The Challenges of Financing Growth Oriented Micro and Small Enterprises: The Case of Hawassa City MSEs, Ethiopia

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Abstract
This study investigates about the challenges of financing growth oriented Micro and Small enterprises (MSEs) in Hawassa city. The study has been conducted based on a survey covering 95 randomly selected MSEs from entire sub-cities. Interviews and questionnaires have been used as a tool to gather primary data. The responses were processed and analyzed with the help of Statistical Packages for Social Sciences (SPSS). It identifies the sector as the key to unlocking the economic potentials of the country. Nevertheless, these sectors are facing financial and other challenges. The study revealed that the major sources of finance for start up and expansion of MSEs are personal saving, microfinance, money from family or friends, iqub and very less from banks. Micro finance institutions attach high importance to collateral, guarantee and capital rather than financial information as criteria to extend loan. It is possible to point out that more than half of the surveyed MSEs had not received credit and from those who accessed credit majority complains loan size insufficiency. In addition the study showed that collateral, loan term, interest rate, disbursement of loans on time and other problems together are mainly challenging MSEs 'financing and growth. Lack of competition in financial institutions limits the access to finance. High risk and high transaction costs associated with creditors of MSEs likewise constrain access to finance. The survey showed that considerable efforts are made by the government to provide various support services in which few of them are accessed widely.
Keywords: MSEs, growth oriented, finance, Challenges, and MFIs.

Introduction

Micro and small enterprise (MSE) sector is highly diversified sector and plays a predominant role in the economy of developing countries. They employ a large proportion of the labor force and in many developing countries they are the source of income for various peoples. MSE have also been influential in bringing about economic transition by providing goods and services to a large number of people without requiring high-level of training, large sums of capital or sophisticated technology. Again, these enterprises utilize local resources, use skills harnessed to produce a variety of products for the market. Micro and small enterprise sector is described as the natural home of entrepreneurship (Solomon Worku, 2004).

MSEs are lifeblood of most economies. To be successful this and other business sectors, finance plays a major role in any aspect of business operation. MSEs need finance to start up, expand, diversify and for working capital of the business firms. Without finance, no one business enterprise can achieve its objectives. Finance is the backbone of any business enterprise including for MSEs (Mckernan and Chen, 2005).

MSEs play a pivotal role in developmental goals such as in improving living standard, distributing income fairly among low level and high level group, reducing unemployment rate, fostering linkages among various economic sectors, easy to begin and expand, labor intensive, require small capital, low technology, little know -how and facilitates import and export transactions among countries. Due to this merit, the sector is receiving due attention of policy makers and development practitioners. Furthermore, MSEs serve as a bridge to reach at the technically advanced medium and large enterprises (Wattanapruttipaisan, 2003 and Malhotra, 2006).

Ethiopia is one of fast growing non oil producing country. Within this economic and social development the crucial role played by MSEs initiates the government to give attention to the sector which is evidenced by the formulation of policies and strategies in such a way that it will guarantee the consistence of this development. To escape the current complex social and economic problems, the Hawassa city administration is also trying to expand its activity for the expansion and development of those sectors. Growth oriented Micro and Small Enterprises (MSEs**)** are MSEs engaged in production of goods and services in the sectors given priorities in the economic development of the country in most policy and strategy documents of the government (e.g. MoFED, GTP, 2010).

Statement of the Problem

Now days, in almost all economies of the world especially in developing countries in Africa and Ethiopia, MSEs are crucial and a key factor for sustained growth and development. Okpara and Wynn (2007) elaborated that MSEs are generally regarded as the driving force of economic growth, job creation and poverty reduction in developing countries. They have been the means through which accelerated economic growth and rapid industrialization to be realized. In Ethiopian context, as to the Ethiopian government's strategy, Growth and Transformation plan, micro and small enterprises are the bridge to achieve the goals of the government (MoFED, 2011).

MSEs' major barriers to growth and development appear to be shortage of both equity financing and debt. Thus, according to Lader (1996), one other important problem that MSEs often face is access to capital. Wattanapruttipaisan (2003) stated that acute financial constraint becomes a strong obstacle for MSEs in developing countries. Lack of access to finance is hampering the growth and competence of MSEs (Malhotra, 2006).

In contrast to the above ideas, Riba (1999) argued that the major constraint for MSEs growth, expansion, diversification and promotion is not the shortage of access to finance. It is rather lack of access to medium and long-term credit (time duration of credit) that hinders MSEs. There are also some authors who shared the arguments of both sides. In their article, they stated that the major constraints of MSEs which are not only lack of access to finance but also lack of medium or long term credit, appropriate loan size, technology and know-how (Malhotra, 2006)

The empirical studies pointed out that inadequate loan size, loan durations that do not match with the gestation periods and cash flow patterns of borrowers' activities financed by the loan, failure to disburse loans timely, and the tendency of group collateral requirements are the problems of MSEs in expanding and diversifying their enterprise (Gebrehiwot and Wolday , 2006).

