



WOLKITE UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**THE ROLE OF ACCESS TO CREDIT AND ITS EFFECTIVENESS
IN REDUCING UNEMPLOYMENT THE CASE OF SELECTED
MICRO AND SMALL SCALE BUSINESS ENTERPRISE IN
MESKAN DISTRICT, GURAGE ZONE**

By
BELETE BIRATU ANDETA

**A THESIS SUBMITTED TO DEPARTMENT OF MANAGEMENT,
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FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

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DECLARATION

I, Belete Biratu, declare that this thesis entitled: “*The Role of Access to Credit and its Effectiveness in Reducing Unemployment: The case of selected Small Scale Business Enterprise Meskan District, Gurage Zone*” is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged.

To the best of my knowledge, this study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the Degree of Masters of Business Administration.

By: Belete Biratu

Signature-----

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This is to certify that the thesis entitled “*The Role of Access to Credit and its Effectiveness in Reducing Unemployment: The case of selected Small Scale Business Enterprise Mesekan District, Gurage Zone.*” submitted in partial fulfillment of the requirements for the degree of **Master's** with specialization in Business Administration, the Graduate Program of the *Department/School of Management, College Of Business And Economics*, and has been carried out by Belete Biratu Andeta Id. No Gse /082/ 08, under my/our supervision. To the best of my knowledge, is an original work and not submitted earlier for any degree either at this University or any other University.

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| Main Adviser's Name | Signature | Date |
|--|--|-------------------|
| <u>Chala Dechassa (PhD, Assistant professor)</u> |  | <u>22/04/2011</u> |

| Co-Advisor's Name | Signature | Date |
|---------------------------------|-----------|-------|
| Ato <u>Weletawe Fante (MBA)</u> | _____ | _____ |

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We, the undersigned, members of the Board of Examiners of the final open defense by Belete Biratu Andeta have read and evaluated his/her thesis entitled *“The Role of Access to Credit and its Effectiveness in Reducing Unemployment: The case of selected Small Scale Business Enterprise Meseke District, Gurage Zone”*, and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree of Master's with specialization in Business Administration.

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| _____ | _____ | _____ |
| Name of the Chairperson | Signature | Date |
| _____ | _____ | _____ |
| Name of Major Advisor | Signature | Date |
| _____ | _____ | _____ |
| Name of Internal Examiner | Signature | Date |
| _____ | _____ | _____ |
| Name of External examiner | Signature | Date |

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Final approval and acceptance of the thesis is contingent upon the submission of the final copy of the thesis to the School of Graduate Studies (SGS) through the Department/School Graduate Committee (DGC/SGC) of the candidate's department.

Stamp of SGS Date

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ABBREVIATION AND ACRONYMS

AAU: Addis Ababa University

AACMSEDA: Addis Ababa City Administration Micro and Small Enterprise Development Agency.

BDS: Business Development Services

CSA: Central Statistical Agency

FEMSEDA: Federal Micro and Small Enterprises Development Agency

GDP: Growth domestic products

ILO: International labor organization

MSEs :Micro and Small Scale enterprises

NGOs: Non-Government Organizations

SPSS: Special Program for Social Science

UN: United Nations

UNEP: United Nations Environment Program

MSEDA: Micro and Small Enterprises Development Achievement

SLA: Sustainable Livelihoods Approach

HDA: Housing Development Agency

REMSEDA: Regional Micro and Small Enterprises Development Agencies

TVET: Technical and Vocational Education and Training

Abstract

This research aims to the role of access to credit and its effectiveness in Reducing Unemployment in Gurage Zone: the case of Mesekan District selected MSE's. For the sake of achieving the objectives of this study, questionnaires were analyzed using statistical analysis such as descriptive and inferential analyses. Mean and Standard deviation explained the descriptive statistics while Pearson Product Moment Correlation Coefficient and Multiple Regressions applied. Information was gathered using a five point Likert scale questionnaire from a sample of 115 micro and small scale operators and through an interview conducted with 20 micro and small scale operators. The respondent operators were selected using stratified random sampling technique from each stratum; the sample has been selected through disproportional stratified sampling used. Besides, the interview questions were analyzed using descriptive narrations through concurrent triangulation strategy. The empirical study elicited eight major challenges which seem to affect the effectiveness of credit access of MSE's in the District which include: marketing, management, technological, finance, entrepreneurial, working premises, infrastructures factors and including bureaucratic bottlenecks system. The findings further indicated that among the independent variables Marketing, management, technological and financial factors were the major factors that significantly affected the effectiveness of credit access to reducing unemployment. Based on the findings it was recommended that government to establish well-structured marketing sites by providing selling and display places in areas close to working area and Provision of training on quality improvement in order to improve the effectiveness of credit access. Provision of business development services such as training technical and managerial, advisory and counseling services are very crucial for effectiveness of credit access of MSE's. micro finances institutions should improve access to finance through offering a better lending terms and conditions and also government supporting institutions work effectively and efficiently for the effectiveness of credit access.

Key words: MSEs, Effectiveness, factors

CHAPTER ONE

1.1. INTRODUCTION

Micro and Small scale Enterprises are a major source of employment and income. Entrepreneurship is argued to be the key to economic growth in developing countries. This section looks at the Background of the study, Statement of the problem, Purpose of the study, Objectives and Research Questions, Significance, Delimitations and Limitations of the study. Definitions of the significant terms used in the study are also outlined. It examines briefly the concept of Micro and Small scale Enterprise for employment creation and economic development.

1.2. Background of the Problem

Entrepreneurship has become one of the economic drivers in both developed and developing countries of the world (Alemany, 2014). With increased poverty, countries of the world have come to realize the role of entrepreneurship in social economic developments. In developing countries micro and small enterprises have been sources of employment for decades despite the challenges experienced by entrepreneurs ranging from financing, production and marketing and human resource development (Alemany, 2014). A number of governments in developing countries in the past decade have been emphasizing of boosting their economic growth through formulation of policies that support micro and small enterprises. It usually starts informally harnessing local resources from the family with the objective of adding more revenue to the family kit to meet its needs. Entrepreneurship is the ability of a person to conceptualize and formulate and implement business ideas with minimal resources. (Kuratko and Hodgetts, 2007), define it as an integrated concept that permeates an individual's business in an innovative manner. Micro and small enterprises are a key component of the economies throughout the world.

Self-employment has proved to be one of the strategies that will minimize the ever increasing problem of unemployment, low pay and job insecurity (Harold, 2009). The current enormous international interest in entrepreneurship as driver to end poverty reflects awareness of the success of large-scale initiatives in the developing countries.

The small business sector is recognized as an integral component of economic development and a crucial element in the effort to lift countries out of poverty (GoK, 2005). Micro and small enterprises are driving force for economic growth, job creation, and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization have been achieved. Furthermore small scale business has been recognized as a feeder service to large- scale industries (Ibrahim Worku, 2008).

Small enterprises are major drivers of both employment and economic growth contributing to more than 50% to GDP and 60% to employment in developed economies, these types of enterprises, however, constitute less than 30% of employment and 17% of GDP in developing countries. Indeed, a study conducted in Africa by the ILO finds that only 20% of the total populations of working age group in many African countries were reported to have been working in the small enterprise sector (ILO, 2003).

Micro-econometric studies using enterprise level data from MSE's sector has indicated that many of these enterprises have low levels of productivity, produces low quality products and grows only when they were young (Mead, 1998, Lieadholm, 1998 and Tybout, 2000). This is surprising given that many developing economies are characterized by labor and land abundance that creates favorable conditions to engage in labor intensive industrial activities. A question that would then arise is as to why the MSE's sector has not expanded more by absorbing the cheaply available labor force and by adopting production organizations that are suitable for low-wage economies. This is mainly due to poor growth and performance of MSE's, in Africa MSEs affected by multiple factors that inhibited the sector, these factors included entrepreneurial and managerial capabilities of the owners, mentality, skill and motivation in exploring opportunities, access to technology and capital. The regulatory and institutional environment in developing countries was also notoriously burdensome; it frequently hampered small enterprise growth. Econometric analysis underscores how these challenges disproportionately harmed smaller enterprises (Beck, 2006).

In Ethiopia Micro & Small Enterprise Development Program meaningfully has been given due attention by government since 2004/200. Of course, in 1996/97 National Micro and Small Enterprise Strategy was developed by the government. However, the

degree of recognition to the sector with regards to job creation and the alleviation of abject poverty among impoverished youth & women were not sufficient. Until 2004/2005, the national strategy was implemented by Federal SME's Development Agency organized only at national level. Because of this, it was very difficult to make the strategy practical specially in delivering business development service for SME's operators. Thus, by considering the critical role of the sector and the constrained faced by SME's operators since 2004/2005 the government of Ethiopia decide to establish SME's coordinating body at regional level. Accordingly, SME's development Agencies are set up in all a lot of SME's and thereby to system helps to support a lot of SME's and thereby to regions, even sub branch offices at zone/district level. The system helps to support create job opportunity for unemployed youth and women. Currently the government amend SME's strategy with the objective of that in addition that the sector play alleviating poverty & reducing unemployment to help out the sector poverty & reducing unemployment, to help out the sector to play its pivotal role as a base to medium and large scale industry. The strategy is implemented all over the country (Konjit Debela, 2011).

Ethiopia, as one of the sub-Saharan developing country has integrated MSE's as strategic tools in the Growth and Transformation Plan (GTP) and forwarded MSE's development strategies to promote the sector. However the sector confronted several factors that affected its performance to grow and develop to its potentials (Werotew Bezabih, 2010).

Therefore the purpose of this study was to assess the role of credit access and its effectiveness reducing unemployment in Gurage Zone Mesekan district selected micro and small scale enterprises.

There are previous research works conducted on MSE's, most of them 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 recency of information and the progressive policies and strategies in the promotion of MSE's, the study was hopefully filled the information gap created due to the longevity of study.

1.3. Statement of the Problem

It is known that MSE's play an important role in the contribution of employment generation, increasing income and standard of life of individuals, can stimulate the local economy by increasing the aggregate demand and allow for greater investment (Matewous Bezabih, 2010 cited in Liedhom and Mead in 1997; Tegegne Gebre-Egziabher, 2010). These sectors are becoming the major source of employment opportunity, increasing the standard of living of individuals, reduce income inequality, to increase the per capita income as well as improving the nation's development and to reduce poverty. In addition, the sector absorbs a large proportion of the labor force without demanding much capital, high level training and complex technologies (Meseret cited in Nigist, 2009).

In order to strengthen the indispensability of micro and small scale enterprises, Ethiopian government has adopted a small scale enterprise development strategy In 1997 and revise in 2004/2005 it is currently implemented all over the country. Even though, micro and small scale enterprises are vital with regard to employment creation for several citizens in the urban and rural areas of the country, there are various challenges such as inadequate skill, lack of capital to run the business, lack of training, lack of working place, lack of accessible market to their products are the most commonly observed constraints in the sector particularly in Mesekan District urban and rural area. Empirical studies done in Ethiopia include that done by (Mathewous Bezabih, 2009), has conducted a study on the role of small enterprises in urban housing and employment: a case of Kolfie Keranio sub city which emphasis in the employment generation and house development.

A number of studies have been done in this area, among the studies done include (Endalie Belay, 2009), has conducted on the contribution of micro and small scale enterprises for poverty reduction: in the case of two kebele's of Kirkos sub city in Addis Ababa which shows the overall contributions to the economy and to identify the problems on MSE's.

The impact of micro and small enterprises on the livelihood of poor women and the performance of women involved in micro and small enterprises in Addis Ababa respectively. The study is emphasized in the women's area (Alemtsehay Admasu, 2008 and Meseret G/ Eyesu, 2009).

Micro and small scale business enterprise effectiveness by using credit access beneficiary on Mesekan district local government and supporting institutions sectors are not fully addressed the aim of MSE's Strategies in reducing unemployment. According to Mesekan district (Omo micro finance institution, 2017), for MSE's operators facilitates for urban and rural cooperatives provides credit access from 2014 up to 2016 16,278,144 birr but the three consecutive years loan repayments performance of these cooperatives are only 5,676,580.49 birr these indicate that the cooperatives are do not contributes for reducing unemployment and the cooperatives or operators are not profitable because of theses there is the problem of sustainability of the cooperatives. Micro and Small scale businesses enterprises in Mesekan District are generally characterized by an acute shortage of finance, lack of technical skills, poor management, and lack of training opportunities, shortage of raw materials, poor infrastructure and over-tax.

Hence, the study tried to fill this gap by providing insight in to the Mesekan District MSE's sector role in reducing unemployment by providing credit access for the cooperatives and improvement of the standard of living of the operators by generating income and earning profits in the cooperative area. The other justification is that to provide basic information and special attention to the concerned bodies about the operator's internal and external constraints in the District. Having the constraints and gaps in mind, this study can be used to show the major roles, performance, effectiveness and problems on MSE's in the study area and to assist government supporting institutions to improve the income or standard of living of MSE's through providing some possible solutions in the major constraint areas which base the major findings.

1.4. Research Questions

To address the above research objectives, the following questions are raised

- I. How does the role of Credit access of MSE's in employment creation and its sustainability?
- II. To What extent the roles of supporting institutions the effectiveness of credit access to reducing unemployment?
- III. To What extent the major external factors among the Political-legal, Financial, and Marketing, Working premises, Infrastructural and Technological factors that affected the affected the effectiveness of credit access reducing unemployment?
- IV. To What extent the major internal factors among the entrepreneurial and Management factors that affected the effectiveness of credit access reducing unemployment?

1.5. Objective of the Study

1.5.1. General Objective

The general objectives of the study are to assess the role of access to credit and its effectiveness in reducing unemployment: the case of selected small scale business enterprise Mesekan District Gurage Zone.

1.5.2. Specific Objectives

The specific objectives of this research paper are

- I. To assess the role of credit access of MSE's in employment creation and its sustainability
- II. To assess the roles of supporting institutions the effectiveness of credit access to reducing unemployment.
- III. To assess the external factors that affected the effectiveness of credit access reducing unemployment.
- IV. To assess the internal factors that affected the effectiveness of credit access reducing unemployment.

1.6. Significance of the Study

There are many small-scale business enterprises in Gurage Zone Mesekan District. Their potential to create employment and to generate income makes them crucial economic instrument. Hence, the result of the research are provide relevant information to local development planners working on the development of conducive environment for small scale business enterprises. Furthermore, this study definitely is very useful to Gurage Zone Mesekan District administration, MSE's Development Bureau, Micro Finance Institution, TVET Centers, Trade & industry bureau, Mesekan Woreda communication bureau, Mesekan Woreda design & construction bureau, Women and Youth Affair Bureau, NGO and interested researchers. These groups and other stakeholders stand to benefit from the findings of the study in the following ways:

1.6.1. Future Researchers

The result of this study is help future researchers by providing reference materials that could guide them in enlarging their scope of study or taking a different course of action. There are a lot of issues bordering on the role of credit accesses and its effectiveness reducing unemployment in Garage Zone Mesekan district. This study has only provided a platform for more studies and other researchers are expected to key in on this study, to unravel other problems associated with the effectiveness of credit access on reducing unemployment in Mesekan district.

1.7. The scope of the Study

The study was confined to the role of access to credit and its effectiveness reducing unemployment in Gurage Zone Mesekan district who were sole owners and operators of their businesses. A target population of 1561 micro and small scale businesses entrepreneurs was registered in the district. Furthermore, sample sizes of 115 micro and small scale entrepreneurs were selected for this study. Besides, the scope of this study is spread across MSEs especially in the business sector of manufacturing, services, trade, urban and rural agricultural sectors and also the research would focus only two small town and eight rural kebeles. In this kebele there are MES's Operators are highly concentrated.

1.8. Limitations of the study

Like all research, this study had limitations. First the independent variables which were only assumed to be common to all operators under Gurage Zone Mesekan District micro and small scale enterprise were chosen for this study hence it doesn't exhaust all the factors affecting MSE's. These are the Political legal, Marketing, Infrastructural, Working premises, Financial, Technological, Management and Entrepreneurial factors.

Secondly problem encountered in the study has to do with the owner and operators of MSEs miss understand to cooperate due to suspicion that disclosing information may lead to negative effect on their business. It is very important to note that these limitations did not have any significant interference with the outcome of the study.

1.9. Operational Definitions of Terms

Enterprise: It refers to a unit of economic organization or activity whether public or private engaged into the manufacturing of goods.

Factors: A factor is a contributory aspect such as politico-legal, working premises, technologies, infrastructures, marketing, financial, management and entrepreneurial influences that affect performance of micro and small enterprises.

Micro enterprise: means commercial enterprise whose capital is not exceeding birr 100,000.00 in industry sectors and 50,000.00 in services sectors and Hired level not exceeding five employees.(MSEDS, 2011).

Small enterprise: means a business engaged in commercial activities whose capital is not exceeding birr 1,500,000.00in industry sectors and 500,000.00 in services sectors and Hired level 6-30 employees. (MSEDS, 2011).

In the manufacturing sector: Metal & engineering, textile and garment, leather products, wood work products, agro processing and handicraft products.

Service sector: solid waste collection and recycling, maintenance service, etc...

Trade sector: domestic product whole sale and retail trade.

Urban agriculture: cattle fattening, honey production, forestry, poultry farm, animal food preparation.

1.10. Organization of the Study

This study has five chapters. The first chapter; deals with introduction, statement of the problem, significance of the study, delimitation of the study, Limitation of the study and definition of operational terms in the study. The second chapter addresses the review of related literature to the topic of the study. The third chapter deals with the research design and methodology, sources of data, population and sampling technique, and tools of data collection and also the fourth chapter deal with data analyses and interpretation, the last section contents summary of major finding, conclusion and recommendation of the researcher findings.

CHAPTER TWO

2. REVIEW OF RELETED LITERATURE

2.1. Introduction

Chapter two describes the introduction, theoretical foundation of the study, Socio-economic Importance of MSE's, Sustainability Issues of Micro and Small Scale Enterprise, Ethiopia's Direct Policy Support and Institutional Coordination to MSE's Development, Factors Affecting the Effectiveness of Credit Access of Micro and Small Scale Enterprises, empirical review and conceptual framework.

2.2. Theoretical Foundation of the Study

This study was anchored on financial literacy theory, Human capital theory, theory of constraints, and program theory as discussed.

2.2.1. Financial Literacy Theory

Financial literacy theory argues that the behavior of people with a high level of financial literacy might depend on the prevalence of two thinking styles according to dual- process theories: intuition and cognition. Dual-process theories embrace the idea that decisions can be driven by both intuitive and cognitive process. Dual- process theories have been applied to several fields, including reasoning and social cognition. Financial covers the combination of entrepreneurs understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being (Chikati, 2009).

Financial literacy empowers entrepreneurs by educating them to acquire relevant knowledge and skills in financial management on projects (Harold, 2009). Financial knowledge helps to overcome most difficulties in advanced projects. Financial literacy allows the entrepreneurs to encounter difficult financial times, through strategies that mitigate risk such as accumulating saving, diversifying assets, and purchasing insurance for the projects. More importantly, financial literacy enhances decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihood, economic growth, sound financial systems, and poverty reduction thus effectiveness use of financial.

This theory underpins this study based on the notion that micro and small entrepreneurs are likely to access funds from financial institutions more easily if they have adequate information on loans, ability to develop budget and allocation funds to activities that will maximize profits within a given period of time to repay the loans. Therefore, lack of clear financial plans among entrepreneurs is one of the challenges that can contribute to poor performance of their enterprises in the changing business environment.

2.2.2. Human Capital Theory

The theory was founded by (Becker's, 1993) He noted that the most valuable of all capital is that of investment in human being. He distinguishes firm-specific human capitals from general purpose human capital. Examples of firm-specific human capital include expertise obtained through education and training in management information system, accounting procedures or other expertise specific to a particular firm. General-purpose human capital is knowledge gained through education and training in areas of value to a variety of firms such as generic skills in human resource development (Herman, John & Nicholas, 2011).

