DETERMINANTS OF THE PERFORMANCE OF MICRO AND SMALL ENTERPRISES: A COMPARATIVE STUDY AMONG SELECTED WOREDAS IN GURAGE ZONE

MBA THESIS

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DECLARATION

I hereby declare that this thesis MBA dissertation is my original work and has not been presented for degree in any other university, and all sources of material used for this thesis/ dissertation have been duly acknowledged.

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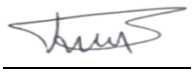
Signature: 

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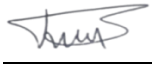
Tasewu Shedaga (PHD)		08/09/2015 e.c
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LIST OF ACRONYMS

Back woredas.....Geto and Gedebano Gutazer Welene woredas

CSA…….. Central Statistical Agency

ETB…….. Ethiopian Birr

FDRE……. Federal Democratic Republic of Ethiopia

Front woredas..... Sodo and Enore woredas

GDP …….. Gross Domestic Product

MO FED……. Ministry of Finance and Economic Development

MOTI ……. Ministry of Trade and Industry

MSEs……Micro and Small Enterprises

SMEs……. Small and Medium Enterprises

SNPPR …….. Southern Nations, Nationalities, and People's Region

SPSS……. Statistical Package for Social Sciences

UNIDO …….. United Nations Industrial Development Organizations

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Abstract

This research aims to identify determinant of the performance of MSE's comparative study with a special attention to manufacturing, service, urban agriculture, construction and trade sectors in Gurage zone selected woredas. For the sake of achieving the objectives of this study, questionnaires were analyzed using statistical analysis such as descriptive and inferential analyses. The information gleaned through questionnaire from a sample of 236 operators of MSE's. The respondent operators were selected using stratified sampling technique. The data were collected from two sources such as primary and secondary. Primary data was collected through questionnaire. Secondary data was collected from written documents. The study used descriptive analysis, Pearson correlation coefficients and multiple linear regression analyses were used to investigate the relationship between variables and the influence of each factor on the financial performance of MSE's. The quantitative data were analyzed using SPSS version 20. The finding of the study indicates that the major factors that affect financial performance of MSE's which include: management and expertise skill, luck of infrastructures, problems of market, financing problems, working premise and technology. The findings further indicate that, there exists linear and positive significant ranging from substantial to strong relationship was found between independent variables and dependent variable. Moreover, the selected independent variables may significantly explain the variations in the dependent variable at 1% level of significance. Based on the findings, the researcher recommendations to government and the other concerned body have to give attention to minimize such kind of problems like power interruption, Insufficient and interrupted water supply, and Lack of sufficient and quick transportation service problems to improve the performance of MSE's. Future researchers could incorporate other external and internal factors such as size of the enterprise, initial capital of the enterprise and also other factors to get more solutions to many issues arising.

Keywords: micro and small enterprises, performance, infrastructures, management and expertise skill, financing

CHAPTER ONE

1. INTRODUCTION

This study was being sought to determinants of the performance of micro and small enterprises a comparative study among selected woredas in Gurage zone. This chapter is to describe about the background of the study, statement of the problem, objectives of the study, research question, significant of the study, scope of the study and organizations of the study.

1.1. Back ground of the study

The success of the government and a country with regarding to business development is related to small and micro business sustainability since they contribute to economic development of the nation by lowering unemployment as well as generate new sources of employment. This why, small and micro business sectors are recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty hole (Ibrahim et al, 2008).

Many countries in Africa suffer from high rates of unemployment and under-employment and low labor productivity. In addition, because of demographic factors, a large number of people enter into the labor market each year (Iacovone *et al.*, 2012). Consequently, these countries have been promoting job creation through a variety of means such as targeting labor-intensive manufacturing industries, promoting labor-intensive infrastructure, expansion of micro and small enterprises (MSEs), and education expansion (e.g. technical and vocational education and training etc.) (Ferede *et al*, 2014).

In particular, very recently, these countries have mainly emphasized the promotion of MSEs as a means to improve the wellbeing of local, national and regional communities (Gebreyesus, 2007). Micro and Small businesses highly encourage the growth and development of any economy; by creating jobs, increases competition, generating income and innovation, opening possibilities for business ventures and etc. (deKok et al., 2011).

In the Ethiopian context, according to the new Federal Democratic Republic of Ethiopia MSEs strategy (2011) micro enterprise consist of employees (including the owner or family) not greater than 5 and total asset is less than 100,000 ETB for industrial sector and less than 50,000 ETB for Service sector; while small scale enterprise is an enterprise which has 6-30 employees and total asset 100,001-1,500,000 ETB for industrial sector and 50, 0001-500,000 ETB for service sector.

The sector has potential to provide the ideal environment for enabling entrepreneurs to optimally exercise their talents and to attain their personal and professional goals (MoTI, 1997:9). The country has registered an overall economic growth rate of 11.4 % and 8.5% in 2010/11 and 2011/12 respectively. The average performance of the economy in the first two years of the GTP period was 10 percent (MoFED, 2012). The micro and small scale enterprise contribution is undeniable in the development of the country. As indicated by FDRE Ministry of Industry (2013:2) the construction sector and the priority industries under medium and large-scale manufacturing and the achievements in micro and small scale enterprises (MSEs) were the major contributing factors for the growth.

Micro and small enterprise in Ethiopia are, however, confronted with several factors that affect the performance of MSE. The major factors include financial problems, infrastructure, technology problems, marketing problems and lack of work premises, etc. Besides, environmental factor affects the business which includes social, economic, cultural, political, legal and technological factors. In addition to these, there are also personal attitudes or internal factors that affect the performance of MSE, which are related to the person‟s individual attitude, training and technical know-how (Werotew. 2010).

In Gurage zone the majority of the residents are engaged in micro and small enterprise, specifically on trade, service, construction, urban agriculture and manufacturing. In terms of ownership types, micro and small enterprise of the zone can be classified as sole proprietorship and cooperatives. The cooperative type of micro and small enterprise are organized and working condition are facilitated (access to credit service, access to land, etc.) by Gurage zone micro and small enterprise sector in cooperation with other government bodies such as Omo micro finance, Gurage zone urban development and construction sector

and other responsible government bodies. The sole proprietor types of micro and small enterprises are self-operated, or two or more paid laborers and/or non-paid family members. Finally, in reality, literature on MSEs in Ethiopia especially in Gurage zone is very little and most of the available studies were not conducted in line with determinants of the performance of micro and small enterprises. Therefore, the intension of this research was to identify the determinants which influence the performance of MSE's. Thus, this study was aim to determinants of the performance of MSEs a comparative in selected Woredas at Gurage zone.

1.2. Statement of the Problem

Micro and small enterprises are integral components' in one country's economic development. Government recognized contributions in poverty reduction and employment opportunities in the urban areas. Despite its contribution the various internal and external factors affecting their performance. Different scholars had identified the different internal and external MSE's performance affecting constraints such as, working capital shortage, market gap, information asymmetry, working place factors operators capabilities. MSEs face internal and external constraints both at start up and transition phases.

In Africa, the failure rate of MSEs is 85% out of 100 enterprises due to lack of skills and access to capital (Admasu (2012). According to (Okpara & Wynn, 2007) a research on micro and small-business development has shown that the rate of failure of micro and small business enterprises in developing countries is higher than in the developed countries.

Micro and small Businesses are often regarded as high risk operations both locally and globally due to the existence of factors that are difficult to predict adequately (Thomas, 2000). According to (Useem, 2001), it is essential to support and guide micro and small business enterprises in the early stage of establishment by providing them with supervisory and skills related support and supervision. White, (2005) has found that small and medium sized enterprises often face costly bureaucratic and administrative challenges.

Many researchers conduct a study around the topic of micro and small business enterprises performance and from these; Harash, Al-Timimi & Alsaadi, (2014), suggests the analysis of

the effect of finance on performance of small and medium enterprises in Iraq. Sembiring & Rasmulia, (2016) has found that knowledge and skills of human resource have a significant effect on the performance of SMEs in Medan city Indonesia. Negash & Kumera, (2016) Identified that strong competition in the markets, high level of interest rate on loans, poor infrastructure, speed of debt payment by customers, unavailability of appropriate property, state of the country's economy, low market demand for firms products or services, pricing of competitor products, unavailability of raw materials, attitude of banks and low availability of finance from lenders were rated as high barriers to growth of medium and small enterprises development in developing country.

Abdul, Rahamon & Adejare, (2014) concluded that there is a strong positive relationship between accounting records keeping and performance of small scale enterprises. Accounting records keeping is essential for decision making which invariably affects performance of small scale enterprises in Nigeria. Woldegebriel M, (2012), has found that lack of business plan, lack of formal and informal business association, lack of favorable business environment, high cost and shortage of raw materials, lack of proper institutional support, lack of proper marketing practice, and stiff competition among MSEs in the same business line and medium and large companies affect performance of SMEs in Addis Ababa. Addisu Molla, (2010), found that the growth of MSEs is highly influenced by accesses of productive sources and assets in South Wollo Zone. And zewudu eskiza, (2020) also study factors that affect financial performance of micro and small enterprises in Dambi dollo town.

The rationale of this study will be that the Government established many institutions like, TVET colleges and MFIs to promote the smooth functioning of small business enterprises. However, this sector is not performing up to the expectations of many stake-holders as it has been indicated by many researchers. Therefore, conducting such a research seems essential in the light of the fact that different factors affect financial performance of the sector.

As knowledge of the researcher, a study which comprises infrastructures, management and expertise skill, technology, financing, working premises and market chain problems didn't conducted in Gurage zone MSE's sector. This research is therefore, meant to address the determinants of the performance of MSEs a comparative study in a holistic way by targeting

and deeply investigating those operators engaged in urban agriculture, construction, service, manufacturing and trade activities by capitalizing in Gurage zone selected wordas. So, the researcher has taken up this study to fill the gap and compare the effects of these variables on the performance of micro and small enterprises in Gurage zone selected woredas.

1.3. Objective of the research

1.3.1. General objective of the study

The general objective of this study was to determining the Performance of Micro and Small Enterprises a comparative study among selected woredas in Gurage Zone.

1.3.2. Specific objective

The study was deals with the following specific objectives:

- ✓ To assess the practice of the performance of MSEs in Gurage zone selected woredas.
- ✓ To identify the major factors that influence the performance of MSEs in Gurage zone selected woredas.
- ✓ To compare the deference of the performance of MSEs among woredas in Gurage zone.

1.4. Research questions of the study

In light of the above mentioned problem statement, the following basic research questions was addressed:

- ➢ What does the practice of the performance in MSE's look like in Gurage zone selected woredas?
- ➢ What are the major factors that influence the performance of MSEs in Gurage zone selected woredas?
- ➢ What is the deference of the performance of MSEs among selected woredas in Gurage zone?

1.5. Significance of Study

This research paper was important to be support entrepreneurs, academic scholars, and researchers. Findings from this study was assist academicians in broadening of the prospectus with respect to this study hence providing a deeper understanding of the critical factors that

determine the financial performance of MSE. The findings of this study was also help MSEs in selected woredas in Gurage zone and others, within an insight into the benefits of using different factors studied in this research to predict the factors that determine the performance of MSE.

The government may use the findings of this study to assist in policy formulation and development micro and small enterprises. Moreover, the findings of this study was help the policy makers and financial institutions how to encourage establishing or expanding MSE. It also enables them to know what kinds of policies should be framed.

1.6. Scope of the Study

The study was focused on determinant of the performance of MSEs a comparative study among selected woredas in Gurage zone. Those are Enore, Sodo, Gedebano Gutazer Welene and Geto was selected purposively, as a study area for this research and selected MSE's Sector which engaged in construction, urban agriculture, manufacturing, trade and service. This is because Gurage zone enterprise and industry sector ranked those woredas front and back based on their performance in 2014 e.c.

The study was also describing determinant of the performance of MSE's by using qualitative and quantitative approach. The study was limited only four selected woredas in Gurage zone due to time and financial constraint. But, since the performance of MSEs is nearly the same as for the others woredas, the finding obtained in this study taking the case of the Gurage zone may reflect the situation of MSEs in other woredas of the institution under normal circumstances. The study was accomplished by the year June 2015 e.c.

1.7. Limitation of the study

The study is limited to investigate the determinants of the performance of MSE's in Guraghe zone selected woredas. The study was limited only four selected woredas in Gurage zone due to time and financial constraint. Those are Enore, Sodo, Gedebano Gutazer Welene and Geto was selected purposively, as a study area for this research and selected MSE's Sector which engaged in construction, urban agriculture, manufacturing, trade and service.

Finally 12 respondents did not totally return the questionnaire despite this did not have any significant effect with the outcome of the study since the returned questionnaires represent 94.9% rate of response.

1.8. Definition of key terms

Financial performance: is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues.

Micro enterprises: consist of employees (including the owner or family) not greater than 5 and total asset is less than 100,000 ETB for industrial sector and less than 50,000 ETB for Service sector.

Small scale enterprises: is an enterprise which has 6-30 employees and total asset 100,001-1,500,000 ETB for industrial sector and 50, 0001-500,000 ETB for service sector.