Materials and Methods

Research Design

A research design can be qualitative, quantitative or mixed. Among the aforementioned three approaches, the researcher has used mixed approach. Hence, this approach is helpful to address the research questions and thereby to investigate the challenges to access finance for MSEs. The researcher has used open ended and closed ended questions for the qualitative and quantitative approaches respectively. Moreover, the researcher has used interview and questionnaire in order to get detailed investigation about the access and role of finance in expanding and diversifying MSEs. Structured questionnaires have been distributed to 95 MSE owner managers. On top of this, semi structured in-depth interview has been made with official coordinator of Hawassa city trade and industry (Head Office) and with each sub-cities MSE coordinators.

Data Type, Data Sources and Data Collection Techniques

To conduct the research, both primary and secondary data have been used. The primary data is consisted of interviews and questionnaires with owner managers and legal officials (Bureau of Hawassa Town) and the employees having access to the issue relevant to the research. The secondary data was collected from financial related activities, performance and growth of MSEs. The data collected includes periodic publications of government body, documents on accessing credit facilities, initial and current capital and finally report on development of MSEs from the MSEs coordinating office of Hawassa Town.

General Profile of Surveyed Micro Finance Institutions (MFI)

The study purposely selected and interviewed the major three MFI in Hawassa town to obtain the necessary information in relation to provision of loan to MSEs. The MFI managers selected and interviewed are managers of Omo MFI (governmental), Sidama MFI (local NGO) and Vision fund MFI (NGO).

MFI providing financial services to MSEs were asked to rank their criteria's MSEs should fulfill to get loan for starting or expanding a business. The table below summarizes the response of sampled MFIs.

Table 4.1 MFIs Requirement to provide loan to MSEs

	Rank			
MFI Requirement	Very importantly		Importantly	
	Number	Percent	Number	Percent
Collateral	3	100	-	-
Guarantee (Individual/group)	3	100	-	-
Capital	2	67	1	33
Financial information	1	33	2	67
Age of the firm	1	33	2	67
Business plan	1	33	2	67
License	1	33	2	67

The above response indicates that surveyed MFI attach very importance to the requirement of collateral and guarantee (individual or group) followed by capital. This is a possible indication that collateral based financing ranks high among the credit portfolio of these MFI. Meanwhile financial information, age of the firm, business plan and license are importantly required in their credit portfolio. MFIs require enterprises to have business license, prepare business plan and maintain formal accounting records but if the other requirements like collateral, guarantee and saved capital exist they extend financial service. From the financial information,

information commonly required by MFI are; income statement and balance sheet. The surveyed MFI were also asked the ratio of collateral to loan amount for new & existing MSEs, loan term and interest rate charged on loan to MSEs. The response has been presented table 4-2 below.

Table 4-2 Credit portfolio of MFI

Points raised	Omo MFI	Sidama MFI	Vision fund MFI
Ratio of collateral to loan for new MSEs	1:2	1: 1	No loan for new
Ratio of collateral to loan for existing MSEs	1:2	2:1	2:1
Loan term for any MSEs	3 years	0 – 2Years	0 – 2Years
Interest rate charged annually	10 %	18%	15-19%
Interest computation begins	Immediately after loan	After one month	Immediately after loan

As indicated on above table, minimum ratio of capital/collateral value of loan amount for new MSEs is different from those of existing ones. For new MSEs the ratio is 1:2 in Omo but 1:1 in the case of Sidama MFI. Vision fund MFI provides no loan for new MSEs because its target is encouraging those who are running business. For existing MSEs the minimum ratio of capital/collateral value of loan amount is 1:2 in Omo but 2:1 in Sidama and vision fund MFI.

Loan term refers to the amount of time that a borrower is given to pay off a loan. In relation to loan term (loan repayment period) the maximum maturity period to Omo MFI is three years whereas sidama and vision fund MFIs have same duration, two years for both new and existing MSEs.

The rate which is charged or paid for the use of loan is called interest rate. Interest rates charged annually are 10 % to Omo MFI, 18% to Sidama MFI and 15-19% to Vision fund MFI. Vision fund MFI interest charge varies according to the borrowers sector; 15% to trade sector, 16% to service sector, 17% to construction sector, 18% to urban agriculture sector and 19% to manufacturing sector. Omo and Sidama MFIs charge same interest rate irrespective of the MSEs sector type. Interest computation time varies among the MFIs. Omo and vision fund MFI begin interest computation on principal immediately after loan provision but Sidama MFI computes interest after a month of loan provision. Hence, Sidama MFI provides interest free loan for the first month.

