FACTORS AFFECTING THE GROWTH OF SMALL BUSINESS ENTERPRISES INCASE OF WOLKITE TOWN

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DECLARATIONS

We would like to declare that study entitled “factors affecting growth of small business enterprise (in case of Wolkite town)” is our regional work and no part of the paper has been copied and plagiarized as copy write. Accordingly, the study has been believed that it fulfilled the recruitments of the university requirement us and a word of bachelor degree for under graduating student. The following boards approved this study.

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ABSTRACT

The Study has intended to be carrying on factors that in affect the growth of small business enterprise in the Wolkite town. The study used explanatory research design. Besides, to this the study employed both qualitative and quantitative approaches to capture the in-depth and wider data and information. In order to find sufficient and relevant information about the topic the study uses primary and secondary data. The target population of this study was small business enterprise in the town of Wolkite. The small businesses we selected based on the type of business they was engaged in. Accordingly, the sectors of trade, service, metal and woodwork were the target population of study. Workers of small business were framed as target population of the study. For this study, 77 small businesses out of the total were taken as the sample size. Since the small businesses was heterogeneous in nature. Stratified Judgmental sampling methods were applied to select sample small business. Then the proportional numbers of samples was allocated to each stratum and samples were judgmental drawing from each stratum. The researcher used questionnaires to collect data from selected respondents, used in collecting data. The collected data is processed, organized, and discussed by using statistics, percentage, frequency, and tabulation. The results of study revealed that lack of financial facility was one major problem of small business growth in the sectors. Based on the analysis conducted the following major factors were identified as problems hindering the growth of small business were, financial factors, technological and managerial, poor business location, and government policy were identified to have significant impact on performance of small business. Based on the finding the researcher recommended that the regional government should accelerate the growth of markets for financial services suited to the special characteristics of small business by promoting product innovation. In addition to this, the government should develop specially loan system for small business with minimum collateral amount at fair interest rate and continue to encourage other donor agencies' efforts to help micro-enterprise funding agencies

ACRONYMS

BGS_____ **B**usiness **G**rowth **S**ervices

CSA_____ **C**entral **S**tatistical **A**uthority

MOFED_____ Ministry **O**f **F**inance and **E**conomic **D**evelopment

MOTI_____ **M**inistry **O**f **T**rade and **I**ndustry

NGO'S_____ **N**on-**G**overnmental **O**rganization

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CHAPTER ONE

INTRODUCTION

1.1 Back ground of the study

Small business was type of business which have relatively small of market share and is managed by its owners. These small businesses play a great role in any society and they involve in the provision of goods and services, which address the need of the society. The need of the society may be notice by large business of profitable for the large firms (Burn and Dew, 1993).

Small business enjoys tradition of infinite variety and solid achievement. It played a role in history since practically the beginning of recorded time. It flourished in almost all ancient customers. Their product and service however were frequently shoddy and slipshod customers were often created and defrauded. There result was that small business become object scorn [Sirolopis Nicholas, 1997(2)

Small businesses are mastery owned and managed by a single individual and of small business is an individual who establishes and manages business is the main source of income and will consume the majority of once time and resource. Small Enterprise plays a vital role in the economy of specially developing countries. Among their roles as they are labor intensive they proving more opportunities for low skilled workers i.e. they are important source of employment. They help to discovers new trading opportunities. They are a good instrument to diversity a given opportunities hence reducing risk (Siropolis, 1997).

Small business the decision made by owners will be implemented more quickly and less likely to be diluted by subordinated. Growth of small business operate at strategic than tactical level. They have a good knowledge of their markets and industry, close contact with customers and a commitment to quality, particularly of service they seek out creating for themselves a market machinery and innovation(often in market sense) and flexible they focus on cash flow and rather than turn over not all small business are presented with opportunities because of uniqueness of very firms. Small business have his own strengths and weakness, its strength include financial

performance (small manufactured on the average, earn a high return on their investment than do large business manufacture) innovation (small business people tend to be more risk whose ideas are their stocking trade) its weakness include failure, chiefly due to ease of entry and lack of material propertied (Sirpplis Nicholas, 1997(8)

The study conducted in Burayu by Abiyu (2011) shows that although small businesses has recognized as a major source of innovation and growth in the country. They are largely constrained by various structural and institutional related problems and bottlenecks financial support constraints and lack of access to loans, skills problem to run the business and meet the objectives, lack of smooth supply and availability of raw materials. lack of less working premises, unavailability of markets, unfamiliarity with technology, risk of being vulnerable than big companies and threatened by scarce resources, fierce and increased competition from different dimensions are the major bottlenecks holding back the growth of small business.

Similarly as the national level in South region in Wolkite town: Though the role of the small business sectors in employment creation, economic growth and poverty alleviation has received the recognition, it deserves as opposed can be view as marginal and unproductive. Still the sectors were constrained by the several of institutional as well as managerial related problems. Such as: lack of marketing access, lack of working capital, lack of business growth service, lack of managerial experience, lack of infrastructure and inability to compete with large small business were the first and most pressing problems facing small business for startup as well as survival of the business in the town.

Even though the sectors in the town were constrained by multidimensional support, programs there were also opportunities for the growth of the sectors, like nonexistence of high bureaucracy in registration and licensing, availability of small business (Abiyu, 2011).

Although different factors affect the growth of small business and the factors were different based on location of the city, based on managerial skill, the social factors, such as the technical knowledge of the owner of smallest business, availability of raw materials, production technology, and finance and market condition. Therefore, the researchers initiated to examine factors, which affect the growth of small business in Wolkite town.

1.2 Statement of the problem

The issues of small business and entrepreneurship growth have received a great deal of attention as priority area that are crucial for stimulating economic growth in both develop and developing countries. There has been a substantial growth in both public and private interest in the area. This aerates a market led private sector, which fosters the growth of small business (wolday, 1997).

Introducing of new method through which business activities takes place is the bases for starting small business. For doing this managerial skill of the business owners plays an important role. The owners should be gather information regarding product market condition as well as changes take place environment and act accordingly. The owners also understand his customer and treat politely and respectively. If the owner has performed managerial skill his business activities performed smoothly and lead to profit. If not the business lead to bankrupt. In general managerial skills of the owner affect small business (Wolday Amha, 1997 p.2-3). In Ethiopia, the small Enterprise has been neglect for long period. However, following the country shift to a market economy the government as well as NGO and donors have shown interest in the area. the private sector is the alter of the market economic system that can ensure success to the reform program that the country have embarked up on .if fact to day we whiteness a worldwide small business growth thus ,the economic growth of Ethiopia cannot achieved without the active involvement of small business(Siropolis. 1997).

Before starting small business the owner of the business should consider with the product lines well adequate on the new culture. Will they sell in quantities large enough and at price high enough to be profit tables as well the owner should analyze the components of product to determine what features need to be adopted to ensure that the product meet both perceived quality and perform quantities. Large number of small firms they do not think for making modification. But what is gaining good profit for them is doing things better though differentiating their product from other competitors. If not they adopt product and service already present in the market their selling volume and attracting new customer become less. Most small business characterized by of awareness for product modification. (Jim dewhust and hure (1993, p.136). There are different factors, which affect the growth of small business in developing countries like Ethiopia among the problems the managerial skill. The quality of management is central for any business. The tax system most of the time the taxes of the small business is

estimating randomly and impacting on the business this type of tax system have a direct impacting and creating a problem on the growth of small business. Finance of capital finance was the lifeblood of any business any business have sufficient fund to run its operational activities for its customers need. Similarly as the national level, in South region Wolkite town. Though the role of the small business sectors in employment creation, economic growth and poverty alleviation has received the recognition, it deserves as opposed can be viewed as marginal and unproductive. Still the sectors were constrained by several of institutional as well as managerial related problems. Such as: Lack of marketing access, lack of working capital, lack of business growth service, lack of managerial experience, lack of infrastructure and inability to compete with large small business were the first and most pressing problems facing small business for startup as well as survival of the business in the town. (John O. Okpara, (2011). Although different factors affect the growth of small business and the factors were different based on location of the city, based on managerial skill, the social factors, such as the technical knowledge of the owner of smallest business, availability of raw materials, production technology, and finance and market condition. Consequently the researchers wants to assess the factors which affecting the growth of small business in Wolkite town. Previous studies result shows differences. This difference indicates that the factors for Small business enterprise growth vary from country to country, place to place, and person to person. Therefore, this study has tried to identify and examine the factors affecting the growth of small business enterprise in Wolkite town.

