

# Determinants of the Success of Small & Medium Scale Enterprise in Gurage Zone: The Case of Wolkite Town

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## Abstract

This research aims to investigate Determinates of entrepreneurial success of small and medium enterprises emphasizes on construction, manufacture, service, trade and agriculture sectors in Wolkite. For the sake of achieving the objectives of this study the information were collected through questionnaire from a sample of 92 operators and face-to-face interviews were conducted with 20 operators of SMSEs. The respondent operators were selected using stratified sampling technique. Besides the questionnaires, the interview questions were analyzed using descriptive narrations through concurrent triangulation strategy. The findings further indicate that, the major determinants for entrepreneurial success for operating small and medium scale enterprises, the major internal factors that affects the success of entrepreneurs small and medium scale in Wolkite, Are Moreover, the selected independent variables politico- legal, working premises, technological marketing and dependent variable financial managerial and entrepreneurship may significantly explain the variations in the dependent variable. The major finding of the study has further identified that the different influences in which each of the factors under study have in different categories of the business the research clearly illustrates that, even if the degree of those critical factors in construction, manufacture, services, trade and agriculture sector slightly differ from the factors that are critical to work sectors, most of the factors are considerably common for five sectors. It has been noted that the contextual factors are prevalent to the business such as politico-legal, financial, working premises, marketing and infrastructure had very high effects on the success of SMSES compared to other factors in the research area. Furthermore, based on the major findings and conclusions, the following recommendations were made: Government offices have to organize and facilitate marketing and promotional programs to address the issue of business development service and convince and aid enterprise to prepare business plan. An endeavor should be made to increase education level of operators or employees because it will improve entrepreneurial trait of owners/managers of SMSEs and leads to increase the use of ICT.

**Keywords:** SME, Entrepreneurial, Performance.

## CHAPTER ONE

### 1.1 Introduction

Small and Medium Scale Enterprises (SMSEs) has usually been perceive as the dynamic force for sustaining economic growth and job creation in developing countries. They play multifaceted role such as boosting competition, innovation, as would as development of human capital and creation of a financial system. This chapter presents the back ground of the study, statements of the problem, the objectives of the study, scope of the study, delimitation of the study, limitation of the study, definition of the terms and organization of the study.

### 1.2 Background of the study

Entrepreneurship is a key in the growth and development of once nations. New businesses directly affect economic performance by creating new jobs and/or products. However, they may also has important indirect effects: improvements in efficiencies and productivities, price reductions, structural transformation, generation of new markets and innovations, greater varieties of products, increased division of labor, etc. Further, the economic impact of entrepreneurship is generally not limited to the industry in which the start-up operated and/or to the region in which the entry occurs. Rather, the externalities associated with entrepreneurship spill over close-by industries and regions Acs and Amoros (2008) This has motivated a number of investigations on what determines entrepreneurship (Parker 2009). However, most of these studies provide evidence from Western Europe, North America and Japan. The determinant of entrepreneurship in developing countries, on the other hand, has been studied much less. In this paper we review this literature with the aim of addressing the question of whether the determinants of entrepreneurship are the same and/or have the same impact in developed and developing countries.

The small business sector is recognizing as an integral component of economic development and a crucial element in the effort to lift countries out of poverty Wolfenson (2001). Small- Scale businesses are driving force for economic growth, job creation, and poverty reduction in developing countries. While the contributions of small businesses to development are generally acknowledge, entrepreneurs in this sector face many obstacles that limit their long term survival and development. Scholars have indicated that starting a business is a risky venture and advises that the chances of small-business owners making it past the five-year mark are very slight

ILO 2000. Some researches into small-business development have also shown that the rate of failure of small scale businesses in developing countries is higher than in the developed world (Marlow 2009). In Nigeria in particular, despite the support and incentive programmer to small scale business, Akabueze (2002) briefly stated that it will be seem reasonable to expect that small businesses will be grow and flourish, but the rate of business failure continues to increase because of the obstacles affecting business performance which include: lack of financial resources, lack of management experience, poor location, laws and regulations, general economic conditions, as well as critical factors such as poor infrastructure, corruption, low demand for products and services, and poverty. Others include: shortage of raw materials, handicap in obtaining finance, inadequate competent personnel, inability to control costs and problems of dumping of cheap foreign products and others.

An enterprise small and medium scale enterprises are indispensable in poverties reduction through employment generation. Cognizant of this, a national SMSEs Development Strategy was formulated in 1997. Ethiopia's SMSE Policies envisages not only reducing poverty in urban areas but also nurturing entrepreneurship and laying the foundation for industrial development. The strategy was revised in 2010/11 with renewed interests and more ambitious targets on employment and number of entrepreneurs and transition to medium size level.

### **1.3 STATEMENT OF THE PROBLEM**

Small and Medium scale Enterprises (SMSEs) are regarded as the engine of economic growth and equitable development in developing economies. Philip (2010) found that the most significant factors that affected the business success of SMEs in Bangladesh are products and services, external environmental factors, and the management know-how. Products and services hypothesis accepted as innovative and high quality of product gives added value to SMEs customer in Bangladesh.

According to Huck and McEween (1991) Jamaican entrepreneurs' success depend on their understanding of customers' need, access to capital, support of family, and networking with friends from former schools and colleges.

According to Organization of Economic Cooperation and Development OECD (2003) entrepreneurship is a process through which entrepreneurs created and grown enterprises to provide new products or services, or add value to products or services. According to them, the characteristics of seeking opportunities, taking risk beyond security and having tenacity to push an idea through to reality combined into special perfective that permeates entrepreneurs.

Yusop (2010) found that the elements such as, entrepreneurial role models, presence of experienced entrepreneurs, skills and knowledge of the entrepreneurs, cultural attitudes towards entrepreneurship and proximity of entrepreneurial universities are strongly correlated with the entrepreneurial culture and mindsets. The entrepreneurial supports and governmental policies are related to the business angels and risk capital availability, availability of financial resources, government influences and supports for entrepreneurship in addition to role of government policies on entrepreneurial activity.

Wolkite has three Administrations formally registered entrepreneurs during the year (1997 -2009) in the Trade and Industry Development Bureau, enterprise general data code 3 registered 568 entrepreneurs, but 210 off lion not activates. Rest of other 358 enterprises engaged somehow in different activities. Wolkite administration of each registered at current time is 38% at Bekure 40% at Addis and 22% Gubre Sub -City. Indeed, regardless of a call for current research, this research has indicating and shows by financial and non – financial support, infrastructures, shortage of capital budget, market information problem, socio cultural problem and lack of technology done about assessing the determinants of entrepreneurial success of SMSEs, particularly, in the study area. Thus, there are limited empirical studies on the challenges of the entrepreneurial activists in the wolkite. This research would be conducted with an aim of identifying the major challenges for small & micro enterprises encountered in the study area. Specially, it looks at the determinants of entrepreneurial success in Wolkite by focusing on manufacture, construction, service, trade, and urban agriculture sectors.

### **1.4 Research Question**

- How the factors affect the entrepreneurship success of SMSEs in Wolkite?
- What are the major internal factors that affect the success of entrepreneurs?
- What are External factors that affect the success of entrepreneurs?
- What type of factors highly attributes to entrepreneurship success for SMSE's operating in Wolkite?

### **1.5 OBJECTIVE OF THE STUDY**

#### **1.5.1 General Objective**

The general objectives of this study were to identify the major determinant that affects Entrepreneurial success for SMSEs operating in Wolkite.

#### **1.5.2 The specific objectives are:**

- To assess role of factors affect in determining of entrepreneurial success for SMSEs operating in

- Wolkite
- To identify the major internal factors that affect the success of SMSEs entrepreneurs in wolkite
  - To identify the major external factors that affect the success of SMSEs entrepreneurs in wolkite
  - To identify factors highly attributes on entrepreneurship successes in wolkite?

### **1.6 SCOPE OF THE STUDY**

To begin with, the study would be conducted mainly in Wolkite town on identifying the determinants of entrepreneurial success and identifying factors responsible for the success of entrepreneur. The total frame of the study is delimited to enterprises in Wolkite town. This is located in Wolkite, the capital city of Gurage zone. The other area Gubera where the study emphasizes is located in eastern part of wolkite which is around 14 km far from Wolkite.

### **1.7 Delimitation of the Study**

The study is delimited geographically on addressing the determinants of entrepreneurial success particularly Wolkite. Although, there are different issues that could be researched in relation to entrepreneurship development, this studies are delimited to the politico-legal, working premises, technological, infrastructural, marketing, financial, management and entrepreneurial challenges. As would, the scope of this study was extended across enterprises especially in the business sector of manufacturing, constructions, services, trades and agriculture sectors.

### **1.8 Limitations of the Study**

Like all research, this study has limitations. The sources of difficulties encounter in this study are described as follows: most of the documents that are concern with micro and small enterprises the written data are flexible change time to time applicant candidate there entrepreneurial activity so that can't takes a specific data at a period of time. Another problem encounter in the study has to do with the unwillingness to help due to mistrust that making know information may guide to unhelpful effected on their business. It is very important to note that these limitations do not contain any significant interference with the outcome of the data.

### **1.9 Organizations of the paper**

They take it easy of the paper is organize as follows: chapter one, would be introduction of the study, which contains background of the study, problem statement, research question, research objective, scope of the study delimitation of the study and organization of the study, chapter two, introduction of the chapter, review of related literature, study of empirical literature, conceptual frame work and literature gap although chapter three, would be introduction of the chapter, description of the study area, research approach and design, data collection, target population, ethical consideration, method of data analysis and chapter four discussion and interpretation, chapter five summary, concludes and suggests some recommendations.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

This chapter would be reviews existing literature on the subject of this studies. It outlines the literature review, the theoretical and conceptual frameworks of the study, empirical literature and identifies literature gap.

#### **2.2 Theoretical Literature Review**

The debt financing gap of SMSEs has been a point of discussion in the literature for some time now. Some studies focused on SMSEs difficulties in accessing finance often called demand side characterization of the problem while others presented the main issues in bank lending practices called supply side characterization. Understanding SMSEs problem of access to finance (or financing gap) implies describing the various limitations in both the demand side and supply side. The supply side constraints focus on the source of finance, i.e., if appropriate sources of finance are not available on terms and conditions suitable to SMSEs European Commission (2001). Whereas, the demand side constraints explain if entrepreneurs or firms do not make use of existing financing opportunities due to shortage of good project, lack of persuasive business plans or the legal status of the firms.

Deakins, Hernandez-canovas and koeter-kant (2008), Since banks are not able to control all actions of borrowers due to imperfect and costly information, they formulate the terms of the loan contracts in such a way as to reduce the risks associated with borrowing. In the absence of sufficient financial information especially in developing countries like Africa where there are no credit bureaus, banks generally rely on high collateral values, which according to bank reduces the risks associated with the problems of adverse selection and moral hazards resulting from imperfect information Nott (2003). According to this argument, it is clear that banks try to

mitigate the lending risks through a capital gearing approach instead of focusing on the future income potential of SMEs. Therefore, collateral has become essential prerequisite to access bank loans Africa Practice 2005. Another way in which banks react to the market imperfection is by reducing the maturity of their outstanding loans. Shorter loans allow banks to monitor more frequently the firms' performance and, if necessary, vary the terms of the contracts before losses have accumulated Hernández-cánovas and Koëter-Kant (2008). Consequently bank financing to SMEs in Africa is less significant and more of short term than other developing countries Martinez Peria (2009). Small and Medium Enterprises in Africa are less likely to take loans from financial institutions than in any other developing regions; but many of firm and country level covariates explaining access to finance remain the same inside and outside Africa Beck and Cull (2014). Bank loans devoted to SMEs in Africa average only 5.4 percent while in other developing countries it amounted around 13.1 percent. And bank lending to such enterprises are costly compared to other developing countries. Fees charged on SME loans in Africa are almost twice as high as in other developing economies Martinez Peria (2009).

The fundamental reasons behind SMSEs credit demand can be found in their peculiar characteristics. Issues that involve factors such as inadequate flow of information, inadequacy of collateral, SMSEs-bank relationships, business and entrepreneurial factors and legal status of the firms are often stated as major demand side constraint. Owner's and manager's characteristics affect SMSEs ability to access finance especially from formal financial institutions. The entrepreneurs' behavior has profound consequences on how the business is run. Schmitz (1982) highlighted that the small scale producers in developing countries fail to expand primarily because they lack managerial ability. For this reason, entrepreneur related factors take a priority position in all credit assessments by the borrowers. Kumar and Francisco (2005), found a strong education effect in explaining access to financial services in Brazil. In a study conducted on UK SMSEs, Irwin and Scott (2009) observed that graduates entrepreneurs had the least difficulties in raising finance from banks. Similarly, using data from Sub-Saharan Africa and Anterior 2013 found that the level of education of the owner is positively related with access to formal banking services.

### 2.3. ENTREPRENEURSHIP STRATEGIE

Entrepreneurship is the dynamic process of creating incremental wealth. The wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitment or provide value for some product or service. The product or service may or may not be new or unique, but value must somehow be in used by the entrepreneur by receiving and locating the necessary skills and resources Jones (2012) also defined entrepreneur as "a person who conceives or receives ideas and turns them into business realities". Gutter man (2012) by borrowing the idea of Joseph Schumpeter (1883 – 1950), one of the most well-known theorists on entrepreneurship defined an entrepreneur as one who reorganizes economic activity in an innovative and valuable way.

