ST.MARY'S UNIVERSTY

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF GMBA

DETERMINANTS OF GROWTH OF SMALL AND MEDIUM ENTERPRISES IN NEFAS SILK LAFTO SUB CITY

BY

YESHI DEREJE

JANUARY 2024

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ADVISOR: TAYE AMOGNE (D.r)

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES GRADUATES PROGRAM IN PARTIAL FULFILMENT OF THE REQUIRMENTS FOR THE DEGREE OF MASTERS OF SCIENCE IN GENERAL MBA

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ID NO (SGS0143/2014A)

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of D.r TAYE AMOGNE. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name	Signature
St. Mary's University, Addis Ababa	January, 2024

ENDORSEMENT

This thesis has been submitted to St. Mary's University, school of graduate studies Program for examination with my approval as the University advisor.

Name	Signature
St. Mary's University, Addis Ababa	January, 2024

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ABBREVIATION AND LIST OF ACRONYMS

CSA	Central Statistics Agency
ECSA	Ethiopian central Statistics Agency
EFDRSMES	Strategy Ethiopian federal democratic republic SMEs strategy
MOTI	Ministry of Trade and Industry
MSDA	Micro and Small Enterprises Development Agencies
SMEs	Small and medium enterprise
SPSS	Statistical Package for Social Science
OECD	Organization for Economic Cooperation and Development
COC	Center of competence
ICT	Information communication Technology
VIF	Variance inflation factor

ABSTRACT

The purpose of this study is to identifying determinants of growth of small and medium business enterprises in nifas silk lafto sub-city with a special emphasizes on wood work, metal work, retailer, raw material supply, internetcafe and sub-contracting in Nifas Silk Lafto Sub City by using a quantitative approach in a survey of managers, owners and other responsible members of the enterprise by taking closed ended questioners'. Thestudy examined seven external and internal factors that influence the growth ofSMEs. These factors are: access to finance, working places, government policy,marketing, infrastructure, internal management and entrepreneurship. Questionnaire was designed based on the determinants of enterprises growth using proportional stratified sampling basis from the total population of 257 enterprises, using 160 samples were taken Nifas Silk Lafto Sub City SMEs; For data analysis, The researcher used descriptive statistics, such as percentage, mean, standard deviation, and inferential statistics such as Pearson correlation coefficients and multiple regressions using statistical package for social science (SPSS) version 27. Major finding on the determinants of growth of small and medium enterprises in Nifas Silk Lafto Sub City could be the importance of access to finance. Lack of adequate financial resources can significantly hinder the growth and expansion of SMEs in the area. market access and demand SMEs often struggle to reach new customers and expand their market reach, which can limit their growth potential. government policies and regulations can also influence the growth of small and medium enterprises in Nifas Silk Lafto Sub City. Supportive policies that promote entrepreneurship, reduce bureaucratic barriers, and provide incentives for SMEs to grow could create a more conducive environment for business development. Understanding and navigating the regulatory environment effectively could be crucial for SMEs to overcome these challenges and achieve growth. Finally the result of the studyindicates that, access to finance, working places, government policy, market factor, entrepreneurship and infrastructure are important determinants and have positive significant relationship with the growth of SMEs, whereas internalmanagement had insignificant impact on growth.

Key words: Small and Medium Enterprises, Nifas silk lafto sub-city, Growth

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

As demonstrated by the research, small and medium-sized enterprises (SMEs) are crucial to the nation's employment rate, job creation, and poverty alleviation (Akanji, 2006; Akintoye and Oladejo, 2008; Akande, 2013). Focus has recently shifted to the vital role that SMEs may play in the growth of economies, particularly emerging ones (Maad, 2008). While they are the only way to develop strong investors, very few businesses advance to medium and higher level businesses, and many may fail in the process for a variety of internal and external reasons.

Many research conducted in many nations have come to the conclusion that small and medium-sized businesses are crucial to the development of jobs (Dobbs and Hamilton, 2007). SMEs are crucial to the expansion of employment and the development of the economy. Additionally, it is implied that SMEs are better suited to achieve dynamic economies of scale in the areas they capture. SME positions in the middle of the range of sizes and resource strengths in a growing economy are important for their involvement in the establishment of productive employment.

The dynamic role of small and medium enterprises (SMEs) in developing countries as engines through which the growth objectives of developing countriescan be achieved has long been recognized. It is estimated that SMEs employ 22%of the adult population in developing countries (Daniels, 1994; Daniels & Ngwira, 1992; Daniels & Fisseha, 1992; Fisseha & McPherson, 1991; Gallagher & Robson, 1995 cited in Dalitso and Peter, 2000).

It has long been acknowledged that small and medium-sized businesses (SMEs) play a dynamic role in developing nations as the engines that enable those nations to meet their growth objectives. According to estimates (Daniels, 1994; Daniels & Ngwira, 1992; Daniels & Fisseha, 1992; Fisseha & McPherson, 1991; Gallagher & Robson, 1995 cited in Dalitso and Peter, 2000), 22% of adult workers in developing nations are employed by SMEs.

According to Fiona Meehan (2004), the SME sector in Ethiopia generates the second-highest amount of employment after the agriculture sector. In order to combat poverty and create jobs, the

Ethiopian government thus paid the development of SMEs, particularly for women, the attention it deserved (Rahel and Isaac, 2010).

Manufacturing (textile and other) is categorized under the small and medium enterprises sector.

garment leather and leather products, food processing and beverage, metal works and engineering, wood works including furniture and ornaments service and Agro-processing), Trade (whole seller of domestic product, retailer and raw materialssupply), Urban agriculture (modern livestock raring, bee production, poultry, modern forest development, vegetables and fruits, modern irrigation, animal food processing), Service (Small and rural transport service, café and restaurants, store service, tourism service, beauty salon, decoration, and internet cafe), and Construction,(sub-contracting, building materials traditional mining works, cobble stone, infrastructure sub contract and prestigious goods). But this study primarily focused on manufacturing (metal work and wood work), Trade (whole sealer of domestic product, retailer and raw materials supply), Urban agriculture (livestockraring), Service (decoration, and internet café) and Construction agro-processing, garment leather and leather products, food processing and beverage, metal works and engineering, wood works, including furniture and ornaments service, and trade (wholesale seller of domestic products, retailer, and raw materials supply), urban agriculture (modern livestock rearing, bee production, poultry, vegetables and fruits, modern irrigation, animal food processing), service (small and rural transport service, café and restaurants, store service, tourism service, beauty salon, decoration, and internet cafe), and construction are among the industries that fall under this category. However, the industrial (metal and woodworking), trade (wholesale sealer of domestic product, retailer, and raw material supplier), urban agriculture (raising livestock), services (internet café, decoration), and construction (subcontracting) were the main areas of attention for this study.

However, the industrial (metal and woodworking), trade (wholesale sealer of domestic product, retailer, and raw material supplier), urban agriculture (raising livestock), services (internet café, decoration), and construction (subcontracting) were the main areas of attention for this study.

According to the Ethiopian Federal Democratic Republic of Small and Medium Enterprise Strategy (2012), SMEs are one of the institutions recognized in the nation's Industrial Development Plan because they support economic development, act as sources of sustainable

employment opportunities, and are vehicles for employment opportunities in urban centers. The sector employs roughly 1.5 million people in 2009–10, with the construction industry accounting for the majority of job opportunities created.

This particular study aims to assess the impact of external (financial availability, workplace conditions, government regulations, market conditions, and infrastructure) and internal (entrepreneurship and internal management) factors on the expansion of the small and medium-sized enterprise (SMEs) sector in the Addis Ababa nifas silk lafto sub city. Numerous research studies conducted in Ethiopia have examined the factors that influence the small and medium-sized business sector. A few of them, like The focus of (Fetene, 2010 and Dereje, 2012) is on SMEs' financial access. However, SMEs lack statistical analytic skills and are hampered by other internal and external factors. Therefore, this study attempted to evaluate the elements that contribute to SMEs using a variety of indicators, including access to financing, workplaces, government policy, marketing, entrepreneurship, internal management, and infrastructural issues. It did this by applying a statistical test of significance. But the prior study only included the most crucial factors and employed a straightforward descriptive analysis. Additionally, the study was limited to the Addis Ababa region and did not include any statistical tests.

The researcher also has an experience that some SMEs have been dissolved in the process because of their inability to resist internal and external factors and some others struggling to survive with no change from time to time. Therefore, this study tries to identify to what extent internal and external factors affect the growthof SMEs in Addis Ababa nifas silk lafto sub city

1.2. Statement of the Problem

Small and medium-sized enterprises (SMEs) play a very important economic andsocial role, both through their importance in the economy and in job creation, a role which is greatly appreciated in these times of crisis and rising unemployment. In a fast growing population countries particularly, the development of SMEs canhelp to face many challenges linked with economic development, inequalities, very high unemployment, demographic developments and the need for structuralchange (Oualalou, 2012).

According to Government of the Federal Democratic Republic of Ethiopia Micro and Small Enterprise Development Strategy, provision framework and methods of implementation

approved (2011, 35- 38), says SMEs faces the following challenges in each stage of development;

During at the growth level, lack of financial support on the basis of their business nature, credit amount and time as they have no access to collateral, lack of consistent and integrated technology and skill that help to enhance and improve productivity, quality and standard, Lack of access for manufacturing and sales center, developing sense of rent seeking attitude and failure to run business on legal basis.

As demonstrated by prior experiences, successful businesses have overcome numerous obstacles to grow from a small to a medium size. This is due, in part, to a lack of incentives and business-fitting support.

At the mature stage, inability to maintain productivity and product quality levels necessary to be competent, ignorance of worldwide standards for products and production methods, and constraints on technological capability and production elements that guarantee market competency.

Access to finance is the most influential factor from among all adverse factors hindering the growth and development of the SMEs sector in Ethiopia (ZelekeWorku, 2009 cited in Admasu, 2012)

In Ethiopia, SMEs have a problem of finance when establishing the business most individual sources of finance come from family & friends, personal savings and loans acquired from relatives, and money lenders with high amount of interests (MoTI, 2005).

A decision hierarchy model created by Ta and Har (2000) was employed by the researcher. This model identifies seven indicators to gauge the expansion of SMEs. Many academics have conducted studies using these characteristics all around the world, but the findings of these studies have not consistently shown any patterns, which is one of the reasons for the current study. Although research conducted in industrialized nations has made a substantial contribution to the literature on SMEs, Almossawi (2001) noted that because of variations in the cultural, economic, and legal environments, the conclusions of these studies may not be applicable to all SMEs. Due to variations in cultural, economic, and legal contexts, their conclusions might not be applicable everywhere.

Numerous Ethiopian studies have looked into the topic of small and medium-sized businesses, including Dereje (2012) and Fetene (2010). Their sole area of interest is SMEs' access to financing. As a result, the researcher feels that by taking into account additional factors that influence small and medium-sized businesses, the study closes a significant gap. But the prior study only included the most crucial factors and employed a straightforward descriptive analysis. In addition.

The researcher has also seen firsthand how some SMEs have failed due to their incapacity to withstand both internal and external pressures, while others have occasionally struggled to survive without making any changes. Thus, the goal of this study is to determine the degree to which internal and external factors influence the expansion of SMEs in the Nifas Silk Lafto Sub City. Given the issues, the primary inquiry of this research is:

- What are the determinants of growth of SMEs in nifas silk lafto sub city
- Specifically, the following sub-questions are raised.
  i. To what extent internal factors hinders the growth of SMEs?
  ii. To what extent external factors hinders the growth of SMEs?

1.3. Objectives of the Study

1.3.1. General Objective

The main objective of the study is to examine the determinants of growth of small and medium enterprise in nifas silk lafto sub city.

1.3.2. Specific Objectives

In light of the general objective, the specific objectives are the following:

i. To examine the effect of internal factors on the growth of SMEs.
ii. To examine the impact of external factors on the growth of SMEs.

1.4. Research Hypotheses

The purpose of the research hypothesis, according to Leedy et al. (2010), is to provide a temporary objective, an operational target, and a logical framework that directs researchers while they gather and analyze data. It is also a fair assumption or educated estimate. Thus, in order to accomplish the aforementioned goals, the study has created and evaluated the

following hypotheses based on the literature.

H1: There is a positive relationship between access to finance and business growth in SMEs

H2: There is a positive relationship between working places and business growth in SMEs

H3: There is a positive relationship between government policy and business growth in SMEs

H4: There is a positive relationship between marketing and business growth in SMEs

H5: There is a positive relationship between infrastructure and business growth in SMEs

H6: There is a positive relationship between entrepreneurship and business growth in SMEs

H7: There is a positive relationship between internal management and business growth in SME

1.5 Significance of the Study

The study's conclusion will be significant in several respects: First, the results can be used by small and medium-sized businesses in the Nifas Silk Lafto Sub City to ascertain the elements influencing their growth and to what degree. This study, in particular, concentrated on the expansion and improvement of entrepreneurs running microbusinesses, which led to a lack of attention to the development and utilization of the innate potential. Second, the study will be important to scholars since it offers a foundation for future research and is helpful in supplying data on small and medium-sized businesses in the broader nifas silk lafto sub city.