This study has aimed to answer the following basic research questions.

- ✓ What are the factors related to finance on the growth of small business?
- ✓ What are the technological factors hindering the growth and survival of small business in the town?
- ✓ What are the government and policy factors hindering the growth and survival of small business in the town?

1.3 Objectives of the study

1.3.1General Objective

The general objective of the study is assessing the factors that in influence the growth of small business in Wolkite town.

1.3.2 Specific Objectives

The specific objective is:

- ✓ To identify factors related to finance on the growth of small business
- ✓ To assess the technologically Factors hindering the growth and survival of small business in the town.
- ✓ To identify the government and policy factors hindering the growth and survival of small business in the town.

1.4 Significance of the study

The successful complication of this research may have the following potential importance: By pointing, the major factors affecting the growth of small business the research give an insight for the Wolkite administration, other government bodies and stockholders on how to alleviate the problem small business growth. It may help the government and policy makers to know the factors that in influence the growth of small business in the town to solve the issues appropriately. It may also serve as initial reading for researchers and individuals seeking internee studding the problem.

1.5 Scope of the study

Therefore, the research geographically limited to Wolkite town and also this study conceptually to examine the factors affecting the growth of small business in Wolkite town. The research focus on small business sectors of trade, service, metal and wood works because it was difficult to cover other services like constructions and agricultural sectors due to insufficient finance and time to cover. There are dependent and independent variables in this study. The dependent variable is the growth of small business enterprise. The independent variables are financial problem, managerial problem, marketing problem and environmental problem.

1.6 Limitation of the study

In the process of undertaking this study, there is certain a constraint or problems which limit the scope of the study. Among these: the unwillingness of respondents to fill the questionnaire correctly and at the right time that the researcher wants and errors in sampling was limitation of this research in addition to the obvious constraints time and finance which every research were face.

1.6 Organization of paper

This study organized in to five chapters. The first chapter contains background of study, background of, organization, statement of problem, research question, and objective of study, significant of the study, and scope of study organization of the paper. The second chapter literature study, related to the topic of study. The third chapter deals with methodology parts. And fourth chapter result, analysis and discussion and final chapter conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Definitions of small-scale business

The boundaries between micro, small, and medium level small business are at best arbitrary, categorizing small business by scale of operation is important for functional and promotional purposes to achieve the desired goals of growth. It is for this reason that different countries adopt different working definitions for different scale levels of small business (Amyx, C, 2005).

The central Statistical Authority(CSA, 1997), for the purposes of its survey on "Urban Informal Sector Activity Operators and Small-scale Manufacturing Industries", attached various definitions to small business in different sectors, the informal sector, cottage or handicrafts, Small-scale Manufacturing industries and medium-and large-scale manufacturing industries. The CSA based its definitions on the size of employment and extent of automation for small, medium and large-scale small business and used a combination of criteria for defining informal sector operators. (CSA 1997).The definition are used by MOTI in 1997 have been developed for formulating small business.

According to small business Growth Strategy in 1997/2005, cited in Hailay, (2007); micro small business are those small business in the formal and informal sector, with a paid up capital of not exceeding birr 20,000 and excluding high tech consultancy firms and other high tech establishments. In addition, grade seven are those business with a paid up capital of above birr 20,000 and not exceeding birr 500,000 and excluding high tech consultancy firms and other high tech establishments.

However, since Feb, 2011, Ministry of Trade and Industry (MOTI) has adopted official definition of small business which is different from previous years. The current definition of small business in Ethiopia focused on the number of employees that the small business hire and size of the capital they own are mainly used as a yardstick to define small business and accordingly, each small business is categorized in to industry and service sector.

Micro small business for service sectors are small business found in all sectors of the Ethiopia economy hiring up to five-man power with a paid-up capital (fixed assets) of not more than Birr

50,000, by excluding the value of the buildings. Micro small business for industry sectors are small business hiring up to five man power with a paid-up capital (fixed assets) of not more than Birr 100,000,by excluding the value of the buildings. Grade seven for service sectors are small business involving 6-30 man power with a paid-up capital of Birr 50,001-500,000) but not more than Birr 500,000 while excluding the value of the buildings. Grade seven for industry sector are small business involving 6-30 man power with a paid-up capital of Birr 100,001 -1,500,000) but not more than Birr 1. 500,000 birr while excluding the value of the buildings. (Feed DA, proclamation No 691/2011) Opportunities; are conducive environment that are crucial for the promotion and growth of small business. Challenges; According to Mambula, (2002) challenges are obstacles hindering the performance, expansion as well as growth of Small business.

2.2 Theoretical Reviews of Small Scale business.

According to modernization theory, growth is a gradual process, which implies; for instance, agriculture has mechanized gradually and small, low-productive artisan workshops has replaced by large-scale industrial small business through time. This theory assumes that the structure of the industry found in developing countries eventually will mirror what happened in developed countries, where large scale, capital intensive small business emerged. In large towns, there would be the concentration of production in order to exploit the urban labor and capital markets. Hence, small, informal small business would eventually disappear, similar to what happened in developed countries (Tegene, 2004).

In most fast developing countries, small business by virtue of their size, location, capital investment and their capacity to generate greater employment have proved their powerful propellant effect for rapid economic growth. The sector is also known as an instrument in bringing about economic transition by effectively using the skill and talent of the people without requesting high level training, much capital and sophisticated technology.

Ekpenyong and Nyong (1992) examined them characteristics of small business in Nigeria with reference to educational background of the operators, their training and experience before embarking on the business, the type of business they operate, and the size of the Enterprise as well as their sources of funds.

As highlighted by Wan (2003), Stuti (200) and Hall (2002) the main challenges confronting small businesses are lack of financing, low productivity, lack of managerial capabilities access to management and technology, and heavy regulatory burden. Among many others, there is this growing recognition of a need for micro-level approaches that address the specific problems facing small-scale entrepreneurial activity and that are compatible with the general direction of industrial and macroeconomic policy. In the prevailing climate of globalization, developing countries urgently need to ensure that they have a critical mass of domestic small business in the middle range, which are internationally competitive and capable of penetrating global chains of production.

2.3. National Strategies for the Growth of small businesses

The Government of Ethiopia has recognized the contribution of the Informal Sector and paid due attention to the promotion and growth of small business's for they are important vehicles to address the challenges of unemployment, economic growth and equity in the country. To this effect, it has formulated a National small business Growth and promotion strategy in 1997, which enlightens a systematic approach to alleviate the problems and promote the growth of small businesses. The overall objective of the strategy is to create an enabling environment for small businesses with specific objectives to facilitate economic growth ; bring equitable growth ; create long-term jobs; strengthen cooperation between small businesses ; provide the basis for medium and large-scale small business ; promote export; balance preferential treatment between small business's & bigger small business. The strategy targets support measures and beneficiaries such as small manufacturer in food. textiles leather , clothing metal works, and crafts, self-employment (focus on school leavers, disabled and unemployed youth); start-up and expanding firms (focus on women-owned);grade seven in nomadic and disaster area ;agro-business and small scale farming and fishing; small builders/contractors; small exporter; as well as small-scale tourism operators.(MOTI, 1997)

Among the small business support framework, the strategy focuses on creating and implementing an enabling legal framework as well as on streamlining regulatory conditions by establishing a user-friendly environment for the simplification and standardization of documents such as business registration and licensing. Financial and loan application; purchasing and sub-contracting (tender) document; export documentation and other commercial documents;

registration of contacts with municipalities; authentication of contacts at notary public; and simplified tax declaration forms for small business.(MOTI, 1997)

As MOFED (2006) state, the logical sequence that has followed in the implementation of the National frame works is:

1Awareness creation: The government will undertake activities to create public awareness regarding the need for small business growth and enhance public, private, and NGO's participation in the implementation of the strategy.

