

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT



**FACTOR AFFECTING THE PERFORMANCE OF SMALL BUSINESS (IN CASE OF
WOLKITE TOWN)
A RESEARCH PAPER SUBMITTED TO UNDER TAKEN IN THE PARTIAL FULFILMENT OF
EQUIREMENT OF B.A DEGREE IN MANAGEMENT**

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**WOLKITE UNIVERSITY COLLEGE OF BUSINESS AND
ECONOMICS UNDER GRADUATE STUDIES DEPARTMENT OF MANAGEMENT
FACTOR AFFECTING THE PERFORMANCE OF SMALL BUSINESS
(IN CASE OF WOLKITE TOWN)**

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Acknowledgment

First and foremost, I want to thank God for His mercy; without Him, nothing is possible. Secondly, I am deeply grateful to my family for their endless love and unwavering support throughout my academic journey and in my life. A special thank you to my mom—your selflessness and sacrifices mean the world to me, and I am incredibly proud to have you as my mother. Finally, I would like to extend my heartfelt thanks to my advisor Mr. Wuletaw for his constant support during the process of conducting my research paper. Thank you.

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Abstract

The paper is entitled assessment of factors affecting the performance of small business in Wolkite town. For this study across- sectional study was under taken to explore the impact of market condition like compaction, managerial skill and entrepreneurial abilities of owners, government action, existence of illegal business and adequacy of financial resource on the successful operation and performance of small business.

Primary data was collected for obtained appropriate information from the clients. The study adapted a stratified random sampling procedure for selection samples from the entire population. Both primary data and secondary data from the owners of the business and from the Trade and Transport department of wolkite town respectively replenished the information need of the researcher for the completion of this paper. But most of the data collected from primary source through questionnaire. Logical conclusions were reported driving inferences that indicate the relationship between the variables involved after the data collected is processed, analyzed and carefully interpreted to arrive at feasible findings.

Key Words; Performance of small business, Market Condition.

Abbreviation/ Acronyms words

MBE:- Micro Business Enterprise

MoFED:- Minister of Finance and Economic Development

MoTI:- Minister of Trade and Industry

MUDC:- Ministry of Urban Development and Construction

NGO:- Non-Governmental Organization

SBE:- Small Business Enterprise

SSE:- Small Scale Enterprise

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Small business is one that has relatively small share that market and managed by owners of the business. Setting your business needs a business idea. The idea does not have to be original but it does have to meet the need of clearly identified group of customers. It also has to be sufficiently different from program or service offered by competitor to have some chance of surviving market place. It is the inquests that will take people buy their product or service. these business play great role in any society and they involve provision of good and service that would address the need for few people that generally uniqueness by large business or which are unprofitable for large firm(Paul Burn and Jimdew Hurst, 1996:10).

As small business are mostly owned and managed by single individual, they have less capital and less market share. Small business is depending on profitability generating. It also true that small business have vital part to play in economy of the country. This is because their flexibility, innovativeness, capacity and all their profitability.

The most important person to any business customer and sales will depend on his buying behavior. Then small business can be service-rearing firms, manufacturing organization, merchandise business and small-scale industry. The factor that influence the performance of small business include technology availability of raw materials, finance, marketing condition, technical knowledge of owners, governmental action, tax system and existence of illegal business can be major one (Paul burn and Jim Dew 1993:13).

Therefore, the main reason that motivates us to conduct this research is to conduct the problem faced by small business in wolkite town with respect to managerial skill, and entrepreneurial ability of the owner, finance tax system and existence of illegal business.

1.2 Statement of the problem

The issue of small business and entrepreneurship development is received a great deal of attention as priority area that are crucial for stimulating economic growth in both the developed and developing country there is substantial growth in both public and private interest in developments of small business.

In Ethiopia, the small business sectors are neglect for long period. However, especially following the countries shift to market economy the governments and nongovernmental

organizations (NGO) and donors are show their interest in the area. This shift to market led private sector which will and then foster the developments of small business in Ethiopia as they contribute the majority of the sector (WoldayAmha 1997:10).

Small business constitute the bulks of private sector in Ethiopia and definitely the private sector is the later of the market economic system that can insure success to the reform program that the country is embark up on. In fact, today we witness worldwide interest in small business development. This the economic growth of Ethiopia cannot attempt without the active involvement, promotion and development of small business sector (Wolday AMh1997:10).

In Ethiopia there are so many problems like lack of managerial skill, availability of raw materials, governmental action tax system and market condition that affect the performance of small business. wolkite town is one parts of Ethiopia all problems that prevail in the country also observed in wolkite town regarding small business.

As preliminary investigation make by the researchers small business encounter problem like product modification, finance and market condition.

Additionally, most of the previous research works conducted on SB's was focused from the success, and growth point of view, and conducted several years ago, hence there was a time gap observed due to the regency of information and the progressive policies and strategies in the promotion of MSE's and they didn't targeted on the factors affecting the performance.

Therefore, this was the research gap addressed by the study. The major focus of this research was to identify the factors affecting the performance of small businesses across all sectors, such as construction, manufacturing, urban agriculture, trade, and services, which made the researchers' work distinct from that of other researchers.

The aim of this study was to analyze and investigate the factors that hindered the performance of small businesses in Wolkite Town.

1.3 Objective of the Study

1.3.1 The General Objective

The general objective of this study was to explore the factors affecting the performance of small businesses in Wolkite Town and to recommend possible solutions.

1.3.2 The Specific Objectives

- To identify the influence of financial problems on the performance of small businesses.

- To identify the effect of entrepreneurial and managerial skills on the growth of small firms.
- To assess the influence of government actions on small businesses.
- To assess the implications of the existence of illegal businesses on legal businesses.
- To identify the effect of marketing and market conditions on the performance of small businesses.
- To assess possible solutions for the problems faced by small businesses due to these factors.

1.4 Research Questions

1. What were the major factors affecting the performance of small businesses in Wolkite Town?
2. What were the main causes of the problems affecting the operations of small businesses in Wolkite Town?
3. What were the sources of finance or funds available to small businesses?
4. What were the possible solutions for the problems faced by small businesses in Wolkite Town?
5. How did managerial and entrepreneurial skills affect the growth of small businesses?

1.5 Significance of the Study

The study was very significant because it added value to the existing literature and contributed to the stock of knowledge already written on micro and small enterprise organizations. It was also beneficial to the academic community and decision-makers who dealt directly with the business sector, enabling them to make meaningful proposals and suggestions to improve the business sector in the country. In addition, the study was important because it revealed the importance of the business sector to the socio-economic development of Ethiopia.

Moreover, the study helped small businesses in Wolkite Town by recognizing the benefits of identifying factors that affected their performance. It provided more information to the town's administrators, facilitating the formulation of operational

plans and strategies based on realities to help small businesses meet the needs of low- and middle-income people. .