Sectors and Number of MSEs Incorporated in the Study

MSEs engaged in the major five growth oriented sectors are incorporated in this study. Growth oriented MSEs are MSEs engaged in production of goods and services in the sectors given priorities in the economic development of the country in most policy and strategy documents of the government of Ethiopia (e.g MoFED, GTP, 2010). The following Pie chart presents the growth oriented sectors and number of MSEs included in the paper.

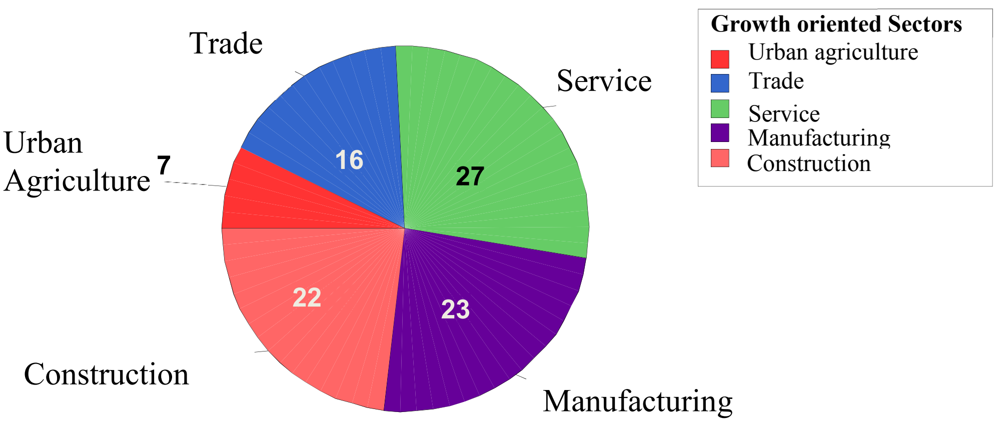

Figure 4.1: Sectors and number of MSEs incorporated in the Study

As indicated in the above Pie chart, MSEs operating in service sector 27 (solid waste collection and recycling, maintenance service, etc), Manufacturing 23 (Metal & engineering, textile & garment, leather products, wood work products, agro processing and handicraft products), Construction 22 (contractor, building material production, cobble stone production, traditional way of mining extraction), Trade 16 (domestic product whole sale and retail trade) and Urban agriculture 7 (cattle fattening, honey production, forestry, poultry farm, animal food preparation) have been included in the study.

Size of sampled MSEs

In Ethiopia an enterprise is defined as "Micro Enterprise" when the numbers of its employees (including the owner or family) are not greater than 5 & total asset is ≤ 100,000 ETB for industrial sector and ≤ 50,000 ETB for service sector. In a similar manner, an enterprise with 6 to 30 employees & total asset from 100,001 to 1,500,000 ETB for industrial sector and 50,001 to 500,000 ETB for service sector is defined as "Small Enterprise" (*MoTI, 2011).* From the 95 MSEs incorporated in the study 70 (73.68%) are micro where as 25 (26.32%) are small enterprises.

Accounting practice of incorporated MSEs

Without adequate, effective and timely financial information and analysis, the MSEs are losing out on the benefits from those practices. Most importantly, MSEs requiring extra capital to grow, regular financial records can provide indications on their ability to produce steady cash flows and to service debt. Appropriate financial reporting and management accounting practices could be one of the determinants of company survival particularly of MSEs (Gorton, 1999; Holmes, 1991).

Concerning to enterprises record keeping system of cash receipt and cash disbursement, the respondents were asked whether they have book keeping/accounting practice or not and the response is summarized in table 4.3below.

Table 4.3: Book keeping / Accounting practices of MSEs

Book keeping practice	Count	Percent
Maintain Book keeping /accounting practice	83	87.36
Do not maintain any accounting practice	12	12.64
Total	95	100.00

Based on the respondents feedback 87.36% of the enterprises have ledger based book keeping practice mainly recording revenue and expenses. But 12.64% of respondents' enterprises are not having any accounting practice. Nature of the sector and lack of knowledge are reasons put by respondents for not having any book keeping practice.

Sources of finance at start up and (or) expansion to MSEs

The startup &/or expansion capital/finance can be raised from multiple sources. A business can use internal or external funds to finance their operations and investments based on the accessibility or availability of the alternative sources of capital. A firm can use one of the two financing sources or both of them. The providers can be formal or informal bodies. Similarly, some MSEs could generate the sources of finance from their own capital (personal saving, retained profit and sales of assets), family/friends, Iqub, micro finance institution (MFI), Banks and other source. Accordingly, owner managers of MSEs were asked their source of finance. The result of this analysis and discussion is indicated by the following Bar charts.