In order to successfully support small- and medium-sized business owners, the study will also furnish information to the government and other relevant stakeholders for the establishment of appropriate policies and future growth strategies. It is also hoped that this study will broaden the body of knowledge already in existence and improve comprehension of the best ways to empower small- and medium-sized business owners, enabling them to make more significant contributions to the economic development of the nation as a whole and the city in particular.

1.6. Limitations of the Study

Sample Quantity The size of the sample may be a limitation of the research, impacting the applicability of the conclusions to the whole SME population in the sub-city. Data Accessibility The insufficiency of thorough and dependable data regarding SMEs in Nifas Silk Lafto Sub City could potentially limit the scope and precision of the analysis conducted in this study. Time Restrictions Time restrictions might restrict the study's breadth and preclude a thorough examination of all the facets of SMEs in the sub-city. Barriers related to language and culture when conducting interviews or surveys with SME owners and stakeholders, language and cultural barriers may provide difficulties that could compromise the accuracy of the data gathered. Engaging stakeholders and SME owners, possibly having an impact on the caliber of data gathered.

1.7. Scope of the Study

SMEs in Nifas Silk Lafto Sub City may also play a significant role in contributing to the local economy by providing employment opportunities, stimulating innovation, and supporting the growth of the community. Additionally, these businesses may contribute to the overall development of the sub-city by providing essential goods and services to the local population.

Furthermore, SMEs in Nifas Silk Lafto Sub City may also benefit from various government initiatives and support programs aimed at promoting entrepreneurship and small business development. Internal (internal management and entrepreneurship) and external (access to finance, marketing, government policy and infrastructure) factors are to help SMEs thrive and grow.

1.8. Operational Definition of Terms

Factors: Factors are elements or circumstances that influence or contribute to a particular outcome or situation. In the context of business growth, factors can refer to internal or external aspects that impact the success, development, and sustainability of enterprises (Business Dictionary. (n.d.). Factor. Retrieved from https://www.businessdictionary.com/definition/factor.html)

Small Enterprise: Industrial sectors operate with 6-30 persons and/or with a paid up capital of total asset of Birr 100,000(one hundred thousand) and not exceeding Birr 1.5 million (CSA, 2011).

Medium Enterprise: Industrial sectors operates with more than 30 persons and/or with a paid up capital of total asset of more than birr 1.5 million other than high technology and consultancy services (CSA, 2011).

Business: Is an organization or economic system where goods and services are exchanged for money. It involves the production, distribution, and sale of goods or services to meet the needs of customers and generate profit (Investopedia. (n.d.).Business. Retrieved from

https://www.investopedia.com/terms/b/business.asp)

Enterprises: Are businesses or organizations that engage in commercial, industrial, or entrepreneurial activities. They can range from small, local businesses to large multinational corporations. Enterprises typically produce goods or provide services with the goal of generating revenue and profit .(Business Dictionary. (n.d.). Enterprise. Retrieved from https://www.businessdictionary.com/definition/enterprise.html)

1.9 Organizations of the Study

The study is organized in to five chapters. The first chapter presents the introduction. The second chapter shows the literature review while the third chapter contains brief description of the research design. The fourth chapter presents and analyzes the results. Finally, chapter five present the conclusions andrecommendation of the study.

CHAPTER TWO

REVIEWOF RELATED LITERATURE

2.1 Theoretical Review Literature

Enterprise is defined as a controlled system which comprises detector (is a part of a system that acquires information about the environment), sector (based on the information provided by the detector it gives behavioral responses), and effectors (the other part of the system that changes the behavior to effect or simply it is the effector) (Salminen,2000).

Although this study aims to fill gap in the existing literature by assessing determinants of growth of SMEs. Therefore, this section reviews previous theoretical literatures in the growth of SMEs.

Small and medium-sized enterprises play an essential role in the economic development of a country, containing little empirical evidence on the process of innovation in services, despite their contribution to a wide range of jobs and, to the increase of the gross domestic product, mainly of countries characterized as emerging (Halme, Lindeman, & Linna, 2012; Hall, Matos, Sheehan, & Silvestre, 2012; Halme, Kourula, Lindeman, Kallio, Lima-Toivanen, & Korsunova, 2016).

Authors such as Mbugua et al. (2013) and Meressa (2020) highlight that the growth of micro and small companies is directly linked to the sustainable development of underdeveloped economies As stated by Meressa (2020), many researches sought to identify the variables that are widely used as determining factors in the growth process of companies. The results of these surveys show different impacts in relation to the various growth factors, such as location, motivation, implementation of technologies, among others. The effect of the size of companies on innovation has established relevance in recent years, and several studies have sought to examine this relationship, as stated by Prajogo and McDermott (2014).

These authors examined this relationship, taking as an essential measure the question of whether the determinants of innovation performance are different between SMEs and large companies. Similarly, the organizational factors and capabilities that have proven to be effective in creating innovation in large companies are also effective in small and medium-sized companies. Generally, small businesses are inherently affected not only in terms of acquired resources,

capacities or skills, but also in the ability to generate those resources through learning economies of scale. Moreover, these resource limitations, in most cases, are associated with trivial management structures, resulting in inefficiency in recognizing market opportunities, low identification of new technologies, and risk aversion, negatively impacting innovation (Bianchi et al., 2010).

2.1.1 Definition of Small and Medium Enterprises

The definition of small and medium enterprises is still debatable. There is no generally accepted definition of small and medium enterprises. Small and medium enterprise reflects the economic patterns of a country and the social & cultural dimensions. These differing patterns are noticeably reflected within different definitions and criteria of SMEs adopted by different countries: whereas some refer to the number of employees as their distinctive criteria for SMEs, others use invested capital, and some other use a combination of the number of employees, invested capital, sales and industry type (OECD, 2004).

Similarly, in Ethiopia there is no uniform definition at the national level to have a common understanding of the SMEs sector. Ethiopian Central Statistics Authority (`CSA) and Ministry of Trade and Industry (MoTI) have defined SMEs distinctly. The Definition of CSA uses employment and favors capital intensive technologies as a yardstick. The definition used by MoTI, which uses capital investment as a standard, has been developed for formulating MSMEs improved development strategyin 2011 (CSA, 2011).

According to the official definitions of CSA, In small enterprises: - Industrial sectors (manufacturing, construction and mining), operates with 6-30 persons and/or with a paid up capital of total asset Birr 100,000(one hundred thousand) and not exceeding Birr 1.5 million. Whereas in the service sector (retailer, transport, hotel and tourism, ICT and maintenance service), operates with 6 -30 persons and/or total asset, or a paid up capital is with Birr 50,001 and not exceeding Birr 500,000.

In medium enterprises:-Industrial sectors (manufacturing, construction and mining), operates more than 30 persons and/or with a paid up capital of total asset birr exceeding 1.5 million. Whereas the service sector (retailer, transport, hotel and Tourism, ICT and maintenance

service), operates more than 30 persons or/andtotal asset, or a paid up capital is with exceeding Birr 500,000.When ambiguity isencountered between manpower and total assets as explained above, total asset istaken as primary yardstick.

2.1.2. The Concepts of Growth

When researching factors affecting growth of SMEs and growth is measured. Indicators are used to measure growth but don't seem to be any overall measurement. Measuring sales growth and qualified employment growth during a specific time period is the most common indicators used. Indicators such as assets,market share, profits and output are also commonly used, however not as commonly as sales and employment. Output and market share vary greatly within industries and is therefore hard to compare, total assets also depends on the industry's capital intensity and changes over time and profits is not that relevant unless measuring size over a long period of time. Therefore sales and employment are the two most important indicators measuring firm's size and growth. Employment numbers is also a measure that is easily accessible, since it is an important figure for governments. Sales figures are on the other hand affected by Inflation and exchange rates and it is difficult to compare sales figures between industries. That is why it is important to use multiple growth indicators to study firm growth (Davidsson et al., 2006 cited in Soini & Veseli, 2014).

In developing countries SMEs are usually competing with price over added value.On the other hand, SMEs in developing countries have generally a lower productivity than in developed countries and because a country's productivity level is a major indicator of improved living standards; added value should be seen as one of the important indicators of growth (Lind, 2005 cited in Grimsholm& Poblete, 2010).

In Ethiopia, there are two forms of growth level of SMEs. While the first is transition from micro to small & small to medium, the second is a step to be competent within the level they have.

According to (CSA, 2011), the developmental support of government to SMEs is also on the basis of these transition levels of growth and enterprises are divided into 4 level of growth.

At start-up:- The supports provided at start-up are intended to have SMEs skilled manpower, facilitate raw material supply, infrastructure and knowledge about market.

At growth level: SMEs are provided and given with COC, standards, market development benefits from tax and technical support

At expansion level: - SMEs are provided technology capacity building,management capacity building/managerial skill/, trade mark, sales center, ICT, venture capital and out sources supports.

At maturity level: SMEs are provided design, capacity building, introducing with trade market, industry SMEs expansion and foreign investment support.

2.1.3. Determinants of Growth

Access to Finance: All businesses ventures regardless of size require financial resources in order to start their enterprises and to fund growth. Lack of access or availability can be a constraint on business growth (Cassar, 2004). Whether business owners can access adequate and appropriate finance to grow is a particular concern for policymakers. New SMEs can be financed from organizers' own wealth and/or by accessing external sources of finance, whether from 'informal' sources such as family and friends, or from 'formal', market-based sources such as banks, venture capitalists and private equity firms. Once businesses are trading, further development can be financed using retained profits.

Orser (2000) noted that lack of information about alternative sources of finances and inability of SMEs to evaluate financing option were some of the major problems facing the SMEs. Mambula (2002) singled out lack of access to finances as the main bottleneck facing SMEs growth.

Working Places: Location has impacts on the market potential and growth opportunities of new firms. Geographical proximity to either critical buyers or suppliers produces a form of enhanced environmental scanning that enables new firms to more easily identify and exploit growth opportunities in the market. This impacts the market prospect of new firms (Dahl and Sorenson, 2007).

The size of the workplace is measured in terms of the number of employees and number of materials & equipment's. Because of enough working places create good relations to employees and appropriate placement of materials. These increase the life of materials & equipment's, time management & suitable workplace. Then working places is an important

determinant of the growth SMEs(Kersley et al., 2006 cited in Forth et al, 2004).

Government Policy - The world bank researchers argued that constrains that are facing from the government rules and regulation for the growth of SMEs are complex tax systems. (World Bank 2000). New SMEs have to obtain registration licenses and pay taxes (Hashi, 2001). Most, new SMEs also perceive that they do not get enough support from the government. And According to Transparency International (2008), corruption is highly growing both in the public and private sector in developing countries like Ethiopia.

In the government laws and regulation bureaucracy is the main challenging in small and medium enterprises. bureaucracy is a complex procedure or system that leads to inefficiencies, hinders to growth, frustrating customers, staffs, sellers and to make sure that SMEs are delayed to reach final objectives. (Meyer, 2007).

Marketing: -Demand for a product establishes a market for it. If the demand is high, the market becomes energetic. The opposite also applies. A decline in demand may result to shrinking market. Demand for different products will affect other products depending on the nature of their relationship whether complimentary or substitute. If they are complimentary, then an increase in demand for one product will cause an increase demand for the other. If they are substitutes, an increase in demand for one causes a decline in the other.

According to Brush et al. (2009) marketing is another challenges for SMEs to grow since many businesses confront challenges establishing effective distribution channels, communicating product features, pricing products and services in an attractive way, implementing sales and marketing efforts to win and retain customers and undertaking constant product development in order to sustain sales. SMEs generally do not have the knowledge or information about other markets, thus, this limit their ability to market their products to larger groups of customers and expand their business.

Access to Public Infrastructure: Access to public infrastructure forces contain water, electricity, serviceable roads, telecommunication, telephones, electronic media and postal services which are all crucial for business start-up, development and growth (Rogerson, 2000). Limited access to public infrastructure services is a major constraint to SMEs survival (Darroch & Clover, 2005).

Entrepreneurship: -At first glance then, we may have the beginnings of a definition of entrepreneurship. However, detailed study of both the literature and actual examples of entrepreneurship tend to make a definition more difficult, if notimpossible.

Consider, for example, the degree to which entrepreneurship is synonymous with 'bearing risk', 'innovation', or even founding a company. Each of the terms described above focuses upon some aspect of some entrepreneurs, but if one has to be the founder to be an entrepreneur, then neither Thomas Watson of IBM nor Rey Kroc of McDonald's will qualify; yet few would seriously argue that these individuals were not entrepreneurs.