1.6 Scope and limitation of the Study

Scope of the study

The researchers' study was delimited to the small business sectors in Wolkite Town. The study emphasized the assessment of factors affecting the performance of small businesses in Wolkite Town, considering sectors such as manufacturing, construction, urban agriculture, services, and trade. Thus, the study was bound to the capital city of the zone to obtain relevant data from participants, conduct the study in detail, and keep it manageable in size.

Limitation

The sample size considered is not sufficient to arrive at a confidential conclusion.

The researcher faced difficulties with regard to the collection of data from secondary source due to the original trade and transport office changed in to each district and also the information is not sufficient to the completion of the research paper.

The researcher also get another difficulties with regard to the collection of data from primary sources through interview questionnaire due to language as communication barrier and lack of finance as well as short time given are the problem to complete the paper.

1.7. Organization of the paper

The research papers were organized in to five chapters. The first chapter provided about introduction part including bank ground of study, organization, statement of the problem, objective of the study, limitation of the study and organization of the paper. The second chapter focuses on literature review about credit risk management. Chapter three deals about methodology of the study. The fourth chapter contains data analysis interpretation and chapter five contains conclusion and recommendation.

CHAPTER TWO

LITERATURE REVIEW

2.1 An overview and definition of small business

2.1.1 An overview

Small business enjoys tradition of in fine variety and solid achievement to vital is small business that few, if any parts of global economy could be on without its product and services. Small business has played a role in history since practically the beginning of recorded time small business flourished an almost ancient cultures. At the recent time, during 1990sand1990, a small business began to enjoy more esteem and prestige than before, no small thanks to its ability to event new products and create new jobs (Siroplis, 1997:5).

2.1.2. Definitional of small business

The term small business called mom and pop store such as neighborhood groceries and restaurant and term big business to such giant and general methods. Small business is also defined as business owned and operated with small number of employees and relatively low volumes in Ethiopia context the term “Micro enterprises” and” small enterprises” or together micro and small enterprises (M.E.E’s) are used to refer small business.

Micro enterprise: -are these small business enterprises with paid up capital of not exceeding birr, 20,000 and excising high technical consultancy firms and high technical establishments.

Small enterprises are these business enterprises with paid up capital of above 20,000 and not exceeding birr, 500,000 and in excluding high technical consultancy firms and technical establishment (ministry of trade and industry definition).

2.2 Ethiopia small business

Small scales do not have easy access to the capital market because they mostly only organized on proprietary base and are very small size. They do not have access to industry sources of financial party because of their size and partly their surpluses, which can be utilized to repay loans, are negligible. Consequently, they approach moneylender who charge rates of interest and hence small business continue to be financially weak.

Starting a business is not an event but process, which may take any years to evolve and come to fruition. Small-scale business as well as small-scale industry in Ethiopia has not been able to contribute substantially as needed to the economic development particularly because of technical knowledge, financial production and marketing problems.

These problems are still major handicaps to the development lack of adequate finance and credit has always been a major problem of Ethiopia small business. (Haile G/Tinsae, 2003).

An entrepreneur is an individual who established and manages business for principal purpose of profit and growth but small business find it difficult to get raw materials of good quality at cheaper rates in the fields, or production every often they do not get raw material in times. As a result, these enterprises very often fail to produce goods in requisite quality and of goods, quality at lowest cost. Beside any small business suffering with problem of marketing their product. (Haile G/Tinsae 2003:4)

2.3 Importance of small business

Small businesses enterprises broadly display a remarkable capacity to absorb labor thus contributing to easing the pressure of unemployment. They generally employ workers with limited formal training.

They produce relatively cheaper goods and service locally using labor intensive methods satisfying the end of contributing to the variety of consumer goods particularly poor. Besides, they develop the skilled and some skilled workers that will be basis for future industrial expansion. They are able to mobilize savings of proprietors who could not use the banking system hence increasing propensity to re-invest.

They are feasible and adapt to market change quickly. They are generally loose foot and covenant for geographical spread of industrialization.

They are speed beds of entrepreneurial development and offer excellent opportunity for entrepreneurial and managerial talent.

Generally small business survey as instrument for poverty alleviation and economic improvement of women and men's.

Understanding the formidable inhibitive factors removing their constraint are crucial if the objective of the country is pulled out of the current poverty syndromes and much in to development horizon. It will also gradually improve its international competitiveness and enable to join camp of lately developing countries. Hence, in view of the current Ethiopia situation are population is growing at increasing rate and substantial

increasing in urban population is taking place, occupied by high unemployment rate resulting from educational attrition (dropouts) retrenchments, opportunity, on lots of other factors the small scale business sectors need to be give urgent and due attention to faster development (WoldayAmh 1997:9-10).

2.4 Feature of small business

Small firms are different from large ones some of its characteristic is: - Based on imported technology with high proportion of vehicles machinery and imported tools and fixture in the composition of capital. It is in dependent in the sense that it does not form part of larger enterprise and its ownerships relatively free from outside control and its principal decisions.

Most small business is unlikely to be able to exert much influence on their market. They are price takers in the classic economic sense and are likely to face significant competition.

Employees are low level of education and without appropriate and specific training. Manly concentrated internal trade and formed in significant numbers in manufacturing and service.

The main financial source is informed credit rotating saving schemes like equip individual lenders etc.

2.5 Factors Affecting of Small Business Enterprises

African entrepreneurs face some unique challenges that hamper their ability to survive and grow, and Ethiopian start-ups are no different. The political, economic and bureaucratic landscapes in which most African entrepreneurs operate are generally similar even though there are unique challenges and opportunities prevailing in each nation, which must be take into account in formulating effective policies to promote entrepreneurship. The public service jobs, engaging in a business venture have not historically been consider a high status profession in Africa although entrepreneurs may become well-respected citizens when they get rich. This has also been true in Ethiopia (Mersha, Sriram, and Hailu, 2010).

There are various challenges facing small business enterprises; while some are financial, others are non-financial. The financial constraints include those factors that prevent small-scale enterprises from accessing funds easily, inadequate sources and supply of funds has been a major setback to the realization of many brilliant business ideas and outward expansion of existing business. An industrial analysis recently observed that one of the reasons why small scale enterprises funds has not been invested, is the operator prefer to get the funds as loan, rather than as equity

contribution. To gain access to finance, small-scale enterprises owner should learn to put up realistic business plan supported with financial projections, which highlight the profitability of the enterprises before they seek for funds.

Even though small business has important roles in economic development, poverty alleviation, employment opportunity, they are critically challenged by certain impeding factors to sustain within the sector. The research conducted by Bowen, Morara and Mureithi (2009) in Kenya revealed that three out of five micro and small businesses failed within the first few months of operation due to competition, managerial inefficiency, insecurity, debt collection, lack of working capital, power interruptions, political uncertainty, cost of materials and low demand of the products. The problem confronting small business appears to be similar in least developed or developing countries. However, the extent of the problems varies from country to country and industry to industry; and it depends on firms' characteristics (Aremu & Adeyemi, 2011). Currently, there are many internal and external factors face small businesses in their operations and hinder their growth in Ethiopia (MUDC, 2013). A hard look at various studies has revealed a number of deterrents to the growth and survival of the SSE's. These are summarizing as under.

