

No.	Factors	Grand mean	Grand standard deviation	Rank of severity
1	Technology	2.77	1.14	4 th
2	Access to finance	2.43	1.04	2 nd
3	Access to market	3.17	1.24	6 th
4	Working premises	2.27	1.16	1 st
5	Ease of regulation	2.78	1.15	5 th
6	Access to network	2.50	2.11	3 rd

Source: Own survey (2016)

It can now be seen that working premises factors and access to finance has the biggest potential to contribute to the performance, followed by access to network, technology, ease of regulation and access to market factors. In another words, the result shows that financial and working premises factors are the two topmost factors that affect the performance of SE in the selected area. This result is supported by Haftu et al. (2009) who found that access to finance and working premises rank on top being reported as the major constraints by a large proportion of the enterprises.

Chapter Five

5 Conclusion and Recommendation

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 owners/operators of SEs and suggestion for other researchers.

5.1. Conclusion

This research was conducted in Addis Ketema Sub City of Addis Ababa with the prime intent of critically assessing the factors affecting the performance of SEs operators engaged in both service and industrial sectors. Specifically, the study attempted to examine the factors affection performance of SEs and demographic characteristics of respondent to recommend possible solution to alleviate the problem of SEs. Based on the objectives and findings of the study, the following conclusions are worth drawn.

The main sources of startup and expansion finance or funds for most SEs are personal savings followed by family and friends/relatives. The formal financial institutions have not been able to meet the credit needs of the SEs. Since there is high interest rate and collateral requirement, most SEs has been forced to use the informal institutions for credit. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the SEs. In some cases this problems may be the inability of many operators to meet formal financial institutions requirements for example business plan, governance systems and other accountability issues which are linked to business risk. This shows that the studied operators accessed finance mainly from informal sources.

One of the important factors identified are financial factors which include high collateral requirement from banks and other lending institutions, shortage of working capital, high interest rate charged by banks and other lending institutions, and too complicated loan application procedures of banks and other lending institutions. Marketing factors include inadequacy of

market, difficulty of searching new market, lack of demand forecasting, lack of market information and absence of relationship with an organization/association that conduct marketing research.

Though, various governmental bodies designed various programs aimed at developing SEs. Most of the programs were not given the appropriate backing and as such the impact of the programs could not be felt in the performance and competitiveness of SEs. This is mainly because of the fact that these programs or policies are not effectively implemented in line with their intended objectives owing to various reasons. According to the findings, the reason ranges from lack of visible commitment of some governmental bodies to lack of regular integration between the SEs operators and the concerned bodies of the government.

The main demographic characteristics of respondent identified were education, age, and gender. Almost 83% of the respondent's education level is primary and secondary school complete and 66% of the respondents were male. Also more than 65% of them are between the age of 26 and 45.

Finally, it has been noted that the factors are prevalent to the businesses such as financial, workings premises, technology, ease of regulation, and access to network had very high effects on the performance of SEs compared to other factors in the research area.

5.2. Recommendation

Suggestions for corrective and complementary measures to enhance the potential performance of SEs 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.

The Addis Ababa city government bodies should provide affordable alternative sources of finance for SEs. This can be done by communicating with the banks and other credit institutions to lessen their requirements. This should be done so that SEs can get enough access to finance for their business activities.

The strengthening of government institutions at different levels would play a major role in positively influencing the development of SEs, thus to reduce delays in processing legal requirements. The government through various relevant departments should specialize more in taking up a facilitative role, especially by reviewing all the blockings by laws, to address issues of getting a license or getting a premises on which to operate. A number of factors should be considered in designing all-encompassing policy for the promotion of the sectors.

