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Determinates on the Development of Micro and Small Enterprises (MSEs) in Kolfe Keranio Sub City, Addis Ababa

Getnet Mamo Habtie[*], Abel Lema

Department of Statistics, College of Natural Science, Samara University, Samara, Ethiopia

Email address:

getnetmamo@su.edu.et (G. M. Habtie)

[*]Corresponding author

Abstract: MSEs are fruitful and beneficial to economic development and poverty minimization. The definition of microenterprise, also called a microbusiness, refers to a small business that hires few people. The main objective of this study was to assess the factors disturbing the development of MSEs in kolfe keranio sub city Addis Ababa Ethiopia. Using a survey of 314 MSEs managers/owners were involved. Stratified random sampling was used. primary and secondary data was used as the source of data, which is cross-sectional data that has been obtained by preparing questionnaire. Descriptive statistics method was applied to analyze in this study. Most of the variables were significant factor on this study. As the findings of mangers profile indicates, males' participation in MSEs is 61.8 percent compared with females. The age of participants mostly falls in between 36-40 years signifying 33.4 percent. As indicated the result that there was lack market information in their enterprises, insufficient access of market, Deficiency of knowledge related to marketing strategies lack of multi- skill training to perform multiple tasks and lack of providing convincing business plan to get loan. Recommendations for corrective measures to develop the progress, MSEs feasible and money-spinning, adding the capacity and skill of the operators through continuous trainings, experience sharing from successful enterprises. The concerned body should help and support finically.

Keywords: Finance, Development, Business, Small Scale, Plan

1. Introduction

Micro and small enterprises play a significant role in edifice world's economy. In different part of the world, they are ration as home of income, reduction of unemployment, and innovation. [3]. The term microenterprise, also known as a microbusiness, refers to a small business that hires few people. A microenterprise usually works with less than 10 people and underway with a small amount of capital innovative from a bank or other organization [13].

Based on the rising body of examine evidence, as well as the practical experience of enterprise developers, it is expected that small business programs will become more selective and geared to the needs of specific board groups; and for the formal training components to be more compact and focused, with more emphasis instead on action learning, attachments, business planning, and on-going counselling support. Mentors will have to be more fallouts leaning,

concerned about their cost-effectiveness and the sustainability of their programs [7].

Influence the concept of business leadership. It is wanted that this introductory article to the special issue devoted to entrepreneurial leadership provided a background that would allow a greater understanding of the concept. Business management is becoming a global inevitability and the more we can understand the elements that contain this concept, the more we can loan the concept itself [12].

Investigated Contact to financing at initial, Entree to infrastructure and public services is an important influencing the performance of all enterprises, but principally small ones who do not have the resources to invest in substitutes to openly provided infrastructure and tax rates as well as tax running as a key limitation for facing MSEs business progress [6].

The lowest capital requirement essential to start a business lowers free enterprise charges across countries, as do labor market guidelines [16].

Small owner-managed firms typically operate with levels of debt, much of it short-term, which are higher than those found in large companies. This paper investigates the financing preferences of a cross-section of small firm owners [8].

To identify why MSEs abortive to create sustainable works chances and not grown as expected, literatures had reviewed. The factors different from one area to another. As per the verdicts of [9] deficiency of access to credit, insufficient managerial and technical skills, inhibitive regulatory setting and absence of access to technology were elaborate.

Ethiopia sustenance to MSEs is considered as a tool to employment formation and foundation to long-term change objectives. Although some countries imaginary to be successful in fully using the potentials in MSEs to attain better economic development [10].

The finding is consistent with existing discoveries in the literature that it is fast growing new businesses, not new small businesses enterprise in general, that described for most of the new job creation by small and medium enterprises in innovative countries [15].

Some of the encounters and problems include high level of joblessness, high poverty rate, dearth managerial skills and little industrialization capacity, lack of finance, inconsistent government policies and scarce infrastructure and lack of confidence of the business environment among others [5].