2 Need identification and implementation planning; Regional governments would be encouraged to assess the needs of the sector so that the support systems has be focused on addressing the specific problems small business face in their respective regions.

3 Resources identification: This includes surveys of resources available for small business support at federal, regional and local states the establishment of data bank for small business related statistics, an evaluation of the physical infrastructure currently available for small business and an assessment of the capacity of existing small business support agencies and the need for creating new ones. Capacitating the staff by highly skilled, experienced of innovated personnel.

4 Training of support agency staff: The small business growth and promotion agencies /bureaus at federal and regional levels need to staffed by highly skilled, experienced and motivated personnel, continues coaching and skill upgrading and knowledge transfer modalities was put in place to ensure the quality and quality of business growth services delivered to small business.

5 Strengthening business and entrepreneurial culture: This will include nation-wide educational and sensitizing efforts, increased cooperation between small business and higher learning institutions, and further encouragement and assistance to woman, young business starters including TVET graduates and people with disability.

2.4 Empirical Review of Related Literature

Small business firms are an important mechanism through which new jobs has created.

Unfortunately, the gap between new business creations and failures are increasing at an alarming rate requiring an improved public policy approaches. In Kenya according Allan M. Katwalo and Fredah G. Mwiti(2009), there are various reasons for the failure of small business like: Lack of supportive policies for small business growth, intense competition with replication of micro-businesses, unavailability of funding, manager characteristics including lack of skills and experience, marketing techniques used including quality of service and markets served. The cases also demonstrated that small business experienced most of the difficulties cited such as limited skills in business management and even more limited funding, facing intense competition in the niche market served. It has also made clearer that small business used social networks to access some funding and to retain their customer's loyalty.

However, where the policies to support micro businesses remain largely rhetorical, the question of survival and growth for small business remains a question of individual ingenuity. In Nigeria according John O. Okpara (2011), the most common constraints hindering small business growth and survival in Nigeria are lack of financial support, poor management, corruption ,lack of training and experience , poor infrastructure, insufficient profits, and low demand for product and services. As NurulIndarti and MarjaLangenberg (2009) reveals, factors affecting small business in Malawi are marketing problems, unfamiliarity with technology, no information access, Lack of entrepreneurial readiness, social network, legality, capital access, Lack of government support, Lack of knowledge in preparing business plan. According to a study undertaken by Hornsdy and Kuratko (1990), the general problems of small business has be categorized in to four blocks Finance, Marketing, managerial, and environmental and majority of problems were felt under one of the critical factor in one or another way.

2.4.1 Opportunities for Small Business Growth in the world

A wide variety of business support policies is available to promote the competitiveness of firms in developing countries. Many of these policy initiatives has directed towards small business and cluster of firms. These policies fall into four main categories:

- Promotion of linkages with markets, both of information on markets (particularly overseas markets through the provision of export intelligence services) and promotion of products in these markets, particularly through participation in trade fairs;

- Growth of the human resources and technical capability of firms through support for trained the promotion of technical center and specialist services. Such as metrology;

- Support for investment in physical capital and capabilities through credit and long term investment finance;

- The promotion of linkages between firms with views to be increasing the efficiency of individual firms and their collective of competitiveness through joined efforts and collaboration. Such efforts may collective initiatives relating to the previous three points such as joint export promotion and the growth of public-private technical centers.

- The promotion the business association to provide voice and organization for local producers would be a further example of such initiatives. The different ways in which clusters of firms in developing countries has be inserted into global value chains create different needs for business support services. (John Humphrey, 2001).

2.4.2 Challenges for small business Growth in the world

2.4.2.1 Personal related challenges

Entrepreneurs very in age from young to old in many instances; age of the owners/managers was one of the most important characteristic that was repeatedly used to predict small business performance and success (Lussier 1995).

Similarly, Praag (2003), in his study of business survival and success of young small business owners, younger small business starters have a lower success and survival probabilities than older starters.

Rose, Kumar and Yen (2006), in their study of the 'Dynamics of Entrepreneurs Success Factors' , reported that, higher education level helps the business owners to have better knowledge and skills which contribute to the success of their venture in addition to more work experience. Praag (2003) reported that experience as in the same industry as a business venture gives better chances

and so does experience within the same occupation. Relevant experience helps to become a successful business owner and to survive.

Dyke, Fischer, and Reuben (1992) also found that management experience might be a significant factor in achieving success or successful performance in the small business environment. In their study, they stated that can be business owners should be concerned to gain related industry, management, and start-up experience regardless of the type of Industry in which they plan to operate. It is also note, however, that while experience was a significant factor, it could vary by industry in importance.

In addition to the above studies polities and Gabrielson (2002), in their study supports the argument that prior experience from starting up new ventures showed a significant and positive association with increased opportunity recognition. Consequently, previous start-up experience seems to affect the mindset and knowledge base of the entrepreneurs, which turn enable them to identify and act on further business opportunities.

Previous start-up experience and cross-functional experience seem to provide individuals with knowledge that improve their ability to recognize new venture opportunities. Previous small business management experience and varied management experience seem on the other hand to provide individuals with knowledge that increase their ability to handle liabilities of newness in the new venture creation process (politis and Gabrielson, 2002).

2. 4.3 Challenges of Related to small business's

Recognizing the dynamic relationship between the firm and its operating and entrepreneurial characteristics, different studies have employed different approaches to study the problems of small business. Although contributions of small business were acknowledgement, many programs and policies were develop to support them; their journey in many instances is short-lived, with high rate of failure mostly in Africa due to several factors (Michael and Jeffrey, 2009).

According to Mambula, (2002), Zewde& Associates, (2002), there are many obstacles hindering their growth like competitions, Lack of access to credit, cheap imports, insecurity, debt consolidation, marketing problems, Lack of enough working space, identical products in the

same market, change in demand and absence of market linkages, Lack of raw material accessibilities.

In addition, findings by Lois Stevenson and Annette st-Onge (2005), also indicates managerial skills, level of education and technical skills, ability to convert profit back into investment are other factors installing or inhibiting the growth of small business.

Wells (1988) categorized organizational problems into five groups based on a pre-specified characteristics, finance; internal management, marketing, human relations and external management. Although it have been generally concluded that the most prevalent areas in which small business have problems are sales/ marketing, human resource management, and general management, they specifically reported promotion, marketing research and training as the most frequently encountered problems. Marketing has been widely acknowledged as being the most important of all activities and critical for the survival and growth of small business (Romano and Retnatunga, 1995).

These constraints confirm with other developing countries' especially experiences of Sub-Saharan countries in which the major common constraints of small business are Lack of financial support, poor management, corruption, Lack of training and experience, poor infrastructural availability, insufficient profits and low demand for product and services (Arinaitwe, 2006; Dildar and Zafar Yaqub, 2010; Gurmeet and Rakesh, 2007).

2. 4.3.1 Environmental problems of small business

The environment has defined as the relevant physical and social factors outside the boundary of an organization that affect organizations directly or indirectly and include economic, political, cultural, regulatory and social sectors. This should be taking into consideration during organizational decision-making. (Elenkov, 1997)

Environmental scanning is the means through which managers perceive external factors, events and trends. As manager in small firms have limited cognitive capacity to be comprehensively understand the environment (Robinson and Pharr, 1991), they must find scanning mechanisms that yield adequate information displays of external events.