2.5.1 Lack of Adequate Finance

Financial constraints such as inadequate investment capital, insufficient loan, and inefficient financial market are the major obstacles in doing business, and most MSE's are highly risky ventures involving excessive administrative costs and lack of experience in dealing with financial institutions (CLEP, 2006). According to Sacerdoti (2005) in Habtamu et al. (2013), financial institutions such as microfinance and the banking systems in Africa are not in a position in providing enough financial support to the expansion of micro and small businesses. MUDC (2013) also identified that financing has become a principal challenge to small scale enterprises in Ethiopia; except City administrations and regional microfinance institutions, their savings and family supports, banks in Ethiopia do not provide finance in the form of loan to MSE's due to collateral obligations and other requirement.

2.5.2 Lack of Working Premises

Working premises with least leasing price adjustment is the first requirement and taken as mandatory to the government (GFDRE, 1997 and 2011). According to the three years performance report of FMSEA (2005), the government has supplied 23,263,938 Sq. kilometers land to buildings, sheds and displaying places. Although these efforts have been made, it is the second ranked challenges in regional towns and the major ones in Addis Ababa (Habtamu, et al., 2013; MUDC, 2013). Thus, the problem requires attention to gain SSE's expected benefit.

2.5.3 Lack of Managerial and Technical Skills

The problems of MSE"s management arises from the limited knowledge and ability of the owner or shortage of competent staff to advice the owner on management policies (Stephen & Wasiu, 2013). Decision-making skills, sound management and accounting practices are very low for SSE operators in developing countries (Aremu & Adeyemi, 2011). In addition, lack of managerial skills leads to problems in production due to lack of coordination of production process, and inability to troubleshoot failures on machinery and/or equipment's and they cannot afford to employ specialists in the fields of planning, finance and administration (CLEP, 2006).

2.5.4 Lack of Adequate Market

Marketing knowledge is important for the promotion, growth and development of small-Scale enterprises. In this regard, the Ethiopian government has formulated MSE"s strategies to ease marketing challenges by creating inter-linkage mechanisms with other institutions, providing training on marketing, developing export support programs and marketing information center (MoTI, 1997). However, inability to sell the products and services; lack of adequate marketing channels, and lack of marketing skills are the problems to the starting of business and further growth of the sector (MUDC, 2013; MoFED, 2011).

2.5.5 Inadequacy of Infrastructure Facilities

A research conducted by Daniel (2012) stated that unfavorable roads, power interruption, shortage of water, and inaccessible telecommunications are the major challenges and without which primary, secondary and tertiary production cannot function. Furthermore, Habtamu et al. (2013) indicated that SSE"s operating with available infrastructure facilities has higher probability of long lasting existence and growth as compared to those SSEs that are operating without adequate infrastructures; and electric power interruption and inadequate water supply in Ethiopia was highly affected the growth of the business. Therefore, emphasis should be give since the success or failures of SSE"s business growth and development depend on the availability and efficiency of infrastructure utilization.

2.5.6 Erratic Supply of Raw Materials

Linking SSEs to production input suppliers, improving suppliers" capacity and regular supply of quality information on input supply sources have positive effects on the success of SSE"s (Siva, 2012). As MUDC (2013) has pointed out one of the major

problems, constraining the SSE"s development in Ethiopia was found to be erratic supply of raw materials. To ameliorate such a problem, an aggressive strategy needs to be craft to promote business ventures, which supply inputs, by local and international investors.

2.5.7 Regulatory Constraints

Registration and licensing, and the extent of government official involvement and accessibility of rules and regulations have impacts on MSE"s. According to Dlitso, K., and Peter Q. (2000), high startup costs for licensing and registration requirements, cost of settling legal claims and excessive delays in court proceedings can impose excessive and unnecessary burdens on MSE"s operations. Even though registration and licensing helps SSE"s to have legality rights, and to reduce the prevalence of informality, more than 12% of MSE"s in Addis Ababa didn't have registration license (MUDC, 2013).

2.5.8 Capital Shortage

The author observes that small-scale enterprises have serious financial problem in at least three respect of: a) Securing funds in small amount at rates comparable with those paid by large industries. b) Building and manufacturing adequate financial reserves c) Securing long term equity capital.

2.5.9 Inflation

Despite the fact that cost of capital is higher for the small-scale manufacturer, the effect is even compound by raising inflation rate.

2.5.10 Inadequate Education and Skills

Education and skills needed to run micro and small enterprises. Research shows that the majority of the carrying micro and small enterprises in Iran are not quite well equipped in terms of education and skills. The study suggests that those with more education and training are more likely to be successful in the SME"s sector (King and McGrath, 2002). As such, for small businesses to do well in Iran, people need to be well inform in terms of skills and management. SMEs appear to be doing well with the sprouting of many commercial colleges offering various computer applications. Further, studies show that most of those running SMEs have at least attained college level education.

2.5.11 Lack of Managerial Training and Experience

Many SMEs owners or managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management,

through a process of trial and error. As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept. Although this attitude is the key strength at the start-up stage of the enterprise, because it provides the creativity needed, it may present problems when complex decisions have to be made. A consequence of poor managerial ability is that SME owners are ill prepared to face changes in the business environment and to plan appropriate changes in technology. The majority of those who run SMEs are ordinary lot whose educational background is sadly lacking. Hence, they may not be well equipped to carry out managerial routines for their enterprises (King and McGrath, 2002).

2.6 Empirical Study on Factors Affecting Performance of SBE's

Based on the reviewed of past studies conducted on micro and small enterprise in developing countries there are several factors affect the growth of SBE's. The argument that small businesses in Africa are crucial in the role they play in employment creation and general contribution to economic growth is not new. Although this may be true, the vast majority of new enterprises tend to be one-person establishments (Mwega, 1991). This has tended to ensure that the journey of the MSE entrepreneur in many instances is short-lived, with the statistic of MSE failure rate in Africa being put at 99 per cent (Rogerson, 2000). Various reasons for these failures have been proposed by scholars including lack of supportive policies for MSE development (McCormick 1998), intense competition with replication of micro-businesses (Manning & Mashego, 1993); manager characteristics including lack of skills and experience (Katwalo&Madichie, 2008 and Verhees, F. M.,& Meulenber, M. G., 2004). A study by Hall (1992) has identified two primary causes of small business failure appear to be a lack of appropriate management skills and inadequate capital (both at start-up and on a continuing basis). The research undertaken in Tanzania by surveying 160 micro enterprises showed that high tax rates, corruption, and regulation in the form of licenses and permits, are found to be the most important constraints to 24 business operations of micro enterprises (Fjeldstad, 2006).

Accordingly, some of empirical studies discussed as follows,(Nuwagaba, A. &Nzewi, H. (2013)analyzed the factors affecting the growth of MSEs in Uganda and, Nigeria using descriptive research design based on a sample of 60 MSEs. The study concluded that environmental constraints such as high taxes, limited access to market, costly and erratic electricity supply and lack of skilled and competent human resources hinder growth of MSE's(Anne, N. K. 2014).The study concluded that factors such as access of finance, marketing, entrepreneurial skills, corruption and infrastructure affect the growth of MSEs sectors.