That is, an entrepreneur is one who engages in a new economic activity that was previously unknown and he is also a risk taker because being innovative means there are few rules or history for guidance. Plehn-Dujowich (2011) has presented different entrepreneurship theories, which explain intrinsic characteristics of entrepreneurs, using the entrepreneurship model of different scholars as follows: "In Khilstrom and Laffont (1979) individuals are heterogeneous in their risk preferences and choose between two occupations: entrepreneur or wage worker. In equilibrium, less risk adverse individuals become entrepreneurs. For Lazear (2005), individuals are endowed with two skills and choose between two occupations: a specialist that earns an income proportional to his maximum skill or an entrepreneur that earns an income proportional to his minimum skill. In equilibrium, individuals that do not excel in any one skill but are competent in both ("jack-of-alltrades") become entrepreneurs. For Evans and Jovanovic (1989), individuals are heterogeneous in their entrepreneurial ability and initial wealth, and choose between two occupations: entrepreneur or wage worker. In equilibrium, wealthy high-ability individuals become entrepreneurs. For Jovanovic (1994), as it is cited in Plehn-Dujowich (2011) individuals are heterogeneous in their managerial and labor skills, and choose between two occupations: a manager whose output depends on managerial skill, or a wage worker whose income depends on labor skill. In equilibrium, the sorting of individuals across occupations depends on the correlation between managerial and labor skills. For Lucas (1978), individuals are heterogeneous in their managerial ability and choose between two occupations, manager or wage worker (employed by a manager). In equilibrium, high-ability individuals become managers; and higher ability individuals operate firms with a larger workforce". According to the ILO 2007 as cited in Awogbenle and Iwuamadi (2010), "the increase in the number of youth in secondary and tertiary education is a positive development; however, labor markets in many countries are presently unable to accommodate the expanding pool of the skilled young graduates. It is estimated that about 400 million new jobs would be needed to absorb today's youth." Now a day, the role of government sector and hiring institution are not able to absorb the largest. Labour supply, which never test the employment literally the youth. Entrepreneurship is considered as the way out to reduce unemployment due to different benefits it has endowed with. According to Oladele, Akeke and Oladunjoye (2011) "the process of entrepreneurship activity reducing



unemployment situation in the economy is termed “Schumpeter effect”. “Almost all jobs are created by start-ups and small and medium sized companies. In contrast, the very large companies tend to decrease jobs by acquiring competitors and then cutting duplication” Jones (2012). Awogbenle and Iwuamadi (2010) also mentioned that the following importance of youth entrepreneurship to reduce unemployment together with others reimbursement of entrepreneurship development. They have listed out as, Creating employment opportunities for self-employed youth as well as the other young people they employ, Bringing alienated and marginalized youths back into the economic mainstream and giving them a sense of meaning and belonging, Helping to address some of the socio-psychological problems and delinquency that arise from joblessness, Helping youths develop new skills and experiences that can then be applied to other challenges in life, Promoting innovation and resilience in youth, Promoting the revitalization of the local communities by providing valuable goods and services and Capitalizing on the fact that young entrepreneurs may be particularly responsive to new economic opportunities and trends.”

According to Morrison (2006), enterprises which are affected by external macroeconomic factors; political environment, economic, social, technological, environmental and legal factors, are not controllable. These factors are rarely affected by management decisions because they are external factors and beyond the control of SMEs. Others are access to finance, corruption, competition, government policies etc.

Internal factors on the other hand, are those constraints that affect the businesses of SME owner/ manager’s ability to operate efficiently, despite any innate potential in the owner/manager Baloyi (2010). According to Stokes and Wilson (2006) internal factors are the personal attributes, skills and competencies of the individual owner/manager which are crucial to how well the business faces up to the inevitable crises that arise. An important thing to note about these constraints is the fact that they are controllable by the owner/manager.

## **2.4 Factors affecting the development of SMEs**

In SMEs, the position of individuals matter a lot as they are supposed to be generalist Drew, (2003) in performing their functions. Most SME personnel are either in key managerial positions or are classified in a unit or function that performs a certain task or numerous tasks. Most SMEs are run by a manager who is usually the owner of the organization (Demirbas, Hussain, and Matlay, 2011).

### **2.4.1 Internal factors**

#### **2.4.1.1 Manager characteristics**

The competence of SME manager is the ultimate determinant of survival or failure. The root cause of either SME failure or poor performance is almost invariably a lack of management attention to strategic issues such as human resources management. Moreover, the early founder of the SME’s personal competence in selecting the right business and running it will be crucial, as the firm is likely to be indistinguishable from the owner. Therefore, as the business develops, growth can be rapidly partially due to unwillingness or inability to draw others to help with the management of the SME Pasanen (2006). In addition, the management of people (human resources management) is particularly important as it includes not only the personnel JORIND (2014).

#### **2.4.1.2 Level of education**

It is also necessary that the owner/manager and other key personnel in SMEs attain an acceptable *level of education* in order to drive SMEs activities. Research studies have found that one of the criteria for successful SMEs is the level of education Thong, (1999); Sarosa and Zowghi, (2003). A basic level of education such as General Certificate of Education (GCE) or its international equivalent is critical as it allows easy communication and appreciation of business terms in global business. Another individual factor in relation to education is the level of ICT knowledge. It is expected that an acceptable level of ICT knowledge of the owner or key manager, and other key decision making personnel can assist the SME to adopt appropriate activities in their business Teo and Ranganathan, (2004); Meso, Musa and Mbarika, (2005); Looi, (2005).

#### **2.4.1.3 Socio-cultural issues**

Culture is another important factor that explains cross-country differences in SME development as entrepreneurs’ decision-making is influenced by their cultural backgrounds. The term “culture”, is defined as “the collective programming of the mind that distinguishes the members of one group or category of people from another” Hofstede, (1991). Some empirical literatures have demonstrated the relationship between entrepreneurial activities and cultural dimensions, and have found similar results. In general, low power distance, individualism, low uncertainty avoidance, and long-term orientation are associated with entrepreneurial activities and innovation Shane, 1993, 1995; Thomas and Mueller, 2000; and Jones and Davis, (2000). Collectivism can be a good support to subsequent implementation after invention Nakata and Sivakumar, (1996).

### **2.4.2 External factors**

#### **2.4.2.1 Access to finance**

The first external factor is the financial constraints. Lack of capital or financial resources was a major barrier for SMEs and entrepreneurs who usually have to mobilize their own capital or their own resources to establish or expand their business Harvie, (2005). In addition, SMEs in developing countries have difficulties in accessing

bank loans as a consequence to the high risk for failing loans, low profitability and lack of collateral required by banks Harvie (2005).

For many SMEs in Wolkite, access to finance and capital appear to be difficult. This comes as a consequence of weak banking institutions, lack of capital market and inefficient legal framework regarding credit and collateral assessment. Financing of SMEs and access to finance plays a crucial role in the growth process and development of the enterprises (WB, 2011).

According to Fatoki and Garwe (2010), the lack of capital seems to be the primary reason for business failure and is considered to be the greatest problem facing small and micro business owners.

#### **2.4.2.2 Government policies /politico-legale /factor**

The importance of SMEs to the economy of a country indicates how important it is to have government policies that support SMEs, including regulations that enable them to operate efficiently and regulations that reduce their administrative costs Harvie and Lee, (2005). Although there have been initiatives by governments to promote and support SMEs in order to enhance their development and reduce poverty, there is still a lack of laws and genuine administrative procedures such as accessibility to assistance from the government agencies.

According to World Bank research, complex tax systems, low level of trust in the judicial system, and the need to pay bribes to access public services, represent major barriers, especially in South East Europe (WB, 2000).

#### **2.4.2.3 Marketing**

To have a good chance of survival, a small business firm needs to answer the basic strategic questions: “what markets are we targeting, with what products?” A common weakness in the SME owner/ managers lies in their failure to understand key marketing issues Stokes and Wilson (2006). Stokes and Wilson (2006) believed that product or service concepts and standards often reflect only the perceptions of the owner, which may not be mirrored in the market place. They further stated that, minor fluctuations in markets can topple a newly established small/micro business) firms, particularly where it is reliant on a small number of customers.

#### **2.4.2.4 Application of information technology**

Apulu and Latham (2011) found that the competitiveness of SMSEs will be increased through adopting Information and Communication Technology. Subrahmanya, Mathirajan, and Krishnaswamy (2010) summed up that those SMSEs which have technological innovation have a higher growth compared to the SMSEs which are not creative in the sales turnover, investment and job.

#### **2.4.2.5 Environmental factors**

The external environment of the SME organization also impacts some challenges to e-commerce adoption. It describes the realm of business engagement of the firm (Scupola, 2009). This describes factors such as government role; business partner affiliation and preferences; nature and characteristic of value chain; logistics and telecommunications infrastructure; economic and political instability; human-rights issues; business culture macro-economic policies; natural disasters and floods.

### **2.5 Empirical Literature Review**

According to Mead and Liedholm (1998) and Swierczek and Ha (2003), the main factors that affect the performance of entrepreneurship in developing countries is not their small size but their separation, which delay access to markets, as well as to information, finance and institutional support. The argument that small businesses in Africa are crucial in the role they play in employment creation and general contribution to economic growth is not new. Although this may be true, the vast majority of new enterprises tend to be one-person establishments Mwega (1991). This has tended to ensure that the journey of the youth entrepreneur in many instances is short-live, with the statistic of entrepreneurship failure rate in Africa being put at 99 per cent Rogerson, (2000). Various reasons for these failures have been proposed by scholars including lack of supportive policies for entrepreneurship development McCormick (1998), intense competition with replication of micro-businesses (Manning and Mashego (1993); manager characteristics including lack of skills and experience Katwalo and Madichie (2008 and Verhees and Meulenber (2004).

A study by Hall 1992 has identified two primary causes of small business failure appear to be a lack of appropriate management skills and inadequate capital (both at start-up and on a continuing basis). The research undertaken in Tanzania by surveying 160 micro enterprises showed that high tax rates, corruption, and regulation in the form of licenses and permits, are found to be the most important constraints to business operations of micro enterprises in Mulugeta (2011).

A view expressed by Fredland and Morris (2009) argued that the causes of failure cannot be isolated and that ‘any attempt to do so is, at base, a futile exercise’.

Roy and Wheeler (2006) identified that the level of training of micro entrepreneurs (both formal and informal); experience and number of years in operation; knowledge of the market; level of differentiation (in terms of price, quality or other) and diversification of products; access to the necessary resources and/or technologies; level of planning; vision for the future; and the entrepreneur’s level of poverty are among the factors contributing to success of entrepreneurship although lack of market knowledge and training, limited

access to capital, and lack of co-operation among possible business partners are some of the factors inhibiting the growth and development of the micro enterprise sector.

### **2.5.1 Empirical reviews from Ethiopian Micro and Small Enterprises perspective**

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

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

Mainly relying on a sample survey of 557 operators and 200 SMSEs chosen from four major cities of Ethiopia namely *Adama*, *Hawassa*, *Bahirdar* and *Mekelle*, a research was conducted with the intention of assessing the contribution of the SMSE strategy to poverty reduction, job creation and business development. The raised causes for this dull prospect of business were not growing (33%), lack of finance (13%), lack of market (11%), and lack of working space (4%) Tegegne and Meheret's (2010)

The major constraints identified by various studies on entrepreneur in Ethiopia are associated with market and finance problems. The causes of market-related problems of entrepreneur full of activity in manufacture, construction, urban agriculture, service and trade are shortage or absence of marketing skills, poor quality of products, absence of marketing research, shortage of market information, shortage of selling places, and absence of sub-contracting FMSEDA (2006).

According to Asseggedech Woldelul (2004) Shortage of funds discourages the smooth operation and development of SMSEs. Even if there are credit facilities, some of the SMSEs do not use the money for the intended purpose. They rather divert it for other unintended and non-productive expenditures. Consequently, the enterprises fail to return the money back to the lender on time. This can result in a loss of credibility to get repeated loans when needed.

According to Asseggedech (2004), competition is also another problem that hinders the performance of SMSE. She explained it: As is mostly the case and common recognition, "Competition is Cruel", which implies that some larger companies in relation to SMSEs have advantages due to: selling at reduced price without reducing product quality using economies of scale, customer targeting capacity, proper and intensified product/service advertising capacity, good personal contacts and networks, sound industry reputation and sufficient information regarding existing market and capacity to exploit more market opportunities.

In his research, Dereje (2008) studied the nature, characteristics, economic performance, opportunities and challenges of SMSEs in the construction sector based on 125 sample enterprises. The results of the study reveal that the main constraints of the SMSEs were shortage of capital, lack of raw materials, absence of government support, lack of market, lack of credit facilities and high interest rate. Studies were also conducted specifically with a purpose of identifying the problems that SMSEs encounter. For instance, Workneh's (2007) research undertaken in *Kolfe Keraneo* sub-city of Addis Ababa indicated that lack of capital, lack of market, unfavorable policy, and inadequate infrastructure, absence of adequate and relevant training, bureaucratic structure and procedures are among constraints faced by entrepreneur. Similarly, Adil's (2007) research carried out in Addis Ababa shows that inappropriate government intervention, shortage of capital, location disadvantage, lack of market and lack of display room are the major challenges that hinder entrepreneurship.

According to HLCLEP (2006), there is lack of entrepreneurial and managerial skills, which in turn leads to problems in production due to the unfamiliarity of workers with rapid changing technology, lack of coordination of production process and inability to trouble shoot failures on machinery and/or equipments is a critical problem that SMSEs are facing since they cannot afford to employ specialists in the fields of planning, finance and administration, quality control and those with technical knowledge. Mulugeta (2011) has identified and

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

In reality, literature on entrepreneurship in Ethiopia is scanty and most of the available studies were not conduct in line with performance aspects of micro enterprises. However, these researches try asses to the determinants of entrepreneurial success of SMSEs in Wolkite. A holistic way by targeting and deeply investigating those operators engaged in manufacture, construction, urban agriculture, service and trade in Wolkite.

