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Factors Affecting Sustainability of Small and Medium-Scale

Enterprises: the Case of Addis Ababa, Ethiopia

**A Thesis Submitted to the Department of Management in Partial Fulfillment of the
Requirement for Masters of Business Administration**

By

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Declaration

I, Rahel Fitane, declare that this study entitled “***Factors affecting sustainability of small and medium-scale Enterprises; case of Addis Ababa, Ethiopia.***” is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. This study is my own original work and has not been submitted for any degree or diploma in any other University. It is offered for the partial fulfillment of the degree of Masters in Business Administration [MBA]

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Statement of Certification

This is to certify that the thesis prepared by Rahel fitane entitled “***Factors affecting sustainability of small and medium-scale Enterprises; case of Addis Ababa, Ethiopia.***” And submitted in partial fulfillment of Masters of Business Administration [MBA] at Addis Ababa University, is an original work and not submitted earlier for any degree either at this University or any other University.

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Acronyms

ETB	Ethiopian birr
FeSMMIDA	Federal Small and Medium Manufacturing Industry Development Agency
GDP	Gross domestic product
GTP	Growth and Transformation Plan
MDGs	Millennium Development Goals
MOT	Ministry of Trade
MSE	Micro and Small enterprises
MSME	Micro, Small and Medium enterprises
MUDC	Ministry of Urban Development and Construction
SME	Small and Medium enterprises
SSA	Sub-Saharan Africa
SPSS	Software Package for Social Sciences
UNIDO	United Nations Industrial Development Organization

Abstract

Small and Medium enterprises (SMEs) play an essential role in the sustainable development of a country. They help in employment generation, job creation, self-independence, industrial production increase, and export. The study examines factors that determine sustainability of small and medium enterprises in Addis Ababa, Ethiopia. The general purpose of the study was to identify the major internal & external factors that influencing sustainability of small and medium scale enterprises. Given that a survey-based approach was used. And Primary and secondary data were used for this study. The target population was manufacturing construction, trade and service existing and closed small and medium Government organized enterprises in Addis Ababa, Ethiopia. The choice of the study area was based on size and concentration of SMEs. Data were collected using questionnaires from 41 closed SMEs and a sample of 277 existing SMEs has been taken. The selection of respondents was done using census and stratified random sampling procedures for closed and existing SMEs respectively. The data collected were analyzed using appropriate descriptive statistics and binary logistic regression techniques. The data have been analyzed with the help of Statistical package for social science (SPSS). The empirical study elicited major internal and external factors which seem to affect sustainability of SMEs. According to the participants' perception, the study revealed that the most important internal factors that determine SMEs sustainability is work-related factor and marketing, financial and political-legal factors are major external factors that affecting SMEs sustainability. The major implication of the study is that improving financial and work-related problems is critical in guaranteeing the survival of the SMEs.

Key words: *Government organized, Small and Medium enterprises (SMEs), factors and sustainability,*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Due to a contemporary highly competitive environment, most governments have seen increasing awareness and recognition of the role played by Small and Medium Enterprises (SMEs) and their contribution to the economy (Hlatshwako, 2012). Small and medium enterprises (SMEs) play significant role in the growth and development of world economy. The need for SMEs consider as a means of ensuring self-independent, jobs creation, import substitution, effective and efficient utilization of local raw materials and participation to the economic development (Ong, 2012). SMEs are also important in many European countries. For instance in the US, also in other industrialized countries such as Japan, Australia, Germany, French and Canada, Micro, small and medium enterprises (MSMEs), and particularly small and medium enterprises (SMEs), are an important engine of economic growth and technological rogress (Thornburg, 1993).

Not only industrialized countries Low-income countries in Sub-Saharan Africa (SSA) also are well aware of the positive role that small and medium-sized enterprises (SMEs) can play in their development. SMEs can innovate, adopt new technology and know-how, create jobs, broaden the tax base, and diversify risk (Brixioval, 2009). It is estimated that SMEs employ 22% of the adult population in developing countries. United Nations Industrial Development Organization (UNIDO) estimates that SMEs represent over 90% of private business and contribute to more than 50% of employment and of gross domestic product (GDP) in most African countries (UNIDO, 1999).

SMEs have become important urban economic activities particularly in providing urban employment. In similar fashion, in cities and towns of Ethiopia, SMEs and the informal sector are the predominant income generating activities and thus they have a significant contribution to local economic development and used as the basic means of survival (Gebre-egizabher & Demeke, 2004).

Currently Ethiopia implementing a five-year (2010/11-2014/15) Growth and Transformation Plan (GTP) in line with its long-term vision of achieving rapid, sustainable and equitable socio-

economic growth and development, reducing poverty, and meeting the Millennium Development Goals (MDGs) within the framework of macroeconomic stability. In order to that, Small and Medium scale Enterprises (SMEs) are regarded as the engine of economic growth and equitable development in our country economies but, there is still a huge amount of failure in this sectors because of this and many reasons long term vision of our country may not be achieved easily however, the five year Growth and Transformation Plan (GTP) and long term visions will only be a reality if the necessary imperatives that meets the need of the present generation without compromising the ability of future generation to meet their need.

SME sector is one of the principal driving forces for economic growth and job creation. This particularly holds true for many low income countries in Africa where SMEs and the informal sector represent over 90% of businesses, contribute to over 50% of GDP, and account for about 63% of employment (Ahmed, 2012). Accordingly, most developing countries considered the enormous potentials of the SMEs sector, and the significance, contribution and potential of the SMEs to job creation, poverty reduction and economic growth have been recognized in Ethiopia. And, despite the acknowledgement of its immense contribution to sustainable economic development, its performance still falls below expectation in many developing countries Arinaitwe, (2006). This is because the sector in these developing countries has been bedeviled by several factors militating against its performance, and leading to an increase in the rate of SMEs failure. Therefore, this research intends to assess some of factors those increase the failure rate of SMEs.

Generally, the aim of this study is to investigate and identify the major factors that influence the sustainability of SMEs in Addis Ababa Ethiopia. The literature is based on the concept of sustainability and factors that affecting the sustainability of SMEs.

1.2 Statement of the Problem

Enterprises, particularly small and medium enterprises (SMEs), are decisive as a major source of income and employment and are at the heart of the economic activity and development in many developing countries (Mead & Liedholm, 1999). SMEs are directly involved in contributing to the performance of national economies; thus sustaining small and medium businesses is extensively related to economic development (Chen, 2011). Ethiopia is one of the developing countries which have taken measures to enhance the operation of MSEs by considering their contributions According to the Ministry of Urban Development and Construction (MUDC, 2013).

The contributions of small businesses to development are generally acknowledged but, the failure rate of small businesses is high globally. SME entrepreneurs face many obstacles that limit their long term survival and development. Research on small business development has shown that the rate of failure in developing countries is higher than in the developed world Arinaitwe, (2002). SMEs are the emphasis of economic development all over the world. A positive relationship has been documented between small business development and economic growth in developed countries (Harris and Gibson, 2006; Monk, 2000; & Sauser, 2005). However, not much research has been conducted on this relationship in developing countries.