While a number of studies (Honjo, 2000) have explored the fit between organization and environment, there is knowledge, particularly in small firms, about how impressions of the environments are form among owner/ managers who are responsible for responding with new Strategies and approaches.

According (Sawyer, 1993) some of external environment problems were: Intensity of completion among different companies. The impact of national culture, values and believes un availability of business premises or Unsuitable business sites, poor relationship with suppliers of key input, Inadequate linkage with large firms & subcontracting Low spending power of customers, Rapid and costly technological changes, Impact of Inflation, interest and exchange rates and Insufficient space for expansion.

2. 4.3.2 financial problems of small business's

Finance is the heart for the improvement process for small business by helping them to setup, expand, produce new as well as invest in new staff or production facilities (World Bank, 2008).

As per World Bank report (2008), is it indicates that improving access and building inclusive financial system is relevant to economy at all level of growth. The difficulties that small business encounter when trying to access financing consists of many incomplete range of financial related activities, regulatory rigidities or gaps in the legal framework, lack of information on both the bank's and the small business side.

Banks May avoid providing financing to certain types of small business in particular for those which are in start-up and very young firms that typically Lack sufficient collateral, or firms whose activities offer the possibilities of high returns but at a substantial risk of loss (OECD, 2006).

Wattpaisan (2003) stated that acute financial constraint become a strong obstacle for small businesses in developing countries. Malhotraet Al (2006); goes some way to confirm the above explanation that Lack of access to finance is hampering the growth and competence of small business, However, the Sector is facing financial challenges, which impeded its role in the economy.

These challenges are Lack of access to credit, insufficient loan size, Failure to analyze financial statements, poor management of cash, loans and grants, poor management of inventory, time delay and collateral (Gebrehiwot and wolday, 2006).

2. 4.3.3 Managerial problems of small business

These problems are usually has seen as critical success/failure factors as they are internal to the organization and within its control. These problems need immediate managerial actions and include human resources management, business planning, organizing and directing.

Most owners/ managers lack sufficient training they do not have proper management procedures and their concern has remained on daily routine. And to keep the business going and all decision making is concentrated in the hands of owner-manager, innovation activities in the small business mostly monopolized by them and gives less motivation for others workers to reveal their potential talents (Nuno Santos, 2003; Hausman 2005).

According to Njanja and Martin Ogutu (2010), John O. Okpara(2011), and the most managerial related problems are: Lack of clear division of activities and duties, Lack of formal recruitment and hiring, high employee turnover procedures. Lack of proper organizational structure, Lack of general Managerial, experience and skills, Inaccessible/unavailability of training facilities, Lack of vision and growth orientation, Lack of competitive benchmarking, Lack of evaluating results against plans on continuous basis, and Inability to compete with large companies.

2. 4.3.4 Marketing problems of small business

Marketing activities such as customer relationship including keeping customers record, making follow-up on customers behaviors, improving knowledge of their characteristics, understanding the market complexity and customers demand being most important factors affecting small business success (Ratnatung, 1995).

The marketing problems of small firms are numerous and complex. It is obvious that information about markets and customers is crucial for managerial decisions. Some of Marketing Related Problems are:

The Lack of knowledge of markets marketing researcher, Lack of demand forecasting, lack of marketing expertise

Poor location/business site studies, Lack of clear pricing policy and Strategy, Lack of product/ service marketing, Lack of follow up on customers and poor customer relationship, Poorly trained sales staff, Lack of keeping customer records, Lack of knowledge of low- cost Marketing Strategies, Misperception of marketing benefits ,Lack of knowledge of sources of marketing information. In addition, lack of money to buy advertising space and time. (John O. Okpara 2011).

2. 4.3.5 other problems

Other factors include tax burden, Lack of infrastructure, Lack of business growth services (BGS) and political intervention. Business growth services are mainly publicly or donor supported, and generally in the areas training, marketing, (including export promotion).Products growth, credit and technology. Sufficient linkages between large and small firms are an important prerequisite for competitive ness, especially in high end markets (Porter, 1990).

2.5 Research Reviews in Ethiopia

In Ethiopia, a study contacted in the Sector indicates that there is a number of manufacturing small business growing fast and there are constraints encountered by the operators (Sertsewold, 2007). According to Sertsewold (2007) Major problems of small businesses are shortage of capital , Lack of work premises (74.3%) and Inadequate information on market (62.5%), On the contrary, the majority of small manufacturing small business which accounts 54.6% reported that their sales volume slightly increased over time.

Adil (2007), in his main research, tried to summarize that government intervention, shortage of capital, location problem, lack of market and infrastructure growth, and lack of display room (a place where products are put and displayed) etc. were serious problems of the Sector in the study area. Bureaucratic regulatory requirements are high collateral requirements are also investigated by him as a major constraint.

Endalie (2007) in his research found that the income of individuals can grow progressively and there by their living condition have be improved. Increase in income of individuals working in small business can improve income distribution and increase the capacity of individuals to afford their daily, clothing, housing facility, medication, schooling and cultural ceremony.

His study also shows the constraints or problems encountered by small businesses. The problems were high interest rate, Inadequate markets for their products, absence of markets for their products and market linkages problems, Inadequate training and business growth services, bureaucracies in licensing and credit, strict regulatory requirements during business startups, Inadequate production and shortage of working places.

2.5.1 Opportunities for small business growth in Ethiopia

The government has identified a series of comprehensive steps and interventions to accelerate private sector growth including institutional framework to support private initiatives through continuous simplification of business process and licensing requirements. Strengthen the regulatory framework for a level playing field, financial sector reform, progressively with drawl of state entities, reforming of land tenure systems for investment and trade purpose. Major investments in infrastructure, upgrading the skill of the work force and maintaining macroeconomic balances (Fes DA, 2008).

The small business growth Strategy has formulated by ministry of trade and Industry in 1997.The strategy considers a number of important factors that would insure the facilitated growth of small business sector. The strategy is comprehensive and addressed a number of issues necessary for the growth and growth of small businesses, in poverty reduction the government of Ethiopia has established a small business agency through the council minister's regulation No.33/1998, which encourages coordinates and assist institutions, which provide support to the growth and expansion of small business.

The National youth policy includes self-employment as an important tool. Since many youth are engaged in the small business sector, particular attention was being a given to the role of small business growth. The youth growth package and the strategic directions have clearly identified the Significance of small business growth Strategy with the National youth policy and Growth package. Due to the facts stated above, the Ethiopia government gave emphasis to the improvement of the business climate of small business (Fesd DA, 2008).

2.5.2 Challenges of small business in Ethiopia

Although the economic policy of Ethiopia paid due emphasis for entrepreneurship values and appreciation of the sectors contribution to the economy, there are still constraints that are of structural, institutional and economic in nature. Lack of Capital, and shortage working capital

and loan, Marketing problems, Lack of access for technology and lack of qualified Human resources are the most pressing problems facing small business. (Gebrehiwot and Wolday, 2006)

Andale (2007) found that small business could improve income distribution and increase the capacity of individuals to afford their costs. His Study also shows the constraints or problems encountered by small business. The problems were shortage of working capital, Lack of management experience, Lack of access for technology, absence of market for their products and market linkages problems, Inadequate training and business growth services.

The most common constraints faced by small business in Ethiopia's were, attitude of the society towards the small business, financial support constraints and lack of access to loans, skills problem to run the business and meet the objectives. Lack of business growth services of unavailability of market unfamiliarity with technology, risk of being vulnerable than big companies and threatened by scarce resources, fierce and increased competition from different dimensions are the major bottlenecks holding back growth of small business (CSA, 2005).