## **2.6 The Conceptual Framework**

Conceptual framework means that concepts that relate to one another were used to explain the research problem. Since business success is influenced by both internal and contextual factors, operators need to understand what influences businesses to reach max out performance. The contextual factors include politico-legal, working premises, technological, infrastructural, marketing and financial factors, managerial and entrepreneurship. The influence of these factors to the firm performance is very important but it is not worthy that the management has no (little) control over them Wanjiku, (2009). Nevertheless, the factors must be closely monitor to ensure that severe measures are taken within the best time to either take advantage of the opportunities or combat the threats found in the external environment. The internal factors that influence the firm's performance can be classified as management and entrepreneurial factors. To align the conceptual framework with the research objectives, business performance is the dependent variable whereas politico-legal, technological, infrastructural, marketing, financial, management, working premises and entrepreneurial factors are all independent variables. The relationship can be expressed and shown in the following diagram.



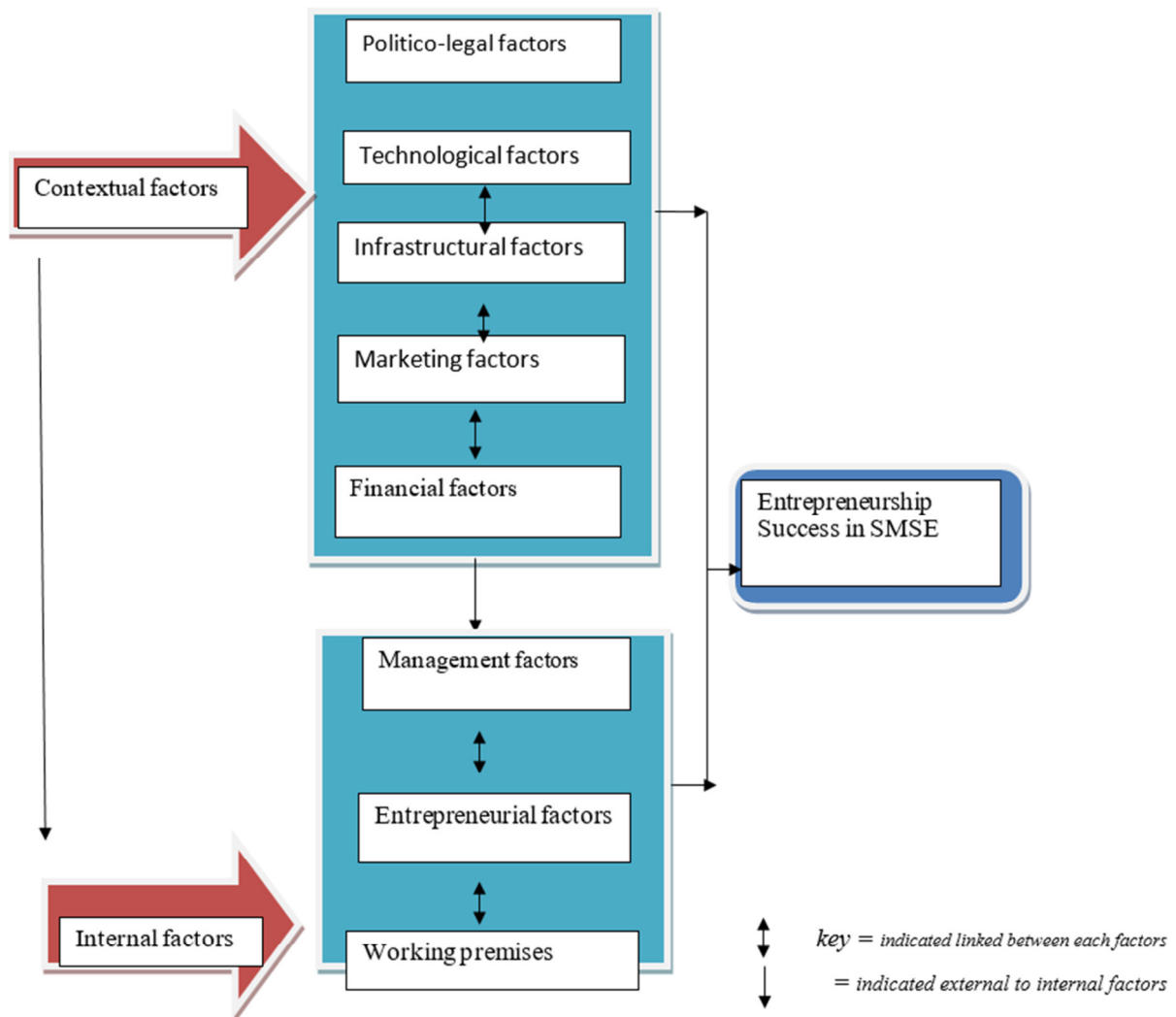


Figure 2.1 Conceptual frameworks (Own Model)

In this study profitability was decided on to measure performance of these youth entrepreneurship. This is mainly because of the following three reasons. First, as the pilot study clearly indicates this entrepreneurship are more focusing on profitability than other modes of success measured. Second, the SMSEs were not applying balanced score card to measure their overall performance. Third, as recommended by Rami and Ahmed (2007) a profit has been widely adopted by most researchers and practitioners in business performance models.

### 2.7 Identified Empirical Literature Gap

A lot of researches have been accepted out locally and internationally reviewing small and micro enterprises. Most of these research concentrate on businesses in the cities and urban centers. They also concentrate on their study areas based on their own objectives. There are scarcities of literature touching on the rural traders. Therefore, the proposed study would build on the local literature on the determinants of entrepreneurial success in Wolaita of urban market traders. Similar studies have focus on the challenges face by SME traders but this study will concentrate on what affects their success. The impact of access to business information, access to finance and availability of managerial experience are yet to be research as a single intervention in an urban setting. These studies would concentrate mainly on the determinants of entrepreneurial success and entrepreneur in Wolaita. The scarce availability of reliable and valid data continues to be one of the key obstacles in understanding small and micro entrepreneurs in the urban area Wolaita. These studies would help to building on the locally scarce available data.

## CHAPTER THREE METHODOLOGY OF THE STUDY

### 3.1. INTRODUCTION

In order to analyze the determinants of entrepreneurial success of SMSEs potential impacts of factors on the

success of entrepreneurship, these studies made use of a research methodology. This section provided an overview of the study's research approach which lays within the mixed methods strategies. The chapter discusses procedures and activities undertaken, focusing on namely the study's description of the study, research design, questionnaire design, data collection, sampling strategy, data processing and analysis and instrument development. Besides, the section deals with a discussion on the ethical issues and the study area profile.

### **3.2. Description of the study area**

Wolkite is the capital town of Gurage zone district, and also 158 km from Addis Ababa on the main road of Jimma and 430 km through southern nation's nationalities and peoples, regional state (SNNPRS) Hawass. This means that it could be reached from Addis Ababa to or via Hawass. It also Gubre sub-city is located in Eastern Gurage zone district 14km western direction of Wolkite town. In Wolkite works the intention of assessing the contribution of the SMSEs strategy to poverty reduction, job creation and business development interims of entrepreneurship development and unemployment reduction perspective. They work different activities to organize different types of enterprise registered in different job creations. They mention in the Trade and Industry Development Bureau registered manufacture, construction, service, trade, and urban agriculture sectors, hotel and tourism, saving, technology, marketing but not all are activities and not intention to reduction of unemployment.

### **3.3. Research Approach and Design**

Research designing are the blueprint for fulfilling research objectives and answering research question in other words, it is a master plan specify the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it used economical procedures. This study employs a descriptive research design. The major purposes of descriptive research are description of the state of affairs as it existing at present. Then this study would be described and critically the determinants of entrepreneurial success of SMSEs in wolkite. Moreover, the study would be utilized cross-sectional in the sense that all relevant data was collected at a single point in time. And obtaining information from a cross-section of a population at a single point in time is a reasonable strategy for pursuing many descriptive researches Janet and Ruane (2006). The studies used both qualitative and quantitative data. The qualitative data includes those data that are primarily collected through interview and quantitative data includes objective items through the questionnaires. In this study, a combination of qualitative and quantitative approaches of doing research will be employed which has been practice, as recommend by Creswell (2009).

### **3.3. Method of Data Collection**

#### **3.3.1 Primary data collection**

In order to realize the target, the study used well-designed questionnaire as best instrument. This was completed by the owner managers/or operators of the enterprises. Besides, face-to-face interviews with the MSEs operators/and the relevant owner managers who heads the enterprises in the selected sectors that are involves in construction, manufacture, trade, services and agriculture study area. The interview method of data collection is preferred due to its high response rate. Those are it gives the two people concerned an opportunity to interacted and get details on the questions and answers. Through interviews, clarification of issues is easily achievable leading to accuracy of data from the respondents

#### **3.3.2. Secondary data collection**

Secondary data collection it takes from micro and small enterprises' office and Trade and Industry Development Bureau different registration files, pamphlets, office manuals, circulars and policy paper and entrepreneur's data would used to provide additional information where appropriate. Besides SMSEs variety of books, published and/or unpublished government documents, websites, reports and newsletters will review to make the study fruitful.

### **3.4. Target Population**

In these studies to selected sample size, a list of the population formally registered entrepreneurs the Wolkite Town Administration Trade and Industry Development Bureau by the year (1997-2009) were obtained. The total population of the study is 358 enterprises which includes constructions the total population 94, manufactures the total population 73 trade the total population 88, services the total population 83 and agriculture the total population 20 enterprises in the three administrative. The sample size selected here is considered as representative of the constructions, the manufactures, the trade, the services and agriculture enterprises in the three administrative. And also large enough to allowed for precision, confidence and general abilities of the research findings.

**3.4.1 Sampling Techniques** Cluster sampling techniques is used to draw the study participants. Because of heterogeneity and geographical areas description among entrepreneurs and because of needed to ensure adequate

sample sizes selection of subgroups a stratified sample follow by cluster sample technique is applied. The stratification is done by constructions, manufacture, trade, services and agriculture where the target population is found in constructions is 94, manufactures accounts for 73, trade accounts for 88, the total population in the services accounts for 83 and agriculture accounts for 20 in Wolkite, enterprises in the three administrative. A cluster sample is prefer in this case, because it would be considered more effective when there are geographic areas/clusters where greater chance existed for sample the desire units/individuals.

### 3.4.2. Sample Size Determination

There are 358 enterprises registered at wolkite which are considered to be the target population of this study. In addition to that other sample for the research would be officials and exported for entrepreneurs. According to expert would be selected purposely with the intention of obtain the person that could be provided more information about entrepreneurs For the interview take selection simple random sampling is the basic selection process of sampling and is easiest to understand.

**Interview:** is an adaptable way of finding things out. The human language is very useful in opening of what lies behind people's action Zikgmund, (1994). Interview allows person-to-person discussion that could be lead to increase insights in to respondents' thoughts, feelings and behavior on important issues of enterprises. Another advantage that could be derived from the interview is its flexibilities in expressing different viewpoints on the subject under study. Thus, key informants (determinants of entrepreneurial successes of SMSEs) were interviewed in depth using unstructured questions during the working hours. The participants be selected by each firm manufacturing, 19 construction, 24 service, 21 trade 23 and urban agriculture 5 than the total sample take 92, majority of the interviewees are owner-managers and managers, around through random sampling method because of their closeness to executed the issues.

The sample size is determining use the formula props by (Kothari2007). According the formula for sample size determination:

$$n = \frac{pqz^2N}{(N-1)e^2+z^2pq}$$

Where,

n= is the sample size for a finite population

N= size of population which is the number of households.

p = population reliability or frequency estimate for sample of size n, where p is 0.5 and q=0.5.

e = margin of error consider is 10% for this study.

z =normal reduce variable at 0.05 level of significance z is 1.96.

According to the above formula, the sample size for all five entrepreneurs is

Determination is:

$$n = \frac{0.5*0.5*(1.96)^2*358}{(358-1)0.12+((1.96)^2)*0.5*0.5}$$

$$n = \frac{358.84}{3.9004}$$

$$n = 92.00 \quad F = 92$$

so we have 73 entrepreneurs as sample formula use for sample size at enterprise level is

$n = \frac{N(\text{enterprise}) * n(\text{all enterprise})}{N(\text{all enterprise})}$  where n(all enterprise) :- is the sample size

N (all enterprise) at enterprise

N= (enterprise):- is the population size at enterprise

n = (all enterprise):- is sample size of five enterprises

n = (all enterprise):- is the population size of three administration\_area enterprises through the survey will be conduct.

$$n(\text{construction}) = \frac{94*92}{358.84} = 24$$

$$n(\text{manufacture}) = \frac{73*92}{358.84} = 19$$

$$n(\text{services}) = \frac{83*92}{358.84} = 21$$

$$n(\text{trade}) = \frac{88*92}{358.84} = 23$$

$$n(\text{agriculture}) = \frac{20 \times 92}{358.84} = 5$$

There for, the total no of sample is 73, out of 283 target population which is 25.57%.