As there has been MSMEs graduating from micro into small, small into medium size enterprises, there are also those dying ones due to a variety of reasons. Even, most of the studies have been done on performance, growth and survival issues of micro enterprises. It is believed in this study that, there are a lot of factors increases their influence and causing a huge effect on the sustainability of SMEs no matter what is location of SMEs and how strong is the market conditions are, influencing factor is always there for the small and medium businessmen (Bellema, 2009).

SMEs are faced with many challenges and obstacles which affect their sustainability to function and contribute optimally to the economy. According to ministry of trade (MoT), past statistical bulletin there are 12,810 failed SMEs are found within the last four years (MoT, 2018). Majority of them around 11,090 (86.57%) are small enterprises. And the other 1,720(13.43%) of them are medium enterprises. However, despite the attention devoted to SME growth and performance,

there is still no significant studies have been conducted on Addis Ababa concerning the factors influencing sustainability of SMEs. In order to provide new contribution the study was conduct on factors affecting sustainability of SMEs. The paper aims to discuss this issue.

1.3 Basic Research Question

It is from this problem stating that this research paper intends to answer the following questions:

1. What are the key internal factors that determine sustainability of SMEs in Ethiopia, Addis Ababa?
2. What are the key external factors that determine sustainability of SMEs in Ethiopia, Addis Ababa?

1.4 Objectives of the Study

1.4.1 General Objective

The overall objective of this study is to investigate and identify the key factors that influencing sustainability of small and medium scale enterprises.

1.4.3 Specific objective

- To assess the key internal constraints affecting SMEs sustainability in Addis Ababa, Ethiopia.
- To identify the key external constraints affecting SMEs sustainability in Addis Ababa, Ethiopia.

1.7 Hypothesis of the Study

With the help of sufficient and appropriate empirical data on the factors affecting the sustainability of SMEs, this study was test the following hypothesizes:

- Ha1.** There is positive relationship between management factor and sustainability of SMEs
- Ha2.** There is positive relationship between marketing factor and sustainability of SMEs
- Ha3.** There is positive relationship between Technological factor and sustainability of SMEs
- Ha4.** There is positive relationship between financial factor and sustainability of SMEs
- Ha5.** There is positive relationship between work-related factor and sustainability of SMEs
- Ha6.** There is positive relationship between political-legal factor and sustainability of SMEs

1.8 Significance of the Study

The study should be helpful to small and medium business enterprises, consultants, policy planners and government agencies that need to gain a better understanding into the main challenges facing SMEs sustainability in these cities. It should also bring about insights into the needed support for the SMEs sector. This study also serve as a springboard for other studies, which may focus on similar topics and issues, related to factors affecting sustainability of SMEs. In addition, the findings of this study will help SMEs in Addis Ababa city, Ethiopia and others, within an insight into the benefits of using different factors studied in this research to predict the factors that affect the sustainability of SMEs.

Finally the study is expected to indicate theoretical solutions to current sustainability problem of SMEs in the city. The study may also provide some theoretical insights on this topic.

1.9 Delimitation/Scope of the Study

Conceptually the study confined to internal & external factors affecting sustainability of small and medium-scale enterprises particularly in Addis Ababa city. This geographic area is selected because it represents large number of SMEs in Ethiopia. The study was focus only on four (manufacturing, construction, trade and service) sectors of Government organized small and medium enterprises in Addis Ababa, Ethiopia. However, there are various private SMEs; the reason for excluding private SMEs is size and concentration of SMEs and Researching in a wider geographical area will require more time and resources that are beyond the scope of this study.

1.10 Organization of the Study

This research report has been organized to comprise of the following five chapters.

Chapter one-Introduction: begins with research background and discusses statement of the problem, basic research questions, objectives, definition of terms and significance of the study. Finally scope of the study and organization of the research report is presented. Chapter Two-Literature Review: These are definitions of SMEs, the concept of business sustainability, empirical studies and finally hypothesis of the study is presented and conceptual frame work is drawn from literature review. Chapter Three-Research Methodology: This section discusses the research design and approach of the study, data source and method of data Collection. Sampling method and sample size also presented in this section, and then measurement of variables

included in the research is mentioned. Specification of the model to this study is determined. Finally, methods for data analysis are discussed, validity and reliability of the variables are measured, and then ethical considerations are explained in the section. Chapter Four - Data Analysis and Interpretation: The section discusses the respondents' profile, and then tests the reliability of individual constructs with Cronbach's Alpha. Data analysis is conducted through descriptive statistics and regression analysis. Hypothesis testing is performed by using Binary logistic regression analysis. Chapter Five –Conclusion and Recommendation: In this section the main findings of the research is summarized and conclusions on major findings is presented. Recommendations are given based on the research findings and the limitation of the study is mentioned.

1.11 Definition of Terms

Sustainability: the most common definition of sustainability in relation to business is “meets the needs of its stakeholders without compromising its ability to meet their needs in their future” (Hubbard, 2009). But in this paper sustainability defined as the ability of the enterprises to continuously maintain in the business environment.

Enterprises: refers to one aspect of business organization or activity engaged in manufacturing, construction, service and trade sectors.

Small enterprise: Small Scale Enterprise is an enterprise which has 6-30 employees and total asset 100,001—1,500,000 ETB for industrial sector and 50, 0001—500,000 ETB for service sectors.

Medium enterprise: for medium scale Enterprise is an enterprise which has more than 31-100 employees and total asset above 500,000 ETB for service sector and 1.5million-20million ETB for industrial sector.

Factors: A factor is influencing aspects such as management, market, finance, technology, work-related and political-legal issues that affect sustainability of SMEs.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The purpose of the literature review is to provide insight into information from previous researches related to this study and the research questions which facilitated the research process (Rowley, 2012). This chapter reviews works on SMEs in Ethiopia and other countries in general. Concepts on sustainability and determinants of sustainability were also reviewed. This is of help to understand the state of SMEs and its determinants of sustainability. This chapter comprises of five sections. These are definitions of SMEs, the concept of business sustainability, empirical studies, the conceptual framework and Hypothesis of the study.

2.2 Definitions of Small and Medium Enterprises

There is no universally agreed definition for small and medium enterprises. The term SME covers a wide range of definitions and measures, varying from country to country and varying between the sources reporting SME definitions. Also, based on the economic activity sectors, the definitions are different (Salimzadeh, Courvisanos & Nayak, 2013).

Some of the commonly used yardsticks are the number of employees, total net assets, sales and investment level, number of annual working hours, annual turnover, annual balance sheet or production volume, and independence of the company (Harjula, 2008). Among the various criteria, the number of employee and the annual turnover seem to be the most important criteria used to define SMEs (Peacock, 2004).

Therefore, there is no single SME definition uniformly accepted around the world. (Gibson & Vaart, 2008) state that no single definition of SMEs appears to be universally recognized, but it is found that SMEs are in general:

- formally registered with government- or other registration bodies;
- obligated to pay taxes and social security charges;
- able to allow their employees to take sick- and annual leave while receiving compensation;
- able to provide skills training for their employees;

- able to invest in capital with a payback of longer than twelve months;
- Able and inclined to contribute to the local community.

2.2.1 Some International Definitions of SMEs

The World Bank defines SMEs as follows: Small enterprise; have greater than 10 up to less or equal to 50 employees, total assets and total sales of up to US\$3 million; Medium enterprise have greater than 50 up to less or equal to 300 employees, total assets and total sales of up to US\$15 million (Ayyagari, Beck, & Demirguc-Kunt, 2007). This definition provides a general context for understanding all SMEs studies.