Similarly in South regional state especially Wolkite town, since there have not been any organized and coordinated support systems that small business sector, they have been confronted by various problems which were institutional and managerial in nature. To start with, Lack of managerial experience, Lack of market access, Lack of working capital, Lack of business growth service and lack of infrastructures are the first and most pressing problems facing for survival of the business in the town.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Description of the study area

Today this study has intended to be carried out at small business found in Wolkite town. Wolkite is the capital town of Gurage zone, South Regional state of Ethiopia. It was located in coordinates: 8°17' N. 37°47'E/ 8.283°N 37.783°E, and Elevation of 1910 m (6,270 ft.). Total Population in (2007) was 28,866. Studies have intended to be carried out to examine the factors that affect the growth of small business in the town of Wolkite.

3.2 Research Design

The study were designed for investigating factors that affect the growth of small business in the Wolkite town using descriptive design that involves sampling. Descriptive research designs focus on describing station at set of circumstance by observing to give scientific description. The study use both qualitative and quantitative approaches to capture the in-depth and wider data and information for analysis and understanding of the factors affecting the growth of small business enterprise in Wolkite town.

3.3 Sources of Data

In order to find sufficient and relevant information about the topic the study was conducted by using primary data. When conduct this study the researcher get the primary data from the questionnaires that have distributed to small businesses enterprises.

3.4 Target source of population

The target population of this study was small business enterprises in the town of Wolkite. The small businesses were selected based on the type of business they was engaged in. Accordingly, the sectors such as trade, service, metal and woodwork were selected as the target population of study. Since the study was aimed on assessing the factors that in affect the growth of small

business in Wolkite town, the total workers of small business were framed as target population of the study.

3.5 Sampling Technique and Sample size

In this study to get the right information from the right person, the researcher use probability sampling technique. The probability sampling is a sample procedure which gives each one in the population non-zero probability of selection. In other words it is about giving every element in the population the same opportunity to be selected

The total employees those found in small business Wolkite town is 230.

77 samples were taken by using the following formula.

So the sample size is determined as follows;

n =N/1+N (e) 2,

Where, n= is number of sample size selected

N= is total number of population

e= is margin of error then, (Yamane, 1967)

We determine the sample size as follows.

Margin of error=10%

n=250/1+250(0.1)2

n=77

3.6 Method of data collections

For the conducting tangible and reliable research on topic the research were used primary data by preparing questionnaires because, questionnaires was one of the instrument to collect data from selected respondents, used in collecting data from small business enterprises in Wolkite town.

3.7 Methods of data analysis

The data collected on assessing the factors that affect the growth of small business were presented, organized, and discussed by using statistics, percentage and the frequency and tabulation.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

This chapter is concerned with the characteristics of sample size, the presentation as well as analysis of data gathered through questionnaire. In this chapter, the data collected through questionnaire and is going to be analyzed and presented in the table form and it is seems appropriate to interpret each data which are presented in table form.

4.1 Personal Information of respondents

Table4. 1.1 Demographic characteristic of the respondents

Sex	Number	Percentage
Male	50	65%
Female	27	35%
Total	77	100%

Source, questionnaire, 2019

As stated in the subjects of the study, about 50(65%) of Respondents were male and about 27 (35%) of Respondents were female. The data shows that majority 50 (56.81%) of sampled respondents participated in the study were male respondents.

Table 4.1.2 Age status of respondents

Age	Number of respondents	In Percentage (%)
18-35	*32*	*41.6%*
36-53	*27*	*35%*
53 and above	*18*	*23.4%*
Total	*77*	*100%*

Source, questionnaire, 2019

As can be seen in table the age status of respondents; about 32 (41.6%) of Respondents were between"18-35", about 27(35%) of Respondents were between"36-53", about 18 (23.4%) of Respondents were above 53. The majority (41.6%) of respondents were between the age of "18-35".

Table 4.1.3 marital status

Sex	Number	Percentage
Married	40	52%
Unmarried	30	39%
Divorced	5	6.5%
Widowed	2	2.6%
Total	77	100%

Source questionnaire, 2019

As can be seen in the table about 40 (52%) of Respondents were married, about 30 (39%) of Respondents were unmarried, about 5(6.5%) of Respondents were divorced, and about 2 (2.6%) of Respondents were widowed. The majority40 (52%) of Respondents were married.

Table 4.1.4 Educational status

Educational status	No of respondents	Percentage
Illiterate	-	-
1-4	6	7.8%
5-8	17	22%
9-10	35	45.5%
11-12	14	18.2 %
Degreed and above	5	6.5%
Total	77	100

Source, questionnaire, 2019

The above table shows the respondents about 6(7.8%) of Respondents were attended up to grade between "1-4". About 17(22%) of Respondents were attended up to grade between "5-18". About 35(45.5%) of Respondents were attended up to grade between "9-10", about 14 (18.2%) of respondents were attended up to grade between

“11-12”. About 5(%6.5) of respondents have educational status of degree and above. The majority35 (45.5%) of respondents were attended up to between grade “9-10” , which clearly indicates respondents we're attended Low level of education which highly affect the growth of small business in Wolkite town.

4.2 The factor affecting the growth of small business enterprise

Table4. 2.1 Infrastructure facilities available

you have Infrastructure facility available	Respondents	Percentage
Strongly agree	-	-
Disagree	36	46.8%
Neutrals	-	-
Agree	17	22%
Strongly Disagree	24	31.2%
Total	77	100%

Source, questionnaire, 2019

It is clearly illustrated in the table above that about 36(46.8%) of the respondents disagree that for infrastructural facility available and about 17(22%) of the respondents agreed that were infrastructural facility available. About 24(31.2%) of the respondents strongly disagreed. The majority of respondents were disagreed that as infrastructural facility available. The Researcher concluded that infrastructural facilities for Small Business were not offer in sufficient amount and in infrastructural facility, which was mandatory for small business growth Inadequate.

Table4. 2.2 Availability of sufficient capital to run your business efficiently

you have a sufficient capital to run your business	Respondents	Percentage
Strongly agree	-	-
Disagree	43	55.9%
Neutrals	-	-
Agree	18	23.37%
Strongly disagree	16	20.8%
Total	77	100%

Source, questionnaire, 2019

The table above discloses that about 43(55.9%) of the respondents disagreed as availability of sufficient capital to run their business efficiently while about 18 (23.37%) of the respondents agreed that there was availability of sufficient capital to run their business efficiently. About 16(20.8%) strongly disagree as availability of sufficient capital to run their business. The majority of the respondents were disagreed about having sufficient capital to run their business efficiently. The researcher concluded that majority of the respondents do not have sufficient and huge capital to run their business efficiently.

Table 4.2.3 shortage of financial support hinder growth of your small business

shortage of financial support hinder growth of your small business	Respondents	%
Strongly agree	20	25.97%
Disagree	18	23.37%
Neutrals	-	-
Agree	39	50.66%

Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

The above the table illustrates the percentage of respondents regarding the shortage of financial support hindering growth of your small business. About 20(25.97%) of the respondents strongly agreed that the shortage of financial support hindering growth of your small business and about 18(23.37%) of the respondents disagreed as the shortage of financial support hindering growth of your small business. And about 39(50.66) of the respondents agree that the shortage of financial support hinder the growth of their small business.

Majority of the respondents were agreed that the shortage of financial support hindering growth of their small business. The researcher concluded that lack financial support hinder growth of small business in Wolkite town.

Also it possible to conclude that even though recently Ethiopian government striving to support small business in by giving some sort of funds still it was not sufficient to run the business efficiently and finance continued to hinder the growth small business in Wolkite town

Table4. 2.4 Managerial factors affecting the growth of small business Enterprise

management has its own great influence to conduct day to day activities of small business	Respondents	Percentage
Strongly agree	20	25.97%
Disagree	10	12.98%
Neutrals		
Agree	47	61.1%
Strongly disagree		

Total	77	100%

Source, questionnaire, 2019

As can be seen from the table above, it is found that about 20 (25.97%) of the respondents strongly agreed that as management has its own great Influence to conduct day to day activities of institution and about 10(12.98%) of the respondents disagreed that as management has its own great Influence to conduct day to day activities of institution. About 47(61.1%) of the respondents agreed that management has its own great influence to conduct day to day activities of the small business in Wolkite town.