1.9. Organization of the study

This study was consisting five chapters. The first chapter is introduction of the study deals with background of the study, statement of the problem, research question, and objective of the study, significance of the study, scope of the study and organization of the study. The second chapter deals with the related literature review. Chapter three of the study describes the research methodology that was applied in the study. The fourth chapter of the study focuses on the findings and discussions. Chapter five presents conclusions and recommendation of the study.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. Introduction

This chapter presents review of literature on the determinant of the performance of MSE‘s. It consists of general overview about determinant of the performance of MSE‘s a comparative study. This is help to understand the state of MSE’s and its determinants of the performance of MSE’s. This chapter comprises of seven sections. These are definitions of MSEs, the role of MSEs in poverty reduction, MSEs National Policies and Implementing Bodies of the Strategy Ethiopia, the concept of business performance, Factors Determining the Performance of MSEs, empirical studies and the conceptual framework.

2.2. Definition of micro and small enterprises

The MSE sector everywhere is characterized by highly diversified activities which can create employment opportunities for a substantial segment of the population. This implies that the sector is a quick remedy for unemployment and poverty problem. The realization of a modest standard of living through curbing unemployment and facilitating the environment for new job seekers and self-employment requires a direct intervention and support of the government and other concerned stakeholders (Mulugeta, 2011). Hence, in order to channel all necessary support and facilities to this diversified sector, a definition is needed to categorize the sector accordingly.

However, there is no single and universally acceptable definition of a small enterprise (Kayanula and Quartey, 2000:35). This is so because the criteria and ways of categorizing enterprises as micro and small from institution to institution and from country to country depending essentially on the country’s level of development. Even within the same country, definitions also change overtime due to changes in price levels, advances in technology or other considerations (Emma I. et al., 2009:1-9). Firms differ in their levels of capitalization, sales and employment. Hence, definitions that employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different

sector could lead to a different result. The absence of such uniform definition of MSEs has created a difficulty. In line with this, Tegegne and Meheret (2010:11) argued that the absence of a single or globally applicable definition has made the task of counting the number of MSEs and assessing their impact extremely difficult across countries, though the rationale for most governments to make such definition and categorization is mainly for functional and promotional purposes to achieve the desired levels of development of the sector.

United Nations Industrial Development Organizations (UNIDO) gives alternative definition for developing countries. Accordingly, it defines micro enterprises as the business firms with less than 5 employees and small enterprises as the business firms with 5-19 employees (UNIDO, 2002:53). The United States of America, the Small Business Act issued in 1953 stated that, small business is one which is independently owned and operated and not dominant in its field of operation. The act also further stated that, number of employees and sales volume as guideline in defining small business (Major L. C. & Radwan N. S., 2010:2-19). In the same country, a committee for economic development (CED) has explained that small business is characterized by at least two of the key features: management is independent (usually the managers are owners), capital is supplied and an individual or small group holds ownership and the area of operation is mainly local (workers and owners are in one home country).

According to Kenya‟s Micro and Small Enterprises Act (2012), micro enterprises are defined as a firm, trade, service, industry or a business activity whose annual turnover does not exceed Kshs. 500,000 and whose total employees are less than 10 people. The same statute defined a small enterprise as that which has an annual turnover of between Kshs 0.5 - 5 million, with the number of employees in the range from 10-50 people. In essence, the law classifies these enterprises based on employment and the annual turnover.

Similarly, in Ethiopia there is no uniform definition at the national level to have a common understanding of the MSE sector. Ministry of Trade and Industry (MoTI) and the Ethiopian Central Statistics Authority (CSA) have defined MSEs separately. While the definition by MoTI uses capital investment, the CSA uses employment and favors capital intensive technologies as a yardstick. The definition used by MoTI, which uses capital investment as a yardstick, has been developed for formulating MSEs development strategy in 1997 (MoTI,

1997:8-21). The recent definition of MSE development strategy of 2011 has improved the definition of the previous by taking into account number of employees‟ and current inflation rate after 13 years. The definition given on that time was only based on paid capital or capital investment as most business were confined to family man power basis and lack of availability of manpower information of the sector(MSEs strategy, 2011:28).

After gathering experience the Federal Democratic Republic of Ethiopia MSEs strategy, (2011:28 -31) taking number of employee and total assets as criteria and dividing the sector into industry and service by considering the coming 5 years inflation and fluctuation /irregularity of currency improved the definition as follow. Micro enterprise of industry operator is an enterprise which operates with not greater than 5 people including the owner and/or their total asset is not exceeding Birr 100,000 and for service an enterprise which operates with not greater than 5 persons including the owner and total asset is not exceeding Birr 50,000. Small enterprise for industry operators is an enterprise which operates with 6-30 persons and/or with a paid up capital of total asset Birr 100,000 and not exceeding Birr 1.5 million and for service an enterprise which operates with 6-30 persons or/and total asset, or a paid up capital is with Birr 50,001 and not exceeding Birr 500,000 (Federal Democratic Republic of Ethiopia MSEs strategy, 2011:28 -31).

Table 2-1: FDRE MSE development strategy classification

Level of the enterprise	Sector	Human power	Total asset
Micro enterprise	Industry	≤5	≤Birr 100,000
	Service	≤5	≤Birr 50,000
Small enterprise	Industry	6-30	100,001-1,500,000
	Service	6-30	50,001-500,000

Source: Ethiopian Micro and Small Enterprise Development Strategy (2011)

2.3. The role of micro and small enterprise in poverty reduction

Poverty in Ethiopia is widespread and remains a major challenge of sustainable development and stability (Lutheran World Federation of Ethiopia, 2006 cited in Eshetu & Mammo, 2009:2). By now, it is clear and agreeable that poverty, both in urban and/or rural areas, is all

about lack of basic needs, low or inadequate level of income and consumption, poor command over resources, and high level of social exclusion, inequality and vulnerability. The role played by MSEs, through the various socio-economic benefits emanating from the sector was found to be eminent in the overall development effort and process of nations. In other words, by generating larger volumes of employment as well as higher levels of income, the MSEs will not only have contributed towards poverty reduction, but they will also have enhanced the welfare and standard of living of the many in the society (Mukras,2003:58-69).

According to Ethiopia country Report (2014:19) the importance of micro and small enterprises, which usually constitute the majority of the informal sector, have long been recognized, and increasingly support programs have emerged in Ethiopia to leverage the economic growth potential of this sector. The MSEs sector have great roles in improving economy, especially in creating employment opportunity, improving the income level, empowering women capacity, making people intends to save money, developing the operators' skills and knowledge, improving people's living conditions and social issues, and contributing to integrating different business levels, establishment of larger businesses and partnership for the people in the study area (Shiferaw, 2013:134).

2.4. MSEs National Policies and Implementing Bodies of the Strategy Ethiopia

2.4.1. MSEs National Policies

The importance of small business is recognized internationally, and therefore countries can coordinate the relevant activities and prioritize goals by positioning the sector development policy against national targets. According to (OECD, 2004:7) some of the risks and complexities can be addressed by governments as they relate to the differing regulatory, administrative and policy environments that governments create. The barriers and impediments which inhibit an entrepreneur's access to international markets will be reviewed, along with the policy implications which they give rise to.

Specific objectives can be set regarding the MSE contribution to job creation, poverty reduction, the welfare of specific group and growth to add value. The focus of new small business development projects may also be improved by setting targets for MSE relative to competitiveness.

By recognizing the role of MSE‟s, Ethiopian government on the socio-economic development of the country and, giving due attention to the sector, MSE strategy and policy was formulated and has been implemented in the past years entitled - Federal Democratic Republic of Ethiopia MSE strategy (2011: 6). The government gives further attention to the sector as indicated, in GTP II (2010:36) as it is stated, the government will continue to initiate, promote and strengthens micro and small scale enterprise development through industrial extension services. So far, agencies have been established at both Federal and Regional levels. Strengthening the capacity of these institutions in implementing the initiation, promotion and strengthening activities will continue in a more coordinated manner. These developments are believed to create additional employment opportunities in the private sector.

2.4.2. Micro and Small Enterprise Development Strategy

The Ethiopian government released the country's first MSE development strategy in November 1997 E.C. The primary objective of the national strategy framework is to create an enabling environment for MSE. In addition to this basic objective of the national MSE strategy framework, the MoTI has developed a specific objective which includes, facilitating economic growth and bring about equitable development, creating long term jobs, strengthening cooperation between MSEs, providing the basis for medium and large scale enterprises, promoting export, and balancing preferential treatment between MSEs and bigger enterprises (MoTI, 1997:8-27).

The strategy outlines the policy framework and the institutional environment for promoting and fostering the development of MSEs and stimulating the entrepreneurial drive in the country. The second Micro and small enterprise strategy has released after 13 years in 2011 having similar objectives but with some additions. Enabling the sector to be competent, facilitate economic growth and lays foundation for industry development and expanding the sector's development in urban areas by creating developmental investors (GTP II, 2016:15).

2.5. The Concept of Business Performance

According to Martin (2010:67) performance is defined simply in terms of output terms such as quantified objectives or profitability. Performance has been the subject of extensive and

increasing empirical and conceptual investigation in the small business literature (Bidzakin, 2009:31). The issues that remain unresolved are the goals against which performance should be assessed and from whose perspective the goals should be established (Etzioni, 1996: 128). According to Rami and Ahmed (2007:6-13) the most commonly adopted definition of success good performance is financial growth with adequate profits. Other definitions of success good performance are equally applicable. For example, some entrepreneurs regard success good performance as the job satisfaction they derive from achieving desired goals. However, financial growth due to increasing profits has been widely adopted by most researchers and practitioners in business performance models.

Owner-managers pursue a range of goals, emphasizing in particular survival and stability of the firm (Jarvis et al., 2000). Other goals pursued include efficiency, market share, liquidity, size, leverage, growth, customer satisfaction, quality of products, contribution to community development and employment of family members (Murphy et al., 1996). Assessment of performance in small firms must therefore take account of a range of goals, both financial and non-financial. Since research interest in the small business sector derives from its contribution to economic development, performance of individual firms in the sector can be assessed by the extent to which they add value to the economy (Kotey & Meredith, 1997).

A business enterprise could measure its performance using the financial and non- financial measures. The financial measures include profit before tax and turnover while the non-financial measures focus on issues pertaining to customers‟ satisfaction and customers‟ referral rates, delivery time, waiting time and employees‟ turnover. Recognizing the limitations of relying solely on either the financial or non-financial measures, owners-managers of the modern small business has adopted a hybrid approach of using both the financial and non-financial measures (H Gin Chong, 2008:13).

2.6. Factors Determining the Performance of MSEs

MSEs are affected and influenced by a number of constraints that impede them to be financially performed and competitive enough in the market in which they operate. In general, the International Labor Organization (ILO) identified the following challenges that small

enterprises should over 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 finance, working premises (at affordable rent), luck of skills and managerial expertise, infrastructure 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.

Financial factors (Inadequate finance)

Most of the micro and small enterprises depend on external finance or non-institution. Financial assistance by the various agencies, like financial corporations and commercial bank, often falls much short of their requirements. According to W.L. Njanja, et. al (2012) insufficient capital or lack of financial sources is the major obstacle for MSEs and usually entrepreneurs need to utilize personal financial sources to start up their business and to expand the operations, since the internal financial sources are normally insufficient. MSEs have difficulty in growing due to insufficient collateral, high transaction costs and incapability to

deal with the complexity of formal financial institutions. The 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 are mostly affect the MSEs performance (Admasu Abera,2012).

Marketing factors

According to researcher Admasu Abera (2012), inadequate market and difficulty in Searching new market, lack of demand forecasting, and asymmetry in market information, poor customer relationship and, lack of promotion to attract potential customers are marketing constraints. Berihu, et. al (2014), in their research showed that the marketing factors are one of the major challenges that hampers the growth and development of MSEs in Ethiopia which are in terms of access to sufficient and sustainable market and includes 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 were significantly affect the MSEs performance.

Working premises

Working place factors were absence of own premises unsuitability of current working and selling place, high cost of renting houses (Admasu Abera, 2012). The working place factors affect MSE's performance the supply of working spaces is small relative to demand (Berihu, et.al, 2014).

Management and expertise Skills

SME owners or managers with more experience (managerial, sector or previous small businesses experience) tend to have more growth potential than with a lack of expected potential and also the higher the level of education attained by the owner/manager, the higher the likelihood of growth of the enterprise (Woldie, et al., 2008). Managerial skills and experience affects businesses performance at certain level (Mbugua, et al., 2014).

Infrastructural Factors

Access to public infrastructure comprises water, electricity, serviceable roads, telecommunication, telephones, electronic media and postal services which are all crucial for

business startup, development and growth. Limited access to public infrastructure services is a major constraint to MSE's performance (Muneeb, et.al, 2012). Increasing price of transportation mainly resulted from low or inadequate supply of infrastructure and facilities and increasing fuel and spare-part prices has negatively affected the enterprises by draining MSE's revenue (Mulugeta Yohanes, 2011).

Technology

For small and micro 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).

2.7. Empirical studies

Study done in South Africa by JS Wiese (2014:100) on determinant factors of sustainability shows owners or managers with more experience (managerial, sector or previous SME experience) tend to have a greater inclination towards growth and was also considered essential criteria for sustainability. Woldie, et al., (2008:12) and Mbugua,et al., (2014:17) argue that SMEs owners or managers with more experience (managerial, sector or previous small businesses experience) tend to have more growth potential than those with a lack of expected potential and also the higher the level of education attained by the owner/manager, the higher the likelihood of growth of the enterprise. Managerial skills and experience affects businesses performance at certain level. Since small businesses account for sizeable proportions of economic activity, therefore, and since they are an importance source of dynamism and innovation, small business management skills should be a primary focus for economic policy in general and for innovation strategies in particular (Keith, 2001:41).