Human capital arises out of any activity able to raise individual worker productivity (Baron and Armstrong, 2007). In practice full-time education is, too readily, taken as the principal example. For workers, investment in human capital involves both direct costs, and costs in foregone earnings. Workers making the investment decisions compare the attractiveness of alternatives future income and consumption streams, some of which offer enhanced future income, in exchange for higher present training costs and deferred consumption. Returns on societal investment in human capital may in principle be calculated in an analogous way.

A proper investment in training and development by an organization on its employees increases their understanding of their duties, tasks and obligations. Training also creates conducive environment for cooperation and collaboration within employees in performing their work. This based on the human capital theory, results in both individual and firm-wide productivity. The relationship of this theory to this study is based on the concept that entrepreneurs should invest in training to increase productivity of their businesses. The ability of the organization to develop employees, motivate them by using financial and non-financial resources is one of the drivers of

organization performance. The ability of entrepreneurs to create conducive working environment will enhance employee motivation to perform effectively towards organizational goals (Harold, 2009).

This theory is application in this study based on the assumption that micro and small scale enterprises are more likely to succeed if operators have managerial skills that will enable them to plan, organize, provide leadership, develop staff and control activities to achieve short term and long term goals using the scarce resources available. Employee development, motivation and involvement are decision making are some of the aspects that contribute to the effectiveness of credit access of MSE's in Gurage Zone Mesekan District.

2.2.3. Theory of Constraints

The theory was established by (Goldratt, 1984). The theory argues that organizational performance is dictated by constraints. These are restrictions that prevent an organization from maximizing its performance and reaching its goals. Constraints can involve people, supplies, information, equipment, or even policies, and can be internal or external to an organization. Types of internal constraints include equipment; the way equipment is currently used limits the ability of the system to produce more salable goods/ services, people: lack of skilled people limits the system. Mental models held by people can cause behavior that becomes a constraint, policy: a written or unwritten policy prevents the system from making more (Wysocki, 2007).

Maylor (2010) suggests that every system, no matter how well it performs, has at least one constraint that limits its performance this is the system's weakest link. Maximizing throughput rate would in turn maximize profit, cash flow and return on investment. In the multi-project environment, theory of constraints is applied as critical chain methodology using the same principle of a capacity constrained resources. A system can have only one constraint at a time, and that other areas of weakness are non-constraints until they become the weakest link.

This theory underpins this study by explaining on how MSE's face internal and external challenges when trying to compete in the changing business environment. It is argued that unless MSE's analyze the political, economic, social, technological, ecological and legal policies from one country to another, competitiveness will be an uphill task.

2.2.4. Program Theory

The theory was established by (Lipseyin, 1990). Program theory is a plausible and sensible model on how a program is supposed to work. It is a proposition with regard to the transformation on input into output and how to transform a bad situation into a better one through inputs (Herman, John and Nicholas, 2011). It is also illustrated as the process through which program components are presumed to affect outcomes. On the other hand it contributes to evaluation practices through the identification of key program elements as well as providing information on how these elements relate to each other. Data collection plans are then involved in the framework to ensure information to measure the extent and nature of each aspects and their occurrence. Once the data on the elements is collected, it is analyzed within the framework.

The theory further suggests that with the services utilization plan which analyses how the intended target population receives the intended amount of intervention. This is through the interaction of the service delivery systems (Maylor, 2010). It looks at how the intended intervention for the specified target population represents the desired social benefits. The advantages of using a theory based on M & E framework include the ability to attribute project outcomes of specific projects or activities as well as identification of anticipated and undesired program consequences. It enables the evaluators to understand why and how the program is working (Harold, 2009).

This theory underpins the study by describing how MSE's should analyze the situation, formulate strategies and implement them using the limited resources. Evaluation of the formulated strategies in based on the goals of the enterprise within a given period of time.

2.3. Unemployment Global Perspective

2.3.1. Unemployment Definition

The standard ILO definition of unemployment are those people who have not worked more than one hour during the short reference period, which is usually the previous week or day, but who are available for are actively seeking work (O'Higgins, 1997).

In the 1997 and 2007, unemployment of youth worldwide increased from (10.9% to 11.9%) while the global adults unemployment rate stayed level at 4.2% from 1997 to 2007 (ILO, 2007). The youth are three times more likely to be unemployed than adults, this problem more affect the developing countries, as indicated by (Higgins, 2011).

2.3.2. Employment Generation in Ethiopia

According to Ethiopia's National Employment Policy and Strategy (NEPS) (2009), employment generation has two important dimensions - the demand and supply side of job creation. The first dimension (the demand side of job creation) refers to the ability of the economy to create jobs for various skill categories as per the requirement of the economy. The second dimension (the supply side of job creation) deals with whether or not the skill levels of available pool of persons match with the type of skill that the economy requires. Besides, there is a third dimension (i.e. labor market institutions) that relates to the governance of labor market relations and labor market services.

2.4. Socio-economic Importance of MSE's

MSE's have a number of socio-economic benefits for both developed world in developing countries. The MSE's sector has also been instrumental in bringing about economic transition by providing goods and services, that are of adequate quality and are reasonably priced, to a large number of people particularly in rural areas, and by effectively using the skills and talents of a large number of people without requiring high-level training, large sums of capital or sophisticated technology (Workeneh Fiseha, 2007).

2.4.1. Employment Creation

The major problems that the current world faces are unemployment, inequality, and poverty. Developing countries in general and African countries in particular have been experiencing high unemployment rate paralleled by increasing urban poverty. To reduce employment micro and small enterprises make undoubtedly a huge contribution, especially in the developing world. Most studies conclude that small enterprises are more labor intensive than larger ones, and some even finds that the smaller firms also produce more output (or value added) per unit of capital and thus generate more output as well as employment for a given investment than do larger firms (Hagblade and et al., 1990).

When we look at the share of employment in MSE's and large industries for lower and higher income countries, 62% and 38% of employment opportunity in lower income countries created small scale and large scale enterprise respectively. However, the share of employment in MSE's in higher income countries is still considerable and it accounts for 41% of the total employment and the rest (Workneh Fiseha, 2007).

Available evidence suggests that micro enterprise do not show growth in terms of number of people employed (Mead and Liedlholm, 2000). While small firms experience both high job creation and destruction rates, it appears that job destruction during recession is lower in small enterprise than in large enterprises perhaps due to greater wage flexibility in small firms (Snodgrass and Biggs, 1998). In contrast, large firms offer better in terms of wages, fringe benefits, good working conditions, opportunities for skill enhancement and job security (Snodgrass and Biggs, 1998).

2.5. Factors Affecting the Effectiveness of Credit Access of MSE's

This section gives emphasis to two dimensions that influence micro and small scale enterprise effectiveness: the internal factors and external factors.

2.6.1. External Factors

2.5.1.1. Marketing Factors

The study of (Lussier, 1995, Lussier and Pfeifer, 2001) emphasizes on the importance of marketing skill of the business owners as one factor to the success and better performance of small businesses. Marketing skills, such as identifying new prospects, showing effective corporate positioning, customer handling, finding ways to efficiently advertise, and the ability to come up with new ideas are very important factors that micro and small business enterprises should possess to be successful long term survival in the future.

Temtime and Pansiri (2004) also reported in their study of Small business Critical Success/Failure Factors in Developing Economies, in Botswana shows that; marketing activities such as product marketing, market research, and demand forecast and so forth have a greater impact on the success of small businesses performance. In this study customer relationship also reported as one of the important success factors of the small business owners. From this study report one can understand the importance of marketing skills of the business owners to be successful in their competitive environment.

Pulendran, Speed and Widing (2002), suggest that the quality of marketing planning is associated with a higher level of market orientation. Perhaps one can argue that, better quality planning assists managers seeking to implement a market orientation to achieve their goal or conversely, market orientation assists planning by providing a clear and unambiguous goal that serves to focus the planning effort. This study also indicates that managerial functions in small enterprises are limited to routine short term focused activities, and very little emphasis is given long term competitiveness which intern has an impact on the long-term success and profitability of the enterprises.

Liedholm (2002), in a study of small firm dynamics in Africa found that businesses located in commercial districts and on roadsides were positive and statistically significant in influencing enterprise growth rates compared to enterprises located at home, the base category in his regression. (McPherson, 1995) also found similar results; but his success indicator was hazard rate. According to him, mobile MSEs, roadside locations and market locations were found to show a significant survival advantage compared to home based enterprises. (McPherson, 1996), also revealed similar findings but, this time, success was represented by employment growth. The author points to agglomeration externalities as factors explaining success related to location.

Location of the enterprise affects demand conditions and degree of competition. Enterprises located at commercial districts may experience better demand but they could also face stiff competition. A positive relationship between location and success can be expected if enterprises produce complementary products and are located near final demand. However, if imitative products are located together, it will lead to a higher competition and hence very small market share leading to poor performance (Liedholm, 2002). Therefore, success related to location may depend on the net effect of both factors. However, following the above empirical studies, it can be hypothesized that home-based enterprises may perform poorly compared to those in other locations.

2.5.1.2. Working place factors

For MSE's lack of working premise is unquestionably a serious problem. Most informal operators do not get access to suitable locations where they can get easy access to markets. The issue of acquisition and transaction cost has become very prohibitive to the emergence of new enterprises and to the growth and survival of existing ones. The issue of land provision and the land lease system has greatly constrained the chances of micro, small and medium enterprises who aspire to startup businesses (Eshetu Bekele and Mammo Muchie, 2009).

According to (Rolfe et al., 2010), findings location is critical factor for sales and income of small scale enterprises and hence entrepreneurs benefit from businesses in formal residential areas. Logically, this finding stems from the higher per capita income and demand density in developed urban areas. Demand density also makes

taxi ranks and train stations more lucrative. These spaces are limited and thus a source of competitive advantage that cannot be copied or re-created.

Mbonyane and Ladzani (2011) found that small businesses select a site without first thoroughly analyzing the suitability of location. The same researcher found that most of the micro-enterprises are failing owing to a lack of space provided by the government and the various shortcomings of the small business owners regarding their businesses.

Olawale and Garwe (2010) also found that poor location has a negative impact of the performance of micro and small enterprises.

2.5.1.3. Technology Factors

According to (Albu, 2001 in Moyi and Njiraini, 2005), It is divided in to production, investment, and innovative/ adaptive capability. Production capability is the static knowledge and skill required to use existing Technology development which is far less applicable to MSE's is the process of designing new machineries /equipment/ Processes/products. The appropriate technology paradigm assumes MSE's as beneficiaries and not as active participant of development and improvements of technology; technology as a resource that can only be adapted by MSE's for improving factor productivity and reducing unit costs. It also focuses on incremental choice and suitability of available technologies to the production and market environment of MSE's operating in environment of unskilled and large labor market, low income consumer market and low quality inputs. But appropriate technology paradigm is challenged for its limited impact and its failure to narrow gaps between MSE's and larger enterprises. The technical capability paradigm has emerged as a result of unsatisfactory result with appropriate technology paradigm and with an objective to raise capacities of MSE's in making use of innovated technologies is adopted from separate workshops. It needs institutional, technical and engineering skills to adapt these technologies to different climate, raw materials and market demand.

2.5.1.4. Financial factors

Lack of adequate capital, sufficient loan, and inefficient financial market in terms of facilitating financial resources to entrepreneurs are the major obstacles in doing business particularly in the informal sector. Most micro and small enterprises are highly risky ventures involving excessive administrative costs and lack the experience in dealing with financial institutions and do not have a track record of credit worthiness with banks. Since most banking institutions are reluctant to provide small enterprises with loan and credits, most MSE's are unable to secure collateral requirements. As a result of absence in financing, the creation of new enterprises and the growth and survival of existing ones will be impeded (Commission on Legal Empowerment of the Poor, 2006).

Access to finance is a major bottleneck for the rapid growth and development of MSEs mainly due to targeted mechanism put in place to address the financial needs of small scale enterprises. Most micro and small enterprises do not have access to micro finance institutions and most banks are reluctant to avail credit facility to small enterprises unless they have acceptable collateral. The standard of loan appraisal, the long delay the banks take to sanction loans, unfavorable disposition towards small loans and the limited collateral requirement, which is over 100% of the loan amount, are the major obstacles that small scale enterprises are facing (Commission on Legal Empowerment of the Poor, 2006).

Moreover, the interest rate by most micro finance institutes, which is higher than the lending rate of formal banks, inhibits effectiveness in addressing the needs of micro enterprises (Commission on Legal Empowerment of the Poor, 2006).

According to (Gebrehiwot Ageba and Wolday Amha, 2006), more than 93% of MSEs replied that they did not apply for bank loans for the reasons they considered themselves as discouraged potential borrowers, need credit but are discouraged from applying by the perceived or real high collateral requirement, high cost of borrowing, difficulty of processes, ineligibility, or concern about their repayment ability and uninformed (i.e. not aware of the facility, or where and how to apply, etc.).

The findings of (Mulu Gebreeyesus, 2007) also indicate that banks and MFIs do not seem to support MSE's expansion. Due to this 85% of the respondents have never received credit from these formal sources. The availability of other informal sources

of finance, however, affects growth positively and significantly. This shows that in the absence of formal source of credit, informal networks appear more appealing for MSE's. Hence, firms with better network to borrow from informal sources such as, relatives, friends, and suppliers better loosen credit constraints, and grow faster. Lack of finance has been considered in many studies as a key success factor for MSE's such as (Rolfe et al, 2010, Mboniyane & Ladzani, 2011).

2.5.1.5. Infrastructure Factors

Good infrastructure facilitates have a positive effect in reducing the cost of operation. MSE's Owners in Ethiopia indicated that lack of efficient, reliable, safe and affordable infrastructure is affecting the performance of their business. The physical infrastructure facilities are not adequately developed and expanded in Ethiopia to meet the growing demand of MSE's Activities. As a result, most MSE's have problems related to business premises such as an increase in house rent, lack of basic services such as telephone lines, electricity supply, sewerage and water services (Eshetu Bekele and Mammon Muchie, 2009).

According to Commission on Legal Empowerment of the Poor (2006), though not directly linked, inadequacy of infrastructure (road, banking service, electricity, telecommunication and other services in facilitating smooth operation of private investment are serious impediments.

Rahel and Paul (2010) also identify that even if access to infrastructure is not reported as a significant problem, lack of access to water and lack of awareness about the advantages of telephones and media leads to a negative or insignificant effect on the growth of enterprises. According to the findings of the same research most MSE's have an easy access to transportation. But, the number of enterprises that has access to the rest of the infrastructures such as telephone, television, radio and water are limited.

2.5.2. Internal Factors

2.5.2.1. Entrepreneurial factors

Studies related to psychological factors of business success for developing country firms are very scarce (Nichter and Gold mark, 2009). Most of the macro based studies have tended to assume entrepreneurs with similar experiences and demographic characteristics. However, none of these factors alone can create a new venture or drive success (Baum et al, 2001). Accordingly, personality traits play a key role in driving ventures towards success.

The ‘big five’ model advocated for by (Johnson, 1990), is widely used as a robust indicator of personality traits. These big five factors that are generally agreed as personality traits or characteristics include: extraversion, emotional stability, agreeableness, conscientiousness and openness to experience. Based on the big five model, researchers have further classified entrepreneurial personality traits in to five categories: need for achievement, locus of control, motivation, risk taking propensity, and self-efficacy. These traits are important psychological factors that would influence the success of microenterprises (Johnson, 1990).

2.5.2.2. Management factors

Zelege Worku, (2009) conducted a study on the efficiency of management as a determinant of long term survival in micro, small and medium enterprises in Ethiopia, and his research ascertains that high level of managerial skills significantly promotes long term survival and profitability in small businesses and enterprises. Successful businesses are significantly associated with the ability to generate profit on a sustainable basis. Profitability has enabled successful businesses to achieve their next level of growth as well as the potential to stay competitive in business.

The main reason for failure is inexperienced management. Managers of bankrupt firms do not have the experience, knowledge, or vision to run their businesses. In diagnosing the root causes of small firm failure it should not be surprising that this turns out to be the management inefficiency of owner managers (Zelege Worku, 2009).

Managerial effectiveness influences every aspect of a business and is often believed to be the most important factor contributing to small business failure. The management skills and management concepts of business founders are deemed much more important than their technical skills and their concern about production which has resulted in an overall positive organizational performance (Lin and Yeh-Yun, 1998).

2.6. Empirical studies

Adeyemi and Aremu (2011) in their study aimed to examine relevance of SME's as a means of generating employment and reducing poverty in Nigeria concluded that the SMEs, which account for over 75% of employment in the country are engines for the development of entrepreneurial capabilities and indigenous technology which will generate employment in the country. After identifying insufficient capital, lack of focus, inadequate market research, overconcentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, irregular power supply, infrastructural inadequacies (water, roads... etc), they generally suggested the inculcation of such enterprises in the poverty reduction efforts and process of developing countries since doing so brings about a great distribution of income and wealth, economic self-dependence, entrepreneurial development, employment creation, and generating foreign exchange and smoothening out the adverse balance of payment situation.

According to Mead and Liedholm (1998:69) and Swierczek and Ha (2003:46-58), the main factors that affect the performance of MSE's in developing countries is not their small size but their isolation, which hinders access to markets, as well as to information, finance and institutional support. The argument that small businesses in Africa are crucial in the role they play in employment creation and general contribution to economic growth is not new. Although this may be true, the vast majority of new enterprises tend to be one-person establishments (Mwega, 1991:33-36). This has tended to ensure that the journey of the MSE's entrepreneur in many instances is short-lived, with the statistic of MSE's failure rate in Africa being put at 99 percent (Rogerson, 2000:41). Various reasons for these failures have been proposed by scholars including lack of supportive policies for MSE's development (McCormick 1998:26-27), intense competition with replication of micro-businesses (Manning & Mashego, 1993:59-61); manager characteristics including lack of skills

and experience (Katwalo & Madichie, 2008:337-348 and Verhees, F. M., & Meulenbergh, M. G., 2004:134-154).

Dalitso and Peter (2004) in their study title 'the policy environment for promoting small and medium-sized enterprises in Ghana and Malawi' find out that in the 1970s and 1980s, the two countries micro economic traits were common or similar. Both countries experienced difficult economic crisis due to internal and external factors. Unstable oil price was the dominant external factor. The major internal factors were policy biased towards industries over agriculture, inefficient public service, overvalued exchange rate and inflation. Due to the economic crisis in the early 1980s, the two countries were forced to make economic adjustments through the help of IMF and World Bank and they have started to implement the program. In this circumstance, their small and medium enterprises faced varieties of constraints. Access to finance remains a major challenge to small enterprises in Ghana and Malawi. Lack of access to appropriate technology, weak institutional capacity and lack of management skills and training, the existence of restricted laws, regulations and rules that hamper the development of the sector are the other challenges in those countries.

In order to minimize the constraints, Dalitso and Peter recommended that there is a need to amend the laws and regulations and the government should play a facilitator role rather than that of a regulator and provide a conducive framework within which the sector operators.

A study by Hall (1992:237-250) 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 business operations of micro enterprises (Fjeldstad et al, 2006 cited in Mulugeta Yohanes, 2011: 22).

Eshetu Bekele and Zeleke Worku (2008:2-9) conducted a longitudinal study to assess the impact of influential factors that affect the long-term survival and viability of small enterprises by using a random sample of 500 MSE's from 5 major cities in Ethiopia. According to this research, that lasted from 1996-2001, the factors that affect the long term survival of MSE's in Ethiopia are found to be adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is so because the findings of the study revealed that businesses that failed, during the study period were characterized by inadequate finance (61%), low level of education (55%), poor managerial skills (54%), shortage of technical skills (49%), and inability to convert part of their profit to investment (46%). The study further indicated that participation in social capital and networking schemes such as *Iqub3* was critically helpful for long-term survival of the enterprises. Businesses that did not participate in *Iqub* schemes regularly were found to be 3.25 times more likely to fail in comparison with businesses that did, according to the study.