Enterprise	Frequency	Sample proportion	Sample size
manufacturing,	73	25.57%	19
Construction	94	25.57%	24
Service	83	25.57%	21
Trade	88	25.57%	23
urban agriculture	20	25.57%	5
Total	358		92

### 3.6. Method of Data Analysis

This is the further transformation of the process data to look for patterns and relationship between and among data groups by using descriptive and inferential analyze the data (statistical) analysis. The statistical package for social science (SPSS) would be used to analyze the data obtained from primary sources. Specially, descriptive statistics mean and standard deviation and charts. Descriptive analysis is used to reduce the data in to summary format by tabulation mean the data arrange in table format and measure of central tendency (mean and standard deviation). Moreover, pie charts would be used to describe the general characteristics of enterprises. The reason for using descriptive statistics was to compare the different factors. The reason for using descriptive statistics is to compare the different factors as would, the interview questions would be analyzed use descriptive narrations through concurrent triangulation strategy.

### 3.7. Ethical consideration

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

### 3.8 Validity

Validity is the degree to which a test measures what it purports to measure Creswell (2009). Validity defined as the accuracy and meaningfulness of the conclusion which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the fact under study. He contends that the validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to provide the information requested.

A pilot study was conducted to apply the methodology and test instrument (SPSS16.V) such as a questionnaire before administering the final phase. Questionnaires was tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by John Adams (2007). Issues raised by respondents were corrected and questionnaires were refined. Finally, the improved version of the questionnaires were printed, duplicated and dispatched.

The instruments selected can help to show factors that small and medium scale enterprises /SMSES/. The relevant data was collected on the factors of the SMSEs that can better indicate the relationship between factor SMSEs. The structured and unstructured interviews can also validate the measurement. Moreover, to have valid conclusion, using descriptive and inferential analyze the data. And by using the statistical package for social science (SPSS) would be used to analyze.

### 3.9 Reliability

The reliability of instruments measures the consistency of instruments. Creswell (2009) considers the reliability of the instruments as the degree of consistency that the instruments or procedure show. The reliability of a standardized test is measures the strength that there is a perfect negative reliability and the latter shows that there is perfect positive reliability. In this study each statement rated on a 5 point likert response scale which includes strongly agree, agree, undecided, disagree and strongly disagree. Based on this an internal consistency reliability test was conducted determinants of entrepreneurial success of small and medium scale enterprises in Wolkite. With a sample of 30 operators and the Cronbach's alpha coefficient for the instrument was found as 95% which is highly reliable. Typically alpha values of 0.95 since, instruments were developed based on research questions and objectives; it is possible to collect necessary data from respondents. Then, instruments are consistent with the objectives of the study.

**CHAPTER FOUR**  
**RESULT, DISCUSSION AND INTERPRETATION**  
**4.1 INTRODUCTION**

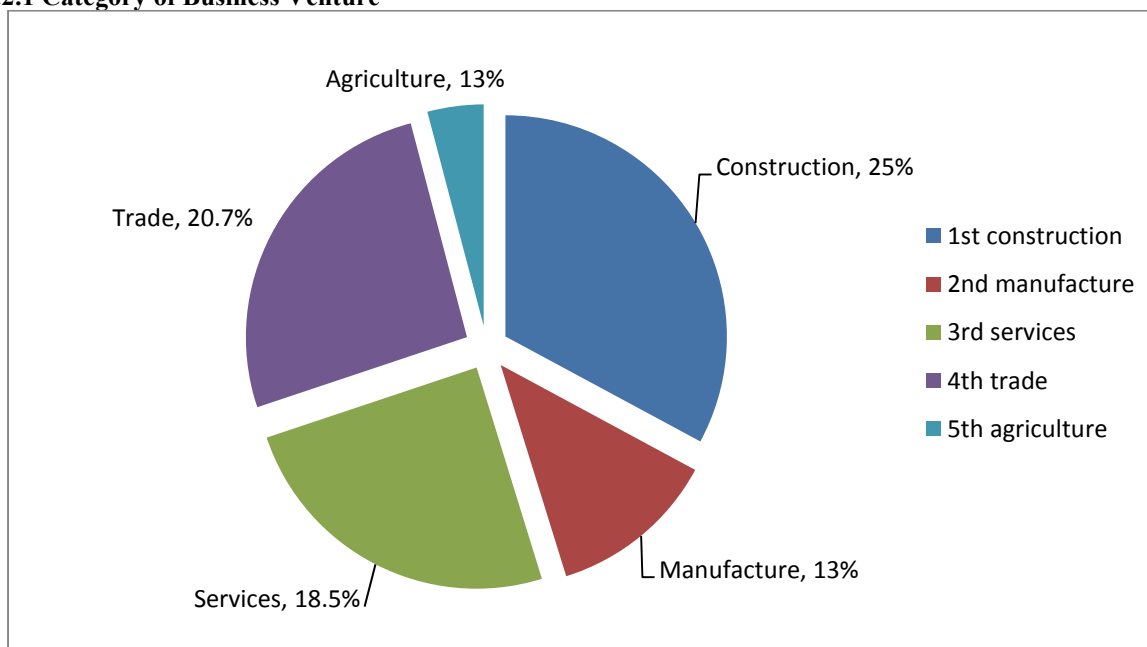
To facilitate ease in conducting the empirical analysis, the results of descriptive analyses are presented. The purpose of this study is determination of entrepreneurial success of small and medium scale enterprises in Wolkite. How far, the owner managers are aware on the determination of entrepreneurial success of small and medium scale enterprises. Data were collected from operators or owner managers of success of small and medium scale enterprises found in Wolkite.

Ninety two questionnaires were distributed across the five sectors in wolkite, out of which 92 were completed and retrieved successfully, representing 92% respondents' rate. Of the 92 questionnaires administered, construction, manufacture, services, trade and agriculture were distributed to respectively. The numbers of questionnaires retrieved from construction 24, manufacture 9, services 18, trade 19 and agriculture are 20 respectively. This represents a response rate 83.33%, 100%, 100%, 89.47%, and 100% for construction, manufacture, services, trade and agriculture respectively.

Generally, this section is organized in the following manner:- first, the general information about success of small and medium scale enterprises were presented and analyzed , second, data collected through questionnaires and interviews were analyzed concurrently.

**4.2. GENERAL CHARACTERISTICS OF THE ENTERPRISES**

**4.2.1 Category of Business Venture**



**Figure 4.1 sectors respondents**

Source: *Wolkite trade and industry development bureau 2017*

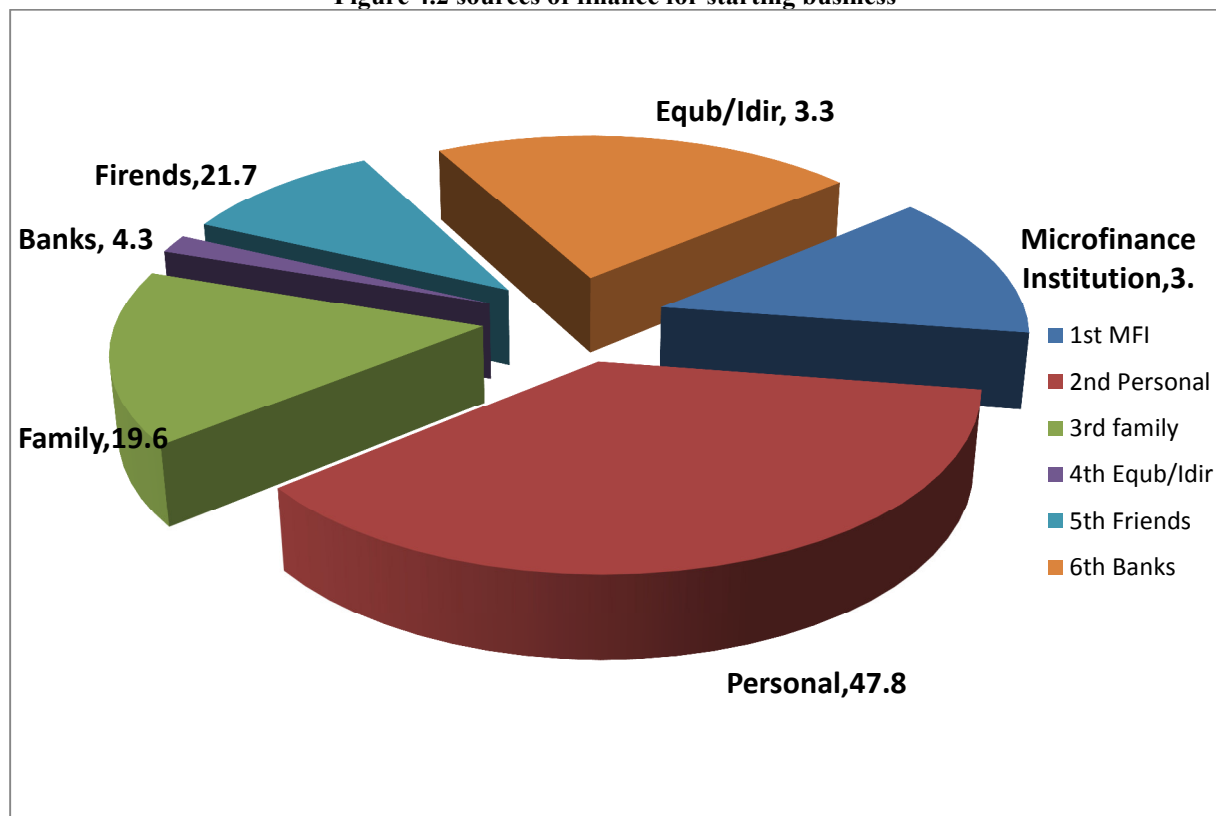
As shown in figure above, the sample firms were operating in five sectors of the enterprises. Most of them are engaged in followed by construction 23(25%), manufacture 21(22.8%), services 17(18.5%), trade 19(20.7%) and agriculture (4.11%). This division of success of small and medium scale enterprises by sector type was believed to be helpful to study each sector critical factors that affect the different the success of small and medium scale enterprises. This is because firms in different sectors of the enterprises face different types of problems. That means the degree of those critical in construction sector and may differ from the factors that are critical to manufacture, services, and trade and agriculture sectors.

**4.2.2 The Main Source of Start –Up and Expansion of Finance**

Starting own business requires a starting capital rather than mere existence of ideas. To capture information regarding the relative importance of the various sources of finance, enterprises were asked whether they ever received credit from each of a given list of sources of finance. The following figure shows the main sources funds.



**Figure 4.2 sources of finance for starting business**



Source: - own survey 2018

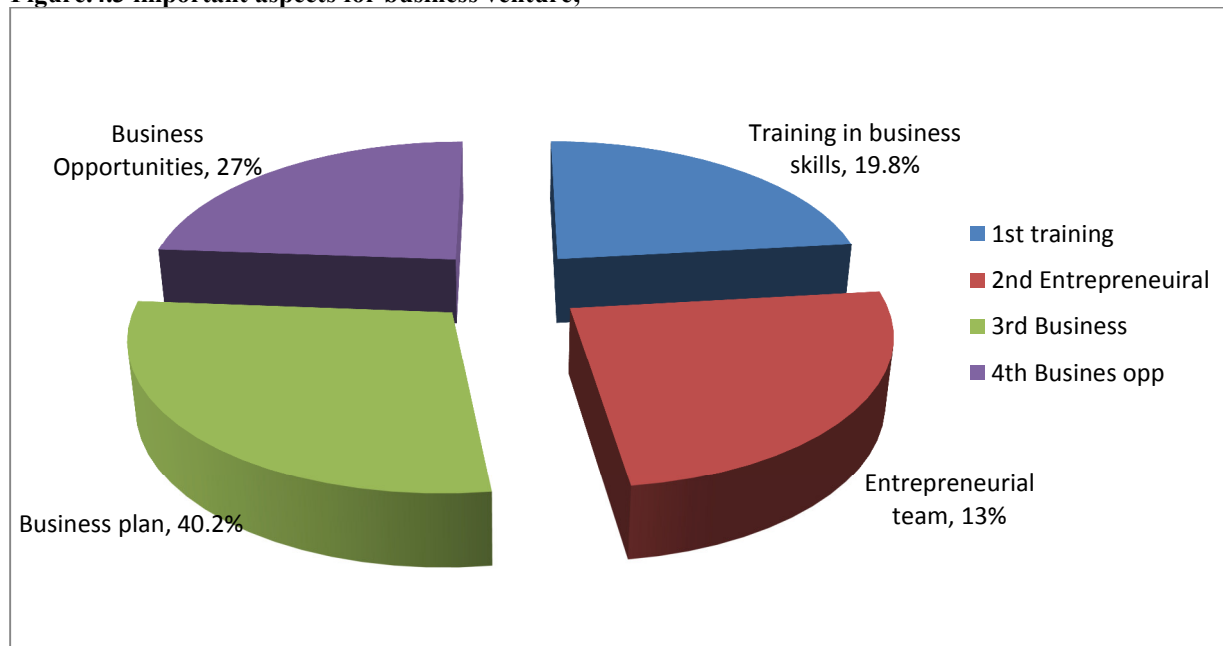
As can be seen from the figure personal saving 44(47.8%) are the most frequently used sources, followed by iquib/idir 3.3(3.3%), family 18(19.6%), friends/relatives 20(21.7%), and micro finance institution 3(3%) in that order. And the remaining sources of finance come from Banks 4(4.3%). This shows that the main sources of finance for success of small and medium scale enterprises in Wolkite to show the conserving the respondent result in above. But also other traditional source like family and friends/relatives and personal saving plays the greatest role. In the Wolkite, informal sources play the greatest role in establishment of small and medium scale enterprises than the formal sources like microfinance and banks.