SMEs are faced with a challenge of accessing financial means to get their businesses off the ground and make them grow and be sustainable. According to Simeon and Lara (2005:72) MSEs appear to be disproportionately afflicted by the underdeveloped nature of financial institutions in developing countries. For various reasons ranging from a lack of collateral to

bias against small firms, MSEs tend to face greater financial constraints than do larger firms. The study done in Kenya related to financial management of MSEs identified the heavy investment in inventory ties up capital which in the end reduces firm‟ profitability therefore, there is need for a tradeoff between receivables and holding inventory if the firm is to attain the required profits (Charles et al., 2014:14).

Marketing activities such as product/service marketing, marketing research and information and promotion impact negatively on the performance of SMEs due to lack of marketing skills by SMEs owners. The study conducted in Nigeria by Ebitu et al., (2015:75) identified most of problems encountered MSEs are marketing related some of which include inability to apply modern marketing techniques and strategies, difficulty in managing the firms advertising and other promotional tools, competition from large firms, lack of adequate research, poor and mundane production technology, lack of adequate financing of marketing activities, poor quality products and problems of standardization, warehousing, inventory control, and poor transportation facilities, branding/packaging, financing and credit facilities, and risk bearing among others. These problems are capable of impeding, disrupting and hindering the growth, development and expansion of the firms in its effort to satisfy its target market and also create value for the organizations.

According to Noghor (2015:77), MSEs are facing challenges brought about by changes in technological environment; hence they are failing to keep abreast of these changes. Large businesses, because they have the advantage of being technologically advanced, end up poaching the MSE market niche and resulting in MSEs being kicked out of the game. Failure not to employ the latest technology means producing at higher cost than do competitors in the market thus, eventually exiting the market due to tough competition.

Though MSEs are considered an important source of job creation and economic growth, their survival is a difficult task for managers for they have typical characteristics that end up becoming barriers to their development. According to Olawale, (2014:926) reason for failure are lack of management experience, lack of functional skills, poor staff training and development, poor attitudes towards customers, unavailability of a logistics chain and a high cost of distribution, competition, rising costs of doing business, lack of finance and crime. The

reason for failure of MSE identified by Mariana, (2014:8-9) lack of customer, previous experience in the field of business, lack of knowledge or managerial experience, lack of government policies to support small business, the lack of bank credit.

A study has been conducted by Abera (2012:75-76) on Factors Affecting the Performance of Micro and Small Enterprises by using stratified random sampling of 261 MSEs from two major sub cities of Arada and Lideta in Addis Ababa. According to this study, the main internal factors identified were management factors which include poor selection of associates in business, lack of strategic business planning, and costly and inaccessible training facilities. The major entrepreneurial factors include lack of persistence and courage to take responsibility for one's failure and absence of initiative to assess ones strengths and weakness. He further noted that the contextual factors such as financial, workings premises, marketing and infrastructure had very high effects on the performance of MSEs compared to other factors in the research area and is prevalent to the businesses.

The other study which has similar finding indicates Drbibe et al., (2013:25) poor infrastructural facilities, lack of access to finance, lack of knowledge and skills, lack of working premises, lack of access to market, lack of necessary support from relevant institutions, shortage of raw materials, and regulatory problems as major challenges.

According to Gebreyohannes (2015:85) Market is the major constraint that highly hinders the firm's performance for all sectors in the manufacturing MSE's. About 43% of the enterprises" sales performance is below their expectation level and in few cases there is no sale at all. This problem is attributed to lot of factors as the location of the working premise and the display facilities is away from the main road, burden of tasks in the entrepreneurs, lack of competitive business skill, lower price of product offered by the informal sector and promotion of the sector is focused more on its role in poverty reduction than its business role as quality products and thus the customers came with expectation of lower price than to get quality products with fair price in the market.

As clearly stated in Terfasa et al., (2016:30) the access to finance appears to be a very severe or major obstacle as reported by about 55% and 64% of micro and small scale enterprises respectively. The problem of access to finance is more severe for small enterprises compared

with micro enterprise as the latter often have access to microfinance institutions (MFIs) as their loan requirement is within the capacity of MFIs. A large proportion of both micro and small enterprises have not applied for a loan or credit due to cumbersome bureaucracy, limited working premises, and high collateral requirement.

As indicated in survey of Assefa et al., (2014:18-19) the MSEs were inquired to identify the major business constraints hampering their business. Access to finance tops the constraint list where 37.7% of the MSEs reported it as a key constraint. The financial constraints facing MSEs is one of the critical bottlenecks for the growth of MSE. Some of the more common problems facing MSEs include failing to get the loan they applied for and when they do, it is after a very long loan procedure. Repeated delays in loan delivery affect their business. The upper loan limit set by the MFIs falls short of the loan requisite of MSE. Especially matured MSEs usually find it very hard to meet their loan requirements from MFIs. The MSEs feel that the interest rate and service charges are very high given the business environment MSEs operate with.

Literatures in Gurage Zone are not conducted on the performance aspects of the MSE's sectors. This research is therefore, meant to address the determinants of the performance of MSEs a comparative study in a holistic way by targeting and deeply investigating those operators engaged in urban agriculture, construction, service, manufacturing and trade activities by capitalizing on operators in Gurage zone selected wordas.

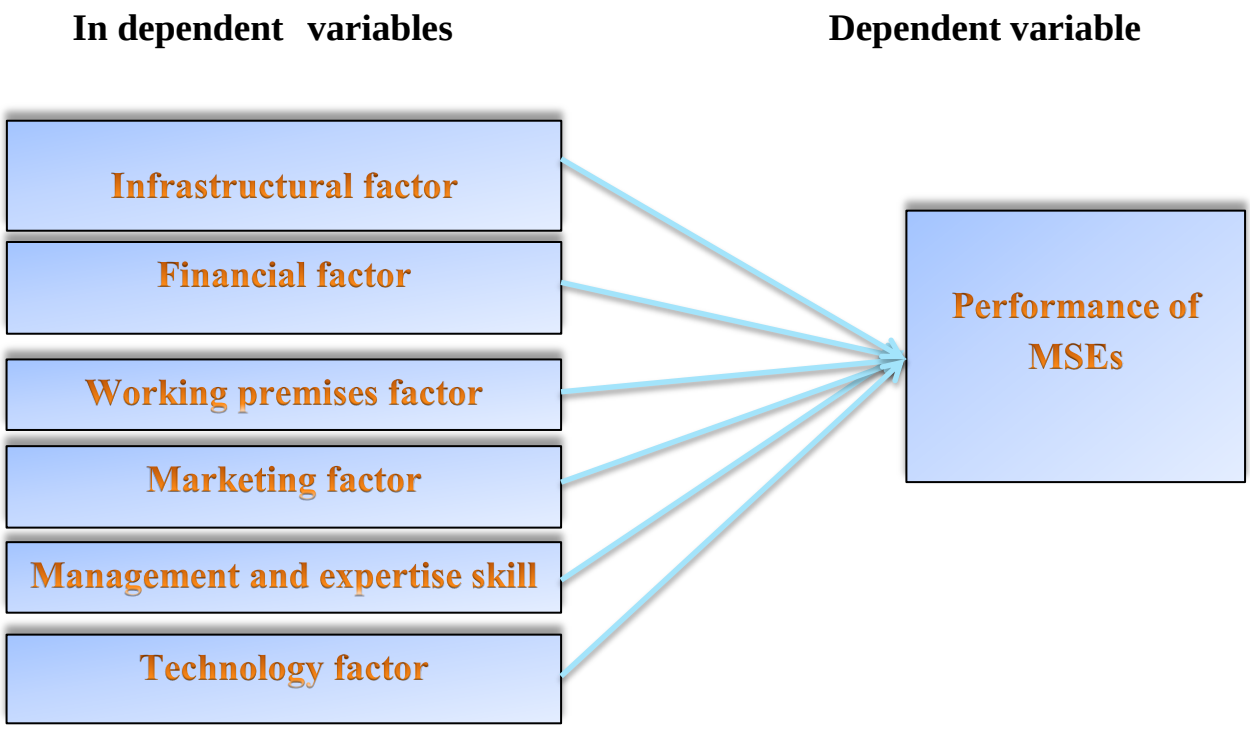
2.8. The Conceptual Framework

Since business performance is influenced by many different factors, operators need to understand factors that influence businesses performance of its operation as intended. Li et. al. (2005) uses three indicators to measure business performance, namely; efficiency, growth and profit. The company's performance is a multi-faceted phenomenon which is difficult to measure (Aragon Sanchez and Sanchez-Marin, 2005).

Access to public infrastructure comprises water, electricity, serviceable roads, telecommunication, electronic media and postal services which are all crucial for business startup, development and growth. Limited access to public infrastructure services is a major

constraint to MSE's performance (Muneeb, et.al, 2012). Increasing price of transportation mainly resulted from low or inadequate supply of infrastructure and facilities and increasing fuel and spare-part prices has negatively affected the enterprises by draining MSE's revenue (Mulugeta Yohanes, 2011). The relationship of independent and dependent variables can be expressed and shown in the figure below.

Figure 2-1: Conceptual framework



Source: - Conceptual framework from extracted literature review

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This chapter is one of the most important part in proposal development for a given research work. Research design and method explains how the research was having a scientific meaning and validity in the research world. Methodology provides an important means of how the data can be analyzed and gives a meaning to the researcher. Hence the aim of the chapter is to provide an insight from the very important data to the result of the analysis. This chapter describes how the research was have carried out in terms of description of the study area, research design, target population, sampling frame and sampling size, data type and source, sampling technique, data collection methods, methods of data analysis and presentation, descriptions of variables, reliability and validity and ethical consideration was included in this study.

3.2. Description of the study area

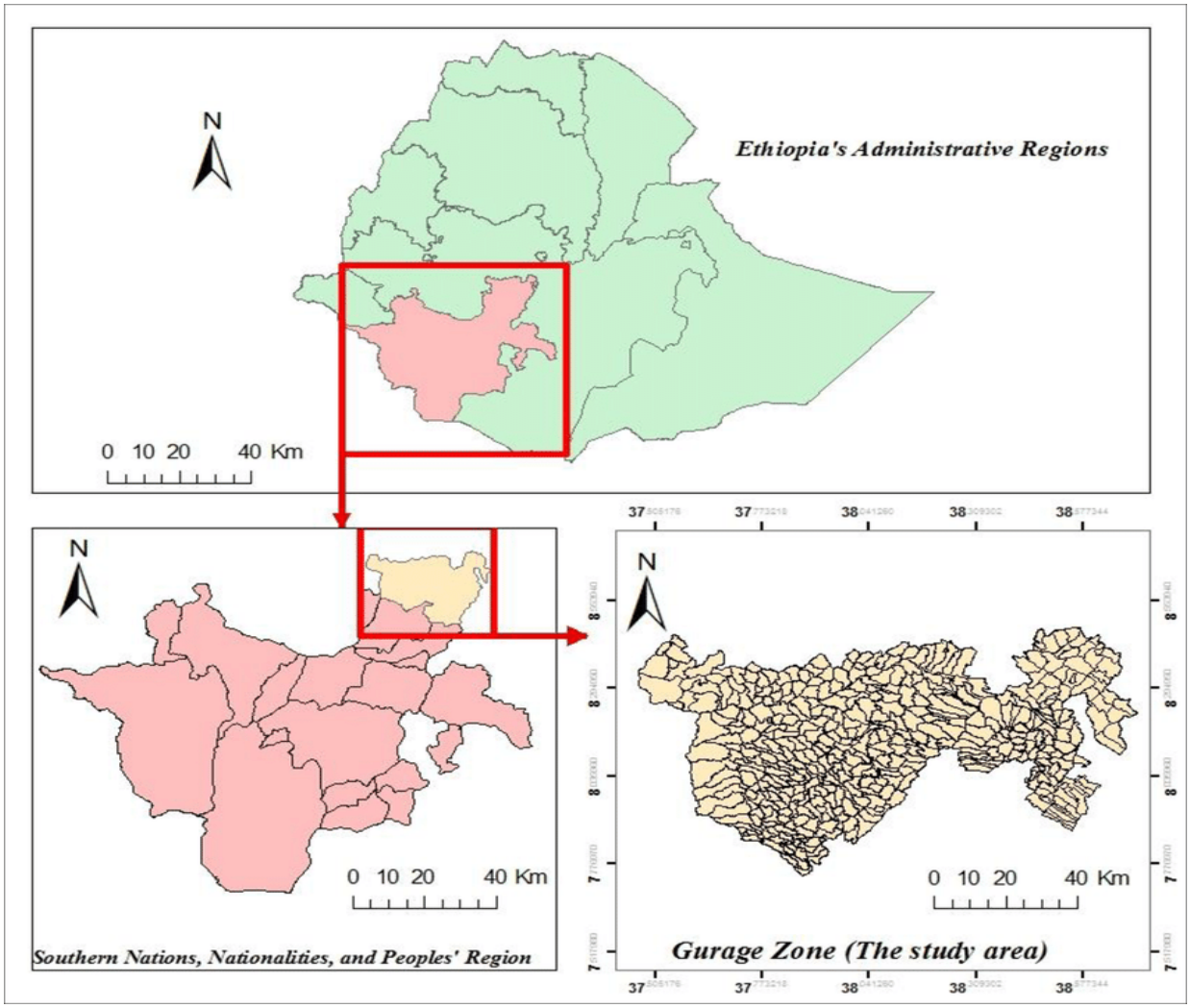
Gurage Zone administration found in South Nations Nationalities and Peoples Regional States (SNNPRs). The total surface area of Gurage Zone is 5893square kilometers; it includes 8 towns, and 16 Wereda administrations. The administrative center of Gurage Zone is wolkite. Gurage zone is bounded on the south-east by Hadya and Yem special woreda, on the west, north and east by Oromiya region, and on the south-east by Silta zone. Wolkita town located in center of Gurage zone between the 8017‟ latitude North and 370 47‟ longitudes east an elevation between 1000 m and 3500 m above sea level. Gurage Zone experiences a modified type of tropical climate. Most of the time summer months in Gurage Zone are July through September; the average rainfall is 1100mm (Lowest 800mm and highest 1400mm). Winter months (November through January) are a little warmer and registered an average temperature of 18ºC.