Table 2.1 International definition of SME

	Country						
	EU	USA	Ghana	Russia	India	China	South Africa
Number of employees							
Small	<50	<100	6-29	15-100	0	<300	50-99
Medium	<250	<500	30-99	101-250	0	300-2000	100-200
Turn over							
Small	\$13m	0	\$100k	400 m RUB max	Rs50-60m	<Y30	R1m-R32m
Medium	\$67m	0	\$1million	1B RUB max	Rs60-99m	Y30-Y300M	R5m-R64m

(Source: Mahembe, 2011)

2.2.3 Definition of SMEs in Ethiopia

In 1997, Ethiopia has defined Micro Enterprises as enterprises with a total asset of less than 20,000 Birr (\$1200) and Small Enterprises as Enterprises with a total asset of Birr 500,000 (\$30,000) or less. In this definition, the only base used is the total asset unlike international organizations definition base. To align the definition with at least some countries and international organizations, the country has revised the definition of Micro and Small Enterprises in 2011. (Esubalew and Raghurama, 2017). But the new established definition only focus on Micro and Small Enterprises it does not put any demarcation between Small and Medium; and Medium and large Enterprises.

According to ministry of trade and industry development bureau (MOTI) the new Small & Micro Enterprises Development Strategy of Ethiopia (published 2011) the working definition of MSEs is based on capital and Labor. The same as micro and small enterprises the definition of medium enterprises also defined based on capital and labor.

Table 2.2 SMEs definition of Ethiopia

Sr.no	Enterprise level	Sector	Hired labor	Capital
1.	Small	Industry	6-30	100,001-1,500,000 ETB OR 4,001-60,000 EUR
		Service	6-30	50,001-500,000 OR 2,001-20,000 EUR
2.	Medium	Industry	31-100	501,000-7,500,000 ETB OR 20,001-300,000 EUR
		service	31-100	501,000-7,500,000 ETB OR 20,001-300,000 EUR

(Source: MOT, 2011)

Currently the manufacturing sector is separated from the MSMEs by containing small and medium manufacturing sector only. It has been established before only one year and the other sectors will call federal urban job creation and food security agency. Based on federal small and medium manufacturing industry development agency (FeSMMIDA), “Small manufacturing industry” means an industry having a total capital, excluding building, from birr 100,001 to birr 1,500,000 (One Hundred Thousand One Birr to One Million Five Hundred Thousand Birr) in the manufacturing sector and engages from 6 to workers including the owner, his family members and other employees. Medium manufacturing industry" means an industry having a total capital, excluding building. from Birr 1,500,001 to Birr 20,000,000 (One Million Five Hundred Thousand One Birr to Twenty Million Birr) in the manufacturing sector and engages from 31 to 100 workers including the owner, his family members and other employees; (Federal Negarit Gazette,2016 :4).

When we compare the Ethiopian current definition of Small and medium Enterprises with the above some international definitions, it has a very visible gap, In Ethiopia, an enterprise is said to be small, if it employees less than fifty employees and has a total asset of less than 1,500.000 or Birr 100,000 for Manufacturing sector. For example when we compare it with definition of EU approximately one and half times less for employees for both small and medium enterprises and its asset value is less by many times. This figure is very significant that make comparison between Ethiopian Enterprises and Enterprises labeled by international organizations (e.g. EU) difficult. To reduce the gap, forward move could be one solution for Ethiopia to increase the asset requirements of Enterprises.

2.3 Concept of Business Sustainability

Sustainability by itself is not a new concept. But, the word is primarily associated with the environmentalism, and implies judicious use of energy and resources. It has supplemented the old mantra of conservation, but the impetus behind its use is more or less the same. Therefore it was initially introduced by the Brundtland Commission in 1987 as a global concern about environmental damage. The Millennium Ecosystem Assessment (MA) in 2005, which was funded by the United Nations (UN), World Bank, and Global Environment Facility, indicated that ecosystem damage had resulted in a massive wave of species extinction, threatening lives and well-being (probawali, 2013). The report of the Brundtland Commission in 1987, which was

established by the World Commission on Economic Development (WCED), defined the sustainable development concept as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987). The concept is based on two fundamental conditions: the existence of human needs, and limited resources. This means that to achieve balance, human needs should be given priority; furthermore, the limitations in resources must be accommodated by technology and social activity to meet the needs of the present and the future (Brundtland Commission, 1987).

According to Daly this definition was sufficiently vague to allow for a broad consensus. Probably that was a good political strategy at the time a consensus on a vague concept was better than disagreement on a sharply defined one. By 1995, however, this initial vagueness is no longer a basis for consensus, but a breeding ground for disagreement. Acceptance of a largely undefined term sets the stage for a situation where whoever can pin his or her definition on the term will automatically win a large political battle for influence over our future (Daly, 1996).

Daly defines sustainable development as "development without growth beyond environmental limits." By 1991 the phrase [sustainable development] had acquired such cachet that everything had to be sustainable, and the relatively clear notion of environmental sustainability of the economic subsystem was buried under 'helpful' extensions such as social sustainability, political sustainability, financial sustainability, cultural sustainability, and on and on. Any definition that excludes nothing is a worthless definition. Finally he concluded that, whenever we say just “sustainability,” we usually mean environmental sustainability, because if that is not achieved, then none of the zillions of other types of sustainability matter (Daly, 1996).

The other author Maurice Strong said that the Brundtland Report of 1987, on definition of sustainability is flawed (Maurice, 2000). Because, Brundtland commission definition is more inspirational than practical. It's not precise and measurable, so no one can agree on what it means. This caused the definition to be plagued by controversy from the day it was published. The definition has also fallen into the trap of scope creep by including solving the global poverty problem.

The Brundtland definition is not defining sustainability. It's defining sustainable development. What quietly happened long ago was the world's problem solvers redefined sustainability as sustainable development and then defined that. But sustainable development is a solution. It is not the problem to solve (Maurice, 2000).

Many researchers define sustainability in different concept for instance; Sustainability has been defined by Forestry Commission of Great Britain as the concept having four goals. The first one deals with the social progress that caters to the need of everyone. Second one is for the environment protection. Third one deals with the judicious use of natural resources and the last one involves task of maintaining high and stable levels of growth of the economy and in employment generation (Mannan, Khurana and Haleem 2016). A 2012 study by Lucky and Olusegun stated researchers define small businesses by size, the number of employees, sectors, returns generated by the firm, management structure, workforce, or the level of capital committed. Also, there is no universally accepted definition of either small business success or failure.

Therefore, for this research purpose sustainability concept is mainly related with business sectors. In the business sector, sustainable development is translated into something that “meets the needs of its stakeholders without compromising its ability to meet their needs in their future” (Hubbard, 2009). Likewise, (Savitz & Weber, 2006) states that a sustainable firm is “one that creates profit for its shareholders While protecting the environment and improving the lives of those with whom it interacts”. Thus, sustainability emphasizes the balancing of stakeholders’ needs and profits with protecting the environment. Sustainability of businesses could be interpreted in many ways and may in turn lead to adding value to the environment, communities, customers and the bottom line for businesses of different sizes. Companies recognize that successful business performance is the result of successful sustainability, as stated by (Rainville, 2012) However, despite the attention devoted to SME growth and performance, there is still no universal definition for a sustainable SME, as suggested by (Janczak and Bares, 2010).

