Innovations

# Determinants of Micro and Small Enterprises Growth in case of Nekemte City, East Wollega,Oromia region of Ethiopia

**Temesgen Desta Tolessa**

Lecturer at Wollega University, College of Business & Economics

Department of Business management

Nekemte, Ethiopia

Corresponding Email: **temesgendesta99@gmail.com**

**Received:** 17 March 2022 **Accepted:** 26 April 2022 **Published:** 30 April 2022

***ABSTRACT***

*Today, micro and small enterprises are global issues for development where Ethiopia is a part.The purpose of the study was toinvestigate the determinants of micro and small enterprise growth in Nekemte city.Data for this paper comes from the cross-sectional survey collected from five micro and small enterprisesin Nekemte city, East Wollega, Oromia region of Ethiopia. The five-level Likert scale and dichotomous questionnaire were used as the main data gathering tool. The researcher was used stratified & simple random sampling techniques and the data were collected from 332 participants.Binary logistic regression was used to identify the extent & probability to which explanatory variables predict the sales growth of micro and small enterprises.The result shows that access to finance,teamwork role,access tothe internet, access to government support, and access to work premises are the main explanatory factors for the sales growth variations in the study context. Access to business plan development, opportunity seeking,horizontal & vertical relationship of micro and small enterprises are also explaining variations in sales growth.The correlation coefficient findings of access to finance, teamwork role,access tothe internet, access to government support, and access to work premises have a strong and positive relationship with the sales growth of micro and small enterprises in the study area. The local government is advised to establish micro and small-scale enterpriseswith specific financial institutions that primarily meet their financial needs and are also suggested to connect micro and small enterprises with government projects that may increase the chance of selling their goods & services for a government project. Finally, they are also suggested to supply required internet access with fair & reasonable prices that help them to promote and manage their goods and service in the study area.*

***KEYWORDS**: 1.Finance, 2.Teamwork, 3.Internet, 4.Government Support, 5.Work Premise 6. MSE*

## CHAPTER ONE

### 1.1. Background of the Study

In a normal process micro and small-scale enterprise have to develop from one level of growth to the next level of growth that means from micro to small, from small to medium, and from medium to a

large-scale enterprise by fulfilling the criteria needed. When it is developed from small-scale to medium-scale, creates employment opportunity, facilitates industrial development, it becomes independent of government support, and leave the place for new micro-enterprise. So, if this process continues, the development of industries will be fast and its contribution to economic growth also increases. MSE is one of the institutions given recognition as global issues for development & primarily considered as any country's industrial development plan. It serves as vehicles for employment opportunities at the urban center and it strengthens the economic development. MSEs also serve as sources for sustainable job opportunities not only for developing countries like Ethiopia but also for developed countries like the USA. Thus, they should be given prior consideration as they are essential and serve asa sustainable source of job opportunities to Ethiopia(Araya, 2014).

Many donor and development agencies are eager to support reforms that maximize opportunities for economic growth and transformation. This involves an assessment of the conditions for growth and specifically the identification of the factors that inhibit the growth of MSEs; some of which may be related to the business environment(White, 2018).

The 2013 UNCTAD Report aptly summarizes the challenge of productive job creation for inclusive growth: Government data suggest that over 2 million job opportunities were created in 2012/13 alone through its investments in infrastructure and construction activities. According to UNCTAD (2013), however, such employment opportunities are, by definition, not sustainable, since they generally represent temporary employment and may not fully embed employees in productive employment(Owusu, 2014).

A survey on micro and small businesses sponsored by the Danish government and released in Kenya, on April 2010, found out that players in this sector are dissatisfied with access to finance especially from major financial institutions in Kenya. About 65% of micro, small and medium investors in Kenya, according to the survey, say that they did not receive any financial assistance from financial institutions during difficult economic times. Only 12% said they received financial help with good terms of repayment(Kung'u, 2015). Analysis of the success factors of micro and small business enterprises in Addis Ababa by(Tiruneh, 2011) gave attention to the record-keeping and financial control of SMEs.

According to (Mulugeta K., 2017), Micro and small scale enterprises have been accepted worldwide as an instrument of economic growth and development. They contribute significantly to the national economy of every country by alleviating poverty and creating jobs. No wonder that government, particularly in the developing countries, has made tremendous efforts and establish policies to enhance the capacity of micro and small scale enterprises.

In Ethiopia, like in any other developing countries, medium and large scale manufacturing or service giving sectors are not creating enough jobs to absorb the ever-increasing labor force, especially in urban areas(Gedam, 2010). As countries more integrated into the global economy were hit severely by the crisis, their policymakers turned attention towards domestic and regional demand to diversify risks. The crisis has raised the role of SMEs as the potential drivers of structural change, employment, and growth. It showed that the state has an important role to play in the development and underscored the usefulness of well-targeted government interventions (Asaminew, 2010). MSEs are particularly important in the context of the country's poverty-reduction strategy because they are the seedbed for the development of medium and larger enterprises, and because they absorb agriculturally under-employed labor, and diversify the sources of income for farming families(Tiruneh, 2011).

MSEs do serve as a means of bringing economic transition by using the skill and the talent of people without requiring high-level training, much capital, and sophisticated technology (Endalkachew, 2016). An analysis of the potential and problems inherent in its national innovation system could help identify outstanding issues and point to opportunities for growth-friendly reforms (IKED, 2006)The Federal Micro and Small Enterprises Development Agency (FeMSEDA) was established in

1998 - by the council of ministers of Ethiopia, regulation No. 33/1998 issued on April 3/1998 - replacing the former Development Agency for Small Industries and Handicrafts (Danish)(Hailu, 2010).

Micro, Small, and Medium Enterprises (MSMEs) have played and continue to play significant roles in the growth, development, and industrialization of developing countries. Accordingly, most developing countries have formulated and implemented a wide variety of MSME development strategies to support the growth of the sector, thereby transforming economies and generating substantial employment opportunities(Asfaw, 2017).

Study on the factors influencing SME failure in South Africa state that new SMEs do not usually move from the existence stage, which is the first stage of growth, to the subsequent stages such as survival, success, take-off, and resources maturity (Tshepo, 2017). The regional agencies are established to provide extensions services to MSEs at regional, sub-city, and kebeles level. Each regional agency is managed by a board of management consisting of bureaus, private organizations, other organized institutions, and prominent personalities involved in MSE activities(Hailu, 2010)The growth of small scale to medium scale enterprises, changes over time in their annual sale growth and output shares, market orientation and location are usually thought to be related to many factors, including the level of economic development, changes in real income per capita, population growth, and progress in technology. Given this thought, the main objective of this study was to identify the factors that affect the growth of MSEs measured by annual sale growth using 332MSEs member surveysin thestudy area.

## 1.2. Statement of the Problem

The growth and transformation through the promotion of micro and small enterprises have been robustly underscored in various development plans in Ethiopiabut the level of micro and small enterprise sale growth was not considered(Solomon, 2016). To make the micro and small enterprises the engine of economic growth and reduce the problem of micro and small enterprisegrowth, it is important to understand what factors affect the growth of MSEs in the context of Nekemtecity. The study on deterrents to the success of micro and small enterprises in AkakiKality sub-city, Addis Ababa, Ethiopia by (Mekonnen, 2013), state that micro and small enterprises are driving forces formicro and small enterprises economic growth in developing countries. He employedan exploratory research designthat is not important to investigate the cause-effect relation of the study independent variable & dependent variable (explanatory research design); andhe has also only used employment as a measure of MSEs economic growth without considering micro and small enterprises sale growth, asset growth &market share in the study area.

The study by(Abraham E., 2015) on the growth of micro and small enterprises in small towns with only women-owned micro and small enterprises without considering male counterparts. Study on determinants of growth in youth-owned Micro and Small Enterprises in Kenya by (Mugambi, 2018); and he used a descriptive research design andsmall sample which is not logical to infer for other micro and small enterprises including this study area and he has used youth employment as a measure of micro and small enterprises growth without considering MSEs sale growth & others with very few determinant variables in the study area.

Study on the determinants of micro and small enterprise's growth by(Solomon, 2016)and they only used marketing facilities, policy, and regulatory issues as a measure of micro and small enterprise growth determinants in the study area. The study by(Admasu, 2012) on factors affecting the performance of micro and small enterprises in the case of textile and garment in Lideta sub-city and he only on manufacturing without considering the tradingindustry. The study on factors affecting the growth of micro and small enterprises in case of Shire Indasselassie Town, Tigray by(Haftom, 2014)and his target respondent was only government official which administer micro and small enterprisesand he also used access to financial, access to infrastructure and access to working

premise as a measure of micro and small enterprises determinants growth in the study area. Thus, in sum, the above methodological and empirical gaps support the importance of undertaking a study on the determinants of micro and small enterprisegrowth measured by annual sale growth. Thus, to the best of the researcher's knowledge,there are inadequate studies that exhaustively conducted on the determinants ofmicro and small enterprise growth measured by sale growthin Nekemte city. Hence, this is the gap this study sought to fill.

## 1.3. Objectives of the Study

### 1.3.1. General Objective

The general objective of the studywas to investigate determinants of micro and small enterprisegrowth in Nekemte city.

### 1.3.2. Specific Objectives

The specific objectives of the study were:

- To analyze the extent to which access to finance and the internet of micro & small enterprisesdo predict the sale growth.
- To examine the degreeto which access to work premises, access to government support & opportunity-seekingof micro & small enterprises do predict the sale growth.
- To evaluate the level in which horizontal relationship &vertical relationship between micro & small enterprises do predict the sale growth.
- To investigate the extent to which access to business plan development and teamwork role of micro & small enterprisesdo predict the sale growth.

## 1.4. Significance of the Study

This study is believed to have importance to owners of micro and small enterprisesas it will predict the extent to whichdeterminant variables affect the sale growth of micro and small enterprises in the study area. This study will also determine how micro and small enterprises sale growth impactful affecttheir economic development. Therefore the findings of this study are expected to have the following significances to the stakeholders; Governmental policymakers: The government will use the findings of this study in social and economic development objectivespolicy formulation a framework in terms of personal and organizational related challenges of micro and small enterprisessale growth; The findings of this study will help micro and small enterprisesin Nekemte cityand others, within insight into the benefits of labor absorption, income distribution, rural development, poverty reduction regional balance and promotion of entrepreneurship using different factors studied in this research to predict the factors that affect sale growth of MSEs'; Academics/Researchers: Findings from this study will assist academicians in broadening of the prospectus in providing a deeper understanding of the critical factors that affect sale growth of micro and small enterprises.

## 1.5. Scope of the Study

The studyhas framed in terms of area and content to be discussed. Hence, geographically this study was delimited to Nekemte city on the five MSEssectors (manufacturing, construction, urban agriculture, service, and trade).Content-wise, this study focused on (business plan development, finance, internet, work premises, government support, opportunity seeking, teamwork role, horizontal relationship & vertical relationship) ands sale growth of MSE in Nekemte city.

## 1.6. Organization of the Paper

This thesis has five chapters. The second chapter of the paperdeal with theoretical &empirical reviews of the study. Chapter three includes research design and methodology, sampling technique, model specification, data collection techniques,and definition of variables.Chapter four has dealtwith

data presentation, analysis, and discussion. Finally, chapter five has describedthe conclusion and policy implications of the study findings.

## CHAPTER TWO

## REVIEW OF RELATED LITERATURE

### 2.1. Meaning and Concept of Micro and Small Enterprise Growth

A business that is defined as a small- or medium-scale enterprise in a developed country can be regarded as a large-scale enterprise in a developing country Even in developing countries, this definition changes over time(Nkiruka I., 2016). SMEs can be defined in terms of sales volume, several employees, or investment, (Ajide & Oyetade, 2014).Scholars have used a variety of indicators such as employment growth, sales growth, profit growth, asset growth, and equity growth to represent success achieved by firms(Belay., 2012).The growth of the firm can be measured in terms of sales, employment, or assets, and economic state that are a result of exploring opportunities(Kladiola G., 2014). According to(Akwalu, 2014),measuring sales growth and relative employment growth during a specific period is the most common indicators used.Sales and employment are the two most important indicators measuring a firm's size and growth(Abor, 2010).

The UNCTAD report The Least Developed Countries Report 2013 (UNCTAD, 2013) highlights the fact that the recent economic growth in many developing countries has not been inclusive and that economic growth's contribution to poverty reduction has been limited. The main explanation for the lack of inclusiveness is that growth in developing countries has not generated enough "quality" jobs, that is, jobs offering higher wages and better working conditions - especially for the young. Creating employment opportunities is critical because of the fundamental role that works plays in economic development and people's lives. Not only do productive employment opportunities influence income, household welfare, aggregate demand, and investment decisions, but they also are critical for the most sustainable and most dignified pathway out of poverty(Owusu, 2014).

In Ethiopia, the need to support MSE development goes beyond the current priorities given to employment creation as, besides, they have a critical role to play in the country's industrial development, especially when the rapid expansion envisaged for the manufacturing sector under the ongoing renaissance program is taken into account(GoE, 2016). Expansion and development of the sector increase agricultural productivity by providing agricultural inputs and creating demand for agricultural outputs. Thus, micro and small enterprises play a key role in stimulating other sectors of the economy such as trade, construction, services, and agriculture as well as in reducing unemployment as cited in (Abraham E., 2015) (ILO, 2006; Asefa, 2004).

The MSE growth stage refers to the situation where an enterprise that is receiving enterprise development support services, demonstrates its competitiveness in the market in terms of price, quality, and productivity as well as offers credible evidence as to its long term profitability. A successful enterprise at this stage is expected to achieve significant increases in the number of its employed workers and total assets. Also, the enterprise shall have already established a standard financial record-keeping system(GoE, 2016).