In Ethiopia, the factors that affect the performance of SBE's in Addis Ababa using

sample household survey data collected in (Admasu A 2012). He used both descriptive data analysis and multiple regression models to identify the factors affecting MSEs. His finding indicated that finance factors, marketing factors, infrastructure factors, technological factors, work premise factors, management factors and entrepreneurial factors hindered the growth of SBE's.

CONCEPTUAL FRAME WORK

Independent variables(factors affecting performance)

- Financial factors
- Managerial Factors
- Governmental Factors

Dependent Variable (Performance Indicators)

- profitability
- sustainability
- cost management

CHAPTER THREE

Research methodology

3.1 Description of Study Area

The description of the study area the researcher will be place in Wolkite town administration. Wolkite is the capital town of Gurage zone Central Ethiopia regional state, Border of this town on South Hadiya, on east Oromia region, on South east by Silte. It is also located in Gurage zone, 158km away from Addis Ababa Ethiopia passing through Sebeta town.

3.2 Research Design

The researchers used a descriptive survey research design to obtain detailed data from the study subjects to describe the data more accurately and to gather actual data. The researchers employed a cross-sectional study design because it allowed them to collect data at the same time. This design was selected due to considerations of time and resource limitations.

3.3 Research Approach

The researchers used a mixed research approach in this study because it combined both qualitative and quantitative research methods in a single study. The use of a mixed research approach helped overcome the limitations of a single design and provided detailed information about the study topic, as well as flexibility. The researchers modified their research questions, data collection methods, and analytical approaches to better fit their research context and goals. Therefore, the researchers utilized both qualitative and quantitative data collection methods.

3.4 Source of Data

Data, which is the raw information, was the basic element in this research study. The more valued and actual data used in the study ensured its effectiveness. To achieve the objectives of the study, both quantitative and qualitative data were gathered from primary and secondary sources.

3.5 Sampling Frame

The sampling frame of this study included small businesses in Wolkite Town only. These small businesses were classified into five groups: manufacturing sectors, construction sectors, urban agriculture sectors, service sectors, and trade sectors. The total population was 358, consisting of 251 males and 107 females who were successful in small businesses.

3.6 Sample Size

From the total population of 358 members, the researchers stratified the sample into 5 small businesses. Then, 78 respondents were selected using systematic random sampling to collect data by distributing questionnaires. The sample size was determined using Yamane's formula (1967) for sample size calculation.

3.7 Sampling Techniques

The researchers selected simple random sampling as the sampling technique. This type of sampling is also known as chance sampling. The researchers chose simple random sampling because it helped overcome bias.

In this study, proportional stratified random sampling was used. The households were divided into homogeneous subgroups, and then simple random sampling was applied to give equal chances to all subgroups or strata.

There were several major reasons why the researchers preferred stratified sampling

over other techniques. First, it ensured that the researchers were able to represent not only the overall households but also key subgroups of households. Second, stratified random sampling generally provided greater statistical precision than simple random sampling.

$$n = \frac{358}{1 + 358(0.1)^2}$$

$$n = 78$$

Where

n= sample size

N=total population

e=margin of error (0. 1%)

Table1.1

Business Sector	Total Population	Sample Percentage	Sample Size
Manufacturing	73	0.20	16
Construction	94	0.26	21
Service	83	0.23	18
Trade	88	0.25	19
Urban Agriculture	20	0.06	4
Total	358	1	78

The business sector presented in this study consist of different stratum. That means Manufacturing sector, Construction sector, Service sector, Trade sector, and Urban Agriculture sector.

3.8 Data Processing

The data collected was processed accordingly processing of the data were involved editing, coding classifying and tabulation of the data was examined carefully to detect errors and omissions by classifying these coded data after collected analysis was made through the use of tables, percentages and graphs.

3.9 Data analysis, Presentation and interpretation.

Data analysis was further transformation of the processed data to look for study. Descriptive method of analysis was used to analyze the presented data. The processed data was summarized using tabulation, chart and by graph. And finally present the research.

CHAPTER FOUR

. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

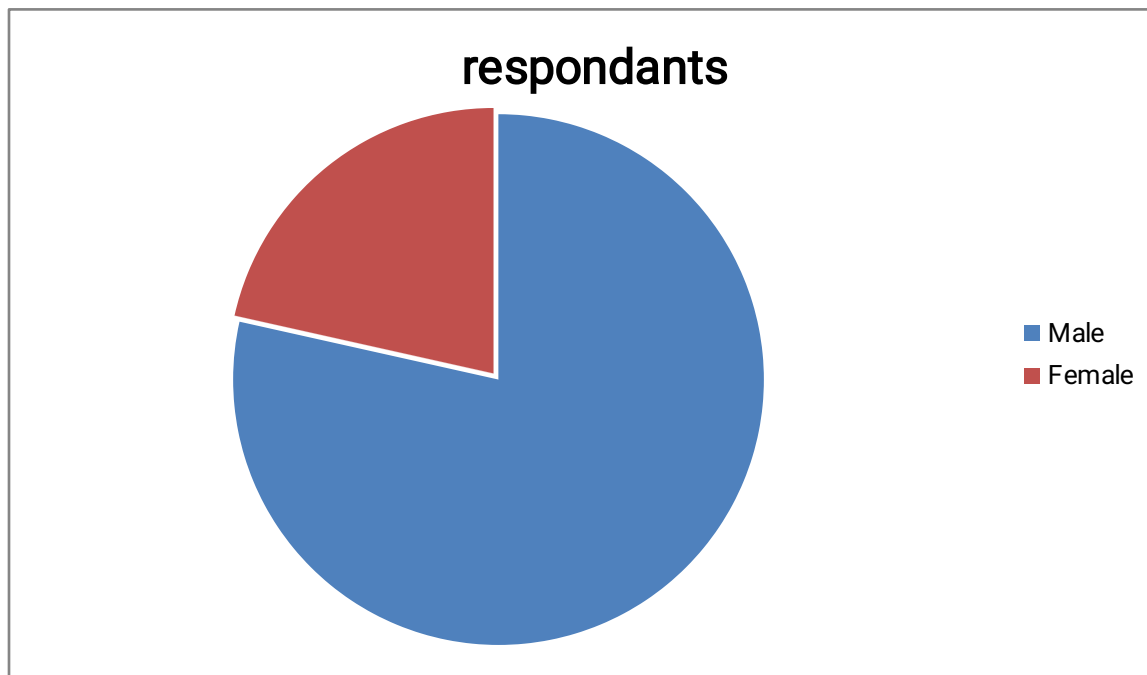
4.1 INTRODUCTION

This chapter deals with presentation, analysis and interpretation of the primary data supported by secondary data.

In order to get a representative data, 78 questionnaires were prepared and administered to the respondents. Fortunately, the study have achieved 90% returned.