Business sustainability, also known as corporate sustainability is the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success (Wigmore, 2013). According to the ‘Financial Times’, business

sustainability represents resiliency over time-businesses that can survive shocks because they are intimately connected to healthy economic, social and environmental system. Such businesses create economic value and contribute to healthy ecosystem and strong communities. Some practices that foster business sustainability include: stakeholder engagement, environmental management system, life cycle analysis, reporting and disclosure etc.

Small and medium enterprises development agency of Nigeria (SMEDAN, 2013) also defines small business success as sustaining operations for five or more years. On the other hand, failed small businesses are firms which are involved in court proceedings or in involuntary action which involves losses to their creditors (Lussier & Corman, 2015; Marom & Lussier, 2014). Lussier and Corman indicated businesses which are closing without a loss to creditors are businesses which are discontinued. Bearing in mind the definition of small businesses, SMEDAN declared 80% of small businesses failed within the first five years.

As mentioned in the above the concept of sustainability has no universal definitions but, so many Authors and researchers have been used it for different business issues like SMEDAN.

In our country Ethiopia there is no common legislated definition for success or failure of SMEs. But, according to proclamation No 686/2010: Commercial Registration and Business Licensing Proclamation. Validity Period and Renewal of Business License (Article 36:2) stated that Unless the business license is renewed within four months after the expiry of the budget year in which the license has been issued or renewed upon payment of the appropriate fee, the business license shall not, in anyway, be put in use. (Article 36:5) also says a business license not renewed within the provided for under sub Articles of this Article shall be cancelled after the expiry of the time made available for the renewal of the business license with penalty (Negarit Gazeta, 2010:42). Generally those enterprises didn't renewed their trade licensees approximately for 24 months including the penalty months considered as failed enterprises.

2.4 Empirical Study

Different researchers introduce various driving factors of sustainability. Past studies have mainly focused on the primary drivers behind the implementation of sustainability by firms which were thought to be external factors, including environmental regulation and standards set by governments (Azzone & Bertele, 1994). In recent years, the internal organizational pressures for

the adoption of sustainability have been pointed out by several studies such as: Staff turnover due to decreasing firm loyalty and work place satisfaction (Wilkinson, Hill & Gollan, 2001), Teamwork and reward systems (Dailey& Huang, 2001), Top management support for environmental change (Dunphy& Griffiths, 2007) And Human resource management and organizational culture (Cameron & Quinn, 2006) have been mentioned as internal organizational factors.

Other failure stories of SMEs reveal that their characteristics which include reactive, fire-fighting mentality, resource limitations, informal strategies, flexible structures, and lack of strategic planning processes may have contributed to their failures (Gnizy, Baker, & Grinstein, 2014).

A view expressed by Fredland and Morris (2009) argued that the causes of failure cannot be isolated and that 'any attempt to do so is, at bottom, a futile exercise'. However, they suggested that:

The issue of causation is clarified somewhat by classifying causes as endogenous (internal to the firm and presumably within its control) and exogenous (external to the firm and beyond its control). Such a classification has the merit of providing a somewhat better policy handle since if causes are endogenous, appropriate policy 'helps firms help themselves'; if exogenous, appropriate policy may seek to change the economic environment. Previous evidence suggests that, although endogenous factors were the main cause of failure, exogenous factors had a significant effect in approximately one third of small business failures (Peterson et al., 1983).

According to (Hall, 1992) he identified two primary causes of small business failure appear to be a lack of appropriate management skills and inadequate capital (both at start-up and on a continuing basis).

A comparative study conducted in UK and Nigeria on SMEs key failure factors, by using purposive sampling technique distribute 45 questionnaires in each country; based on that examine the impact of ten key factors influencing SMEs failure in both the United Kingdom and Nigeria. This are; Disasters and Crises, infrastructural inadequacy and lack of social support, multiple and high taxes, poor accounting and book keeping practices, Management Inability or Inefficiency, Poor Marketing and Sales Efforts, Poor Economic Condition, improper and poor planning, financial problems. And, The results revealed that it was found that while the internal

factor challenges of poor management was considered the most crucial factor influencing SMEs failure in the UK and external factors such as poor economic conditions and inadequate infrastructure were the most crucial factors identified in Nigeria (Gumel, 2017).

Bekele and Worku (2008) conducted a longitudinal study to assess the impact of influential factors that affect the long-term survival and viability of small and medium enterprises by using a stratified random sample of 500 MSMEs from 5 major cities in Ethiopia. According to this research, that lasted from 1996-2001, the factors that affect the long term survival of MSMEs in Ethiopia are found to be adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is so because the findings of the study revealed that businesses that failed, during the study period were characterized by inadequate finance (61%), low level of education (55%), poor managerial skills (54%), shortage of technical skills (49%), and inability to convert part of their profit to investment (46%).

2.4.1 Factors Affecting Sustainability of Small and Medium Enterprises

Internal Factors

The internal environment includes factors in the business environment that are largely controllable by the business (Fatoki & Garwe, 2010).

Management and Work Related Factors

Among many Management factors (management skill, experience and strategic business planning) have been mentioned in many studies in link with SMEs growth and survival. A study conducted by (dun and Bradstreet,1969) mentioned that, Irrespective of the size of any business large, medium or small, several researches and statistics appear to have ranked poor management or management inability the main cause of business failure in general (Argenti 1976; Dun and Bradstreet 1969 amongst other). In the contemporary global dynamic business environment strategically thinking and systematically decision-making are also important for small enterprises growth and survival (Dobbs & Hamilton, 2007).

Business strategies refer to an internal management action changing the firm plan premeditated to cope with external environment changes in order to achieve the firm's business objectives (Blackbur,2013). A business strategy incorporates various major functional strategies, namely; marketing, financial management, human capital and information system (Kotler & Armstrong, 1999). So, the firm's probability of survival and growth is highly depending on the ability of a business to plan and excited realistic strategy based on its resources (Fadahunsi, 2012).

External Factors

Factors such as economic variables and markets; crime and corruption, labor, infrastructure and regulations make up the external environment (Fatoki & Garwe, 2010).

Financial, Technological, Marketing and Political-Legal Factors

Financial factors can be both internal and external factor. Many studies have discussed that small firms are influenced by financial constraints than large and medium enterprises. According to Abdel, Rowena & Robyn (2010), small business owner-managers have very basic understanding of financial and accounting information and have serious problems with financial planning literacy. Ademola & Michael also identified key challenges of SMEs among them poor accounting method and practices have been mentioned (Ademola & Michael, 2012).

In developing economies including Sub-Saharan Africa, SMEs are typically more credit on strained than large firms, severely affecting their possibilities to grow (Beck, 2005; Beck and Demirguc-Kunt, 2006; Beck, 2006; Ayyagari, 2008; Beck, 2008; Ayyagari et al, 2012). (Hubbard, 1990) noted that when the company is smaller, the restrictions on credit are greater. Furthermore, according to (Beck, 2006) cited in (ElSaid, 2013), small firms consistently report more financing obstacles than medium and large enterprises.