Most small enterprises are registered businesses and they are usually more organized and inefficiently run. Because they have a larger number of uneducated, technically not skilled proprietors, they have no easier access to bank credits and with no targeted assistance and support, they offer the least growth potential.

The small businesses grow and expand their classification changes from small to medium and eventually to large enterprises that may have their operations in one country or region to have a global presence. Most of the rules and regulations are favored towards small enterprises as compared to the large establishments; such rules included liberal price setting, tax exemption benefits to small

business startups, less administrative controls, and wage formation. But as the small enterprises grew; the rules changed such that the small scale enterprises experience difficulties that make them unable to transit and become large business establishments. Some of the difficulties included economic difficulties leading to declining in production, stiff competition caused by the ability of large enterprises to advertise and garner the market, and the shortcomings of economic legislation which is difficult for all businesses and it is especially hard for small and medium enterprises (Turner, Ledwith, & Kelly 2010), as cited in(Ongalo, 2016).

In Ethiopia, despite the enormous potential of vibrant MSMEs to contribute to job creation, income generation and poverty alleviation, the high failure rate of small firms and enterprises is a subject of much concern. In an attempt to identify determinant factors that affect survival, previous studies have focused on firm size/scale of operation, firm age, type of entrepreneur, macroeconomic environment, and type of technology. However, little attention has been given to analyzing the contribution of social capital in promoting the survival of small enterprises, and for improving their degree of performance. A critical analysis of MSMEs that have managed to survive and remain competitive in challenging environments indicates that such firms have relied on social capital(Eshetu, 2008).

The nature of the MSE strategy which distinguished the new strategy from the old one is: a new definition of MSEs based on manpower and total asset, one clustered marketing, and display site, saving 20% to get 80% loan, one site production and manufacturing, Lease system to buy big types of machinery and vehicles with payback of 40 years, tax holiday based on MSE typology and nature, persistent training and capacity building, formal accounting and auditing procedures, limited transformation period from 1-3 years, the structural arrangement at district and town administration level, decreasing the minimum number of MSE to a sole proprietorship and provide new MSE type like a cooperative, share company and other. According to the new strategy, the town administration is responsible to be considered as collateral only if the MSE members are more than 10 (FMSEDA, 2011), (Yared, 2017).

Small businesses are the backbone of many economies across the globe. It is one of the important segments of economic growth. It initiates change and works for the goods of people. Micro and small enterprises (MSEs) make important contributions to the development of many country's economies. The growth of a healthy, competitive MSEs sector will be maximized when there is a strong enterprise culture in the society at all levels; continuous growth in the quality stock of independent business; maximum potential for growth of existing small businesses: and a highly supportive economic, social and stakeholder environment(Lemma, 2018). In developing countries, they are seen as a major ‘self-help’ instrument for poverty eradication.

The MSE sector everywhere is characterized by highly diversified activities which can create employment opportunities for a substantial segment of the population. This implies that the sector is a quick remedy for unemployment and poverty problems(Nkiruka I., 2016). Micro and small enterprises are believed to have a vital role in poverty reduction, employment generation as well as economic development in poor countries like Ethiopia(Gedam, 2010). The Ethiopian government has long recognized the important contribution that small and micro enterprises can make in poverty reduction, employment creation, and private sector development. Micro and small enterprises offer both a safety regulator for the survival of workers that is available to find steady wage employment and an opportunity for the poor entrepreneurs to raise their capital and income. These enterprises also offer a vehicle for acquiring and applying skills to raise productivity and private sector growth, providing better wage-earning opportunities for the poor, while raising national income(Endalkachew, 2016).

Today in Ethiopia the importance of small business enterprises through job creation, source of wealth for owners, source of income for government GDP, etc.., becomes increasing and the government also gives attention to them. However, those small business enterprises have not been able to contribute

substantially as needed to the economic development of the country which is particularly because of financial, production, marketing, and other problems. These problems are still major bottlenecks to their development. Lack of adequate finance and credit has always been a major problem for Ethiopian small businesses, (Lemma, 2018).

As per a review by (Zinash, 2014), various books and literature written on entrepreneurship asserted that entrepreneurship is one of the resources needed for the production and transformation process and thereby serving as sources of new and innovative ideas. The study of entrepreneurs as individuals analyzes the variables that explain their appearances, such as personal characteristics, the psychological profile like the need for achievement, the capacity to control, tolerance of ambiguity, and a tendency to take risks or non-psychological variable such as education, experience, networks, the family, etc.

Small Scale Enterprise forms the bedrock of the economic growth of every nation. This is because no nation can achieve viable economic growth and development without the establishment of Small Scale Enterprise. Small Scale Enterprise has always been at the forefront of the development strategies of every nation. Thus, the quest for any nation's development must be centered around Small Scale Enterprise; because of its great role in terms of production activities, employment generation, and the overall improvement in the qualities of the life of people(Mohammed, 2016). According to (Birdthistle, 2007) Ireland is a small open economy, which is dependent on international trade. The Irish government has begun to focus on the development of smaller domestic firms as a source of future growth, which makes sense given the relevance of enterprise to the Irish economy.

In many countries, especially in developing countries micro & small enterprises are small informally organized commercial operations owned and operated mostly by the poor. They account for a substantial share of the total employment and gross domestic product (GDP) contribute significantly to the alleviation of poverty and income creation. They are often the chief economic defense of the most vulnerable households in a high-risk environment, such as civil conflict and natural disasters (micro-enterprise laying the foundation for economic development (MELFED 2004) as cited in (Bereket, 2010). The purpose of every business is to improve its economic value in the market by meeting customer needs, wants, and benefits. SME businesses are the mainstay of economic contribution so they are not exempt from this purpose. If SMEs want to be successful, they should respond to the sustainability challenges because customers evaluate a firm based on sustainable practices, (Salimzadeh, 2016).

When choosing an adequate measure for the growth of the SME examined, it is useful to take a look at previous studies to ensure the convenience and comparability of the results. There are various indicators used for growth measurement in the empirical research literature, as cited in(Fonger, 2017), (Wakkee et al., 2015): Sales, employment, physical output, assets, profits, and market share. MSEs are found in every economy; either in developing economies or developed economies. In either case, they play a significant role in the growth and sustainability of the growth of countries. In most countries, there isa small number of large enterprises, a larger number of medium enterprises, and a very large number of micro-enterprises (Tarmidi, 2005) as cited(Mohammed., 2014)The attitude towards growth is measured according to a scheme introduced by Wiklund et al. (2003), as cited in (Fonger, 2017). To measure growth attitude, the authors ask the respondents to assess a 100% increase in the number of employees within 5 years to various consequences of this growth.

The Government of Ethiopia is focusing on micro and small enterprises basically because of their contribution to reducing unemployment. The focus stems from the increasing unemployment problem in Ethiopia; and MSEs have a significant role in poverty alleviation and job creation (Solomon, 2004) as cited in (Mohammed., 2014). They are attracting the attention of the government, andthe government is supporting them in different ways like financial support, creating a marketing link, providing free showing areas, free production and operation area, promotion, and

so on. SMEs have been accepted worldwide as instruments of economic growth and development Governments, particularly in the developing countries, have made tremendous efforts and established policies towards enhancing the capacity and sustainability of SMEs However, despite government institutional and policy support, there are a grave concern and skepticism about whether SMEs can bring about economic growth and development, particularly in developing countries(Nkiruka I., 2016).

### 2.2. Determinants of Micro and Small Enterprises Growth

According to Zheng (2013), he argued that a recent policy shift towards private sector development has given a new impetus to SMEs development, as cited in (Lema, 2013). Attitudes towards the private sector have become positive and in this context, the role of MSEs as a seedbed for larger entrepreneurship has received greater recognition and increasing concern about the need to achieve high growth which is shared and amenable to achieving human development has given a new focus SMEs development. This is because, SMEs tend to develop in different regions of the country, hence contributing to reducingthe concentration of enterprises in urban areas and promoting balanced economic growth. They are more amenable to spreading to small towns and rural areas but also they have proved to be efficient and dynamic to countries that have given the opportunities to develop and to access appropriate support (Zheng, 2013), as cited in (Lema, 2013).

The Ethiopian government defines MSEs based on the size of the capital and level of automation (MSE strategy, 2004) as Cited in (Mohammed., 2014). Accordingly, micro-enterprises are those small business enterprises with a paid-up capital of not exceeding Birr 20,000 and excluding high-tech consultancy firms and other high-tech establishments and Small enterprises are those business enterprises with a paid-up capital of above Birr 20,000 and not exceeding Birr 50,000(Mohammed., 2014).

SMEs have comparatively limited resources and greater difficulty in accessing funding sources, are more defendant on a single product, have a less adequate budget control system, lack economies of scale(Jasra, 2011). The importance and emphasis of MSEs have been draw attention to the mind of policymaker, planer, and industry because society is not through the large scale but individual and small initiatives by a visionary from MSEs, and they are base for a shift from agrarian to the industrial knowledge base (Haily, 2007) as cited in(Dereje, 2016). Small and medium enterprises are widely recognized for their role in social, political, and economic development. Their importance is particularly apparent in their ability to provide reasonably priced goods, services, income, and employment to some people (Kamunge, 2014). Performance of the enterprise is an eventual return that can be obtained by the enterprise if it develops existing resources, takes off the restrictions, and uses the opportunities, which can be achieved taking into consideration the influence of factors maintaining sustainable development of the enterprise(Guna Ciemleja, 2011).

According to(Guna Ciemleja, 2011), the problems within an enterprise arise from improper activities, incompetence, or even negligence. anentrepreneur can be described as an innovating man, a path-breaker, and a pacesetter of economic and industrial growth. Their capabilities in terms of systematic ways of handling the available resources with the right knowledge of what it takes to make enterprises perform indicate his competency(Mulugeta K., 2017).

The International Finance Corporation (IFC) (2011) as cited in (Muthoni, 2015) has also identified various challenges faced by MSMEs which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. Small firm growth, regardless of its industry sector, has been a hot research topic for decades concerning strategy, organizations, and entrepreneurship. Despite extensive research that has explored the factors affecting small firm growth, no specific theory or empirical evidence has been put forth that would help scholars reach a consensus on the factors that affect small firms' growth(Bouazza, 2015).

Financing is one of the crucial elements that determine the development of (MSEs) and necessary to help them to set up and expand their operations, develop new products, and invest in new staff or production facilities. But if they are successful, there comes a time for all developing MSEs when they need new investment to expand or innovate further. That is where they often run into problems because they find it much harder than larger businesses to obtain financing from banks, or other financial institutions (Nuno Santos, 2003; Langenberg, 2005) as cited(Endalkachew, 2016).

The MSEs sector has only been given limited support and recognition by the national government in terms of access to finance as well as the provision of technical and managerial skills to citizens who operate small and medium enterprises(Mulugeta K., 2017).

The poor in Ethiopia have low income, which leads to low investment, which in turn leads to low productivity and income (Wolday 2003) as cited in (Gedam, 2010). Access to institutional credit that contributes to an increase in investment is very limited(Gedam, 2010). Enterprises are created to solve family financial constraints, one major family catastrophe, a terminal disease requiring expensive medication, death of the owner could lead to the exit of the business from the market(Mwangi, 2011).

The majority (64%) of MSMEs raised money from iqqub schemes at least twice over the six-year study period. Nearly 20% of the small firms that were sampled used the iqqub to finance their start-up operations. Of the sampled enterprises, 79% used iqqub finance because they faced barriers to accessing loans from formal financial institutions, including commercial banks and government-backed microfinance institutions. MSMEs prefer iqqub financing because these schemes are perceived to reduce transaction costs, enhance their savings, and facilitate the sharing of knowledge and skills, to name just a few reasons. These are typical mechanisms and benefits of social capital. This study has found that, although the risk of default in Iqqub schemes is very low, the schemes lack the financial capacity to address the financial needs of all members at a single time(Eshetu, 2008).

MSEs Performance can be measured in monetary terms like profits, costs, expenses, incomes or revenue, savings, and value of assets held. Performance of MSEs can also be measured in terms of capital employed typically expressed in financial terms as the rate of return on investment or in terms of current ratio arrived by dividing current assets by current liabilities (Ivancevich,1980) as cited in (Atandi, 2013). According to the study by(Mekonnen, 2013) Most MSEs had faced finance-related challenges such as collateral requirements, the inadequacy of loans, and the difficulty of accessing finance followed by the inconvenience of the loan repayment period and the high-interest rate which severely hinders MSE's operation. (75.3%) of MSE Premises were not allowed for those new entrant groups of having less than ten members.

The government is acknowledging the importance of further strengthening the MSME sector in its development framework. Kenyavision 2030 issued in 2007, which aims at an average annual growth rate of 10% to elevate Kenya into middle-income country status, has identified tourism, agriculture, manufacturing, wholesale and retail trade, business process offshoring, and financial services as priority sub-sectors with a particular potential to generate growth(Muthini, 2015).As cited in (Bereket, 2010), the study of Millhold (2002) suggests that those MSEs that sell to traders and manufacturing firms are more likely to grow than other MSEs sells to final consumers and because of (Small Enterprise Assistance Funds, 2004) that "Smaller business may import fewer intermediate goods. A greater amount of products are purchased from labor-intensive MSEs which may produce a large local multiplier effect". This in turn can lead to increased opportunities for locally sustainable growth and employment.