The researcher's literature exploration shows that to date the research have been conducted on the factors constrictive the development of minor businesses in Ethiopia in general, and predominantly in kolfe keranio sub city has done. But the problem is increasing year by year. Thus, gaps occur with admiration to kind the problems facing MSEs in kolfe keranio sub city. Therefore, the intent of this study is to identify the determinates on the development of MSEs bounding them to publicizing, organization, business and direction support aspects. The general objective of this study is to assess the factors influencing the development of MSEs in kolfe keranio sub city. Specific Aims of the study were:

To assess the issues related to selling and running limitations preventing the development on MSEs in kolfe keranio sub city and to identify external aspects related to finance factor constraints of the development of MSEs.

2. Methodology

2.1. Study Area

Area of the study explains as Kolfe Keranio, also spelled Kolfe Keranio. It is one of the 11 sub cities in Addis Ababa, the Principal of Ethiopia. The area is located in the western suburb of the city, near the Gefersa Reservoir. The district has a leeway and longitude of 9.0141° N, 38.7054° E. Mean annual temperature in Addis Ababa (kolfe) is 15.6°C | 60.0°F. Rainfall at this juncture is about 1874 mm | 73.8 inch each year.

It margins with the regions of Gullele, Addis Ketema, Lideta and Nifas Silk-Lafto. As Craft and Business office of kolfe keranio sub city there are relatively 4487 MSEs operating privately and obligingly under five sectors nominated for this study [2]. The sectors that are registered and licensed officially and presently working under Trade and Industry of office in kolfe sub city.

The financial participation of these external backers increased the size of the research budget, in collective by almost half percent [14].

2.2. Population and Sampling Method

Target study population (mangers of the enterprise) was MSEs in one sub-cities of Addis Ababa, namely *KOLFE KERNO*. The sampling method was one of probability sampling that is stratified random sampling. Stratified random sampling was first functional by in view of the 5 segments as strata. The sample for this study was involved of owner and managers of MSEs in answering the questionnaires and 314 MSEs Samples are selected as representative of the total number of mangers were 4487.

2.3. Sample Size Determination

Use the formula for determining the sample that means by using Yamane formula,

$$n = \frac{N}{1 + N\,(e^2)}$$

Someplace n= the sample size; E= Error (0.05); N= Total population.

$$314 = \frac{4487}{1 + 4487\,(0.05^2)}$$

Finally, 314 owners have been chosen from the population. The sample size is proportionally engaged from each stratum in table 1. Proportional allocation formula is

$$n_h = \frac{n}{N}\,N_h$$

Where $n_h - sample\ size\ for\ each\ stratum;\ N_h - population\ size\ for\ each\ stratum.$

***Table 1.** The proportional allocation.*

Category of business sector	Total Number of MSEs	Samples	Samples in percentage
Manufacturing	1945	136	43.3
Trade	931	65	20.7
Construction	869	61	19.6
Service	526	37	11.7
Urban agriculture	216	15	4.7
Total	4487	314	100

Source: Own survey, 2021.

2.4. Sources of Data

Primary and secondary data was used under this study. Cross-sectional data that has been attained by preparing questionnaire and allotting it to the randomly selected samples in each stratum. The data was primarily collected in questionnaires and interview and secondary data has been also used which was gathered from the administration office.

2.5. Method of Data Collection

The data collection was approved out using trained data gatherers. The questionnaire is implemented from previous almost similar study by assembly some slight modification based on the objective and study area. Study papers manner locally, vital books related to MSEs newspapers, electronic Medias and Central MSEs. Primary data was collected from MSEs owners/manger and afraid forms using questionnaire and open ended as an interview.

2.6. Method of Data Analysis

Method of data analysis was used as descriptive statistics and quantitative data recorded by calculating the number and percentages. Qualitative data analysis method was used to analyze qualitative data gathered using the interview check list and credentials from the subdivisions.

For the purpose of reducing chance of misperception of questionnaires and ensuring those for Validity and correctness some pilot tests are taken by distributing the questionnaires The data gathered through closed- ended and open-ended questionnaires are analyzing and presented using descriptive statistics such as figures, graphs, tables and percentages. And the data collected through open-ended questionnaires and interview also analyzing qualitatively and supporting the quantitative analysis by package of SPSS latest version 26.

2.7. Ethical Consideration and Consensus to Participate

Ethical permission was obtained from the College of natural science, Samara University. Confidentiality of the information was protected by excluding participants identifiers, such as names, and other secured files from the data collection format.