According to Asseggedech Woldelul (2004), competition is also another problem that hinders the performance of SMSE. She explained it: As is mostly the case and common recognition, "Competition is Cruel", which implies that some larger companies in relation to SMSEs have advantages due to: selling at reduced price without reducing product quality using economies of scale, customer targeting capacity, proper and intensified product/service advertising capacity, good personal contacts and networks, sound industry reputation and sufficient information regarding existing market and capacity to exploit more market opportunities.

Besides, the result of interview shows that majority of small and medium scale enterprises in the study area uses informal sources. The formal financial institutions have not been able to meet the credit needs of the small and medium scale enterprises. According to majority interviewee, the reason for emphasizing on informal sectors are that the requirement of collateral/guarantor is relatively rare since such sources usually take place among parties with intimate knowledge and trust of each other. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the small and medium scale enterprises. To wind up, such constraint of finance for small and medium scale enterprises affects their success directly or indirectly. Respondents were also interviewed to give their opinion regarding saving, majority of them had a prior saving, though incomparable with their current level. In conformity with this finding, Currie (2009) stated that: majority of success of small and medium scale enterprises in countries such as Ethiopia operate at under capacity due to lack of credit or over-regulation. This problem has been intensified by the demand for collateral by commercial banks as a prerequisite for the approval of loan applications. This is also consistent with previous findings. For instance, according to Woldehanna (2008) stated that formal money lending institutions have so far failed to produce innovative, affordable and user friendly financial services with a particular view to assist the struggling success of small and medium scale enterprises sector in Ethiopia.

### 4.2.3 The Important Aspects for Business Venture Success

Figure.4.3 important aspects for business venture;-



Source:- own survey, 2018

As it can be seen from the figure above, 37(40.2%) of the respondents indicated that a business plan is important for the success of their business ventures, 12(13%) of the respondents all to the fact that the availability of entrepreneurial team is important for the success of their business ventures, 25(27%), of a respondents alluded to the fact that an business opportunity is essential for the success of their business ventures and 18(19.8%) of the respondents concluded that training in business skills is important for the success of their business ventures. The closer analysis of the result leads to the conclusion that a business plan is the most important aspects for the success of any business venture.

According Renee (2007) (A) sound business plan may make a difference between a business that succeeds and a business that fails. Approximately 90% of small business fails before two years, according to the small business association. And even after that two year mark has been passed there are no guarantees. This is mainly due to lack of business plan knowledge and absence of business of a business plan. Thais shaows that, they have no business plan to run their business activities. A lack of business plan is one of the most often cited reasons by author, such as Renee (2007), for problems in developing and growing a venture and one of the main causes of business failure. A good business plan is not only important in developing the opportunity but also essential in determining the resources required, obtaining those resources, and successfully managing the resulting venture. Taking this into consideration, SMSEs sector should therefore ensure that they equip their employees with the necessary business plan skills.

Moreover, the availability of an entrepreneurial team and business opportunities are also important aspects for the success of business venture. Because an entrepreneurial team is necessary to implement the business' objectives as outlined in the business plan. The business plan is a framework which a business must operate within. It will ultimately determine whether the business performance is good or bad. For management or entrepreneurs seeking external support, the plan is the most important sales document that they are every likely to produce.

According to the interview result, majority of the interviewee pointed that they have no business plan to run their business activities. A lack of business plan is one of the most often cited reasons by author, such as Renee (2007) for problems in developing and growing a venture and one of the main causes of business failure. A good business plan is not only important in developing the opportunity but also essential in determining the resources required, obtaining those resource and successfully managing the resulting venture. Taking this into consideration success of small and medium scale enterprises sector should therefore ensure that they equip their employees with the necessary business plan skills.

### 4.3. Determinants of Entrepreneurial Success of Small and Medium Scale Enterprises operating in Wolkite

#### 4.3.1. External Factors Determining Entrepreneurial Success of Small and Medium Scale Enterprises operating in Wolkite

Respondents were asked different questions regarding the determinants of entrepreneurial success of small and medium scale enterprises in Wolkite. Their responses are organized in the following manner.

**Table 4.1: External Factors affecting the success of SMSEs Entrepreneurs operating in Wolkite town**

External factors affecting the success of SMSEs	Descriptive Statistics							
	Items	Frequency					Mean	Std. dev
Stro/Disagree		Disagree	undecided	Agree	Strongly agree			
Politico-legal factors	Lack of government support	3	11	5	54	19	3.82	1.00
	Bureaucracy in company registration and licensing	4	10	5	53	20	3.82	1.03
	Political intervention	4	10	5	55	18	3.79	1.02
	<b>Mean of mean for Politico-legal that affect</b>						<b>3.81</b>	<b>1.01</b>
Technological factors	Lack of appropriate machinery and equipment	4	11	4	59	14	3.73	1.00
	Lack of money to acquire new technology	4	10	4	59	15	3.77	.99
	Unable to select proper technology	4	12	4	58	14	3.71	1.01
	Lack of skills to handle new technology	4	13	4	57	14	3.69	1.03
	Lack of technology access	4	12	6	55	15	3.70	1.03
<b>Mean of mean for Technological factors</b>						<b>3.72</b>	<b>1.01</b>	
Infrastructural factors	In sufficient and interrupted water supply	4	10	4	58	16	3.78	1.00
	Power interruptions	4	10	4	57	17	3.79	1.01
	Lack of business development services	4	11	4	58	15	3.75	1.01
	Lack of sufficient and quick transportation service	4	12	4	57	15	3.72	1.02
	Lack of appropriate dry waste and sewerage system	4	10	4	60	14	3.76	.98
<b>Mean of mean for Infrastructural factors</b>						<b>3.76</b>	<b>1.00</b>	
Marketing factors	Poor customer relationship and handling	92	4	16	3	56	13	3.63
	Searching new market is so difficult	92	4	15	3	56	14	3.66
	Inadequate market for my product	92	4	14	3	57	14	3.68
	Lack of demand forecasting	92	4	16	3	55	14	3.64
	Lack of market information	92	4	14	3	57	14	3.68
<b>Mean of mean for Marketing factors</b>						<b>3.66</b>	<b>1.05</b>	
Financial factors	Shortage of working capital	4	11	3	59	15	3.76	1.00
	Inadequacy of credit institutions	4	12	3	59	14	3.72	1.01
	Lack of cash management skills	4	14	3	57	14	3.68	1.04
	High collateral requirement from banks and other lending institutions	4	11	3	59	15	3.76	1.00
	High interest rate charged by banks and other lending institutions	4	11	3	59	15	3.76	1.00
<b>Mean of mean Financial factors</b>						<b>3.73</b>	<b>1.01</b>	
Socio cultural factors	Lack of knowledge for enterprises	4	12	3	57	15	4.18	4.42
	Lack of motivation and promotion for enterprises	4	14	3	57	14	3.68	1.04
	Lack of trust enterprises for developments	4	14	3	57	13	3.67	1.04
<b>Socio cultural factors Mean of mean</b>						<b>3.84</b>	<b>2.16</b>	

Source: own survey 2018

There are a number of determinants of entrepreneurial success of small and medium scale enterprises. This

part explains the descriptive statistics calculated on the basis of the determinants of entrepreneurial success of small and medium scale enterprises. The results for the extent was measured on a liker scale of 1-5 where 5 to strongly agree extent 4 agree 3 undecided 2 disagree 1 strongly disagree and 1 no extent 1.1.5 strongly disagree 1.6-2.5 disagree 2.6-3.5 undecided 3.6-4.5 agree 4.6-5.0 strongly agree central tendency and dispersion were obtained from the sample of respondents of construction, manufacture; services, trade and agriculture are shown in the following tables.

#### **4.3.1.1. Factors affecting success of SMSEs operating in Wolkite from Politico-legal factors perspectives**

As it is indicated in table above in table above, the mean and standard deviation for the politico- legal factors were calculated. The table shows the bureaucracy in company registration and licensing has the respondent 73(79.4) indicated about agree and strongly agree and 14(15.3%) respondent say indicated disagree and strongly agree and remaining other 5(5.4%) respondent say undecided and bureaucracy in company registration and licensing has a mean score of 3.81 indicated they agree the factors of small and medium enterprises and Politico-legal that affect success of small and medium scale enterprises in wolkite show the respondent result. Therefore it may be concluded in based on the result that bureaucracy in company registration licensing and Lack of government support is the main factor that affect the of small and medium scale enterprises.

According to the table 4.1 above, enterprises engaged in construction, manufacture, services, trade and agriculture sector, the Lack of government support on their business is not reasonable. On the Lack of government support is justified by the calculated means of 3.82, 3.82, 3.79, and the shows agree that affects small and medium scale enterprises.

The interviewees are pointed out the implementation problems widely observed in the side of the heads and lower level experts and employees of government sector offices such as lack of responsiveness to the demands of the operators. This arises either from the deliberate partiality of the executives to be bureaucratic or their lack of awareness about the strange procedures and that support small and medium scale enterprises. The other possible explaining factor for this non-responsiveness to the operators can be the fact that the concerned governments offices are overburdened with other routine opportunities have been created; success of small and medium scale enterprises have not been able to draw the full advantage due to absence of appropriate policy support. According to interviewees, there still exists an overly bureaucratic government system that often results in unnecessary delays in compliance and is excessively costly. This includes a complex system, lengthy procedures and rules. For example, registration of a business, getting working places, payment of stamp duty among others. For enterprises found in *Wolkite*, this poses a major challenge and cost as the owners of the business would need to close for days in order to travel to concerned governmental offices to access these services sometimes without success. Operators believe that these requirements force enterprises to operate informally, which greatly limits their opportunities for growth, or to go out of business.

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

#### **4.3.1.2. Factors affecting success of SMSEs operating in Wolkite from Technological factors perspectives**

As it is indicated in table above, the mean and standard deviation for the lack of money acquire new technology were calculated. The table shows lack of money acquires new technology high has the respondent 58(64) are agree and 15(15.2) strongly agree responded and other remaining responder say strongly disagree and disagree 15(16.3%) so that there indicated has a mean score of 3.77 and lack of factor appropriate machinery and equipment been calculated. The table shows high has a mean score of 3.73 and the able to select proper technology were calculated. The table shows a mean score 3.71 and lack of skills to handle new technology were calculated. The table shows a mean score 3.69 and the lack of technology access been calculated, the table shows has a mean 3.706. There for it may be concluded that lack of money to acquire new technology and the lack of appropriate machinery and equipment are the main factor that affect the success of entrepreneurial success of small and medium scale enterprises. The studied success of small and medium scale enterprises a variety of working machines, equipments and tools, most of which were purchased.

According to the interview with the operators, the loan to purchase equipments and materials were obtained from both formal and informal sources. Welding machine, singer, grinder, stove, drill machine, screw driver, hammer, chisel and clamps are some of the work related machines and equipments owned by the studied success of small and medium scale enterprises. The operators indicated that the presence of these machines, tools and equipments has allowed the operators to produce products. In contrast to this, according to some interviewees of

manufacture sector, they lack money to acquire new technology (equipment, machinery, tools, etc). Moreover, respondents replied that, if new and appropriate technologies obtained, the presence of them would be result in performance improvement

#### **4.3.1.3. Factors affecting success of SMSEs operating in Wolkite from Infrastructural factors perspectives**

As it is indicated in table above, the mean and standard deviation for the Infrastructural factors affecting that the success of small and medium scale enterprises were calculated. The table shows in sufficient and interrupted water supply has mean score 3.78 with a standard deviation of 1.003, power interruption has mean score 3.79 with a standard deviation of 1.012 and lack of appropriate dry waste and sewerage system factors the respondent 58(63.04%) agree and 16(17.4) strongly agree the other remaining strongly disagree and disagree 14(15.2%) responded they also there has mean score 3.76 with a standard deviation of 0.987. There for it may be concluded that in sufficient and interrupted water supply and power interruption is the main factor that affect the success of small and medium scale enterprises.

According to the table 4.1. Above, enterprises engaged in construction, manufacture, services, trade and agriculture sector, in sufficient and interrupted water supply, power interruption and lack of appropriate dry waste and sewerage system factors are affect success of small and medium scale enterprises.

Accessibility of a location is the ease with which it can be accessed by different modes of transport Brown and Lloyd, (2002). Divergent from these aspects, however, most of the studied area is situated far from the main asphalt road and the condition of the road leading to the cluster from the main road is extremely poor. This poor state of the road condition of locality has culminated in high transportation service costs to the success of small and medium scale enterprises, in addition to making the sector difficult for accessibility by the existing and potential customers. Concerning transport facilities, access to affordable and appropriate public transport is of paramount vitality in expanding the employment opportunities of the urban poor who need inexpensive access to areas of economic and commercial activity. Equally, the importance of physical capital especially infrastructure in enabling people to access, and directly support, income-generating activities is well recognized by writers on urban livelihoods such as Rakodi (2002).

#### **4.3.1.4. Factors affecting success of SMSEs operating in Wolkite from Marketing factors perspectives**

As it is indicated in table above in table above, the mean and standard deviation for the marketing factors were calculated. The table shows the inadequate market for my product has mean score 3.68 with a standard deviation 1.04 and lack of market information has mean score 3.68 with a standard deviation 1.04. Therefore it may be concluded that inadequate market for my product and lack of market information is the main factor that affect the of the success of small and medium scale enterprises.

According to the table 4 above, enterprises engaged in construction, manufacture, services, trade and agriculture sector, the Lack of government support on their business are responded. On the inadequate market for my product and lack of market information factors that affects the success of small and medium scale enterprises.