Generally, the analysis and discussion of the results were carried out using a descriptive research design, including statistical tools such as tables and other summary statistics such as frequency counts and percentage.

4.1. Sex of respondent



Source: Primary data,2025

Many research encourage women participation in small business The women tend to exhibit strong work ethics, better financial discipline, and efficient resource management (Brush et al. 2009).The lack of female participation Implies missed opportunities for enhanced business sustainability and growth, as women s unique managerial strength –such as risk averse decision_making and long term planning could contribute to better business outcomes (Minniti &naude, 2010)

But the above pie chart shows th78.5% of the sample size surveyed for the study or 55 persons in number are males and the remaining 21.5% or 16 persons are females. As it can be viewed from this result the participation of males exceeds that of females by far in running small business. That means the participation of female in running small business is very less.

4.2. Age Distribution of owners.

Table 2. Indication of age distribution of owners

Item	Respondent	
	Number	Percentage
Age : Below 30 Years	17	24.3%
From 31 to 50 Years	35	50%
From 51 to 65 Years	12	17.1%
Above 65	6	8.6%
Total	70	100%

Source:- Primary data, 2025

The result of the data analysis presented in the above table shows that the age of 50% of the respondent lie with 31 up to 50 years old, 24.3% of them lies in the age bracket Below 30 years old, 17.1% of the age lie within 51 to 65 years old and the rest of 8.6% are above 65 years old. From this result we understand that the majority of the sample size surveyed is under the age of 31 up to 50 years old. This indicates that the largest proportion of surveyed population is middle aged. This group is often considered to be in their prime working years, which could imply that they are actively engaged in professional or economic activities.

4.3. Educational status of owners

Educational status	Number	percentage
<12	35	50%
Diploma	21	30%

Degree	10	12.9%
Above Degree	5	7.1%
Total	70	100%

Source : Primary data ,2025

As indicated in the above table the educational statues of 50% of respondent is from <12 grades 30 % of respondent attended Diloma where as the remaining 12.9% of them is higher educated that is degree level and 7.1 above degree. As we see in the above Table half of the respondent attends. <12 grades and the participation of higher educated persons are very less. These affect the performance of small business because the participation of persons who are educated more is very less. But these persons have known how to plan, manage and preparing cost benefit analysis.

4.4. Marital status

Table 3. Indication of marital status of owners

Item	Number	Percentage
What is your marital status?		
Married	46	65.7%
Un married	20	28.6%
Divorced	4	5.7%
Total	70	100%

Source :- Primary data

Table 2. shows that the 65.7% of small business runner are married and ,28.6% of them are unmarried and the rest of 5.7%. from the table we can understand that married individuals might have more financial stability or joint decision in ownership.

4.5. Time of establishment

Table:3 Indication of time of establishment

Item	Respondent	
	Number	Percentage
When you start running the business		
Before 2000 E.C	6	8.5%
" 2001-2005 E.C	16	22.9%
" 2006 -2010 E.C	18	25.7%
" 2011 - 2017 (Now) E.C	30	42.9%
Total	70	100

Source: Primary data

The result of the data analysis presented in the above table shows that 42.9% of the business surveyed were established within the period 2011 up to Now (2017), 25.7% were established 2006 UP to 2010 and the remaining 22.9% and 8.5% were established within the period 2001 up to 2005 and before 2000 respectively. One thing that can be understood from this result is that majority of small businesses in operation were established after 2011 and this shows that new business are emerging at high rate. These business don't well organized in every aspect due to lack of experience means that recently established business are new for everything so this affect the performance of the business.

4.6. Intention to establish small business

Table 4. Indication of the intention of owners to start the business

Item	Respondent	
	Number	Percentage
What was your intention for starting the business		
- To work for one self	20	28.57%
- wish to accumulate wealth	12	17.13%
- To earn for survival	38	54.3%
Total	70	100%

Source :- Primary data,2025

As indicated by the above table the intention of 54.3% of respondent at the time of establishing the business was desired to earn for survival and 28.57% of them established the business to work for one self or to create job by them self for them self's. The remaining 17.13% of the respondent established their business because of the wish to accumulate wealth. More than half of the respondent established their business to earn for survival. This intention will affect the performance of the business. Because if they haven't any intention to be rich, they will net rich or perform their business more effectively

Survival oriented businesses often lack innovation and risk-taking key drivers of competitive advantage (Shane 2003). Conversely wealth accumulation motives correlat with higher performance as they foster goal setting, reinvestment, and scalability. (McClelland(1973).

4.7. Preparation of cost benefit analysis

Table 5. Indication weather cost benefit analysis conducted before establishment

Item	Respondent	
	Number	Percentage5
Have you conduct cost benefit analysis before starting the business?		
- Yes	18	25.7%
- No	52	74.3%
Total	70	100%

Source: - Primary data, 2025

Conducting cost benefit analysis is vital for making decision whether to establish that business or not. As to the response from 74.3% of the sample size cost benefit analysis was not conducted before establish the business. The reason behind this fact is lack of ability and skill how to prepare it and lack of awareness about the importance of conducting cost benefit analysis before starting the business. That means most small business runner consider it's necessary for only large business.

Financial problem also the factor that doesn't conduct cost benefit analysis. If there is enough financial resource, it will be possible to solve the problem of lack of ability & skill to prepare it because preparation of cost benefit analysis can be done by hiring another personal.

The remaining 25.7% of respondent conduct cost benefit analysis before starting the business

Generally lack of conducting cost benefit analysis is among the factors that affect the

performance of small business in Wolkite town.

4.8. Business management

Table 6 How the business is managed

Item	Respondent	
	Number	Percentage
How is the business managed		
- Solely by gone individual	51	72.9%
A bygone individual consulting with others	19	27.1%
Total	70	100%

Source:- Primary data

Small business is the one that has small share of market relatively, and managed by its owners only, personalized management is the most characteristics for all. It implies that, the owner participate actively in all aspects of the business operation is involved when anything material is concerned.(Jim Dewhurst & paul burns page 5, Line 18)

The table implies also we understand that 72.9% of business managed by solely one individual without any one support. The remaining 27.1% of the business managed by one individual but consulting with others. Consulting with another person and share the idea each other is very using full to manage the business in effective and efficient way. So managed by solely one individual affect or influence the performance of the business.

4.9. Business plan

Table 7. Whether the operating activity is through planning

Item	Respondent	
	Number	Percentage
Do you plan your activities in the course of running the business?		
- Yes	26	37.1%
- No	44	62.9%
Total	7	100%

Source: - Primary data 2025

One of the most important steps in establishing any new business or in operating an existing business is the construction of business plan. Business plan can help the owner or manager to set objectives and give him a yardstick against to which to monitor performance.

Business plan can also act as a vehicle to affect any external finance needed by the business It can convince investor that the owner or manager has identified high growth opportunities , and that has the entrepreneurial flair and managerial talent to exploit that opportunity effectively. (Jim Dewhurst &paulburns page 129 line one to line nine).