Marketing factors are frequently indicated as the explanatory factor for most problems faced by the studied SEs. Therefore, it is necessary to solve this deep-rooted problem. Some of the ways of doing so can be:

- a) Providing selling and display places in areas close to working area.
- b) Linking the SEs with other private contractors working within or around Addis Ababa so that the operators are able to secure market opportunity.
- c) 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 SEs in the long run.
- d) Allowing those SEs located and operating at Addis ketema sub city to participate in biddings opened in other sub-cities of Addis Ababa and around Addis Ababa.

The operators of SEs should form groups and make use of negotiating power for borrowing purposes. They can use such negotiating power to purchase raw materials and receive discounts which might lead to a reduction in the cost of production. Through networking, SEs of Addis ketema sub city can be able to exchange such as advertising amongst themselves for free. This will enhance their competitiveness through a reduction in the cost of production. The benefit of sharing such service for the operators of SEs is that it will strengthen the future survival,

profitability and eventual growth of SEs. To make SEs competitive and profitable, increasing the capacity and skill of the operators through continuous trainings, experience sharing from successful enterprises, and provision of advice and consultancy are crucial.

Finally, investigating different factors based on the right information are vital for the good performance of any business venture. This can be achieved by conducting more researches in related areas. The focus for this study was on both the industrial and service sectors in Addis ketema sub city. It is the researcher's view that future research could therefore investigate the SEs in other sub cities to come up with specific findings which will potentially contribute a lot in the development of the country in general. This study dealt with more on the factors that affect the performance of SEs in Addis ketema sub city only. Further research could target the micro, medium and larger firms that have dominated the markets. The field of SEs is large and very diverse. It is an interesting area with many unresolved issues. It would be encouraging to get more solutions to many issues arising.

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Appendixes

Appendix I

QUESTIONNAIRE ST. MARY UNIVERSITY SCHOOL OF GRADUATE STUDIES GENERAL MBA

SECTION 1: INTRODUCTION

Dear respondent,

I am a graduate student in the school of graduate studies, St.Mary University. Currently, I am undertaking a research entitled '**Factors Affecting the Performance of Small Business Enterprises: The Case of Addis Ketema subcity**'. You are one of the respondents selected to participate on this study. The questionnaire is completely anonymous and you are participating voluntarily.

The information that you share in the questionnaire will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. Thank you in advance for your cooperation and your time.

Abebayehu Taye

Instructions

- ✓ there is no need of writing your name
- ✓ For Likert scale type statements and multiple choice questions indicate your answers with a check mark (✓) in the appropriate block.

SECTION 2: Personal Information Of the Owner and General Information of the Small Business Enterprise

1. Gender: Male Female

2. Please indicate your highest level of education:
 Read and write Primary Secondary
 Diploma Bachelor Degree

3. Age in year _____

4. What is the main activity of the small business enterprise?

SECTION 3: FACTORS AFFECTING THE PERFORMANCE OF SMALL BUSINESS ENTERPRISES

The major factors that affect performance of small business enterprise are listed below. Please indicate the degree to which these factors are affecting the performance of your business enterprise. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (√) under the choices below. Where, **5** = strongly agree, **4** = agree, **3** = neutral, **2** = disagree and **1**= strongly disagree.

5. Please indicate the degree to which you agree with the following statements concerning technological factors.

NO	Technological Factors	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)
1	My enterprise applies always modern technology					
2	My technology for my business is better than competitors					
3	You don't think that modern techniques improve performance differently					

4	I have enough money to acquire new technology					
5	Unable to select proper technology					
6	You have the skills to handle new technology					
7	You have the appropriate machinery and equipment					

6. Please indicate the degree to which you agree with the following statements concerning access to finance factors.

NO.	Access to Finance	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)
1	Inadequacy of credit institutions					
2	No shortage working capital					
3	Low collateral requirement from banks and other lending institutions					
4	Low interest rate charged by banks and other lending institutions					
5	You have cash management skills					
6	Loan application procedures of banks and other lending institutions is not complicated					
7	Your business is profitable					