Marketing Factors: This includes factors such as the adequate market for a product, searching the new market for the product, demand forecasting, market information, relationship with an organization that conducts marketing research, promotion to attract potential users, and customer relationship and handling influence the performance of SMEs. Therefore it was expected that the marketing factors (affects positively) performance of MSEs.This is the level of agreement of the MSEs

owners/managers to agree or disagree on whether their performance was affected by marketing factors(Dereje, 2016).Market linkages connect the various players in a supply chain. These links can often be weak when it involves smallholder farmers, especially long chains in modern markets, which are led by distant corporate buyers. In the past, large corporate buyers were more focused on business linkages with produce aggregators rather than farmers. Inclusive business models provide an opportunity to re-align the linkages throughout a chain(Rupert B., 2015).

**Vertical cooperation and coordination:** This refers to the export market channel, relation governance patterns predominate. This is true at every level of the value chain, beginning with importers and ending with producers. Market relationships are generally limited to smaller transactions and are seen as a way to experiment with and develop new network relationships.Relationships between input suppliers and other firms in the value chain tend to be market-based. Vertical coordination and cooperation between firms in the value chain appear to function fairly well, and in many cases are characterized by thick information flows between firms.Information about new products and designs is usually embedded in the vertical relationships between firms(Elizabeth D., 2005).

**Horizontal cooperation and coordination** is the main alternative that producers have to sell to artisan-brokers is to sell their products through member representatives of their producer groups (i.e., cooperatives, associations, and other types of formal and informal groups). Producer groups arise in an attempt to eliminate the role of the artisan-broker as an intermediary. In that sense, they offer producers the chance to engage in functional upgrading and earn higher revenues. Producer groups might also be formed as a way to lower the costs of inputs, marketing, and business services. While there are several potential advantages to participating in a producer group, there can also be serious problems related to a lack of trust and group leaders' opportunistic behavior(Elizabeth D., 2005).

Marketing is one of the biggest challenges SMEs face in their business operations. SMEs in Algeria are weak in terms of market research and have inadequate marketing skills because most Algerian SMEs are owned and managed by one person. Such entrepreneurs take care of all the managerial functions of the enterprise and lack the time and funds to invest in research to establish their target market or identify customer trends(Bouazza, 2015).

Several studies confirm the strong influence of market orientation on firm performance. For example, (Komppula, 2004), results show that the most influential market orientation elements are a fast response to negative customer satisfaction information, strategies based on creating value for customers, immediate response to competitive challenges, and fast detection of changes in customer product preferences. Unavailability of appropriate dry waste and sewerage system, power interruption, inadequate water supply, and poor transportation facility near the working site is the critical influencing factors for the full-scale implementation of MSE's(Mekonnen, 2013). An investigation by(Hailu, 2010), identified the critical problems of MSEs in market-related problems, which are caused by poor market linkage and poor promotional efforts.

The rapid growth of global markets observed over the last decade has stimulated competition in both developed and developing countries, forcing entrepreneurs and policymakers to adopt market-oriented policies. The fact that the share of SMEs has increased in these countries suggests that efficient SMEs have been able to deploy new strategies to maintain or even enhance, their competitiveness in a globalized economy(Lema, 2013)The study by (Bereket, 2010), state that the construction of market sheds and common facility centers at suitable locations by the assistance of the government, donors and private sector Could help to address this problem. Thus, the government with support from donors could engage in constructing shades for MSEs to address the problem of the workplace, coupled with measures to encourage private investors to engage in the

construction of premises suitable for entrepreneurs. Creating work premises would benefit MSEs in reducing costs of high rent, reducing displacement, reducing closures of an enterprise. Besides, if MSEs have a constant workplace, they can draw long year strategic plans regarding the expansion of the business(Bereket, 2010).

A survey by (Admasu, 2012)finding indicated that finance factors, marketing factors, infrastructure factors, technological factors, work premise factors, management factors, and entrepreneurial factors hindered the performance of MSEs.By improving the business environment for MSEs, the growth opportunities for these firms should increase. However, while this logic makes intuitive sense, the role of business environment reform and its impact on MSE behavior, economic growth, and poverty reduction are more complex,(White, 2018).

According to(Ayanda, 2011), small and medium enterprises have been considered as the engine of economic growth and for promoting equitable development. The labor intensity of the SME sector is much higher than that of the large enterprises. The role of small and medium enterprises in the economic and social development of the country is well established(Ayanda, 2011). MSEs is one of the institutions given recognition in the country's industrial development plan and is the fact that it serves as vehicles for employment opportunities at the urban center and as it underpins the economic development(Mulugeta K., 2017). When 60 percent living below the poverty line are taken into account, the share of those gainfully employed in the SME sector is more likely to be in the region of 10% as recorded by US Industry Small Business Administration (SBA)(Ayanda, 2011). Micro, small and medium-sized enterprises are credited to offering about 75% of the general employment and contributing about 18% of GDP in the Kenyan economy. These enterprises cut across all sectors of the economy including general trade (wholesale and retail), services, farm activities, and manufacturing,as cited in(Kung'u, 2015) ,(Atieno, 2009).

MSE may be a source of livelihood for poor and unemployed people in both urban and rural areas and have a critical potential role in poverty reduction and economic recovery and growth(Gedam, 2010). Microenterprise development is an income-generating strategy that helps poor, low to moderate-income, and other disadvantaged individuals start or expand Microenterprises(Netsaalem, 2011). Specifically, microenterprise development fulfills personal, family, and community needs by creating income, building assets, and contributing to local employment creation(Netsaalem, 2011). Many policymakers, international organizations, and government agencies consider that access to both financial and business development services (BDS) can assist the growth of micro and small enterprises(Hrity A., 2009).

As a proven economic development tool, microenterprise development assists these disadvantaged individuals in working their way out of poverty, fulfilling their dreams, and contributing to their community (Association for Enterprise Opportunity, 2005). The roles of SMEs in the creation of productive employment are concerned with its position in the center of the range of sizes and resources intensities in a rising economy. Developing economies have started to focus on the crucial role that SMEs can play in their development(Jasra, 2011).

The importance of the micro and small enterprise (MSEs) sector to the national economy with regards to job creation and the alleviation of abject poverty among impoverished women in Ethiopia, the degree of recognition and strategic support provided to the sector is grossly inadequate(Gedam, 2010).

### 2.3. Research Hypotheses

**$Ho_1$**: Access to business planningdevelopment have no significant effect on micro & small enterprises sale growth.

**$Ho_2$**: Access to finance haveno significant effect on micro & small enterprises sale growth.

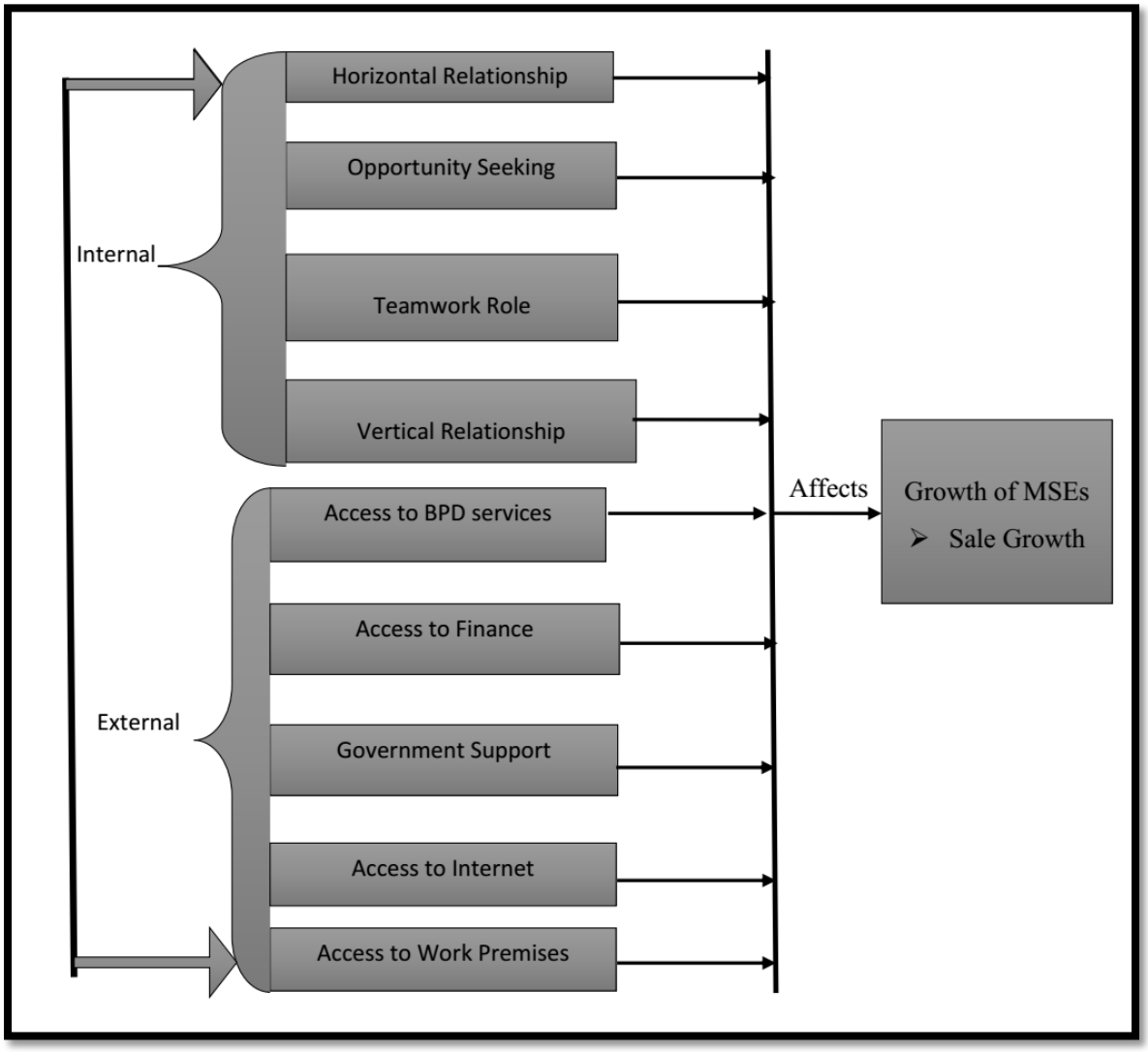
**$Ho_3$**: Access to government supporthave no significant effect on micro & small enterprises sale growth.

**$Ho_4$**: Horizontal relationship of micro & small enterprises have no significant effect on the sale growth.
**$Ho_5$**: Access to internet facilityhave no significant effect on micro & small enterprises sale growth.
**$Ho_6$**: Opportunity seeking hasno significant effect on micro & small enterprises sale growth.
**$Ho_7$**: Teamwork roles have no significant effect on micro & small enterprises sale growth.
**$Ho_8$**: Vertical relationshipsof micro & small enterprises have no significant effect on sale growth.
**$Ho_9$**: Access to work premises have no significant effect on micro & small enterprises sale growth.

## 2.4. Conceptual Framework

***Figure 2.1: Conceptual Framework***

**Independent VariablesDependent Variable**




**Source: Adapted from(Villeda, 2005), and(Solomon, 2016)**

# CHAPTER THREE
# RESEARCH DESIGN AND METHODOLOGY

## 3.1. Research Design

Research design primarily refers toa framework for the analysis of data (Bryman, 2012). To thoroughly explain the relationship between variables the most appropriate approach is explanatory research design, which helps analyze the nature and extent of the relationship that might exist between the research variables/dimensions/constructs by applying various inferential statistical tools(Churchill, 2002). According to (Gujarati D. N., 2004), the multiple linear regression model is a powerful tool for summarizing the nature of the relationship between variables and for making predictions of likely values of the dependent variable. It also attempts to test hypotheses on the causality of research variables(Kothari, 2004)The types of research design employed for this study were explanatory research design. to explain the cause-effect relation/predictive power of (access to business plan development, access to finance, access to government support, internet access, access to work premises, horizontal relationship, opportunity seeking, teamwork role &vertical relationship) onannual sale growth of MSEsin Nekemte city. It was also used to investigate the cumulative effect/degree of association among the study variables such as access to business plan development, access to finance, access to government support, access to the internet, access to work premises, horizontal relationship, opportunity seeking, teamwork role &vertical relationship) in the study area.

## 3.2. Target Population

The target population of the study was 11,050MSEs sectorsin Nekemte City as presented in the following table.

**Table 3.1: MSE Sectors involved in the study**

| Type of sectors | No. of MSEs in Nekemte City |
|---|---|
| Manufacturing | 1780 |
| Construction | 1210 |
| Urban Agriculture | 1300 |
| Service | 4340 |
| Trade | 2420 |
| Total | 11,050 |

Source: Nekemte MSE office report as of 2021 G.C.