In an interview conducted with an operator of the sectors, it was confirmed that absence of selling place has aggravated the already existing 'inadequacy and crowdedness' of the internal working space of the shades. The operators intelligently argued that lack of selling place is a direct contributor for their inadequate market hence low income of the studied success of small and medium scale enterprises. Absence of selling place obviously narrows the chance to access new customers. The recently price ceiling on commodities by the government of Ethiopia is warmly welcomed by the respondents. The operators indicated that the continuously increasing price of inputs has been checked by the government action. They also indicated that the materialization of this ceiling has also saved them from being 'exploited' by illegal merchants, who always increase prices of basic commodities unreasonably.

On the other hand, however, currently the owner managers attributed the sky rocketing price of commodities to the shortage or inadequacy of supply of commodities. Brilliantly enough, one respondent linked the issue with population increase. This is true since when there is an ample demand for a given goods or services, in this case higher population; it is likely that the price of that goods or services becomes high. Roy and Wheeler (2006) identified that the level of training of micro entrepreneurs (both formal and informal); experience and number of years in operation; knowledge of the market; level of differentiation (in terms of price, quality or other) and diversification of products; access to the necessary resources and/or technologies; level of planning; vision for the future; and the entrepreneur's level of poverty are among the factors contributing to success of SMSEs while lack of market knowledge and training, limited access to capital, and lack of co-operation among possible business partners are some of the factors inhibiting the growth and development of the micro enterprise sector.

#### **4.3.1.5. Factors affecting success of SMSEs operating in Wolkite from from Financial factors perspectives**

As it is indicated in table above, the mean and standard deviation for the financial factors were calculated. The table shows the shortage of working capital, high collateral requirement from banks and other lending institutions and high interest rate charged by banks and other lending institutions the respondents 59(63.68%) agree and 15(15.86%) strongly agree also inadequacy of credit institutions 92 respondents are say the high



factors affect the success of small and medium scale enterprises. Therefore it may be concluded that financial factors is main factor that affect the success of small and medium scale enterprises.

According to the table 4.1 above, enterprises engaged in construction, manufacture, services, trade and agriculture sector, the shortage of working capital, high collateral requirement from banks and other lending institutions and high interest rate charged by banks and other lending institutions and also inadequacy of credit institutions is factors that affect the success of small and medium scale enterprises.

According to Rakodi (2002) financial issues are more salient in urban areas due to the highly monetized nature of urban economies. Operators were interviewed to give their opinion on the nature of problem related to financial factors. It was found that, mainly ensuing from low market, the operators usually suffer of shortage of cash leading to their inability to cover their daily needs adequately. The other cause of this low cash presence at the disposal of the operators could be the increasing expense incurred by their respective success of small and medium scale enterprises in relation to purchase of raw materials and services such as transportation, in addition to cost of utilities consumed both at home and work place. The operators frequently mitigate this problem of cash shortage through borrowing and lending each other. The other mechanism of easing such cash shortage is through diversification of income generating activities. Even if many writers including Vandenberg support the already established opinion on micro-finance that holds a view that micro-finance is a useful way of channeling finance to the poor and overcoming the difficulties they face in securing credit from formal financial institutions such as Banks (Vandenberg, 2006). It was reported that the terms of credit of Wolkite MFI are not suitable to the operators as the MFI fixes short repayment period with higher interest rate that is 9% in comparison with the interest rate of 6% charged by the banks. Majority of respondents indicated that, MFI charges them totally 12% of the extended credit, of which 9% is paid as interest on the loan, 3% as service charge. This high loan cost puts the affordability of the loan of the MFI demanding by the users. Obviously, such high loan cost further damages the already low meager revenue of the enterprises. On the other hand, the interviewees' pointed that the short repayment period scheduled by the MFI put them in worrisome state as they face shortage of market resulting in their inability to repay the loan with in the period stipulated by the MFI. Given the market problem of the success of small and medium scale enterprises, it is fair to suggest the MFI to effectuate a 'grace period policy'. Majority of interviewees widely outlined that, they are frequently uses informal sources as a main sources. According to them, this is because of the view that the requirement of collateral and loan application procedures are relatively rare (completely none) in case of informal sources. Since such sources usually take place among parties with intimate knowledge and trust of each other, making the need for security (in the form of asset collateral/guarantee) low.

#### **4.3.1.6. Factors affecting success of SMSEs operating in Wolkite from Socio- cultural factors perspectives**

As it is indicated in table above 4.9, the mean and standard deviation for the socio- cultural factors were calculated. The table shows the lack of knowledge for enterprises and lack of motivation and promotion for enterprises and lack of trust enterprises for developments 92 respondents are 57(62%) agree and 14(15.64%) strongly agree the other remaining are 4(4.3%) strongly disagree and 14(14.47%)are disagree say agree that factors affect the success of small and medium scale enterprises. Therefore it may be concluded that socio-cultural factors is main factor that affect the success of small and medium scale enterprises.

According to the table 4 Above, enterprises engaged in construction, manufacture, services, trade and agriculture sector, the lack of knowledge for enterprises and lack of motivation and promotion for enterprises and lack of trust enterprises for developments is factors that affect the success of small and medium scale enterprises.

Table 10. among the different factors attributed to entrepreneurial success for small and medium scale enterprises operating in wolkite, please rank the following variables in their order of attributes for entrepreneurial success (1= highest factors attributed for success and 9= for the least factors attributed for entrepreneurial success in wolkite.

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

#### 4.3.2. Internal Factors affecting success of SMSEs operating in Wolkite

**Table 4.2. Internal Factors affecting SMSE's operating in Wolkite**

Internal Factors affecting SMSE's	ITEMS						Mean	Std.dev
		Strongly Disagree	Disagree	undecided	Agree	Strongly agree		
working place factors	The rent of house is too high	4	11	4	54	19	3.79	1.04
	Absence of own premises	4	11	4	59	14	3.74	1.00
	Current working place is not convenient	4	11	4	55	18	3.78	1.03
<b>Mean of mean for working place factors</b>							<b>3.77</b>	
Entrepreneurial factors	Lack of information to exploit business opportunities	4	12	3	58	15	3.73	1.02
	Lack of persistence and courage to take responsibility for ones failure	4	12	3	58	15	3.73	1.02
	Lack of motivation and drive	4	12	3	59	14	3.72	1.01
	Lack of tolerance to work hard	4	13	3	58	14	3.70	1.03
	Absence of initiative to assess ones strengths and weakness	4	13	3	58	14	3.70	1.03
<b>Mean of mean Entrepreneurial factors</b>							<b>3.71</b>	<b>1.02</b>
Management factors	Poor organization and ineffective communication	4	16	3	56	13	3.66	1.06
	Lack of well trained and experienced employees	4	15	3	56	14	3.63	1.06
	Lack of clear division of duties and responsibility among employees	4	14	3	55	14	3.60	1.07
<b>Mean of mean Management factors</b>							<b>3.63</b>	<b>1.06</b>

Source: own survey, 2018

##### 4.3.2.1 Factors affecting success of SMSEs operating in Wolkite from Management factors perspectives

As the above table the management factors that affects the success of small and medium scale enterprises 92 respondents mean score 3.68 with a standard deviation 1.04 say agree and to show that a challenge manager raises poor organization and ineffective communication and lack of well trained and experienced employees are affect the success of small and medium enterprises.

According to the management factors that affect the success o small and medium scale enterprises the poor organization and ineffective communication, the lack of well trained and experienced employees and lack of clear division of duties and responsibility among employees. Regarding the respondents say management factors that affect the success small and medium scale enterprises. It is argued from a theoretical perspective that management experience and continuous training provide a particular entrepreneur with the necessary skills and competences needed for successful entrepreneurship Enock N., (2010). With adequate education mixed with management experience and training puts a manager in a better position to make tough decisions and forecasting under conditions of uncertainty which in turn with those competencies making these particular managers perform better than inexperienced individuals.

In this regard in an interview conducted with operators' success of small and medium scale enterprises, it was confirmed that they had many management problems which stem from factors such as poor record keeping, insufficient training and lack of relevant qualifications. Furthermore, most of these enterprises operate without systems in line with good management practice in which the owner manager is the sole decision maker and his/her absence leads to a halt (temporarily stop) in decision making. Similarly, interviewees commonly indicated that, inability (low technical skills) to troubleshoot failures on machinery and/or equipment's is a critical problem. Since the operators of success of small and medium scale enterprises cannot afford to employ specialists in the fields of maintenance with technical knowledge.

##### 4.3.2.2 Factors affecting success of SMSEs operating in Wolkite from Entrepreneurial factors perspectives

As it is indicated in table above, the mean and standard deviation for the Entrepreneurial factors that affect small and medium scale enterprises were calculated. The table shows the lack of information to exploit business opportunities, lack of persistence and courage to take responsibility for ones failure and lack of motivation and drive the respondent 58(63.22) agree and 15(15.64) strongly agree the other remaining respondent are 4(4.3%)

strongly and 12(13.44) disagree that has mean score 3.739 with a standard deviation 1.025 and lack of tolerance to work hard and absence of initiative to assess ones strengths and weakness the has mean score 3.7065 with a standard deviation of 1.032 is the respondents say agree the factors that affects the success of small and medium scale enterprises.

According to the table 4.8. above, enterprises engaged in construction, manufacture, services, trade and agriculture sector, the lack of persistence and courage to take responsibility for one's failure and lack of motivation and drive and lack of tolerance to work hard and absence of initiative to assess ones strengths and weakness is factors that affects the success of small and medium scale enterprises.

Starting with lack of motivation and drive, this has to do with the main reason(s) for the entrepreneur(s) establishing the business and the relationship of this with the performance of the firm Enock (2010). In an interview conducted with an operator of success of small and medium scale enterprises, few (two) interviewees replied that lack of motivation and drive affect the success of small and medium scale enterprises. Even though the results in this study show only two operators whose business is constrained by lack of motivation and drive, it has been proven that this is a major constraint to many small business owners. A study by Bark Ham shows a positive relation between motivation of the entrepreneur(s) and the performance of the firm; in other words the more positive motivation of the entrepreneur(s) the more likely the business will grow Bark H. R., (1992). Lack of entrepreneurial training was mentioned by operators in the entire study area. According to interviewees, it featured as a key problem in all sectors. A number of interviewee respondent felt that enough training in entrepreneurship would better prepare to perform in their business activities. Furthermore, with regard to lack of information to exploit business opportunities interview was conducted with operators of small and medium scale enterprises.

#### **4.3.2.3. Factors affecting success of SMSEs operating in Wolkite from working place factors perspectives**

As it is indicated in table above in table above, the mean and standard deviation for the working place factors was the respondent. The table shows the rent of house is most respondent 54(58.7%) say agree and 19(20.7%) strongly agree the other remaining are say strongly disagree, disagree and undecided too high has a mean score of 3.77 with a standard deviation of 1.027 and absence of own premises for has mean 3.74 with a standard deviation of 1.004 and current working place is not convenient has mean score 3.78 with standard deviation of 1.03. Therefore it may be concluded that absence of own premises, current working place is not convenient and the rent of house is too high the main factor that affect the success of entrepreneurial success of small and medium scale enterprises.

In an interview conducted with an operator of construction, manufacture, services, trades and agriculture it was confirmed that, they operated in rented house and high rental charges have impeded the factors affects of their businesses as some charges are higher than the capacity to pay. According to them, this high rent of house is resulted from absence of own premises to run business.

Accessibility of a location is the ease with which it can be accessed by different modes of transport Brown and Lloyd, (2002). Divergent from these aspects, however, most of the studied area is situated far from the main asphalt road and the condition of the road leading to the cluster from the main road is extremely poor. This poor state of the road condition of locality has culminated in high transportation service costs to the SMSEs, in addition to making the sector difficult for accessibility by the presented and potential customers. In an interview conducted with an operator of food processing it was confirmed that, they operated in rented house and high rental charges have impeded the performance of their businesses as some charges are higher than the capacity to pay. Similarly, in an interview conducted with owner managers of textile and garment was confirmed this idea. According to them, this high rent of house is resulted from absence of own premises to run business.

#### **4.4. Comparison of Factors affecting the success of SMSE's entrepreneurs operating in Wolite**

Even though, the entire politico-legal, infrastructure, working premises, technology, marketing, financial, management entrepreneurial and socio-cultural factors affect the success of SMSEs, this does not necessarily mean that all factors have equal impact.

The following table clearly compares the overall impact of all key factors discussed in detail above.

Table 4.3: Comparison of Factors affecting the success of SMSE's entrepreneurs operating in Wolite

Descriptive Statistics	N	frequency					Mea	Std.
		St/Disagree	Disagree	undecided	Agree	St/Agree		
Politico-Legal Factors	92	7	2	15	59	9	3.66	.963
Working Place Factors	92	7	2	13	62	8	3.67	.950
Technological Factors	92	7	3	15	58	9	3.64	.978
Infrastructural factors	92	8	2	15	59	8	3.61	.992
Marketing Factors	92	8	3	15	57	9	3.60	1.015
Financial Factors	92	9	3	12	59	9	3.60	1.047
Management Factors	92	9	3	11	60	9	3.61	1.046
Entrepreneurial factors	92	9	5	11	58	9	3.57	1.071
socio-cultural factor	92	9	5	12	56	1	3.89	3.349
Mean of Mean							3.65	1.268

Source: own survey, 2018

It can now be seen that financial and working premises factors has the biggest potential to contribute to the performance, followed by marketing, infrastructural, management, politico-legal, technological, entrepreneurial and socio –cultural factors. In another words, the result shows that financial and working premises factors are the two highest factors that affect the performance of SMSEs in the selected area. This result is supported by Haftu Berihun (2009) who found that lack of finance and working space rank on top being reported as the major constraints by a large proportion of the enterprises. It can, therefore, be concluded that finance and working premises factors do largely affect the success of SMSEs.