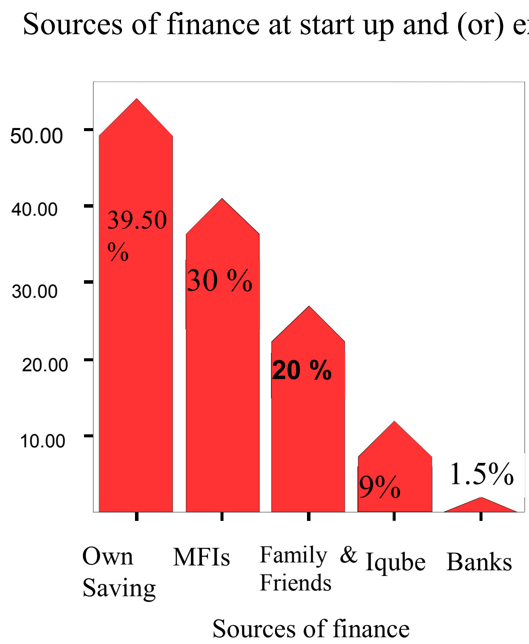

Figure 4.2 Sources of finance at start up and (or) expansion to MSEs

The above bar chart displays MSEs source of financing at the start up and (or) expansion of the business. The study result shows that a significant proportion of respondents started and expand business with their own money (39.50%) & from microfinance institutions (30%), followed by money obtained from family (father, mother, sister, brother and other related bodies) and friends (20%), iqub schemes (social capital) claim 9% and bank 1.5%.

Access to Finance for MSEs after their Establishment

Access to credit or finance can be seen as the absence of both price and non-price barriers in the use of financial services. In addition to the internal sources of finance or equity, access to credit/loan/ is essential. Credit is the main input to start-up, expand and diversify business enterprises. Schiffer and Weder (2001) show that MSEs find accessing finance more difficult than larger firms. The 2005 World Development Report (World Bank 2004c) indicates that small firms obtain only 30 percent of their financing from external sources, whereas large firms meet up to 48 percent of their financing needs through external financing. In principle, Banks, Microfinance and other financial institutions would facilitate credit service system. However, in case of our country Ethiopia, Banks are not willing to provide credit service for MSEs. MFI are currently facilitating and formulating different systems that help MSEs to carry out credit service on the basis of growth level of the enterprises.

Accordingly, to know the access to finance after Establishment from MFIs in Hawassa mainly in the growth and transformation plan period (GTP, since 2010/2011), owner managers have been asked and their response is displayed by the Bar Chart below.

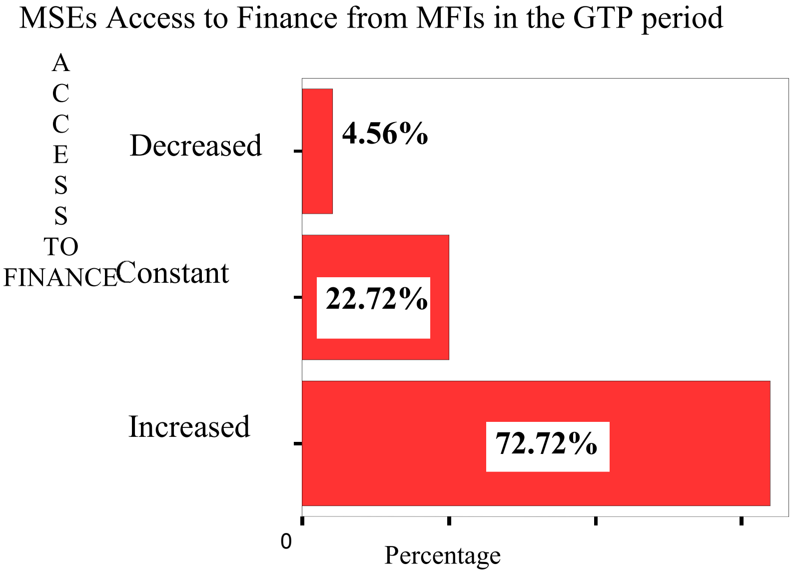

Figure 4.3: MSEs Access to Finance from MFIs in the GTP period

As indicated in the above Bar Chart, the majority (72.72%) of MSEs respondents replied that the access to finance for their firms from MFIs has been increased over time in the growth and transformation plan period (2010-2014). Some (22.72%) of respondents replied that access to finance has been Constant. Means, the access to external finance is still as it was. On the opposite fashion, the remaining percentage (4.56%) of the respondents stated that the access to finance has been decreased. They said that at the very beginning they had got credit from micro finance and other institutions for initial capital but not now; for the expansion and diversification of their businesses.