Based on the 1999 E.C/2007 G.C National Population and Housing Census, the current projected population of Gurage Zone is 1,883,301 populations, of whom 914,157 are males and the rest 969,144 females. Gurage Zone has been one of the growing areas in the SNNPRS.

A result of this rapid growth has been due to the high level of migration. Based on the population size and area of Gurage Zone the density of population is 319 Persons per sq. km.

Currently this zone has 16 woredas and 8 town administrations namely: Abeshge, Cheha, Endegane, Enore, Enore Enar, Ezha, Gyeta, Gummer, Kebena, Gedebano Gutazer Welene, Mareko, East Meskan, Meskan, Muher Na Aklil, Sodo, South Sodo, Butajira town, Welkite town, Emdeber town, Gunchrea town, Arekite town, Agena town, Eniseno town and Buea town.

Figure 3-1:- Map of study area



Source: Kornima, (2022)

3.3. Research design

The type of research used in this study was descriptive and explanatory research and a both qualitative and quantitative approach was employed. Explanatory determines the cause-effect relationships. The major purpose of descriptive research is description of the state of affairs as it exists at present. Descriptive design according to Kothari (2004) pointed out that descriptive research design describes the features of specific unit or a group and is concerned with narration of facts and predictions.

Then this study describes and critically determines and compares the performance of MSEs in Gurage zone selected front (Sodo and Enore) and back (Geto and G/G/W) woredas.

3.4. Target population

According to Kothari (2012), a population is a group of events, people or items of interest with a common observable attributes. Target population is the specific population about which information is desired. According to Ngechu (2004), a population is well defined or set of people, service, elements, and events, group of things or households that are being investigated. MSEs Sector those are engaged in construction, urban agriculture, manufacturing trade and service. So, the target population for this particular study was all the MSEs currently operating in study area. Office those are engaged in construction, urban agriculture, manufacturing, Trade and Service.

Table 3-1: Target population Table

No	Target population	Population	Proportion	Sample in number
1	Construction	86	(86*236)/578	35
2	Urban agriculture	105	(105*236)/578	43
3	Manufacturing	66	(66*236)/578	27
4	Trade	205	(205*236)/578	84
5	Service	116	(116*236)/578	47
	Total	**578**		**236**

3.5. Sampling Techniques and Sample Size

Among the 16 woredas of Gurage zone 4 woredas Enore, Sodo, Gedebano Gutazer Welene and Geto was selected purposively, as a study area for this research. This is because Gurage zone enterprise and industry sector ranked those woredas front and back based on their performance in 2014 e.c. To select sample of enterprise from the total population of SMEs a stratified random sampling was apply to get a representative number of enterprises from each woreda and sector. In this study this technique is preferred because it assists in minimizing bias when dealing with the population with this technique. The sample frame was organized into a relatively homogeneous group (Strata's), before selecting elements for the sample. The strata's was sectors of MSEs including construction, urban agriculture, manufacturing, trade and service. Which are commonly available in all part of the woredas. Sample of MSE's from each enterprise respondent was select by using simple random sampling method.

To apply stratified sampling method Yemane (1996) sample size determination formula was used, at 95 % confidence level and 0.05 precision levels.

$$n = \frac{N}{1+Ne^2}$$

Where,

- n is the sample size,
- N is the population size and
- e is the level of precision (the acceptable sampling error).

From the total population of 578 enterprises 236 sample was drown in study area, 35 samples from construction, 43 samples from urban agriculture, 27 samples from manufacturing, 84 sample from Trade and 47 samples from service was select by using the above formula.

$$n = N/1+N\ (e2)$$

$$n = 578/1+578(0.0025) = 236$$

3.6. Data Type and Source

The study was using both primary and secondary types of data. Primary data gather from question to use analysis purpose and secondary data for documentation. The source of the data was used micro and small business enterprises which exist in Gurage zone selected woredas.

3.7. Methods of data collections

The primary data was collect through questionnaires data collection tools are used for the selected micro and small enterprises respondents. The secondary data was collect from published and unpublished documents like financial performance report of enterprise, journals, magazine, sales documents, books, reports and various literatures on the title of the research.

The questionnaires were distributed to collect data from respondent in selected micro and small enterprises. The researcher was developing a questionnaire which containing open and closed ended questions. The questionnaire was prepare in English language and translated into Amharic to make the questionnaire simple for the respondents. The type of questionnaire was used for this study is open and closed ended questionnaire.

3.8. Methods of data analysis and presentation

Data was analyzed by using descriptive and inferential statistics. Descriptive statistics involve the use of frequencies and mean. Inferential statistics was use to see the variation in the performance of enterprises in relation to the different levels of each of the explanatory (independent) variables with the aid of the Statistical Package for Social Science (SPSS) version 20 was used to analyze the data obtained from primary sources. Analysis of variance (ANOVA) and T-test was used to test the hypotheses stated in this study regarding the performance of MSE's in relation to each of the independent variables of the study. The dependent variable is performance of MSE's and the independent variable are access to finance, access to market, working premises, infrastructure, management and expertise skill and technology.

3.8.1. Correlation Coefficient

Phyllis and his associates (2007:18-55), inferences have a very important in management research. This is so because conclusions are normally established on the bases of results. Such

generalizations were therefore, be made for the population from the samples. They speculate that the Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlation are continuous. To ascertain whether a statistically significant relationship exists between independent and dependent variable (firm's performance) the Product Moment Correlation Coefficient was used.

According to Duncan C. and Dennis H. (2004:38-41), correlation coefficient can range from -1 to +1. The value of -1 represents a perfect negative correlation while a value of +1 represents a perfect positive correlation. A value of 0 correlations represents no relationship.

3.8.2. Multiple Linear Regression Analysis

Multiple linear regressions are a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike correlations, however, the primary purpose of regression is prediction (Geoffrey M. et al., 2005:224-225). In this study multiple regressions was employed. Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores (John Adams, et al., 2007:198). They added multiple regression analysis, which means more than one predictor is jointly regressed against the criterion variable. This method is used to determine if the independent variables will explain the variance in dependent variable.

The equation of regressions on this study is generally constructed around two sets of variables, namely dependent variable (performance of MSE's) and independent variables (access to finance, management and expertise skill, access to market, technology, working premises and infrastructure). The basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables.

Regress Performance on Selected Variables

$$\boldsymbol{Yi = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6 + £i}$$

Where: Y-is the response or dependent variable

X_1= Access to finance

X_2= Management and expertise skill

X_3= Access to market

X_4= Technology

X_5= Working premises

X_6= Infrastructure

β_0 is the intercept term-constant which would be equal to the mean if all slope coefficients are β0. β1, β2, β3, β4, β5 and β6 are the coefficients associated with each independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

3.9. Description of variable

According to Mugenda and Mugenda (2003) conceptual framework is a diagrammatic presentation of the relationship between dependent and independent variables. Researchers who focus on causal relations usually begin with an effect, and then search for its causes. The cause variable, or the one that identifies forces or conditions that act on something else, is the independent variable. The variable that is the effect or is the result or outcome of another variable is the dependent variable (also referred to as outcome variable or effect variable).

A. **Dependent variable**

Performance of micro and small enterprises: Performance of MSE's is defined as the enterprises owner/operator subjective measure of their business performance. Performance of MSE's was to be measured using a 5 point Likert scale (5 = strongly agree, 4 = agree, 3 = undecided, 2 = disagree and 1= strongly disagree) to identify the overall level of respondents performance.

B. **Independent variables**

The following are the independent variables used in this study: The independent variables are access to finance, access to market, working premises, infrastructure, technology and management and expertise skill. All independent variables was to be measured using five point Likert scale (5 = strongly agree, 4 = agree, 3 = undecided (Neutral), 2 = disagree and 1= strongly disagree).

3.10. Reliability and validity

The sample size of the collected data also was evaluated based on the statistical packages. Constructed validity test was conducted to assure the quality of the data. The data was also undergone reliability test for measuring the stability and consistency of the results. Later on the correlation analysis of the determinants of the performance of MSEs was followed in depth. And also advanced level analysis was employed such as regression to measure the extent of effect on dependent variable.

Reliability is the degree to which a test, experiment or any measuring procedure produces the same results in the repetitive judgments and can therefore be generalized. The tendency towards yielding similar results in repetitive judgments or measurements is its consistency.

Validity, on the other hand, is the degree to which the constructs are able to measure what it is supposed to measure (APA, 2014). Most importantly the clarity of the instruments were checked and commented by the advisors. This was done before and after the pre-test (pilot test) was conducted.

In order to measure (check) the internal consistency of the study instruments, the study was use the Cronbach alpha (α) which measures how well items in a set are correlated to each other (Cronbach, 1951). The value of alpha varies from zero to 1 since it is a ratio of two variances. As a rule, an alpha value between 0.70-1.00 is considered an adequate measure of internal consistency (reliability) among the theories was tested and validity test was performed by correlation and regression analysis. However, George and Mallery (2003) provided more detailed categories of reliability values such as $0.9 \leq \alpha < 1$ as "Excellent"; $0.8 \leq \alpha < 9$ as "Good"; $0.7 \leq \alpha < 0.8$ as "acceptable"; $0.6 \leq \alpha < 0.7$ as "questionable"; $0.5 \leq \alpha < 0.6$ as "poor" and < 0.5 as unacceptable.

Table 3-2: The Reliability Test Results of the Variables

no	Variable	Description	Cronbach's Alpha	Number of items
1	Independent variable	Infrastructural factors	.794	5
		Finance factors	.718	5
		Working premises	.733	4
		Marketing Factors	.707	7
		Management and expertise skill	.755	6
		Technology Factors	.708	5
2	Dependent variable	Performance of MSEs	.741	5
The overall reliability results			.736	37

Source: researcher's computation using SPSS-2023

From the above Table the least Cronbach alpha value is .736 which is above .700; this implies that the values are in the acceptable ranges.

3.11. Ethical consideration

Ethical issues are very important in research these days. Ethical emerged from value conflicts. In research, these conflicts are expressed in many ways: individual's rights to privacy versus the undesirability of manipulation, openness and replication versus confidentiality, future welfare versus immediate relief, and others. Each decision made in research involves a potential compromise of one value for another. Researchers must try to minimize risks to participants, colleagues and society while attempting to maximize the quality of information they produce (David F. Gillespie, 1989). In favor of this study the researcher is familiar with the ethical issues of research. Thus, the researcher was observe the principles of ethical issues like confidentially and dignity of the participants, integrity, on no account plagiarism, and never fabricating and destroying data.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1. Introduction

To facilitate ease in conducting the empirical analysis, the result was analysis by using descriptive analyses and inferential analysis. The purpose of this study is to determinants of the performance of MSE's in Gurage zone selected woredas. Data were collected from operators or owner managers of MSEs found in selected front and back woredas in 2014 e.c achievement.

The researcher was able to back 224 out of the 236 questionnaires administered to the operators or owner managers of sample MSEs giving a 94.9% response rate. Of the 236 questionnaires distributed, 12 questionnaires were not returned at all and thus not included in the analysis. Out of the 236 questionnaires were distributed to 35 samples from construction, 43 samples from urban agriculture, 27 samples from manufacturing, 84 sample from trade and 47 samples from service.

The numbers of questionnaires retrieved from Construction, urban agriculture, manufacturing, and trade and service are 33, 40, 25, 81 and 45 respectively. This represents a response rate of 94.3%, 93%, 92.6%, 96.4% and 95.7% for construction, urban agriculture, manufacturing, trade and service respectively.

Generally, this section is organized in the following way: First, the general information about MSEs were presented and analyzed. Second, data collected through questionnaires were analyzed. Moreover, the results of Pearson's Correlation Coefficient and regressions were analyzed.

4.2. Demographic information of respondents

These aspects of the analysis deals with the basic data on the respondents of the questionnaires sent to them. The basic data comprise of the respondents sex, age, educational level and type of occupation in the MSE's.