3. Results and Discussions

3.1. Descriptive Analysis

3.1.1. Gender of Respondents

Depending on Figure 1, the managers were 61.8% males and 38.2% were females' mangers in micro enterprises. These illustrations indicates that most of the managers (owners) were male in the occasion of enterprises in kolfe keranio sub city.
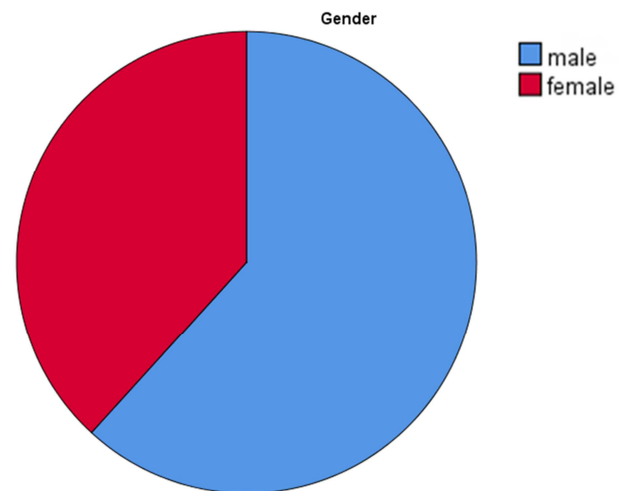

Figure 1. Gender of participants.

3.1.2. Age of Respondents

On this study I get 33.4% managers are on 36-40 age interval, 21% of the managers are on 31-35 age interval, 18.2% of the managers are on 26-30 age interval, 14.3% of the managers are on 21-25 age interval and 13.1% of the managers are on above 40 years old for enterprises in kolfe keranio. Therefore, in this study most of mangers were young.

Table 2. *Age of Respondents.*

		Frequency	Percent	Percent	Less than type Cumulative %
	21-25	45	14.3	14.3	14.3
	26-30	57	18.2	18.2	32.5
Valid	31-35	66	21.0	21.0	53.5
	36-40	105	33.4	33.4	86.9
	Above 40	41	13.1	13.1	100.0
	Total	314	100.0	100.0	

Source: Own survey, 2021.

3.1.3. Education Status of Mangers

As the result on table 3 indicates that Regarding education level of owners, 4.5% of the managers were uneducated, while there are none who cannot read and write among the top managers in micro and small enterprises. About 6.7% of managers were below high school and 14.7% of the managers have high school (grade 9-12) and 35% of the managers have certificates relatively this education level is rather than other levels because of the government on some

sector additionally gives trade license with short term certificate trainings, about 15.3% of the managers have diploma and 16.9% of the managers have degree. About 7% of the managers had second degree and above educational profile in micro and small enterprises kolfe keranio sub city.

This directs most of mangers educational level were less than diploma level. A few numbers of mangers had second degree (MSc) in any felid of study.

Table 3. *Educational qualification.*

		Frequency	percent
Valid	Untaught	14	4.5
	under high school	21	6.7
	senior high	46	14.6
	Some college certificate	110	35.0
	Diploma level	48	15.3
	first degree (BSc) level	53	16.9
	second degree and above (>MSc)	22	7.0
	Total	314	100.0

Source: Own survey, 2021.

3.1.4. Experience of the Mangers

Work experience of mangers were the most significant factor for the developments of the enterprise. In this study experience of enterprise mangers were presented in table 4.