Post establishment request of MSEs for External Finance

After the establishment of any enterprise, it is unquestionable for the need of finance. It could be for operating, expanding and diversifying of MSEs. To know the willingness of financial institutions to give loan for MSEs, owner managers have been asked whether they have applied or requested external finance mainly from MFI after establishment. . The response has been displayed in pie chart as follows.

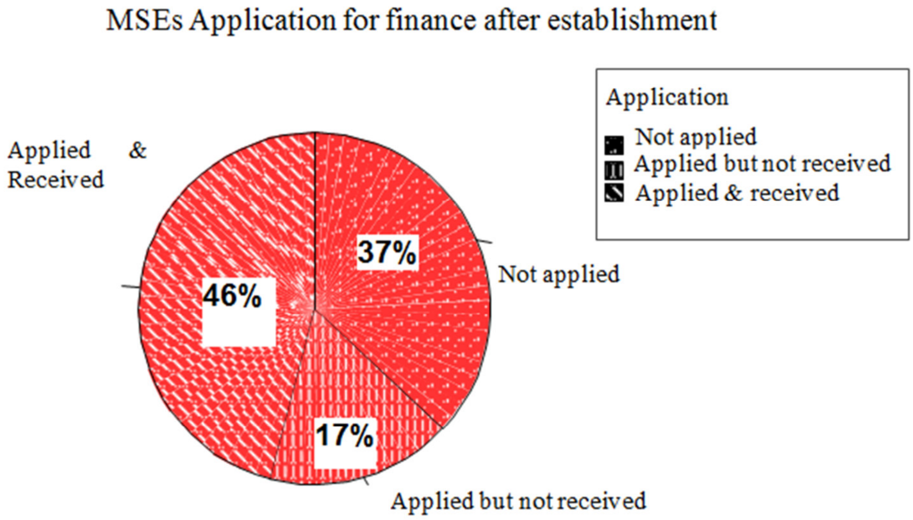

Figure 4.4 MSEs application for finance after establishment

Hence, as it has been represented in the above pie chart, the majority (46%) of the respondents stated that they have applied and got credit from external sources especially from MFI. Some (37%) of the respondents stated that they do not applied due to fear of high possibility of rejection. Mainly it is because; they couldn't fulfill the criteria's of financial institutions stated such as collateral and guarantees. Additionally some MSEs owners didn't take loan from credit providers due to fear of risk on their business. So that they couldn't apply for additional finance thought there have had a need for additional finance. On the other, (17%) of the respondents stated that they were applied/requested/ for additional external finance but did not get the loan. This is mainly due to, absence of individual/ group guarantee, lack of collateral and insufficient saving balance.

Adequacy of loan size released for MSEs

Due to fear of risk of repaying the money, many financial institutions lend a small amount of money for MSEs. In order to know the loan size given for MSEs by financial institutions mainly of MFIs, the researcher has asked respondents about the size or amount of money borrowed based on their perception and the response has been presented in the following Pie chart.

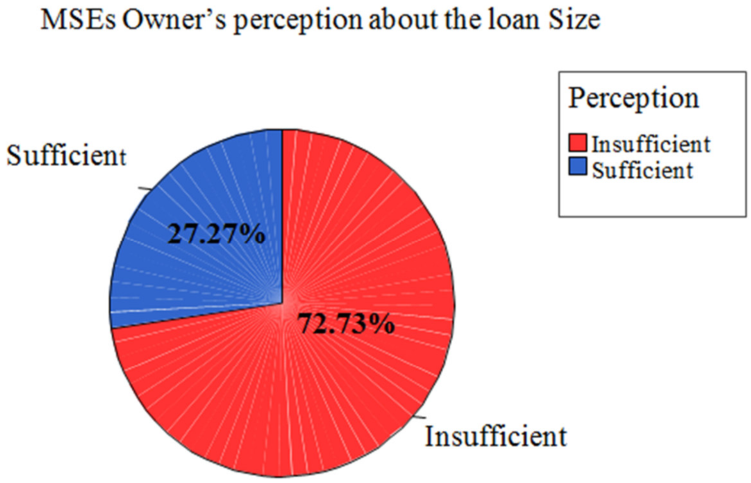

Figure 4.5 MSEs owners perception about the loan Size

As can be seen from the above Pie chart, majority (72.73%) of respondents stated that the loan amount released has been found insufficient as per their perception. Whereas, very few (27.27%) of respondents' perception about the loan size they had taken was sufficient.