The respondents to respond each factors attribute their entrepreneurial success please rank the above variables in their order of attributes for entrepreneurial success (1= highest factors attributed for success and 9= for the least factors attributed for entrepreneurial success in wolkite).

## CHAPTER FIVE SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

### 5.1 INTRODUCTION

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

### 5.2 SUMMARY OF MAJOR FINDING

The study covers five sectors that identified by Wolikte SMSEs development office and identifies the major factors toward the success of SMSEs by considering five sectors.

- SMSE in Wolkite is dominated by construction sector and SMSE in Wolkite manufacturing is employment and capital growth service shows better achievements than others.
- As a source of finance majority of the respondents start their business by their own personal saving and friends.
- SMSE that starts its business from personal saving source of finance shows greater mean value of success indicators than sources.
- Majority of the respondents starts a business by holding a motive of creating job and they are relatively success full than others.
- The majority of respondents the content of their business plan are without the basic elements of financial, human resource and sales plan.
- The likert-scale response result shows that more than half sampled enterprise agreed on significant impact of access to finance and credit service, politico-legal, social-cultural, working place factors, technological factors, management, marketing, infrastructural, and entrepreneurial factors.

### 5.3 CONCLUSIONS

Small And Medium Scale Enterprises to investigate contextual factors, to assess the internal factors and to recommend possible solution to alleviate the problem of SMSEs. Based on the objectives and findings of the study, the following conclusions are worth drawn.

- The social- cultural factors, working place factors and technological factors are to show about result of

the research data the major factors on entrepreneurship in internal and external attribute.

- The other factors to starting businesses enterprises main sources of startup and expansion finance or funds for most SMSEs are personal savings followed, family, friends/relatives and iqub/idir.
- The formal financial institutions have not been able to meet the credit needs of the SMSEs.
- There is high interest rate and collateral requirement; most SMSEs have been forced to use the informal institutions for credit. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the SMSEs. In some cases this problems may be the inability of many operators to meet formal financial institutions requirements for example business plan, governance systems and other accountability issues which are linked to business risk.

This shows that the studied operators accessed finance mainly from informal sources. The most important contextual factors identified are financial factors which include high collateral requirement from banks and other lending institutions, shortage of working capital, high interest rate charged by banks and other lending institutions, and too complicated loan application procedures of banks and other lending institutions. The social-cultural factors, working place factors and technological factors are to show about result of the research data the major factors on entrepreneurship in internal and external attribute and Infrastructural factors incorporate power interruptions, and lack of sufficient and quick transportation service that hinder the business performance of all sectors.

Finally, the study has further identified that the different influences in which each of the factors under study have in different categories of the business. The research clearly illustrates that, even if the degree of those critical factors in construction, manufacture, services, trade and agriculture sector slightly differ from the factors that are critical to work sectors, most of the factors are considerably common for five sectors. It has been noted that the contextual factors are prevalent to the businesses such as Politico-Legal, financial, workings premises, marketing and infrastructure had very high effects on the success of SMSEs compared to other factors in the research area.

#### 5.4 RECOMMENDATIONS

Suggestions for corrective and complementary measures to enhance the potential success of small and medium scale enterprises /SMSEs/ are essential. Such recommendations demand an in-depth analysis of the influence of different factors regarding the sector. Based on the findings and conclusions of the study, the following recommendations are forwarded.

- To address the issue of business development services the trade and industry office has to organize and facilitate marketing promotional programs like trade fairs and bazaars this will give SMSEs opportunity to display their market share, exchange experiences, knowledge transfer as to how to utilize marketing instruments so on.
- Enterprises operating without business plan are advised to prepare business plan. Government bodies and partners of the enterprises had better convince and aid such enterprises to prepare business plan.
- In relation to improving the entrepreneurial, traits of the owner/manager of SMSEs higher education institutions and enterprises supporting body is advised to review and design responsive, and country context training on entrepreneurship.
- Linking SMSEs with medium and large firms to serve as market outlets, provision of training on quality improvement and cost reduction modalities, provision of information on market opportunities, construction of display centers and provision of advertising support and establishment of market information centers are recommended activities that need the coordinated efforts of all concerned stakeholders.
- Policy makers are also advised to design polices that improve the facilities and skill development programs of SMSEs establishing bodies.
- An endeavor should be made to increase education level of operators or employees because it will lead to increase the use of ICT. In turn, will increase market linkage and produced products that conform the quality specifications and interest of customers. So the concerned agency should give appropriate training for the ranked skills and raise the capabilities of ICT users.
- Changing the perception of the general public through extensive awareness creation mechanisms, since private individuals are predicted to be the main buyers of the products manufactured by success of small and medium scale enterprises in the long run.
- Wolkite University to give awareness, short term training and business plan of small and medium scale enterprises in a seller and buyers of the products manufactured in the long run promotion.
- Finally yet importantly, time series data related with financial achievement is not available in organized written form. However, it is crucial for success evaluation of the enterprises. The researchers observed the absence of this data in organized written form. SMSEs of sales and profit achievements this will help future researchers to have comprehensive measures of success indicators.



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**WOLKITE UNIVERSITY**  
**COLLEGE OF BUSINESS and Economics,**  
**DEPARTMENT OF MANAGEMENT**  
**MBA PROGRAM**

**QUESTIONNAIRE TO BE FILLED BY \_\_\_\_\_**

Dear respondent,

Dear respondent the purpose of this research were *Assessing the Determinants of Entrepreneurial Success of Small and Medium Scale Enterprises in Wolkite town*. You are one of the respondents selected to participate on this study. Please assist us in giving correct and complete information to present a representative finding on the current status of the determinants of entrepreneurial success of small and medium scale enterprises’ on the wolkite. Your participation is entirely voluntary and the questionnaire is completely anonymous. Finally, confirm you that the information you provided will be kept confidential and only used for the academic purpose. No individual’s responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only. Thank you in advance for your kind cooperation and dedicating your time.

Sincerely,

**Instructions**

No need of writing your name

For Laker scale type statements and multiple choice questions indicate your answers with a check mark (√) in the appropriate block.

**SECTION 1: GENERAL INFORMATION ON BUSINESS ENTERPRISES**

1. What is the main activity of the enterprise?
  - A. Textile and garment
  - B. Food processing
  - C. Wood and metal work
2. How did you raise funds to start-up your business?
  - A. Personal saving
  - B. Family
  - C. Banks
  - D. NGOs
  - E. Friends/Relatives
  - F. Iqub/Idir
  - G. Micro finance institutions
  - H. Others (specify)-
3. Which one of the following aspect is the most important for the success of your business venture?
  - A. A business plan
  - B. Business opportunities
  - C. An entrepreneurial team
  - D. Training in business skills

**SECTION 1: FACTORS AFFECTING THE PERFORMANCE OF MICRO AND SMALL ENTERPRISES**

The major factors that affect the performance of MSEs are listed below. Please indicate the degree to which these factors are affecting the performance of your business enterprise. After you read each of the factors, evaluate them in relation to your business and then put a tick mark (√) under the choices below. Where, **5** = Strongly agree, **4** = Agree, **3** = Undecided, **2** = Disagree and **1**= Strongly disagree. Hence, please indicate the degree to which you agree with the following statements

S.No	Variables	Scale of Agreement				
		5	4	3	2	1
<b>1</b>	<b>Politico-Legal Factors</b>					
1.1	Lack of government support					
1.2	Bureaucracy in company registration and licensing					
1.3	Political intervention					
<b>2</b>	<b>Working Place Factors</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
2.1	The rent of house is too high					
2.2	Absence of own premises					
2.3	Current working place is not convenient					
<b>3</b>	<b>Technological Factors</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
3.1	Lack of appropriate machinery and equipment					
3.2	Lack of money to acquire new technology					
3.3	Unable to select proper technology					
3.4	Lack of skills to handle new technology					
3.5	Lack of technology access					
<b>4</b>	<b>Infrastructural factors</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
4.1	Insufficient and interrupted water supply					
4.2	Electric Power interruptions					
4.3	Lack of business development services					
4.4	Lack of sufficient and quick transportation service					
4.5	Lack of appropriate dry waste and sewerage system					
<b>5</b>	<b>Marketing Factors</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
5.1	Poor customer relationship and handling					
5.2	Searching new market is so difficult					
5.3	Inadequate market for my product					
5.4	Lack of demand forecasting					
5.5	Lack of market information					
<b>6</b>	<b>Financial Factors</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
6.1	Shortage of working capital					
6.2	Inadequacy of credit institutions					
6.3	Lack of cash management skills					
9.4	High collateral requirement from banks and other lending institutions					

S.No	Variables	Scale of Agreement				
		5	4	3	2	1
6.5	High interest rate charged by banks and other lending institutions					
<b>7</b>	<b>Management Factors</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
7.1	Poor organization and ineffective communication					
7.2	Lack of well trained and experienced employees					
7.3	Lack of clear division of duties and responsibility among employees					
<b>8</b>	<b>Entrepreneurial Factors</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
8.1	Lack of information to exploit business opportunities					
8.2	Lack of persistence and courage to take responsibility for ones failure					
8.3	Lack of motivation and drive					
8.4	Lack of tolerance to work hard					
8.5	Absence of initiative to assess ones strengths and weakness					
<b>9</b>	<b>Socio-cultural factors</b>					
9.1	Lack of knowledge for enterprises					
9.2	Lack of motivation and promotion for enterprises					
9.3	Lack of trust enterprises for developments					

10. Among the different factors attributed to Entrepreneurial success for SMSEs operating in Wolkite, please rank the following variables in their order of attributes for Entrepreneurial success (1=Highest factors attributed for success and 9= for the least factors attributed for Entrepreneurial success in Wolkite)

S.No	Variables	Rank based on their order of attributes for Entrepreneurial success (1=Highest factors attributed for success and 9= for the least factors attributed for Entrepreneurial success in Wolkite)
<b>1</b>	<b>Politico-Legal Factors</b>	
<b>2</b>	<b>Working Place Factors</b>	
<b>3</b>	<b>Technological Factors</b>	
<b>4</b>	<b>Infrastructural factors</b>	
<b>5</b>	<b>Marketing Factors</b>	
<b>6</b>	<b>Financial Factors /Economic factors</b>	
<b>7</b>	<b>Management Factors</b>	
<b>8</b>	<b>Entrepreneurial Factors</b>	
<b>9</b>	<b>Socio-cultural factors</b>	

11. Among the different factors influencing entrepreneurs operating in Wolkite to create unemployment intention, Please rank the following variables in their order of attributes for creating unemployment intention

S.No	Variables	Rank based on their order of attributes for Entrepreneurial success (1=Highest factors attributed for creating unemployment intention and 9= for the least factors attributed for creating unemployment intention in Wolkite)
<b>1</b>	<b>Politico-Legal Factors</b>	
<b>2</b>	<b>Working Place Factors</b>	
<b>3</b>	<b>Technological Factors</b>	
<b>4</b>	<b>Infrastructural factors</b>	
<b>5</b>	<b>Marketing Factors</b>	
<b>6</b>	<b>Financial Factors /Economic factors</b>	
<b>7</b>	<b>Management Factors</b>	
<b>8</b>	<b>Entrepreneurial Factors</b>	
<b>9</b>	<b>Socio-cultural factors</b>	

**Any Addition comments/suggestions to be given** .....

**Thank You**

Frequency

**Statistics**

		Lack of government support	Bureaucracy in company registration and licensing	Political intervention
N	Valid	92	92	92
	Missing	0	0	0

**plf1 Lack of government support**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	3	3.3	3.3	3.3
	disagree	11	12.0	12.0	15.2
	undecided	5	5.4	5.4	20.7
	agree	54	58.7	58.7	79.3
	strongly agree	19	20.7	20.7	100.0
	Total	92	100.0	100.0	

Frequency

**plf2 Bureaucracy in company registration and licensing**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	10	10.9	10.9	15.2
	undecided	5	5.4	5.4	20.7
	agree	53	57.6	57.6	78.3
	strongly agree	20	21.7	21.7	100.0
	Total	92	100.0	100.0	

Frequency

**plf3 Political intervention**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	10	10.9	10.9	15.2
	undecided	5	5.4	5.4	20.7
	agree	55	59.8	59.8	80.4
	strongly agree	18	19.6	19.6	100.0
	Total	92	100.0	100.0	

**wpf1 The rent of house is too high**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	4	4.3	4.3	4.3
disagree	11	12.0	12.0	16.3
undecided	4	4.3	4.3	20.7
agree	54	58.7	58.7	79.3
strongly agree	19	20.7	20.7	100.0
Total	92	100.0	100.0	

**Statistics**

	The rent of house is too high	Absence of own premises	Current working place is not convenient
N Valid	92	92	92
Missing	0	0	0

**wpf2 Absence of own premises**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	11	12.0	12.0	16.3
undecided	4	4.3	4.3	20.7
agree	59	64.1	64.1	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**wpf3 Current working place is not convenient**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	4	4.3	4.3	4.3
disagree	11	12.0	12.0	16.3
undecided	4	4.3	4.3	20.7
agree	55	59.8	59.8	80.4
strongly agree	18	19.6	19.6	100.0
Total	92	100.0	100.0	



**Statistics**

		Lack of appropriate machinery and equipment	Lack of money to acquire new technology	Unable to select proper technology	Lack of skills to handle new technology	Lack of technology access
N	Valid	92	92	92	92	92
	Missing	0	0	0	0	0