According to (Variyam and Kraybill, 1994), although programmes for assisting small businesses have been implemented in many Sub-Saharan African countries through cooperative services, microfinance institutions, business planning, product and market development, and the adoption of technology, the programs have failed to realize sustained growth and development in small enterprises. This is because small-sized enterprises are quite vulnerable to bankruptcy arising

from problems related to business and managerial skills, access to finance and macroeconomic policy. Such factors are responsible for the liquidation of a sizeable proportion of small enterprises in most Sub-Saharan African countries (Craig, 2007).

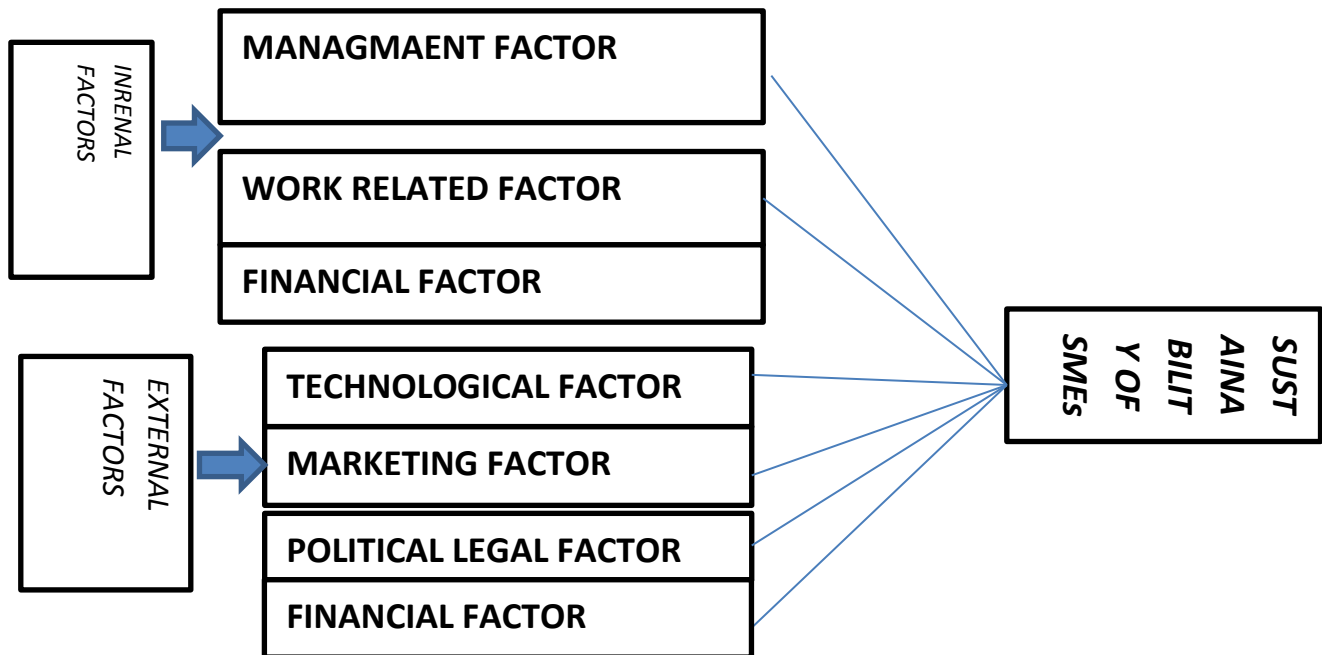
In case of political and legal factors Many SMEs fail in spite of support from government and private initiatives that support and develop small businesses. SMEs experience problems not only during economic downturns but also during economic progress (Kongolo, 2010). Technological constraints also reviled in many studies as driving factor of SMEs failure. In a competitive business environment the role of information technology (IT) and internet is significant in the process of providing effectively efficient services, products, and packages to achieve a competitive advantage over competitors (Hassen and Svensson, 2014).

AlShaikh, (1998) gave an insight on why infrastructural problem is high in developing countries than developed countries. He noted that the “technological environment and the infrastructure of developing countries are still lagging behind the Western Countries”, probably because the developed nations produce the technology, while the developing nations import it. He further emphasized that even though globalization seems to make the importation of such technology less cumbersome, most SMEs in these developing countries still lack the financial where withal to acquire the technology.

2.5 Conceptual Framework

Conceptual framework is used to make conceptual distinctions and organize ideas. In fact, it can be defined as a way ideas are organized to achieve a research project’s purpose. Based on the review of literature this study identified seven essential driving factors. These selected factors have been used frequently by previous literatures and supposed to be the critical success factors of SMEs. Sustainability of enterprises in Addis Ababa, Ethiopia depends on certain factors as set out into two categories as dependent and independent variables. Independent variables include: management factor, marketing factor, technological factor, financial factor, work related factor and political-legal factor. The dependent variable is sustainability of SMEs. The relationship of the variables is displayed in the figure 2.1 below:

Figure 2.1 Conceptual Model



2.6 Hypothesis of the Study

To sum up the constraints of the SMEs sector, it was also concluded by (Hussein, 2009) that SMEs are often confronted with problems that are uncommon to the larger companies and multinational corporations.

Many SME owners and managers lack managerial training and experience. They just lead the business through trial and error method because of that, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Hill, 1987). In order to examine the effect of this management factor the following alternative hypothesis is proposed:-

Ha1. There is positive relationship between management factor and sustainability of small and medium enterprises.

Marketing is one of the most important functional areas and it is a concept of linking the product and service of a business to its customers intended getting the most competitive advantage Kotler and Armstrong (1999). Sustainability of SMEs may be affected by poor customer handling and lack of available information about the market. To examine this and other marketing issues the following hypothesis is developed:-

Ha2. There is positive relationship between marketing factor and sustainability of small and medium enterprises.

In a competitive business environment the role of information technology (IT) and internet is significant in the process of providing effectively efficient services, products, and packages to achieve a competitive advantage over competitors (Hassen & Svensson, 2014). In order to know the extent to which technological factor affected the sustainability of small and medium enterprises of Addis Ababa the following hypothesis is developed:-

Ha3. There is positive relationship between technological factor and sustainability of small and medium enterprises.

Financial problem is almost universally indicated as a key problem of SMEs. Comparing small and large firms the World Bank finds that small firms face more challenges in obtaining formal financing than large firms; they are much more likely to be rejected for loans, and are less likely to have external financing (World Bank, 2015). (Nega & Hussein, 2016) also revealed that the constraints that Ethiopian small and medium enterprises encounter include access to land; tax rate and administration; labor constraints; and access to finance issues. SMEs generally tend to be confronted with higher interest rates, as well as credit rationing due to shortage of collateral. In order to examine the effect of these variables on SMEs sustainability the following hypothesis is developed:-

Ha4. There is positive relationship between financial factor and sustainability of small and medium enterprises.

Beyond the financial problem internal work-related factor should be fixed. (Birley and Westhead, 1994) have identified seven different motives, namely, need for independence, need for approval, need for personal development, welfare considerations, perceived instrumentality

of wealth, tax reduction, and following role models that peoples decide to be self-employed. (Block & Sandner, 2009) found that being an entrepreneur out of necessity or opportunity driven motives does not have significant impact on duration in self-employment. To assess the effect of motivation and other work related factors the following hypothesis is developed:-

Ha5. There is positive relationship between work-related factor and sustainability of small and medium enterprises.