7. Please indicate the degree to which you agree with the following statements concerning access to market factors.

NO	Access to Markets	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)
1	Inadequate market for my product					
2	Searching new market is not difficult					
3	Doing demand forecasting					
4	I have market information					
5	I have no relationship with an organization that conduct marketing research					
6	Promotion to attract potential users					

8. Please indicate the degree to which you agree with the following statements concerning working premises factors.

NO.	Working premises	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)
1	You have ur own premises					
2	Current working place is convenient					
3	The rent of house is reasonable					
4	There is sufficient and quick transportation service					
5	There is no power interruptions					
6	There is insufficient and interrupted water supply					

9. Please indicate the degree to which you agree with the following statements concerning ease of regulation factors.

No.	Ease of Regulations	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)
1	The tax levied on my business is reasonable					
2	No bureaucracy in company registration and licensing					
3	Have government support					
4	No political intervention					
5	You have accessible information on government regulations that are relevant to my business					

10. Please indicate the degree to which you agree with the following statements concerning access to network factors.

No.	Access to Networks	Strongly Agree(5)	Agree(4)	Neutral(3)	Disagree(2)	Strongly Disagree(1)
1	There are accessible trade organizations					
2	Being a member of organizations like chamber of commerce is not useful for my enterprise					
3	Access to an organization that conduct marketing research is not useful					
4	Being a member of trade organizations provides marketing advantage isn't good for					

	my business					
5	Being a member of trade organization is not useful					

11. Please, indicate how much you have achieved during your involvement in the business in the following areas, relative to your initial objective or expectation.

Item	1= much less than I expected 2= less than I expected, 3= As expected (average), 4= more than I expected, 5 = much more than I expected				
1. Getting appreciation for my performance from different agencies	1	2	3	4	5
2. increased on education quality for my children	1	2	3	4	5
3. More income generated from the business	1	2	3	4	5
4. Increased saving on money	1	2	3	4	5
5. Investments in properties (e.g. house)	1	2	3	4	5
6. Ability to hire more labor (e.g. workers)	1	2	3	4	5
7. Increase in the working capital of the business	1	2	3	4	5
8. Increase in the sales volume of my business	1	2	3	4	5
9. Increase in the profitability of my business	1	2	3	4	5

መጠይቅ
ቅድስተ ማሪያም ዩኒቨርሲቲ
የድህረ ምረቃ ጥናት
ጀኔራል ኬምቢኤ

ክፍል 1: መግቢያ

ክቡራን የመጠይቁ መላሾች፤

እኔ በቅድስተ ማሪያም ዩኒቨርሲቲ የድህረ ምረቃ ተመራቂ ተማሪ ነኝ። በአሁኑ ጊዜ “አነስተኛ የንግድ ድርጅቶች ብቃት ላይ ተፅእኖ የሚያሳድሩ ምክንያቶች፣ የአዲስ ከተማ ክ/ከተማ ኬዝ/ጉዳይ በተመለከተ” ጥናት በማድረግ ላይ እገኛለሁ። እርስዎ በዚህ ጥናት ውስጥ ለመጠይቁ ምላሽ ለመስጠት ከተመረጡት ሰዎች መካከል አንዱ ነዎት። እርስዎ በዚህ መጠይቅ ላይ ተሳትፎ የሚያደርጉት በሙሉ ፈቃደኝነት ነው።

እርስዎ በዚህ መጠይቅ ውስጥ የሚሰጡት መረጃ ሚስጥራዊነቱ የሚጠበቅ ሲሆን በዋናነትም ለጥናት እና ምርምር አላማ ብቻ የሚውል ነው። የማንኛውም ግለሰብ ምላሾች እንደማይገለጹ እና ለመጠይቁ ምላሽ የሚሰጡ ግለሰቦች ማንነትም የማይገለጥ ወይም ስማቸው የማይወጣ ወይም ለማንም አካል እንዲታወቅ የማይደረግ ነው ማለት ነው። በቅድሚያ ትብብር ለማድረግ ጊዜዎትን ስለሰጡኝ ከወዲሁ ለማመስገን እወዳለሁ።