## 3.4. Sampling Techniques

The total number of MSE sectors stratum registered as of Nekemte city MSEs report in 2020 G.C were11,050MSEs.Thestudy was conducted with a 5 percent marginal error and a 95 percent confidence interval and a 5 percent non-response rate. Then the following formula was used for the calculation of the sample size since it is relevant to the study and sampling method(Watson, 2001).

$$\frac{\left(\frac{P(1-P)}{\frac{A^2}{Z^2}+\frac{P(1-P)}{N}}\right)}{R}=\frac{\left(\frac{0.5(1-05)}{\frac{0.05^2}{1.96^2}+\frac{0.5(1-0.5)}{11,050}}\right)}{0.95}=\frac{\left(\frac{0.25}{\frac{0.0025}{3.8416}+\frac{0.25}{11,050}}\right)}{0.95}=\frac{\left(\frac{0.25}{0.0006726244}\right)}{0.95}=\frac{(371.678)}{0.95}=391$$

**Where:**

n = sample size required

N = number of people in the population

P = estimated variance in population, as a decimal of 0.5 for 50-50

A = Precision, expressed as a decimal 0.5 for 5%,
Z = based on confidence level: 1.96 for 95% confidence,
R = Estimated response rate, as a decimal 0.95% response return
According to the adopted (Watson, 2001) formula for minimum sample size determination, **391** MSEs total sample was determined and the sample was stratified in terms of MSEs sectors for comparison purposes.The sample size was proportionate to population size for each study MSEs sectors to ensure their representation in each study MSEs sectors and table 3.2 summarizes the sample size for each study MSEssectors. Moreover, the individual respondent/ MSEs Members survey from each sampled MSEs sector was selected by using simple random sampling form quota sampling techniques. Since it would give equal chance to all MSEs Members survey/ individual respondents from each sampled MSEs sector.

### Table 3.2: Business Sectors involved in the study

| | MSEs sector | Population(N) | Sample(n) |
|---|---|---|---|
| 1 | Manufacturing | 1780 | 391/11,050*1780=63 |
| 2 | Construction | 1210 | 391/11,050*1210=42 |
| 3 | Urban-Agriculture | 1300 | 391/11,050*1300=46 |
| 4 | Service | 4340 | 391/11,050*4340=154 |
| 5 | Trade | 2420 | 391/11,050*2420=86 |
| | Total | 11,050 | 391 |

Source: NekemteMSEs office report as of 2021 G.C.

## 3.5. Data Collections

Quantitative research approaches were followed to explore the determinants of MSE sale growth in the study area. MSEs Members survey was conducted and the data were collected from the five MSE sectors such as (construction, manufacturing, trade, service,and urban agriculture) members in Nekemtecity. The five-level Likert scaleand dichotomousquestionnaire were used to obtain data from MSE Members in the study area.Since, it has the advantages of easy handling, simple to answer, and statistically easy to process(Gujarati D. N., 2004).

## 3.6. Data Analysis

Data were analyzed using both descriptive and inferential statistics as per their relevance.
Primarily, binary logistic regressionanalysis was employed to identify the extent andprobability in which the studyindependent variables (access to business plan development, access to finance, access to government support, internet access, access to work premises, horizontal relationship, opportunity seeking, teamwork role & vertical relationship) predictssales growth ofmicro and small enterprises in Nekemte city. The binary logistic model was selected as an appropriate estimation model given the nature of the dependent variable: with two possible outcomes (1, 0) in which the annual increase in sale response represents (Yes=1) and annual decrease in sale response represents (No=0), in the study area. Next, descriptive statistics like correlation, mean, and standard deviation were used to analyze the descriptive part. So mean and standard deviation were used to describe theexisting practices of determinant variables by MSEs in the study area. Lastly, the Pearson Product Moment correlation matrixwas also used underdescriptive statisticsto assess the strength of the relation between determinant variables (access to business plan development, access to finance, access to government support, internet access, access to work premises, horizontal relationship, opportunity seeking, teamwork role &vertical relationship) and MSEssale growth in Nekemte city.

## 3.7. Model Specification

Binary logistic regression is a specialized form of regression that is formulated to predict & explain a binary (two-group) categorical variable or it is used to predict anything where the outcome is binary (Yes/No),(Harrell, 2001) and (Joseph F.Hair, 2010).

Multivariable Binary Logistic regression is a prognostic model that is fitted where there is a dichotomous/binary dependent variable like in this instance where the researcher is interested in whether there was an increase in annual salesor not in the MSEs under study. Usually, the categories are coded as "0" and "1" as its results is a straightforward interpretation. Therefore, sale growth is a dependent variable with two possible outcomes (1, 0) in which the annual increase in sale response represents (AIS=1) and the annual decrease in sale response represents (ADS=0). Hence, ASV is given by;

Where ASV=$\begin{cases} 1 = Sucess, if\ annual\ sale\ volume\ is\ \ increases \\ 0 = Failure, if\ annual\ sale\ volume\ is\ decreases\ i = 1,2,..n \\ \qquad\qquad\qquad\qquad or\ remain\ constant \end{cases}$

The binary logistic regression of dichotomous outcome variable (annual change in sale growth) on the combination of k discrete and continuous independent variables $X_1$, $X_2$, $X_3$....$X_k$ is defined by the following logit function:

The response probability of annual sale increment of MSEis evaluated as:

$$Pi=Prob\ (Y_i=1 \mid X_i) ==\frac{e^{XiB}}{1+e^{XiB}} \qquad (1)$$

The response probability of annual sale decrement of MSEsis evaluated as:

$$1\text{-}Pi=Prob\ (Y_i=0 \mid X_i) =\frac{1}{1+e^{XiB}} \qquad (2)$$

The natural logarithm of the odds ratio (log-odds ratio) is:

$$\ln\left(\frac{Pi}{1-P}\right)= X_i\beta= X_1i\beta_1+ X_{2i}\beta_2+ X_{3i}\beta_3+ X_{4i}\beta_4+ X_{5i}\beta_5+\ldots\ldots + X_{ki}\beta_k \qquad (3)$$

Let Yi be a random variable that can take on the value (1) with probability Pi (probability of sale increase), and the value (0) with probability (1-Pi) the probability of sale decrease). If the observations are independent variables $X_1$, $X_2$, $X_3$....$X_k$, then the probability distribution of Yi is given by:

$$\Pr(Yi = yi) = Pi^{yi}(1 - Pi)^{1-yi})i = 1,2, \ldots\ldots n \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (4)$$

The log-likelihood function is given by:

$$L(\beta) = \ln\big(l(\beta)\big) = \sum_{i=1}^{n} Yi(\alpha + \beta Xi - \sum_{i=0}^{n} \ln\,(1 + e^{\alpha+\beta Xi}) \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (5)$$

The maximum likelihood of β is obtained by maximizing the $L(\beta) = \ln\big(l(\beta)\big) = \sum_{i=1}^{n} Yi(\alpha + \beta Xi -$ $i=0n\ln\{1+e\alpha+\beta Xi)$concerningβ.

## 3.8. Definition of Variables

### 3.8.1. Dependent Variables

### 3.8.2. MSEs Sale Growth

Sales growth is considered a very important and popular determinant of MSEs growth because entrepreneurs measure growth through business sales(Isaga, 2012). Building production and sales premises shall be the major undertakings of ULGs, where cluster development shall be implemented as the principal means for poverty reduction. Facilities and support shall be provided to MSEs at affordable cost, to reduce their production and sales space-related constraints, facilitate their access to technology, and improve their access to markets and business finance(GoE, 2016).Producers are aware that every firm between them and the final consumer will normally receive some portion of the final sales revenue. Many producers aspire to eliminate one or more of the intermediary firms to receive a higher percentage of the price paid by final consumers. Most producers are unable to do so, however, because they lack sufficient resources, opportunities, and/or market information. This can lead producers to resent intermediaries, especially the brokers immediately above them in the value chain, with whom producers deal directly,(Elizabeth D., 2005).

### 3.8.3. Independent Variables

The determinant of sale growthwas treated as independent variables and measured by using a five-level Likert scale ranging from strongly agree (5), agree (4), undecided (3), disagree (2) to strongly disagree (1) as responses from respondents.

**Access to technology:** The existence of technology change how businesses were conducted. This affects organizations' ability to produce goods and services. For entrepreneurs to keep pace with their competitors and survive, they must pay attention to their technology and technological innovations by carefully monitoring their current developments. Therefore it was expected that technological factors determine (affects positively) performance of MSEs (profit, capital, and several employees).This is the level of agreement of the MSEs owners/managers to agree or disagree on whether their performance was affected because of type technological factors.

**Opportunity Seeking** is behaviors associated with entrepreneurs are that they tend to be more opportunity-driven, demonstrate a high level of creativity and innovation, and show a high level of management skills and business knowledge. They have also been found to be optimistic, emotionally resilient, and have mental energy, they are hard workers, show intense commitment and perseverance, thrive on the competitive desire to excel and win, tend to be dissatisfied with the status quo, and desire improvement, entrepreneurs are also transformational, who are lifelong learners and use failure as a tool and springboard. They also believe that they can personally make a difference, are individuals of integrity, and above all visionary(Simpeh, 2011).

**Access to work premise**: Access to working site facilities designed to foster the growth of MSEs such as production and sales centers measured by the number of customers(Debela, 2016).

**Government support**: Government support of MSEs can boost economic growth and development as this will help countries exploit the social benefits from greater competition and entrepreneurship(Beck T, 2005).The government is supporting SMEs in different ways like financial support, creating a marketing link, providing free showing areas, free production and operation area, and promotion as stated in(Mohammed M., 2014).

**Access to business plan development**: The skills ranked as most important by the largest proportion of dealers included business plan development, internal auditing, financial analysis,

networking, and management of farmer demonstrations. These survey results guided the design, implementation, and monitoring of a project aimed at strengthening access to capital and business services for agro-dealers,(Rupert B., 2015).

**Access to finance:** Different research evidenced that small firms start their business with their savings supplemented by borrowing from friends and relatives. Since most of the operators/owners are poor they start their business with very little capital. A few meet their capital requirements through informal credit mechanisms that exist within their community, but rarely from the formal sector institutions(White, 2018).

**Teamwork effort:**has the highest contribution to the growth of a small business. In an increasingly complex and competitive environment, teams can deal with a much wider range of problems than can an individual operating alone. A good management team is key to transforming your vision into a successful business. Show how your team is balanced in terms of technical skills (possessing the knowledge specific to your type of business), business skills (the ability to successfully run a business), and experience. As when building any other kind of team, the skills and talents of your management team need to complement one another. Include a job description for each management position, and specify the key people who will fill these slots (Hatten, 2009).

**Horizontal relationships:**are concerned with identifying and eliminating the barriers to beneficial relationships between MSEs. In particular, it considers how horizontal relationships and trust relate to transaction costs, organizational innovations, and human and social capital(Elizabeth D., 2005). It also examines several factors that influence the upgrading decisions made by MSE owners, including expected returns, risk, inter-firm linkages, and the availability of information. Horizontal relationships are designed to provide a better understanding of the incentives and disincentives for MSE owners to upgrade and enhance their contributions to the productivity and competitiveness of the value chain(Elizabeth D., 2005).

**Vertical Relationships:** This refers to the relationships between MSEs and the firms they sell their products to. They are designed to generate information that can facilitate the creation of win-win relationships between MSEs and lead firms by improving governance, increasing trust, and reducing risks and transaction costs(Elizabeth D., 2005).

## CHAPTER FOUR

## ResultsandDiscussion

### 4.1. Introduction

This chapter presents the analysis, interpretation, and findings of the study. The data gathered through the questionnaire was classified, tabulated, and summarized using means and standard deviations distribution tables. The data were collected from 332employees of different types of MSEs such as construction, manufacturing, service, trade, and urban agricultureregarding determinants of MSE's growth in the case of Nekemte City.The collected data were coded, entered in Stata version 14 software and the result of the study is presented, analyzed, and interpreted. First, the discussion began with the demographic information followed by a descriptive analysis of study variables with means and correlation, followed by the inferential statistics binary logistic regression were used to infer the study findings.

## 4.2. Descriptive Statistics Summary Reports

### 4.2.1. Background Characteristics of Respondents

The background characteristics of this study were gender, educational qualification,duration of MSEs operation, and the type of MSEs sector were described using table, frequency, and percentage as follows.

**Table 4.1: Demographic Variable Understudy**

| Variable | Category | Frequency | Percent |
|---|---|---|---|
| Gender | Male | 128 | 37.9 |
| | Female | 204 | 62.1 |
| Education | less than or equal to a diploma | 187 | 56.7 |
| | BA/BSC degree | 145 | 43.3 |
| Duration of MSEs in operation | One to five years | 95 | 28.3 |
| | Six to ten years | 134 | 40.8 |
| | Above 11 years | 103 | 30.9 |
| MSEs' Sector | Construction | 35 | 10.5 |
| | Manufacturing | 67 | 20.2 |
| | Service | 111 | 33.4 |
| | Trade | 88 | 26.5 |
| | Urban agriculture | 31 | 9.3 |

Source: Survey Data of 2021

According to the gender, characteristics result obtained in the above Table, out of 332 respondents 204(62.1%) of them were female whereas 128(37.9%) of them were male. This indicates that most of the participants in this study were female respondents.

Concerning the educational status of participants, the study result shows that 187 (56.7%) of respondents were less than or equal to diploma holders followed by 145 (43.3%) of respondents were BA/BSC degree holders.From this study, it is evident that the educational level of most participants wasless than or equal to a diploma.

Regarding the duration of MSEs operation, out of 332 participants, 134(40.8%) of respondents said their SMEs have operated between six to ten years, 103 (30.9%) of respondents have said their MSEs have operated above 11 years, while 95 (28.3%) of respondents have said their SMEs have operated between one to five years. The result indicates that more than 70% of MSEs under the study have operated for many years. Hence, it is applicable to examine the determinant of employment growth in MSEs firms.

Furthermore, the result presented in the above table shows that from the total of respondents, 111(33.4%) of them were in the service industry;88(26.5%) of them were in the trade industry; 67(20.2%) of them were in the manufacturing industry; 35(10.5) of them were in the construction industry; whereas 31(9.3) of them were in urban agriculture firms. From the result, we can conclude that in Nekemte city, the service industry MSEs was more exist than other while construction and urban agriculture were less existed when compare with others.