Political and legal factors are a major obstacle for SMEs as these firms tend to be poorly equipped to deal with the problems arising from regulations. Research by (Harper, 2004) observes that governments that are not concerned with the promotion of small enterprises should examine the impact of its policies and programmes on the small businesses. Mann et al (1984) makes a similar observation that government regulation about wages, taxation, licensing and others are among the important reasons why the informal sector business develops. In order to examine the effect of political-legal factor on SMEs sustainability the following alternative hypothesis is proposed:-

Ha6. There is positive relationship between political-legal factor and sustainability of small and medium enterprise

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari 2004). The methodological part of the study focused on; selection of study area, research design, sampling size, techniques, source of data and data analysis methods.

3.1 The research method

The study used a survey-based research method to gather data. This data is collected from both existing and failed/closed Government organized enterprises small and medium business employees through questionnaires.

Surveys are popular as they allow the collection of a large amount of data from a sizeable population in a highly economical way. In addition, the data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships (Saunders, Lewis and Thornhill, 2009). The research used survey method to study the data because, the study populations (existing and closed/failed small and medium enterprises) are found in different parts/sub cities of Addis Ababa and it was difficult to get the number and location of population of small and medium businesses since this sector is dynamic in character and very large in number.

3.2 Source of data and instrument of data collection

In this study, both primary and secondary sources of data were used as important sources of data. The study employed the use of questionnaires to collect primary data. Gall and Borg (1996) points out that, questionnaires are appropriate for studies since they collect information that is not directly observable as they inquire about feelings, motivations, attitudes, accomplishments as well as experiences of individuals.

The questionnaire consisted of two parts. The first parts comprise of demographic, characteristic, and profile information of the respondents while The second part was consist of questions which were intend to measure internal and external factors of business sustainability using 5-point Likert scale anchored by strongly agree to strongly disagree. And, finally ask question about possible solutions to minimize those factors.

The questionnaire designed and delivered both in English and Amharic languages to SMEs to create proper rapport and gain better responses from those who cannot clearly understand the English language. Besides, some of the questions in the questionnaire are adopted from other sources.

Secondary sources like sub-city offices reports, government documents, books, journals, published and/or unpublished research papers and statistical documents also used in this study. The study was only use quantitative instrument so that, all factors/variables was treated in quantitative instrument.

3.3 Sampling methods

3.3.1 Target population

The research was conducted at Addis Ababa city, Ethiopia to test the factors that affecting sustainability of SMEs. There are so many failed small and medium enterprises that are found in each woredas but it is difficult to get their full information to include them in the study. The target population of the study includes all existing and closed Government Organized SMEs in Addis Ababa, Ethiopia. The choice of these the city is based on size and concentration of SMEs. There are 756 existing and closed small and medium business enterprises in the last three years (2015-2017). This is as shown in table 3.1 below:

Table 3.1 Target Population;

No	Status	SMEs	Small	medium
1.	Existing	724	678	46
2.	Closed	41	37	4
3.	Total	756	715	50

Source (MOT, 2018)

3.3.2 Sampling size and Technique

The study applied census method to collect data from closed enterprises. Based on MoT, 2018 data the study get full information of the closed enterprises respondents. But, to collect data from existing enterprises used sampling technique. The samples were selected by Taro Yamane, 1967,

sample size determination formula and, stratified random sampling technique. (Kothari, 2004), recommends stratified random sampling because it is accurate, easily accessible, divisible into relevant strata and it enhances better comparison; hence representation across strata.

The study grouped the population into strata. From each stratum, the study is used simple random sampling to select the respondents. This sampling design was used because the population of the study was not homogenous and was to be sub-divided into sub-units (sub cities).

Based on (Taro Yamane, 1967), sample size determination formula, can get a grand total sample of 258, at 95 % confidence level and 0.05 precision levels.

$$n = N / 1 + N * (e^2)$$

$$n = 724 / 1 + 724(0.05)^2 = 257.65 \sim \underline{258}$$

Table 3.2 Proportionate Sampling Determination

No	Sub cities	Sample size	
		Total No of SMEs	Proportion of sample
1.	Lideta	40	$[(40/724) \times 258] = 14$
2.	Kirkos	59	$[(59/724) \times 258] = 21$
3.	Bole	103	$[(103/724) \times 258] = 37$
4.	Nifas silk	152	$[(152/724) \times 258] = 54$
5.	Arada	50	$[(50/724) \times 258] = 18$
6.	Akaki kality	38	$[(38/724) \times 258] = 14$
7.	Addis ketema	38	$[(38/724) \times 258] = 14$
8.	Kolfe keraniyo	60	$[(60/724) \times 258] = 21$
9.	Yeka	148	$[(148/724) \times 258] = 52$
10.	Gulele	36	$[(36/724) \times 258] = 13$
	Total	724	258

(Source, own survey, 2018)

3.4 Measurement of variables

The following table indicates measurements of the constructs and the sources from which questionnaires are developed.

Table 3.3 Measures of Variables

	Variables	Measures	Source
Dependent variable	Sustainability of SMEs	Question no 5	Nkam, Sena and Ndamsa (2016)
Independent variables	Management factor	Question no 1.1 to 1.5	Abera (2012)
	Marketing factor	Question no 2.2 to 2.3	Ugwushi (2009)
		Question no 2.4 to 2.5	Mullugeta (2014)
	Technological factor	Question no 3.1 to 3.3	Mullugeta (2014)
	Financial factor	Question no 4.1 to 4.5	Abera (2012)
	Work related factor	Question no 5.1 to 5.4	Mulugeta (2014)
	Political-legal factor	Question no 6.1 to 6.2	Abera (2012)
		Question no 6.3 to 6.4	Mulugeta (2014)

(Source, own survey, 2018)

In logistic regression the Dependent variable is one dichotomous/binary variable (Bian, 2013). Therefore the study used question no 5 as dependent variable. Which stated as Current Status of the enterprise? with a choice of ‘A’ for existing enterprise and “B” for closed enterprises.

3.5 Specification of the Research Model

The analysis of the factors influencing sustainability of SMEs was examined by estimating a logistic regression model. Logistic regression is used to predict the binomial (Yes/No, 1/0 etc...) outcome of a response (dependent) variable using one or several predictor (independent) variables as seen below. The predictors can be binomial, categorical, or numerical. As in multiple linear regressions, we need a function that connects the independent variables to the dependent variable. However the main difference here is that the dependent variable can only

take on two values: Yes/No or 1/0. Variables are carefully selected in review of literature which needs to be specified.

The equation of logistic regressions on this study is generally built around two sets of variables, namely dependent variable (sustainability) and independent variables (Management, marketing, technology, finance, work related and politico-legal). The basic objective of using regression equation on this study is to make the study more effective at describing, understanding and predicting the stated variables.

Regress sustainability on Selected Variables

$$\log (p/1-p) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6$$

Where:

$\log (p/1-p)$ is the response or dependent variable- sustainability

X_1 =management, X_2 = marketing, X_3 = technology, X_4 =finance, X_5 =work related, X_6 = political -legal are the explanatory variables.