Pre - Conditions to get Loan from Financial Institutions

In order to get the loan from external financial institutions, borrowers should fulfill different conditions which are stated by financial institutions. These pre-conditions are not the same over all credit providers of financial institutions. Some financial institution asked group guarantee, collateral, adequacy and cost of credit facility, profitability of the business, duration of the business and some of them are privately without any collateral and guarantee.

Besides, MSEs owners have been asked about the pre-conditions they should fulfill to get loan especially from MFI; and their response have been presented in the following pie chart.

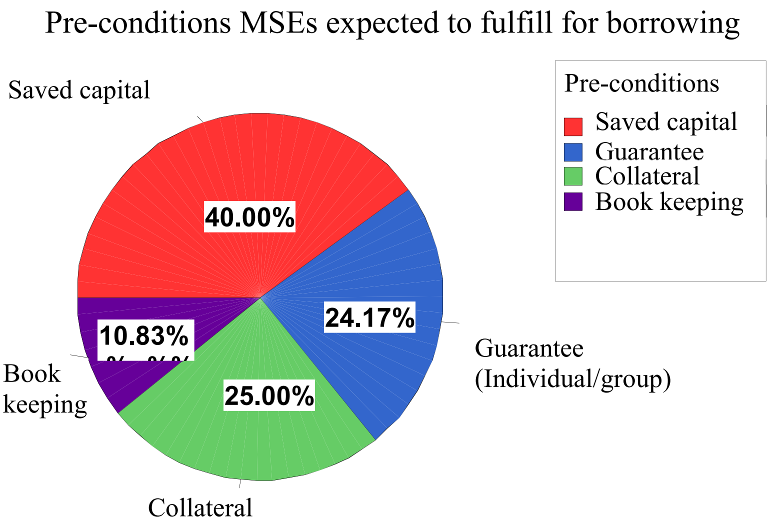

Figure 4.6 Pre-conditions MSEs expected to fulfill for borrowing

As per the above pie chart, 40% of the respondents stated that they are asked to have saved capital. That means the MSEs should continuously save at least for six months at the MFI to get loan. 25% of the respondents stated that they had been asked to bring collateral to access loan. Whereas, 24.17% of the respondents elaborated that the loan will be given if they are organized and form individual/group guarantee. This means every individual is responsible for the unpaid loan. If one individual fail to repay the principal loan and its interest rate, the other members will pay the loan by contributing equal amount from them. It is possible to take the loan individually; but it is mandatory to bring satisfactory guarantee. Few respondents (10.83%) stated that they had taken their loan by providing their financial information.

From the above response, the researcher has been identified that many MSEs owners have been facing a great difficulty to save continuously for six months. Other challenge is to bring collateral due to the fact that they do not have ample assets for collateral. Even if they take the loan by group guarantee, there is a risk for them that some of the individuals may not be able to pay the loan with its interest at a specified date. If he or she failed to pay the loan, the remaining other group members are responsible to repay for that loan.

Major challenges of MSEs to access external finance

MSEs are facing different challenges before and even after they received the loan from credit providers. Besides owner managers were asked about their major challenges faced before and after they got the loan mainly from MFI; and the response has been presented in the following bar chart.

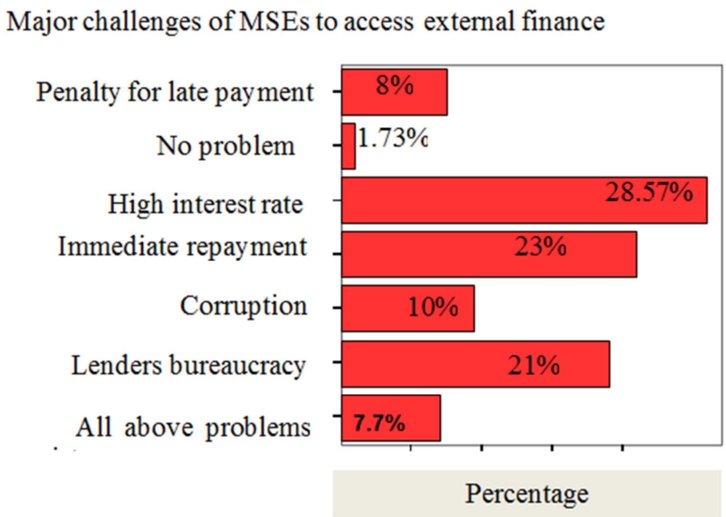

Figure 4.7 Major challenges of MSEs to access external finance

As it is clearly presented in the above bar chart, the majority (28.57%) of the respondents stated that there is high interest rate on the loan amount which is not proportional with the income they generate. While 23% of the respondents pointed out that due to shortage of loan terms those creditors forced them to repay the loan immediate before they generate revenue; 21%, replayed that there is time delay (long bureaucracy) to get loan released. Whereas 10%, 8% , 7.7% and 1.73% of the respondents pointed out that there is corruption, high penalty for late payment, all above problems exist and no problem at all respectively. These main problems of MSEs or influences' of creditors on MSEs borrowers before and after money released have been identified from the respondents.