አበባየሁ ታዩ

መመሪያዎች

- ስምዎትን መፃፍ አስፈላጊ አይደለም
- ተመሳሳይ/ተዛማጅ አይነት ዘይቤ ላላቸው ዝርዝር ሀሳቦች ወይም የምርጫ ጥያቄዎች ምላሽዎን (v) በተገቢው ሳጥን ውስጥ ያስቀምጡ።

ክፍል 2: አነስተኛ የንግድ ኢንተርፕራይዝ ባለቤቱ የግል መረጃዎች እና ጠቅላላ መረጃዎች

1. ፆታ: ወንድ ሴት

2. ከፍተኛ የትምህርት ደረጃዎን ያመልክቱ

- ማንበብና መጻፍ የመጀመሪያ ደረጃ ሁለተኛ ደረጃ
ዲፕሎማ ዲግሪ

3. እድሜ _____

4. የአነስተኛ ንግድ ኢንተርፕራይዙ ዋና ተግባር ምንድን ነው?

ክፍል 3- በአነስተኛ የንግድ ኢንተርፕራይዞች ላይ ተፅእኖ የሚያሳድሩ ጉዳዮች

በአነስተኛ የንግድ ኢንተርፕራይዞች ላይ ተፅእኖ የሚያሳድሩ ዋና ዋና ምክንያቶች/ጉዳዮች ከዚህ በታች ተዘርዝረዋል። እባክዎ እርስዎ የሚያስተዳድሩት ድርጅት ምን ያህል ተፅእኖ እየደረሰበት እንደሆነ ያመልክቱ እያንዳንዱ ተፅእኖ የሚያሳድር ምክንያት ካነበቡ በኋላ ከርስዎ የንግድ እንቅስቃሴ ጋር በማገናኘት ከገመገሙ በኋላ ከዚህ በታች ከቀረቡት አማራጮች በተቀመጠው ሳፕን ውስጥ (v) ያስቀምጡ። 5- በጣም እስማማለሁ፣ 4- እስማማለሁ፣ 3- ድምፀ ተአቅቦ፣ 2- አልስማማም፣ 1- በጣም አልስማማም።

5. እባክዎ ከቴክኖሎጂ ምክንያቶች ጋር በተያያዘ ቀጥሎ ከተዘረዘሩት ሀሳቦች ጋር ምን ያህል እንደሚስማሙ ያመልክቱ፤

ቁ.	ቴክኖሎጂ ነክ ምክንያቶች	በጣም እስማማለሁ(5)	እስማማለሁ (4)	ድምፀ ተአቅቦ (3)	አልስማማም (2)	በጣም አልስማማም (1)
1.	ድርጅቱ ሁል ጊዜ ዘመናዊ ቴክኖሎጂን ይጠቀማል					
2.	ለድርጅቱ የምጠቀመው ቴክኖሎጂ ከተሮክካሪዎቹ የተሻለ ነው።					
3.	ዘመናዊ ቴክኒኮችን መጠቀም የድርጅት ስራን በተለየ ሁኔታ ለማሻሻል ይጠቅማል ብዬ አላስብም					
4.	አዲስ ቴክኖሎጂን ለመጠቀም የሚኖር የገንዘብ እጥረት					
5.	ትክክለኛ ቴክኖሎጂ ለመምረጥ/ለመጠቀም አለመቻል።					
6.	አዳዲስ ቴክኖሎጂዎችን					