β_0 is the intercept term- constant which would be equal to the mean if all slope coefficients are 0.

β_1 , β_2 , β_3 , β_4 , β_5 , and β_6 , are the coefficients associated with each independent variable.

3.6 Techniques of Data Analysis

After the required data is collected, the necessary data processing such as editing, coding and quantifying data was performed on it. The data processing task accomplished through binary logistic regression method with the help of an appropriate statistical package for social science (SPSS) V20. And this is due to the fact that the software package reduces time, cost and researcher's burden. In addition descriptive statistics such as mean, Standard deviation and correlation coefficient was used.

The data analyzed and presented in the form of diagrams, charts, and tables by using SPSS (Statistical Package for Social Science) software version 20. Statistical tools such as descriptive arithmetic mean of constructs, correlation, and binary logistic regressions were used to analyze the effect of the independent variables on the dependent variable.

3.7 validity and Reliability

Validity is defined as the extent to which a concept is accurately measured in a quantitative study. Construct validity refers to whether you can draw inferences about test scores related to the concept being studied (Roberta and Alison, 2015). Therefore the researcher tried to search different literatures and select sustainability variables and their measurement. For instance some of the variables taken from (Abera, 2012; Ugwushi, 2009; Mulugeta, 2014)

Validity and reliability are interconnected concepts. This can be demonstrated by the fact that a measurement cannot be valid unless it is reliable (Sullivan & Feldman, 1979). Internal consistency is assessed using item-to-total correlation, split-half reliability, Kuder-Richardson coefficient and Cronbach's α (Roberta and Alison, 2015). In this test, Reliability was assessed using Cronbach's α ; it is the most commonly used test to determine the internal consistency of an instrument. Based on Roberta and Alison the Cronbach's α result is a number between 0 and 1. An acceptable reliability score is one that is 0.7 and higher. The validity and reliability of the instruments found in this research can confirm that these survey questionnaires can be used in there intact form in this city.

Table 3.4 Reliability Statistics

Reliability Statistics	
Cronbach's Alpha	N of Items
.744	6

Source: Own Survey, SPSS V20, 2017

3.8 Ethical Considerations

Before the research was conducted, the researcher informed the participants of the study about the objectives of the study, and was consciously consider ethical issues in seeking consent, avoiding deception, maintaining confidentiality, respecting the privacy, and protecting the anonymity of all respondents. A researcher must consider these points because the law of ethics on research condemns conducting a research without the consensus of the respondents for the above listed reasons.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRITATION

This chapter deals with presentations, discussions and interpretations of the data collected through questionnaire analysis and findings of the study as set out in the research methodology. The study targeted 299 small and medium business enterprises employees within Addis Ababa. Out of these, 277 were completed and retrieved successfully and giving a response rate of 92%. This response rate was excellent and conformed to (Mugenda & Mugenda, 2003) argument that for generalization of findings to the whole population the least acceptable response rate should be 50% and a response rate of above 70% is excellent. Out of the 299 questionnaires administered 258 and 41 were distributed to existing and closed enterprises respectively. So the study response rate was excellent. The numbers of questionnaires retrieved from existing and closed enterprises are 245 and 32 respectively.

Among 277 completed questionnaires 235(84%) of them are small enterprises and, the rest 42(16%) are medium enterprises. Descriptive statistics such as mean and standard deviation were used to analyze the data. Regression analysis was used to test the relationship between the variables under study in relation to the objectives of the study. The data was analyzed using statistical package for social sciences (SPSS) version 20 and the analysis is given below.

Table 4.1 Response Rate

Response rate	Frequency	Existing	closed	Percentage
Completed	277	245	32	92%
Incomplete	21	13	9	8%
Total		258	41	100%

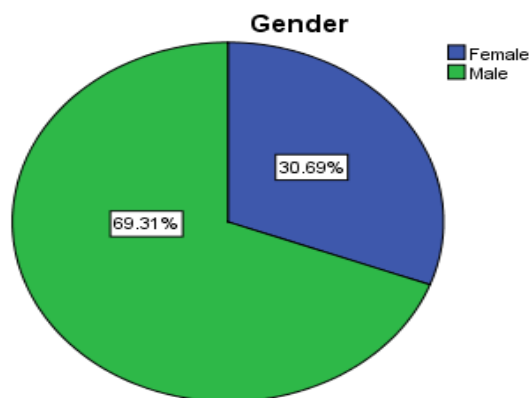
(Source: Own Survey, 2018)

4.1 Demographic Composition of Respondents

Gender of the participants

The researcher sought and obtained the gender details of respondents who participated in the research. Like other country, in Ethiopia both females and males are operating in SMEs at different positions as owners, managers or employees. However the percentage of their involvement in such enterprises is not equal. Depending on Figure 4.1, 69.31% of total sample are males and the rest 30.69% are females. These shows majority of the government organized SMEs peoples are males.

Figure 4.1 Genders of Respondents

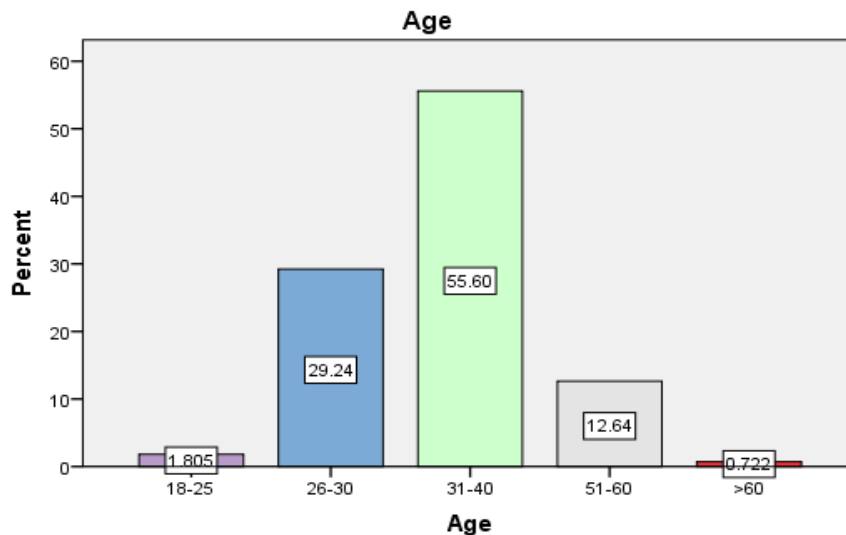


(Source; field survey, 2018)

Age of Respondents

When we see the age composition of the respondents below in figure 3, the majority of the sampled respondents' age group falls between the ages of 31 up to 40 which accounts 55.60 % of the total number of sampled respondents. The percentage of ages “between” 18-25, 26-30, 51-60 and above 60 is 1.8%, 29.24%, 12.64 and 0.7% respectively. This shows the majority of respondents are between ages of 31 and 40 years in which they are active work force ready to act where there is comfortable situation is prepared for them because of they are in adult age and have many responsibilities in the future. Also they are the age group expected to imitate and flexible according to the environment.