## 4.3. Descriptive Analysis of Study Variables

The study participants' level of agreement aboutthe determinants of MSEs growth inNekemte city was undertaken. The study participants' were asked using a Likert scale to indicate their level of agreement with scale such as 1= strongly disagree, 2= Disagree, 3=Neutral, 4= Agree, and 5= strongly agree for independent variables and Yes or No for the dependent variable. Accordingly, the mean value of the response computed based on the five-levelLikert scale indicated the average agreement of respondents(Bougie, 2010)&(Kothari, 2004). According to the measurement of the midpoint (3) on the five-point Likert scale and mean score below the midpoint (3) disagree; mean score above

midpoint (3) agrees and the mean score equal to the midpoint (3) is neutral(Bougie, 2010)&(Kothari, 2004). However, Yes depicts that annual increment of MSEs sale growth; whereas No shows MSEs sale growth remain as or decrease(Gujarati D. N., 2004). Hence, table 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.11, 4.12 & 4.13 are presented with mean, standard deviation, and correlation respectively as follows.

## 4.3.1. Binomial Analysis

**Table 4.2: Binomial Test**

| | | Category | N | Observed Prop. | Test Prep. | Sig. |
|---|---|---|---|---|---|---|
| Does your enterprise sale volume is annually increasing? | Group 1 | Yes | 85 | .24 | .50 | .000 |
| | Group 2 | No | 247 | .76 | | |
| | Total | 332 | | 1.00 | | |

Source: Survey Data of 2021

As you observe from the table 4.2, from the study category, 247 (.76%) the majority of respondent rating shows no annual sale increment of their MSEs and the remaining category 85 (.24%) respondent rating shows annual sale increment of their MSEs in the study area.

### 4.3.2. Determinants of MSEs Growth

The determinants of MSEs Growth were grouped into nine and separately discussed as follows.

**Table 4.3: Result of Business Plan Development**

| No | Business plan development | Mean | SD |
|---|---|---|---|
| 1 | We have a business plan for our enterprise's overall activity. | 2.41 | 1.23 |
| 2 | Our enterprise hasa business plan & development services fund. | 2.23 | 1.30 |
| 3 | Werefer to our enterprise business plan while producing goods & delivering services. | 2.52 | 1.39 |
| 4 | Our enterprise have the accessto business plan & development advisory service. | 2.35 | 1.16 |
| | | | N=332 |

Source: Survey Data of 2021

In table 4.3: the study mean value of MSEs access to business plan development services result was ranged from (M=2.52 & SD=1.39) to (M=2.23 & SD=1.30). Depending on the five-level Likert scale ways of reporting descriptive results with (mean & SD), the participants' were asked whether they refer the business plan while producing goods & delivering services and the result came to be (M=2.52 & SD=1.39). This showed that they do not refer to their business plan while producing goods & delivering services in the study area.Next, participants' were asked whether their MSEs have a business plan for their overall activity and the result came to be (M=2.41& SD=1.23). This illustrates that their MSEs do not have a business plan for their overall activity in the study area. The respondents were asked whether their MSEs have access to business plan & development advisory service and the mean score came to be (M=2.35 & SD=1.16). This illustrates that their MSEs did not have access to business plan & development advisory service.Lastly, participants' were asked whether their MSEs have a business plan & development services fund and the result came to be (M=2.23 & SD=1.30). This showed that their MSEs have no business plan & development services fund in the study area.

**Table 4.4: Result of Access to Finance**

| No | Access to finance | M | SD |
|---|---|---|---|
| 1 | Our enterprise has easy access to MFI to get credit. | 2.23 | 1.27 |
| 2 | The loan processing procedure of MFI requires a long time. | 2.38 | 1.65 |
| 3 | The loan obtained from MFI is adequate & fulfill our enterprise demand. | 2.17 | 1.33 |
| 4 | The MFI has provided training for our enterprise on basic financial management skills. | 2.42 | 1.45 |
| 5 | The MFI has provided training for our enterprise on basic financial record keeping and reporting skills. | 2.36 | 1.44 |
| N=332 | | | |

Source: Survey Data of 2021

The respondents were asked to rate MSEs' access to finance practices in Nekemte city and the result was a range between 2.42 and 2.17, as presented in table 4.4 above.

The participants' were asked whether the MFI have provided training for their enterprise on basic financial management skill and the result came to be (M=2.42 & SD=1.45). This showed that participants' were disagreed about the raised questions. This means the MFI in Nekemte city did not give basic financial management skill training for the study MSEs.Following, participants were asked the loan processing procedure of MFI requires a long time and the result was (M=2.38 & SD=1.65). The result showed that the MFI loan processing procedure requires a long time in the study area. The participants were asked whether the MFI have provided training for their enterprise on basic financial record keeping and reporting skill and the result was (M=2.36 & SD=1.44). The result showed that the MFI did not provide training for their enterprise on basic financial record keeping and reporting skills. The participants were asked whether their enterprises have easy access to MFI to get credit and the result was (M=2.23 & SD=1.27). The result showed that their enterprises did not easily access MFI to get credit. Lastly, participants were asked whether their enterprises have obtained loans from MFI is adequate & fulfill their enterprise demand and the result was (M=2.17 & SD=1.33). The result showed that their enterprises did not easily access MFI to get credit in the study area.

**Table 4.5: Result of Government Support**

| No | Government support | M | SD |
|---|---|---|---|
| 1 | Our enterprise has got training in business management by the government. | 2.39 | 1.57 |
| 2 | Our enterprise has collaborative linkages with government projects. | 2.14 | 1.44 |
| 3 | Our enterprise has got land ownership & titling assistance from the government. | 2.23 | 1.41 |
| 4 | Our enterprise has got a required infra-structure facility from the government. | 2.27 | 1.56 |
| N=332 | | | |

Source: Survey Data of 2021

The respondents were asked to rate MSEs' access to government support practices in Nekemte city and the result was ranged between 2.39 and 2.14, as presented in table 4.5above. The participants' were asked whether their enterprise has got training on business management by the government and the result came to be (M=2.39& SD=1.57). This showed that participants' were disagreed about the raised questions. This means their enterprise did not get training on business management by the government. Next, participants' were asked whether their enterprise have got required infra-structure facility from the government and the result came to be (M=2.27 & SD=1.56). This showed that participants' were disagreed about the raised questions. This means their enterprise did not get the required infra-structure facility from the government. The participants' were asked whether their

enterprise has got land ownership & titling assistance from the government and the result came to be (M=2.23 & SD=1.41). This means their enterprise did not get land ownership & titling assistance from the government. Lastly, participants' were asked whether their enterprise have collaborative linkages with government projects and the result came to be (M=2.14& SD=1.44). This means their enterprise did not has collaborative linkages with government projects in the study area.

**Table 4.6: Result of Horizontal Relationship**

| No | Horizontal Relationship | M | SD |
|---|---|---|---|
| 1 | Our enterprise has strong coordination with the other MSEs in the environment. | 2.17 | 1.22 |
| 2 | Our enterprise has strong cooperation with the other MSEs in the environment. | 2.32 | 1.38 |
| 3 | Our enterprise has the practices of sharing good practices with Model MSEs. | 2.29 | 1.27 |
| N=332 | | | |

Source: Survey Data of 2021

The respondents were asked to rate their enterprise relationship with another enterprise (*horizontal relationship*) in Nekemte city and the result was a range between 2.32 and 2.17, as presented in table 4.6 above. The participants' were asked whether their enterprise have strong cooperation with the other MSEs in the environment and the result came to be (M=2.32 & SD=1.38). This showed that participants' were disagreed about the raised questions. This means the study enterprisedid not have strong cooperation with the other MSEs in the environment. Succeeding, participants were asked whether they dohave the practices of sharing good practices with other Model MSEs and the result was (M=2.29 & SD=1.27). The result showed that they did not have the practices of sharing good practices with other Model MSEs in the study area. Lastly, respondents were asked whether their enterprise have strong coordination with the other MSEs in the environment and the result came to be (M=2.17 & SD=1.22). This showed that participants' were disagreed about the raised questions. This means the study enterprise did not have strong coordination with the other MSEs in the study area.

**Table 4.7: Result of Access to the Internet**

| No | Access to the internet | M | SD |
|---|---|---|---|
| 1 | Our enterprise has adequate access to internet facilities. | 2.18 | 1.36 |
| 2 | Our enterprise has used the internet to manage the enterprise business. | 2.44 | 1.42 |
| 3 | Our enterprise has used the internet to serve our enterprise client. | 2.26 | 1.31 |
| N=332 | | | |

Source: Survey Data of 2021

The respondents were asked to rate their MSEs' access to internet practices and the result was a range between 2.44 and2.18, as presented in table 4.7 above. The participants' were asked whether their enterprise has used the internet to manage the business and the result came to be (M=2.44& SD=1.42). This means their enterprise did not use the internet to manage their own business. Following, participants were asked whether their enterprise used the internet to serve their client and the result came to be (M=2.26& SD=1.31). The result showed that their enterprise did not use the internet to serve their enterprise client service. Lastly, participants were asked whether their enterprise have adequate access toan internet facility and the result came to be (M=2.18 & SD=1.36). The result showed that their enterprise did have adequate access to internet facilities in the study area.

**Table 4.8: Result of MSEsOpportunity Seeking Practices**

| No | MSEs opportunity-seeking practices | M | SD |
|---|---|---|---|
| 1 | Our enterprise tries to look for new business opportunities. | 4.12 | .81 |
| 2 | Our enterprise has tried to exploit old business idea with modification to produce goods & services. | 3.15 | 1.46 |
| 3 | Our enterprise has tried to exploit a new business idea to produce goods & services. | 2.23 | 1.29 |
| N=332 | | | |

Source: Survey Data of 2021

The respondents were asked to rate theirMSEs opportunity-seeking practices and the result was ranged between 4.12 and 2.23, as presented in table 4.8 above. The participants' were asked whether they try to look for new business opportunities and the result came to be (M=4.12& SD=.81). This means the participants were trying to look for new business opportunities in the study area. Succeeding, participants were asked whether their enterprise has tried to exploit old business ideas with modification to produce goods & services and the result came to be (M=3.15 & SD=1.46). The result showed that the study enterprise tried to exploit old business idea with modification to produce goods & services in the study area. Finally, participants were asked whether their enterprise has tried to exploit new business ideas to produce goods & services and the result came to be (M=2.23 & SD=1.29). The result showed that their enterprise did not exploit new business ideas to produce goods & services in the study area.

**Table 4.9: Result of MSEsMember Teamwork Role**

| No | MSEs member teamwork role | M | SD |
|---|---|---|---|
| 1 | In our enterprise, everyone values what each member contributes to the enterprise. | 4.24 | 1.05 |
| 2 | In our enterprise, members are clear about their roles within the team. | 4.08 | 1.06 |
| 3 | In our enterprise, members are clear about the roles of other teams. | 3.33 | 1.38 |
| N=332 | | | |

Source: Survey Data of 2021

The participants were asked to rate their MSEs member teamwork role practices and the result was ranging between 4.24 and 3.33, as presented in table 4.9 above. The participants' were asked whether everyone values what each member contributes to their enterprise and the result came to be (M=4.24& SD=1.05). This means everyone values what each member contributes to their enterprise. Subsequently, participants were asked whether their team members are clear about their role within the team and the result came to be (M=4.08 & SD=1.06). The result showed that the team members were clear about their role within the team. Lastly, participants were asked whether their team members are clear about the roles of other teams in the enterprise and the result came to be (M=3.33& SD=1.38). The result showed that the team members are clear about the roles of other teams in their enterprise in the study area.

**Table 4.10: Result of Access to Work Premises**

| No | Access to work premises | M | SD |
|---|---|---|---|
| 1 | Our enterprise work premises have met our current production demand. | 3.78 | .89 |
| 2 | Our enterprise work premise is convenient to sale good & service. | 3.65 | 1.02 |
| 3 | Our enterprise work premises have the potential for future expansion. | 2.36 | 1.07 |
| N=332 | | | |

Source: Survey Data of 2021

The respondents were asked to rate MSEs' access to work premise practices and the result was ranging between 3.78 and 2.36, as presented in table 4.10 above. The participants' were asked

whether their enterprise work premise has met their current production demand and the result came to be (M=3.78 & SD=0.89). This means their enterprise work premises have met their current production demand. Next, the participants were asked whether their enterprise work premise is convenient to sell their goods& services and the result came to be (M=3.65 & SD=1.02). The result showed that the enterprise work premise is convenient to sell their goods& services in the study area. Finally, participants were asked whether their enterprise work premise has potential for future expansion and the result came to be (M=2.36 & SD=1.07). This result showed that the enterprise work premise does not have the potential for their enterprise futurebusiness expansion in the study area.