	በመጠቀም እረገድ የሚኖር የክህሎት ችግር				
7.	ትክክለኛ እና ተገቢ የማሸነፊ እና የመሳሪያዎች እጥረት				

6. እባክዎ የገንዘብ አቅርቦት ምክንያቶችን በተመለከተ ከቀረቡት ዝርዝሮች ጋር ምን ያህል እንደሚስማሙ ያመልክቱ

ቁ.	የፋይናንስ አቅርቦት	በጣም እስማማለሁ(5)	እስማማለሁ (4)	ድምፅ ተአቅቦ (3)	አልስማማም (2)	በጣም አልስማማም (1)
1.	የብድር ተቋማት በበቂ ሁኔታ አለመኖር					
2.	የስራ ካፒታል ገንዘብ እጥረት					
3.	ከባንኮች እና ሌሎች የብድር ተቋማት የሚጠየቁ ከፍተኛ የብድር ማስያዥያ መስፈርቶች					
4.	የባንኮች እና ሌሎች የብድር ተቋማት የሚጠይቁት ከፍተኛ የሆነ ወለድ					
5.	ተገቢ የሆነ የካሽ/ገንዘብ ማኔጅመንት ክህሎት እጥረት					
6.	የባንኮች እና ሌሎች የብድር ተቋማት የሚጠይቁት የብድር ማመልከቻ መመሪያዎች እጅግ በጣም መወሳሰብ					
7.	የንግድ ስራዎች ትርፋማ ነው					

8. እባክዎ ከገበያ ተደራሽነት/አቅርቦት ምክንያቶች ጋር በተያያዘ ከቀረቡት ዝርዝሮች ጋር ምን ያህል እንደሚስማሙ ያመልክቱ

ቁ.	የገበያ ተደራሽነት	በጣም እስማማለሁ (5)	እስማማለሁ (4)	ድምፅ ተአቅቦ (3)	አልስማማም (2)	በጣም አልስማማም (1)
1	ለምርቶቹ በቂ ገበያ አለመኖር					
2	አዳዲስ ገበያዎችን ፈልጎ ለማግኘት አስቸጋሪ መሆኑ					
3	ፍላጎትን በተመለከተ ለመተንበይ አለመቻል					
4	ስለ ገበያ የሚኖሩ መረጃዎች እጥረት					
5	የገበያ ጥናት ወይም ምርምር ከሚያከናውን ድርጅት ጋር ግንኙነት አለመኖር					
6	በተጨማሪም ተጠቃሚዎችን/ደንበኞችን ለመሳብ የማስታወቂያ እጥረት					

9. እባክዎ ከሰራ ቦታ ምክንያቶች ጋር በተያያዘ ከቀረቡት ዝርዝሮች ጋር ምን ያህል እንደሚስማሙ ያመልክቱ

ቁ.	የሰራ ቦታ	በጣም እስማማለሁ (5)	እስማማለሁ (4)	ድምፅ ተአቅቦ (3)	አልስማማም (2)	በጣም አልስማማም (1)
1.	የግል የሰራ ቦታ አለመኖር					
2.	በአሁኑ ጊዜ ያለ የሰራ ቦታ አመቺ አለመሆን					
3.	የሰራ ቦታ/ቤት ኪራይ ክፍያ በጣም ከፍተኛ መሆን					
4.	በቂ እና ፈጣን የትራንስፖርት አገልግሎት እጥረት					

5.	የሀይል መቆራረጥ					
6.	በቂ ያልሆነ እና የተቆራረጠ የውሃ አቅርቦት					

10. እባክዎ የአሰራር መመሪያዎችን ከማቅለል ምክንያቶች ጋር በተያያዘ ከቀረቡት ዝርዝሮች ጋር ምን ያህል እንደሚስማሙ ያመልክቱ

ቁ.	መመሪያዎችን ማቅለል	በጣም እስማማለሁ (5)	እስማማለሁ (4)	ድምፅ ተአቅቦ (3)	አልስማማም (2)	በጣም አልስማማም (1)
1.	በምስራው የንግድ ስራ ላይ የተጣለው ግብር ምክንያታዊ አይደለም።					
2.	የከብንያ ምዝገባ እና ፈቃድ አሰጣጡ በቢሮክራሲ የታጠረ ነው።					
3.	የመንግስት ድጋፍ/አገዛ እጥረት					
4.	የፖለቲካ ጣልቃ ገብነት					
5.	ከምስራቸው የንግድ ስራዎች ጋር አግባብነት ያላቸው የመንግስት መመሪያዎችን በተመለከተ የመረጃዎች ተደራሽነት እጥረት					