Although risk bearing is an important element of entrepreneurial behavior, many entrepreneurs have succeeded by avoiding risk where possible and seeking others to bear the risk. As one extremely successful entrepreneur has said; 'My idea of risk and reward is for me to get the reward and others to take the risks'.

Creativity is often not a prerequisite for entrepreneurship either. Many successful entrepreneurs have been good at copying others and they qualify as innovators and creators only by stretching the definition beyond elastic limits.

There are similarly many questions about what the psychological and social traits of entrepreneurs are. The same traits shared by two individuals can often lead to vast different results: successful and unsuccessful entrepreneurs can share the characteristics commonly identified. As well, the studies of the life paths of entrepreneurs often show decreasing 'entrepreneurship' following success, which tends to disprove the centrality of character or personality traits as a sufficient basis for defining entrepreneurship.

So, we are left with a range of factors and behaviors which identify entrepreneurship in some individuals. All of the above tends to reinforce the viewthat it is difficult, if not impossible to define what an entrepreneur is, and that the word itself can be best used in the past tense to describe a successful business person.

2.1.4. Measuring Entrepreneurship

Despite the above, there remains a powerful impulse, particularly amongst enterprise development practitioners, to measure entrepreneurship in some way. These measurement

attempts can range from simple checklists through to complex and detailed computer programs. This need for a definition and measure of entrepreneurship is because, however defined, the entrepreneur is the key to the successful launch of any business.

He or she is the person who perceives the market opportunity and then has the motivation, drive and ability to mobilize resources to meet it. The major characteristics of entrepreneurs that have been listed by many commentators include the following.

a. **Self-Confident and Multi-Skilled**: The person who can make the product, market it and count the money, but above all they have the confidence that lets them move comfortably through unchartered waters'. Confident in the face of difficulties and discouraging circumstances.
b. **Innovative Skills**: Not an 'inventor' in the traditional sense but one who is able tocarve out a new niche in the market place, often invisible to others.
c. **Entrepreneurs Enter into Business with Different Motives:** Some will enter because they have identified a market opportunity and there is need to utilize their skills, others to generate income, while others will enter into business because of the desire for independence to be one's own boss (McCormick and Pedersen, 1996; Dutta, 2009). Other factors that may attract or pull an entrepreneur into business are financial incentives, a hobby, previous work experience and family culture acting as a role model and on the other hand factors such as lack of employment, retrenchment, retirement or death of a family are likely to "Push□ one into business.

The characteristics of the entrepreneur are widely accepted as vital ingredient that influences growth. Research indicates that particular characteristics of the entrepreneur that are associated with growth of the enterprise include motivation, previous management experience and demographics of the entrepreneur (age, education).

Based on enterprises experience, the entrepreneurs will come up to prepare business plan to

achieve the growth as planned (Brush et al., 2009). The quality ofhuman resources, managing the rate of growth and carefully managing customer's relationship is critical to pursue the business plan (Brush et al., 2009).

Internal management: - Managerial competencies are sets of knowledge, skills, behaviors and attitudes that contribute to personal effectiveness (Hellriegel et al., 2008). Managerial competencies are very important to the survival and growth ofnew SMEs. Martin and Staines (2008) found that lack of managerial experience and skills are the main reasons why new firms fail

A successful manager is one who understands his business environment, both internal and external. He or she understand the situation and prepared, equipped & ready to handle any instability that derives from the environment. These include competitors, suppliers, customers, government agencies, labor organizations, andfinancial institutions *etc***.** (Hisrich*et al*, 2010).

Managers have multi-functional roles. He/she is in charge of planning and implementation, production, human resource (recruiting and firing of employees), marketing and finances (Stokes, 1995, Stokes and Wilson, 2010). All these demands his attention simultaneously, and in most cases he/she ends up tackling the most immediate first, which may mean overlooking a less obvious but more significant problem which has a critical impact. Even with all these responsibilities and challenges, the majority of the owner-managers of SMEs werenot trained or poorly trained or unskilled in the various disciplines.

2.2. Empirical Evidence

Schmitz (1995) posits that given the low level of capitalization of SMEs most of them tend to operate in sectors utilizing extensive laborious techniques in contrast to largely established firms. Their primary activities according to Reuber and Fisher (2000) are mainly within the areas of primary sector manufacturing, retail and trading. Again, the question of the operational activities of SMEs is also largely influenced by the location, be it within an urban setting or a rural one for that matter. Retail activities are ideally suited for urban settings where as basic manufacturing can be carried out both in rural and urban areas

In a related study Quartey and Kayanula (2000) looked at SMEs activities and operational scope

in Ghana. Similar to the findings of Reuber and Fisher (2000), their study also subdivided SMEs into rural and urban operators. Within the urban group of firms there were those "formally organized" on the one hand against those that are "informally organized" on the other hand. The rural enterprises are generally informally organized and made up of individuals bonded by kinship or other forms of social connections. They engage in activities utilizing primary resources within their catchment areas. Products that typically come out of their activities include fabrics and leather, ceramic designs, blacksmithing etc.

Abor and Biekpe (2006) found that most SMEs in Africa are family businesses, with the majority of the operators being females. Because of their extensive engagement within the informal domain they are mostly not captured in official statistical recordings of national production and output. A resulting consequence of this anomaly is that they are left out in policy formulation thereby inhibiting any prospect for expansion and developments. Funding, a crucial life-line for business growth is also conspicuously denied them thanks to their informal status.

As stated in the opening section of this paper, the role of SMEs in facilitating economic and social development cannot be overemphasized, particularly for developing 12 countries seeking to place a foot on the development radar. Among other reasons, the level of adaptability of SMEs to changing market trends is relatively more versatile than larger traditional firms (Quartey and Kayanula 2000). When it comes to the question of job creation they are also better placed to serve this purpose than classical large firms, firstly because of the fact that their production activities tend to be more laborious in nature (See Schmitz 1995). By this singular fact their role in employment is acknowledged.

2.3. Conceptual Framework

The synthesis may be called a model or conceptual framework, which essentially represents an 'integrated' way of looking at the problem (Liehr and Smith, 1999). Such a model could then be used in place of a theoretical framework. Thus, a conceptual framework may be defined as an end result of bringing together a number of related concepts to explain or predict a given event, or give a broader understanding of the phenomenon of interest – or simply, of a research problem. Since business growth is influenced by both internal and external factors. Internal factors namely (Entrepreneurship and Internal management factors) and External factors include (Access to finance, Infrastructure, working places, Marketing and

Government policy) were considered for this study based on suitability with the Ethiopian context. The following diagram dependent and independent variables

Figure2.1:- Conceptual Frameworks (Own model)

The above models indicated both internal and external factors affecting the growth of SMEs. The internal factors are internal management and entrepreneur ship whereas, the external factors such as access to finance, working place, government policy, market and infrastructure.

Research Hypotheses

H1: There is a positive relationship between access to finance and business growth in SMEs

H2: There is a positive relationship between working places and business growthin SMEs

H3: There is a positive relationship between government policy and businessgrowth in SMEs

H4: There is a positive relationship between marketing and business growth inSMEs

H5: There is a positive relationship between infrastructure and business growth in

SMEs

H6: There is a positive relationship between entrepreneurship and business growth in SMEs

H7: There is a positive relationship between internal management and businessgrowth in SME

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter discusses the research design and methodology used in the study, more specifically, research approach, sampling design, method of data collection and analysis, and variable measurement

3.1 Research Approach

The study was quantitative approach. Quantitative approach concerned with numerical data that are analyzed quantitatively, while qualitative research approach was concerned with data in the form of texts that involve subjective assessments of attitudes, thoughts, and behaviors (Kothari, 2004). According to Schweitzer (2009), the quantitative method is used because of its suitability in defining the research and development questions and it is suitable for the type of numerical data required in the research. In this study, quantitative data were used.

3.2 Research Design

Research design is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that is uses economical procedures. This study used descriptive suitable for describing the existing situation narrating facts and investigating phenomena in their natural setting. Relevant data was collected from primary data sources .based on the primary data collected, the study described in detail determinants of the growth of SMEs in nifas silk lafto sub-city.

3.3 Source of Data and Method of Data Collection

In order to gather information on the topic of factors influencing the growth of small and medium enterprises, the study's major data source was a fieldwork survey. Responsible individuals at small and medium-sized businesses were sent a questionnaire together with a cover letter outlining the purpose of the study in order to gather data from responses. Multiple choice and closed-ended questions make up the structured questionnaire, which is used to get quantitative information from the respondents. And it used primary source.

3.4 Population and Sampling Techniques

The study's target audience comprised all small and medium-sized businesses located in Nifas Silk Lafto Sub City. The sampling frames were the 257 target population firms' list, which is officially registered through October 30, 2023 G.C., and from which the necessary number of sample size is derived. The list is available at the Nifas Silk Lafto Sub City Technical vocational training and enterprise development office. Because it would be difficult, time-consuming, and expensive to consider the entire population as survey responders, a sample size was chosen. due to the survey's impracticality, expense, and time commitment.

The sampling units for this study focused on, the top managers, Owner and managers, or other responsible person who leads the enterprise like sales person who represent the owner.

To obtain data from SMEs of varying sizes, proportional stratified sampling was employed. Because it helps to minimize prejudice when working with the population, this strategy was chosen. By using this method, the sampling frame was sorted into groups that were reasonably homogeneous before the sample's components were chosen. This procedure raises the likelihood that the final sample will be representative of the stratified groups, according to Janet (2004:114). In Nifas Silk Lafto Sub City, the strata included manufacturing, construction, urban agriculture, trade, and service in SEMs Construction, Trade, Service, and Urban Agriculture in Nifas Silk Lafto Sub City SEMs.

According to Catherine Dawson (2002:49), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. While there are no general rules, the sample size usually depends on the population to be sampled. In this study to select sample size, a list of the population formally registered SMEs until October, 2023 G.C in Nifas Silk Lafto Sub City technical vocational training and enterprise development office were taken.

The total population of the study is 257 small and medium enterprises whichincludes, manufacturing (104), Trade (32), urban agriculture (23), service (62) and construction (36).

The study included a sizable enough sample size to ensure that the findings were legitimate. The researcher determined that a 95% confidence level for the study's conclusions is ideal for social media applications and that a 5% sample error was acceptable. Determining the response rate before data collection is difficult. As a result, the anticipated response rate for a 50–50 sample is 96%, while the constrictive figure of the population's expected variance is 50%. Watson (2001:5)

According to (Watson, 2001), the following formula was used to determine sample size:

$$n = \frac{\left[\frac{P[1-P]}{\frac{A^2}{z^2} + \frac{P[1-P]}{N}}\right]}{R}$$

Where: N = 257 = Number of

populationn = 160 =

Sample size required

P = 0.5 = Estimated variance in the

populationA = 0.05 = Margin of

error

Z = 1.96 for 0.95 confidence =

Confidence levelR = 0.96 =

Estimated response rate

Accordingly, 160 respondents were selected from the total of 257 SMEs. These 160 respondents were selected from manufacturing, Trade, urban agriculture, service and construction on the proportional stratified random sampling basis. Therefore, manufacturing (104/257*160) = 65 out of 104, trade (32/257*160) = 20 out of 32, urban agriculture (23/257*160) = 14 out of 23, service (62/257*160) = 38 out of 62 and construction (36/257*160) = 23 out of 36, were selected.

3.5 Questionnaire Design

The survey questionnaire was prepared in both Amharic and English versions to reduce the impact of language barriers. This study compiled the questions from different sources. Questions were prepared to assess determinants of growth of SMEs. Some questions in the questionnaire were adopted from other sources from Admasu (2012) and Fatoki & David (2010) with some modification to suit our country's context.

The questions that were used in the questionnaire are multiple-choice questions and five score Likert scales to provide respondents a wider range of five alternatives. The level of agreements are represented by 1 to 5 by question related to determinants of growth in SMEs,

Strongly disagree = 1, disagree = 2, neutral = 3, agree = 4, strongly agree = 5.

If the respondent respond disagree and strongly disagree, it indicates that there is no problem on the growth of SMEs. On the other hand, if there response is agree and strongly agree, it indicates that there is high problem on the growth of SMEs.

3.6 Variable Measurement

3.6.1 Dependent Variable and its Measurement

In line with earlier studies that investigated the determinants of growth, this study relies on commonly used measure of growth, which are sales growth and qualified employment growth during a specific time period is the most common indicators used. Indicators such as assets, market share, profits and output are also commonly used, however not as commonly as sales and employment. Output and market share vary greatly within industries and is therefore hard to compare, total assets also depends on the industry's capital intensity and changes over time and profits is not that relevant unless measuring size over a long period of time. Therefore market coverage and employment are the two most important indicators measuring firm's size and growth. Employment numbers is also a measure that is easily accessible, since it is an important figure for governments. Sales figures are on the other hand affected by inflation and exchange rates and it is difficult to compare sales figures between industries. That is why it is important to use multiple growth indicators to study firm growth (Davidsson et al., 2006 cited in Soini & Veseli,

2014).