4.2.1. Demographic characteristics of the respondents in front woredas

Table 4-1 Demographic Character of the Respondent in Front Woredas

Parameters		Frequency	Percent
Sex of respondent	Male	92	82.9
	Female	19	17.1
	Total	111	100.0
Education Level	Illiterate	7	6.3
	1-8	32	28.8
	9-12	54	48.6
	Diploma	12	10.8
	Bachelor degree	6	5.4
	Total	111	100.0
Age of the respondent	18-25	9	8.1
	26-34	87	78.4
	35-45	15	13.5
	Total	111	100.0
Type of occupation	Constriction	17	15.3
	Manufacturing	13	11.7
	Agriculture	22	19.8
	Trade	36	32.4
	Service	23	20.7
	Total	111	100.0

Source: researcher's computation using SPSS-2023

Table 4-1 above presents the gender composition of the respondents. Of the total 111 respondents 92 (82.9%) were male and the remaining 19 (17.1%) were female. Generally the data analysis indicates that males have highest number of participation than females in Gurage zone selected woredas. So improvements are needed for the female's engagements in MSE's activities.

The above table 4-1 presents the Educational Levels of respondents. Education or human capital development is considered as the basic instrument in fighting poverty. Any policy that aimed to improve nation education of manpower such as development of skill, knowledge, invention, research and development etc. are expected to bring about long run sustainable economic development.

Table 4-1 above presents the education back ground of the study participants were concerned, About 7(6.3%) of the respondents are having Illiterate, 32(28.8%) are qualified with primary education, 54(48.6%) are secondary, 12(10.8%) are diploma holders and the reaming 6(5.4%) respondents are completed degree.

The above table 4-1 summarizes the data obtained on the ages of respondents of the total respondents, 9 (8.1%) were at the age of 18-25, 87(78.4%) were at the age interval 26-34 which categorized active and matured age group able to contribute to the economy and 15 (13.5%) respondents which found in age group of 35-45. So this indicates active and matured population age has significant impact on small and micro enterprise in the study.

As shown in table 4-1 above, the sample firms were operating in five sectors of the economy. Most of them are engaged in Construction 17 (15.3%), Manufacturing 13 (11.7%), Urban agriculture 22 (19.9%), trade 36 (32.4%), and service are 23 (20.7%). This division of MSEs by sector type was believed to be helpful to study each sector critical factors that affect the financial performance of MSE's. This is because firms in different sectors of the economy face different types of problems.

4.2.2. Demographic characteristics of the respondents in back woredas

Table 4-2 Demographic Character of the Respondent in Back Woredas

Parameters		Frequency	Percent
Sex of respondent	Male	81	71.7
	Female	32	28.3
	Total	113	100.0
Education Level	Illiterate	9	8.0
	1-8	33	29.2
	9-12	57	50.4
	Diploma	10	8.8
	Bachelor Degree	4	3.5
	Total	113	100.0
Age of the respondent	18-25	11	9.7
	26-34	87	77.0
	35-45	15	13.3
	Total	113	100.0
Type of occupation	Constriction	16	14.2
	Manufacturing	12	10.6
	Agriculture	18	15.9
	Trade	45	39.8
	Service	22	19.5
	Total	113	100.0

Source: researcher's computation using SPSS-2023

Table 4-2 above presents the gender composition of the respondents of back woredas the total 113 respondents 81 (71.7%) were male and the remaining 32 (28.3%) were female. Generally the data analysis indicates that males have highest number of participation than females in Gurage zone selected woredas. So improvements are needed for the female's engagements in MSE's activities.

The above table 4-2 presents the Educational Levels of respondents. As far as the education back ground of the study participants were concerned, About 9 (8%) of the respondents are having Illiterate, 33 (29.2%) are qualified with primary education, 57 (50.4%) are secondary, 10(8.8%) are diploma holders and the reaming 4 (3.5%) respondents are completed degree.

The above table 4-2 summarizes the data obtained on the ages of respondents of the total respondents, 11 (9.7%) were at the age of 18-25, 87 (77%) were at the age interval 26-34 which categorized active and matured age group able to contribute to the economy and 15 (13.3%) respondents which found in age group of 35-45. So this indicates active and matured population age has significant impact on small and micro enterprise in the study.

As shown in table 4-2 above, the sample firms were operating in five sectors of the economy. Most of them are engaged in Construction 16 (14.2%), Manufacturing 12 (10.6%), Urban agriculture 18 (15.9%), trade 45 (39.8%), and service are 22 (19.5%). This division of MSEs by sector type was believed to be helpful to study each sector critical factors that affect the financial performance of MSE's. This is because firms in different sectors of the economy face different types of problems.

When we compare both back and front woredas demographic characters of the respondent in both woredas males have highest number of participation than females, education back ground of the study participants were qualified with secondary education level, age interval 26-34 are active and matured population age has significant impact on small and micro enterprise in the study and sample firms were operating sectors more focus on the trade sectors.

4.2.3. Analysis of Infrastructure related factors

The mean score indicate the average response of respondents with the five point likert scale.

Table 4-3 Infrastructure Related Factors in both Front and Back Woredas

Item	Descriptive Statistics						
	Infrastructure factors	Front woredas			Back woredas		
		N	Mean	Std. Deviation	N	Mean	Std. Deviation
1.	Power interruptions	111	2.43	1.240	113	2.95	.730
2.	Insufficient and interrupted water supply	111	2.43	1.233	113	2.83	.767
3.	Lack of business development services	111	2.27	1.420	113	2.73	.858
4.	Lack of sufficient and quick transportation service	111	3.81	1.455	113	2.73	.824
5.	Lack of appropriate dry waste and sewerage system	111	3.47	1.426	113	2.63	.793
	Average mean	111	2.882	1.3548	113	2.774	.7944

Source: researcher's computation using SPSS-2023

In the above table 4-3 the mean of item 4 "Lack of sufficient and quick transportation service" shows high mean score (3.81) in the case of front woredas. These shows, as respondents' response: SME's sampled respondents are challenged by frequent interruption of Lack of sufficient and quick transportation service in front woredas. In the above table 4-3 also indicate that the mean of item 5 "Lack of appropriate dry waste and sewerage system" shows mean score (3.47) in the case of study front woredas. This show, as respondents' response: the SME's sampled respondents are challenged by Lack of appropriate dry waste and sewerage system is the major factor of SME's in their performance in the study area at the study time.

In the above table 4-3 also indicate that the mean of item 1 and 2 “Power interruptions” and “Insufficient and interrupted water supply “ shows mean score (2.95) and (2.83) in the case of back woredas respectively. This show, as respondents’ response: the SME’s sampled respondents are challenged by unavailability of power interruption and insufficient and interrupted water supply is the major factor of SME’s in their performance in the study area at the study time. The result findings of this study agree with the result of the previous research Haftu Berihun (2009), admsu abera (2012), (Brown and Lloyd, 2002), Rakodi (2002).

When we compare both back and front woredas infrastructure factors, “Lack of sufficient and quick transportation service” and “Lack of appropriate dry waste and sewerage system” are a major factor of SME’s in their performance in front woredas. Whereas “Power interruptions” and “Insufficient and interrupted water supply are a major factor of SME’s their performance in back woredas.

4.2.4. Analysis of Access to finance related factors

The mean score indicate the average response of respondents with the five point likert scale.

Table 4-4 Access to Finance Related Factors in both Front and Back Woredas

Item	Descriptive Statistics						
	Finance related factors	Front woredas			Back woredas		
		N	Mean	Std. Deviation	N	Mean	Std. Deviation
1.	Inadequacy of credit institutions	111	3.80	1.432	113	2.88	.836
2.	shortage of working capital	111	3.06	.661	113	2.71	.923
3.	high collateral requirement from banks and other lending institutions	111	4.16	1.156	113	2.66	.893
4.	high interest rate charged by banks and other lending institutions	111	4.25	1.074	113	2.65	.823
5.	Lack of cash management skills	111	4.12	1.189	113	2.63	.937
	Average mean	111	3.878	1.1024	113	2.706	.8824

Source: researcher’s computation using SPSS-2023

In the above table 4-4 respondent response on the access to finance related factor in front woredas indicated that the mean of item 4 “High interest rate charged by banks and other lending institutions” shows mean score (4.25), item 3 “High collateral requirement from banks and other lending institutions” which shows (4.16) mean score in Gurage zone front woredas respectively. This show as respondents’ response: the SME’s sampled respondents are challenged by high interest rate charged by banks and other lending institutions and high collateral requirement from banks and other lending institutions is the major factor of SME’s in their performance in the study area at the study time.

In the above table 4-4 also indicate that the mean of item 1 and 2 “Inadequacy of credit institutions” and “Shortage of working capital” shows mean score (2.88) and (2.71) in the case of back woredas respectively. This show, as the SME’s sampled respondents are challenged by Inadequacy of credit institutions and shortage of working capital is the major factor of SME’s in their performance in the study area at the study time. The result findings of this study agree with the result of the previous research Abdullhi Hamu (2008), Admsu abera (2012).

When we compare both back and front woredas finance related factors, “High interest rate charged by banks and other lending institutions” and “High collateral requirement from banks and other lending institutions” are a major factor of SME’s in their performance in front woredas. Whereas inadequacy of credit institutions and Shortage of working capital factors of SME’s their performance in back woredas.

4.2.5. Analysis of working premises related factors

Working place factors were absence of own premises unsuitability of current working and selling place, high cost of renting houses (Admasu Abera, 2012). The mean score indicate the average response of respondents with the five point likert scale.

Table 4-5 Working Premises Related Factors in both Front and Back Woredas

Item	Descriptive Statistics						
	Work premises related factors	Front woredas			Back woredas		
		N	Mean	Std. Deviation	N	Mean	Std. Deviation
1.	You have your own premises	111	3.37	1.549	113	2.79	.749
2.	Current working place is not convenient	111	3.68	1.184	113	2.55	.866
3.	The rent of house is too high	111	3.34	1.268	113	2.66	.820
4.	Lack of shading to operate the business	111	3.83	.829	113	2.55	.779
	Average mean	111	3.555	1.2075	113	2.6375	.8035

Source: researcher's computation using SPSS-2023

In the above table 4-5 respondent response on the access to Work premises related factors in front woredas indicated that the mean of item 4 "Lack of shading to operate the business" shows mean score (3.83), item 2 "Current working place is not convenient" which shows (3.68) mean score in Gurage zone front woredas respectively. This show as respondents' response: the SME's sampled respondents are challenged by Lack of shading to operate the business and the Current working place is not convenient are the major factor of SME's in their performance in the front woredas at the study time.

In the above table 4-5 also indicate that the mean of item 1 and 3 "You have your own premises" and "The rent of house is too high" shows mean score (2.79) and (2.66) in the case of back woredas respectively. This show, as the SME's sampled respondents are challenged by their own premises and the rent of house is too high is the major factor of SME's in their performance in the study area at the study time.

4.2.6. Analysis of Access to market related factors

According to researcher Admasu Abera (2012), inadequate market and difficulty in Searching new market, lack of demand forecasting, and asymmetry in market information, poor customer relationship and, lack of promotion to attract potential customers are marketing constraints. The mean score indicate the average response of respondents with the five point likert scale.

Table 4-6 Access to Market Related Factors in both Front and Back Woredas

Item	Descriptive Statistics						
	Market related factors	Front woredas			Back woredas		
		N	Mean	Std. Deviation	N	Mean	Std. Deviation
1.	Inadequate market for my product	111	3.29	1.171	113	3.06	.816
2.	Searching new market is so difficult	111	3.41	1.246	113	2.91	1.023
3.	Lack of demand forecasting	111	3.56	.997	113	2.90	.801
4.	Lack of market information	111	3.77	1.095	113	2.89	.958
5.	Absence of relationship with an organization that conduct marketing research	111	3.52	1.197	113	2.73	.835
6.	Lack of promotion to attract potential users	111	3.46	.815	113	2.79	.749
7.	Poor customer relationship and handling	111	3.38	1.251	113	2.55	.866
	Average mean	111	3.484	1.1103	113	2.833	.864

Source: researcher's computation using SPSS-2023

In the above table 4-6 respondent response on the access to market related factors in front woredas indicated that the mean of item 4 "Lack of market information" shows mean score (3.77), item 3 "Lack of demand forecasting" which shows (3.52) mean score in front woredas respectively. This show as respondents' response: the SME's sampled respondents are challenged by Lack of market information and Lack of demand forecasting is the major factor of MSE's in their performance in the study area at the study time.

In the above table 4-6 also indicate that the mean of item 1 and 2 "Inadequate market for my product" and "Searching new market is so difficult" shows mean score (3.06) and (2.91) in the case of back woredas respectively. This show, as the SME's sampled respondents are challenged by inadequate market for my product and Searching new market is so difficult are the major factors of SME's in their performance in the study area at the study time.

When we compare both back and front woredas market related factors, “Lack of market information” and “Lack of demand forecasting” are a major factor of SME’s in their performance in front woredas. Whereas “Inadequate market for my product” and “Searching new market is so difficult” factor of SME’s their performance in back woredas.

4.2.7. Analysis of Access to management expertise skill related factors

The mean score indicate the average response of respondents with the five point likert scale.