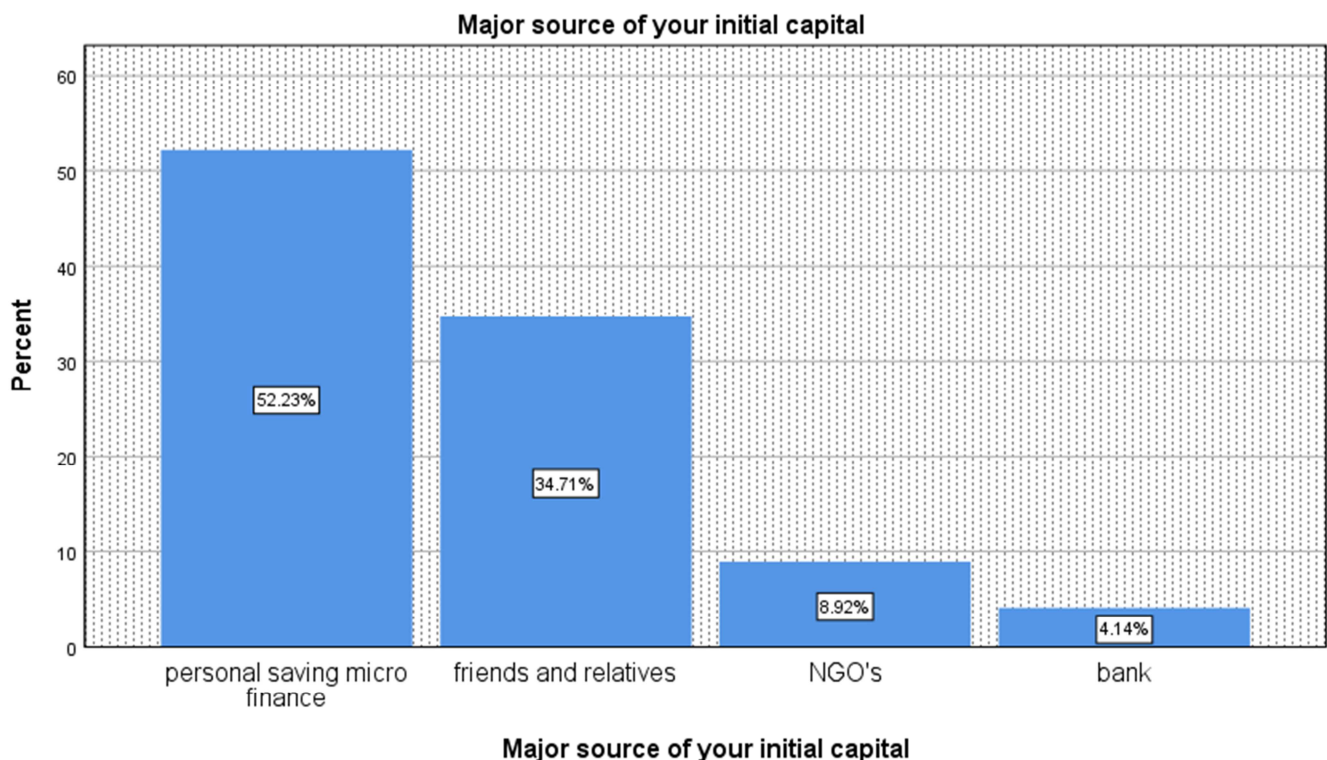**Table 4.** *Year of experience in the enterprise.*

		Frequency	Percent	Cumulative Percent
Valid	1-3 years	29	9.2	9.2
	4-6 years	110	35.0	44.3
	7-10 years	119	37.9	82.2
	above 11 years	56	17.8	100
	Total counts	314	100	

Source: Own survey, 2021.

Result of table 4 showed that, of the managers surveyed 37.9% mangers had 7-10 years of experience, 35% mangers of them had 4-6 years of experience, 17.8% had above 40-years' experience and 9.2% mangers had 1-3 years of experience in the micro and small enterprises kolfe keranio sub city. Therefore, most of mangers of MSEs had 7-10 years, it means work experience of mangers were a significant predictor on the development of the enterprise and the general structure of the institution.

3.1.5. Working Capital at First Start (Initial Capital)

Capital is the most important in any working conditions. Specially finance is a vital requirement for any activities of the enterprise in small and micro enterprise.

Source: Own survey, 2021

Figure 2. *Main Source of Initial Capital.*

In figure 2 mangers were responded for the start-up capital (during the founding) in its main source, the main source of initial capital for 52.2% mangers were personal saving in micro finance. The remaining 34.71 percent, 4.1 percent, 8.9 percent of mangers were its main source of initial working capital from friends and relatives, bank and NGOS. In conclusion most of the mangers had their start-up working capital is obtained from personal saving in finance institutions themselves respectively.

How to gate mangers Skill in business.