According to CSA (2011) in Ethiopia, there are two forms of growth level of SMEs. The first is transition from micro to small and small to medium, the second is a step to be competent within the level they have.

3.6.2 Independent Variables and its Measurement

According to Fatoki & David (2010), Joseph & Henry (2013), the independent variables were measured

1. Access to finance: - Independent Variable: Access to external financing (e.g., bank loans, venture capital, crowd funding).

- Measurement: This could be measured by the amount of external funding the SME has access to, such as loans, grants, or investments.

Quantitative measures such as the amount of external funding raised the number of financing sources utilized, or qualitative assessments of perceived ease or difficulty in accessing finance.

2. Working places: - Independent Variable: Workplace environment and culture (e.g., employee satisfaction, work-life balance, diversity and inclusion).

- Measurement: Surveys, interviews, or focus groups to gather quantitative and qualitative data on employee satisfaction, perceptions of work-life balance, and diversity and inclusion initiatives within the organization.

3. Government policy: - independent variable impact of government policies on SMEs.

-Measurement; This could be measured by Analysis of policy documents, interviews with policymakers or SME representatives, and quantitative assessments of the effects of specific policies on SME performance, such as changes in tax filings or utilization of government support programs. (.e.g. tax incentives, regulatory burden)

4. Marketing: - Independent Variable: Marketing strategies and activities.

- Measurement: This could be measured by the number of competitors in the industry or market share held by the SMEs and collected Data on marketing expenditures, social media

engagement metrics, customer surveys, or qualitative assessments of brand perception and customer relationship management practices through interviews or case studies. (e.g., digital marketing efforts, branding, and customer relationship management).

5. Entrepreneurship: - Independent Variable: Entrepreneurial behavior within SMEs (e.g., risk-taking, opportunity recognition, reactiveness).

- Measurement: Self-reported scales or surveys to capture entrepreneurial traits and behaviors, qualitative data from interviews or observations to understand decision-making processes and entrepreneurial actions.

6. Infrastructure: measured by Quantitative data on infrastructure investments, transportation and communication costs, or qualitative assessments of infrastructure-related challenges through interviews with SME owners and managers. (e.g., transportation, telecommunications, and utilities) impacting SME operations.

7. Internal management:- This could be measured by the level of education or experience of the top management team, or by employee turnover rates.

(e.g., leadership styles, human resource management, performance measurement) or qualitative assessments of leadership styles and organizational culture through interviews and observations.

For each independent variable, it's important to carefully select appropriate measurement methods that align with the research objectives and the nature of the variable being studied. Researchers should also consider the reliability and validity of their measurement tools and be mindful of potential biases in data collection. Additionally, combining multiple measurement approaches can provide a more comprehensive understanding of the independent variables and their impact on SME outcomes.

3.7 Methods of Data Analysis and Interpretation

All hypotheses are tested with the help of the Statistical Package for Social Science (SPSS-27) software. In order to analyze the data the two sets of Statistics: Descriptive and Inferential statistics are used. Descriptive statistics summarizes and describes quantitative

information in the form of frequency distribution and measures of central tendency (mean and standard deviation), whereas inferential statistics (correlation and regression) were taken from this tool. During data analysis multiple regression test is used to test for significance of differences between the observed and the expected distributions of data, while Pearson's coefficient of correlation is used to measure the direction and strength of the relationship between the research variables and determine whether the independent variables (access to finance, working places, government policy, marketing entrepreneurship and infrastructure) have an effect on dependent variable (enterprises growth).

3.8. Model Specification

The model built around two sets of variables, specifically dependent variable (Growth) and independent variables (Access to finance, working places, Government policy, marketing, technology, infrastructure and Entrepreneurship). The basic objective of using regression equation on this study was to make the study more effective at describing, understanding and predicting the stated variables.

The following regression model was formulated with seven independent variablesand one dependent variable.

$$Yi = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6 + \beta_7X_7 + Ui$$

Where:

Y = Dependent variable – Growth

$\boldsymbol{\beta_0}$ = Constant term

X_1 = Access to finance, X_2 =Working places, X_3 = Government policy, X_4 = Marketing, X_5 = Infrastructure, X_6= Entrepreneurship, X_7= internal managementare independent variables,

Ui = Disturbance or error term

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$ and β_7= Coefficient of independent variables

Accordingly, this statistical technique was used to explain the following relationships.

Regress growth (as dependent variable) on the selected linear combination of the independent variables using multiple regressions (access to finance, working places, government policy, marketing, infrastructure, entrepreneurship and internal management).

3.9 Validity and Reliability

The degree to which a test measures what it is intended to measure is known as validity (Creswell, 2009). He defines validity as the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. He argues that one important factor affecting the validity of the questionnaire data is the respondents' ability and willingness to provide the information requested.

A pilot study was conducted to refine the methodology and test instrument 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 et al. (2007:136). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection, by the advisor had been taken to ensure validity of the instruments. Finally, the improved version of the questionnaires were printed and dispatched.

On a 5-point Likert response scale, with strongly disagree, agree, disagree, undecided, and agree as the possibilities, each study statement was rated. A reliability test was conducted in Nifas Silk Lafto Sub City with a sample of 20 experienced business owners, despite the fact that the questionnaires were modified from Admasu (2012) and Fatoki & David (2010). The instrument's Cronbach's alpha coefficient was found to be 0.67 and above, indicating reliability. Cohen et al. (2007: 506) state that an alpha value of 0.67 or more is typically considered a trustworthy indicator.

Table 3. 1 Reliability Coefficient

Scale	Cronbach alpha coefficient	No. Of Items
Access to finance	.757	6
Working places	.807	4
Government policy	.713	6

Marketing	.820	**4**
Infrastructure	.704	**5**
Entrepreneurship	.745	**4**
Internal management	.723	**5**
Growth	**.718**	**7**

Source: SPSS result of pilot test, 2023

In the above reliability test all were satisfied. Since, instruments were developed based on research questions and objectives; it is possible to collect necessary data from respondents. Therefore, the researcher can be assumed that the pilot test of the instrument was reliable for data analysis.

3.10 Ethical Considerations

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent was secured before the commencement of distributing questionnaire. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names are kept confidential thus collective names like 'respondents' were used.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents the results of a statistical analysis of the data obtained from the respondents. The results focus on answering the research questions stated in chapter one. Therefore, general information of the Business enterprises respondents as well as descriptive statistics in the growth of small and medium enterprises currently experienced in Nifas Silk Lafto Sub City were presented and analyzed first, followed by testing the hypotheses. Data were collected from owner, managers or any responsible persons of SMEs found in one sub-city.

A total of 160 questionnaires were dispersed throughout the five sectors in each of the nine sub-cities; 155 of them were successfully completed and retrieved, yielding a response rate of 96.8%. 65, 20, 14, 38, and 23 of the 160 surveys that were sent were categorized as manufacturing, trade, urban agriculture, service, and construction, in that order. The manufacturing, trade, urban agriculture, service, and construction sectors yielded 65, 20, 13, 37, and 20 questionnaire responses, respectively. This indicates that the response rates for manufacturing, trade, urban agriculture, services, and construction are 100%, 100%, 92.85%, 97.36%, and 86.95%, respectively.

Table 4.1 Categories of Selected Small and Medium Enterprises in Sub-city

No	Sector	Population		Sample		Respondent	
		Frequency	Percent	Frequency	Percent	Frequency	**Percent**
1	Manufacturing	104	40.46	65	40.62	65	**41.93**
2	Trade	32	12.46	20	12.50	20	**12.90**
3	Urban Agricu.	23	8.95	14	8.75	13	**8.39**
4	Service	62	24.13	38	23.75	37	**23.87**
5	Construction	36	14.00	23	14.38	20	**12.90**
Total		**257**	**100**	**160**	**100**	**155**	**100**

Source: Field survey, 2023

Table 4.1 lists the different types of small and medium-sized businesses in Nifas Silk Lafto Sub City: 36(14%) are in construction, 104(40.46%) are in manufacturing, 32(12.46%) are in trade, 23(8.95%) are in urban agriculture and 62(24.13%) are in services. Of these businesses, examples include 65 (40.62%) manufacturing, 20 (12.50%) trade, 14 (8.75%) urban agriculture, 38 (23.75%) service, and 23 (14.38%) construction. A proportional stratified random sampling technique was used to obtain samples, and 65 (41.93%), 20 (12.9%), 13 (8.39%), 37 (23.87%), and 20 (12.90%) of them were able to return questionnaire feedback.

4.2. Demographic Profile of Respondents

For the various demographic parameters of respondents and their opinion of SMEs in their respective firms, descriptive statistics are produced in the form of frequency mean and standard deviations.

The following is a presentation of the enterprise/respondent demographic factors that are deemed important for this study:

Table 4.2:- Educational level of Respondents at the time of the Study

What is your level of education?					
		Frequency	Percent	Valid Percent	**Cumulative Percent**
Valid	Below grade 12	55	34.4	35.5	**35.5**
	TVET Certificate	46	28.8	29.7	**65.2**
	Diploma	38	23.8	24.5	**89.7**
	Bachelor Degree	15	9.4	9.7	**99.4**
	Masters and Above	1	.6	.6	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

As illustrated in Table 4.2, the education level of most of the respondents is below grade 12(35.5%), TVET certificate (29.7%), Diploma (24.5%),9.7 bachelor degree and remaining 0.6 masters and above. This implied that 65.2% of respondents are below Diploma. Therefore most of the enterprise respondents are higher educated.

Table 4.3:- Employment position of Respondents at the time of the Study

What is your current position in the company?					
		Frequency	Percent	Valid Percent	**Cumulative Percent**
Valid	Manager	32	20.0	20.6	**20.6**
	Owner & Manager	107	66.9	69.0	**89.7**
	Others	16	10.0	10.3	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

Table 4.3 gives information about the respondents' jobs that took part in this study. Table 4.3 shows that owners and managers made up the majority of respondents (69% of all valid respondents), followed by managers (20.6%), and others (10.3% of all valid respondents). They are therefore expected to be fully informed on how SMEs are growing and applying it to their businesses. It is therefore expected that their answers will be trustworthy.

Table 4.4:- Work Experience of Respondents in the Present Company

How long have you been working in this position?					
		Frequency	Percent	Valid Percent	**Cumulative Percent**
Valid	Less than 1 year	35	21.9	22.6	**22.6**
	1-5 years	41	25.6	26.5	**49.0**
	6-10 years	33	20.6	21.3	**70.3**
	More than 10 years	46	28.8	29.7	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

As indicated in Table 4.4, from the total respondents (29.7%) were working in their present enterprises for more than 10years, 26.5% for 1 to 5 years and the remaining 22.6% have less than 1 years' experience.

Table 4.5:- Business Activities of the Enterprises

What is your main business activity?					
		Frequency	Percent	Valid Percent	**Cumulative Percent**
Valid	Manufacturing	65	40.6	41.9	**41.9**
	Trade	20	12.5	12.9	**54.8**
	urban agriculture	13	8.1	8.4	**63.2**
	Service	37	23.1	23.9	**87.1**
	Construction	20	12.5	12.9	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

As indicated in Table 4.5, most of the total respondents are employed in manufacturing sector (41.9%), and services 23.1%, trade 12.9%, construction 12.9% and urban agriculture is least employed (8.4%). This shows that manufacturing and service are more preferable sector for business enterprises.

Table 4.6:- Sources of Start-up Capital of the Enterprises

How do raise funds to start-up your business?					
		Frequency	Percent	Valid Percent	**Cumulative Percent**
Valid	Personal saving	51	31.9	32.9	**32.9**
	Family and friends	55	34.4	35.5	**68.4**
	Loan	18	11.3	11.6	**80.0**
	credit association	22	13.8	14.2	**94.2**
	Others	9	5.6	5.8	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

As can be seen from Table 4.6 Family and friends (35.5%) are the most sources of fund, followed by personal saving (32.9%), Credit association (14.2%), Loan (11.6%) and others (5.8%%). This shows that the main source of finance for SMEs in Nifas Silk Lafto Sub City is family, friends and personal saving. Loan and credit association also plays the significant role.

Table 4.7:- Business Types of the Enterprises

What is your business type?					
		Frequency	Percent	Valid Percent	**Cumulative Percent**
Valid	Sole proprietorship	53	33.1	34.2	**34.2**
	Partnership	97	60.6	62.6	**96.8**
	private limited company	5	3.1	3.2	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

As can be seen from the Table 4.7 Partnership is the main type of business (62.6%), followed by sole proprietorship (34.2%), private limited company are rare (3.2%) in Nifas Silk Lafto Sub City. This shows that the main types of business are partnership and sole proprietorship.