The majority of the respondents agreed that as management has its own great Influence to conduct day-to-day activities of small business. The researcher concluded that management influences to conduct day-to-day activities of small business in Wolkite town.

Table4. 2.5 adequate knowledge influences your small business

adequate knowledge influences your small business	Respondent	Percentage
Strongly agree	23	29.87%
Disagree	16	20.8%
Neutrals	-	-
Agree	38	49.35%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

As can be deducted from the table above, about 23 (29.87%) of the respondents strongly agreed that adequate knowledge influences their own small business and while about 16 (20.8%) of the respondents disagreed that adequate knowledge not influences their own small business. About 38(49.35%) of the respondents agree that adequate knowledge their own small business. In

analogy with the table 3 educational status respondents, very low and only of respondents were have educational status. So above due to low level of education respondents also agreed as adequate knowledge influences their own small business. The research concluded that adequate knowledge influences their growth small business in Wolkite town.

Table 4.2.6 Environmental problem affecting the growth of small business Enterprise

competition influences growth of your small business	Frequency	Percentage
Strongly agree	28	36.36%
Disagree	-	-
Neutrals	-	-
Agree	49	63.64%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

The table represents the frequency at which competitions influences growth small business. Respondents about 28 (36.36%) strongly agreed as competitions influences the growth of their own small business. And about 49(63.64%) of the respondents agreed competition influences the growth of their small business. The researcher concluded that high competition existed in Wolkite town for selling of products to market and it is possible to state that if there were high market competition the price of product may be below expected profit which having an influence on growth of small business in Wolkite town.

Table 4.2.7 government regulation hinders growth of your small business

government regulation hinders growth of your small business	Respondent	Percentage
Strongly agree	19	24.67%
Disagree	15	19.48%

Neutrals	-	-
Agree	43	55.85%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

The table above represents the About 19 (24.67%) of the respondents strongly agreed that government government regulation hinder growth of their small business while about 15(19.48%) of the respondents disagreed as government regulation does not hinder growth of their small business. About 43(55.85%) of respondents were agreed that government regulation hinder growth of their small business. The researcher concluded that retardation in growth of small business in Wolkite town is due to government regulation on their performance.

Table 4.2.8 technological advancement influences your small business

technological advancement influences your small business	Frequency	Percentage
Strongly agree	24	31.2%
Disagree	6	7.79%
Neutrals	5	6.46%
Agree	42	54.55%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

The above table discloses the percentage of respondent's technological advancement influences on growth of their small business. About 24 (31.2%) of the respondents strongly agreed that technological advancement has high influences on growth of their small business, about

6(7.79%) of the respondents disagreed that technological advancement has no influences on growth of their small business and about 5(6.46) of the respondents stay neutrals. About 42(54.55%) of the respondents were agreed that technological advancement influences the growth of their small business. The majority of respondents were agreed that technological advancement has high influences on growth of their small business. The researcher concluded that most of small business in Wolkite town was not following the advancements of technology for their raw material processing, to advertise product and to rich end users.

Table4.2.9 marketing problem influences the growth of your small business

Marketing problem influences the growth of your small business?	Frequency	Percentage
Strongly agree	26	33.77%
Disagree	11	14.28%
Neutrals	-	-
Agree	40	51.95%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

As can be seen from the table above, it is found that about 26 (33.77%) of the respondents strongly agreed that as marketing problem influences the growth of small business. and about 11(14.28%) of the respondents disagreed that marketing problem does not affect the growth of their small business. About 40(51.95%) of the respondents agreed that marketing has its own great influence on the growth of the small business in Wolkite town.

4.3. The major factors affecting growth of small business

Table4. 3.1 Timely underpayment of loan affects the growth of your small business

Timely underpayment of loan affect the growth of your small business	Respondent	**%**
Strongly agree	-	-
Disagree	57	74%
Neutrals	-	-
Agree	8	10.4%
Strongly disagree	12	15.6%
Total	77	100%

Source, questionnaire, 2019

About 57(74%) of the respondents disagreed that timely repayment of loan affect growth their small business while about 8(10.4%) of the respondents agreed as timely on repayment of loan influence growth their own small business. About 12(15.6%) of the respondents strongly disagree that timely repayment of loan affect growth their small business.

The majority of respondents were disagreed as timely on repayment of loan influence growth their own small business. The researcher concluded that the repayment of loan does not have influence on growth their small business because they have not got loan sufficient loan as earlier discussed in insufficient finance were considered major factors influencing growth of small business in Wolkite town.

Table 4.3.2 Unavailability of adequate capital affect the growth your small business enterprise

Un availability of adequate capital affect the growth your small business enterprise	Respondent	Percentage
Strongly agree	30	38.96%
Disagree	14	18.18%
Neutrals	-	-
Agree	33	42.86
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 30(38.96%) of the respondents also strongly agreed that unavailability of adequate capital influence growth their own small business while about 14(18.18%) of the respondents disagreed on unavailability of adequate capital influence growth their own small business. About 33(42.86%) of respondents agreed that unavailability of adequate capital influence growth of their small business enterprise. The majority of respondents were agreed that unavailability of adequate capital influence growth their own small business. The researcher concluded that inadequate finance was limited the growth of small business in Wolkite town.

Table 4.3.3 Lack of sponsor agency & individual affect the growth of your small business

Lack of sponsor agency & individual affect the growth of your small business	Respondents	Percentage
Strongly agree	29	37.66%
Disagree	10	13%
Neutrals	-	
Agree	38	49.35%
Strongly disagree	-	-
Total	**77**	100%

Source, questionnaire, 2019

Also about 29(37.66%) of the respondents strongly agreed that lack of sponsor agency & individual affect growth their own small business while about 10 (13%) of the respondents disagreed that lack of sponsor agency and individual influence growth their own small business. About 38(49.35%) of the respondents agree that lack of sponsor agency and individual influence growth their own small business The majority of respondents agreed that lack of sponsor agency and individual influence growth their own small business. The researcher concluded that lack of sponsor agency and individual influence growth of small business in Wolkite town.

Table 4.3.4 Low experienced employee affects the growth of your small business

Low experienced employee affect the growth of your small business	Respondent	Percentage
Strongly agree	24	31.16%

Disagree	8	10.*38*%
Neutrals	-	-
Agree	45	58.46%
Strongly disagree	-	-
Total	**77**	100%

Source, questionnaire, 2019

About 24(31.16%) of the respondents strongly agreed that low experienced employee influence growth their own small business while about 8(10.38%) of the respondents disagreed that as low experienced employee influence growth their own small business. About 45(58.46%) of the respondents agreed that low experienced employee influence growth their own small business. The majority of respondents were agreed that low experienced employee influence growth their own small business. The researcher concluded that low expedience in business were among factors affecting growth of small business in Wolkite town

Table 4.3.5 **Management is not appropriate**

Management is not Appropriate	Respondent	Percentage
Strongly agree	22	28.57%
Disagree	9	11.68%
Neutrals	-	-
Agree	46	59.75%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 22(28.57%) of the respondents strongly agreed that inappropriate management influence growth of small business while about 9(11.68%) of the respondents disagreed that as inappropriate management influence growth their own small business. About 46(59.75%) of the

respondents agreed that inappropriate management influence growth of small business. The majority of respondents were agreed that management influence growth of small business. The researcher concluded that inappropriate management influence growth of small business

Table 4.3.6 Lack of road, network connection etc. affect the growth of your business

Lack of road, network connection etc. affect the growth of your business	Respondents	Percentage
Strongly agree	23	29.9%
Disagree	7	9%
Neutrals	-	-
Agree	47	61.1%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 23(29.9%) of the respondents strongly agreed that lack of road, network connection etc. Influence growth of small business while about 7(9%) of the respondents disagreed that as lack of road, network connection etc. influence growth of small business. About 47(61.1%) of the respondents agreed that lack of road, network connection etc. Influence growth of small business. The majority of respondents were agreed lack of road, network connection etc. influence growth of small business. The researcher concluded that lack of road, network connection etc. influence growth of small business.