Table 5. *Source your skill.*

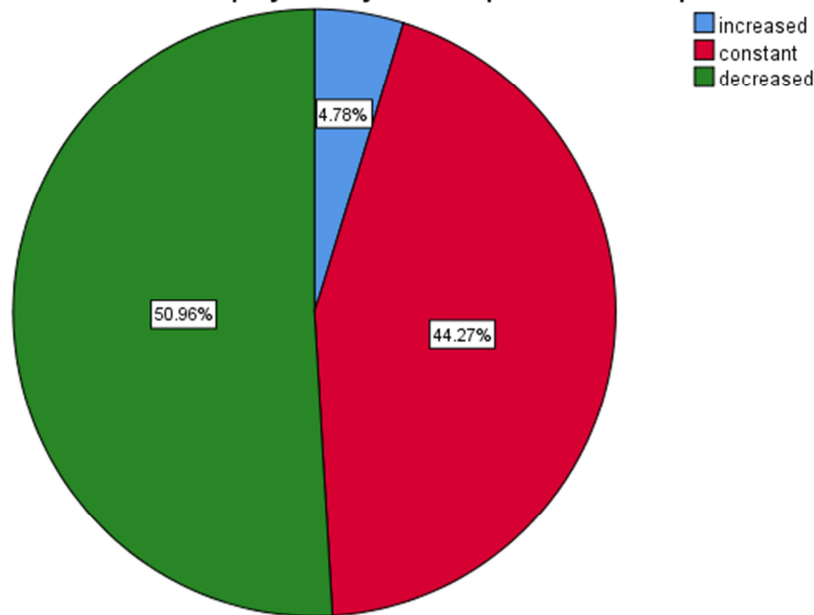|		Frequency	percent
	From Self/ gifted	13	4.1
	From family and relatives	27	8.6
Valid	From taking training	95	30.3
	From Experience sharing	90	28.7
	From Schooling /education	89	28.3
	Total	314	100.0

Source: Own survey, 2021.

Based on table 5, 30.3% of the mangers business skill is obtained from taking training in any available time. The remaining, (90) 28.7 percent, (89) 28.3 percent, (27) 8.6

percent of enterprise mangers skill obtained from experience sharing, education and family and relatives respectively. We can conclude that, I have evidence to say that most of the mangers in the enterprise takes training, it means training is the important variable for the development of enterprises.

3.2. Important Variables

3.2.1. Number Employees in the Enterprises

Employee number is one the indication for the development of MSEs, when number of employees increase enterprise will be growth as expectations.

Source: Own survey, 2021

Figure 3. *Employees' number.*

The above pi-chart showed that 50.9 percent of mangers responded (Saied) the number of employees in the enterprise were decreasing as compared to last year. 44.17 percent of mangers replied, the number of employees in their business institution almost constant (no difference), 4.78 percent of mangers responded (Saied) the number of employees in the enterprise were increasing as compared to last year. This implies most MSEs employees' number were decreasing.

3.2.2. Up-to-Date Sales Bulk When Compared to Last Year/s

The annual sales volume of the enterprises shows that in somewhat directs the development the enterprises.

Table 6. *Your present sales capacity when compared to last year/s.*

		frequency	percent
	Increased/improved	29	9.2
Valid	Constant/no change	107	34.1
	Decreased/declined	178	56.7
	Total	314	100

Source: my survey, 2021.

From table 6, 56.7 percent of mangers responded the year 2021 (present) sales volume was declined. (29) 9.2 percent and of mangers answered, sales volume was increased when compared to last sales volume. lastly (107) 34.1 percent of the enterprise sales capacity was almost similar to previous year. We can conclude the there is no development in MSEs in the kolife keranio sub city.

Table 7, *Market information,*

		Frequency	Percent
	neither agree nor disagree	67	21.3
Valid	Agree	180	57.3
	strongly agree	67	21.3
	Total	314	100.0

Source: Own survey, 2021.

As the result in table 7, (180) 57.3 percent of mangers approved, there was limited of obtainable market information. (67) 21.3 percent of mangers powerfully agreed over there was highly lack of market data (information). Lastly 21.3

percent of mangers undecided with there was unsatisfactory market information. I can conclude that more than half percent of mangers agreed with the idea of there was less market information.