Table 4.8:- Ages of the Enterprises

For how long your business was in the market?					
		Frequency	Percent	Valid Percent	**Cumulative Percent**
Valid	Less than one years	43	26.9	27.7	**27.7**
	1-5 years	41	25.6	26.5	**54.2**
	6-10 years	27	16.9	17.4	**71.6**
	More than 10 years	44	27.5	28.4	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

As indicated in Table 4.8, from the total respondents (28.4%) were serving at their present enterprises for more than 10 years, 27.7% for lessthan1year and 26.5 % for more 1-5 years. The remaining 17.4% were serving for less than 6-10 years. Thisshows that 71.6% of enterprises are serves as below than 10 years.

Table 4.9:- Number of Permanent and Temporary Employees

Number of employees		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 - 5 employees	113	70.6	72.9	**72.9**
	6 - 30 employees	42	26.3	27.1	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
	Total	**160**	**100.0**		

Source: Field survey, 2023

As indicated in Table 4.9, from the total respondents (72.9%) have employed at their present enterprises for 1- 5 number of workers and 27.1% for 6 to 30 numberof employees. This shows that most enterprises have small number of employees.

Table 4.10:- Amount of Start-up Capital

Start-up Capital		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than birr 10,000	100	62.5	64.5	**64.5**
	10,001 - 50,000	27	16.9	17.4	**81.9**
	Above 50,000	19	11.9	12.3	**94.2**
	I do not know	9	5.6	5.8	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

As can be seen from the Table 4.10, amount of start-up capital were less than 10,000 birr (64.5%), followed by between 10,001 to 50,000 (17.4%) and 12.3% were more than 50,000. The remaining 5.8% responses were not known the exactstart-up capital of the enterprises.

Table 4.11:- Amount of Current Capital

Amount of current capital		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	50,000 - 500,000	80	50.0	51.6	**51.6**
	500,001 - 1,000,000	33	20.6	21.3	**72.9**
	1,000,001-1, 500, 000	23	14.4	14.8	**87.7**
	More than 1, 500, 000	19	11.9	12.3	**100.0**
	Total	155	96.9	100.0	
Missing	System	5	3.1		
Total		**160**	**100.0**		

Source: Field survey, 2023

Table 4.11 shows that 51.6% of the firms' current capital is in the range of 50,000 to 500,000, followed by 500,001 to 1,000,000 (21.3%), and 14.8% is in the range of 1,000,001 to 1,500,000. There are more than 1,500,000 birr in the remaining 12.3%. The table above demonstrates that small businesses account for 87.7% of the respondents.

4.3. Determinants of Growth

The expansion of SMEs is hampered by a number of issues related to various causes. This section provides an explanation of the descriptive data derived from the variables influencing the expansion of SMEs. The following tables display the findings for the central tendency and dispersion measures from the sample of respondents in the industries of manufacturing, trade, urban agriculture, service, and construction. Tables show the variables' means and standard deviations. The average score shows how many respondents agreed with the provided notion. More respondents agreed with the provided idea, as shown by a higher mean score, and vice versa. Conversely, the standard deviation shows how much the answers differed from one another. There is greater variance in the respondents' responses the higher the standard deviations. The mean score of less than 3.39 is considered low, 3.40 to 3.79 is considered moderate, and 3.80 and higher, according to Zaidatol and Bagheri (2009). The mean score above served as the basis for the comparative basis analysis.

4.3.1. Financial Factor

Table 4.12:- Descriptive Statistics result for financial factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		**Kurtosis**	
	Statistic	Statistic	Statistic	Statistic	Std.Error	Statistic	**Std. Error**
Shortage of working capital	155	4.2258	.50386	-.888	.195	9.745	**.387**
Insufficient credit Institutions	155	4.0774	.46341	.281	.195	1.551	**.387**
High collateral requirements	155	4.2387	.42768	1.238	.195	-.474	**.387**
High interest rate	155	4.2323	.48106	.545	.195	-.104	**.387**
Complicated loan application procedures	155	4.1871	.51958	.218	.195	.146	**.387**
Improper financial recording system	155	4.2065	.40607	1.465	.195	.147	**.387**
FF	155	4.1989	.29369	1.230	.195	.884	**.387**
Valid N (listwise)	**155**						

Source: Field survey, 2023

As it is revealed in the Table 4.12, the aggregate financial factor has a high mean value of 4.1989 and standard deviation of 0.29369. All the financial factor items have a high mean value which ranges from 4.0774 to 4.2387. The item “High collateral requirements” has a highest mean value of 4.2387 with its corresponding standard deviation 0.42768. And, the item “Insufficient credit institutions” has a lowest mean value of 4.0774 with its corresponding standard deviation 0.46341. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of financial factor items in this study are within the recommended levels indicating univariate normality of the data.

4.3.2. Working Place Factor

Table 4.13:- Descriptive Statistics result for Working place Factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		**Kurtosis**	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	**Std. Error**
Absence of own workingplaces	155	4.1161	.46925	.378	.195	1.183	**.387**
Working place is far from the market	155	4.1742	.39720	1.415	.195	1.020	**.387**
Working place is very narrow	155	4.0839	.45520	.340	.195	1.660	**.387**
Very high rent of working places	155	4.1097	.35250	1.577	.195	3.496	**.387**
WP	155	4.1210	.30863	1.002	.195	2.631	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

As it is depicted in the Table 4.13, the aggregate working place factor has a high mean value of 4.1210 and standard deviation of 0.30863. All the working place items have a high mean value which ranges from 4.0839 to 4.1742. The item “Working place is far from the market” has a highest mean value of 4.1742 with its corresponding standard deviation 0.39720. And, the item “Working place is very narrow” has a lowest mean value of 4.0839 with its corresponding standard deviation 0.45520. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of working place items in this study are within the recommended levels indicating univariate normality of the data.

4.3.3. Government Policy Factor

Table 4.14:- Descriptive Statistics result for Government Policy Factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		**Kurtosis**	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	**Std. Error**
Bureaucracy in enterpriseregistration and licensing	155	4.2129	.41069	1.416	.195	.006	**.387**
Insufficient governmentsupport	155	4.2065	.47940	.520	.195	.196	**.387**
Unnecessary political intervention	155	4.0839	.50907	.143	.195	.796	**.387**
Lack of clarity related to government rules and regulation	155	4.1484	.37440	1.615	.195	1.897	**.387**
High tax rate & other tariff	155	4.0452	.48806	.114	.195	1.246	**.387**
Because of corruption	155	4.0839	.41018	.609	.195	2.607	**.387**
GPF	155	4.1301	.28444	1.015	.195	1.785	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

As it is indicated in the Table 4.14, the aggregate Government policy factor has a high mean value of 4.1301 and standard deviation of 0.28444. All the governmentpolicy items have a high mean value which ranges from 4.2129 to 4.0454. The item "government policy is a bureaucracy in entrepreneur registration and licensing has a highest mean value of 4.2129 with its corresponding standard deviation 0.41069. And, the item government policy has a lowest mean value of 4.0452 with its corresponding standard deviation 0.48806. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of government policy items in this study are within the recommended levels indicating univariate normality of the data

4.3.4. Market Factor

Table 4.15:- Descriptive Statistics result for Market factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		**Kurtosis**	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	**Std. Error**
Insufficient market & market chain for your product	155	4.2000	.43245	1.015	.195	.388	**.387**
Lack of research for interest and demand predicting	155	4.1161	.46925	.378	.195	1.183	**.387**
Lack of customer treatment	155	4.1032	.36350	1.305	.195	3.417	**.387**
Lack of product & service Advertising	155	4.1613	.41847	1.014	.195	1.211	**.387**
MF	155	4.1452	.31709	.755	.195	3.435	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

As it is shown in the Table 4.15, the aggregate market factor has a high mean value of 4.1452 and standard deviation of 0.31709. All the marketing items have a high mean value which ranges from 4.1032 to 4.2000. The item "Insufficient market & market chain for your product" has a highest mean value of 4.2000 with its corresponding standard deviation 0.43245. And, the item "Lack of customer treatment" has a lowest mean value of 4.1032 with its corresponding standard deviation 0.36350. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values ofmarket items in this study are within the recommended levels indicating univariate normality of the data.

4.3.5. Entrepreneurship Factor

Table 4.16:- Descriptive Statistics result for Entrepreneurship factor

Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		**Kurtosis**	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	**Std. Error**
Lack of business skills	155	4.1871	.46692	.591	.195	.480	**.387**
Lack of Entrepreneurship Training	155	4.1484	.45289	.597	.195	1.073	**.387**
Lack of tolerance & commitment to change	155	4.1484	.37440	1.615	.195	1.897	**.387**
The problem of fear of loss	155	4.2065	.45150	.800	.195	.263	**.387**
EF	155	4.1726	.33172	1.415	.195	1.321	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

As it is revealed in the Table 4.16, the aggregate entrepreneurship factor has a high mean value of 4.1726 and standard deviation of 0.33172. All the entrepreneurship items have a high mean value which ranges from 4.1484 to 4.2065. The item "problem of fear of loss" has a highest mean value of 4.2065 with its corresponding standard deviation 0.45150. And, the item "Lack ofEntrepreneurship training" has a lowest mean value of 4.1484 with its corresponding standard deviation 0.45289. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of entrepreneurship items in this study are within the recommended levels indicating univariate normality of the data.

4.3.6. Infrastructure Factor

Table 4. 17:- Descriptive Statistics result for Infrastructure factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		**Kurtosis**	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	**Std. Error**
Poor water supply	155	4.2065	.40607	1.465	.195	.147	**.387**
Poor Electricity	155	4.2065	.45150	.800	.195	.263	**.387**
Poor telecommunication	155	4.1355	.44250	.635	.195	1.360	**.387**
Lack of quick and insufficient transportation Services	155	4.1484	.37440	1.615	.195	1.897	**.387**
Lack of appropriate wastage screening & filtering system	155	4.2000	.43245	1.015	.195	.388	**.387**
IF	155	4.1794	.29469	1.476	.195	1.580	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

As it is depicted in the Table 4.17, the aggregate infrastructure factor has a high mean value of 4.1794 and standard deviation of 0.29469. All the infrastructure items have a high mean value which ranges from 4.1355 to 4.2065. The items “Poor Electricity” and “Poor water supply” have a highest mean value of 4.2065 with their corresponding standard deviation 0.45150 and 0.40607. And, the item “Poor telecommunication” has a lowest mean value of 4.1355 with its corresponding standard deviation 0.44250. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of infrastructure items in this study are within the recommended levels indicating univariate normality of the data.

4.3.7. Internal Management Factor

Table 4.18:- Descriptive Statistics result for internal management factor

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		**Kurtosis**	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	**Std. Error**
High product & service cost	155	4.2065	.53083	.165	.195	-.039	**.387**
Lack of technical training	155	4.1032	.47227	.324	.195	1.235	**.387**
Lack of organized & effectivecommunication	155	4.1935	.39636	1.567	.195	.460	**.387**
Lack of sufficient & skilled Labor	155	4.2000	.64867	-.220	.195	-.676	**.387**
Lack of strategic planning	155	3.8000	.47537	-.544	.195	.285	**.387**
IMF	155	4.1006	.25924	1.080	.195	2.114	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

As it is indicated in the Table 4.18, the aggregate internal management factor has a high mean value of 4.1006 and standard deviation of 0.25924. All the internal management items have a high mean value which ranges from 3.8000 to 4.2065. The item "High product & service cost" has a highest mean value of 4.2065 with its corresponding standard deviation 0.53083. And, the item "Lack of strategic planning" has a lowest mean value of 3.8000 with its corresponding standard deviation 0.47537. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of internal management items in this study are within the recommended levels indicating univariate normality of the data

4.3.8. Summery Determinants of Growth

Table 4.19:- Descriptive Statistics result for Summery Determinants of Growth

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Financial Factor	155	4.1989	.29369	1.230	.195	.884	**.387**
Working Place	155	4.1210	.30863	1.002	.195	2.631	**.387**
Government Place Factor	155	4.1301	.28444	1.015	.195	1.785	**.387**
Market Factor	155	4.1452	.31709	.755	.195	3.435	**.387**
Entrepreneur Factor	155	4.1726	.33172	1.415	.195	1.321	**.387**
InfrastructureFactor	155	4.1794	.29469	1.476	.195	1.580	**.387**
Internal ManagementFactor	155	4.1006	.25924	1.080	.195	2.114	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

As it is depicted in the Table 4.19, all the determinants of SMEs have a high mean value which ranges from 4.1006 to 4.1989. The "financial factor" has a highest mean value of 4.1989 with its corresponding standard deviation 0.29369. And, the item "internal management factor" has a lowest mean value of 4.1006 with its corresponding standard deviation 0.25924. According to Kline (2005) skewness and kurtosis values should not exceed three and ten respectively. The skewness and kurtosis values of all the determinants of SMEs in this study are within the recommended levels indicating univariate normality of the data.