Table 4-7 Management Expertise Skill Related Factors in both Front and Back Woredas

Item	Descriptive Statistics						
	Management expertise skill related factors	Front woredas			Back woredas		
		N	Mean	Std. Deviation	N	Mean	Std. Deviation
1.	Lack of clear division of duties and responsibility among employees	111	3.25	1.534	113	2.79	.749
2.	Poor organization and ineffective communication	111	3.81	1.385	113	2.55	.866
3.	Poor selection of associates in business	111	3.94	1.390	113	2.66	.820
4.	Lack of well trained and experienced employees	111	4.14	1.017	113	2.55	.779
5.	Lack of low cost and accessible training facilities	111	3.67	.975	113	3.06	.816
6.	Lack of strategic business planning	111	3.32	1.501	113	2.91	1.023
	Average mean	111	3.688	1.3003	113	2.753	.8422

Source: researcher’s computation using SPSS-2023

In the above table 4-7 respondent response on the access to market related factors in front woredas indicated that the mean of item 4 “Lack of well trained and experienced employees” shows mean score (4.14), item 3 “Poor selection of associates in business” which shows (3.94) mean score in front woredas respectively. This show as respondents’ response: the SME’s sampled respondents are challenged by Lack of well trained and experienced employees and Poor selection of associates in business are the major factors of MSE’s in their performance in the study area at the study time.

In the above table 4-7 also indicate that the mean of item 5 and 6 “Lack of low cost and accessible training facilities” and “Lack of strategic business planning” shows mean score (3.06) and (2.91) in the case of back woredas respectively. This show, as the SME’s sampled respondents are challenged by Lack of low cost and accessible training facilities and Lack of strategic business planning are the major factors of SME’s in their performance in the study area at the study time.

When we compare both back and front woredas market related factors, “Lack of well trained and experienced employees” and “Poor selection of associates in business” are a major factor of SME’s in their performance in front woredas. Whereas “Lack of low cost and accessible training facilities” and “Lack of strategic business planning” factor of SME’s in their performance in back woredas.

4.2.8. Technological related factors

The mean score indicate the average response of respondents with the five point likert scale.

Table 4-8 Technological Factors in Both Front and Back Woredas

Item	Descriptive Statistics						
	Technological related factors	Front woredas			Back woredas		
		N	Mean	Std. Deviation	N	Mean	Std. Deviation
1.	Lack of appropriate machinery and equipment	111	3.76	1.323	113	2.90	.801
2.	Lack of skills to handle new technology	111	3.29	1.557	113	2.89	.958
3.	Lack of money to acquire new technology	111	3.86	1.261	113	2.73	.835
4.	Unable to select proper technology	111	3.48	.957	113	2.79	.749
5.	your technology for your business is better than competitors	111	3.87	1.402	113	2.55	.866
	Average mean	111	3.652	1.3	113	2.772	.8418

Source: researcher’s computation using SPSS-2023

In the above table 4-8 respondent response on the access to technological related factors in front woredas indicated that the mean of item 5 “your technology for your business is better than competitors” shows mean score (3.87), item 3 “Lack of money to acquire new technology” which shows (3.86) mean score in front woredas respectively. This show as respondents’ response: the SME’s sampled respondents are challenged by your technology for your business is better than competitors and Lack of money to acquire new technology are the major factor of SME’s in their performance in the study area at the study time.

In the above table 4-8 also indicate that the mean of item 1 and 2 “Lack of appropriate machinery and equipment” and “Lack of skills to handle new technology” shows mean score (2.90) and (2.89) in the case of back woredas respectively. This show the SME’s sampled respondents are challenged by Lack of appropriate machinery and equipment and Lack of skills to handle new technology are the major factor of SME’s in their performance in the study area at the study time.

When we compare both back and front woredas technological related factors, “your technology for your business is better than competitors” and “Lack of money to acquire new technology” are a major factor of SME’s in their performance in front woredas. Whereas “Lack of appropriate machinery and equipment” and “Lack of skills to handle new technology” factor of SME’s their performance in back woredas.

4.2.9. Comparison of Factors

In the study result indicated that all independent variable like, infrastructure, Financial factors, working premises, marketing, factors, Management and expertise skill and Technology factors are affect the performance of MSEs, this does not necessarily mean that all factors have equal impact. The following table clearly compares the overall impact of all key factors in both front and back woredas discussed in detail below in the table.

Table 4-8 Comparison of the Major Factors

Item	Descriptive Statistics							
	Major factors	Front woredas				Back woredas			
		N	Mean	Std. Deviation	Rank of factors	N	Mean	Std. Deviation	Rank of factors
1.	Infrastructural factors	111	3.67	.765	2nd	113	2.72	1.943	3rd
2.	Financial factors	111	3.30	.814	6th	113	2.47	.695	6th
3.	Work premises	111	3.86	.889	1st	113	2.70	.611	4th
4.	Marketing Factors	111	3.42	.828	4th	113	2.87	.575	1st
5.	Management and expertise skill	111	3.33	1.315	5th	113	2.51	.709	5th
6.	Technology factors	111	3.56	1.139	3rd		2.73	.641	2nd

Source: researcher's computation using SPSS-2023

In the above table 4-8 result indicated that Work premises, infrastructure factors, and Technology factors are the major factors to contribute to the performance of MSE's of Front woredas. In another hand, the result shows that Marketing Factors, Technology factors and Infrastructural factors are the three top most factors that affect the performance of MSE's in the back woredas in the study time. This result is supported by Haftu Berihun et al. (2009:84-86), admsu abera (2012), who found that lack of finance, work premises and infrastructure factors rank on top being reported as the major constraints by a large proportion of the enterprises. It can, therefore, be concluded that finance, work premises and infrastructure factors do largely affect the performance of MSE's.

4.3. Results of Inferential Statistics

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

Based on the questionnaire which was filled by the MSE's in Garage zone selected woredas the following correlation analysis was mad.

4.3.1. Correlation analysis

A correlation between Infrastructural factors, finance factor, Working premises, Market factor Management and expertise skill and Technological factor in micro and small enterprise in Guraghe zone selected woredas.

The table 4-9 below indicates that the correlation coefficients for the relationships between the performance of MSE's and its independent variables are linear and positive ranging from substantial to strong correlation coefficients.

Table 4-9 Correlation Analysis of Front Woredas

Correlations								
		IF	FF	WP	MF	MS	TF	P
IF	Pearson Correlation Sig. (2-tailed) N	1 111						
FF	Pearson Correlation Sig. (2-tailed) N	.458** .000 111	1 111					
WP	Pearson Correlation Sig. (2-tailed) N	-.179 .060 111	.149 .118 111	1 111				
MF	Pearson Correlation Sig. (2-tailed) N	.148 .121 111	-.104 .277 111	.426** .000 111	1 111			
MS	Pearson Correlation Sig. (2-tailed) N	.179 .061 111	.134 .161 111	-.043 .652 111	.444** .000 111	1 111		
TF	Pearson Correlation Sig. (2-tailed) N	.276** .003 111	.161 .092 111	.213* .025 111	.527** .000 111	.691** .000 111	1 111	
P	Pearson Correlation Sig. (2-tailed) N	.100 .295 111	.067 .486 111	.448** .000 111	.786** .000 111	.500** .000 111	.509** .000 111	1 111
**. Correlation is significant at the 0.01 level (2-tailed).								
*. Correlation is significant at the 0.05 level (2-tailed).								

Source: researcher's computation using SPSS-2023

As it is clearly indicated in the above table 4-9, a strong positive relationship was found between Marketing factors and performance of MSE's (r =.786, p < .000), Technology factors and financial performance of MSE's (r = .509, p < .000), and Management and expertise skill and financial performance of MSE's (r =.500, p < .000), which are statistically significant at 99% confidence level. This implies that at a 1% level of significance it was discovered that the Marketing factors, Technology factors and Management and expertise skill plays a significant role in determining the performance of MSE's in the selected front woredas.

Table 4-10 Correlation Analysis of Back Woredas

Correlations								
		IF	FF	WP	MF	MS	TF	P
IF	Pearson Correlation Sig. (2-tailed) N	1 113						
FF	Pearson Correlation Sig. (2-tailed) N	.106 .265 113	1 113					
WP	Pearson Correlation Sig. (2-tailed) N	.048 .614 113	.104 .273 113	1 113				
MF	Pearson Correlation Sig. (2-tailed) N	.046 .629 113	.224* .017 113	.267** .004 113	1 113			
MS	Pearson Correlation Sig. (2-tailed) N	.009 .923 113	.051 .594 113	.401** .000 113	.235* .012 113	1 113		
TF	Pearson Correlation Sig. (2-tailed) N	.047 .624 113	.142 .135 113	.341** .000 113	.703** .000 113	.224* .017 113	1 113	
P	Pearson Correlation Sig. (2-tailed) N	-.087 .360 113	.159 .092 113	.259** .006 113	.743** .000 113	.052 .581 113	.645** .000 113	1 113
*. Correlation is significant at the 0.05 level (2-tailed).								
**. Correlation is significant at the 0.01 level (2-tailed).								

Source: researcher's computation using SPSS-2023

As it is clearly indicated in the above table 4-9, a strong positive relationship was found between Marketing factors and performance of MSE's (r =.743, p < .000), Technology factors and financial performance of MSE's (r = .645, p < .000), and Work premises and performance of MSE's (r =.259, p < .000), which are statistically significant at 99% confidence level. This implies that at a 1% level of significance it was discovered that the Marketing factors, Technology factors and Work premises plays a significant role in determining the performance of MSE's in the selected front woredas.

On the above table 4-9 and 4-10 (IF) Infrastructural factors, (FF) finance factor, (WP) Working premises, (MF) Market factor (MS) Management and expertise skill and (TF) Technological factor and (P) performance of MSE's.

4.3.2. Regressions Analysis

For the purposes of determining the extent to which the independent variables explain the variance in the dependent variable, regression analysis was employed. The results of such analysis are narrated as follows.

4.3.2.1.Regressions Analysis Front woredas

Analysis of Variance table 4-11 below tells about the story of how the regression equation accounts for variability in the response variable, which is the dependent variable "performance of MSE's" for this thesis due to a change in the independent variables (Technology factors, Financial factors, Work premises, Infrastructural factors, Marketing Factors, Management and expertise skill).

Table 4-11: One Way ANOVA (Analysis Of Variance)

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Overall variables of front woredas	Between Groups	20.783	20	1.039	6.730	.000
	Within Groups	13.897	90	.154		
	Total	34.680	110			
Overall variables of back woredas	Between Groups	3.825	20	.191	.746	.768
	Within Groups	23.063	90	.256		
	Total	26.888	110			

Source: researcher's computation using SPSS-2023

From the ANOVA table 4-11 indicate the regression model the value of F-statistic is 6.730 and Sig. value is 0.000. the result reflects there was a statistically significant correlation between dependent variable and independent variables at 5% significant level, which means the independent variables (Technology factors, Financial factors, Work premises, Infrastructural factors, Marketing Factors, Management and expertise skill), have great contribution on the performance of MSE's in selected front woredas.

The above table 4-11 indicates the regression model the value of F-statistic is .746 and Sig. value is 0.768. the result reflects there was a statistically insignificant correlation between dependent variable and independent variables at 5% significant level, which means the independent variables (Technology factors, Financial factors, Work premises, Infrastructural factors, Marketing Factors, Management and expertise skill), have not great contribution on the performance of MSE's in selected back woredas.

Generally, the above table 4-11 is to show between the two woredas i.e, back and front woredas there is a significant difference with in the variables.

Table 4-12 Regress Financial Performance Using Multiple Regressions

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.904[a]	.817	.807	.370	1.731

a. Predictors: (Constant), Technology factors, Financial factors, Work premises, Infrastructural factors, Marketing Factors, Management and expertise skill

b. Dependent Variable: performance of MSE's

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.045	.342		3.054	.003
	Infrastructural factors	-.097	.055	-.088	-1.761	.081
	Financial factors	.062	.051	.060	1.202	.232
	Work premises	-.132	.046	-.139	-2.857	.005
	Marketing Factors	.803	.056	.791	14.298	.000
	Management and expertise skill	.120	.038	.187	3.120	.002
	Technology factors	-.039	.047	-.052	-.823	.412

a. Dependent Variable: performance of MSE's

Source: researcher's computation using SPSS-2023

Table 4-12 above displays the estimates of the multiple regression of the performance against its independent variables front woredas the sample of 111 MSE's that affect the performance of MSEs in the selected enterprise.

As shown from the above table 4-12 the R^2 and Adjusted R^2 values of the model was of 0.817 and 0.807 respectively the result indicates that about 80.7 % of the variability in the dependent variable is explained by the independent variables used in the model. That is Technology factors, financial factors, Work premises, Infrastructural factors, Marketing Factors and Management and expertise skill are jointly explaining 80.7% of the change in the performance of micro and small enterprise.

The remaining 19.3 % of the variability in the dependent variable is left unexplained by the independent variables used in the study. This means that the remaining 19.3 % of the changes were explained by other variables that are not included in the model.

The unstandardized coefficients B column, gives us the coefficients of the independent variables in the regression equation including all the independent variables as indicated below.

$$\boldsymbol{Yi = \beta 0 + \beta 1 X1 + \beta 2 X2 + \beta 3 X3 + \beta 4 X4 + \beta 5 X5 + \beta 6 X6}$$

$$\boldsymbol{Yi = 1.045 - 0.097\ IF + 0.062\ FF - 0.132 WP + 0.803 MF + 0.120\ MS - 0.039 TF}$$

Above table 4-12 table shows that, the explanatory variable like technological factor, access to finance and infrastructure in this study can significantly explain at 99% confidence level to the variation on the dependent variable. The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average amount the dependent variable increases when the independent variable increases by one standard deviation (all other independent variables are held constant).