Perception of MSEs about the Interest Rate

The rate which is charged or paid for the use of money is called interest rate. An interest rate is often expressed as an annual percentage of the principal. It is calculated by dividing the amount of interest by the amount of principal. Interest rates often change as a result of inflation and Federal Reserve Board policies (Gebrehiwot and Welday, 2006). To know the perception of borrowers about the degree of interest rate, MSEs owner managers have been asked about the interest rate imposed on them by credit providers and the response of them have been indicated in the following table.

Table 4.4: MSEs Owners Perception about the Interest Rate

S/no	Perception	Count	Percent
1	Very high	17	38.63
2	High	19	43.18
3	Fair	7	15.90
4	Low	1	2.29
Total		44	100

The above table indicated that 38.63% of respondents elaborated that the degree of interest rate on their loan is very high. On similar fashion, the majority (43.18%) of the respondents stated that the degree of interest rate charged on their loan is high. This implies that almost 81.63% of the respondents were not satisfied with the fairness of the interest rate rather they said that it is very high and high which is above their ability to pay it through generating income from the money borrowed. On the other hand, some (15.90%, and 2.29 %) of the respondents stated that the degree of interest rate charged on their soft loan is fair and low respectively. They do not have any complain in relation to the degree of the interest rate on the money they borrowed.

Length of Repayment Period

The loan repayment period of Omo MFI is zero to 3 years while 0 to 2 years for both Sidama and Vision fund MFI. In order to know the length of the loans' repayment period, MSEs owner managers have been asked about the length of the loan periods in order to know and classify it as short, medium, long and very long based on borrowers' perceptions; and their responses have been presented in the following bar graph.

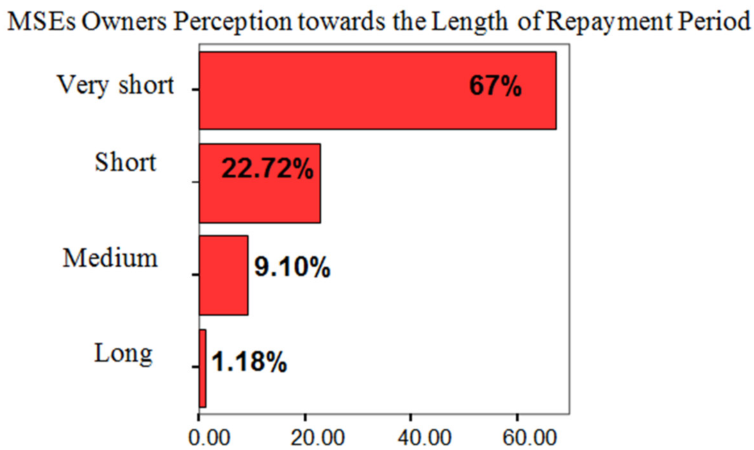

Figure 4 8 MSE Owners Perceptions towards the Length of Repayment Period

From the above bar chart any one can understand that the majority (67%) of the respondents stated that the loan repayment period is very short which is above their expectations. On top of this, 22.72% of the respondents elaborated that the loan period is short which results negative consequence in repaying the loan at the specified period. They added that creditors are not waiting them until they generate revenue. They forced them to pay the loan within short period of time whether by selling productive assets or penalize them if they failed to pay the loan on the already specified period. Only 9.10% and 1.18% of the respondents stated that the loan repayment period is medium and short respectively. They don't have any complain regarding the length of the loan period.

Time required to get loan released

In order to know the average time required to process and release loan mainly from MFI, the researcher has asked respondents to list out the time delay in weeks; and the response has been presented in the following bar graph.