**tf1 Lack of appropriate machinery and equipment**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	11	12.0	12.0	16.3
	undecided	4	4.3	4.3	20.7
	agree	59	64.1	64.1	84.8
	strongly agree	14	15.2	15.2	100.0
	Total	92	100.0	100.0	

**tf2 Lack of money to acquire new technology**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	10	10.9	10.9	15.2
	undecided	4	4.3	4.3	19.6
	agree	59	64.1	64.1	83.7
	strongly agree	15	16.3	16.3	100.0
	Total	92	100.0	100.0	

**tf3 Unable to select proper technology**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	12	13.0	13.0	17.4
	undecided	4	4.3	4.3	21.7
	agree	58	63.0	63.0	84.8
	strongly agree	14	15.2	15.2	100.0
	Total	92	100.0	100.0	

**tf4 Lack of skills to handle new technology**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly agree	4	4.3	4.3	4.3
disagree	13	14.1	14.1	18.5
undecided	4	4.3	4.3	22.8
agree	57	62.0	62.0	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**tf5 Lack of technology access**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	12	13.0	13.0	17.4
undecided	6	6.5	6.5	23.9
agree	55	59.8	59.8	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	

**Statistics**

		In sufficient and interrupted water supply	Power interruptions	Lack of business development services	Lack of sufficient and quick transportation service	Lack of appropriate dry and waste and sewerage system
N	Valid	92	92	92	92	92
	Missing	0	0	0	0	0

**if1 In sufficient and interrupted water supply**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	10	10.9	10.9	15.2
undecided	4	4.3	4.3	19.6
agree	58	63.0	63.0	82.6
strongly agree	16	17.4	17.4	100.0
Total	92	100.0	100.0	

**if2 Power interruptions**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	10	10.9	10.9	15.2
undecided	4	4.3	4.3	19.6
agree	57	62.0	62.0	81.5
strongly agree	17	18.5	18.5	100.0
Total	92	100.0	100.0	

**if3 Lack of business development services**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	11	12.0	12.0	16.3
undecided	4	4.3	4.3	20.7
agree	58	63.0	63.0	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	

**if4 Lack of sufficient and quick transportation service**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	12	13.0	13.0	17.4
undecided	4	4.3	4.3	21.7
agree	57	62.0	62.0	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	

**if5 Lack of appropriate dry waste and sewerage system**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	10	10.9	10.9	15.2
undecided	4	4.3	4.3	19.6
agree	60	65.2	65.2	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**Statistics**

		Poor customer relationship and handling	Searching new market is so difficult	Inadequate market for my product	Lack of demand forecasting	Lack of market information
N	Valid	92	92	92	92	92
	Missing	0	0	0	0	0

**mf1 Poor customer relationship and handling**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	16	17.4	17.4	21.7
	undecided	3	3.3	3.3	25.0
	agree	56	60.9	60.9	85.9
	strongly agree	13	14.1	14.1	100.0
	Total	92	100.0	100.0	

**mf2 Searching new market is so difficult**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	15	16.3	16.3	20.7
	undecided	3	3.3	3.3	23.9
	agree	56	60.9	60.9	84.8
	strongly agree	14	15.2	15.2	100.0
	Total	92	100.0	100.0	

**mf3 Inadequate market for my product**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strongly disagree	4	4.3	4.3	4.3
	disagree	14	15.2	15.2	19.6
	undecided	3	3.3	3.3	22.8
	agree	57	62.0	62.0	84.8
	strongly agree	14	15.2	15.2	100.0
	Total	92	100.0	100.0	

**mf4 Lack of demand forecasting**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	16	17.4	17.4	21.7
undecided	3	3.3	3.3	25.0
agree	55	59.8	59.8	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**mf5 Lack of market information**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	14	15.2	15.2	19.6
undecided	3	3.3	3.3	22.8
agree	57	62.0	62.0	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**Statistics**

		Shortage of working capital	Inadequacy of credit institutions	Lack of cash management skills	High collateral requirement from banks and other lending institutions	High interest rate charged by banks and other lending institutions
N	Valid	92	92	92	92	92
	Missing	0	0	0	0	0

**ff1 Shortage of working capital**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	11	12.0	12.0	16.3
undecided	3	3.3	3.3	19.6
agree	59	64.1	64.1	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	



**ff2 Inadequacy of credit institutions**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	12	13.0	13.0	17.4
undecided	3	3.3	3.3	20.7
agree	59	64.1	64.1	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**ff3 Lack of cash management skills**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	14	15.2	15.2	19.6
undecided	3	3.3	3.3	22.8
agree	57	62.0	62.0	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**ff4 High collateral requirement from banks and other lending institutions**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	11	12.0	12.0	16.3
undecided	3	3.3	3.3	19.6
agree	59	64.1	64.1	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	

**ff5 High interest rate charged by banks and other lending institutions**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	11	12.0	12.0	16.3
undecided	3	3.3	3.3	19.6
agree	59	64.1	64.1	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	

**Statistics**

	Poor organization and ineffective communication	Lack of well trained and experienced employees	Lack of clear division of duties and responsibility among employees
N Valid	92	92	92
Missing	0	0	0

**maf1 Poor organization and ineffective communication**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	15	16.3	16.3	20.7
undecided	3	3.3	3.3	23.9
agree	56	60.9	60.9	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**maf2 Lack of well trained and experienced employees**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	16	17.4	17.4	21.7
undecided	3	3.3	3.3	25.0
agree	56	60.9	60.9	85.9
strongly agree	13	14.1	14.1	100.0
Total	92	100.0	100.0	

**maf3 Lack of clear division of duties and responsibility among employees**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	17	18.5	18.5	22.8
undecided	3	3.3	3.3	26.1
agree	55	59.8	59.8	85.9
strongly agree	13	14.1	14.1	100.0
Total	92	100.0	100.0	

**Statistics**

	Lack of information to exploit business opportunities	Lack of persistence and courage to take responsibility for ones failure	Lack of motivation and drive	Lack of tolerance to work hard	Absence of initiative to assess ones strengths and weakness
N Valid	92	92	92	92	92
Missing	0	0	0	0	0

**ef1 Lack of information to exploit business opportunities**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	12	13.0	13.0	17.4
undecided	3	3.3	3.3	20.7
agree	58	63.0	63.0	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	

**ef2 Lack of persistence and courage to take responsibility for ones failure**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	12	13.0	13.0	17.4
undecided	3	3.3	3.3	20.7
agree	58	63.0	63.0	83.7
strongly agree	15	16.3	16.3	100.0
Total	92	100.0	100.0	

**ef3 Lack of motivation and drive**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	12	13.0	13.0	17.4
undecided	3	3.3	3.3	20.7
agree	59	64.1	64.1	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**ef4 Lack of tolerance to work hard**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	13	14.1	14.1	18.5
undecided	3	3.3	3.3	21.7
agree	58	63.0	63.0	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**ef5 Absence of initiative to assess ones strengths and weakness**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	13	14.1	14.1	18.5
undecided	3	3.3	3.3	21.7
agree	58	63.0	63.0	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**Statistics**

	Lack of knowledge for enterprises	Lack of motivation and promotion for enterprises	Lack of trust enterprises for developments of
N Valid	92	92	91
Missing	0	0	1

**scf1 Lack of knowledge for enterprises**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	12	13.0	13.0	17.4
undecided	3	3.3	3.3	20.7
agree	57	62.0	62.0	82.6
strongly agree	15	16.3	16.3	98.9
45	1	1.1	1.1	100.0
Total	92	100.0	100.0	

**scf2 Lack of motivation and promotion for enterprises**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.3	4.3
disagree	14	15.2	15.2	19.6
undecided	3	3.3	3.3	22.8
agree	57	62.0	62.0	84.8
strongly agree	14	15.2	15.2	100.0
Total	92	100.0	100.0	

**scf3 Lack of trust enterprises for developments of**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	4	4.3	4.4	4.4
disagree	14	15.2	15.4	19.8
undecided	3	3.3	3.3	23.1
agree	57	62.0	62.6	85.7
strongly agree	13	14.1	14.3	100.0

**plf Politico-Legal Factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	7	7.6	7.6	7.6
disagree	2	2.2	2.2	9.8
undecided	15	16.3	16.3	26.1
agree	59	64.1	64.1	90.2
strongly agree	9	9.8	9.8	100.0
Total	92	100.0	100.0	

**Statistics**

Working Place Factors

N	Valid	92
	Missing	0

**wpf Working Place Factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	7	7.6	7.6	7.6
disagree	2	2.2	2.2	9.8
undecided	13	14.1	14.1	23.9
agree	62	67.4	67.4	91.3
strongly agree	8	8.7	8.7	100.0
Total	92	100.0	100.0	

**Statistics**

**tf Technological Factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	7	7.6	7.6	7.6
disagree	3	3.3	3.3	10.9
undecided	15	16.3	16.3	27.2
agree	58	63.0	63.0	90.2
strongly agree	9	9.8	9.8	100.0
Total	92	100.0	100.0	

**Statistics**

Infrastructural factors

N	Valid	92
	Missing	0



**if Infrastructural factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly disagree	8	8.7	8.7	8.7
disagree	2	2.2	2.2	10.9
undecided	15	16.3	16.3	27.2
agree	59	64.1	64.1	91.3
strongly agree	8	8.7	8.7	100.0
Total	92	100.0	100.0	

**Statistics**

Marketing Factors

N	Valid	92
	Missing	0

**mf Marketing Factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	8	8.7	8.7	8.7
disagree	3	3.3	3.3	12.0
undecided	15	16.3	16.3	28.3
agree	57	62.0	62.0	90.2
strongly agree	9	9.8	9.8	100.0
Total	92	100.0	100.0	

**Statistics**

Financial Factors

N	Valid	92
	Missing	0

**ff Financial Factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	9	9.8	9.8	9.8
disagree	3	3.3	3.3	13.0
undecided	12	13.0	13.0	26.1
agree	59	64.1	64.1	90.2
strongly agree	9	9.8	9.8	100.0
Total	92	100.0	100.0	

**Statistics**

Management Factors

N	Valid	92
	Missing	0

**maf Management Factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	9	9.8	9.8	9.8
disagree	3	3.3	3.3	13.0
undecided	11	12.0	12.0	25.0
agree	60	65.2	65.2	90.2
strongly agree	9	9.8	9.8	100.0
Total	92	100.0	100.0	

**Statistics**

Entrepreneurial factors

N	Valid	92
	Missing	0

**ef Entrepreneurial factors**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	9	9.8	9.8	9.8
disagree	5	5.4	5.4	15.2
undecided	11	12.0	12.0	27.2
agree	58	63.0	63.0	90.2
strongly agree	9	9.8	9.8	100.0
Total	92	100.0	100.0	

**scf social -cultural factor**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	9	9.8	9.8	9.8
disagree	5	5.4	5.4	15.2
undecided	12	13.0	13.0	28.3
agree	56	60.9	60.9	89.1
strongly agree	9	9.8	9.8	98.9
34	1	1.1	1.1	100.0
Total	92	100.0	100.0	

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Politico-Legal Factors	92	1.00	5.00	3.6630	.96393
Valid N (listwise)	92				

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Working Place Factors	92	1.00	5.00	3.6739	.95052
Valid N (listwise)	92				

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Technological Factors	92	1.00	5.00	3.6413	.97869
Valid N (listwise)	92				

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Infrastructural factors	92	1.00	5.00	3.6196	.99275
Valid N (listwise)	92				

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Marketing Factors	92	1.00	5.00	3.6087	1.01588
Valid N (listwise)	92				

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Factors	92	1.00	5.00	3.6087	1.04783
Valid N (listwise)	92				

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
Management Factors	92	1.00	5.00	3.6196	1.04663
Valid N (listwise)	92				

<b>Descriptive Statistics</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
Politico-Legal Factors	92	1.00	5.00	3.6630	.96393
Working Place Factors	92	1.00	5.00	3.6739	.95052
Technological Factors	92	1.00	5.00	3.6413	.97869
Infrastructural factors	92	1.00	5.00	3.6196	.99275
Marketing Factors	92	1.00	5.00	3.6087	1.01588
Financial Factors	92	1.00	5.00	3.6087	1.04783
Management Factors	92	1.00	5.00	3.6196	1.04663
Entrepreneurial factors	92	1.00	5.00	3.5761	1.07144
social -cultural factor	92	1.00	34.00	3.8913	3.34945
Valid N (listwise)	92				

### One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Politico-Legal Factors	92	3.6630	.96393	.10050
Working Place Factors	92	3.6739	.95052	.09910
Technological Factors	92	3.6413	.97869	.10204
Infrastructural factors	92	3.6196	.99275	.10350
Marketing Factors	92	3.6087	1.01588	.10591
Financial Factors	92	3.6087	1.04783	.10924
Management Factors	92	3.6196	1.04663	.10912
Entrepreneurial factors	92	3.5761	1.07144	.11171
social -cultural factor	92	3.8913	3.34945	.34920

### One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Politico-Legal Factors	36.449	91	.000	3.66304	3.4634	3.8627
Working Place Factors	37.073	91	.000	3.67391	3.4771	3.8708
Technological Factors	35.687	91	.000	3.64130	3.4386	3.8440
Infrastructural factors	34.971	91	.000	3.61957	3.4140	3.8252
Marketing Factors	34.072	91	.000	3.60870	3.3983	3.8191
Financial Factors	33.033	91	.000	3.60870	3.3917	3.8257
Management Factors	33.171	91	.000	3.61957	3.4028	3.8363
Entrepreneurial factors	32.013	91	.000	3.57609	3.3542	3.7980