The multiple regression result in the above table 4-12 shows that; coefficient intercept (β_0) is 1.045. This means, when all explanatory variables took a value of zero, the average value of the performance of MSE's would be taking 1.045 units and statistically insignificant at 5% level of significance which probability value is 0.003.

- ✓ The infrastructure factor of MSE's was found to be statistically insignificant (p-value 0.081) at 5% significance level and was negatively related with the performance of the MSE's. Other things being constant, a unit increases in infrastructure factor leads to decrease in the performance of MSE's by a factor of -0.097 units, (birr) on average.
- ✓ The financial factors of MSEs was found to be statistically insignificant (p-value 0.232) at 5% significance level and was positively related with the performance of the enterprises. Other things being constant, a unit increases in financial factors leads to increase in the performance of MSE's by 0.062 units (birr) on average.

- ✓ The work premises of MSE's was found to be statistically significant (p-value 0.005) at 5% significance level and was negatively related with the performance of the MSE's. Other things being constant, a unit increases in Work premises factor leads to decrease in the performance of MSE's by a factor of -0.132 units, (birr) on average.
- ✓ Marketing factors of MSE's was found to be statistically significant (p-value 0.000) at 5% significance level and was positively related with the performance of the MSE's. Other things being constant, a unit increases in Marketing factors leads to an increase in performance of MSE's by 0.803 units (birr) on average.
- ✓ Management and expertise skill of MSE's was found to be statistically significant (p-value 0.002) at 5% significance level and was positively related with the performance of the MSE's. Other things being constant, a unit increases in Management and expertise skill leads to increase in the performance of MSE's by 0.120 units (birr) on average.
- ✓ The technology factor of MSE's was found to be statistically insignificant (p-value 0.412) at 5% significance level and was negatively related with the performance of the enterprises. Other things being constant, a unit increases in technology factor leads to decrease in the performance of MSE's by a factor of -0.039 units, (birr) on average.

Finally conclude that in front woredas multiple regression result indicated that, Marketing Factors and Management and expertise skill has positive and statically significant effect on the performance of MSE's and Work premises has negative significant effect on the performance of MSE's. On the other hand Infrastructural and Technology factors have negative insignificant effect and also a financial factor has positive insignificant effect on the performance of MSE's.

4.3.2.2.Regressions Analysis for Back woredas

Analysis of Variance table 4-13 below tells about the story of how the regression equation accounts for variability in the response variable, which is the dependent variable "performance of MSE's" for this thesis due to a change in the independent variables (Technology factors, Financial factors, Work premises, Infrastructural factors, Marketing Factors, Management and expertise skill).

Table 4-13 Regress Financial Performance Using Multiple Regressions

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.791[a]	.625	.604	.408	2.014

a. Predictors: (Constant), Technology factors, Infrastructural factors, Financial factors, Management and expertise skill, Work premises, Marketing Factors

b. Dependent Variable: Performance of MSE's

coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.521	.257		2.026	.045
	Infrastructural factors	-.043	.020	-.129	-2.152	.034
	Financial factors	.004	.057	.004	.071	.944
	Work premises	.102	.072	.096	1.416	.160
	Marketing Factors	.673	.096	.597	6.988	.000
	Management and expertise skill	-.163	.060	-.178	-2.719	.008
	Technology factors	.240	.087	.238	2.770	.007

a. Dependent Variable: Performance of MSE's

Source: researcher's computation using SPSS-2023

Table 4-14 above displays the estimates of the multiple regression of the performance against its independent variables Back woredas the sample of 113 MSE's that affect the performance of MSEs in the selected enterprise.

As shown from the above table 4-14 the R^2 and Adjusted R^2 values of the model was of 0.625 and 0.604 respectively the result indicates that about 60.4 % of the variability in the dependent variable is explained by the independent variables used in the model. That is Technology factors, financial factors, Work premises, Infrastructural factors, Marketing Factors and Management and expertise skill are jointly explaining 60.4% of the change in the performance of micro and small enterprise.

The remaining 39.6 % of the variability in the dependent variable is left unexplained by the independent variables used in the study. This means that the remaining 39.6 % of the changes were explained by other variables that are not included in the model.

The unstandardized coefficients B column, gives us the coefficients of the independent variables in the regression equation including all the independent variables as indicated below.

$$\boldsymbol{Yi = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \beta 6X6}$$

$$\boldsymbol{Yi = 0.521 - 0.043\ IF + 0.004\ FF + 0.102WP + 0.673MF - 0.163\ MS + 0.240TF}$$

Above table 4-14 table shows that, the explanatory variable like technological factor, access to finance and infrastructure in this study can significantly explain at 99% confidence level to the variation on the dependent variable. The standardized beta coefficient column shows the contribution that an individual variable makes to the model. The beta weight is the average amount the dependent variable increases when the independent variable increases by one standard deviation (all other independent variables are held constant).

The multiple regression result in the above table 4-14 shows that; coefficient intercept (β_0) is 0.521. This means, when all explanatory variables took a value of zero, the average value of the performance of MSE's would be taking 0.521 units and statistically insignificant at 5% level of significance which probability value is 0.045.

- ✓ The infrastructure factor of MSE's was found to be statistically significant (p-value 0.034) at 5% significance level and was negatively related with the performance of the MSE's. Other things being constant, a unit increases in infrastructure factor leads to decrease in the performance of MSE's by a factor of -0.043 units, (birr) on average.

- ✓ The financial factors of MSEs was found to be statistically insignificant (p-value 0.944) at 5% significance level and was positively related with the performance of the enterprises. Other things being constant, a unit increases in financial factors leads to increase in the performance of MSE's by 0.004 units (birr) on average.
- ✓ The work premises of MSE's was found to be statistically insignificant (p-value 0.160) at 5% significance level and was negatively related with the performance of the MSE's. Other things being constant, a unit increases in Work premises factor leads to increase in the performance of MSE's by a factor of 0.102 units, (birr) on average.
- ✓ Marketing factors of MSE's was found to be statistically significant (p-value 0.000) at 5% significance level and was positively related with the performance of the MSE's. Other things being constant, a unit increases in Marketing factors leads to an increase in the performance of MSE's by 0.673 units (birr) on average.
- ✓ Management and expertise skill of MSE's was found to be statistically significant (p-value 0.008) at 5% significance level and was positively related with the performance of the MSE's. Other things being constant, a unit increases in Management and expertise skill leads to decrease in the performance of MSE's by -0.163 units (birr) on average.
- ✓ The technology factor of MSE's was found to be statistically significant (p-value 0.007) at 5% significance level and was negatively related with the performance of the enterprises. Other things being constant, a unit increases in technology factor leads to increase in the performance of MSE's by a factor of 0.007 units, (birr) on average.

Finally Back woredas multiple regression result indicated that, Marketing and Technology factors has positive and statically significant effect on the performance of MSE's and Infrastructural and Management and expertise skill factors has negative significant effect on the performance of MSE's. On the other hand financial factors and Work premises has positive insignificant effect on the performance of MSE's.

CHAPTER FIVE

5. CONCLUSIONS, SUMMARY AND RECOMMENDATIONS

5.1. INTRODUCTION

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

5.2. CONCLUSIONS

This research was conducted in Gurage zone selected woredas with the major intent of critically determinants of the performance of MSE's operators involved in Construction**,** Manufacturing, Agriculture, Trade and Service activities.

236 questionnaires were distributed in Gurage Zone selected front and back woredas (Sodo and Enore woredas, Geto and Gedebano Gutazer Welene respectively). Out of which 236 were completed and retrieved successfully, representing 94.9% response rate. Out of the 236 questionnaires were distributed to 35 samples from construction, 43 samples from urban agriculture, 27 samples from manufacturing, 84 sample from trade and 47 samples from service. The numbers of questionnaires retrieved from Construction, urban agriculture, manufacturing, and trade and service are 33, 40, 25, 81 and 45 respectively. This represents a response rate of 94.3%, 93%, 92.6%, 96.4% and 95.7% for construction, urban agriculture, manufacturing, trade and service respectively.

In both back and front woredas demographic characters of the respondent response shows as males have highest number of participation than females, education back ground of the study participants were qualified with secondary education level, age interval 26-34 are active and matured population age has significant impact on micro and small enterprise in the study and sample firms were operating sectors more focus on the trade sectors.

In table 4-8 comparison of the major factors indicated that, Work premises, infrastructure factors, and Technology factors are the major factors to contribute the performance of MSE's

of Front woredas. In another hand, the result shows that Marketing Factors, Technology factors and Infrastructural factors are the three top most factors that affect the performance of MSE's in the back woredas in the study time.

As we are producing multiple correlations and regression model result indicated that the correlation is below 80%, which indicates the absence of series problem of multicollinearity in the regression equation as indicated in the above correlation matrix in both front and back selected woredas.

From the ANOVA table 4-11 indicate the regression model the value of F-statistic is 6.730 and Sig. value is 0.000. the result reflects there was a statistically significant correlation between dependent variable and independent variables at 5% significant level, which means the independent variables (Technology factors, Financial factors, Work premises, Infrastructural factors, Marketing Factors, Management and expertise skill), have great contribution on MSE's performance on selected front woredas.

The above table 4-11 indicates the regression model the value of F-statistic is .746 and Sig. value is 0.768. the result reflects there was a statistically insignificant correlation between dependent variable and independent variables at 5% significant level, which means the independent variables (Technology factors, Financial factors, Work premises, Infrastructural factors, Marketing Factors, Management and expertise skill), have not great contribution on MSE's performance on selected back woredas.

R^2 and Adjusted R^2 values of the model was of 0.817 and 0.807 respectively the result indicate that jointly explaining 80.7 % of the variability in the dependent variable is explained by the independent variables used in the model. The remaining 19.3 % of the variability in the dependent variable is left unexplained by the independent variables used in front woredas in the study time.

Back woredas, R^2 and Adjusted R^2 values of the model was of 0.625 and 0.604 respectively the result indicates that jointly explaining about 60.4 % of the variability in the dependent variable is explained by the independent variables used in the model. The remaining 39.6 % of the variability in the dependent variable is left unexplained by the independent variables used in the study.

The multiple regression result in front woredas in table 4-12 shows that; coefficient intercept (β_0) is 1.045. This means, when all explanatory variables took a value of zero, the average value of the performance of MSE's would be taking 1.045 units and statistically insignificant at 5% level of significance which probability value is 0.003. In other hand back woredas multiple regression result in table 4-14 shows that; coefficient intercept (β_0) is 0.521. This means, when all explanatory variables took a value of zero, the average value of the performance of MSE's would be taking 0.521 units and statistically insignificant at 5% level of significance which probability value is 0.045.

Finally conclude that in front woredas multiple regression result indicated that, Marketing Factors and Management and expertise skill has positive and statically significant effect on the performance of MSE's and Work premises has negative significant effect on the performance of MSE's. On the other hand Infrastructural and Technology factors have negative insignificant effect and also a financial factor has positive insignificant effect on the performance of MSE's.

Back woredas multiple regression result indicated that, Marketing and Technology factors has positive and statically significant effect on the performance of MSE's and Infrastructural and Management and expertise skill factors has negative significant effect on the performance of MSE's. On the other hand financial factors and Work premises has positive insignificant effect on the performance of MSE's.

Finally we can conclude that the largest influence on the performance of MSEs is market factor (.791) and management and expertise skill (.187) in front woredas and market factor (.597) and technological factor is (.238) in back woredas respectively are the heists predictor of the performance when it is compared with the other explanatory variables under this study. This result supported by Haftu Berihun et al. (2009:84-86), admsu abera (2012), who found that infrastructure, working promises, access to market and technological factor rank on top being reported as the major constraints by a large proportion of the enterprises. It can, therefore, be concluded that market factor is affect both back and front woredas, whereas management and expertise skill is affect front woredas, in the other hand technology factor is affect back woredas.

5.3. RECOMMENDATION

On the basis of the major findings of the study, the following recommendations are forwarded with the view to improve the performance of MSEs to the study area.

- ✓ There are infrastructural facility problems in the study area, like power interruption, Insufficient and interrupted water supply, and Lack of sufficient and quick transportation service problems. Therefore, the government and the other concerned body have to give attention to minimize such kind of problems to improve the performance of MSE's.

- ✓ The major sources of finance for most of SME's operators at the study area are by borrowing money from MFI's. The MFI's require high collateral because of this MSE's borrow from informal sector because this informal sector collateral is relatively rare as compared with formal sectors like banks and MFI's and also MFI's are unable to provide or supply enough credit to MSE's as they want. Therefore, Gurage zone and selected front and back woredas MSE's office develop comfortable source of finance for MSE's. This can be done by communicating with the MFI's and other credit institutions to minimize their requirements to provide fund.
- ✓ Marketing factors are frequently indicated as the explanatory factor for most problems faced by the studied MSE's are providing selling and display places in areas close to working area, lack of demand forecasting the market, lack of market information, setting competitive price for their products, creating good interpersonal relationship with customers and the way of promoting their outputs to the customers in an effective manner. Moreover, the government bodies such as Gurage zone and selected front and back woredas MSE's office and the other stakeholders are better to assist them by searching market for their products which is produced by the MSE's operators, by doing this, they are try to save them from losses.
- ✓ To make MSE's competitive and profitable, increase the capacity, knowledge and skill of the operators, experience sharing from successful enterprises, and provision of advice and consultancy, continuous capacity building initiatives and accessibility of relevant technologies should be availed by the government.