**Table 4.11: MSEs Vertical Relationship with Customers**

| No | MSEs vertical relationship with customers | M | SD |
|---|---|---|---|
| 1 | Our enterprise has strong coordination with its customers. | 2.47 | 1.25 |
| 2 | Our enterprise has strong cooperation with its customers. | 2.45 | 1.19 |
| 3 | Our enterprise has legal enforcement contracts with its customers. | 2.38 | 1.51 |
| 4 | Our enterprise has used intermediaries to sell its goods& services. | 2.29 | 1.32 |
| N=332 | | | |

Source: Survey Data of 2021

The respondents were asked to rate their enterprise relationship with their enterprise customers (vertical relationship) and the result was a range between 2.47 and 2.29, as presented in table 4.11 above. The participants' were asked whether their enterprise have strong coordination with their enterprise customers and the result came to be (M=2.47 & SD=1.25). This showed that participants' were disagreed about the raised questions. This means the study enterprise did not have strong coordination with their enterprise customers. Followed by, the participants were asked whether their enterprise do have strong cooperation with their customers and the result was (M=2.45 & SD=1.19). The result showed that their enterprise did not have strong cooperation with their customers in the study area. The respondents were asked whether their enterprise have legal enforcement contracts with their customers and the result came to be (M=2.38 & SD=1.51). This shows that participants' were disagreed about the raised questions. This means the study enterprise did not have legal enforcement contracts with its customers in the study area.Lastly, respondents were asked whether their enterprise has used intermediaries to sell their goods & services and the result came to be (M=2.29& SD=1.32). This shows that participants' were disagreed about the asked questions. This means the study enterprise did not use intermediaries to sell their goods & services in the study area.

**Table 4.12: Mean Result Comparison of study Variable**

| No | Grouped factors | Grand Mean | Mean Rank | SD |
|---|---|---|---|---|
| 1 | Access to finance | 2.31 | 6th | .70 |
| 2 | Access to BPD services | 2.38 | 5th | .65 |
| 3 | Access to government support | 2.26 | 8th | .76 |
| 4 | MSEs horizontal relationship | 2.04 | 9th | .71 |
| 5 | Access to the Internet | 2.29 | 7th | 1.10 |
| 6 | MSEs Opportunity seeking practices | 3.16 | 3rd | .700 |
| 7 | MSEs Member teamwork role | 3.88 | 1st | .77 |
| 8 | Access to work premises | 3.26 | 2nd | .59 |
| 9 | MSEs Vertical relationship | 2.40 | 4th | .78 |
| N=332 | | | | |

Source: Survey Data of 2021

As shown in table 4.12, the overall mean score of the study variables was ranging from3.88 to 2.04. From this result, except team member role, work premises, and opportunity seeking, the whole determinants mean result was below the average. Accordingly, MSEs member teamwork role has the highest mean score of 3.88; access to work premises was ranked second with a mean score of 3.26,and MSEs opportunity-seeking practices were ranked third with a mean score of 3.16 which shows the existence of good practice concerning teamwork role, work premises and opportunity-seeking practice of MSEs in the study area.

*However,*a vertical relationship of MSEs was ranked fourth with a mean score of 2.40; access to business planning & development services was ranked fifth with a mean score of 2.38; access to finance was ranked sixth with a mean result of 2.31; access to the internet was ranked seventh with a mean score of 2.29; access to government support was ranked eighth with a mean score of 2.26 and finally, MSEs horizontal relationship was the least ranked with a mean score of 2.04. Those mentioned determinants below three mean results indicate poor practices of themin NekemteMSEs under study.

**Table 4.13: Correlation with Sale Growth**

| Correlation Coefficients | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | SG | AF | TWR | AI | AGS | HR | OS | ABPD |
| Sale Growth | Correlation | 1 | | | | | | | |
| | Sig. | | | | | | | | |
| Access to finance | Correlation | .088** | 1 | | | | | | |
| | Sig. | .000 | | | | | | | |
| MSEs teamwork role | Correlation | .059** | -.252** | 1 | | | | | |
| | Sig. | .000 | .000 | | | | | | |
| Access to the internet | Correlation | .090** | -.168** | .153** | 1 | | | | |
| | Sig. | .000 | .000 | .000 | | | | | |
| Access to government support | Correlation | .074** | .034** | .244** | .027* | 1 | | | |
| | Sig. | .000 | .006 | .000 | .032 | | | | |
| MSEs horizontal relationship | Correlation | -.043** | -.023 | .010 | .105** | .000 | 1 | | |
| | Sig. | .001 | .069 | .408 | .000 | .997 | | | |
| MSEs Opportunity seeking | Correlation | -.049** | -.213** | .161** | .140** | -.027* | .200** | 1 | |
| | Sig. | .000 | .000 | .000 | .000 | .032 | .000 | | |
| Access to business plan development | Correlation | -.059** | -.034** | .011 | .099** | -.015 | .341** | .191** | 1 |
| | Sig. | .000 | .007 | .397 | .000 | .244 | .000 | .000 | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | |

Source: Survey Data of 2021

Correlation Coefficients is the relationship between an independent and dependent variable with the value of *0.8 to 1.0, 0.6 to 0.8*, 0.4 to 0.6; and 0.2 to .4; and below 0.0 to 0.2 have very strong, strong, moderate, weak and very weak respectivelyas stated in (Gujarati D. N., 2004). Depending on the mentioned value of (Gujarati D. N., 2004)correlation coefficients, the strength of the relationship between the dependent and independent variables were interpreted for each of the variables under the study. Accordingly,internet accesshas a very strong relationship withsale growth of MSEs that accounts 9% followed byaccess to financehas a very strong relationship withsale growth of MSEs that accounts8.8%, and access to work premises hasa very strong relationship withsale growth of MSEs

that accounts 8.11% respectively. Next,access to government supporthas a strong relationship withthe sale growth of MSEs that accounts for 7.38%.Lastly,accessto business plan development services has a moderate relationship withsale growth of MSEs that accounts 5.94%, followed by MSEs Member teamwork rolehas a moderate relationship withsale growth of MSEs that accounts 5.91%, MSEs Opportunity seeking practices has a moderate relationship withsale growth of MSEs that accounts 4.89%, MSEs Vertical relationshiphas a moderate relationship withsale growth of MSEs that accounts 4.74%and MSEs horizontal relationshiphas a moderate relationship withsale growth of MSEs that accounts4.3% respectively in the study area.

## 4.4. Binary Logistic Regression Model Assumption Tests

**Table 4.14: Variance Inflator Factor**

| Collinearity Statistics Coefficients | | |
|---|---|---|
| | | Collinearity Statistics |
| Model | | VIF |
| 1 | Access to finance | 1.154 |
| | MSEs teamwork role | 1.224 |
| | Access to the internet | 1.079 |
| | Government support | 1.200 |
| | Access to work premises | 1.220 |
| | Vertical Relationship | 1.147 |
| | Horizontal Relationship | 1.171 |
| | MSEs Opportunity seeking | 1.181 |
| | Business plan development | 1.169 |
| a. Dependent Variable: Sale Growth | | |

**Source:** Survey Data of 2021

The variance inflation factor (VIF) values below 10 are acceptable (Gujarati, 2004). As it is observed from regression coefficients in table 4.14; the multicollinearity problem is not observed in this binary logistic regression model because the variance inflation factor coefficients are less than 10. Hence, the assumption tests have met the scientific requirement.

## 4.5. Econometric Results

**Table 4.15: Multivariable Binary Logistic Regression Model**

| Logistic regression | | | | Number of obs = 332 | | |
|---|---|---|---|---|---|---|
| | | | | LR chi2(9) = 227.03 | | |
| | | | | Prob> chi2 = 0.0000 | | |
| Log likelihood = -2051.41 | | | | Pseudo $R^2$ =0.0524 | | |
| Sale | Odds Ratio | Std. Err. | z | P>\|z\| | [95% Conf. | Interval] |
| Access to Finance | 2.030966 | .1801018 | 7.99 | 0.000 | 1.706946 | 2.416492 |
| MSEs teamwork role | 1.530136 | .1458821 | 4.46 | 0.000 | 1.269338 | 1.844519 |
| Access to internet | 1.409583 | .0578463 | 8.37 | 0.000 | 1.300646 | 1.527644 |
| Government support | 1.315585 | .1239588 | 2.91 | 0.004 | 1.093744 | 1.58242 |
| Access to work premises | 1.101396 | .0430962 | 2.47 | 0.014 | 1.020086 | 1.189186 |
| VerticalRelationship | .8322492 | .0804436 | -1.90 | 0.057 | .6886173 | 1.00584 |
| HorizontalRelationship | .8289327 | .0747376 | -2.08 | 0.037 | .6946626 | .9891556 |
| Opportunity seeking | .8286638 | .0742722 | -2.10 | 0.036 | .6951621 | .9878037 |
| Business plan development | .7268547 | .0657751 | -3.53 | 0.000 | .6087235 | .8679109 |
| _cons | 2.33555 | .3440146 | 5.76 | 0.000 | 1.749893 | 3.117216 |

(*) dy/dx is for discrete change of dummy variable from 0 to 1

The hypotheses of the study were tested by using a multivariable binary logistic regression model; Table 4.10 shows the results. It can be noticed from Table 4.10 the LR chi-square statistics in the binary logistic regression model is 227.03 with probability (chi2= 0.000) which indicated a good fitness of the predictability of the model used. This indicates that the overall model is highly significant at 1% and that all the independent variables are jointly causing significant variation in MSE sale growththat means there is a significant relationship between the dependent variable and the independent variables. Based on the magnitude of weighted beta, it can be concluded that if all independent variables are ignored, then theNekemte micro and small enterprise themselves have a value of 2.3355 on sale growth. The Pseudo $R^2$ indicates the strength of interpretation in the binary logistic regression model as it is explained by 5.24% (p<.005) in sale growth variation of Nekemtemicro and small enterprisebut the remaining 0.947 variationsof sale growth are caused by other factors that are not included in this study.

The direction of access to finance (Odds Ratio= 2.030966); teamwork role (Odds Ratio= 1.530136);access to internet(Odds Ratio= 1.409583); government support (Odds Ratio= 1.315585); andaccess to work premises (Odds Ratio= 1.101396) value shows these variables positive relationship. These imply as the value of either access to finance, teamwork role, internet access, government support and access to work premises increases, the predictive probability of these variables will increasethe probabilityofMSEs'sale growth in the study area.However, the direction ofMSEs' vertical relationship (Odds Ratio= 0.8322492);MSEsHorizontal relationship (Odds Ratio=0.8289327); MSEs opportunity-seeking (Odds Ratio=0.8286638) and access to business planning & development services (Odds Ratio=0.7268547) value shows their negative relationship. These imply as the value of either MSEs' vertical relationship, MSEs Horizontal relationship, MSEs opportunity-seeking, or MSEs' access to business plan & development services decreases, the predictive probability of these variables will decrease the likelihood of MSEs sale growthin the study area.

On the other hand, access to finance is significant at (P<0.01) and has an odds ratio equal to 2.030966. This figure refers to a unit increase in access to finance, holding other variables constant leads to an increase in the likelihoodof MSEssale growth by 103 percent. This valueimplies, access to finance has taken the first account to increase the probability of MSEs'sale growth in the study area. The finding is consistent with few research findings including (Debela, 2016); (Fredu, 2016);(Okurut, 2016);(Haftom, 2014);(Babajide, 2012) and(Papanikos, 2010)which shows as MSEs has financial access would increase the probability of MSEs sale growth. TheMSE teamwork roleis significant at (P<0.01) and has an odds ratio equal to 1.530136. This number refers to a unit increase in teamwork roleby MSEs, holding other variables constant leads to an increase in the likelihood of MSEssale growth by 53 percent. This implies a high value of the MSE member teamwork roleis associated with an increase in MSEssalesgrowth. This showsthe teamwork rolehas takenthe second account to increase the likelihood of MSEs'sale growth in the study area.The finding is consistent with the study findings of(Beneberu, 2019) and(Minniti, 2007) which shows as MSEs havea good teamwork role would increase the probability of MSEs' sale growth.

The internet accessis significant at (P<0.01) and has an odds ratio equal to 1.409583. This number refers to a unit increase in teamwork role by MSEs, holding other variables constant leads to an increase in the likelihood of MSEssale growth by 41 percent.This indicatesMSEs'access to the internet has taken the third account to an increase in the probability of MSEs'sale growth in the study area. The finding is consistent with the research findings including(Mulugeta K., 2017);(Solomon, 2016) and(Gemechu A., 2016)representing as MSEs hasinternet access would increase the probability of MSEs sale growth.

The MSE access to government support is significant at (P<0.05).The odds ratio for access to government support is 1.315585. This figure refers to a unit increase in access to government support by MSEs, holding other variables constant leads to an increasein the likelihood of MSEs'sale

growth by 32 percent.This indicates MSE access to government support has taken the fourth account to increase the probability of MSEs'sale growth in the study area. The finding is consistent with the research findings including (Debela, 2016);(Mohammed M., 2014) and (Carrier, 2008)support made from the government bodywouldincrease the probability of MSEs sale growth. The MSE access to work premises is significant at the 10% level of significance. The odds ratio for access to work premises is 1.101396. This figure refers to a unit increase in access to work premises by MSEs, holding other variables constant leads to an increase in the likelihood of MSEs'sale growth by 10 percent.This showsMSEs' access to work premises has taken the fifth account to increase the likelihood of MSEs'sale growth in the study area. The finding of the study is consistent with (Debela, 2016);(Haftom, 2014);(Gemechu A., 2016);(Haftom, 2014); showing as MSEs has work premises access would increase the probability of MSEs sale growth.

The MSEsvertical relationship is significant at (P<0.05).The odds ratio for MSEs'vertical relationship is .8322492. This number refers to one unit decrease in the vertical relationship of MSEs with their customer,holding all other variables constant leads to a decrease in the likelihood of MSEs' sale growth by 17 percent.This showsMSEs vertical relationship has taken the six account to increase the likelihood of micro and small enterprisessale growth. Thehorizontal relationship of MSEs is significant at (P<0.05).The odds ratio for the Horizontal relationship of MSEs is .8289327. This number refers to one unit decrease in a horizontal relationship of MSEs,holding all other variables constant leads to a decrease in the probability of MSEs sale growth by 17 percent.This showsthe horizontal relationship of MSEs has taken the seven accountsto increase the likelihood of MSEs' sale growth in the study area.