11. እባክዎ ከትስስር/ኔትዎርክ መኖር ምክንያቶች ጋር በተያያዘ ከቀረቡት ዝርዝሮች ጋር ምን ያህል እንደሚስማሙ ያመልክቱ

ቁ.	ከትስስር/ኔትዎርክ መኖር	በጣም እስማማለሁ(5)	እስማማለሁ (4)	ድምፅ ተአቅቦ (3)	አልስማማም (2)	በጣም አልስማማም (1)
1	ተደራሽንት ያላቸው የንግድ ድርጅቶች አሉ					
2	ለድርጅቱ ጠቃሚ በሆኑት እንደ ንግድ ምክር ቤት በመሳሰሉት ድርጅቶች ውስጥ አባል መሆን ጠቃሚ ነው።					
3	የገበያ ጥናት እና ምርምር ከሚያደርግ ድርጅት ጋር ትስስር መፍጠር ጠቃሚ ነው።					
4	የንግድ ደርጅቶች አባል መሆን የገበያ ተጠቃሚ ያደርጋል።					
5	የንግድ ደርጅቶች አባል መሆን ጠቃሚ ነው ወይም ሽያጭ ወደ አቅራቢዎች ይመራል።					

12. እባክዎን እርስዎ በዚህ የንግድ ስራ ውስጥ መስራት ከጀመሩት ጊዜ አንስቶ ምን ያህል ስኬታማ እንደሆኑ ወይም ደግሞ ከእርስዎ የመጀመሪያ ግብ ወይም ከጠበቁት ውጤት አንጻር ሲመለከቱት ከቀረቡት ዝርዝሮች ጋር ምን ያህል እንደሚስማሙ ያመልክቱ

አይነት	1 ከጠበኩት እጅግ በጣም ያነሰ፣ 2 ከጠበኩት በጣም ያነሰ፣ 3 እንደተጠበቀው (አማካይ) ፣ 4 ከጠበኩት በላይ፣ 5 እጅግ በጣም ከጠበኩት በላይ				
1. በንግድ ስራዬ ላይ ባሳየሁት ብቃት ከተለያዩ ኤጀንሲዎች አድናቆት አግኝቻለሁ።	1	2	3	4	5
2. የልጆቼ የትምህርት ብቃት/ጥራት ጨምሯል።	1	2	3	4	5

3. ከምስራው የንግድ ስራ የበለጠ ገቢ ተገኝቷል።	1	2	3	4	5
4. የገንዘብ የቁጠባ አቅም ጨምሯል።	1	2	3	4	5
5. በንብረቶች ላይ ኢንሸስትመንት ማድረግ (ለምሳሌ ቤት)	1	2	3	4	
6. ተጨማሪ የስራ ሀይል የመቅጠር ብቃት (ለምሳሌ ስራተኞች)	1	2	3	4	5
7. ለንግድ ስራው የሚሆን የስራ ካፒታል/ገንዘብ መጨመር	1	2	3	4	5
8. በምስራው የንግድ ስራ የሽያጭ መጠን መጨመር	1	2	3	4	5
9. በምስራው የንግድ ስራ ትርፋማነቱ መጨመር ነው።	1	2	3	4	5

Appendix II

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.8 \leq \alpha \leq 0.9$	Good
$0.7 \leq \alpha < 0.8$	Acceptable
$0.6 \leq \alpha < 0.7$	Questionable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Reliability Statistics

Cronbach's Alpha	N of Items
0.883	48