Preceding study deficiency of market related evidence and information is a somber problem that most of MSEs look. For the reason that, it is not the simple action to have purchaser relationship, trust customers' record, assembly follow-up on customers behaviors, improving knowledge of their features and understanding the market intricacy. Subsequently, they unable to meet observable growth and lack control to growth in the market [4].

3.2.3. Market Access

Market access is very important for the freedom in using enterprise productions sales and customers that join at comfortable situations for the development of bossiness.

***Table 8.** Lack of market access.*

		Frequency	Percent
	neither agree nor disagree	38	12.1
Valid	Agree	85	27.1
	strongly agree	191	60.8
	Total	314	100.0

Source: Own survey, 2021.

The finding of this study on table 8 showed that, 60.8 percent of enterprise owners (administrator) strongly agreed that low market access and 27.1 percent of mangers moderately agreed that in the sense of very low market access in kolfe kerino. 12.1% of response of accused shows impartial to idea of the lack access of market.

3.2.4. Identifying Market Target

In big administrations the art and discipline of choosing target markets, getting, keeping, and rising them through creating, delivering, and communicating superior customer value holds key to achieving structural goals [11].

***Table 9.** Lack of identifying target market.*

		Frequency	Percent (%)
	strongly disagree/more	68	21.7
	Disagree/less	150	47.8
Valid	neither agree nor disagree	54	17.2
	Agree	42	13.4
	Total	314	100.0

Source: Own survey, 2021.

As the table 9 result depicts most respondents 150 (47.8%) mangers were answered response was disagree and 68 (21.7%) of them strongly disagree with lack of identifying with target market, the respondents 54 (17.2%) neutral and 42 (13.4%) respondents are response agree with lack of detecting target market.

Previous studies by Abiyu Jiru [1] depicts most participants (43.59 percent) were responded as their answer is neutral and 24.36 percent disagree with lack of finding with target market.

***Table 10.** Lack of multi- skill training to perform multiple tasks.*

		Frequency	Percent
	strongly disagree/more	28	8.9
	Disagree/less	40	12.7
Valid	neither agree nor disagree	69	22.0
	Agree/moderate	177	56.4
	Sum	314	100.0

Source: Own survey, 2021.

As it is presented on the table 10, of total mangers 56.4 percent were agreed with the idea of that was deficiency on more than one skill training in order to overcome the job easily.

The other result was 12.7% of mangers disagree as they lack of multi- skill training to perform multiple tasks and 8.9% strongly disagree concerning the question. 22% of them retorted as they have undecided response on the query concerning no more than one skill training to achieve numerous jobs. From the result it is possible to conclude there was lack of multi-skill training to perform multiple tasks.

As previous study indicates the resulting financial constructions reproduce a desire to minimize invasion into the firms and are not entirely the consequence of determined deficiencies in the facility of resources [8].

4. Conclusion and Recommendations

The purpose of this study was to examine the determining the development of MSEs in kolfe keranio sub city.

As the findings of the attributes described as, utmost number the administrator was male (61.8%) when we compared with female mangers. The enterprise of administrator (33.4%) age falls in between the 36-40 years old. Mangers educational statues were certificate level, that is 35 percent of the total mangers and few numbers of mangers had second degree.

Mangers experience year indicate that most of them have 7-10 years of experiences demonstrating 37 percent.

Results indicates that major source of preliminary capital for 52.2 percent MSEs' to open their commercial is private saving in micro finance compared with other sources. Most the mangers of the enterprise agreed that there was lack of market access, they were around 60.8 percent of accused the same problem was happened.

By way of the finding's mangers agreed to deficiency of multi- skill training to accomplish several tasks and inefficient operation of business resources.

Almost half of the mangers strongly agreed to that of there was absence of provided that undoubted business plan to get fund.

Based on the verdicts of the study the following suggestions forwarded for the concerned body:

The stake holders support women mangers to join this micro and small enterprise in kolfe kernio, they need

affirmative actions like fund, by giving trainings for females.

The administration would combine MSEs as industry community in suitable location by building infrastructure like shelters, asphalt road, distribute electricity and other common basic necessities. The government open free access for finance like fund or loan.

Finally, directive to permit access by supporting the mangers as credits with low interest rate and working collaborate governments and non-governmental institutions.

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