The study MSEs opportunity-seeking practices are significant at (P<0.05).The odds ratio for MSE opportunity seeking is .8286638. This figure refers to one unit decrease in a horizontal relationship of MSEs,holding all other variables constant leads to a decrease in the likelihood of MSEssale growth by 17 percent.This demonstratesMSEs' opportunity-seeking practices havetaken the eighth account to increase the likelihood of MSEs' sale growth in the study area. The finding is consistent with the research findings of(Wanda Y., 2015) and (Vardhan, 2012) indicating as enterprises are seeking opportunity increases the probability of their sale growth. The MSEaccess to business plan development services is significant at (P<0.05).The odds ratio for MSEs'access to business planning & development services is 0.7268547. This figure refers to one unit decrease in MSEsaccess to business plan development services,holding all other variables constant leads to a decrease in the likelihood of MSEs' sale growth by 27 percent.This revealsMSEs'access to business plan development services has taken the ninth account to increase the likelihood of MSEs' sale growth in the study area. The finding is consistent with the research findings of (Tiruneh, 2011) and (Rupert B., 2015) which implies access to business plan development services would increase the probability of MSEs' sale growth in the study area.

**Table 4.16: Marginal Effects After Logistic**

| Marginal effects after logistic | | | | | | |
|---|---|---|---|---|---|---|
| y = Pr(sale) (predict) | | | | | | |
| = .90750973 | | | | | | |
| sale | dy/dx | Std. Err. | z | P>\|z\| | [95% Conf. Interval] | |
| Access to finance | .0624316 | .00805 | 7.76 | 0.000 | .046659 | .078204 |
| MSEs teamwork role | .0348616 | .00759 | 4.59 | 0.000 | .019981 | .049742 |
| Access to internet | .0288146 | .00334 | 8.62 | 0.000 | .022263 | .035366 |
| Government support | .0227466 | .0077 | 2.95 | 0.003 | .007656 | .037837 |
| Access to work premises | .0081064 | .00327 | 2.48 | 0.013 | .001691 | .014522 |
| Vertical Relationship | -.016015 | .00875 | -1.83 | 0.067 | -.033158 | .001128 |
| Horizontal Relationship | -.015734 | .00754 | -2.09 | 0.037 | -.030521 | -.000947 |
| Opportunity seeking | -.0159552 | .00769 | -2.08 | 0.038 | -.03102 | -.00089 |
| Business plan development | -.0267831 | .00758 | -3.54 | 0.000 | -.041631 | -.011935 |

**Significant at P < 0.01, P < 0.05 and P < 0.1, values of the variables are transformed to natural logarithms, (*) dy/dx is for discrete change of dummy variable from 0 to 1.

Accordingly, the marginal effects are interpreted based on the sign and category. This means an estimated positive coefficient for a category indicates that an increase in that variable increases the probability of being in that category. Conversely, a negative coefficient indicates a decrease in the probability of being in that category. Interestingly, the marginal effects are fairly consistent with the results of model estimated coefficients. All the study variables are statistically significant with the marginal effect estimatesmodel. The marginal effect estimation results of the study variables have reported as follows. Thatis a unit increase in access to finance by MSEs has increased the probability of their sale growth by 6.2%; a unit increase MSEs member teamwork role increases the probability of sale growth by 3.5%;a unit increase in access to the internet by MSEs has increased the probability of sale growth by 2.9%;a unit increase in access to government support by MSEs has increased the likelihood of sale growth by 2.3%;a unit increase in access to work premises by MSEs understudy has increased the probability of sale growth by 0.81% respectively.

On the contrary, a unit decrease in the relationship of MSEs with their customers (vertical relationship) would decrease the probability of their sale growth by 1.6%;a unit decrease inthe relationship between MSEs (horizontal relationship) would decrease the likelihood of sale growth by 1.57%; a unit decrease in opportunity-seeking practices of MSEs would decrease the probability of sale growth by 1.59%; a unit decrease in access to business planning and development services of MSEs would decrease the probability of sale growth by 2.68%respectively.

**Table 4.17: Decision on Research Hypotheses**

| No | Hypothesis Variables (Estimated Coefficient) | P<0.01, 0.05, 0.1 |
|---|---|---|
| 1 | $Ho_1$: Access to business plan development have no significant effect on the sale growth of MSEs. | *Reject* |
| | $Ha_1$: Access to business plan development have a significant effect on the sale growth of MSEs. | *Accept* |
| 2 | $Ho_2$: Access to finance have no significant effect onthe sale growth of MSEs. | *Reject* |
| | $Ha_2$: Access to finance have a significant effect on the sale growth of MSEs. | *Accept* |
| 3 | $Ho_3$: Access to government support have no significant effect on the sale growth of MSEs. | *Reject* |
| | Ha3: Access to government support have a significant effect on the sale growth of MSEs. | *Accept* |
| 4 | $Ho_4$: Horizontal relationship of MSEs have no significant effect on their sale growth. | *Reject* |
| | $Ha_4$: Horizontal relationship of MSEs have a significant effect on their sale growth. | *Accept* |
| 5 | $Ho_5$: Access to internet facility have no significant effect on sale growth of MSEs. | *Reject* |
| | $Ha_5$: Access to internet facility have a significant effect on sale growth of MSEs. | *Accept* |
| 6 | $Ho_6$: Opportunity seeking has no significant effect on the sale growth of MSEs. | *Reject* |
| | $Ha_6$: Opportunity seeking hasa significant effect on the sale growth of MSEs. | *Accept* |
| 7 | $Ho_7$: Teamwork roles have no significant effect on the sale growth of MSEs. | *Reject* |
| | $Ha_7$: Teamwork roles have no significant effect on the sale growth of MSEs. | *Accept* |
| 8 | $Ho_8$: Vertical relationships of MSEs have no significant effect on their sales growth. | *Reject* |
| | $Ha_8$: Vertical relationships of MSEs have a significant effect on their sales growth. | *Accept* |
| 9 | $Ho_9$: Access to work premises have no significant effect on the sale growth of MSEs. | *Reject* |
| | $Ha_9$: Access to work premises have no significant effect on the sale growth of MSEs. | *Accept* |

**Source**: Survey Data, 2021

According to(Bougie, 2010), the research hypothesis is a predictive statement about the independent variable effect on the dependent variable. The alternative hypothesis ($H_1$) is usually the one which one wishes to prove and the null hypothesis ($H_0$) is the one which one wishes to disprove. Thus, the null hypothesis represents the hypothesis that trying to reject an alternative hypothesis represents all other possibilities. Hypothesis testing will result in either accepting the hypothesis or in rejecting the hypothesis based on the conventional precision values less than 0.05(Bougie, 2010).

Depending on each independent variablesextent of estimated coefficients of the modeland their level of significance at (*P<0.01, 0.05, 0.1*),the proposed hypotheseseither accepting or rejecting decision andtheir interpretation was made(see table 4.17)as follows; Firstly,access to finance with the estimated coefficients of 0.062 at p<0.01, which indicates access to finance impactful predicts MSEs sale growth with the decision ofaccepting the alternative hypotheses and rejecting thenull hypothesis in the study area.Secondly, teamwork role with the estimated coefficients of 0.035 at p<0.01, which indicates teamwork role impactful predicts MSEs sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis.Thirdly, access to the internet with the estimated coefficients of 0.029 at p<0.01, which indicates access to the internet impactful predicts MSEs' sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis.Fourth, access to government support with the estimated coefficients of 0.023 at p<0.05, which indicates access to government support impactful predicts MSEs sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis.Fifth, access to work premises with the estimated coefficients of 0.008 at p<0.05, which indicates access to work premises

impactful predicts MSEs sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis in the study area.

Sixth, MSEs' horizontal relationship with the estimated coefficients of -0.0157at $p<0.05$, which indicates a horizontal relationship ofMSEs significantly predicts MSEs' sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis.Seventh, Opportunity seeking with the estimated coefficients of -0.0159 at $p<0.05$, which indicates opportunity-seeking of MSEs significantly predicts MSEs' sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis.Eighth, Vertical relationship with the estimated coefficients of -0.016 at $p<0.1$, which indicates the Vertical relationship of MSEs significantly predicts MSEs' sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis.

Lastly not least, access to business plan development with the estimated coefficients of -0.026 at $p<0.01$, which indicates MSEs access to business plan development significantly predicts their sale growth with the decision of accepting the alternative hypotheses and rejecting the null hypothesis in the study area.

.

## CHAPTER FIVE

# Conclusions and Policy Implications

## 5.1. Conclusions

The study analyzed thedeterminants of micro and small enterprise growth in Nekemte city, Eastern Wollega, Ethiopia.In connection with each specific objective, the researcher has made conclusions as follows. The findings show that there is inadequate access to business plan development,inadequate access of finance,inadequate internet access,inadequate access of government support; and also poor practices of MSEshorizontal and vertical relationship were of few of MSEs bottlenecks or that negatively influence the sale growth of MSEs in the study area.

MSEs sale growth is influenced by some factors and these factors are location specific. From this fact, MSEsSale growth is influenced by some factors and these factors are location specific. MSE's financial access is found to be one of these factors. The findings show that MSEs financialaccess impactful predicts their sale growth which shows as MSEs has financial access they can produce & promote required goods and service through necessary media so that the probability of selling their product will increase in the study area. Following,MSEs members team roleimpactful predicts their sale growththat indicates good teamwork role of MSEsmembers can produce a number of goods & deliver service so that the probability of selling their goods and service for existing & potential customers will be increased; Next MSEs access internet impactful predicts their sale growthwhichinfersMSEs with internetaccess can promote their goods and service via internet facility so that the probability of selling their goods & services will be increased;subsequently MSEs with government support impactful predicts their sale growthwhich shows MSEs with government support may have connection with government project which may their goods and service so that the probability of selling their goods & services will beincreased and lastly not least MSEs with access to work premise impactful predicts their sale growth thatmeansMSEs access to work premises can produce required supply of goods and service so that the probability of expanding more MSEs business and selling of more goods & services will increase respectively in the study area.

On the other hand, MSEs horizontal relationship significantly predicts their sale growth which means as MSEs has strongcoordination and cooperation they will share information about the supply and demand of their goods and service among each other's so that the probability of selling their product will increase. Next, opportunity-seeking of MSEs significantly predicts MSEs sale growth, which

implies as MEs has the intelligence of opportunity seeking they do have consistent relation with their existing customers of their goods and services;they can also attract potential customer in their environment so that the probability of selling their product forexisting and potential customer will be increased, MSEs vertical relationship significantly predicts their sale growth which means as MSEs has strong coordination and cooperation with their customers they can easily recognize each other's needs to buy and sale products so that MSEs has high probability of selling their products and finally MSEs access to business plan development significantly predicts MSEs sale growth, which implies their enterprise will be guided by plan to receive existing enquires of their goods & services so far the MSEs has high probability of selling their products by meeting new enquires of their goods & services in the study area.

## 5.2. Policy Implications

Based on the findings and strong empirical pieces of evidence, some policy considerations are suggested toMicro and Small Scale EnterprisesDevelopment Agency, Policy Makers, Strategists, and Supportive Governmental Programsand Non-Governmental Organizations& other Stakeholder of micro and small scale enterprises as follows;

The local government is advised to establish micro and small scale enterpriseswith specific financial institutions that primarily meet their financial needs. The local government needs to be accountable to the micro and small scale enterprises so that they can ensure whether the finance institutions are really serving the interest of the micro and small scale enterprises and also advised to coordinate the support available from various actors to achieve maximum impact on micro and small scale enterprises owners to make them competitive in both local and international markets. The local government is recommended to supply required internet access with fair & reasonable prices that help micro and small scale enterprises to promote and manage their goods and service and it is suggested to enhance the integration of micro and small enterprises with medium and large enterprises through trainingand experience sharing in the study area.

The local government is suggested to connect micro and small enterprises with the existing government project that may increase the chance of selling their goods & services for a government project and also the local government is recommended to identify micro and small enterprises with the problem ofwork premise and give them adequate work premise that should meet their enterprise demand so that the probability of expanding their enterprises business and selling of more goods & services may be increased.

It is valuable if each member contributes to the enterprises they can produce the required goods & services so that the probability of selling the goods and services for existing & potential customers will be increased. Micro and small enterprises are advised to have strong coordination and cooperation with the sister micro and small enterprises so that they will share information about the supply and demand of their goods and service among each other's as a result the probability of selling their product will increase so far the owners of micro and small scale enterprises should conduct practical marketing research to sale their existing product in collaboration with the sister micro and small enterprises;Micro and small enterprises are recommended to have legal enforcement contracts with their customers and satisfying their need consistently according to their agreement so that they will have cooperation with their customers and the probability of selling their goods and services may be increased.Finally, the micro and small enterprises are strongly advised to have an intelligence program foropportunity-seeking that may enable micro and small enterprisesto get day to day availablebusiness opportunityso that there will be thelikelihoodofusing the available business opportunity and the likelihood of minimizing the observed business treat will be increased in the study area.

**ACKNOWLEDGMENTS**

I am grateful to Wollega University Research and Technology Transfer for its financial support for this research. Wollega University Research and Technology Transfer aims to explore to train, supervise, consult and support Micro and Small Enterprises in East Wollega, Oromia region of Ethiopia particularly Nekemte City Micro and Small Enterprises to contribute to social and economic development objectives of our country such as labor absorption, income distribution, rural development, poverty reduction regional balance and promotion of entrepreneurship. Wollega University is one of the newly established public universities in Ethiopia and engaged in three pillars such as community service, research, teaching, and learning.