4.4. Growth of SMEs

Table 4.20:- Descriptive Statistics result for Growth of SMEs

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
The enterprise has created more market coverage	155	4.2323	.42364	1.281	.195	-.365	**.387**
The enterprise has got good sales profit from time to time	155	4.2323	.49438	.426	.195	-.111	**.387**
There are qualified and highly skilled employees within the enterprise	155	4.1935	.51088	.273	.195	.158	**.387**
Number of employees withinthe enterprise increases from time to time	155	4.2129	.41069	1.416	.195	.006	**.387**
There are enough materials and equipment within in the enterprise	155	4.0452	.57369	.004	.195	.079	**.387**
The enterprise has the capability to reduce risk related to inflation	155	4.1355	.44250	.635	.195	1.360	**.387**
The enterprise has createdfull capacity to transformfrom small to medium or medium to large	155	4.2194	.54975	.069	.195	-.200	**.387**
Growth of SMEs	155	4.1816	.24599	.623	.195	.484	**.387**
Valid N (listwise)	**155**						

Source: field survey, 2023

The overall growth of SMEs has a high mean value of 4.1816 and a standard deviation of 0.24599, as Table 4.20 illustrates. The mean value of each growth factor item is high, ranging from 4.0452 to 4.2323. With a standard deviation of 0.42364, the item "The enterprise has created more market coverage" has the highest mean value, 4.2323. Furthermore, the item "The enterprise has sufficient materials and equipment" has the lowest mean value, 4.0452, and the

corresponding standard deviation, 0.57369. Skewness and kurtosis values shouldn't be greater than three and ten, respectively, according to Kline (2005). The autonomy items in this study had skewness and kurtosis values that are within the suggested ranges, confirming univariate normality of the data.

4.5 Results of Inferential Statistics of the Study

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

4.5.1. Pearson's Product Moment Correlation Coefficient

In this study, the relationship between financial, working environment, government policy, marketing, entrepreneurship, and infrastructure characteristics and the growth of SMEs was examined using Pearson's Product Moment Correlation Coefficient. The Pearson's Product Moment Correlation data on the relationship between independent and dependent variables are shown in the next section. According to the table below, there is a positive and linear link between growth and its independent factors, with correlation coefficients ranging from substantial too strong.

The measurement of rule of thumb that used to determine for the relationship between the dependent and independent variables that a correlation: ≤ 0.20 is characterized as very week; > 0.20 and ≤ 0.40 is characterized as week; > 0.40 and ≤ 0.60 is characterized as moderate; > 0.60 and ≤ 0.80 is characterized as strong; and greater than 0.80 is very strong (Kothari, 2004).

The financial element and growth were shown to have a strong positive association ($r = .655$, $p < .01$), which is statistically significant at 99% confidence level, as table 4.17 above plainly illustrates. This suggests that it was found that the financial element significantly influences the growth of SMEs at the 1% level of significance. Similarly,

elements related to the workplace and growth showed a strong positive link (r =.677, p <.01), as did factors related to government policy and growth (r =.780, p <.01), all of which are statistically significant at 99% confidence level.

Table 4.21:- Pearson's Correlation Coefficient

Correlations									
		FF	WP	GPF	MF	EF	IF	IMF	GGF
FF	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	155							
WP	Pearson Correlation	.407**	1						
	Sig. (2-tailed)	.000							
	N	155	155						
GPF	Pearson Correlation	.733**	.525**	1					
	Sig. (2-tailed)	.000	.000						
	N	155	155	155					
MF	Pearson Correlation	.188*	.470**	.380**	1				
	Sig. (2-tailed)	.019	.000	.000					
	N	155	155	155	155				
EF	Pearson Correlation	.698**	.441**	.635**	.281**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	155	155	155	155	155			
IF	Pearson Correlation	.530**	.552**	.691**	.519**	.605**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	155	155	155	155	155	155		
IMF	Pearson Correlation	.187*	.273**	.232**	.188*	.106	.350**	1	
	Sig. (2-tailed)	.020	.001	.004	.019	.188	.000		
	N	155	155	155	155	155	155	155	
GGF	Pearson Correlation	.655**	.677**	.780**	.671**	.688**	.792**	.229**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.004	
	N	155	155	155	155	155	155	155	155
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									

Source: own computation, 2023

Moreover, the table presents the association between the selected variables and growth of SMEs for a sample of 155 enterprises in Nifas Silk Lafto Sub City. There is a strong positive relationship between market factor and growth ($r = .671$, $p < .05$), which is statistically significant at 95% confidence level.

This suggests that it was found that the market component significantly influences how quickly SMEs grow at the 5% level of significance. Additionally, there is a substantial, statistically significant correlation ($r = .688$, $p < .01$) between growth and entrepreneurship. This would suggest that MSE growth would be better the more entrepreneurship there was. Additionally, there is a statistically significant correlation ($r = .792$, $p < .01$) between the infrastructure element and growth. This would suggest that MSE growth would be better the more infrastructure was available. In conclusion, the table shows that internal management and business growth have a weakly positive association ($r = .229$, $p < .01$).

4.5.2. Regression Assumptions Test

4.5.2.1. Normality Test

To ensure that the multivariate normality assumption was satisfied, the data were examined. Brooks (2008) pointed out that the normalcy assumption needs to be met in order to do a hypothesis test on the model parameter. The residuals' zero mean is the basis for the normalcy assumption. Gujarati (2004) states that there are three normalcy tests that could be taken into consideration when testing the normalcy assumption: Three graphical tools are available: (1) the residuals histogram; (2) the normal probability plot (NPP); and (3) the Jarque-Beratest, which is an asymptotic, or large-sample, test.

The first two straightforward graphical instruments for assessing the normalcy assumption were used in this study because of their simplicity, as shown below.

- **Histogram of Residuals**

A histogram of residuals is a simple graphic device that is used to learn something about the shape of the Probability Density Function of a random variable. On the horizontal axis, the values of the variable of interest (OLS residuals) are divided into suitable intervals, and in each class interval rectangles are erect equal in height to the number of observations (frequency) in that class interval.

If the residuals are normally distributed around its mean of zero the histogram is a bell-shaped. The shape of the histogram as shown below in figure 4.1 revealed thatthe residuals are normally distributed around its mean of zero.

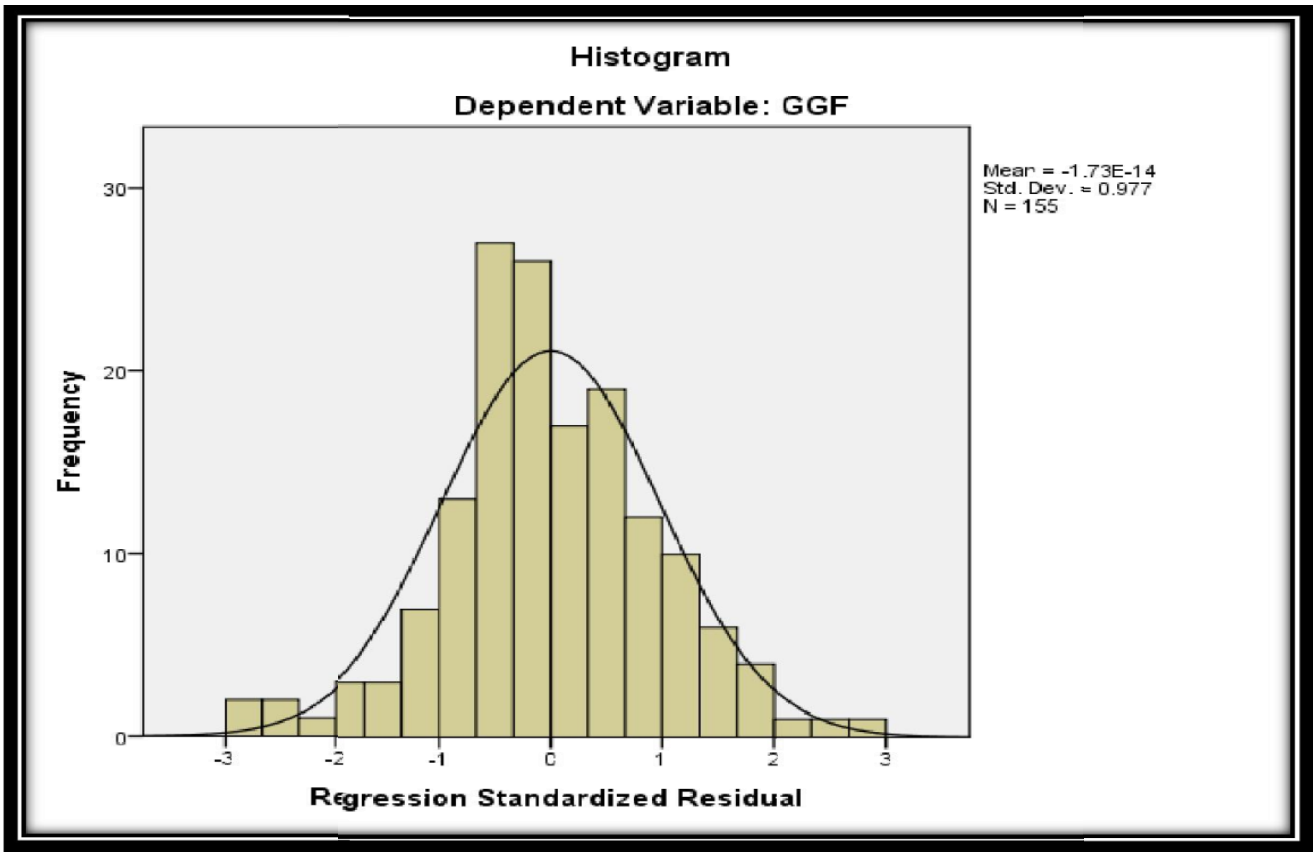

Figure 4.1:- Normal distributions of the data

Source: field survey, 2023

- **Normal Probability Plot**

In addition to histogram of residuals, the normal probability plots were used to test the normality of data. It is comparatively simple graphical device to study the shape the probability density function (PDF) of a random variable probability plot (NPP).is the Norma

It uses values of the variable of interest on the horizontal axis and the expectedvalue of this variable on the vertical axis. If the fitted line in the NPP is approximately a

straight line, one can conclude that the variable of interest is normally distributed. Hence, Figure 4.2 below indicated that residuals from the research model regression are approximately normally distributed, because a straight line gives the impression to fit the data reasonably well. This test also shows the normal distribution of residuals around its mean of zero.

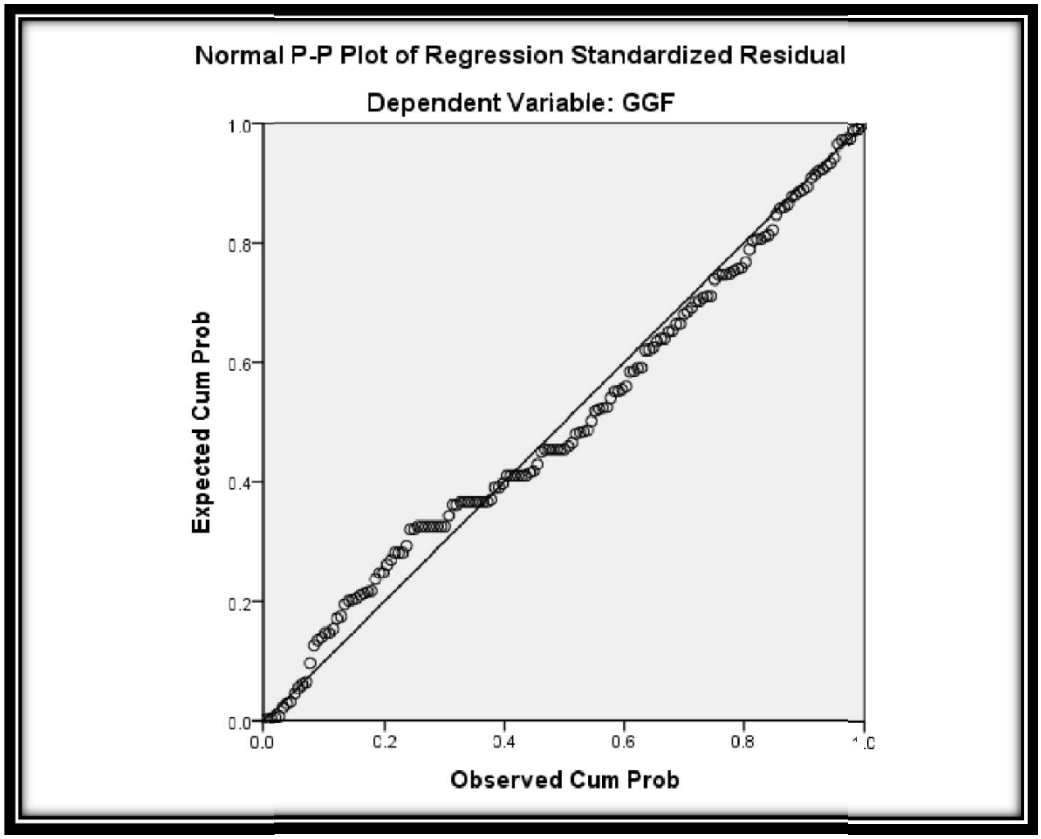

Figure 4.2:- Normal p-p plot of Regression Standardize Residual

Source: field survey, 2023

Therefore, based on the above tests, it is possible to conclude that the normality assumption is fulfilled and the presumption that the researcher will made about the population parameter from the sample is suitable.