Average time delays to get loan released

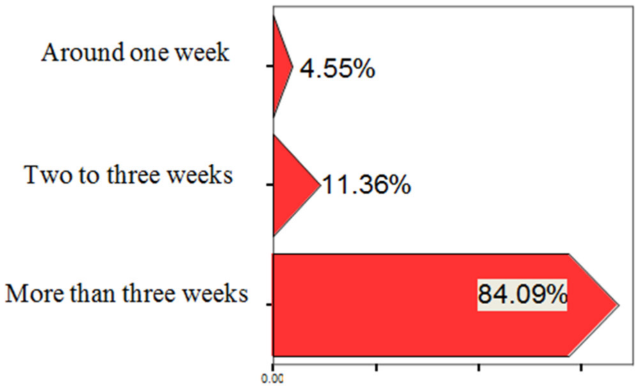

Figure 4.9 Average time delays to get loan released

As it is clearly seen from the above bar graph that 4.55% of MSEs owner borrowers have been waiting around one week to get the loan from credit providers mainly from MFI; Whereas, 11.36% of the respondents stated that they waited two to three weeks, but majority (84.09%) of the respondents comply that they waited more than three weeks to get the loan released.

MSEs Access to Government support services

As clearly mentioned both in the old and new MSEs strategies, Ethiopian government gave due attention and laid ground to MSEs support to be provided by nearby government bodies. The major support services, among others, include availing loan, providing working premises, conducting training, consultancy, organizing in cluster and delivering one-stop services to improve the enterprises performances. This part attempts to look at the accessibility of support services being given by the respective government bodies to MSEs. The data collected on this issue is summarized in table 4.5 below.

Table 4.5: MSEs Access to Government support services

Government support services	Count & percent	Access to support services				Total
		Yes	No	Not stated	Do not know	
Loan services	Count	44	51	0	0	95
	percent	46.33	53.67	0	0	100
Land or Working Premises	Count	38	52	4	1	95
	percent	40	54.74	4.21	1.05	100
Formal Training	Count	76	16	1	2	95
	percent	80	16.85	1.05	2.10	100
Consultancy service	Count	74	17	1	3	95
	percent	78.89	16.91	1.05	3.15	100
Organizing in cluster	Count	17	69	4	5	95
	percent	17.89	72.65	4.21	5.25	100
One-Stop Service	Count	17	69	4	5	95
	percent	17.89	72.63	4.22	5.26	100

MSEs Access to loan services

Government facilitates provisions of loan services at preferential interest rate to MSEs. Though such instruments are very supportive for the growth of MSEs, availability and quality of this support instrument has its own impact on their growth. The data collected on this issue reveals that more than half of the MSEs (53.67%) had not received any credit service. Major reasons for the enterprises not to access credit service are insufficient loan size in supply side and MSEs failure to fulfill the criteria's of financial institutions sated such as collateral, and guarantees. MSEs need to save about 20 % of their revenue to be eligible for borrowing from MFIs, in which some found it difficult to fulfill. Another credible reason was that potential borrowers do not have sufficient understanding of how credit markets work and often overestimate risk of credit leading to financial distress and asset liquidation. They are, thus, reluctant to take loans even when there are significant returns to be made.

MSEs Access to Land or Working Premises

It is evident that the performance of many businesses is also dependent up on the amount of working premise availed to them. Especially, newly created MSEs, as they cannot afford to rent or buy the land on the market value, need to be supplied with land. Sectors like manufacturing (metal and wood work) are land intensive activities and their performance highly depends on the availability of land. But 54.74% of sampled enterprises do not access it mainly due to lack of awareness from the officials' side and/or scarcity of the land itself. Some are still heard of complaining about the suitability of the working premise location in relation to market.

MSEs Access to training and consultancy

Training incorporated topics such as production skill enhancement, financial management and book keeping. Among government support services training and consultancy are better accessed by having 80% and 78.89% respectively. But feedback on availability and type of training show that still 16.85% had not received any of it so far due to their failure to attend. Meanwhile 2.10% of them do not have the understanding to the availability of training. In addition 16.91% of MSEs sampled also do not access consultancy service.

MSEs Access to clustering services

The principle of clustering is to integrate firms whose products complement and sometimes compete with each other and create a facility, which they cannot afford to have on their own, and which they share at a very reasonable cost. In Hawassa clustering is applied only in five sub cities by building 49 blocks in 6 sites plus preparing shades (open + modern). It is inaugurated in 2002 e. c. The MSEs access it through rent with least price (1 kare = 2 to 3 ETB). But 72.65% of MSEs not accessed which indicates that it is the least accessed support service. Only 17.89% accessed clustering whereas 5.25% of enterprises do not know about clustering service availability. Some are still heard of complaining about the location of the blocks for marketing.

MSEs Access to one-stop-service

Government has put in place "one-stop-service" where the operators get all/most of the people they want in one office or at one window. It is aimed at reducing transaction cost the enterprises incur during establishment, improving efficiency and transparency in the system. But 72.63% of respondents do not access one-stop service at the nearest administration center, where as 5.26% of the respondents do not know that the service is there.

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