**FUNDING**

The author received no direct funding for this research.

## LIST OF ACRONYMS

| | |
|---|---|
| ASV | Annual Sale Volume |
| BDS | Business Development Services |
| FEMSEDA | Federal Micro and Small Enterprise Development Agency |
| GDP | Gross Domestic Product |
| GoE | Government of the Federal Democratic Republic of Ethiopia |
| IFC | International Finance Corporation |
| M | Mean |
| MELFED | Micro Enterprise Laying Foundation for Economic Development |
| MFI | Micro Finance Institution |
| MSEs | Micro and Small Enterprises |
| MSMEs | Micro, Small and Medium Enterprises |
| NECA | National Electrical Contractors' Association |
| SD | Standard Deviation |
| ULGs | Urban local governments |
| UNCTAD | United NationsConference on Tradeand Development |
| UNDP | United NationsDevelopmentProgrammeEthiopia |
| | |

**REFERENCES**

1. Abor, J. &. (2010). *Issues in SME Development in Ghana and South Africa.* International Research Journal of Finance and Ethics.
2. Abraham E. (2015). Growth of micro and small enterprises and its determinants: The Case of Hadiya Zone, Ethiopia. *Bulletin of Business and Economics*.
3. Admasu, A. (2012). *factors affecting the performance of MSEs in case of textile and garment in Lideta sub-cities, Addis Ababa.* Ethiopia: Addis Ababa University.
4. Ajide, F. M., & Oyetade, J. A. (2014). *Environmental sustainability and financial performance of small and medium Enterprises in Nigeria: A study of selected firms in Lagos State.* International Journal of Management Sciences and Humanities.

5. Akwalu, P. (2014). *Factors influencing performance of youth owned small and medium enterprises in case of Maara sub-county.* Kenya.

6. Araya, H. ( 2014). External Factors Affecting the Growth of Micro and Small Enterprises (MSEs) in Ethiopia: A Case Study in Shire Indasselassie Town, Tigray. *European Journal of Business and Management, Vol.6, No.34, 2014*.

7. Asaminew, Z. B. (2010). *Unlocking Productive Entrepreneurship in Ethiopia:Which Incentives Matter?* Tunisia: African Development Bank.

8. Asfaw, A. (2017). *Small and Growing Businesses in Ethiopia.* ADA asbl and First Consult PLC.

9. Atandi, F. G. (2013). Effect of Credit on Micro and small Enterprises Performance . *International Journal of Academic Research in Business and Social Sciences September 2013, Vol. 3, No. 9*.

10. Ayanda, A. M. (2011). Small and medium scale enterprises as a survival strategy for employment. *Journal of Sustainable DevelopmentVol. 4, No. 1; 2011*.

11. Babajide, A. (2012). *Effects of Microfinance on Micro and Small Enterprises Growth in Nigeria.* Asian Economic and Financial Review.

12. Beck T, D. A. (2005). *SMEs, Growth, and Poverty: Cross country Evidence.* World Bank mimeo.

13. Belay., F. (2012). *Determinants of microenterprise success in the urban informal sector of Addis Ababa: A Multidimensional Analysis.* International Institute of Social Studies.

14. Beneberu, A. W. (2019). *Determinants of farm livelihoods of smallholder farmers in Yayu biosphere reserve, SW Ethiopia: agender disaggregated analysis.* Cogent Economics & Finance.

15. Bereket, T. (2010). *The Role of Micro and Small Enterprises in Employment Creation and Income Generation A Survey Study of Mekelle City, Tigray Region, Ethiopia.* Mekelle University: Mekelle University, College of Business and Economics,Department of Management.

16. Birdthistle, N. (2007). *An examination of tertiary level students and theirintention to foundan enterprise .* Ireland.

17. Bouazza, A. B. (2015). Establishing the factors affecting the growth of small and medium-sized enterprises in Algeria. *American International Journal of Social Science Vol. 4, No. 2; April 2015*, 102.

18. Bougie, U. S. (2010). *Research Methods for Business:A Skill Building Approach,5th Edition.* United Kingdom: John Wiley & Sons Ltd.

19. Carrier, C. (2008). *Entrepreneurship in Large Firms and SMEs: A Comparative Study.* International Small Business Journal.

20. Churchill, G. a. (2002). *Marketing Research: Methodology and Foundation.* 8th ed., New York: South West Publishers.

21. Debela, H. (2016). *Effects of government support on performance of micro and small enterprises: In case of Ambo town.* Haramaya University.

22. Dereje, M. (2016). *Factors affecting performance of micro and small scale enterprises.* Nekemete,Ethiopia: Wollega university.

23. Elizabeth D., a. L. (2005). *Weaving micro and small enterprises into global value chains: The case of Guatemalan textile handicrafts.* United States Agency for International Development.

24. Endalkachew, D. (2016). *Assessment on the determinant factors on the performance of micro and small enterprises: The case of Hossana town in Hadiya zone.* Haramaya.

25. Eshetu, B. (2008). *Efficiency and Social Capital in Micro, Small and Medium Enterprises: The Case of Ethiopia .* University of Western Cape: Department of Economics Faculty of Economics and Management Sciences University of Western Cape.

26. Fonger, J. (2017). *Dynamic Capabilities and Growth of small and medium sized enterprises- a study among companies in North Rhine-Westphalia (Germany).* Germany.

27. Fredu, N. (2016). *Small and Medium Enterprise Access to Finance in Ethiopia:Synthesis of Demand and Supply.* Addis Ababa, Ethiopia: Horn Economic and Social Policy Institute.

28. Gedam, M. (2010). *The role of ACSI in addressing financial needs of women clients engaged in micro and small enterprises.* Addis Ababa.

29. Gemechu A., &. T. (2016). *Factors affecting performance of micro and small enterprises in South West Ethiopia in case of benchMaji, Sheka, and Kefa Zones.* Global Journal of Management and Business Research.

30. Gujarati, D. N. (2004). *Gujarati: Basic Econometrics, Fourth Edition.* New York: The McGraw–Hill Companies.

31. Guna Ciemleja, N. L. (2011). The model of sustainable performance of small and medium-sized enterprise. *Inzinerine Ekonomika-Engineering Economics, 2011, 22(5), 501-509*.

32. Haftom, H. (2014). *The factors affecting the growth of micro and small enterprises (MSEs),in case of study in Shire Indasselassie Town.* European Journal of Business and Management,Vol.6, No.34, 2014.

33. Hailu, H. (2010). *Success Factors in Micro and Small Enterprises Cluster Development.* Addis Ababa, Ethiopia.

34. Harrell, F. E. (2001). *Regression Modeling Strategies: With Applications to Linear Models, Logistic Regression, and Survival Analysis. Springer.* USA.

35. Hatten, T. S. (2009). *Small Business Management Entrepreneurship and Beyond,Fifth Edition.* South-Western, Cengage Learning.

36. Hrity A. (2009). *Business development services for cooperatives and individual entrepreneurs: experiences from Addis Ababa.* Ethiopia: Institute of Social Studies.

37. IKED. (2006). *Conference on transforming university-industry-government relations in Ethiopia.* Addis Ababa,.

38. Isaga, N. (2012). *Entrepreneurship and the growth of SMEs in the furniture industry in Tanzania.*

39. Jasra, J. M. (2011). Determinants of business success of small and medium enterprises. *International Journal of Business and Social Science Vol. 2 No. 20; November 2011*.

40. Kamunge, M. S. (2014). Factors Affecting the Performance of Small and Micro Enterprises in Limuru Town Market of Kiambu County,Kenya. *International Journal of Scientific and Research Publications, Volume 4, Issue 12, December 2014* , 1.

41. Karl E, C. (2012). *Principles of economics.* Prentice Hall Boston Columbus Indianapolis New York San Francisco Upper Saddle River.

42. Kladiola G. (2014). *Small and medium sized enterprises'; growth factors.* Albania: European Scientific Journal.

43. Komppula, R. (2004). *Success factors in small and micro businesses.* North Karelia.

44. Kothari, C. (2004). *Research Methodology:Method and Techniques.* New Delhi: 2nd ed.,Published by New Age International (P) Ltd., Publishers.

45. Kung'u, G. K. (2015). *Factors Influencing Small and Medium Enterprises' Access to Funding in Kenya: A Case Study of Westlands Division.* Kenya.

46. Lema, J. (2013). *Assessment of the factors affecting performance of small and medium enterprises (SMEs):the case of Kilimanjaro region.* Mzumbe.

47. Lemma, N. (2018). Factors Affecting the Performance of Micro and Small Scale Enterprises: Experience from North Shewa Zone,Ethiopia . *Journal of Investment and Management, 2018; 7(2): 70-76*.

48. Mekonnen, D. (2013). Deterrents to the Success of Micro and Small Enterprises in Akaki-Kality Sub-City. *JBAS Vol.5 No. 2 December 2013 1*, 2.

49. Minniti, M. (2007). *Entrepreneurship the Engine of Growth.* London: An imprint of Greenwood Publishing Group, Inc.

50. Mohammed M., a. Z. (2014). *Determinants of Growth of Micro and Small Enterprises in Ethiopia in Case of MSEs in Mekelle City, Tigray.* International Journal of Advance Research in Computer Science and Management Studies.

51. Mohammed, G. (2016). *The Challenge and Prospects of Small Scale Enterprise in Ethiopia: A Survey of Some Selected Small Scale Enterprise in Addis Ababa City.* Ethiopia.

52. Mohammed., Z. A. (2014). Determinants of Growth of Micro and Small Enterprises in Ethiopia: A Case of MSEs in Mekelle City, Tigray. *International Journal of Advance Research in Computer Science and Management Studies Volume 2, Issue 6, June 2014*.

53. Mugambi, P. (2018). *Determinants of growth in youth owned Micro and Small Enterprises in Kenya.* Jomo Kenyatta university of Agriculture and Technology.

54. Mulugeta K., a. G. (2017). The impact of environmental factors on the performance of micro & small-scale enterprises in East Gojjam Zone, Ethiopia. *International Journal of Science and Research (IJSR) Volume 6 Issue 3, March 2017*.

55. Muthini, R. (2015). *Factors influencing growth of micro, small and medium Entreprises (MSME) owned by women in Muthurwa market in Nairobi county, Kenya.* University of Nairobi.

56. Muthoni, K. M. (2015). *Factors affecting performance of micro and small family business enterprises in Nairobi county.* Kenya.

57. Mwangi, B. W. (2011). Accounting Systems in Small and Micro Enterprises. *Journal of Language, Technology & Entrepreneurship in Africa Vol. 3 No. 1*.

58. Netsaalem, B. (2011). *Factors affecting the performance of micro and small enterprises: The case of Harrar, Ethiopia.* Harrar, Ethiopia: Department of Rural Development and Agricultural Extension,Haramaya University.

59. Nkiruka I., O. A. (2016). *Survival Strategies and Sustainability of Small nd Medium Enterprises in the Oshodi-Isolo Local Government Area of Lagos State.* Lagos State.

60. Okurut, F. N. (2016). *Determinants of MSEs growth in Botswana.* International Journal of Economic Issues.

61. Ongalo, D. (2016). *Factors affecting transition of small scale businesses to medium organizations in Kenya: asurvey of clearing and forwarding companies in Mombasa.*

62. Owusu, E. (2014). *Accelerating Inclusive Growth for Sustainable Human Development in Ethiopia.* Addis Ababa: UNDP.

63. Papanikos, G. T. (2010). *International Essays on Small and Medium Sized Enterprises.* Athens Institute for Education and Research.

64. Rupert B., S. F. (2015). *A Guide to Strengthening Business Development Services in Rural Areas.* nited States Conference of Catholic Bishops.

65. Salimzadeh, P. (2016). *Sustainable Practices in Small and Medium Sized Enterprises in Regional Australia.* Australia.

66. Simpeh, K. (2011). *Entrepreneurship theories and empirical research:A summary review of the literature.* European Journal of Business and Management .

67. Solomon, T. T. (2016). Determinants of growth of micro and small enterprises (MSEs): Empirical evidence from Ethiopia. *Swiss Programme for Research on Global Issues for Development*.

68. Tiruneh, A. (2011). *Analysis of the Success Factors of Micro and Small Business Enterprises in Addis Ababa.* Ethiopia: Addis Ababa University.

69. Tshepo, S. (2017). *The Factors Influencing SME Failure in South Africa.* University of Cape Town.

70. Vardhan, J. (2012). *A Binary Logistic Regression Model for Entrepreneurial Motivation Among University Students – A UAE Perspective.* Journal of Educational and Social Research.

71. Villeda, E. D. (2005). *Weaving Micro and Small Enterprises Into Global Value Chains:The Case of Guatemalan Textile Handicrafts.* United States Agency for International Development.

72. Wanda Y., J. (2015). *Marketing Strategies for Profitability in Small Independent Restaurants.* Walden University.

73. Watson, J. (2001). *How to Determine a Sample Size: Tipsheet #60,University Park, PA: Penn State Cooperative Extension.*

74. White, S. (2018). *Creating Better Business Environments for Micro and Small Enterprises.* Donor Committee for Enterprise Development.

75. Yared, T. (2017). *Challenges and Opportunities of Micro and Small Enterprises Strategy in Ethiopia Urban Development: the Case of Ambo Town, Oromia Ethiopia* . Ethiopia.

76. Zinash, A. (2014). *Factors affecting women entrepreneurs.* Addis Ababa: ST.Mary'S University, School of graduate studies.