The result obtained from collected data through questionnaire shows that 37.1% of the sample size plans the business activities frequently and the remaining 62.9% of them don't plan their activities. From the total respondent that make business plan, 67 percent make plan annually and the remaining 33% plan semi annually.

The reasons that don't plan the activities to run the business are lack of skill and ability to plan and also thinking it is not important to the business. Simply doing day to day what they want without any plan is better according to them. Means that they think as, if they made plan what they do, they could not anything other than the planned activity even if the activity is compulsory to be done to day. Therefore, business plan also one

factor that affect the performance of small business in Wolkite

4.10. Profitability of the business

Table 8. Indication the profitability of the business

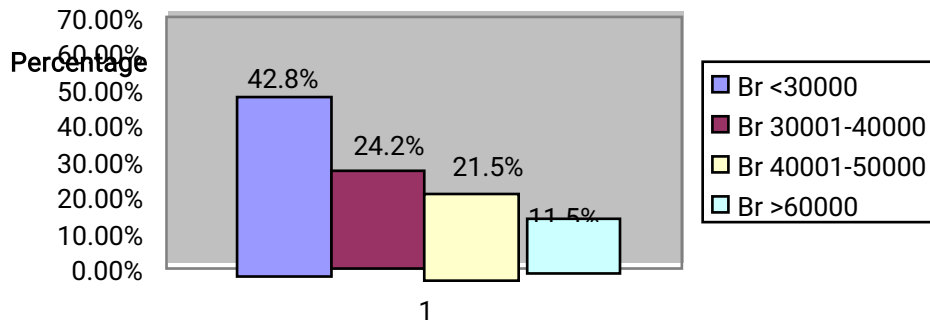
Item	Respondent	
	Number	Percentage
Has your business been Profitable?		
- Yes	70	100%
- No	0	0
Total	70	100%

Source:- Primary data, 2025

The ultimate motive of business runner is to make profit by run their business. From the above table we understand that all of the business surveyed (100%) have profit. But the profit they get is not that much high mean that, they have profit but the profit is, for one person high or good and for another person very low. These profit mostly used for house hold consumption purpose .71.4% of respondent used their profit for partly house hold consumption and partly for reinvestment. The rest 28.6% of respondent use their profit for only consumption purpose. From this we can conclude that using the profit for consumption purpose is another factor for the performance and growth of small business.

2

4.11. Initial Capital to start the business
Indication of startup capital of the time of
Establishment of business.



Initial capital Source:- Primary data

As shown on the above bar graph 42.8% of the respondents indicated that their initial capital at the time of starting the business was within the range of <30000 Birr, 24.2% and 21.5% of the respondent started the business with an initial capital which is within the range of 30,001 to 50,000, From this we understand that most of small business were started with in initial capital which is within the range of < 30000 birr. This indicates that the initial capital to operate the business very low. So it is also one factor or hindrance for the growth as well as performance of small business in Wolkite town.

4.12. Capital adequacy

Table 9 Indication of whether sufficient capital is available for operation

Item	Respondent	
	Number	Percentage
Do you have adequate capital to run the business?		
- Yes	25	35.7%
- No	45	64.3%
Total	70	100%

Source:- Primary data 2025

Finance is the life blood of any business. That is without finance business can't under take their operational activities. For success full operation, business needs to have sufficient capital. Within inadequate capital business, face difficulty in meeting customers' needs and wants in terms of quality and quantity. The result of the data analysis shown above indicate that 64.3% of respondent have shortage of capital for operation of their business, of these respondent only 35.7%% have the capacity of seeking loan through credit facilities where as the remaining 64.3% have not potential for seeking loan. The reason that has not potential for seeking loan is that absence of collateral to be pledged as a security for financial institution and in some case high interest charged by credit institutions.

For this we can conclude that lack of finance or absence of sufficient financial resource is a serious problem on the performance of small business in Wolkite town

4.13 Running the business with cooperation

Table 10 Interest to operate a business as partner with other individuals

Item	Respondent	
	Number	Percentage
Do you want run the business with some body?		
- Yes	20	28.6%
- No	50	71.4%
Total	70	100%

Source :- Primary data 2025

Working together is very use full for the development of business. Some body work with other person means, they share their capital, knowledge & skill as well as share their experiences each other to run the business. So work with some other individuals can solve many problems. But from the above table we see that,71.6% of respondent don't want to run the business with other individuals. Because, even if it has advantages, it is difficult to run the business together, running the business with other person creates conflict among them like disagreement in idea, Problem in distribution of profit and the like. So without peace and love doing effectively and efficiently is impossible. Due to his, they don't want to run the business with some body. But few of the respondent, i.e. 28.4% of them want to do business activities with other persons because doing together establish solution for the problems like financial problem, knowledge and skill and also other shortage of materials.

From this we conclude that absence or lack of interest to run business with other persons affect the performance of the business.

4.14. Source of financing the business

Table 11 Indication of financing method used

Item	Respondent	
	Number	Percentage
What financing method used?		
- Borrowing from Bank	30	42.9%
- Borrowing from Iqub	10	14.3%
- Grant from relatives	8	11.4%
- Reinvesting the profit	22	31.4%
Total	70	100%

Source :- Primary data 2025

Small business needs to be financed. At present time 60% of all the funds needed by the small business come from the banks. (Jim Dewhurst & Paul burns page 187). The above table interpreted as 42.9% of the business are financed by borrowing from the bank , 14.4% of them are financed from Iqub in the form of credit and the rest 11.4% and 31.4% of the financed by grant from relatives and reinvesting the profit respectively.

4.15. The Business visited by customers regularly

Table 12 whether the customer visit regularly

Item	Respondent
------	------------

	Number	Percentage
Do you customer visit you regularly?		
- Yes	55	78.6%
- No	15	21.4%
Total	70	100%

Source :- Primary data

So as to have successful business operation, any business owner should develop customer relationship management. That is business owners must identify the ways in which their customer buy and use their products and services to maintain their customers sticking to their needs and wants. As to the response 78.6% of the respondent believes that are being visited by their customers regularly and the rest 21.4% of the respondent believe that customers do not purchased them regularly.

The implication of this result is that most small business runners have good customer relationship. This is effected by because of provision of quality products and services within acceptable price and also proper treatment of customers.

Successful operation with the current competitive environment requires business to adapt the customer relationship management. That is the businesses should give emphasis for which products and service are bought and used by the customers. If they failed, too see how the products and services fit with the customer, business would get mischance of expanding sales.

4.16 customer attraction

Table 13 action to be considered when the customer decrease regularly

Item	Respondent	
	Number	Percentage

What major action under take of customers that came to you regularly decrease		
- Improve product & service with acceptable price	50	71.4%
- Reduce the price	20	28.6%
Total	70	100

Source :- Primary data 2025

As shown above table 71.4% of respondents witnessed that they consider improving products and service with acceptable price in response to decrease of customers regularly. The rest 28.6%% of the respondent take action by reducing the price to give response for the decline of customers regularly.