In their study, based on the survey covering 123 businesses units in four *Kebeles* of *Nifas Silk- Lafto* and *Kirkos* sub-cities of Addis Ababa, and aimed to investigate the constraints and key determinants of growth, particularly in employment expansion, Paul and Rahel (2010:89-92) found out that the studied enterprises registered 25% increment in the number of total employment they created since their establishment with an average annual employment rate of 11.72%. With regard to the sources of initial capital of the studied enterprises, the study indicated that, the main ones were loan from MFI (66.7%), personal savings */Iqub/* (17.5%), and loan from family/friends (17.1%). Moreover, the concrete problems that the targeted MSEs faced at their startup were lack of capital (52.8%), skills problem (17.9%) and lack of working space (17.1%). Moreover, Daniel (2007:49) identified that lack of raw material, stiff competition and shortage of working capital.

Mainly relying on a sample survey of 557 operators and 200 MSE's chosen from four major cities of Ethiopia namely *Adama*, *Hawassa*, *Bahirdar* and *Mekelle*, (Tegegne Gebre-Egziabhe and Meheret's Ayenew, 2010) was conducted with the intention of assessing the contribution of the MSE strategy to poverty reduction, job creation and business development. The raised causes for this gloomy prospect of business were

not growing (33%), lack of finance (13%), lack of market (11%), and lack of working space (4%).

Dereje Lemma (2008:47) studied the nature, characteristics, economic performance, opportunities and challenges of MSE's in the construction sector based on 125 sample enterprises. The results of the study revealed that the main constraints of the MSE's were shortage of capital, lack of raw materials, absence of government support, lack of market, lack of credit facilities and high interest rate.

Workneh Fessiha (2007:51) research undertaken in *Kolfe Keraneo* sub-city of Addis Ababa indicated that lack of capital, lack of market, unfavorable policy, and inadequate infrastructure, absence of adequate and relevant training, bureaucratic structure and procedures are among constraints faced by Mses. Similarly, Adil Yassin (2007:63) research carried out in Addis Ababa shows that inappropriate government intervention, shortage of capital, location disadvantage, lack of market and lack of display room are the major challenges that obstruct Mses.

According to HLCLEP (2006:17), there is lack of entrepreneurial and managerial skills, which in turn leads to problems in production due to the unfamiliarity of workers with rapid changing technology, lack of coordination of production process and inability to troubleshoot failures on machinery and/or equipment's is a critical problem that MSE's are facing since they cannot afford to employ specialists in the fields of planning, finance and administration, quality control and those with technical knowledge.

Mulugeta Yohanes (2011:72-77) has identified and categorized the critical problems of MSE's in to market-related problems, which are caused by poor market linkage and poor promotional efforts; institution-related problems including bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide policies, regulations, rules, directives, absence of training to executives, and poor monitoring and follow-up; operator-related shortcomings like developing a dependency tradition, extravagant and wasting behavior, and lack of vision and commitment from the side of the operators; MSE's-related challenges including lack of selling place, weak accounting and record keeping, lack of experience sharing, and lack of cooperation within and among the MSE's and finally society-related problems such as its distorted attitude about the operators themselves and their products.

Endale, (2007) His study also shows the constraints or problems encountered by MSE's. The problems were high interest rate, inadequate markets for their products, absence of market for their products and market linkages problems, inadequate training and business development services, bureaucracies in licensing and credit, strict regulatory requirements during business startups, inadequate production and shortage of places etc.

The other study conducted in Kolfie- Keranio by (Matewous, 2009) shows that MSE have not much in improving the standard of living of the members. In his study he has shown that the major problem encountered was during the formation of associations. The top three problems are: inability to sell for other customers which accounts (72.7%), high money reservation by HDA (Housing Development Agency) which consists 56.8% and being under the influence of the government (34.1%).

2.7. The Conceptual Framework

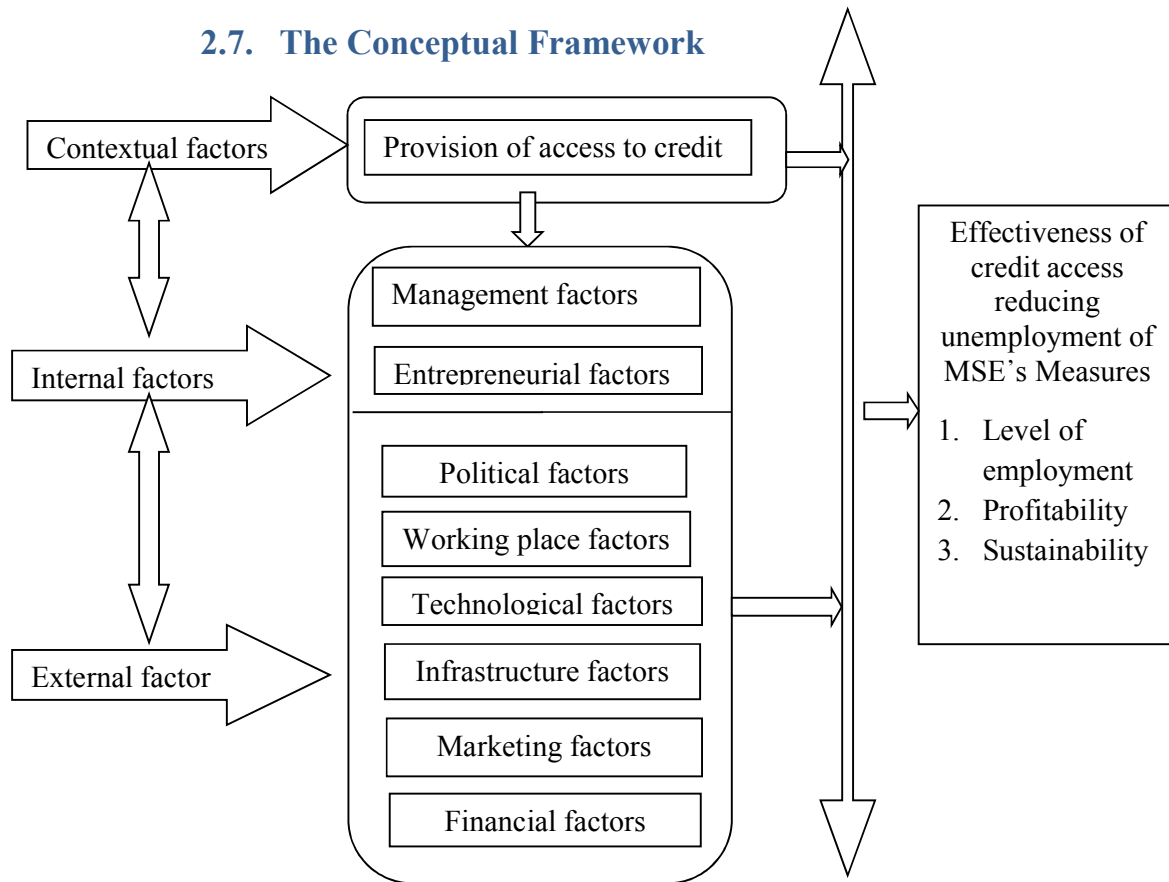


Figure 2.1 Conceptual frameworks (Own Model)

The External factors included politico-legal, working premises, technological, infrastructural, marketing and financial factors. The influence of these factors to the effectiveness of credit access to reducing unemployment is very important but it is noteworthy that the management has no (little) control over them (Wanjiku, 2009:81-82). Nevertheless, the factors must be closely monitored to ensure stringent measures are taken within the best time to either take advantage of the opportunities or combat the threats found in the external environment. The internal factors that influence the effectiveness of credit access to reducing unemployment can be classified as management and entrepreneurial factors. To align the conceptual framework with the research objectives, effectiveness of credit access is the dependent variable whereas politico-legal, working premises, technological, infrastructural, marketing, financial, management and entrepreneurial factors are all independent variables.

CHAPTER THREE

3. RESEARCH DESIGN & METHODOLOGY

3.1. Introduction

This chapter describes the procedures that were used in conducting this research. The following topics are discussed; research design, the population, sampling procedures, measurement and instrumentation, methods of data collection and methods of data analysis.

3.2. Research Design

The descriptive survey design was used to carry out this study. Survey was best suited for this study because the population studied was large and it was difficult to observe the characteristics of each micro and small scale enterprises. It also helped in collecting original and specific data on micro and small scale enterprises since data on this area is scarce. This design also allowed the researcher to generate both numerical and descriptive data that was used in measuring the relationship between variables to be studied. This design was appropriate for the study because it assisted the researcher to produce statistical information on factors that influence the development of small enterprises among youth groups (Mugenda and Mugenda, 1999). The researcher used questionnaires and structured interview guide to collect data. In this research, qualitative and quantitative research paradigms were used. Qualitative research allowed the researcher to exercise judgment, appraise and interpret the interrelationships that revealed themselves as constitutive of various human activities. Such activities allowed the researcher to determine and attach meaning and significance within a wider paradigm of knowledge. Although it is assumed that an event is best understood and described contextually, qualitative research allowed the researcher to better understand the social context. Quantitative research was used in this study in order to obtain statistical data which enabled comparison and analysis of information using statistical methods. The researcher also used both qualitative and quantitative research methods in order to reduce bias.

3.3. Sources of Data

The study employed both primary and secondary sources of data collection.

3.3.1. Primary Sources

In order to realize the target, the study used well-designed questionnaire as best instrument. This was completed by the owner managers/or operators of the enterprises. Besides, face-to-face interviews with the MSE's operators/and the relevant owner managers who heads the enterprises in the selected sectors. The interview method of data collection is preferred due to its high response rate. That is it gives the two people concerned an opportunity to interact and get details on the questions and answers.

Through interviews, clarification of issues is easily achievable leading to accuracy of data from the respondents.

3.3.2. Secondary Sources

Secondary data from files, pamphlets, office manuals, circulars and policy papers were used to provide additional information where appropriate. Besides, variety of books, published and/or unpublished government documents, websites, reports and newsletters were reviewed to make the study fruitful.

3.4. Sampling Strategy and Procedures

The two small town and eight rural kebeles were purposely chosen among the 4 small town and 41 rural kebeles of Mesekan District, as a study area for this research. This is because MES's Operators are highly concentrated. Although there are different sectors in which the MSE's operators have been engaged in Mesekan District, the sectors selected for this research is manufacturing, services, trade, urban and rural agricultural sectors and This study was focused in the specified cooperatives purposively i.e. from manufacturing (wood works and metal work), from service sector (retailers), from urban agriculture (animal fattening, dairy farming and poultry farming) and rural agriculture (small irrigation, dairy farming, poultry farming and animal fattening) because of the following rationales. The sectors and specified cooperatives are selected because of largest concentration in number compared to other sectors in the Mesekan District.

3.5. Sampling Size Determination and Sampling Technique

3.5.1. Sample Size Determination

There are several approaches to determine the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published tables and applying formulas to calculate a sample size. This study applied a simplified formula provided by (Yamane, 1967) in order to determine the required sample size at 95% confidence level, degree of variability of = 0.5 and with the level of precision of = 9 % is

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

Where

n= sample size,

N= population size,

e= error limit (5%)

Sample size can be:

$$\begin{aligned}n &= N / (1+Ne^2) \\ &= 1561 / (1+1561*0.009^2) \\ &= 115\end{aligned}$$

Where n is sample size, N is the population size and 'e' is the level of precision. According to the above formula, the sample size should be a minimum of 115. And this research paper surveyed to 115 respondents.

3.5.2. Sampling Techniques

Stratified random sampling was used to get information from different sizes of the MSE's. This technique is preferred because it is used to assist in minimizing bias when dealing with the population. With this technique, the sampling frame can be organized into relatively homogeneous groups (strata) before selecting elements for the sample.

According to Janet (2006:94), this step increases the probability that the final sample will be representative in terms of the stratified groups. The strata's are sectors including: manufacturing, services, trade, urban agricultural and rural agricultural enterprise sectors.

According to Catherine Dawson (2009:54), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. Although there are no general rules, the sample size usually depends on the population to be sampled. In this study to select sample size, a list of the Population formally registered MSE's until in 2017 by the Meseke District business development sector and rural job creation sector were obtained. The total population of the study is 1561 enterprises which includes Manufacturing (148), service (459), trade sector (434), urban agriculture (290) and rural agriculture (230). The sample size selected here is considered as representative of manufacturing, services, trade, urban agriculture and rural agriculture and also large enough to allow for precision, confidence and generalibility of the research findings.

The following formula was used for the calculation of the sample size since it was relevant to studies where a Probability sampling method was used (Watson, 2001:5).

$$N = \frac{\left(\frac{P [1-P]}{A^2 + P [1-P]} \right)}{\frac{Z^2}{R}}$$

Where, n = sample size required = 115

N = number of population = 1561

P = estimated variance in the population = 50%⁴

A = margin of error = 5%

Z = confidence level = 1.96 for 95% confidence⁵

R = estimated response rate = 96%⁶

Accordingly, 115 respondents were selected from the total of 1561 MSE's. These 115 respondents were selected from manufacturing, services, trade, urban agriculture and rural agriculture on proportional basis. Therefore, [(148/1561) x 115] = 11 manufacturing out of 148, [(459/1561) x 115] = 34 services out of 459, [(434/1561) x 115] = 32 trade sectors out of 434, [(290/1561) x 115] = 21 urban agriculture out of 290 and [(230/1561) x 115] = 17 rural agriculture out of 230 were selected. The interviews were administered on the sample of 20 operators out of 1561. This small number of interviewee was selected because of related responses from majority of respondents.

3.6. Methods of Data Collection

To collect the quantitative and qualitative data, this study should be employed the following main instruments namely questionnaire, interview and organizational document from quantitative data collection techniques and field observation and key informant interview from qualitative data collection techniques.

3.6.1. Questionnaire

To collect relevant data from the selected samples a questionnaire which consist both open and closed ended questions had been applied. According to (Kerlinger, 1973), it's observed that people are willing to communicate orally than in writing and therefore provide data more readily. In order to get a reliable data from respondents both structured and unstructured (i.e. close ended and open ended type) questionnaires is prepared and administered to the target respondents. The questionnaires are prepared in English language and translated into the local language in order to make the questions clear, to avoid ambiguity as well as to be easily understood by the respondents. The data is collected by the researcher and other supporters briefly oriented on how to collect the data. Pre-test is administered in order to avoid difficulties that may arise and make some adjustments on the questionnaire.

3.6.2. Key Informant Interview

The other data collection instrument was key informant interview which is essential to collect qualitative data. According to (Mugenda and Mugenda, 1999), it's observed that the interview instrument yields high responses and personal and sensitive information can be extracted. The information gathered through this instrument is used to triangulate information collected through other methods. The data is gathered by interviewing some government officials as well as MSE operators who have better knowledge and experience in the subject matter or in the field. In this study, the key informants are the main actors of the study area such as MSE's managers, experts and the MSE's Development program officer. Face-to-face interview is held about the various issues of the enterprise in order to identify the true nature of the problem. Such interviews with these sample respondents were undertaken believing would help the researcher find out necessary information. Similarly, officials of the MSE's support office were interviewed on various issues like the kind of employment opportunities, trends of MSE's, constraints and sustainability of the MSE's.

3.7. Data Processing and Analysis

3.7.1. Data Processing

The method of data processing in this study was manual and computerized system. In the data processing procedure editing, coding, classification and tabulation of the collected data were used. Data processing has two phases namely: data clean-up and data reduction. During data clean-up the collected raw data was edited to detect anomalies, errors and omissions in responses and checking that the questions are answered accurately and uniformly. The process of assigning numerical or other symbols came next which was used to reduce responses into a limited number of categories or classes.

After this, the processes of classification or arranging large volume of raw data into classes or groups on the basis of common characteristics were applied. Data having the common characteristics was placed together and in this way the entered data were divided into a number of groups. Finally, tabulation were used to summarize the raw data and displayed in the form of tabulation for further analysis.

3.7.2. Data Analysis

This is the further transformation of the processed data to look for patterns and relationship between and / or among data groups by using descriptive and inferential statistical analysis. The Statistical Package for Social Science (SPSS) version 20 was used to analyze the data obtained from primary sources. Specifically, descriptive statistics (mean and standard deviation) and inferential statistics (correlation and regression) were taken from this tool.

3.7.2.1. Descriptive Analysis

Descriptive analysis was used to reduce the data in to a summary format by tabulation (the data arranged in a table format) and measure of central tendency (mean and standard deviation). The reason for using descriptive statistics was to compare the different factors. Besides, the interview questions were analyzed using descriptive narrations through concurrent triangulation strategy.

3.7.2.2. Inferential Analysis

According to Sekaran (2000:401), inferential statistics allows to infer from the data through analysis the relationship between two or more variables and how several independent variables might explain the variance in a dependent variable. The following inferential statistical methods were used in this study.

3.7.2.2.1. The Pearson Product Moment Correlation Coefficient

According to 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 political-legal, working premises, technology, infrastructure, marketing, finance, management and entrepreneurial factors with the effectiveness of credit access reducing unemployment, 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. The results of correlation coefficient may be interpreted as follows.

3.7.2.2.2. Linear Regression Analysis

Linear regression is 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.

Regression Functions

The equation of regressions on this study is generally built around two sets of variables, namely dependent variable (effectiveness of credit access) and independent variables (politico-legal, working premises, technology, infrastructure, marketing, finance, management and entrepreneurial). 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 effectiveness of credit access on Selected Variables.

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8$$

Where:

Y is the response or dependent variable- performance

X1= politico-legal, X2= working premises, X3= technology, X4= infrastructure, X5= marketing, X6= finance, X7= management and X8= entrepreneurial skills are the explanatory variables.

β_0 is the intercept term- constant which would be equal to the mean if all slope coefficients are 0.

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7,$ and β_8 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.

Accordingly, this statistical technique was used to explain the following relationships. Regress effectiveness of credit access (as dependent variable) on the selected linear combination of the independent variables using multiple regressions.

3.8. Pilot Testing

Before data collection, a pilot study was conducted on four micro and small scale entrepreneurs in Meseke District but their responses were not included in the final analysis of data. Items of the instruments were modified appropriately before full scale administration of the instruments among 115 respondents who were micro and small scale entrepreneurs. After pilot testing, it was established that 93% of the respondents were comfortable with items of the instrument and it was justifiable to administer the instrument to 115 respondents as the study stipulated. As proposed by (Cooper and Schindler, 2008), a pilot testing of research instruments was important because it revealed vague questions, unclear instructions and enabled the researcher to improve the efficiency of the instruments.

3.9. Instrument Development

Basically, the instruments were developed based on the objectives of the study and research questions. The principles of questionnaires such as, use simple and clear languages, statements should not be too long and use of appropriate punctuations is also considered when developing the instrument. In addition, interviews can be taken as an instrument to strengthen the investigation.

3.9.1. Design of the Instruments

The instruments were designed in such ways that can strength the viability of the study. The questionnaires were designed both in English and Amharic languages. The purpose of translating from English to Amharic language is to utilize those who cannot clearly understand English language so that respond easily. The interview questions were designed in English language only, because the discussion was in Amharic while making interviews with operators.

3.9.2. Instrument Validity

According to Mugenda and Mugenda, (2003), validity is a measure of relevance and correctness. It is the accuracy and meaningfulness of inferences which are based on the research results. Data collection techniques must yield information that is not only relevant to the research questions but also correct. To enhance the validity of the instrument, pretesting was done to determine whether the questions were acceptable,

answerable and well understood. Content validity was tested using theories and expert opinions.

3.9.3. Instrument Reliability

According to Bryman and Bell (2011), reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials. Reliability also involved the consistency of measurement; the more reliable an instrument was, the more consistent the measure. A pilot study was conducted on four micro and small scale entrepreneurs in Meseke District. It was further enhanced by making necessary adjustments to the questionnaire based on the pilot study. Reliability analysis was subsequently done using cronbach's Alpha formula. The reliability of the research instrument was tested using test-retest method whereby the same questionnaire was given to the same respondents after a period of time.

3.10. Ethical Considerations

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent was secured before the commencement of distributing questionnaire and asking interview questions. Although all interview sessions has tried to tape-record, it was impossible as the respondents were not voluntary. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names are kept confidential thus collective names like 'respondents' were used.