Table 4.3.7 Limitation of technology like: Computer access affects your small business

Limitation of technology like: Computer access affect your small business	Respondents	%
Strongly agree	16	20.8%
Disagree	11	14.28%

Neutrals	-	-
Agree	50	64.93%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 16(20.8%) of the respondents strongly agreed that limitation of Technology like: computer access influences growth of small business while About 11(14.28%) of the respondents disagreed that as limitation of technology like; computer access influence growth of small business. And also about 50(64.93%) of the respondents agreed that limitation of Technology like: computer access influences growth of small business. The majority of respondents were agreed that limitation of Technology like: computer access influences growth of small business. The researcher concluded that limitation of Technology like: computer access influences growth of small business in Wolkite town.

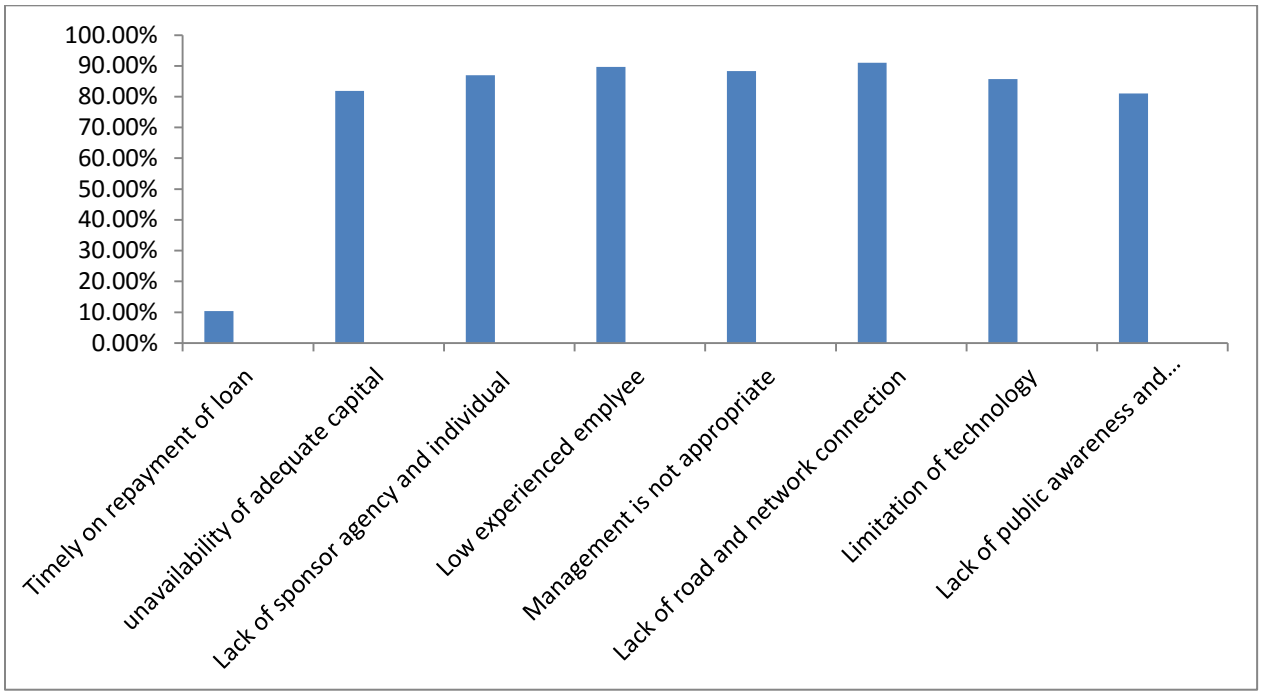
Table 4.3.8 Lack of public awareness and government policies and regulations affect your small business

Lack of public awareness and government policies and regulations affect your small business	Frequency	%
Strongly agree	27	35%
Disagree	14	18.2%
Neutrals	-	-
Agree	36	46.8%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 27(35%) of the respondents agreed that lack of public awareness and government policies and regulations influence growth their own small business while About 14(18.2%) of the respondents disagreed that as lack of public awareness and government policies and regulations influence growth of their own small business. About 36(46.8%) of the respondents agreed that lack of public awareness and government policies and regulations influence growth their own small business. The researcher concluded that lack of public awareness and government policies and regulations influence growth their own small business.

Figure 4.3.1 Factors affecting growth of small business



Source, questionnaire, 2019

The Figure illustrates the major factors affecting the growth of small business in Wolkite town. It was summarized as timely in repayment of loan, in availability of adequate capital, black of sponsor agency & individual , low experienced employee, management is not appropriate , lack of road, network connection etc., limitation of technology like; computer access, and lack of public awareness and government policies and regulations major factors affecting the growth of small business in Wolkite town..

4.4 The origins of factors affecting growth your small business enterprise

The table below represents the respondents' response on origins of factors affecting of growth of small business from different perspectives.

Table 4.4.1 Factors affecting of growth your small business are originated from Customer

Factors affecting of growth your small business are originated from different directions like from:	Respondent	Percentage
The Customer		
Strongly agree	9	11.7%
Disagree	21	27.3%
Neutrals	-	-
Agree	47	61%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 9 (11.7%) of the respondents strongly agreed that the causes for slow growth of small business originated from the customer while about 21(27.3%) of the respondents disagreed that as the causes for slow growth of small business not originated from the customers. And about 47(61%) of the respondents agreed that the causes for slow growth of small business originated from the customer. The majority of respondents were to be agreed that the causes for slow growth of small business originated from the customers. The researcher concluded that the causes for slow growth of small businesses were originated from the customers

Table 4.4.2 Factors affecting of growth your small business are originated from Government

Factors affecting of growth your small business are originated from different directions like from:	Respondent	Percentage
Government		
Strongly agree	25	32.46%
Disagree	6	7.79%
Neutrals	-	-
Agree	46	59.75%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

Also in the table above about 25 (32.46%) of the respondents strongly agreed that the causes for slow growth of small business originated from government while about 6 (7.79%) of the respondents disagreed that as the causes for slow growth of small business not originated government. About 46(59.75%) of the respondents agreed that the causes for slow growth small business originated from government. The majority of the respondents agreed that the causes for slow growth of small business originated government. The researcher concluded that the causes for slow growth of small business originated government.

Table 4.4.3 Factors affecting of growth your small business are originated from manager and employee

Factors affecting of growth your small business are originated from different directions like from:	Respondent	Percentage
Manager and employee		

Strongly agree	19	24.67%
Disagree	15	19.48%
Neutrals	-	-
Agree	43	55.85%
Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 19 (24.67%) of the respondents agreed that the causes for slow growth of small business originated from manger and employee while About 15(19.48%) of the respondents disagreed as the causes for slow growth of small business not originated from manger and employee. About 43(55.85%) of respondents agreed that the causes for slow growth of small business originated from manager and employee. The majority of respondents were agreed that the causes for slow growth of small business originated from manger and employee. The researcher concluded that the causes for growth of small business originated from manger and employee.

Table 4.4.4 Factors affecting of growth your small business are originated from public and different agencies and individuals

Factors affecting of growth your small business are originated from different directions like from:	Respondent	Percentage
From the public and different agencies And individuals		
Strongly agree	11	14.28%
Disagree	18	23.38%
Neutrals	-	-
Agree	48	62.34%

Strongly disagree	-	-
Total	77	100%

Source, questionnaire, 2019

About 11 (14.28%) of the respondents strongly agreed that were the causes for slow growth of small business originated from the public and different agencies and individuals and about 18 (23.38%) of the respondents disagreed that as the causes for slow growth of small business originated from the public and different agencies and individuals. respondents about 48(62.34%) agreed that causes for slow growth of small business originated from the public and different individuals and agencies. The majority of respondents were agreed that the causes for slow growth of small business originated from the public and different agencies and individuals. The research concluded that the causes for slow growth of small business originated from the public and different agencies and individuals.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This Chapter deals with summery of the study, conclusions that are drawn on the bases of these summery and recommendations for awarded.