4.17. Ways to be strong competitor's

Table 14. Strategies to be strong competitors in market

Item	Respondent	
	Number	Percentage

What are your strategies to be strong competitors in the market?		
- Provision of quality product & service with proper customer treatment	48	68.6%
- Proper customer treatment alone	5	7.1%
- Selling at lower price	7	10%
- Provision of quality product	10	14.3%
Total	70	100%

Source: - Primary data

Business should give due attention to quality of their products and services, properly treat customer the level of price and the overall needs of their customer to be competent in the market. The above table interpreted as 61.54%% of respondent have strategies of provision of quality products and services with proper customer treatment to be strong competitors in the market, 14.3% of them decide to provide quality products and services whether customers treated properly or not. The remaining 7.1% and 10% of respondent have a strategy of proper customer treatment without any change on the product and price and, reduction of price respectively to be strong in the market.

4.18 Receiving Suggestions

Table 15 Habit of receiving suggestion from customers

Items	Respondent	
	Number	Percentage
Have you habit of receiving suggestion from your customers		

Yes	43	61.4%
No	27	38.6%
Total	70	100

Receiving suggestion and recommendation from their customer is very much useful to know the interest of customers and by knowing the customer interest, Provide goods and services that fit with the interest of their customers. Then the business can run their activities effectively and efficiently. From the table we can see that 61.4% of respondents have the habit of receiving suggestion from their customers but the rest 38.6% have not the habit to do this activity. Because these respondents believe that receive suggestion from each customers take much time and also think suggestion given from their customer is not that much important to run the business.

4.19 way of defending the dominant competitor)

Table 16 The way to defend the dominant competitor

Item	Respondent	
	Number	Percentage
How can you defending dominant competitor in the market?		
- By reducing unnecessary cost and then reduce the price	10	14.3%
- By imitating & modifying the product	5	7.1%
Modifying the product and reduce their price by some amount	55	78.6%
Total	70	100%

Source :- Primary data

In the market there are competing each other with in that computation there is also dominant business in one side and dominated one in the other side. To be dominant in

the market, the runner should consider the price of good & services, the uniqueness of the product and service in their quality and quantity, enough information about the market and other thing. From the table above, 78.6% of the sample surveyed follows the way that modifying and imitating the products with Low price to be dominant in the market and the rest 7.1% and 14.3% of respondent follow away of imitating and modifying the products without any reduction of price and reduce the price by reducing the unnecessary cost respectively.

4.20 The effect of illegal business on legal one

Table 17 The influence of existing illegal business on legal business

Item	Respondent	
	Number	Percentage
Do you affected by the existence of illegal business		
- Yes	70	100
- No	0	0
Total	70	100

Source :- Primary data

Illegal business is the business that runs without the allowance of trade and transport office. Means they run their activities without any publication to the concerned body. Due to this they don't pay tax and any other payment to the government, therefore, they can sale their product by lower price and attract money customers. At this time the legal business lost their customer and by normal price, so they influenced by illegal business absolutely (100%).

To decrease the influence of illegal business on legal business the government controls them to be legal or totally stop their activity. From this we generalize that the existence of illegal business is also the main problem.

4.21. Government influence on legal business

Table 18 the influence of government to run small business by imposing imbalanced tax

Item	Respondent	
	Number	Percentage
Is the government influence to run the business by imposing imbalanced tax		
- Yes	60	85.7%
- No	10	14.3%
Total	78	100%

Source :- Primary data

85.7% of the business was influenced by the government by levy high tax on them means that the tax laved on the business is not balanced with the profit their get. The rest 14.3% of business is not affected or restricted by government. But from the table we understand that most of small business was influenced by government through high taxation or unbalanced tax with their profit so government action also one factor for the performance of small business in Wolkite town.

CHAPTER FIVE

Summary of them major finding, conclusion and recommendation

In this special section of the paper the researcher is going to cite the major finding that were clearly discussed in chapter four. Keeping this major finding in mind, the conclusion of the study was drowning and the possible solution for it is also going.

5.1. Summary of the major finding

The main objective of the study is to assess the factors affecting the performance of small business in WolkiteTown.

According to data 78.5% of the sample size surveyed for the study or 55 persons in number are males and the remaining 21.5% or 16 persons are females.

The lower level of education among most respondants implies that many small business in wolkite town

The data indicates that the majority of the surveyed population is within the 31 to 51 years old which represent the middle age group.

As we saw in the discussion part, most respondent i.e72.9% of sample surveyed managed their business without any consultancy with other persons or individuals.

More than half of the respondent i.e. 62.9% of them do not prepare business plan because of lack of skill and ability to plan and also thinking it is not that much important for the growth and development of the business.

As the finding indicates all of the respondents get profit even if the profit is not that much satisfactory and more than half the profit they get used for house hold consumption purpose rather than reinvesting it or used as financing method.

74.3 Percent of the respondent don't conduct cost benefit analysis before starting the business. The reason behind this fact is lack of ability and skill and lack of awareness about the importance of cost benefit analysis. Lack of finance also one factor that

prohibit the owner to conduct cost benefit analysis.

Most of small business runners have lack of financial resource to run the business and more than half of them, the owners that have not sufficient capital or financial resource also have not a capacity of seeking loan because of absence of collateral to be pledged as a security for financial institutions.

As the respondent views that most of the small business runner do not want to run the business with other persons.

As the finding discussed earlier, most of the respondent views that the imbalance tax imposed by the government has great impact on the performance of them and also the entire respondent get great problem due to existence of illegal business.

5.2. Conclusion

This study aims at identifying the implication at managerial and entrepreneurial quality of owners, availability of adequate capital, capacity seeking fund from outside, government impact and impact of illegal business on the performance of legalized small business in Wolkite Town.

-As it can be viewed from this result the participation of males exceeds that of females by far in running small business. That means the participation of female in running small business is very less.

-Majority (71.6) of respondent prefer to operate independently rather than in partnership, indicating a strong inclination towards self-reliance in business operation. The reluctance to collaborate stems from potential conflicts such as disagreement over profit, distribution issues, and other interpersonal challenges that can arise in partnership.

-The majority (60%) of funds needed by small business come from banks, indicating a significant reliance on traditional financial institutions for capital. With high percentage of financing coming from banks loans, there's a potential risk of over-leverage, which

could lead to financial difficulties if businesses face cash flow issues or economic downturns

-The performance and growth of small business in A town has been influenced mainly because of four problems. Namely poor quality of managerial and entrepreneurial skills, lack finance and lack of capacity to seek fund through credit, impact of illegal business on the operation of legal business and the influence of government by imposing high tax that do not balance with the net profit they get.

-Business plan is necessary to run the business it act as a vehicle to attract any external finance needed by the business and also used to set objectives . But more than half of the respondent i.e. 62.9% of respondent operates the business without preparing plan. And also 74.3% percent of the respondent don't conduct cost benefit analysis before starting the business.

-Because as we know small business is managed by the owner him/her self and also the finding shows 72.9% of respondent managed the business without any consultancy with others, the owner lacks skill and ability to run the business. It indicates the runner have problem of managerial and entrepreneurial quality.