CHAPTER FOUR

4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with seven sections. The first section contains a summarized description of the personal characteristics of the respondents and the second section contains enterprise characteristics. The third section describes Employment opportunities created by MSE's and the fourth section Sustainability and Services provided of MSE's are examined under Fifth and six sections of the chapter respectively the level of supporting organization, internal and external constraint that faces MSE's is the last section of the topic respectively.

The data are collected and then analyzed in response to the problems posed in the first chapter of this study. The findings are based on the responses of the owners and employees of the sample MSE's collected with the help of a structured and semi structured questionnaire and in depth interviews conducted with selected owners of MSE's and the MSE's Support office officials as well.

4.1. Demographic Characteristics of Sample Respondents

4.1.1. Gender and Marital Status

Table 4.1: Gender and Marital Status Distribution of MSE Owners

| Gender | manufacturing | | Service sector | | Urban agriculture | | Rural agriculture | | Trade sector | | Total | |
|----------------|---------------|------|----------------|------|-------------------|------|-------------------|------|--------------|------|-------|------|
| | Fre | % | Fre | % | Fre | % | Fre | % | Fr | % | Fre | % |
| Male | 9 | 81.8 | 26 | 76.4 | 14 | 66.6 | 10 | 58.8 | 18 | 56.2 | 77 | 66.9 |
| Female | 2 | 18.8 | 8 | 23.5 | 7 | 33.3 | 7 | 41.1 | 14 | 43.7 | 38 | 33 |
| Marital Status | | | | | | | | | | | | |
| Married | 5 | 45.4 | 18 | 52.9 | 12 | 52.3 | 10 | 58.8 | 21 | 65.6 | 66 | 57.3 |
| Not married | 6 | 54.5 | 16 | 47.0 | 9 | 42.8 | 7 | 41.1 | 11 | 34.3 | 49 | 42.6 |
| Divorced | - | - | - | - | - | - | - | - | - | - | - | - |
| Widowed | - | - | - | - | - | - | - | - | - | - | - | - |

Source: Own Survey, 2010

Different studies show that the demographic characteristics of an individual have a significant role in his/her entrepreneurial behavior and Effectiveness of the business enterprise he/she runs. Proper management of business organizations often depends on the educational background of the individuals in charge. Taking this into consideration, therefore, owners level of education; age, gender, and marital status of

the respondents are shown to indicate the general demographic conditions of the respondents under the sector.

According to the survey made by the researcher table 4.1 above, 81.8 percent of the respondents of manufacturing industry sectors, 76.4 percent of the service sectors, 66.6 percent of the urban agriculture, 56.2 percent of the Trade sectors and 58.8 percent of the rural agriculture cooperatively are owned by males, 18.18 percent of the manufacturing industry sector, 23.5 percent of the service sector, 33.3 percent of the urban agriculture sector, 43.7 percent of the Trade sectors and 41.1 percent of the rural agriculture cooperatives are owned by females. From this finding it implied that majority of the owners and operators are male and low participation of female. With regards to marital status 57.3 percent are married, followed by 42.6 percent are not married. This implied that majority of the enterprises contributed significantly in social economic development in the County.

4.1.2. Distribution of Sample MSE Owners by Age Group

Table, 4.2: Age Distribution of the Sample Respondents by Sector

| Age of owners & operators | manufacturing | | Service sector | | Urban agriculture | | Rural agriculture | | Trade sector | | Total | |
|---------------------------|---------------|------|----------------|------|-------------------|------|-------------------|------|--------------|------|-------|------|
| | Fre | % | Fre | % | Fre | % | Fre | % | Fre | % | Fre | % |
| 18-23 | 2 | 18 | 7 | 20.5 | 4 | 19.0 | 4 | 23.5 | 3 | 9.3 | 20 | 17.3 |
| 24-29 | 4 | 36.3 | 21 | 61.7 | 5 | 23.8 | 7 | 41.1 | 11 | 34.3 | 48 | 41.7 |
| 30-35 | 2 | 18 | 6 | 17.6 | 10 | 47.6 | 2 | 11.7 | 11 | 34.3 | 31 | 26.9 |
| 36-41 | 2 | 18 | - | - | 2 | 9.5 | 2 | 11.7 | 6 | 18.7 | 12 | 10.4 |
| Above 42 | 1 | 9 | - | - | - | - | 2 | 11.7 | 1 | 3.12 | 4 | 3.4 |
| Total | 11 | 100 | 34 | 100 | 21 | 100 | 17 | 100 | 32 | 100 | 115 | 100 |

Source: Own Survey, 2010

Table 4.2 above, presents the age distribution of the respondents clearly show that the majority of the owners of MSEs are in the age range of 24-29, which represents 41.7 percent of the respondents. The rest 17.39 percent and 3.47 percent of the respondents are in the age range of 18-23 and above age 42 respectively. Only 26.9 and 10.4 percent of the MSE's represent 30-35 and 36-41 respectively. This implied that majority of the enterprises owners contributed significantly in social economic development in the country.

4.1.3. Educational Level

Table 4.3: MSE's Owners Level of Education

| Educational level | manufacturing | | Service sector | | Urban agriculture | | Rural agriculture | | Trade sector | | Total | |
|----------------------------|---------------|------|----------------|------|-------------------|------|-------------------|------|--------------|------|-------|------|
| | Fre | % | Fre | % | Fre. | % | Fre | % | Fre. | % | Fre. | % |
| Illiterate | - | - | - | - | - | - | - | - | - | - | - | - |
| Read and write only 1-8 | 2 | 18.1 | - | - | - | - | 6 | 35.2 | 4 | 12.5 | 12 | 10.4 |
| | 2 | 18.1 | 6 | 17.6 | 8 | 38.0 | 8 | 47.0 | 18 | 56.2 | 42 | 36.5 |
| 9-12 | 4 | 36.3 | 16 | 47.0 | 10 | 47.6 | 3 | 17.6 | 10 | 31.2 | 43 | 37.3 |
| TVTs | 2 | 18.1 | 6 | 17.6 | 0 | - | - | - | - | - | 8 | 6.9 |
| College or university | 1 | 9.09 | 6 | 17.6 | 3 | 14.2 | - | - | - | - | 10 | 8.69 |
| Total | 11 | 100 | 34 | 100 | 21 | 100 | 17 | 100 | 32 | 100 | 115 | 100 |

Source: Own Survey, 2010

From Table 4.3 above, it can be observed that the majority's education levels are from grade 9-12 (37.3 percent). Next to grade 9-12, the respondents with grade 1-8 (36.5 percent). 10.4 percent of the respondents are their education level is read and write only. Technical and vocational training, Diploma level of education and first degree holders accounts for 6.9 and 8.69 percent of the sample respondents respectively. It can be clearly observed from the below figure that majority of the MSE's operators have less than diploma level of education which is 84.2 percent of the total respondents. These findings are supported by (Sha, 2004, Mhangami, 2011, Ongori and Migiro, 2011) who established that basic business education among entrepreneurs was one of the drivers of the MSE's sector. They revealed that entrepreneurs' level of education was a determinant of successful businesses. Entrepreneurs with basic education on businesses management, financial literacy and marketing skills were likely to perform well and vice versa. It was noted that through formal education entrepreneurs can compete locally and nationally thus promote economic developments in developing and developed countries.

4.2. Enterprise Information

Table 4.4 Year of Establishment

| Year of Establishment | manufacturing | | Service sector | | Urban agriculture | | Rural agriculture | | Trade sector | | Total | |
|-----------------------|---------------|------|----------------|------|-------------------|------|-------------------|------|--------------|------|-------|-----|
| | Freq | % | Freq. | % | Freq | % | Freq | % | Freq. | % | Freq. | % |
| 2006-2007 | 5 | 45.4 | 12 | 35.2 | 9 | 42.8 | 6 | 35.2 | 14 | 43.7 | 46 | 40 |
| 2008-2009 | 6 | 54.5 | 22 | 64.7 | 12 | 57.1 | 11 | 64.7 | 18 | 56.2 | 69 | 60 |
| Total | 11 | 100 | 34 | 100 | 21 | 100 | 17 | 100 | 32 | 100 | 115 | 100 |

Source: Own Survey, 2010

In this study, MSE's established four years earlier are the focus of the study. This is to see the effectiveness and growth rates of MSE's Over the course of time. According to Table 4.4 above, majority of established MSE's are recent establishments. 40 percent of the MSE's were established in the years between 2006 - 2007. The rest (60 percent) is established in 2008-2009. By evaluating the five sectors most of the respondents of manufacturing sector (45.4 percent) are established earlier than, service (35.2 percent), urban (42.8 percent), Trade (43.7 percent) and Rural agriculture (35.2 percent) sectors in the year of 2006-2007. Majority of the manufacturing sector (54.5 percent), service sector (64.7 percent), urban agriculture (57.1 percent), Trade sector (56.2 percent) and rural agriculture (64.7 percent) are established in the year 2008-2009. The findings implied that the MSE's sector was the youngest sector and they need frequently monitoring and support.

4.2.1. Reason to start the business

The respondents were asked about their reasons that initiate them to operate as MSE's and provide the following responses.

Table 4.5 Reasons that initiate the respondents to start their business

| No | Items | Frequency | Percent |
|----|-------------------------------|-----------|---------|
| 1 | Back ground skill (education) | 14 | 12.17 |
| 2 | Requires start-up capital | 36 | 31.30 |
| 3 | Expectation of good income | 65 | 56.52 |
| | Total | 115 | 100 |

Source: Own Survey, 2010

The results in Table 4.5 above indicate that, more than half of the respondents (56.52 %) Join to micro and small enterprises due to Expectation of good income. This was followed by requires start-up capital (31.30 %) and Back ground skill (education (12.17%). These finds are supported by (Gebrehiwot Ageba and Wolday Ameha, 2004) found that the two primary reasons to join MSE's were thought of profitability (43.6 %) and skill in the activity (38.4 %). It was noted that to join MSE's based on back ground skill (education) are vital for the effectiveness of credit access to MSE's.

According to interview, majority of owners and employees motivated to engage in MSE's firstly, due to the expectation of better income. Next due to MSE's require low startup capital. Finally, due to the background skill they have. The findings implied that to join the business earn better income that were gained by working in MSE's helps to start their own business and experience or skill of the operators do not much concerns during MSE's formulation.

4.2.2. Group Composition of MSEs

Table 4.6 Group Composition

| No | Group composition | Frequency | Percentage |
|----|-------------------------|-----------|------------|
| 1 | Only family members | 51 | 44.3 |
| 2 | Only non-family members | 28 | 24.3 |
| 3 | A few family members | 26 | 22.6 |
| 4 | Mostly family members | 10 | 8.7 |
| | Total | 115 | 100 |

Source: Own Survey, 2010

The results in Table 4.6 above indicate that, respondents (44.3 percent) Group composition was Only family members and (24.3 percent) are Only non-family members and (22.6 percent) A few family members. This implied that majority of the enterprises in Meseke District were operated by only family members not based on back ground skill and education. These findings are supported by (Matewous Bogale, 2009), in his study, he has shown that the major problem encountered was during the formation of associations.

4.2.3. Employment Creation

Table 4.7: Status of Previous Occupation

| Previous Occupation | Manufacturing | | Service sector | | Urban agriculture | | Rural agriculture | | Trade sector | | Total | |
|---------------------|---------------|------|----------------|------|-------------------|------|-------------------|------|--------------|------|-------|------|
| | Fre | % | Fre | % | Fre | % | Fre | % | Freq. | % | Fre | % |
| Yes | 4 | 36.3 | 15 | 44.1 | 8 | 38 | 8 | 47 | 13 | 40.6 | 48 | 41.7 |
| No | 7 | 63.6 | 19 | 55.8 | 13 | 61.9 | 9 | 52.9 | 19 | 59.3 | 67 | 58.2 |
| Total | 11 | 100 | 34 | 100 | 21 | 100 | 17 | 100 | 32 | 100 | 115 | 100 |

Source: (Own Survey, 2010)

In this study also among the MSE's. Owners and employees, majority of them (41.7 percent) had previous occupations and only 58.2 percent had not had previous occupations. According to this survey MSE's created employment opportunities for those owners of MSE's. And among those owners of MSE's 58.2 percent had been unemployed, this means that MSE's created job to 58.2 percent of the employed people. This findings are in line with (Micheal et al., 2009), shows that small and

micro enterprises sector contributed by creating new jobs to citizens which accounts over 50 percent. From this we can conclude that MSE's have indispensable role in employment creation.

4.2.4. Sustainability of the enterprise

Table 4.8 Sustainability of the enterprise

| No | Items | Very Good | | Good | | Medium | | Low | |
|----|--|-----------|------|------|------|--------|------|------|-------|
| | | freq | % | freq | % | freq | % | freq | % |
| 1 | To what extent your enterprise socially supported | 8 | 6.9 | 15 | 13 | 57 | 49.5 | 35 | 30.4 |
| 2 | To what extent your enterprise environmental friendly? | 8 | 6.9 | 19 | 16.5 | 43 | 37.3 | 45 | 39.13 |
| 3 | To what extent your enterprise get raw material | 4 | 3.47 | 34 | 29.5 | 31 | 26.9 | 46 | 40 |
| 4 | To what extent your enterprise get market for your product | - | - | 19 | 16.5 | 57 | 49.5 | 39 | 33.9 |

Source: (Own Survey, 2010)

As indicated in table 4.8 of the total population 57 (49.5 percent) of respondents reported that their enterprise product was socially supported were Medium and 35 (30.4 percent) of respondents reported that their enterprise product socially supported was low and also 43 (37.3 percent) of respondents reported that the enterprise product created environmental friendly to the communities was medium and 45 (39.13 percent) of the respondents reported that the enterprise product created environmental friendly to the communities was low. Furthermore 46 (40 percent) of respondents reported that the enterprise work the activities effectively raw materials get easily was low and also 57 (49.5 percent) and 39 (33.9 percent) of respondents reported that their enterprise get market for their product was medium and low respectively. These findings corresponds with that of (Remmen *et al.*, 2012:4): Long-term financial value, Reduce negative impacts on the environment, resulting from the business actions and a positive social change, caring for employees, the community and customers.

4.2.5. Services provided

Table 4.9 Services provided by MSE's Development sectors

| No | Items | Yes | | No | |
|----|----------------------------------|------|-------|------|------|
| | | freq | % | freq | % |
| 1 | Have you ever sought assistance? | 115 | 100 | - | - |
| 2 | Financial training | 57 | 49.5 | 58 | 50.4 |
| 3 | Managerial training | 28 | 24.3 | 87 | 75.6 |
| 4 | Technical training | 45 | 39.13 | 70 | 60.8 |

Source: (Own Survey, 2010)

In the inquiry made to identify whether MSE's Operators have taken trainings in relation to their business management, considerable number of respondents claimed that they have taken trainings organized by MSE's Officials, while the rest responded that they did not yet get any training. Enterprises get Financial training 57 (49.5 percent), Managerial training 28 (24.3 percent) and Technical training 45 (39.13 percent) and also the enterprises responses do not get training relation to their business Financial training 58 (50.4 percent), Managerial training 87 (75.6 percent) and Technical training 70 (60.8 percent). The findings implied that the MSE's Operators have not taken trainings in relation to their business management. This findings are in line with (Ellis, 2000: p,33) argued that human capital is made real by investment in education and training, and labor as an asset is made operative by being free from illness or debilitating health problems. From this we can conclude that Training and educations play important role in enhancing human capital by improving the quality of labor.

4.2.6. Satisfaction Level of Respondents From Supporting Institutions

Table 4.10 Satisfaction level of respondents from supporting organizations

| Level of satisfaction with supporting sectors | manufacturing | | Services sectors | | Urban agriculture | | Trade sectors | | Rural agricultures | | Grand mean | |
|---|---------------|-------|------------------|-------|-------------------|-------|---------------|-------|--------------------|-------|------------|-------|
| | MD | SD | MD | SD | MD | SD | MD | SD | MD | SD | MD | SD |
| MSEs Development Bureau | 3.17 | 1.435 | 3.35 | 1.335 | 3.13 | 1.180 | 3.30 | 1.259 | 3.52 | 1.473 | 3.29 | 1.33 |
| Micro Finance Institution | 2.87 | 1.687 | 4.35 | 1.071 | 3.35 | 1.191 | 4.35 | 1.071 | 3.13 | 1.217 | 3.61 | 1.24 |
| TVET Centers | 4.39 | 1.852 | 3.39 | 1.725 | 5.09 | 1.083 | 3.57 | 1.674 | 4.43 | 1.779 | 4.17 | 1.622 |
| Trade & industry bureau | 3.26 | 1.982 | 3.91 | 1.649 | 4.39 | 1.469 | 4.13 | 1.576 | 4.57 | 1.199 | 4.05 | 1.57 |
| Mesekan woreda communication bureau | 5.00 | 1.977 | 5.48 | 1.442 | 4.87 | 1.546 | 5.65 | 1.071 | 4.61 | 1.530 | 5.12 | 2.12 |
| Mesekan woreda design & construction | 5.83 | .834 | 5.87 | .344 | 5.57 | .843 | 5.87 | .344 | 4.83 | 1.029 | 5.59 | 0.67 |
| women and chilled affairs bureau | 5.70 | 1.063 | 4.48 | 1.310 | 5.04 | .976 | 4.43 | 1.273 | 4.87 | .815 | 4.90 | 1.08 |
| NGOs | 5.57 | 1.441 | 4.91 | 1.782 | 5.39 | .839 | 5.09 | 1.676 | 4.83 | 1.669 | 5.15 | 1.48 |
| <i>Grand mean/standard deviation</i> | | | | | | | | | | | 4.48 | 1.38 |

Source: (Own Survey, 2010)

The respondents were asked about their level of satisfaction from supporting organizations including MSE's Development Bureau, Micro Finance Institution, TVET Centers, Trade & industry bureau, Mesekan woreda communication bureau, Mesekan woreda design & construction bureau, Women and Youth Affair Bureau and NGO the response of the respondents were stated as follows. As it can be

observed from table 4.10 above, as it is indicated that, the mean and standard deviation for Satisfaction level of respondents from supporting organizations were calculated. The supporting level of the government institutions in the five sectors the mean and standard deviation 3.29 and 1.33 respectively. By ranking scale of 35.6 percent respondents satisfy with MSE's Development Bureau. The rest respondents 64.4 percent do not satisfy with MSE's Development Bureau. According to (AACMSEDA, 2011), MSE's Development Bureau support micro and small scale enterprises with Premises support, market linkage, counseling service and Business plan development. These implied that majority of the enterprises do not satisfy with MSE's Development Bureau.

when the above responses compared with the interview conducted with the head of Mesekan woreda MSE's Development Bureau his response on Working premises support for MSE's from 2008 up to 2009 Ec. Built & distributed working shed: 30 metals & wood work shed, 15 services sectors shed, 25 urban agriculture Working premises. These shows that total number of MSE's in Mesekan woreda 1561 out of these only 70 of MSE's have their own working shed these indicate that MSEs Development Bureau do not sufficiently support MSE's and also his response on Market linkage & market facilitation with direct market linkage with government Development program, Counseling service and Business plan development is not sufficiently supports MSE's.

The supporting level Micro Finance Institution in the five sectors the mean and standard deviation 3.61 and 1.24 respectively these indicate that the respondents agree on the micro finance do not support sufficiently the MSE's. By ranking scale of 30.4 percent respondents satisfy with Micro Finance Institution. The rest respondents 69.6 percent do not satisfy with Micro Finance Institution. According to (AACMSEDA, 2011) Micro Finance Institution is one of the supporting institutions' for MSE's with Loan provision, saving service, awareness creation on saving and consultation.

When the above responses compared with the interview conducted with the head of Mesekan woreda Micro Finance Institution his response on Loan provision/disbursement: Since 2007 to 2009 for a total number of 1561 business operators have got birr 16,278,144.