5.1. SUMMARY

Analyses of the data gathered confirm the following summaries:

The small business in the town were dominated by the trade sector however enterprise were less engaged in metal and wood work sector. The majority of the sample small business was legally established. Large numbers of respondents were males indicating low participation of females in the business. The result also indicated that the educational level of the majority of respondents was below high school and high school graduate, which indicates the need of entrepreneurial and other business related trainings.

The study showed that most of small business was dominate by sole proprietorship showing their less support given by the government. Lack of financial facility was one major problem of small business in all sectors.

Most of the small business approached in survey used to prepare business plan but they did not have business associations. In addition, this study shows that there was lack of business growth service given for small business in the study area. Although the performances of small business are affecting by large number factors, the scope of this study is limited to only the major factors. The respondents rated activities were financial, government and infrastructure, and technological factors.

Based on the analysis conducted the following major factors are identified as problems hindering the growth of small business.

Financial factors and related problems were also rated by the respondents, as has significant impact on small business performance. The sectors cite the lack finance as the greatest constraint to their growth and growth, whether they are formally registered or not. The financial needs of different types of small business vary widely access problems were particularly severe for start-up small business. These factors are inadequacy and costly of credit facilities and sources, shortage of working capital, collateral requirement by financial institutions, lack of record keeping, documentation and poor cash flow and Inventory management system. Managerial conditions can also considered as important factors affecting the performance of small business. These are lack of division of work, existence high employee turnover, and lack of management experience and high family commitment and responsibility are the other challenges of the small business. Finally, other factors

like lack of business growth services and lack of infrastructures were also perceived to have impact on the performances of small business in research area. However, respondents disagree on the impacts of tax burden and political conditions on the performance of their enterprise.

5.2 CONCLUSIONS

Taking the data analysis and the summery in to account the following conclusions has drawn. Generally, Medium and small scale small business enterprise in the town are challenges by the following variables and had the under listed opportunities. The study also showed that majority of respondent's agreed financial factors and the respondents rated related problems as has significant impact on small business performance. The lack of financial as the greatest constraints to their growth and, whether they are formally registered or not. The financial needs of different types of small business vary widely access problems were particularly severe for start-up small business. These factors are inadequacy and costly of credit facilities and sources, shortage of working capital, collateral requirement by financial institutions, lack of record keeping, documentation and poor cash flow and Inventory management system.

Managerial conditions are considered as important factors affecting the performance of small business. These are lack of division of work, existence high employee turnover, and lack of management experience and high family commitment and responsibility are the other challenges of the small business.

The broad objective of this study was to evaluate the factors affecting the growth of small business in the Wolkite town. The study specifically sought to address the effect of the identified factors on the performance of the small business enterprise in the Wolkite town.

The overall conclusion is that small business in the Wolkite town access to finance had the potential to positively influence performance of small business in the Wolkite town; however, access to finance were yet to be fully utilized to the advantage of the small business in the study area. A management skill has the potential to be positively, significantly affect performance of small business, and yet has be only marginally adopted by the small business in the study area. Similarly, the study concluded that the effect of macro environment on performance of small business was positive and significant especially on production output despite being to moderately rated among the small business enterprise. Finally, the study concluded those infrastructures were not to statistically found to significantly affected performance of small business in the Wolkite town.

5.3 RECOMMENDATIONS

Based on the summary and conclusions drawn from the study, the following recommendation was proposed. The role and importance of small business in creating job opportunity to the youth, in alleviating poverty and in acting as an engine for the initial stage of industrial growth and economic transformation as well as capital accumulation in the country as a whole and in the region should be widely recognized and need to be adequately addressed. In order for the sector to flourish, the playing field has to be level in terms of policies and strategies that are required to assist the sector attain its full potential.

As it were presented in finding section sole proprietorship forms of business are much more than partnership from of business therefore Regional Small business agency should encourage or enable new business entrants to cooperate each other for their better growth. The regional Small business growth agency should create market access for that small business in addition to promoting their products. Small business support group including the government should focus on financial assistance but also through education, training, strategic awareness programs, and entrepreneurial orientation.

Finally, the future research agenda must strongly focus on the growth, testing and of a measurement scale designed to identify critical factors for firms operating under different financial managerial environment. Regarding the implementation of research findings by small business support agencies, problem areas should not be consider as independent of themselves. Small business critical factors are interdependent. Failure to be effectively address operational problems may lead to the compounding of strategic problems. Lastly, it is important to note the cause and effect relationship of problems of small businesses. Therefore, the envisaged Small business Growth Agencies or the designated regional organs are expected and to play a significant role as a forum for joint action between Small business, financial institutions, NGOs and local authorities or community groups.

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APPENDIX
WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTEMENT OF ACCOUNTING AND FINANCE

Research Questionnaire

RESEARCH TOPIC; FACTOR AFFECTING THE GROWTH OF SMALL BUSINESS ENTERPRISE (CASE STUDY IN WOLKITE TOWN)

RESEARCHER; GADISA GOBENA

Dear respondents!

I would like to express my sincere appreciation for your time, honest and prompt responses. This questionnaire on the subject "Factors affecting the growth of small business in Wolkite town "has been designed purposely to source information on the problems and of small business in the town. The information supplied will be treating in intended. Your cooperation as well as honest and objective answers to the following questions will be highly appreciated and acknowledge.

Thank you for your cooperation

Part one: Personal information

1. Sex male ☐ female ☐

2. Age 18-35 ☐ 36-53 ☐ 53-and above ☐

3. Marital status:

Married ☐ Unmarried ☐ Divorced ☐ Widowed ☐

4. Educational status

Illiterate ☐ 1-4 ☐ 5-9 ☐ 9-10 ☐ 11-12 ☐

Diploma ☐ Degreed above ☐

PART II Question related to factor affecting the growth of small business enterprise.

Please use a tick (√) mark for your thought and where appropriate give your opinion in the table.

5. Please indicate the degree to which you agree with the following statements concerning with financial problem.

NO	FINANCIAL PROBLEM	Strongly agree	disagree	Neutrals	agree	strongly disagree
1	Do you have a sufficient capital to run your Business effectively?					
2	Does shortage of financial support affect growth of Your small business?					
3	Does infrastructural facility available affect your Business?					

6. Please indicate the degree to which you agree with the following statements concerning with managerial problem.

NO	MANAGERIAL PROBLEM	Strongly Agree	Disagree	Neutrals	Agree	Strongly Disagree
1	Does management has its own great influence to Conduct day to day activities of institution?					
2	Does adequate knowledge affect your small business?					

7. Please indicate the degree to which you agree with the following statements concerning with environmental problem.

NO	ENVIRONMENTAL PROBLEM	Strongly Agree	Disagree	Neutrals	Agree	Strongly Disagree
1	Does competition affect your small business?					
2	Does government regulation hinder your Small business?					
3	Does technological advancement influences You're small Business?					

8. Please indicate the degree to which you agree with the following statements concerning with marketing problem.

NO	MARKETING PROBLEM	Strongly agree	Disagree	Neutrals	Agree	Strongly Disagree
1	Does marketing problem influences your Small business?					

9. Which of the following major factors influence growth your small business?

Timely on repayment of loan ☐ in a availability of Adequate Capital ☐

Lack of sponsor agency & individual ☐ Low experienced employee ☐

The Lack of road and network connections ☐ Limitation of technology like; computer access ☐

Lack of public awareness and Government policies and regulations ☐

10. Factors affecting of growth your small business are originated from different directions like from;

The customer ☐ Government ☐ Manger and employee ☐

From the public and different Agencies and individuals ☐ other ☐