-Small businesses in WolkiteTown have financial problems and this has been affecting their performance. Because any one can't operate successfully without sufficient capital. Even if there is a problem of know how to conduct cost benefit analysis it is easy to be made by another personnel if there is sufficient finance. So lack of finance affects strongly the performance.

-The action of illegal business has been constrained the operation of legalized and registered business. Because the illegal businesses are not registered and are not known by the government .Due to this fact they don't pay tax to the government, therefore , they can attract the customer by reducing the price. Due to this the legal business is operated insufficiently.

-The tax imposed by the government also has great impact on the performance of small business in Wolkitetown. Because the tax imposed by the government is not balance

with net profit they get.

5.3. Recommendations

This study opens away for future similar studies to understand the factors affecting the performance of small business. Small business has great importance for the development of countries economy.

The following recommendation is developed based on the finding to meet the needs of small business development.

- ❖ Encourage financial institutions to create targeted loan programs for women s entrepreneurs. Promote micro finance and grant opportunities specifically for women. Policy makers should be create a supportive regulatory environment that encourages women owned businesses.
- ❖ Government should enhance training program that focus on developing inter personal skills, conflict resolution techniques and effective communication strategies to individual feel more confident about entering partnerships. Share case studies or testimonials from businesses that have succesfully navigated partnerships to illustrate the potential benefits and strategies for overcoming common challenges.
- ❖ Researcher suggests small business owners should be encouraged to pursue financial literacy programs that covers various financing option, including the risk associated with bank loans and alternative funding sources. Small business should prioritize strategies that enhance profitability and cash flow management to maximize the potential for reinvestment in the business.
- ❖ The government should control the activities of illegal business to minimize the influence of illegal business on that of legal business. If the illegal businesses can run the business in legal form, the government give allowance and continue their activities if not the government totally stop the business and also the government should be imposed tax that is balanced with their profit on the legal business.

- ❖ The government should use all the available means and alternative to educate the small business runner how to run and manage the business. In addition to this the government should strength the capacity of the micro business agency. It should be staffed with the necessary number of professional and sufficient budget should be allocated for it in order that it can provide successful consultancy and training service to the business people.
- ❖ Trade and Transport department should minimize the problem that arises from not having cost benefit analysis. To make this effective the department should facilitate condition in which the applicants can get sufficient consultancy concerning the nature of the business they want to start, identification of target customer groups and ways to seek market information.
- ❖ The owner or business runner should educate how to manage the business, run the business and also the use of planning as well as conducting of cost benefit analysis before starting the business. And the runner should communicate with other persons. Because when they communicate with other business runners they get new ideas and experiences from them that used to run the business effectively and efficiently.
- ❖ The owner communicates the profit they get totally rather than used for consumption purpose. And also the owner can work with other persons together by sharing their available resource. At this time financial problem will be solved and share experiences how to manage and run the business.

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APPENDIX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

Dear respondent:

This questionnaire is prepared to make study on factor that influence the performance of Small business in Wolkite Town. Filling this questionnaire may take not more than 10 minutes pleas stick and /or write your response.

Thank you for your cooperation.

Section 1 Demography

1. Sex a) Male
- b) Female
2. Age a) below 30 c)51-65
- b) 31-50 d) Above 65

3. Educational Status.

- a) 1-4 c) 9-10
 b) 4-8 d) 11-12
 Above >12

4. Marital status

- a) Married c) Divorced
 b) Unmarried d) widowed

Section 2 Basic business information

1. Type of business you are running

- a) Manufacturing
 b) Service
 c) Urban Agriculture
 d) Construction
 e) Trade

2. When was start running the business?

3. What was your intention (5) for setting the business (more than one answers is possible).

- a) Desire to work for one self
 b) With to accumulate wealth
 c) To earn for survival
 d) An opportunity presented it self
 E) Other (please specify)-----

4. Have you conducted any cost benefit analysis before start the business?

A) Yes

b) No

5. If your response to question no 4 is No why not?

A) Financial problem for conducting

b) Lack of ability and skill

c) Lack of personnel that can do the analysis

d) Lack of awareness about its importance

1. How is the business managed?

a) Solely by one individual

b) By one individual having

c) Consultation from others

d) By two or more individuals

7. Do you plan your activities in the course of running the business?

a) Yes

b) No

8. If you yes answer to question No 7 , How frequently?

a) Monthly c) Semiannually

b) Quarterly d) Annually

E) Others (state) _____

9. If your answer to question No 7 is No, why not

a) Lack of ability and skill

b) Thinking not important as the businesses simple

c) Others/ please state _____

10. Have your business been profitable?

a) Yes

b) No

11. If your answer to question No 10 is yes for what purposed do you use it?

a) Reinvest totally to the business

b) To tally for house hold consumption

c) Partly consumption and partly reinvest

Others-----

12. If your answer to quotation 10 is No , Have you tried to change (modify) your business operation?

a) Yes

b) No

13. If your answer to question No 12 is no, why not?

Please state _____

Section 3 Capital availability & capital seeking power

1. What is your initial capital at the start up pot the business

a) 20,000-30000 c) 40,001- 50,000

b) 30001- 40000 d) 001-60,000

e) >60,000

2. Do you have adequate capital to run your business?

a) Yes

b) No

3. If your response of Q2 is no, Have you access to credit facilities?

a) Yes

b) No

4. If your response to Q3 is No, why not?

- a) Lack of collateral to be pledged
- b) High interest charged by creditors
- c) Absence of creditors (Microfinance)
- d) (Others(specify) _____

5. Do you want to run a business as opportunity with some body?

a) Yes

b) No

6. If the response to Q5 is No, why not?

7.If the response to Q5 is yes , why?

8. What financing method(s) in general are using ?

a) Borrowing from Bank

b) Borrowing from peers

c) Grant form relative

Other(Specify) _____

Section 4 Market conditions & marketing

1. Do your customer visit you regularly?

a) Yes

b) No

2. What major action(s) you would undertake of customers that come to you regularly

decrease?

(More than one answer is possible)

Reduce the price

Others(Specify)_____

3. What approach would you think make you successful competitor in the market (more than one answer is possible)

a) Provision of quality product /service

b) Proper customer treatment

c) Selling at low price

d) Others please specify.

4. If your answer for Q.3 is selling at low price, How can you be profitable?

5. Have you adapted the habit of receiving suggestion from your customers concerning your product, service and customer treatment?

a) Yes

b) No

6. If you answer for Q5 is NO why not?

7. When your competitors become dominants in the market what way do you try to reverse the situation.

a) Imitating the product

b) Imitating & modifying their product

- c) Providing unique service
- d) Reduction of unnecessary cost

8. Do you affected by the existence of illegal business?

a) Yes

b) No

9 If your answer for Q8 is yes how they affect you please specify

10. How can decrease or alleviate the influence of these illegal businesses

Section 5 Governmental action

1. Is the government restriction on running your business?

a) Yes

b) No

2. If Your responses to Q1 is yes what aspect ?

a) Higher taxation

b) Licensing

c) Regulation of operation

d) Other (please specify) _____