The supporting level of TVET Centers in the five sectors the mean and standard deviation 4.17 and 1.62 respectively. By ranking scale of 26.9 percent respondents satisfy with TVET Centers. The rest respondents 73.1 percent do not satisfy with TVET Centers. These finding also corresponds with TVET Centers is the one of supporting institution of MSE's with Technology development, Provision of technical and business management training (AACMSEDA.2011). These implied that majority of the enterprises do not satisfy with local TVET Centers. And when the above responses compared with the interview conducted with the head of TVET Centers his response on Technical training support: from 2007 –2009 around 420 owners and operators have got business and technical skill training support from TVET.

The supporting level Trade & Industry Bureau in the five sectors the mean and standard deviation 4.05 and 1.57 respectively. By ranking scale of 29.7percent respondents satisfy with Trade & Industry Bureau. The rest respondents 73.1 percent do not satisfy with Trade & Industry Bureau these indicate that the majority of the respondents do not satisfy with Trade & Industry Bureau. These finding also corresponds with (AACMSEDA, 2011), Trade & Industry Bureau is the other stakeholder to supports MSE's with Trade Licensing, investment licensing, support transformed enterprises from MSE's to medium & large scale industry.

The above responses compared with the interview conducted with the head of Mesekan woreda Trade & Industry Bureau on Licensing Service & Creation of enterprises, one stop shop is organized to make suitable business environment for MSE's is the problem of sectors.

The supporting level of Communication Bureau in the five sectors the mean and standard deviation 5.12 and 2.12 respectively. By ranking scale of 12.9 percent respondents satisfy with Mesekan woreda Communication Bureau and The rest respondents 87.1 percent do not satisfy with Mesekan woreda Communication Bureau these indicate that the majority of the respondents do not satisfy with Mesekan woreda Communication Bureau. These finding also supported by (AACMSEDA, 2011), Communication Bureau supports MSE's with communicate the community on the development of SME's, best practice expansion and promotion.

The above responses compared with the interview conducted with the head of Mesekan woreda Communication Bureau on Model enterprises best practice expansion program; from 2007- 2009 Ec 15 Model Enterprises (enterprises with best practice) are selected with the objective of expanding their top performance to others.

The supporting level of Design & Construction Bureau in the five sectors the mean and standard deviation 5.59 and 0.67 respectively. By ranking scale of 0 percent respondents do not satisfy with Mesekan woreda Design & Construction Bureau these indicate that the majority of the respondents do not satisfy with Mesekan woreda Design & Construction Bureau. These finding also supported by (AACMSEDA, 2011), Design& Construction Bureau supports MSE's are with designing & follows the construction of MSE's working sheds and buildings.

The above responses compared with the interview conducted with the head of Mesekan woreda Design & Construction Bureau do not work sufficiently designing& follows the construction of MSE's working sheds and buildings.

The supporting level of Women and Youth Affair Bureau in the five sectors the mean and standard deviation 4.90 and 1.08 respectively. By ranking scale of 26.9 percent respondents satisfy with Mesekan woreda Women and Youth Affair Bureau. The rest respondents 73.1 percent do not satisfy with Mesekan woreda Women and Youth Affair Bureau these indicate that the majority of the respondents do not satisfy with Mesekan woreda Women and Youth Affair Bureau. These finding also supported by (AACMSEDA, 2011), Women and Youth Affair Bureau is the other supporting bureau with Attitude change working habit and awareness creation on MSE's benefit & role, finance support to women.

The above responses compared with the interview conducted with the head of Mesekan woreda Women and Youth Affair Bureau work on Attitude change working habit and awareness creation on MSE's but not sufficient. The last one is NGO is one of the supporting institution, There supports level in the five sectors the mean and standard deviation 5.15 and 1.48 respectively. By ranking scale of 9.5 percent respondents satisfy with NGO. The rest respondents 90.5 percent do not satisfy with NGO. These indicate that the majority of the respondents do not satisfy with NGO or non-government organization do not supports the MSE's.

These indicate that supporting organizations do not support sufficiently micro and small scale enterprises. In Ethiopia MSE's Enterprises development polices stated that FEMSEDA along with MSEs Development Bureau, Micro Finance Institution , TVET Centers, Trade & industry bureau, communication bureau, design & construction bureau, Women and Youth Affair Bureau are the major implementing bodies that are responsible for implementing the national MSE's strategy.

4.3. Factors Affecting The Effectiveness Of Credit Access of MSE's

Respondents were asked different questions regarding the factors affecting the role of credit access and its Effectiveness of MSE's in Mesekan woreda. Their responses are organized in the following manner.

4.3.1. Results of Measures of Central Tendency and Dispersion

There are a number of challenges that affect effectiveness of credit access of MSE's associated with different factors. This part explains the descriptive statistics calculated on the basis of the factors that affect the effectiveness of credit access of MSE's. The results for measures of central tendency and dispersion were obtained from the sample of respondents of manufacturing, services; urban agriculture and rural agriculture are shown in the following tables.

Table 4.11 Politico-legal factors that affect the effectiveness of credit access to MSE's

| No | Political legal factors | manufacturing | | services | | Urban agri | | Trade sector | | Rural agri | | Grand | |
|--------------------------------------|---|---------------|------|----------|------|------------|------|--------------|------|------------|------|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Tax levied on my business is not reasonable | 2.78 | 1.47 | 2.52 | 1.31 | 2.39 | 1.37 | 3.43 | 1.40 | 2.91 | 1.47 | 2.69 | 1.37 |
| 2 | Not sufficient support from government | 3.70 | 1.02 | 3.57 | 1.12 | 3.61 | .656 | 4.00 | .603 | 2.96 | 1.26 | 3.56 | 1.00 |
| 3 | Political influence in team formation, enterprise selection | 2.00 | 1.20 | 2.00 | 1.20 | 2.17 | 1.30 | 2.22 | 1.56 | 2.22 | 1.44 | 2.07 | 1.28 |
| 4 | Lack of access able information to government regulations relevant to my business | 2.52 | 1.64 | 2.26 | 1.63 | 3.13 | 1.35 | 2.39 | 1.46 | 2.48 | 1.47 | 2.44 | 1.55 |
| Grand mean/standard deviation | | | | | | | | | | | | 2.69 | 1.3 |

Source: (Own Survey, 2010)

As it is indicated in table 4.11 above, the Grand mean and standard deviation for the politico-legal factors were calculated. The table shows the Tax levied on my business is not reasonable has a grand mean score of 2.69 with a standard deviation of 1.37 for the five sectors average score of the respondent's response with regard to unreasonable tax and related issues are agreed. These findings therefore implied that Tax levied on enterprises business is not reasonable is the main factor that affects the effectiveness of credit access of in all sectors. Findings are supported by (Fjeldstad et al, 2006 cited in Mulugeta, 2011: 22). Furthermore, the table indicates that lack of government support is another problem that affects the effectiveness of credit access of enterprises engaged in all sectors manufacturing, services, urban agriculture, trade and rural agriculture with a grand mean of 3.56 and grand standard deviation of 1.00

respectively agree on lack of government support. These findings therefore implied that lack of government support is the problem that affects the effectiveness of credit access of enterprises. These findings are supported by (Dereje Lemma, 2008), the results of the study revealed that the main constraints of the MSE's were absence of government support.

The grand mean score (2.07) and standard deviation (1.28) shows that; the operators of the five sectors disagree with the problem related to Political influence in team formation, enterprise selection. These findings are in line with (Matewous Bogale, 2009) In his study, he has shown that the major problem encountered was during the formation of associations.

Lastly, the table indicates that the owner managers engaged in all sectors related to Lack of access able information to government regulations relevant to their business. That is a grand mean score of 2.44 and with grand standard deviation of 1.55 for an operator engaged in manufacturing, services, urban agriculture, trade and rural agriculture respectively Lack of access able information to government regulations relevant to my business. These findings are supported by Dalitso and Peter recommended that there is a need to amend the laws and regulations and the government should play a facilitator role rather than that of a regulator and provide a conducive framework within which the sector operators. The findings implied that, the problem of access able information to government regulations relevant to their business is one of the problems of the effectiveness of credit access.

When the above responses compared with the interview conducted with operators of MSE's, it was confirmed that there are problems related to government bodies at the woreda levels. The interviewees are pointed out the implementation problems widely observed in the side of the heads and lower level experts and employees of government sector offices such as lack of responsiveness to the demands of the operators. This arises either from the deliberate tendency of the executives to be bureaucratic or their lack of awareness about the peculiar procedures, policies and proclamations that favor MSE's. The other possible explaining factor for this non-responsiveness to the operators can be the fact that the concerned government offices are overburdened with other routine activities of their respective offices, which resulted in abandoning or being irresponsible to the issues of the MSE's operators.

Table 4.12 Working place factors that affect the effectiveness of credit access to MSE's

| No | Working place factors | manufacturing | | services | | Urban agriculture | | Trade sectors | | rural agriculture | | Grand | |
|--------------------------------------|---|---------------|------|----------|------|-------------------|------|---------------|------|-------------------|------|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Absence of own premises | 4.35 | .982 | 4.61 | .941 | 4.87 | .344 | 4.74 | .449 | 3.43 | 1.59 | 4.47 | 0.89 |
| 2 | Current working place is not convenient | 3.13 | 1.79 | 3.35 | 1.87 | 4.48 | .790 | 4.00 | 1.38 | 3.00 | 1.56 | 3.5 | 1.62 |
| 3 | House rent is too high for my business | 3.74 | 1.28 | 3.91 | 1.41 | 3.04 | 1.82 | 2.61 | 1.80 | 2.26 | 1.51 | 3.41 | 1.50 |
| Grand mean/standard deviation | | | | | | | | | | | | 3.79 | 1.33 |

Source: (Own Survey, 2010)

The mean scores and standard deviations in table above shows, the premises factors that hinders their effectiveness of credit access are absence of their own premises the current working place is not convenient for their business and the rent of house is too high. As the grand mean score of absence of own premises indicate 4.47 and the grand standard deviation of .89 for respondents engaged in manufacturing, services, urban agriculture, trade sectors and rural agriculture respectively. The findings implied that, absence of own premises is the factors affects the effectiveness of credit access. These findings are supported by (Rolfe et al., 2010) findings location is critical factor for sales and income of small scale enterprises and hence entrepreneurs benefit from businesses in formal residential areas.

The respondents of manufacturing, services, urban agriculture, trade sectors and rural agriculture their current working place are not convenient to run business. Their grand mean scores are 3.5 and grand standard deviations are 1.65 respectively. But, the mean scores and standard deviations for enterprises engaged in rural agriculture are 3.00 and 1.56 respectively undecided for their current working place is not convenient to run business. The findings implied that, current working place is not convenient to run business are the major factors affects the effectiveness of credit access. These findings are supported by (Olawale and Garwe, 2010) also found that poor location has a negative impact of the performance of micro and small scale enterprises.

With regard to high rent of house, the grand mean scores are 3.41 and grand standard deviations are 1.50 high rent of house is strongly affects the effectiveness of credit access. These findings are supported by (Eshetu Bekele and Mammon Muchie, 2009). Most MSE's have problems related to business premises such as an increase in house rent, lack of basic services such as telephone lines, electricity supply, sewerage and water services.

In an interview conducted with an operator of manufacturing, trade and urban agriculture there was confirmed that, they operated in rented house and high rental charges have impeded the effectiveness of credit access of their businesses as some charges are higher than the capacity to pay. Similarly, in an interview conducted with owner managers of services sectors and trade sector was confirmed this idea. According to them, this high rent of house is resulted from absence of own premises to run business. These findings are supported by (Olawale and Garwe, 2010) also found that poor location has a negative impact of the performance of micro and small scale enterprises.

Table 4.13: Technological factors that affect the effectiveness of credit access to MSE's

| No | Technology factors: | manufacturing | | services | | Urban agriculture | | Trade sectors | | Rural agriculture | | Grand | |
|--------------------------------------|--|---------------|------|----------|------|-------------------|------|---------------|------|-------------------|------|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Lack of information in the availability of appropriate tools and materials | 4.17 | 1.11 | 3.70 | 1.46 | 4.74 | .449 | 4.74 | .449 | 3.26 | 1.54 | 3.96 | 1.17 |
| 2 | Lack of skill and knowledge to handle new technology | 3.65 | 1.02 | 3.52 | 1.27 | 3.87 | .968 | 3.87 | .626 | 3.48 | 1.31 | 3.61 | 1.12 |
| 3 | Lack of capital to acquire new technology | 4.26 | .752 | 4.09 | 1.12 | 4.43 | .788 | 4.83 | .388 | 3.39 | 1.69 | 4.15 | 1.01 |
| 4 | Unable to select proper technology | 4.04 | .878 | 3.91 | 1.27 | 4.30 | 1.14 | 4.57 | .507 | 3.22 | 1.62 | 3.97 | 1.15 |
| Grand mean/standard deviation | | | | | | | | | | | | 3.92 | 1.11 |

Source: (Own Survey, 2010)

As it can be seen in table 4.13 above, lack of capital to acquire new technology, the grand mean scores and the grand standard deviations are 4.15 and 1.01 for operators of all sectors lack of capital to acquire new technology affects the effectiveness of credit access of their enterprises. In Rural agricultures lack of capital to acquire new technology moderately affects the work of the enterprises and also the lack of information in the availability of appropriate tools and materials is the main problem of MSE's engaged in the five sectors the grand mean scores and the grand standard deviations are 3.96 and 1.17 respectively lack of information in the availability of appropriate tools and materials affects the effectiveness of credit access. This is followed by Lack of skill and knowledge to handle new technology. The grand mean

score 3.61 and the grand standard deviation are 1.12 respectively Lack of skill and knowledge to handle new technology affects the effectiveness of credit access of micro and small scale enterprises. On the other hand the grand mean and standard deviation for Unable to select proper technology 3.97 and 1.15 respectively. The respondents' agreement scale of the five sectors agreed on Unable to select proper technology affects the effectiveness of credit access of their enterprises.

According to some interviewees of manufacturing, urban agricultures sector and services sectors they lack of capital to acquire new technology (equipment, machinery, tools, etc). Moreover, respondents replied that, if new and appropriate technologies obtained, the presence of them will result in effectiveness of credit access improvement.

Table 4.14: Infrastructural factors that affect the effectiveness of credit access to MSE's

| No | Basic Infrastructural Factors | manufacturing | | services | | Urban agriculture | | Trade sectors | | rural agriculture | | Grand | |
|--------------------------------------|---|---------------|------|----------|------|-------------------|------|---------------|------|-------------------|------|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Absence of Power and power interruptions | 5.00 | .000 | 4.70 | .470 | 4.83 | .491 | 5.00 | .000 | 3.91 | 1.56 | 4.65 | 0.49 |
| 2 | Insufficient and interrupted water supply | 2.74 | 1.25 | 2.70 | 1.18 | 3.48 | 1.16 | 3.78 | .422 | 4.09 | 1.31 | 3.11 | 1.10 |
| 3 | Lack of business development services | 3.48 | .846 | 3.30 | .926 | 3.91 | 1.04 | 3.61 | 1.19 | 3.57 | 1.50 | 3.47 | 1.03 |
| 4 | Lack of sufficient and quick transportation service | 2.74 | 1.32 | 2.70 | 1.36 | 2.74 | 1.68 | 2.35 | 1.40 | 3.61 | 1.50 | 2.78 | 1.41 |
| 5 | Lack of appropriate dry waste and sewerage system | 3.17 | 1.58 | 3.30 | 1.49 | 3.13 | 1.68 | 4.04 | 1.26 | 3.52 | 1.75 | 3.38 | 1.53 |
| Grand mean/standard deviation | | | | | | | | | | | | 3.47 | 1.11 |

Source: (Own Survey, 2010)

The result presented in table 4.14 shows that power interruption is the main problem followed by Lack of business development services that hinders the business

effectiveness of all sectors. The grand mean scores of power interruption are 4.65 and with grand standard deviations of 0.49 in the five sectors respectively power interruption affects the effectiveness of credit access. The grand mean scores of Lack of business development services are 3.47 and 1.03 with the standard deviations in the five sectors respectively Lack of business development services affects the effectiveness of credit access of the enterprises. These findings are supported by (Commission on Legal Empowerment of the Poor, 2006), though not directly linked, inadequacy of infrastructure (road, banking service, electricity, telecommunication and other services in facilitating smooth operation of private investment are serious impediments.

The table above shows that, according to respondents of the five sectors the grand mean scores of 3.11 and the grand standard deviations of 1.10 respectively insufficient and interrupted water supply affects the effectiveness of credit access of their business. These findings are supported by (Eshetu Bekele and Mammon Muchie, 2009). Most MSE's have problems related to business premises such as an increase in house rent, lack of basic services such as telephone lines, electricity supply, sewerage and water services

On the other hand Lack of sufficient and quick transportation service and Lack of appropriate dry waste and sewerage system moderately affect the effectiveness of credit access of MSE's engaged in manufacturing, services, urban agriculture, trade sectors and rural agriculture. These findings are supported by (Ranjit and Rashid, 1996, cited in Side and Mohammed, 2009) problem of raw materials, power, land marketing, transport and technical facilities and finance was the other constraints in Bangladesh.

In the view of rural agricultural cooperatives operators interviewed, this poor state of the local road has hampered the accessibility of their product transported to potential customers and market. In addition, it has forced the operators to incur high transportation service cost.

The other impediment, according to interviewees of the manufacturing sector such as wood work and metal work and services sectors Absence of Power is the main problem of the effectiveness of credit access of their enterprises.

Table 4.15: Marketing factors that affect the effectiveness of credit access of MSEs

| No | Marketing Factors | manufacturing | | services | | Urban agriculture | | Trade sectors | | rural agriculture | | Grand | |
|--------------------------------------|--|---------------|------|----------|------|-------------------|------|---------------|------|-------------------|------|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Inadequate market for my product | 4.35 | .982 | 4.13 | 1.05 | 4.17 | .778 | 4.65 | .487 | 4.48 | .947 | 4.27 | 0.92 |
| 2 | Searching new market is too difficult | 4.17 | .834 | 3.96 | 1.02 | 4.52 | .511 | 3.39 | 1.30 | 4.65 | .714 | 4.13 | 0.87 |
| 3 | My products are Poor quality for the market | 4.26 | .619 | 4.13 | .694 | 4.22 | .850 | 4.22 | .850 | 4.35 | .935 | 4.28 | 0.75 |
| 4 | Lack of establishing a market network | 4.26 | .964 | 4.22 | 1.08 | 4.00 | .853 | 3.39 | 1.23 | 4.09 | 1.27 | 4.07 | 1.07 |
| 5 | Lack of market information | 4.52 | .665 | 4.35 | .885 | 4.61 | .656 | 3.87 | 1.18 | 4.17 | 1.23 | 4.32 | 0.90 |
| 6 | Lack of promotion to attract potential users | 4.52 | .665 | 4.39 | .783 | 4.30 | .635 | 4.13 | .920 | 4.09 | 1.34 | 4.32 | 0.83 |
| 7 | Poor customer relationship and handling | 3.52 | 1.12 | 3.39 | 1.30 | 2.87 | 1.54 | 3.65 | .775 | 3.96 | 1.52 | 3.44 | 1.26 |
| Grand mean/standard deviation | | | | | | | | | | | | 4.11 | 0.93 |

Source: (Own Survey, 2010)

As shown in the table 4.15 above, marketing factor is consisted of seven items. The mean scores and standard deviations clearly show that respondents agreement on the variables. That is grand mean scores of market inadequacy are 4.27 and the grand standard deviations of .92 MSE's engaged in five sectors inadequate market for their product affects the effectiveness of credit access of the enterprises. These findings are supported by (FMSEDA, 2006:34), the causes of market-related problems of MSE's engaged in metal and wood work are shortage or absence of marketing skills, poor quality of products, absence of marketing research, shortage of market information, shortage of selling places, and absence of sub-contracting.

The respondents of manufacturing, services, urban agriculture and rural agriculture agree with the grand mean of 4.13 and the grand standard deviation of .87

respectively difficulty of searching new market these affects the effectiveness of credit access of business. These findings are supported by a study conducted in Indonesia revealed that low level of education, lack of market research and information on the opportunities of the business, lack of capital, lack of infrastructure, poor environmental conditions and lack of effective marketing linkage are the constraints encountered by MSE's in Indonesia.