4.5.2.2. Multicoliniarity Test

When there is a significant correlation between two or more predictors in a regression model, Multicoliniarity is present. Because Multicoliniarity involves more than two predictors, it only

becomes an issue in multiple regressions. When one predictor is a perfect linear combination of the others, at least one predictor exhibits perfect collinearity. Several statistical books state that looking through the correlation matrix of every predictor variable is one technique to find Multicoliniarity.

Another method is to produce a Collinearity diagnostics with the use of SPSS, and one of which is the variance inflating factor (VIF). The VIF indicates whether a predictor has strong linear relationship with the other predictor(s). Although there are no hard and fast rules about what value of the VIF should be a cause for concern, (Gujarati, 2004) suggests that value of less than 10 is good value and he suggest that if the average VIF is greater than 1, then there is no Multicoliniarity the regression model. In this study, **(**Table 4. 19) the Variance inflation factors (VIFs) for the independent variables included in the regression equation are all lower than 4. Related to the VIF is the tolerance statistics, which is a reciprocal of VIF (1/VIF). Such values below 0.2 are worthy of concern. Considering the regression model for this study the tolerance statistics values are all less than 0.80 and greater than 0.20(see tables 4.19) as such no Multicoliniarity is observed in this model.

4.5.2.3. Autocorrelation Test

Based on the descriptive statistics presented in Table 4.18, it is evident that the aggregate internal management factor and its individual items exhibit high mean values and relatively low standard deviations, indicating a tendency towards higher scores and limited variability within the dataset. Specifically, the item "High product & service cost" stands out with the highest mean value of 4.2065, while "Lack of strategic planning" has the lowest mean value of 3.8000.

Furthermore, in line with Kline's (2005) recommendation, the skewness and kurtosis values for the internal management items fall within the acceptable range, suggesting univariate normality of the data. Skewness and kurtosis values not exceeding three and ten respectively are indicative of a normal distribution. This finding supports the assumption of normality for the internal management factor and its constituent items.

In order to further investigate the nature of the data, an autocorrelation test was conducted to examine potential temporal dependencies within the time series data of the internal

management factor. The test aimed to assess whether there is a significant linear relationship between observations at different time points, which could impact the statistical modeling and analysis of the data.

The results of the autocorrelation test, including the autocorrelation coefficients and any hypothesis testing conducted, should be reported to provide a comprehensive understanding of the temporal characteristics of the internal management factor. Additionally, interpretations of these results and their implications for the analysis should be discussed in detail.For this study, the value of Durbin-Waston is 1.893, approximately equal to 2, indicating noserial correlation (Field, 2009).

4.5.3. Multiple Regressions Analysis

In this study, Regression assumptions to be checked above include normality of the error term, Multicoliniarity and autocorrelation. Multiple regression analysis was carried out to get the predictive value of the constructs considered. Since the model is developed in such a way that each construct is being affected by other constructs, it is necessary to carry out a separate regression analysis against each variable which are considered to be affected by other variables. This was basically made to determine the linear combination of the constructs. Regression analysis model used to predict values of the dependent variables from one or more independent variables(Field, 2005).

The researcher used linear regressions which seek to predict an outcome from several predictors. The purpose of regression analysis is used to analyze the relationship between metric or dichotomous independent variables and a metric dependent variable. If there is a relationship, using the information in the independent variables will improve our accuracy in predicting values for the dependent variable (Field, 2005). In this section the researcher tried to answer questions such as relationships between dependent and independent variables, identify the very significant factors that affect the growth of SMEs in the case of Nifas Silk Lafto Sub City.

In addition to the analysis of R- square the researcher also considers the model fit ("ANOVA") table which is the separation of variance attributable to one cause from the

variance attributable to others.

Table 4.22:- ANOVA

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.139	7	1.163	144.865	.000[b]
	Residual	1.180	147	.008		
	Total	9.319	154			

a. Dependent Variable: Growth of SMEs

b. Predictors: (Constant), IMF, EF, MF, WP, GPF, IF, AF

Source: field survey, 2023

A better fit is indicated by a lower ANOVA table variance or significance number. In general, the researcher came to the conclusion that the model could not fit the data if "sig" was more than 0.05 (Gupta, 1999).

(Gupta, 1999) states that the "sig" result needs to be less than 0.05 in order for the model and the data to fit. As a result, the researcher came to the conclusion that the model's overall significance in the ANOVA table 4.22 above is fit at a significance level of 0.000. Such that our model might fit the data, according to the researcher's conclusion

Table 4.23:- Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error ofthe Estimate	Durbin-Watson
1	.935[a]	.873	.867	.08959	**1.893**

a. Predictors: (Constant), IMF, EF, MF, WP, GPF, IF, AF

b. Dependent Variable: Growth of SMEs

Source: field survey, 2023

The result of the regression model summary shown in table 4.23 indicates the value of multiple R square value of 0.873 (87.3%) indicated that there a high positive relationship between dependent and independent variables. R-square value for the model showed that

87.3% of the dependent variable was predicted by the independent variables in the model. The remaining 12.7% of the dependent variableis explained by other variables which are not included in the model (Gupta, 1999).Therefore, the relationship between the dependent and independent variables has strong correlation (Kothari, 2004). Adjusted R-square value for the model showed that 86.7% of goodness of fit, the model is strong.

Similarly, Table 4.24 depicted that the beta coefficients that present the contributionpositive or negative relationship of each variable to the model. The t and p values showed the influence of the independent variables on the dependent variable.

The beta coefficient of the model in table 4.19 indicates the beta value of the constant is 0.214 whereas the beta value for the predictor variables (access to finance, working place, government policy, marketing, entrepreneurship, infrastructure and Internal management) are 0.129,0.136, 0.188, 0.257, 0.106, 0.188,and -0.051 respectively. The P –value of these variables are .002, .000, .000, .000, .002, .000, and .099 respectively.

In the table 4.24 shown, the Unstandardized beta coefficients and p-value of access to finance (B= 0.129, p = 002), working place (B = 0.136, p = 000), government policy (B = 0.188, p = 000), marketing (B = 0.257, p = 000), entrepreneurship (B = 0.106, p = 002), Infrastructure (B = 0.188, p = 099). This indicates that financial, working place, government policy, and market, entrepreneurship, and Infrastructure factor has a positive and significant relationship to the growth SMEs as their p-values are < 0.05. However, internal management = (B = -0.051, p = 099) has not significant relationship to the growth SMEs.

Table 4. 24:- Coefficients

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	**Collinearity Statistics**	
		B	Std. Error	Beta			Tolerance	**VIF**
	(Constant)	.214	.156		1.368	.174		
	Access to finance	.129	.041	.154	3.120	.002	.355	**2.814**

1	Working place	.136	.030	.171	4.502	.000	.596	**1.678**
	Government policy	.188	.045	.218	4.203	.000	.321	**3.114**
	Market factor	.257	.028	.332	9.155	.000	.657	**1.523**
	Entrepreneur	.106	.034	.143	3.149	.002	.418	**2.393**
	Infrastructure factor	.188	.040	.226	4.660	.000	.367	**2.721**
	Internal management	-.051	.030	-.053	-1.663	.099	.838	**1.193**

a. Dependent Variable: Growth of SMEs

Source: field survey, 2023

This beta implies that, when the level of access to finance increased by 0.129 on average growth increased by one, when the level of working place increased by 0.136 on average growth increased by one, when the level of government policy increased by 0.188 on average growth increased by one, when the level of marketing increased by 0.257 on average growth increased by one, when the level of entrepreneurship increased by 0.106 on average growth increased by one and when the level infrastructure increased by 0.188 on average growth increased by one.

The Unstandardized coefficients β column, gives us the coefficients of the independent variables in the regression equation including all the predictor variablesas indicated below:

$$G = 0.214 + 0.129AF + 0.136WP + 0.188GPF + 0.257MF + 0.106EF + 0.188IF + -0.057IMF$$

Where: G= growth of SMEs, AF= access to finance, WP= working place, GPF = government policy MF= marketing, EF = entrepreneurship and IF= infrastructure.

Generally, the b-value (beta coefficient) tells us about the relationship between the outcome and each predictor. If the value is positive, it is said that there is positive relationship between the predictor and the outcome; whereas a negative coefficient represents a negative relationship. For these data all predictors, has positive b- values, indicating positive relationships.

4.5.4. Hypothesis Test

The above model's regression analysis indicates that there is a significant and positive association ($\beta = 0.129$, $p<0.05$) between growth and access to financing. Thus, the first hypothesis was approved. It suggests that factors such as a lack of working capital, stringent

collateral requirements, exorbitant borrowing rates, and inadequate financial recording systems impede expansion. Access to financing has been found to positively correlate with dependent variables in earlier research (Fatoki & David, 2010).

Based on the regression analysis of the above model, the working place also has a positive and significant effect or correlation on growth ($\beta = 0.136$, $p<0.05$). Hence, hypothesis 2 was accepted. It implies that absence of own working places, working place is very narrow and very high rent of working places has high influence on growth. Working place has a positive and significant influence on growth (Admasu,2012).

Government policy has a positive and significant effect or connection with ($\beta = 0.188$, $p<0.05$) in the regression analysis of the above model. As a result, hypothesis 3 was approved. It suggests that corruption, high tax rates and other tariffs, inadequate government support, bureaucracy in business licensing and registration, and other factors hinder progress. The outcome that (Admasu, 2012) supports.

There is also significant correlation or relationships were found between marketing and growth ($\beta = 0.257$, $p<0.05$). Hence, hypothesis 4 was accepted. It indicates that marketing has a positive influence on growth. The previous study proved also proved that marketing has significant correlation on growth. The result supported by(Admasu, 2012).

In the regression analysis of the above model, entrepreneurship has positive and significant effect or correlation with ($\beta = 0.106$, $p<0.05$). Hence, hypothesis 5 was accepted. It implies that lack of business skills, lack of entrepreneurship training, lack of tolerance & commitment to change and risk averters has a negative influence on growth. The result supported by (Fatoki & David, 2010).

In addition, infrastructure has also influence on growth ($\beta = 0.188$, $p<0.05$). Hence, hypothesis 6 was accepted. It implies that, poor water supply, Poor Electricity, poor telecommunication and lack of quick and insufficient transportation services have a negative influence on growth. The result supported by (Fatoki & David, 2010).

There is also insignificant correlation or relationships were found between internal management and growth of SMEs ($\beta = -0.051$, $p>0.05$). Hence, hypothesis 7 was rejected. The researcher has observed these seven findings .These is described below:

- Access to finance has a positive and significant relationship with the growth of SMEs.
- Working place has a positive and significant relationship with the growth of SMEs.
- Government policy has a positive and significant relationship with the growthof SMEs.
- Market factor has a positive and significant relationship with the growth of SMEs.
- Infrastructure has a positive and significant relationship with the growth of SMEs.
- Entrepreneur has a positive and significant relationship with the growth of SMEs.
- Internal management does not have significant relationship with the growth ofSMEs.

CHAPTER FIVE
CONCLUSIONS AND RECOMMENDATIONS

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

5.1. Summary of Major Findings

In all, 160 questionnaires from small and medium-sized businesses in Nifas Silk Lafto Sub City were given to owners, managers, and other responsible individuals. 155 (96.87%) of the disseminated questioners were collected, and all of them were utilized in the data analysis. Twenty questioners with a satisfactory loading value were checked using reliability, and the reliability scale was handled for analysis. Regression analysis was carried out by the models using growth as dependent variables because each construct was influenced by other constructs. The main goals of this process were to find the best linear combinations of the constructs and to determine the predictive value of each individual predictor for testing the proposed hypotheses. The researcher applied quantitative approach to describe and evaluate the factors affecting the growth of SMES. In chapter four, the primary data has been analyzed and interpreted in relation with the statement of the problem and objectives of the study.

In general, the results of this study are summarized as follows:

- Access to finance has a positive and significant effect or correlation on growth of SMEs ($\beta = 0.129$, $p<0.05$).
- Working place also has a positive and significant effect or correlation on growth of SMEs ($\beta = 0.136$, $p<0.05$).
- Government policy has positive and significant effect or correlation on growth of SMEs ($\beta = 0.188$, $p<0.05$).
- There is also significant correlation or relationships were found between marketing and growth of SMEs ($\beta = 0.257$, $p<0.05$).
- Entrepreneurship has positive and significant effect or correlation with growth of SMEs ($\beta = 0.106$, $p<0.05$).