5.4. **RECOMMENDATION FOR FUTURE RESEARCH**

The study sought to establish the determinants of the performance of micro and small enterprises a comparative study among selected woredas in Gurage zone. Further research should also be undertaken which would include firms in various sectors of the economy and compare the different experiences created to these institutions. However, the variables used in the statistical analysis did not include all factors that can affect MSE's of the performance in the area. Thus, future researchers could incorporate other external and internal factors such as size of the enterprise, initial capital of the enterprise and also other factors to get more solutions to many issues arising.

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APPENDIX A: English version questionnaire

Wolkite University

College Of Business and Economics

Department of Management

Masters of Business Administration

Section 1: introduction

Dear participants,

I am a postgraduate student in Wolkite University Department of Management. Now I am conducting research on the **"Determinants of the Performance of Micro and Small Enterprises: A Comparative Study among Selected Wordas in Gurage Zone."**

You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the Determinants of the Performance of Micro and Small Enterprises: A Comparative Study among Selected woredas in Gurage Zone. Your participation is entirely voluntary and the questionnaire is completely anonymous.

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

Sincerely,

Shumet kebede

Instructions

- ✓ No need to write name.
- ✓ Mark your answers with a check mark (√) in the appropriate block for Likert scale statements and multiple choice questions.

Section 2: personal information of the owner and general information of the micro and small 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 micro and small enterprise?
   A. Construction ☐ **B.** Manufacturing ☐
   C. Urban agriculture ☐ D. Trade ☐
   E. Service ☐

Section 2: Determining the Performance of Micro and Small Enterprises

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

No	Questions or descriptions	SA(5)	A (4)	N (3)	D (2)	SD(1)
1	**Infrastructural factors**					
1.1	Power interruptions					
1.2	Insufficient and interrupted water supply					
1.3	Lack of business development services					
1.4	Lack of sufficient and quick transportation service					
1.5	Lack of appropriate dry waste and sewerage system					
2	**Finance factors**					
2.1	Inadequacy of credit institutions					
2.2	shortage of working capital					
2.3	high collateral requirement from banks and other lending institutions					
2.4	high interest rate charged by banks and other lending institutions					
2.5	Lack of cash management skills					
3	**Working premises**					
3.1	You have your own premises					
3.2	Current working place is not convenient					
3.3	The rent of house is too high					
3.4	Lack of shading to operate the business					
4	**Marketing Factors**					
4.1	Inadequate market for my product					
4.2	Searching new market is so difficult					
4.3	Lack of demand forecasting					
4.4	Lack of market information					
4.5	Absence of relationship with an organization that conduct marketing research					
4.6	Lack of promotion to attract potential users					
4.7	Poor customer relationship and handling					
5	**Management and expertise skill**					
5.1	Lack of clear division of duties and responsibility among employees					

5.2	Poor organization and ineffective communication					
5.3	Poor selection of associates in business					
5.4	Lack of well trained and experienced employees					
5.5	Lack of low cost and accessible training facilities					
5.6	Lack of strategic business planning					
6	**Technology Factors**					
6.1	Lack of appropriate machinery and equipment					
6.2	Lack of skills to handle new technology					
6.3	Lack of money to acquire new technology					
6.4	Unable to select proper technology					
6.5	your technology for your business is better than competitors					
7	**Performance of MSE's**					
7.1	Your firm's performance is superior					
7.2	The firm possesses competitive advantage over other firms in the industry.					
7.3	Your firm as compared to others is highly profitable.					
7.4	Performance enhances SMEs to make better investment decisions					
7.5	Raise performance reduces agency problems.					

Thank you for your participation!!

APPENDIX B: Amharic version questionnaire

ወልቂጤ ዩኒቨርሲቲ

ቢዝነስና ኢኮኖሚክስ ኮሌጅ

የስራ አመራር ትምህርት ክፍል

የድህረ ምረቃ ፕሮግራም

ክፍል 1:- መግቢያ

ውድ የጥናቱ ተሳታፊዎች፡-

እኔ በወልቂጤ ዩኒቨርሲቲ የማኔጅመንት ዲፓርትመንት የድህረ ምረቃ ተማሪ ስሆን፤ በአሁን ሰዓት የመመረቂያ ፅሁፌን በማዘጋጀት ላይ እገኛለሁ፡፡ የጥናቴ ርዕስም ‹‹በጉራጌ ዞን በተመረጡ ወረዳዎች መካከል በጥቃቅንና አነስተኛ ኢንተርፕራይዞች የፋይናንስ አፈጻጸም ላይ ተፅእኖ የሚያሳድሩ ተግዳሮቶችን ያለው ንፅፅር ማጥናት›› በሚል ርዕስ ጥናት እያደረግሁ ነው፡፡

እርስዎም በዚህ ጥናት እንዲሳተፉ ተመርጠዋል፡፡ እርስዎ የሚሰጡትን ትክክለኛውን መረጃ ለጥናቱ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞሉ እጠይቃለሁ፡፡ ተሳትፎዎ በእርስዎ በጎ በፈቃደኝነት ላይ የተመሰረተ ነው፡፡ በመጨረሻም የሚሰጡት መረጃ ሚስጥራዊነቱ የተጠበቀና ለዚህ ጥናት ዓላማ ብቻ እንደሚውል አረጋግጣለሁ፡፡ የማንኛውም መልስ ሰጪ ማንነት በማንኛውም መልኩ የማይታተምና የማይሰራጭ ይሆናል፡፡ ሁሉም መረጃዎች ለትምህርታዊ ዓላማ ብቻ ይውላሉ፡፡ ጊዜዎን ሰውተው ስለሚያደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ፡፡

ከሰላምታ ጋር

ሹመት ከበደ

መመሪያዎች:-

- ስም መጻፍ አያስፈልግም።
- መልስዎትን በሳጥኑ ውስጥ የእርማት ምልክት (√) ያስቀምጡ።

ክፍል 2፡- የጥቃቅንና አነስተኛ ኢንተርፕራይዞች ባለቤት የግል እና አጠቃላይ መረጃ

1. ፆታ፡ ወንድ ☐ ሴት ☐

2. እባክዎን ከፍተኛውን የትምህርት ደረጃዎን ያመልክቱ፡-

የመጀመሪያ ደረጃ ☐ ሁለተኛ ደረጃ ☐ ዲፕሎማ ☐ ባችለር ዲግሪ ☐

ማንበብ እና መፃፍ ☐

3. ዕድሜ _____

4. የጥቃቅንና አነስተኛ ኢንተርፕራይዝ ዋና ተግባር ምንድነው?

ሀ. ኮንስትራክሽን ☐ ለ. ማምረት ☐

ሐ. የከተማ ግብርና ☐ መ. ንግድ ☐

ሠ. አገልግሎት ☐

ክፍል 2፡- የጥቃቅንና አነስተኛ ኢንተርፕራይዞችን የፋይናንስ አፈጻጸም መወሰን

የጥቃቅንና አነስተኛ ኢንተርፕራይዞችን የፋይናንስ አፈጻጸም የሚነኩ ዋና ዋና ምክንያቶች ከዚህ በታች ተዘርዝረዋል። እባኮትን እነዚህ ምክንያቶች የጥቃቅንና አነስተኛ ኢንተርፕራይዝዎን አፈጻጸም የሚነኩበትን ደረጃ ያመልክቱ። እያንዳንዱን ምክንያቶች ካነበቡ በኋላ ከንግድዎ ጋር በተገናኘ ይገምግሙ እና ከዚያ ከታች ባሉት ምርጫዎች ስር ይህን ምልክት ያድርጉ (√)። 5= በጣም እስማማለሁ፣ 4= እስማማለሁ፣ 3= ለመወሰን እቸገራለሁ፣ 2= አልስማማም እና 1= በጣም አልስማማም።

ተ.ቁ	ጥያቄዎች ወይም መግለጫዎች	5	4	3	2	1
1	**ከመሰረተ ልማት ጋር የተያያዙ ችግሮች**					
1.1	የኤሌክትሪክ ሀይል መቆራረጥ					
1.2	በቂ ያልሆነ እና የተቋረጠ የውሃ አቅርቦት					
1.3	የንግድ ልማት አገልግሎቶች እጥረት					
1.4	በቂ እና ፈጣን የሆነ የትራንስፖርት አገልግሎት እጥረት					
1.5	ተገቢው ደረቅ ቆሻሻ እና የፍሳሽ ማስወገጃ ሥርዓት አለመኖር					
2	**ከገንዘብ ጋር የተያያዙ ችግሮች**					
2.1	በቂ የሆኑ የብድር ተቋማት አለመኖር					
2.2	የስራ ማንቀሳቀሻ ብር እጥረት					
2.3	ባንኮችና ሌሎች አበዳሪ ተቋማት ለማበደር የሚጠይቁት ከፍተኛ የማስያዣ መጠን					
2.4	ባንኮችና ሌሎች አበዳሪ ተቋማት የሚጥሉት ከፍተኛ የብድር ወለድ መጠን					
2.5	የገንዘብ አያያዝ ክህሎት ችግር					
3	**የስራ ቦታና ተዛማጅ ችግሮች**					
3.1	ስራዬን የማካሄድበት የግል ቦታ አለመኖር					
3.2	አሁን ያለሁበት ቦታ ለስራ አመቺ አለመሆን					
3.3	ከፍተኛ የሆነ የቤት ኪራይ መጠን					
3.4	ንግዱን ለማስኬድ ሼድ ማጣት					
4	**ግብይትና ተዛማጅ ችግሮች**					
4.1	በቂ የሆነ የገበያ እድል አለመኖር					
4.2	አዲስ የገበያ አማራጭን የመፈለግ አዳጋችነት					
4.3	የወደፊት የገበያ ፍላጎትን መተንበይ አለመቻል					
4.4	በቂ የሆነ የግብይት መረጃ አለመኖር					
4.5	ግብይትን በተመለከተ ጥናትና ምርምር ከሚያካሂዱ ተቋማት ጋር ግንኙነት አለመፍጠር					
4.6	ምርቶችን በአግባቡ አለማስተዋወቅ					
4.7	ደካማ የሆነ የደንበኛ አያያዝ					
5	**የአስተዳደር እና የባለሙያ ችሎታ ጋር የተያያዙ ችግሮች**					
5.1	በሠራተኞች መካከል ግልጽ የሆነ የሥራ ክፍፍል እና ኃላፊነት አለመኖር					
5.2	ደካማ አደረጃጀትና ውጤታማ ያልሆነ ግንኙነት					

5.3	ደካማ የሆነ የስራ ባልደረቦችን መምረጥ					
5.4	ጥሩ የሰለጠኑ እና ልምድ ያላቸው ሰራተኞች አለመኖር					
5.5	በዋጋቸው ተመጣጣኝና ተደራሽ የሆኑ የስልጠና እጥረት					
5.6	የረዥም ጊዜ የቢዝነስ እቅድ አለመኖር					
6	**ቴክኖሎጂና ተዛማጅ ችግሮች**					
6.1	ተስማሚ ማሽኖች እና መሳሪያዎች እጥረት					
6.2	አዳዲስ ቴክኖሎጂዎችን ለመቆጣጠር ችሎታ ማነስ					
6.3	በገንዘብ እጥረት ምክንያት አዳዲስ የቴክኖሎጂ ውጤቶችን አለማግኘት					
6.4	ትክክለኛውን ቴክኖሎጂ መምረጥ አለመቻል					
6.5	አሁን ያለው ቴክኖሎጂ ከተወዳዳሪዎቹ የተሻለ ነው					
7	**የፋይናንስ አፈጻጸም ችግሮች**					
7.1	የንግድዎት የፋይናንስ አፈጻጸም የላቀ ነው					
7.2	ድርጅቱ በኢንዱስትሪው ውስጥ ካሉ ሌሎች ድርጅቶች የበለጠ ተወዳዳሪነት አለው					
7.3	የእርሶዎ ድርጅት ከሌሎች ጋር ሲወዳደር በጣም ትርፋማ ነው					
7.4	የተሻሉ የመዋዕለ ንዋይ ውሳኔዎችን በማድረግ SMEs የፋይናንስ አፈፃፀም ያሻሽላል					
7.5	የፋይናንስ አፈጻጸም መሻሻል የድርጅቱን ችግሮች ይቀንሳል					

ለተሳትፎዎ እናመሰግናለን!!

APPENDIX -C Comparison factors front woredas

Descriptive Statistics

	N	Mean	Std. Deviation
Infrastructural factors	111	3.67	.765
Financial factors	111	3.30	.814
Work premises	111	3.86	.889
Marketing Factors	111	3.42	.828
Management and expertise skill	111	3.33	1.315
Technology factors	111	3.56	1.139
Valid N (list wise)	111		

APPENDIX-D Compare factors back woredas

Descriptive Statistics

	N	Mean	Std. Deviation
Infrastructural factors	113	2.72	1.943
Financial factors	113	2.47	.695
Work premises	113	2.70	.611
Marketing Factors	113	2.87	.575
Management and expertise skill	113	2.51	.709
Technology factors	113	2.73	.641
Valid N (list wise)	113		