In table 4.15 it can be seen that, lack of market information hinders businesses effectiveness. The grand mean scores are 4.32 and standard deviations are 0.92 respectively lack of market information for business enterprises engaged in five sectors. Similarly, majority of respondents agreed with they have Lack of promotion to attract potential users. This agreement is justified by the grand mean scores of 4.32 and standard deviation of .0.83 the operators engaged in all sectors Lack of promotion to attract potential users is hinders the effectiveness of credit access of businesses and majority of respondents agreed with Poor customer relationship and handling this agreement is justified by the grand mean scores of 3.44 and standard deviation of 1.26. These findings are supported by (Mulugeta Yohanes, 2011) has identified and categorized the critical problems of MSEs in to market-related problems, which are caused by poor market linkage and poor promotional efforts; institution-related problems including bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide policies, regulations, rules, directives, absence of training to executives, and poor monitoring and follow-up; operator-related shortcomings like developing a dependency tradition, extravagant and wasting behavior, and lack of vision and commitment from the side of the operators, MSE's-related challenges including lack of selling place, weak accounting and record keeping, lack of experience sharing, and lack of cooperation within and among the MSE's and finally society-relate.

An interview conducted with an operator of the manufacturing sectors, it was confirmed that absence of selling place has aggravated the already existing inadequacy and crowdedness of the internal working space of the shades. The operators intelligently argued that lack of selling place is a direct contributor for their inadequate market hence low income of the MSE's. Absence of selling place obviously narrows the chance to access new customers.

Table, 4.16: Financial factors that affect the effectiveness of credit access of MSEs

| No | Financial Factors | manufacturing | | services | | Urban agriculture | | Trade sectors | | rural agriculture | | Grand | |
|--------------------------------------|---|---------------|------|----------|------|-------------------|------|---------------|------|-------------------|-----|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Absence or inadequacy of credit institutions | 3.22 | 1.47 | 3.22 | 1.47 | 3.39 | 1.34 | 4.09 | 1.08 | 3.09 | 1.3 | 3.33 | 1.38 |
| 2 | Lack of access to credit institutions | 3.87 | 1.14 | 3.78 | 1.20 | 3.61 | 1.03 | 4.04 | .638 | 4.09 | .66 | 3.84 | 1.03 |
| 3 | Shortage of working capital | 4.30 | .876 | 4.35 | 1.02 | 4.17 | .83 | 4.57 | .507 | 4.09 | 1.3 | 4.31 | 0.95 |
| 4 | High collateral requirement from lending Institutions | 4.17 | .650 | 4.17 | .65 | 3.70 | 1.10 | 4.13 | .757 | 3.70 | .97 | 4.04 | 0.76 |
| 5 | High interest rate by lending institutions | 3.74 | 1.32 | 3.65 | 1.40 | 4.26 | .864 | 4.13 | 1.01 | 3.78 | .90 | 3.81 | 1.21 |
| 6 | Loan application procedures are complicated | 4.09 | .949 | 3.91 | 1.12 | 4.87 | .344 | 4.43 | .788 | 4.04 | 1.2 | 4.13 | 0.97 |
| Grand mean/standard deviation | | | | | | | | | | | | 3.91 | 1.05 |

Source: (Own Survey, 2010)

The grand mean scores of 4.04 and with standard deviation of .76 of the respondents in table 4.16 shows that those operators engaged in all sectors have faced the problem related to high collateral requirement from lending institutions respectively. These findings are supported by (Dereje Lemma, 2008) The results of the study revealed that the main constraints of the MSE's were shortage of capital, lack of raw materials, absence of government support, lack of market, lack of credit facilities and high interest rate.

Regarding inadequacy of credit institutions, the grand mean scores 3.84 and standard deviation of 1.03 the respondents' of all sectors the credit institutions are not adequately available.

With regard to shortage of working capital the grand mean score of 4.31 with standard deviation of .95 for entrepreneurs engaged in the five sectors shortage of working capital affects the effectiveness of credit access of the enterprises. These findings are supported by (Daniel Woldekidan, 2007), identified that lack of raw material, stiff competition and shortage of working capital.

Similarly, interest rate charged by lending institutions micro finance is high with a grand mean score of 3.81 with standard deviation of 1.21 for operators of manufacturing, services, urban agriculture, trade sectors and rural agriculture respectively interest rate charged by lending institutions micro finance is affects the effectiveness of credit access of their enterprises. As a result of absence in financing, the creation of new enterprises and the growth and survival of existing ones will be impeded. These findings are supported by (Commission on Legal Empowerment of the Poor, 2006). Access to finance is a major bottleneck for the rapid growth and development of MSEs mainly due to targeted mechanism put in place to address the financial needs of small scale enterprises.

By the same token, respondents of the five sectors agreed with the complexity of loan application procedures of lending institutions. This is justified by the grand mean scores 4.13 with a standard deviation of .97 for operators engaged in all sectors complexity of loan application procedures of lending institutions of micro finance hinder the effectiveness of credit access of business. These findings are supported 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).

Manufacturing and trade Operators were interviewed to give their opinion on the nature of problem related to financial factors. It was found that, mainly ensuing from low market, the operators usually suffer of shortage of cash leading to their inability to cover their daily needs adequately. The other cause of this low cash presence at the disposal of the operators could be the increasing expense incurred by their respective MSE's in relation to purchase of raw materials and services, in addition to cost of utilities consumed both at home and work place. These findings are supported by

(Rakodi, 2002), financial issues are more salient in urban areas due to the highly monetized nature of urban economies.

Table, 4.17: Management factors that affect the effectiveness of credit access of MSEs

| No | Management Factors | manufacturing | | services | | Urban agriculture | | Trade sectors | | rural agriculture | | Grand | |
|--------------------------------------|---|---------------|------|----------|------|-------------------|------|---------------|------|-------------------|------|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Lack of clear division of duties among members | 4.09 | .793 | 3.91 | .949 | 3.87 | .815 | 4.39 | .499 | 3.39 | 1.50 | 3.92 | 0.92 |
| 2 | Poor organization and ineffective communication | 3.96 | .825 | 3.91 | .793 | 4.74 | .619 | 4.22 | .902 | 3.83 | 1.33 | 4.04 | 0.85 |
| 3 | Poor selection of business partners | 4.09 | 1.08 | 3.91 | 1.24 | 3.70 | 1.10 | 4.48 | .511 | 3.61 | 1.58 | 3.94 | 1.15 |
| 4 | Lack of well trained and experienced employees | 3.96 | 1.10 | 3.87 | 1.14 | 4.22 | .736 | 4.74 | .619 | 3.83 | 1.49 | 4.02 | 1.06 |
| 5 | Lack of low cost and accessible training facilities | 4.26 | .810 | 4.13 | .920 | 4.26 | .752 | 4.17 | .717 | 3.65 | 1.55 | 4.10 | 0.93 |
| 6 | Absences of short and long term business plan | 4.48 | .790 | 4.22 | .998 | 4.00 | 1.20 | 4.61 | .499 | 3.87 | 1.42 | 4.23 | 0.98 |
| <i>Grand mean/standard deviation</i> | | | | | | | | | | | | 4.04 | 0.98 |

Source: (Own Survey, 2010)

As shown in table 4.17 above, Poor selection of business partners is the main problems that hinder the effectiveness of credit access of Mses. It shows a grand mean score of 3.94 with a standard deviation of 1.15 for MSEs engaged in all sectors Poor selection of business partners hinder the effectiveness of credit access of MSE's. It is argued from a theoretical perspective that management experience and continuous training provide a particular entrepreneur with the necessary skills and competences needed for successful entrepreneurship. These findings are supported by (Enock, 2010). With adequate education mixed with management experience and training puts a manager in a better position to make tough decisions and forecasting under

conditions of uncertainty which in turn with those competencies making these particular managers perform better than untrained individuals.

With regard to short and long term business plan the grand mean scores are 4.23 with standard deviation of 0.98 for operators engaged in five sectors have a problem with developing and implementing the short and long term business plan activities successfully. Likewise, in relation to low costly and inaccessible training facilities, the table above shows that, the grand mean score of 4.10 with standard deviation of 0.93 for MSE's engaged in all sectors absents of low costly and inaccessible training facilities hinder the effectiveness of credit access of Mses. The table also shows lack of well trained and experienced employees is the problem of operators engaged in manufacturing, services, urban agriculture, trade sectors and rural agriculture with the grand mean score of 4.02 with standard deviations of 1.06 lack of well trained and experienced employees affects the effectiveness of credit access to micro and small scale enterprises and with the issue of poor organization and ineffective communication. The grand mean scores and standard deviations clearly show that they are almost agreed. That is means of 4.04 with standard deviations of 0.85 for MSE's engaged in all sectors poor organization and ineffective communication is the main problem that affects the effectiveness of credit access of the business enterprises. Similarly, the grand mean scores and standard deviations of lack of clear division of duties among employees are 3.92 and standard deviations 0.92 for MSE's employed in all sectors lack of clear division of duties among employees the main problem of the effectiveness of credit access to the business enterprises. These findings are supported by (Lin and Yeh-Yun, 1998) the management skills and management concepts of business founders are deemed much more important than their technical skills and their concern about production which has resulted in an overall positive organizational performance.

In this regard in an interview conducted with operators of MSE's, it was confirmed that they had many management problems which stem from factors such as poor record keeping, insufficient training and lack of relevant qualifications. Furthermore, most of these enterprises operate without systems in line with good management practice in which the owner manager is the sole decision maker and his/her absence leads to a halt (temporarily stop) in decision making. Similarly, interviewees unanimously indicated that, inability (low technical skills) to troubleshoot failures on

machinery and/or equipment's is a critical problem. Since the operators of MSE's cannot afford to employ specialists in the fields of maintenance with technical knowledge.

Coming down to the matter of lack of a proper business plan for the business, in an interview conducted with operators, it was confirmed that operators of MSE's have no proper business plans at start faces the most challenges during the course of their lives. According to operators, lack of trust in doing business on the other hand seems to have prevailed in most of the cooperative and partnership business (mistrust between business associates).

To conclude, all these managerial constraints were confirmed by the respondents in this survey who indicated that their businesses were constrained by poor management practice, mistrust among business associates, insufficient training, lack of proper business plan and lack of relevant qualifications among employees.

Table 4.18: Entrepreneurial factors that affect the effectiveness of credit access of MSE's

| No | Entrepreneurial factors | manufacturing | | services | | Urban agriculture | | Trade sectors | | rural agriculture | | Grand | |
|--------------------------------------|--|---------------|------|----------|------|-------------------|-----|---------------|------|-------------------|------|-------|------|
| | | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD | MN | SD |
| 1 | Lack of motivation and self-drive | 3.87 | .968 | 4.09 | 1.08 | 3.78 | .99 | 4.43 | .788 | 3.57 | 1.34 | 4.00 | 1.05 |
| 2 | Lack of tolerance to work hard | 3.74 | .964 | 3.52 | 1.31 | 3.87 | .81 | 3.83 | .388 | 3.48 | 1.37 | 3.44 | 1.09 |
| 3 | Lack of readiness to learn ,to improve and to change | 4.09 | .848 | 3.70 | 1.22 | 3.78 | .79 | 4.22 | .422 | 3.65 | 1.49 | 3.81 | 1.05 |
| 4 | Lack of creativity, flexibility and adaptability to new Ideas. | 4.04 | .976 | 3.96 | 1.10 | 4.00 | .95 | 4.22 | .422 | 3.70 | 1.52 | 3.97 | 1.03 |
| 5 | Lack of entrepreneurs hip training | 3.91 | .668 | 3.83 | 1.15 | 4.39 | .49 | 4.78 | .422 | 4.09 | 1.31 | 4.06 | 0.93 |
| 6 | Lack of information to exploit business opportunities | 4.22 | .951 | 4.30 | 1.06 | 4.17 | .77 | 4.78 | .422 | 4.30 | .974 | 4.19 | 1.18 |
| 7 | In proper utilization of government material and financial support | 3.17 | 1.15 | 3.09 | 1.41 | 4.00 | .95 | 3.61 | .499 | 2.87 | 1.54 | 3.37 | 1.46 |
| Grand mean/standard deviation | | | | | | | | | | | | 3.83 | 1.11 |

Source: (Own Survey, 2010)

Among the entrepreneurial factors Lack of readiness to learn, to improve and to change factor that affects the effectiveness of credit access of MSE's. Their grand mean score of 3.81 with standard deviation of 1.05 for operators engaged in manufacturing, services, urban agriculture, trade sectors and rural agriculture respectively Lack of readiness to learn, to improve and to change is the main problem that affects the effectiveness of credit access of their business. These findings are supported by (Bark Ham, 1992), shows a positive relation between motivation of the

entrepreneur(s) and the performance of the firm in other words the more positive motivation of the entrepreneur(s) the more likely the business will grow.

The second most important factor that affects the effectiveness of credit access MSE's is Lack of creativity, flexibility and adaptability to new Ideas. Their grand mean score of 3.97 with standard deviation of 1.03 for owners and operators engaged in all sectors have faced the problem of Lack of creativity, flexibility and adaptability to new Ideas these create negative impact on the enterprises effectiveness. These findings are supported by (HLCLEP, 2006:17), there is lack of entrepreneurial and managerial skills, which in turn leads to problems in production due to the unfamiliarity of workers with rapid changing technology, lack of coordination of production process and inability to troubleshoot failures on machinery and/or equipment's is a critical problem that MSE's are facing since they cannot afford to employ specialists in the fields of planning, finance and administration, quality control and those with technical knowledge.

The grand mean score of 4.06 with standard deviation of 0.93 for MSEs engaged in all sectors lack of entrepreneurship training is affects the effectiveness of credit access of MSE's. Regarding lack of information to exploit business opportunities, the grand mean of 4.19 with standard deviation of 1.18 for an operator engaged in the five sectors implied that lack of information to exploit business opportunities is the fourth factor that hinders the effectiveness of MSE's engaged in five sectors. These findings are supported by (Enock, 2010), it is argued from a theoretical perspective that management experience and continuous training provide a particular entrepreneur with the necessary skills and competences needed for successful entrepreneurship.

The table shows that lack of motivation is a serious problem of operators engaged in five sectors. The agreement on this factor is justified by the calculated the grand means of 4.00 with standard deviations of 1.05 for operators engaged in manufacturing, services, urban agriculture, trade sectors and rural agriculture respectively. These findings are supported by (Enock, 2010) Starting with lack of motivation and drive; this has to do with the main reason(s) for the entrepreneur(s) establishing the business and the relationship of this with the performance of the firm. However, the table indicates that lack of tolerance to work hard hinders the effectiveness of MSE's operated in manufacturing, services, urban agriculture, trade

sectors and rural agriculture with the grand means of 3.44 and standard deviations of 1.09.

Proper Utilization of government material and financial support the agreement on this factor is justified by the calculated the grand means of 3.37 with standard deviations of 1.46 for operators engaged in all sectors agree with miss utilization of government support.

According to interview conducted with operator it was confirmed that, lack of tolerance to work hard and absence of initiative to assess ones strengths and weaknesses are another factor affecting the effectiveness the credit access of MSE's. According to them this is due to negligence on the part of employees and/or owner managers to develop and implement such a culture of tolerance and assessment of strengths and weaknesses. Amazingly, all of the interviewees confirmed that, lack of persistence and courage to take responsibility for one's failure (low level risk taking) is the main entrepreneurial factor that affects the effectiveness of credit access to selected MSE's.

Lack of entrepreneurial training was mentioned by operators in the entire study area. According to interviewees, it featured as a key problem in all sectors. A number of interviewee respondent felt that enough training in entrepreneurship would better prepare to perform in their business Endeavour's. Furthermore, with regard to lack of information to exploit business opportunities interview was conducted with operators of MSE's. It was confirmed that, the operators do not heightened the ability and awareness for recognizing and audaciously exploiting business opportunities. According to them, this is due to lack of persistently and continually seeking of information opportunities. Consequently, it hampers the performance of MSE's and the fulfillment of competitive urges in general.

4.3.1.1. Comparison of Factors

Even though, all the politico-legal, infrastructure, working premises, technology, marketing, financial, management and entrepreneurial factors affect the performance of MSE's, this does not necessarily mean that all factors have equal impact. The following table clearly compares the overall impact of all key factors discussed in detail below.

Table 4.19: Comparison of the major factors

| No | <i>Factors</i> | <i>Grand Mean</i> | <i>Grand Standard deviation</i> | <i>Rank of Severity</i> |
|----|--------------------------|-------------------|---------------------------------|-------------------------|
| 1 | Political factors | 2.69 | 1.3 | 8 th |
| 2 | working premises factors | 3.79 | 1.33 | 6 th |
| 3 | Technology factors | 3.92 | 1.11 | 3 rd |
| 4 | Infrastructure factors | 3.47 | 1.11 | 7 th |
| 5 | Marketing factors | 4.11 | 0.93 | 1 st |
| 6 | Financial factors | 3.91 | 1.05 | 4 th |
| 7 | Management factors | 4.04 | 0.98 | 2 nd |
| 8 | entrepreneurial factors | 3.83 | 1.11 | 5 th |

Source: (Own Survey, 2010)

It can now be seen that marketing factors , management factors and technological factors has the biggest potential to contribute to the effectiveness of credit access, followed by financial factors, entrepreneurial factors, working premises factors, Infrastructure factors and politico-legal factors. In another words, the result shows that marketing, management and technological factors are the three topmost factors that affect the effectiveness of credit access of selected MSE's in the selected area. According to the research on (Eshetu Bekele and Zeleke Worku, 2008) that lasted from 1996-2001, the factors that affect the long term survival of MSE's in Ethiopia are found to be adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is so because the findings of the study revealed that businesses that failed, during the study period were characterized by inadequate finance (61 percent), low level of education (55 percent), poor managerial skills (54 percent), shortage of technical

skills (49 percent), and inability to convert part of their profit to investment (46 percent).

4.4. Results of Inferential Statistics

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

4.4.1. Pearson's Product Moment Correlation Coefficient

In this study Pearson's Product Moment Correlation Coefficient was used to determine whether there is significant relationship between politico-legal, working premises, technological, infrastructural, marketing, financial, management and entrepreneurial factors variable with effectiveness of credit access. The following section presents the results of Pearson's Product Moment Correlation on the relationship between independent variables and dependent variable. The table below indicates that the correlation coefficients for the relationships between the effectiveness of credit access and its independent variables are linear and positive ranging from substantial to strong correlation coefficients.

Table 4.20: The relationship between independent variables and Effectiveness of credit access

| Independent Variable | | Effectiveness of credit access |
|-----------------------------|---------------------|---------------------------------------|
| Political legal factors | Pearson correlation | -.1.44** |
| | P – Value | .000 |
| | N | 115 |
| Working Premises | Pearson correlation | 0.64** |
| | P – Value | .000 |
| | N | 115 |
| Technological factors | Pearson correlation | 0.832** |
| | P – Value | .000 |
| | N | 115 |
| Infrastructural factors | Pearson correlation | 0.50** |
| | P – Value | .000 |
| | N | 115 |
| Marketing factors | Pearson correlation | 0.877** |
| | P – Value | .000 |
| | N | 115 |
| Financial factors | Pearson correlation | 0.828** |
| | P – Value | .000 |
| | N | 115 |
| Management factors | Pearson correlation | 0.868** |
| | P – Value | .000 |
| | N | 115 |
| Entrepreneurial factors | Pearson correlation | 0.799** |
| | P – Value | .000 |
| | N | 115 |

Source: (Own Survey, 2010)

**Correlation is significant at the 0.01 level (2-tailed).

As it is clearly indicated in the above table 4.20, very strong positive relationship was found between marketing and effectiveness of credit access ($r = .877$, $p < .01$), and financial factors and effectiveness of credit access ($r = .828$, $p < 0.01$), Management factors and effectiveness of credit access ($r = 0.868$, $p < 0.01$), and technological factor and effectiveness of credit access of MSE's ($r = 0.832$, $p < 0.01$), which are statistically significant at 99 % confidence level. This implies that at a 1 % level of significance it was discovered that the marketing, management and financial factors plays a significant role in determining the effectiveness of credit access of selected MSE's in the Mesekan district. The result on table above further indicates that, there is a strongly positive correlation between entrepreneurial factors and business effectiveness of credit access ($r = .799$), which was statistically significant at 99%

confidence level. This implies that MSE's with entrepreneurial skills performed considerably better.