- ❖ Infrastructure has also influence on growth of SMEs ($\beta = 0.188$, $p<0.05$.
- ❖ There is also insignificant correlation or relationships were found between internal management and growth of SMEs ($\beta = -0.051$, $p>0.05$).

5.2. Conclusions

The main goal of this study, which was carried out in Nifas Silk Lafto Sub City, was to evaluate the variables that have an impact on the expansion of small and medium-sized businesses (SMEs) that are involved in trade, manufacturing, urban agriculture, services, and construction. In particular, the study looked at what influences SMEs' expansion and offered potential solutions to address issues that SMEs face on the inside as well as the outside. External determinants include access to capital, a location of employment, government regulations, market forces, and infrastructures; internal factors include internal management and entrepreneurship. The study's goals and conclusions warrant drawing the following conclusions. The research result concluded that there exists significant positive relationship between finance and growth of SMEs. This indicates that Access to finance has high influence in determining the growth of SMEs. The results of the study shows that shortage of working capital, high interest rate charged by lending institutions, high collateral requirement from banks and other lending institutions, improper financial recording system and complicated loan application procedures are main problems ofthe enterprises.

Workings place factor has also positive and significant effect on the growth of SMEs. Absence of own working places, very high rent and working place narrowness are the major problems of enterprises and these problems adversely affect the growth of SMEs. So there is positive relationship between working placefactor and growth of SMEs.

In a similar vein, marketing significantly and favorably influences the expansion of SMEs. Nifas Silk Lafto Sub City's SMEs' growth is significantly impacted by marketing factors, such as a deficient market, a weak market chain, a lack of research, difficulty estimating demand, and a lack of product and service advertising. The growth of SMEs and the marketing element are therefore positively correlated.

The infrastructure study's findings, which include power outages and a deficiency of prompt and reliable transit options, have a favorable and noteworthy impact for the development of these businesses in Nifas Silk Lafto Sub City.

The expansion of SMEs is significantly and favorably impacted by entrepreneurs as well. These include risk awareness, entrepreneurial training, business acumen, and a willingness to adapt to change—all of which impede the expansion of SMEs' businesses. Such businesses are located in Nifas Silk Lafto Sub City.

Last but not least, government policy also has positive and significant effect whichincludes very high tax rate & other tariffs, bureaucracy in the enterprises during registration & licensing and insufficient government supports are main problems. In both factors, the stated research hypothesis of the empirical studies emerged that there exists significant positive relationship between independent and dependent variables.

However, this study did find, however, that there is no meaningful correlation between internal management and the expansion of SMEs. This suggests that SMEs' owners' management skills have little bearing on the expansion of their companies.

In general, this study determined the various influences that each of the components under investigation had on small and medium-sized enterprises. The study unequivocally demonstrated that the majority of the key elements are notably similar across all sectors, even while the degree of one crucial component varies slightly from the other critical factors. With the exception of internal management, which has little bearing on the expansion of SMEs, it has been observed that both internal and external elements, including finance, marketing, working conditions, infrastructure, government policy, and entrepreneurship, had very high effects on the growth of SMEs.

5.3 Recommendations

It is crucial to provide recommendations for corrective and supplementary actions to maximize the potential growth of SMEs. Such recommendations necessitate a thorough examination of the various elements influencing the industry. The following suggestions are provided in light of the study's results and conclusions.

- Access to Finance: Streamlining loan application procedures, reducing collateral requirements, and offering financial literacy programs to SME owners to improve their understanding of financial management.

- Government Policy: Simplifying registration and licensing procedures, reducing tax rates and tariffs, and providing more comprehensive support for SMEs.
    - Formulating clear and simple enterprises registration and licensing
    - Sufficient government support
    - Setting appropriate tax rate rather than guessing tax system

- Marketing Support: Offering assistance in market research, developing market chains, and providing resources for product and service advertising to help SMEs reach a wider customer base.

Rooted Problem. Some of the ways of doing so can be:

- By Preparing trade exhibition and bazaar.
- By offering training on how to attract new customers and retain the existingcustomers.
- By providing selling and display places in areas close to working area.
- Linking the SMEs with other private contractors working within or aroundNifas Silk Lafto Sub City, so that the operators are able to secure market opportunity.
- Changing the perception of the general public through extensive awareness

Creation mechanisms, since private individuals are envisaged to be the mainbuyers of the products manufactured by SMEs in the long run.

- Allowing those SMEs located and operating at Nifas Silk Lafto Sub City to participate inbiddings opened in other areas like Addis Ababa.

- Infrastructure Development: Addressing power outages and improving transit options to ensure reliable and efficient transportation for goods and services.

- Entrepreneurial Training: Establishing programs to enhance business acumen, risk awareness, and adaptability among SME owners. Entrepreneurship has positive and significant effect. So to make SMEs competitiveand profitable, increasing the capacity and skill of the operators, Nifas Silk Lafto Sub City technical vocational training and enterprise development office should provide;
  - Continuous technical training for operators
  - Entrepreneurship trainings
  - Experience sharing from successful enterprises
  - Provision of advice and consultancy are crucial

By addressing these areas, the government and relevant institutions can create an enabling environment for SMEs to thrive and contribute to the economic development of Nifas Silk Lafto Sub City. This holistic approach will help tackle the multifaceted challenges faced by SMEs and create a Conducive ecosystem for their growth and expansion.

Lastly, research into many aspects based on accurate information is essential to the expansion of any commercial firm. This can be accomplished by carrying out more studies in relevant fields. This study focused on the manufacturing industries, specifically wood and metal work, trade (suppliers and retailers), urban agriculture (livestock raring), service (decoration and internet cafes), and building (cobblestone and subcontracting). According to the expert, further research might thus look into the other areas that are found and produce particular results that could significantly aid in the nation's development.

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APPENDIX A

Questionnaire

ST. MERRY UNIVERSITY

COLLEGE OF BUSINESS AND

ECONOMICS DEPARTMENT

OF GENERAL MBA PROGRAM

Small and Medium Enterprises (SME's) survey questionnaire

Section 1: Introduction

Dear respondent,

This thesis is titled **"Determinants of growth of small and medium enterprises in Nifas silk lafto sub city"**. The examiner is YESHI DEREJE who is currently a General MBA student at St. Merry University. The purpose of this thesis is to examine factors affecting the growth of small and medium enterprises in Ethiopia, particularly in Nifas Silk. The examiner seeks to gather relevant information using proportional stratified Nifas Silk Lafto Sub City sampling from SMEs in.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. Thank you in advance for your kind cooperation and devoting your time.

Sincerely,

YESHI DEREJE

For further information, please contact yeshi dereje by the following address:

Tel.: +251 910060104

Email: yeshoye4@gmail.com

Section 2: General information of the Business enterprises

Instructions

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

1. What is your level of education?
   1. Below grade 12
   2. TVET Certificate
   3. Diploma
   4. Bachelor degree
   5. Masters or above
2. What is your current position in the company?
   1. Manager
   2. Owner & manager
   3. Sales person
   4. Others
3. How long have you been working in this position?
   1. Less than one year
   2. 1-5 years
   3. 6-10 years
   4. More than 10 years
4. What is your main business activity?
   1. Manufacturing
   2. Trade
   3. Urban agriculture
   4. Services
   5. Construction
5. How do raise funds to start-up your business?
   1. Personal saving
   2. Family & friends
   3. Loan
   4. Credit association
   5. NGOs
   6. Other

6. What is your business type?
   1. Sole proprietorship
   2. Partnership
   3. Private Limited company
   4. Others

7. For how long your business was in the market?
   1. Less than one year
   2. 1-5 years
   3. 6-10years
   4. More than 10 years

8. How many employees both (permanent and temporary) for your enterprise in 2007 E.C
   1. 1-6
   2. 7-30
   3. 31-100
   4. More than 100

9. What was your startup capital?
   1. Less than birr 10,000
   2. Between 10,001 to 50,000
   3. Above 50,000
   4. I do not know

10. What is the current capital of your business?
    1. 50,000 - 500,000
    2. 500,001 to 1,000,000
    3. 1,000,001- 1, 500, 000
    4. More than 1, 500, 000

Section 3:determinants of growth of small and mediumenterprises

The major factors that affect **the growth of business in SMEs** are listed below. Please indicate the degree to which these **determinant growth of your business enterpris**e. After you read each of the factors, evaluate them in relation to your businessand select your appropriate answer and then /circle/ ○ under the choices below.

Where,

1= strongly disagree
2= disagree
3= I can't to decide4= agree
5= strongly agree

11. Please indicate the degree to which you agree with the following statements regarding financial factors.

No.	Financial Factors	Please circle your Answer!				
11.1	Shortage of working capital	1	2	3	4	**5**
11.2	Insufficient credit institutions	1	2	3	4	**5**
11.3	High collateral requirements	1	2	3	4	**5**
11.4	High interest rate	1	2	3	4	**5**
11.5	Complicated loan application procedures	1	2	3	4	**5**
11.6	**Improper financial recording system**	**1**	**2**	**3**	**4**	**5**

12. Please indicate the degree to which you agree with the following statements regarding to Working places factors.

No.	Working places	Please circle your answer!				
12.1	Absence of own working places	1	2	3	4	**5**
12.2	Working place is far from the market	1	2	3	4	**5**
12.3	Working place is very narrow	1	2	3	4	**5**
12.4	**Very high rent of working places**	**1**	**2**	**3**	**4**	**5**

13. Please indicate the degree to which you agree with the following statements regarding to Government policy factors.

No.	Government policy Factors	Please circle your Answer!				
13.1	Bureaucracy in enterprise registration and licensing	1	2	3	4	**5**
13.2	Insufficient government support	1	2	3	4	**5**
13.3	Unnecessary political intervention	1	2	3	4	**5**
13.4	Lack of clarity related to government rules and regulation	1	2	3	4	**5**
13.5	High tax rate & other tariff	1	2	3	4	**5**
13.6	**Because of corruption**	**1**	**2**	**3**	**4**	**5**

14. Please indicate the degree to which you agree with the following statements regarding to Marketing factors

No.	Marketing Factors	Please circle your Answer!				
14.1	Insufficient market & market chain for your product	1	2	3	4	**5**
14.3	Lack of research for interest and demand predicting	1	2	3	4	**5**
14.5	Lack of customer treatment	1	2	3	4	**5**
14.6	**Lack of product & service advertising**	**1**	**2**	**3**	**4**	**5**

15. Please indicate the degree to which you agree with the following statements regarding to Entrepreneurial factors

No.	Entrepreneurial Factors	Please circle your Answer!				
15.1	Lack of business skills	1	2	3	4	**5**
15.2	Lack of Entrepreneurship training	1	2	3	4	**5**
15.3	Lack of tolerance & commitment to change	1	2	3	4	**5**
15.4	**Because of risk averters**	**1**	**2**	**3**	**4**	**5**

16. Please indicate the degree to which you agree with the following statements regarding to Infrastructure factors

No.	Infrastructure Factors	Please circle your Answer!

16.1	Poor water supply	1	2	3	4	**5**
16.2	Poor Electricity	1	2	3	4	**5**
16.3	Poor telecommunication	1	2	3	4	**5**
16.4	Lack of quick and insufficient transportation services	1	2	3	4	**5**
16.5	**Lack of appropriate wastage screening & filtering System**	**1**	**2**	**3**	**4**	**5**

17. Please indicate the degree to which you agree with the following statements regarding to Internal management

No.	**Internal managerial Factors**	**Please circle your answer!**				
17.1	High product & service cost	1	2	3	4	**5**
17.2	Lack of technical training	1	2	3	4	**5**
17.3	Lack of organized & effective communication	1	2	3	4	**5**
17.4	Lack of sufficient & skilled labor	1	2	3	4	**5**
17.5	**Lack of strategic planning**	**1**	**2**	**3**	**4**	**5**

Section 4. Small and medium enterprises general growth indicator

18. Indicators of growth of your enterprise

No.	**General growth Factors**	**Please circle your answer!**				
18.1	The enterprise doesn't create more market coverage	1	2	3	4	**5**
18.2	The enterprise do not have profit from time to time	1	2	3	4	**5**
18.3	There are no qualified and highly skilled employees within the enterprise	1	2	3	4	**5**
18.4	Number of employees within the enterprise did not increases from time to time	1	2	3	4	**5**
18.5	There are no enough materials and equipment within in the enterprise	1	2	3	4	**5**
18.6	The enterprise has less capability to reduce risk related to Inflation	1	2	3	4	**5**
18.7	**The enterprise has created full capacity to transform from small to medium or medium to large**	**1**	**2**	**3**	**4**	**5**