Moreover, the table presents the association between the selected variables and effectiveness of credit access of MSE's for a sample of 115 operators in Mesekan woreda. There is strongly positive correlation in Working premises and effectiveness of credit access ($r = .64, p < .01$). There is moderately, however statistically significant relationship between infrastructures factors and effectiveness of credit access ($r = .50, p < .01$). This would imply that, the more infrastructures the better effectiveness of credit access of MSE's would be. There exists a negative relationship between politico - legal factors and effectiveness of credit access ($r = -.144, p < 0.01$),

4.4.2. Inferential Statistics

The tests that were used to assess the effectiveness of the multivariate econometric model include tests for multicollinearity and autocorrelation.

4.4.2.1. Multicollinearity Test

Table 4.21: Multicollinearity Test

| Model | Unstandardized Coefficients | | Standard Coefficient | t | Sig. | 95.0% Confidence Interval for B | | Collinearity Statistics | |
|-----------------------|-----------------------------|------------|----------------------|------|------|---------------------------------|-------------|-------------------------|------|
| | B | Std. error | Beta | | | Lower Bound | Upper Bound | Tolerance | VIF |
| Constant | 2.21 | 1.284 | | 1.72 | .093 | | | | |
| Political–Legal (X1) | 0.66 | 1.63 | .143 | 1.72 | .093 | -6.16 | 29.86 | 0.54 | 1.89 |
| Working premises (X2) | 0.71 | 1.36 | .150 | 1.72 | .100 | -2.77 | 29.14 | 0.72 | 1.39 |
| Technological (X3) | 0.61 | 2.91 | .081 | 2.01 | .059 | -.848 | 41.36 | 0.39 | 2.98 |
| Infrastructure(X4) | 0.56 | 1.676 | .096 | 2.47 | .023 | 2.52 | 30.77 | 0.62 | 1.63 |
| Marketing (X5) | 0.71 | 3.397 | 0.087 | .149 | .883 | -78.0 | 89.81 | 0.44 | 3.01 |
| Finance (X6) | 0.47 | 2.85 | 0.066 | 1.75 | .098 | -4.64 | 49.82 | 0.46 | 3.02 |
| Management (X7) | 0.69 | 2.64 | 0.097 | .719 | .483 | -24.6 | 49.96 | 0.52 | 2.26 |
| Entrepreneurial (X8) | 0.71 | 3.324 | 0.226 | .744 | .469 | -25.3 | 52.52 | 0.41 | 3.91 |

Predictors: (Constant), Political–Legal, Working premises, Technological, Infrastructure, Marketing, Finance, Management, Entrepreneurial factors.

As shown in Table 4.21, Multicollinearity was tested based on the variance Inflation Factor (VIF) that indicated that there was no problem of multicollinearity since the

VIF values of the eight independent variables were less than the critical value of 10. This corresponds with Cooper and Schindler (2006) who argue that the problems of multicollinearity exist when VIF values are greater than 10 or tolerance values are less than 0.1. It therefore means that eight factors model could be used in forecasting the role of credit access and its effectiveness in the district. This is also supported by the values of tolerance which are greater than 0.1 for all predictor variables. Saunders, Lewis and Thornhill (2012) argue that multicollinearity involves the correlation between the independent variables. The presence of multicollinearity makes it difficult to isolate the impact of each independent variable on dependent. The tolerance of the predictors in the regression model was determined as well as the variance inflation factors.

4.4.2.2. Autocorrelation Test

Table 4.22: Model Summary^b

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. F Change | |
| 1 | .607 ^a | .368 | .271 | .849 | .368 | 3.788 | 6 | 39 | .005 | 2.100 |

Predictors: (Constant), Political–Legal, Working premises, Technological, Infrastructure, Marketing, Finance, Management, Entrepreneurial factors.

Black (2010) argue that autocorrelation in linear regression is assessed using the Durbin Watson test (d) statistic. Autocorrelation occurs when regression errors are correlated across observation and the value of the Durbin Watson statistic indicates the absence or presence of the issue. As a rule of thumb, autocorrelation was not considered to be present when Durbin Watson static takes values between 0 and 4. Therefore, in this study, there was no problem of autocorrelation because Durbin Watson test was 2.100.

4.4.2.3. Model Summary

Table 4.23: Model Summary

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .607 ^a | .368 | .271 | .849 |

As shown in Table 4.23, independent factors that were studied explained only 60.7 % of the role and effectiveness of credit access for micro and small enterprises in Mesekan Disterict. Effectiveness of credit access for micro and small enterprises in Mesekan District was represented by the R2. This therefore meant that other factors not studied in this research contributed to 36.8% effectiveness of credit access for micro and small enterprises in Mesekan District. Therefore, further research should be conducted to investigate the other determinants (36.8 %) that influence the effectiveness of credit access for micro and small enterprises in Gurage Zone Mesekan Disterict.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The aim of this chapter is to present a discussion based on findings in comparison to study findings from the literature review in chapter two. The first part of the chapter presents summary of finding of the study, followed by the second part which provides conclusions and recommendations based on the finding of the study and recommendations for further study were established thereafter.

5.2. Summary of the Findings

5.2.1. The external factors and effectiveness of credit access to Micro and Small Scale Enterprises

It was revealed that most of the Micro and Small Scale enterprise are generally experienced external factors are the major challenges. Marketing factors include inadequacy of market, difficulty of searching new market, Lack of establishing a market network and Lack of promotion to attract potential users are factors that affects the effectiveness of MSE's. Technology factors include Lack of information in the availability of appropriate tools and materials, Lack of capital to acquire new technology and Lack of skill and knowledge to handle new technologies are the major factors that affect the effectiveness of credit access. Financial factors the finding suggests that which include high collateral requirement from micro finance, shortage of working capital, too complicated loan application procedures microfinance institutions and high interest rate charged by lending institutions are factors that affect the effectiveness of MSE's.

5.2.2. The Internal factors and effectiveness of credit access to Micro and Small Scale Enterprises

Management factors which include Lack of clear division of duties among members, poor selection of associates in business, absences of short and long term business plan and strategic business planning and inaccessible training facilities are factors that affect the effectiveness of MSE's and also the major entrepreneurial factors include Lack of motivation and self-drive, Lack of tolerance to work hard, Lack of readiness to learn ,to improve and to change, Lack of creativity, flexibility and adaptability to new ideas and lack of persistence and courage to take responsibility for one's failure and absence of initiative to assess ones strengths and weakness.

5.3. Conclusions

From the findings of the study, it can be concluded that, the local government should priorities to the micro and small scale enterprises sector through facilitating financial access and to empower the operators of MSE's through providing training and the local government should create system set up to government micro and small scale enterprises supporting institutions. This would create more opportunities to the MSEs effectively utilizes the credit access and to ensure economic stability and sustainability of the enterprises.

The local government should support the MSE's by minimizing the external and internal constraints of the enterprises. This would provide increase the effective utilization of credit access of Micro and Small Scale business enterprises. Therefore, to eradicate or minimize the high level of unemployment in developing countries MSE's is the only competitive driver.

5.4. Recommendation of the study

It was established that financial accessibility was a major challenge among MSE's. Therefore, this study recommends that the local government to facilitate credit access to MSE's only for unemployed citizens during formulation and also MSE's formulate based on experience and skill of the operators.

It was indicated that government supporting institutions do not support effectively and efficiently. Therefore, this study recommends that local government should create awareness and system set up to the supporting government institutions on policies issues and would play a major role in positively influencing the development of MSE's.

With regard to marketing factors this study recommends that the government of Mesekan Woreda and MSE's development office should establish a well-structured marketing sites by Providing selling and display places in areas close to working area and provision of advertising support and Provision of training on quality improvement, Linking the MSE's with other government sectors working within or around the Districts so that the operators are able to secure market opportunity and also Changing the perception of the general public through extensive awareness creation mechanisms.

Regarding technological factors this study recommends that the government and the supporting institutions facilitate technological development strategy focuses on facilitating appropriate technology and production materials to MSE's in the form of purchase and lease.

Problem of work place was one of the major challenges of MSE's. Therefore, this study recommends that the construction of market sheds and common facility centers at suitable locations by assistance of the local government.

It was revealed that majority of the micro and small scale entrepreneurs did not have basic managerial skills to operate their enterprises. Therefore, this study recommends that to make MSE's competitive and profitable increasing the capacity and skill of the owner managers and operators through continuous trainings, experience sharing from successful enterprises, and provision of advice and consultancy are crucial.

5.5. Recommendation for further studies

Finally, investigating different factors based on the right information are vital for the good performance of any business venture. This can be achieved by conducting more researches in related areas. The focus for this study was on the manufacturing sectors, services sectors, urban agriculture, trade and rural agriculture in Mesekan District. It is the researcher's view that future research could therefore investigate the other sectors like construction, manufacturing sector like agro processing and handicraft products, textile and garment, leather products enterprises, urban agriculture sectors like honey production, forestry and animal food preparation and come up with specific findings which will potentially contribute a lot in the development of the country in general.

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Appendix: 1A

WOLEKITE UNIVERSITY

COLLEGE OF BUSINESSES AND ECONOMICS

THE ROLE OF ACCESS TO CREDIT AND ITS EFFECTIVENESS IN REDUCING UNEMPLOYMENT IN CASE OF SELECTED MESKAN DISTRICT SMALL SCALE BUSINESS ENTERPRISE

INTRODUCTION

This is to conduct a research entitled **evaluating the role of access to credit and its effectiveness in Reducing Unemployment In Case of Selected Meskan District Small Scale Business Enterprise**. So you are one of the respondents selected to participate in this study. The information you are providing will be of great importance in producing current, practical and reliable output that will inform readers of the study.

The information you will provide is confidential and only used for the academic purpose.

Thank you in advance for your kind cooperation. Instructions

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

PART 1: The Socio Economic Characteristics of the respondents

Tick the most appropriate answer based on information

1. Sex: 1. Male 2. Female

2. Age: -----

3. Marital status

1. Married 2. Not married (single)
3. Divorced 4. Widow/ Widower

16. Have you taken loan in this four years' time for your enterprises?

1. Yes 2. No

17. If you have borrowed money for your enterprise, please fill in the table below

| Year of establishment | 2006 | 2007 | 2008 | 2009 |
|--------------------------------|------|------|------|------|
| Amount of borrowing every year | | | | |
| Refunding every year | | | | |
| Loan repayment performance | | | | |

18. The major reason to engage in this business?

1. Back ground skill (education) 3. Expectation of good income

2. Requires low start-up capital 4. Other (specify) _____

19. Do you get any support from government during start-up of your enterprise?

1. Yes 2. No

20. If your answer to question 19 is 1(Yes), what kind of support?

1. Managerial training 5. Technical training

2. Credit facilities 6. Financial training

3. Work premises 7. Other (specify) _____

4. Market linkage

PART 3: Employment creation

21. Do you have previous occupation? 1. Yes 2. No

22. If yes (1), what was your previous occupation?

1. Student 4. Private business employees

2. Daily labor 5. Government employee

3. House wife 6. Nongovernmental organization

7. Other (specify) _____

Part 4: Sustainability of the enterprise

| No | | Very Good | Good | Medium | low |
|----|--|-----------|------|--------|-----|
| | 26. Sustainability of the enterprise | | | | |
| 1 | To what extent your enterprise socially supported | | | | |
| 2 | To what extent your enterprise environmental friendly? | | | | |
| 3 | To what extent your enterprise get raw material | | | | |
| 4 | To what extent your enterprise get market for your product | | | | |

27. To get market for your product market linkage facilitated by?

1. by the member of enterprise

2. by micro and small enterprise offices

3. by NGO

4. Others specify-----

Part 7: Services provided

29. Have you ever sought assistance?

1. Yes 2. No

30. If your answer to question number 29 is yes (1), what kind of assistance did you ask for?

1. Financial training 2. Managerial training

4. Technical training 5. Working place

6. Market creation 7. Finance

31. Compared to your expectations, how satisfied are you with the service provided by the institutions till now?

| No | Type of services | Extremely satisfied(1) | Somewhat satisfied(2) | Neither no(3) | Somewhat Dissatisfied(4) | Extremely Dissatisfied(5) | I do not get service (6) |
|----|--------------------------------------|------------------------|-----------------------|---------------|--------------------------|---------------------------|--------------------------|
| 1 | MSEs Development Bureau | | | | | | |
| 2 | Micro Finance Institution | | | | | | |
| 3 | TVET Centers | | | | | | |
| 4 | Trade & industry bureau | | | | | | |
| 5 | Mesekan woreda communication bureau | | | | | | |
| 6 | Mesekan woreda design & construction | | | | | | |
| 7 | Meskan woreda Housing project | | | | | | |
| 8 | NGOs | | | | | | |

32. Have you taken training on?

1. Financial training 1. Yes 2. No
2. Managerial training 1. Yes 2. No
3. Technical training 1. Yes 2. No
4. Others (specified) -----

Thank You for Your Co-Operation

Appendix: 1B

WOLEKITE UNIVERSITY

COLLEGE OF BUSINESSES AND ECONOMICS

THE ROLE OF ACCESS TO CREDIT AND ITS EFFECTIVENESS IN REDUCING UNEMPLOYMENT IN CASE OF SELECTED MESKAN DISTRICT SMALL SCALE BUSINESS ENTERPRISE

INTRODUCTION

This is to conduct a research entitled **evaluating the role of access to credit and its effectiveness in Reducing Unemployment In Case of SELECTED Meskan District Small Scale Business Enterprise**. So you are one of the respondents selected to participate in this study. The information you are providing will be of great importance in producing current, practical and reliable output that will inform readers of the study.

PART Three: Questions for MSE's Operators

Please indicate the degree to which the following internal and external factors affecting the role of credit access and its effectiveness in reducing level of unemployment, profitability, sustainability and income generation of your business enterprise. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (√) under the choices below. Where, 5 = strongly agree, 4 = agree, 3 = undecided, 2 = disagree and 1= strongly disagree.

33. Please indicate the degree to which you agree or disagree with the following statements concerning politico-legal factors.

| S.N | 33. Political legal factors | 5 | 4 | 3 | 2 | 1 |
|-----|---|---|---|---|---|---|
| 1 | Tax levied on my business is not reasonable | | | | | |
| 2 | Not sufficient support from government | | | | | |
| 3 | Political influence in team formation, enterprise selection, | | | | | |
| 4 | Lack of access able information to government regulations relevant to my business | | | | | |

34. Please indicate the degree to which you agree or disagree with the following Statements concerning working place factors.

| S. No | 34. Working place factors | 5 | 4 | 3 | 2 | 1 |
|-------|---|---|---|---|---|---|
| 1 | Absence of own premises | | | | | |
| 2 | Current working place is not convenient | | | | | |
| 3 | House rent is too high for my business | | | | | |

35. Please indicate the degree to which you agree or disagree with the following statements concerning technology factors.

| S. No | 35. Technology factors: | 5 | 4 | 3 | 2 | 1 |
|-------|--|---|---|---|---|---|
| 1 | Lack of information in the availability of appropriate tools and materials | | | | | |
| 2 | Lack of skill and knowledge to handle new technology | | | | | |
| 3 | Lack of capital to acquire new technology | | | | | |
| 4 | Unable to select proper technology | | | | | |

36. Please indicate the degree to which you agree or disagree with the following statements concerning infrastructural factors.

| S..No | 36. Basic Infrastructural Factors: | 5 | 4 | 3 | 2 | 1 |
|-------|---|---|---|---|---|---|
| 1 | Absence of Power and power interruptions | | | | | |
| 2 | Insufficient and interrupted water supply | | | | | |
| 3 | Lack of business development services | | | | | |
| 4 | Lack of sufficient and quick transportation service | | | | | |
| 5 | Lack of appropriate dry waste and sewerage system | | | | | |

37. Please indicate the degree to which you agree or disagree with the following statements concerning marketing factors.

| S. No | 37. Marketing Factors | 5 | 4 | 3 | 2 | 1 |
|-------|--|---|---|---|---|---|
| 1 | Inadequate market for my product | | | | | |
| 2 | Searching new market is too difficult | | | | | |
| 3 | My products are Poor quality for the market | | | | | |
| 4 | Lack of establishing a market network | | | | | |
| 5 | Lack of market information | | | | | |
| 6 | Lack of promotion to attract potential users | | | | | |
| 7 | Poor customer relationship and handling | | | | | |

38. Please indicate the degree to which you agree or disagree with the following statements concerning financial factors

| S. No | 38. Financial Factors: | 5 | 4 | 3 | 2 | 1 |
|-------|---|---|---|---|---|---|
| 1 | Absence or inadequacy of credit institutions | | | | | |
| 2 | Lack of access to credit institutions | | | | | |
| 3 | Shortage of working capital | | | | | |
| 4 | High collateral requirement from lending Institutions | | | | | |
| 5 | High interest rate by lending institutions | | | | | |
| 6 | Loan application procedures are complicated | | | | | |

39. Please indicate the degree to which you agree or disagree with the following statements concerning management factors.

| S. No | 39. Management Factors: | 5 | 4 | 3 | 2 | 1 |
|-------|---|---|---|---|---|---|
| 1 | Lack of clear division of duties among members | | | | | |
| 2 | Poor organization and ineffective communication | | | | | |
| 3 | Poor selection of business partners | | | | | |
| 4 | Lack of well trained and experienced employees | | | | | |
| 5 | Lack of low cost and accessible training facilities | | | | | |
| 6 | Absences of short and long term business plan | | | | | |

40. Please indicate the degree to which you agree or disagree with the following statements concerning entrepreneurial factors

| S. No | 40. Entrepreneurial factors: | 5 | 4 | 3 | 2 | 1 |
|-------|--|---|---|---|---|---|
| 1 | Lack of motivation and self-drive | | | | | |
| 2 | Lack of tolerance to work hard | | | | | |
| 3 | Lack of readiness to learn ,to improve and to change | | | | | |
| 4 | Lack of creativity, flexibility and adaptability to new Ideas. | | | | | |
| 5 | Lack of entrepreneurship training | | | | | |
| 6 | Lack of information to exploit business opportunities | | | | | |
| 7 | In proper utilization of government material and financial support | | | | | |

Thank you for your participation

**የወልቂጤ ዩንቨርሲቲ የቢዝነስና ኢኮኖሚክስ ትምህርት ቤት
የማኔጅመንት ትምህርት ክፍል
የቢዝነስ አስተዳደር ድህረ ምረቃ ትምህርት ቤት**

ስሜ በለጠ ብራቱ ሲሆን በወልቂጤ ዩንቨርሲቲ የቢዝነስና ኢኮኖሚክስ ትምህርት ቤት የማኔጅመንት ትምህርት ክፍል የቢዝነስ አስተዳደር ድህረ ምረቃ ትምህርት ተመራቂ ተማሪ ስሆን፣ በአሁኑ ሰዓት የመመረቂያ ጽሁፌን በማዘጋጀት ላይ እገኛለሁ። የጥናቴ ርዕስ "በጉራጌ ዞን በመሰቃን ወረዳ የሚገኙ ለጥቃቅንና አነስተኛ ተቋማት የተመቻቸላቸው የብድር አገልግሎት ውጤታማነት ፣ የሰራ እድል ከመፍጠር አንጻር እና ስራ አጥነት እንዲቀንስ አስተዋጾ አድርገዋል ወይ" የሚል ሲሆን። እርሶዎም በዚህ ጥናት እንዲሳተፉ ተመርጠዋል። እርስዎ የሚሰጡትን ትክክለኛውን መረጃ ለጥናቴ ውጤታማነት በጣም አስፈላጊ መሆኑን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞሉ እንጠይቃለን። ተሳትፎዎ በእርስዎ በጎፍቃደኝነት ላይ የተመሰረተ ነው። በመጨረሻም የሚሰጡት መረጃ ሚስጥራዊነቱ የተጠበቀ ለዚህ ጥናት ዓላማ ብቻ እንደሚውል አረጋግጣለው። የማንኛውም መልስ ሰጪ ማንነት በማንኛውም መልኩ የማይታተምና የማይሰራጭ ይሆናል። ሁሉም መረጃዎች ለትምህርታዊ ዓላማ ብቻ ይውላል። ጊዜዎን ሰውተው ስለሚያደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ።

በለጠ ብራቱ

ማሳሰቢያ - በመጠይቁ ላይ ስም መጻፍ አያስፈልግም።
- መልሶዎትን በሳጥኑ ውስጥ የእርማት ምልክት/✓ / ያስቀምጡ።

ክፍል አንድ: ስለ መላሾች አጠቃላይ መረጃ

1. ጾታ

| | |
|---------------------------------|--------------------------------|
| 1. ወንድ <input type="checkbox"/> | 2. ሴት <input type="checkbox"/> |
|---------------------------------|--------------------------------|

2. ዕድሜ -----

3. የጋብቻ ሁኔታ

| | | | |
|----------------------------------|---------------------------------|------------------------------------|--|
| 1. ያላገባ <input type="checkbox"/> | 2. ያገባ <input type="checkbox"/> | 3. የፋታ(ች) <input type="checkbox"/> | 4. በሞት የተለየ (ች) <input type="checkbox"/> |
|----------------------------------|---------------------------------|------------------------------------|--|

4. ሀይማኖት

| | |
|---|-------------------------------------|
| 1. ኦርቶዶክስ ክርስቲያን <input type="checkbox"/> | 3. ፕሮቴስታንት <input type="checkbox"/> |
| 2. ሙስሊም <input type="checkbox"/> | 4. ሌላ <input type="checkbox"/> |

5. የትምህርት ደረጃ

1. ያልተማረ

4. የመጀመሪያ ደረጃ ት/ት

2. የተግባር ተኮር የጎልማሶች ትምህርት

5. የ2ኛ ደረጃ ያጠናቀቀ

3. ቴክኒክና ሙያ ያጠናቀቀ

6. ኮሌጅና የዩኒቨርሲቲ ት/ት ያጠናቀቀ

7. በአማራጭ ቁጥር 3 እና 6 የተገለጸው መልስ ከሆነ የተመረቁበት የትምህርት ዘርፍ ይግለጹ---

6. የማህበሩ አባላት አደረጃጀት

1. ቤተሰብ ብቻ

3. ጥቂት የቤተሰብ አባላት አሉት

2. የቤተሰብ አባል አይደሉም

4. አብዛኛው ቤተሰብ ነው

ክፍል ሁለት፡-ሰለ ቢዝነስ ተቋማት አጠቃላይ መረጃ

6. የማህበሩ ደረጃ ምን ላይ ይመደባላ? 1. ጥቃቅን 2. አነስተኛ

7. ማህበሩ ስራ የጀመረበት ዓመት መቼ ነው?-----

8. የአባላት ብዛት 1. ስራው ሲጀመር ወንድ-----ሴት-----ድምር-----

2. በአሁኑ ሰዓት ወንድ-----ሴት-----ድምር-----

9. የማህበሩ (ንግዱ) ባለቤት 1. የግል 2. የማህበር

10. የተሰማሩበት የስራ መስክ

1. የማምረቻ ማህበር 2. የግንባታ ስራ ማህበር 3. በገጠር ግብርና ዘርፍ

4. በከተማ ግብርና 5. በአገልግሎት ዘርፍ 6. በንግድ ዘርፍ

11. የማህበሩ ወይም የኢንተርፕራይዝ አይነት-----

12. የኢንተርፕራይዝ ስራ ለመስራት የገንዘብ ብድር ያገኙት ከየት ነው?

1. መንግስታዊ ካልሆኑ ድርጅቶች 4. ከማይክሮ ፋይናንስ

2. ከቤተሰብ 5. ከመንግስት

3. ከባንኮች 6. ከሌላ ይገለጹ-----

13. ቢዝነሱን ሲጀምሩ መነሻ ካገኙታል ስንት ነው-----

14. በአሁኑ ሰዓት ካገኙታሉ ስንት ነው-----

15. በአራት ዓመት ውስጥ ገንዘብ ተበድረዋል 1. አዎ 2. አይደለም

16. ከላይ በተራ ቁጥር 15 መልሶ አዎ ከሆነ ከስር የቀረበው ሰንጠረዥ ይሙሉ

| የተመሰረተበት ዓመት | 2006 | 2007 | 2008 | 2009 |
|--------------------------|------|------|------|------|
| የተበደሩት የገንዘብ መጠን | | | | |
| በድጋሚ የተበደሩት የገንዘብ ካለ መጠን | | | | |
| ከተበደሩት ገንዘብ የተመለሰ | | | | |

17. ይህ ስራ ለመስራት ያነሳሳዎት ምንድን ነው?

1. መሰረታዊ የትምህርት ክህሎት 3. ጥሩ ገቢ ስለፈለጉ
2. የተወሰነ መነሻ ካፒታል ስለፈለጉ 4. ሌላ ከሆነ ይግለጹት-----

18. ማህበሩ ወይም ኢንተርፕራይዙ ሲጀምሩ በመንግስት የተደረገሎት ድጋፍ አለ?

1. አዎ 2. አይደለም

19. ከላይ በተራ ቁጥር 18 በቀረበው ጥያቄ መልሶ አዎ ከሆነ ምን አይነት ድጋፍ ተደረገሎት?

1. የአመራር ክህሎት ስልጠና 4. የገቢያ ትስስር
2. ብድር ማመቻቸት 5. ቴክኒካል ስልጠና
3. የስራ ቦታ 6. የሂሳብ አስተዳደር
7. ሌላ ከሆነ ይግለጹት-----

ከፍል ሶስት:- ማህበሩ ወይም ኢንተርፕራይዙ የስራ እድል ከመፍጠር አንጻር የቀረቡ ጥያቄዎች

20. ይህ ስራ ከመጀመርዎ በፊት ሌላ ስራ ነበርዎት? 1. አዎ 2. አልነበረኝም

21. ከላይ በተራ ቁጥር 20 ላይ ያለው መጠይቅ መልሶ አዎ ከሆነ ከዚህ በፊት የነበሩት ገቢ የሚያገኙበት የስራ አይነት ምንድን ነው? -----

| ተ.ቁ | 22. የማህበርህ(ሽ) ቀጣይነትና ዘላቂነቱን አንጻር የቀረቡ ጉዳዮች | በጣም ከፍተኛ | ከፍተኛ | መካከለኛ | ዝቅተኛ |
|-----|--|----------|------|-------|------|
| 1 | የኢንተርፕራይዙ የማህበረሰብ ድጋፍ ያለበት ደረጃ ? | | | | |
| 2 | ኢንተርፕራይዙ አካባቢ ጋር ጥብቅ ትስስር የመፍጠሩ ሁኔታ ያለበት ደረጃ ? | | | | |
| 3 | ለኢንተርፕራይዝህ(ሽ) በቀላሉ ጥሬ ዕቃዎች የማግኘት ሁኔታ? | | | | |
| 4 | ለምርትህ ገቢያ የማግኘት ሁኔታ? | | | | |

ክፍል አራት:- የኢንተርፕራይዝ ቀጣይነት ና ዘላቂነቱን በተመለከተ የቀረቡ መጠይቆች

23. ለምርት ገበያ የምታገኝ ከሆነ የገበያ ትስስር የተፈጠረሎት በማንነው?

1. በማህበሩ አባላት ጥረት 2. በጥቃቅንና አነስተኛ አደራጅ ጽ/ቤት
3. በመንግስታዊ ባልሆኑ ድርጅቶች 4. ሌላ ከሆነ ይግለጹት-----

ክፍል አምስት:- ለኢንተርፕራይዝ የተሰጡ አገልግሎቶች ናድጋፍ በተመለከተ የቀረቡ ጥያቄዎች

24. ለኢንተርፕራይዝ ድጋፍ እንዲደረግልህ ጠይቀህ ታውቃለህ?

1. አዎ 2. አይደለም

25. በጥያቄ ቁጥር 29 ላይ መልስህ አዎ ከሆነ ምን አይነት ድጋፍ ነው የጠየቁት?

1. የሂሳብ ነክ ጉዳዮች ስልጠና 4. የስራ ቦታ እንዲሰጠ
2. የአመራርነት ስልጠና 5. ገበያ እንዲፈጠርሎ
3. የአስራር ስልት ስልጠና 6. የገንዘብ ድጋፍ እንዲደረግሎ
6. ሌላ ከሆነ ይግለጹት-----

26. ለጥቃቅንና አነስተኛ ድርጅቶች ድጋፍ በሚሰጡ ተቋሞች ያለዎት የእርካታ መጠን ምን ይመስላል?

| ተ.ቁ | የድጋፍ ሰጪ ተቋም ስም | በጣም እርካለሁ | እርካለሁ | ርካቻለው አልረካሁም አልልም | አልረካም | በጣም አልረካም | ግልጋሎት አላገኘሁም |
|-----|---------------------|-----------|-------|-------------------|-------|-----------|--------------|
| 1 | ጥቃቅንና አነስተኛ ልማት ቢሮ | | | | | | |
| 2 | የአነስተኛ ብድርና ቁጠባ ተቋም | | | | | | |
| 3 | የቴክኒክና ሙያ ቋም | | | | | | |
| 4 | ንግድና ኢንዱስትሪ ቢሮ | | | | | | |
| 5 | ኮምፕዩተር ቢሮ | | | | | | |
| 6 | ዲዛይንና ግንባታ ቢሮ | | | | | | |
| 7 | የቤቶች ልማት ፕሮጀክት | | | | | | |
| 8 | መንግስታዊ ያልሆኑ ድርጅቶች | | | | | | |

27. ስራህ(ሽ) በተመለከተ ስልጠና ወስደህል (ሻል)? ከወሰዱ በየትኛው የስልጠና መስክ

1. በሂሳብአያያዥስልጠና 1. አዎ 2. አይደለም
2. የአመራርነትስልጠና 1. አዎ 2. አይደለም
3. የክህሎትስልጠና 1. አዎ 2. አይደለም
4. ሌላከሆነይግለጹት-----

ክፍል ስድስት፡- ለጥቃቅንና አነስተኛ ተቋማት የተመቻቸላቸው የብድር አገልግሎት ውጤታማነት ፤ የስራ እድል ከመፍጠር አንጻር እና ስራ አጥነት ከመቀነስ አንጻር ተጽእኖ የሚያሳድሩ ጉዳዮች በተመለከተ ለጥቃቅንና አነስተኛ ማህበራት የቀረቡ መጠይቆች

ከዚህ በታች ለጥቃቅንና አነስተኛ ተቋማት የአፈጻጸም ችግር ሊሆኑ የሚችሉ ነገሮች ተዘርዘረዋል። ከተዘረዘሩት ችግሮች የእርስዎን የስራ ዘርፍ ይበልጥ ተጽእኖ የሚያሳድሩትን በደረጃ ያመለክቱ። ለእያንዳንዱ ጥያቄ ከአማራጮቹ አንድ ጊዜ ብቻ የ(✓) ምልክት በማድረግ ምላሽ ይስጡ።

- 5 = በጣም እስማማለው
- 4 = እስማማለው
- 3 = ለመወሰን እቸገራለው
- 2 = አልስማማም
- 1 = በጣም አልስማማም

28. ኢንተርፕራይዙ ውጤታማ እንዳይሆን ህጋዊና ፖለቲካዊ ጉዳዮች በተመለከተ ከስር በቀረበው ስንጠረዥ መሰርት ይሙሉ።

| ተ.ቁ | 28. ህጋዊና ፖለቲካዊ ጉዳዮች | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | ተመጣጣኝና ምክንያታዊ ያልሆነ የስራ ግብር። | | | | | |
| 2 | በቂ ያልሆነ የመንግስት ማበረታቻ። | | | | | |
| 3 | ተገቢ ያልሆነ የፖለቲካ ጣልቃ ገብነት። | | | | | |
| 4 | ከስራዬ ጋር ተዛማጅ የሆኑ ህጎች ፣ደንቦችና አዋጆች ተደራሽ አለመሆን። | | | | | |

29. ኢንተርፕራይዙ ውጤታማና ትርፋማ እንዳይሆን የስራ ቦታና ተዛማጅ ችግሮች በተመለከተ የቀረቡ መጠይቆች

| ተ.ቁ | 29. የስራ ቦታና ተዛማጅ ችግሮች | 5 | 4 | 3 | 2 | 1 |
|-----|----------------------------|---|---|---|---|---|
| 1 | ስራዬን የማካሄድበት የግል ቦታ አለመኖር | | | | | |
| 2 | አሁን ያለሁበት ቦታ ለስራ አመቺ አለመሆን | | | | | |
| 3 | ከፍተኛ የሆነ የቤት ኪራይ መጠን። | | | | | |

30. ለኢንተርፕራይዘ ውጤታማነት ከቴክኖሎጂና ተዛማጅ ችግሮች ላይ ያለበት ችግሮች በተመለከተ የቀረቡ ጥያቄዎች

| ተ.ቁ | 30. ቴክኖሎጂና ተዛማጅ ችግሮች | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | ለስራዩ ተገቢ የሆነ ቴክኖሎጂ ግብዓት አለመኖር። | | | | | |
| 2 | በቂ የሆነ የቴክኒክ ክህሎት አለመኖር። | | | | | |
| 3 | በገንዘብ እጥረት ምክንያት አዳዲስ የቴክኖሎጂ ውጤቶችን አለማግኘት። | | | | | |
| 4 | ለስራዩ ተገቢ የሆነ የቴክኖሎጂ ውጤት መምረጥ አለመቻል። | | | | | |

31. ኢንተርፕራይዘ ውጤታማ እንዳይሆን ከመሰረተ ልማት ጋር የተያያዙ ችግሮች በተመለከተ የቀረቡ መጠይቆች

| ተ.ቁ | 31. ከመሰረተ ልማት ጋር የተያያዙ ችግሮች | 5 | 4 | 3 | 2 | 1 |
|-----|--------------------------------------|---|---|---|---|---|
| 1 | የኤሌክትሪክ ሀይል መቆራረጥ። | | | | | |
| 2 | የተቆራረጠና በቂ ያልሆነ የውሀ አቅርቦት ። | | | | | |
| 3 | የቢዝነስ ልማት አገልግሎት እጥረት | | | | | |
| 4 | በቂ እና ፈጣን የሆነ የትራንስፖርት አገልግሎት አለመኖር። | | | | | |
| 5 | በቂ የደረቅና ፈሳሽ ቆሻሻ ማስወገጃ ስርዓት አለመኖር። | | | | | |

32. ኢንተርፕራይዘ ውጤታማ እንዳይሆን ከግብይት ተዛማጅ ችግሮች በተመለከተ የቀረቡ መጠይቆች

| ተ.ቁ | 32. ግብይት ተዛማጅ ችግሮች | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | በቂ የሆነ የገቢያ እድል አለመኖር | | | | | |
| 2 | አዲስ የገቢያ አማራጭን የመፈለግ አዳጋችነት ። | | | | | |
| 3 | የወደፊት የገቢያ ፍላጎትን መተንበይ አለመቻል። | | | | | |
| 4 | በቂ የሆነ የግብይት መረጃ አለመኖር | | | | | |
| 5 | ግብይትን በተመለከተ ጥናትና ምርምር ከሚያካሄዱ ጋር ግንኙነት አለመፍጠር። | | | | | |
| 6 | ምርቶችን በአግባቡ አለማስተዋወቅ። | | | | | |
| 7 | ደካማ የሆነ የደንበኛ አያያዝ። | | | | | |

33. ኢንተርፕራይዘ ውጤታማ እንዳይሆን ከገንዘብ ጋር የተያያዙ ችግሮች በተመለከተ የቀረቡ መጠይቆች

| ተ.ቁ | 33. ከገንዘብ ጋር የተያያዙ ችግሮች | 5 | 4 | 3 | 2 | 1 |
|-----|---|---|---|---|---|---|
| 1 | በቂ የሆነ የብድር ተቋማት አለመኖር። | | | | | |
| 2 | የብር አያያዝ ክህሎት ችግር ። | | | | | |
| 3 | የስራ ማንቀሳቀሻ ብር እጥረት። | | | | | |
| 4 | አብዳሪ ተቋማት ለማበደር የሚጠይቁት ከፍተኛ የማስያዥያ መጠን። | | | | | |
| 5 | አብዳሪ ተቋማት የሚጥሉት ከፍተኛ የብድር ወለድ መጠን። | | | | | |
| 6 | አብዳሪ ተቋማት ለማበደር የሚከተሉት አሰልፎ ሂደት። | | | | | |

34. ኢንተርፕራይዘ ውጤታማ እንዳይሆን የስራ አመራር ክህሎት ጋር የተያያዙ ችግሮች በተመለከተ የቀረቡ መጠይቆች

| ተ.ቁ | 34. የስራ አመራር ክህሎት ጋር የተያያዙ ችግሮች | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | በሰራተኞች መካከል ግልጽ የሆነ የስራና ኃላፊነት ክፍፍል አለመኖር። | | | | | |
| 2 | ደካማ አደረጃጀትና ውጤታማ ያልሆነ የግድግዳ አሰራር። | | | | | |
| 3 | ፍላጎትንና ክህሎትን መሰረት ያላደረገ ማህበር መመስረት። | | | | | |
| 4 | የሰለጠኑ እና ልምድ ያላቸው ሰራተኞች አለመኖር። | | | | | |
| 5 | በዋጋቸው ተመጣጣኝና ተደራሽ የሆኑ የስልጠና እጥረት። | | | | | |
| 6 | ያጭር ጊዜና የረዥም ጊዜ የቢዝነስ እቅድ አለመኖር። | | | | | |

35. ኢንተርፕራይዘ ውጤታማ እንዳይሆን የስራ ፈጠራ ክህሎት ስራና ተዛማጅ ችግሮች በተመለከተ የቀረቡ መጠይቆች

| ተ.ቁ | 35. የስራ ፈጠራ ክህሎት ስራና ተዛማጅ ችግሮች | 5 | 4 | 3 | 2 | 1 |
|-----|--|---|---|---|---|---|
| 1 | ለስራ ፈጣሪነት አለመነሳሳት። | | | | | |
| 2 | ጠንክር አለመስራት። | | | | | |
| 3 | ለሚፈጠሩ ጊዜያዊ ውድቀቶች ጸንቶ ሀላፊነትን አለመውሰድ። | | | | | |
| 4 | የራስን ጠንካራ ስራና ደካማ ጎን አለመፈተሽ። | | | | | |
| 5 | በቂ የሆነ የስራ ፈጠራ ስልጠና አለመግኘት። | | | | | |
| 6 | በተመሳሳይ ዘርፍ በስራ ፈጣሪነታቸው ውጤታማ ከሆኑ ተቋማት ልምድ አለመቅሰም። | | | | | |
| 7 | በመንግስት ያገኙትን የገንዘብና የቁሳቁስ ድጋፍ በአግባቡ አለመጠቀም | | | | | |

መጠይቆቹን ለመሙላት ስለተባበሩኝ ምስጋናዬ ክልብ ነው !!!

Appendix 2:

INTERVIEW QUESTIONS FOR MSE OPERATORS

1. What problems did you face while running MSEs in relation to?

A. External factors

- Politico-legal factors [government policy, bureaucracies (in relation to company registration and licensing), taxation and like]
- Premises factors
- Technology factors
- Infrastructure (power, transportation, water supply and like)
- Marketing factors (relationship with suppliers, customers and others)
- Financial factors (interest rates, collateral requirements, etc)

B. Internal factors

- Management and related factors
- Entrepreneurial factors

2. What are other problem(s) did you faced regarding the overall Functioning of your activity?

Thank you for your participation