Figure 4.2 Ages of Respondents

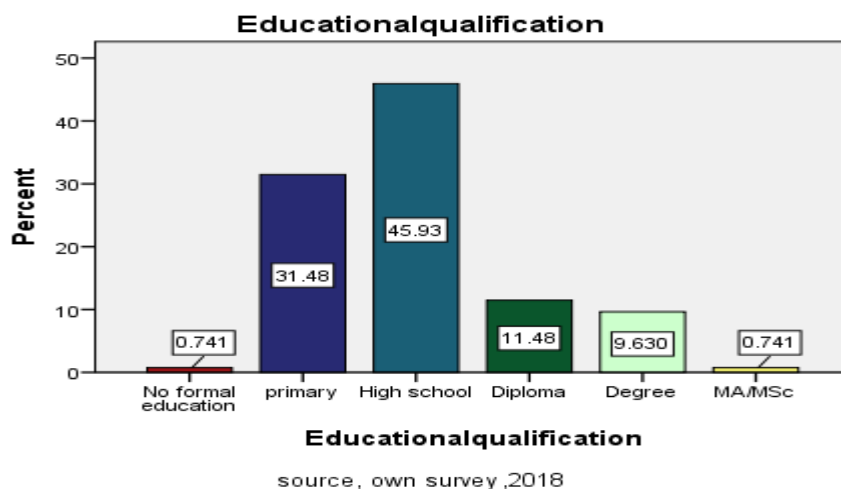


(Source; field survey, 2018)

Education Qualification of Respondants

According to figure 3Below, the educational level of the sample respondents indicates that 45.93 of the respondents are high school graduates while 31.48% are primary graduates. Diploma, BA/BSc Degree and MA/MSc holders are 11.48%, 9.63%, and 0.74% respectively. These shows that the small and medium enterprises employees have lack of skilled man power.

Figure 4.3 Education Qualifications of Respondents

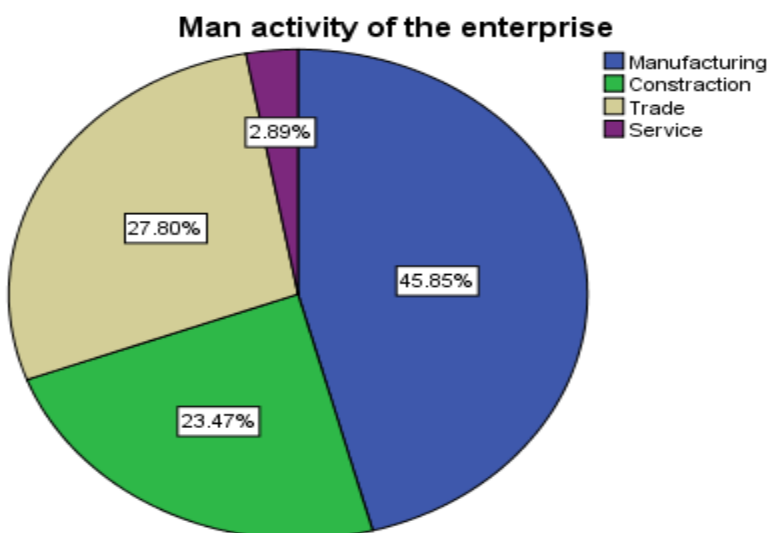


This result indicates most participants are relatively educated individuals reached high school level. Mostly, in Ethiopia participants of SMEs are individuals those who do not have job before joining the business and as this figure indicates the level of education of most participants is high school which implies students taking the National Examination of grade 10 and lost chance to join preparatory school are forced to seek the job. These groups do not have business course back grounds since Educational Curriculum Policy of Ethiopia starts business courses in preparatory. Even though educational qualification didn't aimed to be assesses in the study, it implies lack of business knowledge have impact on owners business.

Category of Business Sector

The study sought to know the business activities of the respondents' in city of Addis Ababa, Ethiopia. The study established that most (45.85%) of the respondents' were engaged in manufacturing sector followed by 27.80% of the respondents who engaged in trade operation and then (23.47%) of the respondents' were engaged in construction sector. Only 2.89% the respondent who engaged in service sector.

Figure 4.4 Activities of the Enterprises



(Source; field survey, 2018)

This indicates that the study sought answers from respondents' who engaged in different business activities. This division of SMEs by sector was believed to be helpful to study each sector critical factors that affect the sustainability of SMEs. This is because firms in different sectors of the economy face different types of problems.

Table 4.2 Respondents' Profile

		Frequen cy	Percent	Valid Percent	Cumulative Percent
Gender	MALE	85	30.7	30.7	30.7
	FEMALE	192	69.3	69.3	100.0
Age	18-25	5	1.8	1.8	1.8
	26-30	81	29.2	29.2	31.0
	31-40	154	55.6	55.6	86.6
	51-60	35	12.6	12.6	99.3
	>60	2	.7	.7	100.0
Educational Qualification	No formal Education	2	.7	.7	.7
	Primary	85	30.7	31.5	32.2
	High school	124	44.8	45.9	78.1
	Diploma	31	11.2	11.5	89.6
	Degree	26	9.4	9.6	99.3
	MA/MSc	2	.7	.7	100.0
Main Activity Of The Enterprise	Manufacturing	127	45.8	45.8	45.8
	Construction	65	23.5	23.5	69.3
	Trade	77	27.8	27.8	97.1
	Service	8	2.9	2.9	100.0

(Source: Own Survey, 2018)

4.2 Reliability Test

To test the reliability of the Likert scale used in this study, reliability analysis was done using Cronbach's Alpha as the measure. A reliability co-efficient of $\alpha \geq 0.7$ was considered adequate. In this case, a reliability co-efficient of 0.744 was registered indicating an Adequate level of internal consistency for the Likert scale used as shown in table 7 below.

Table 4.3 Reliability Test

Sustainability factors	Cronbach's Alpha
Management factor (MGMTF)	0.749
Marketing factor (MARF)	0.792
Technological factor (TECF)	0.700
Financial factor (FINF)	0.704
Work related factor (WORF)	0.733
Political-legal factor (POLF)	0.731
Reliability statistics of total scale	0.744

(Source: Own Survey, SPSS V20, 2018)

4.3 Results of Measures of Mean and standard deviation

There are a number of challenges that affect sustainability of SMEs associated with different factors. This part explains the descriptive statistics calculated on the basis of the factors that affect the sustainability of SMEs. The results for measures of mean and standard deviation were obtained from the sample of respondents of manufacturing, construction, trade and service enterprises shown in the following tables.

Table 4.4 Mean Construct

Descriptive statistics			
	N	Mean	SD
Management factor	277	2.81	.877
Marketing factor	277	3.71	.701
Political- legal factor	277	3.70	.740

Technological factor	277	2.82	.969
Financial factor	277	4.74	.732
Work related factor	277	4.20	1.00
Valid N	277		

(Source: Own Survey, 2018)

The above Tables 4.4 clearly shows management and technological factors have a mean value of less than the cut-point three. This implies management issues and technological factors are not critical problems for government organized SMEs sustainability. In reverse marketing factor, financial factor, legal-political factor and work-related factor have a have a mean value of greater than the cut-point three. Which indicates that majority of SMEs believed that marketing issues, finance, legal-political issues and work-related factors are their main obstacles to become sustainable.

4.4 Comparison of Mean Scores by the Sample Enterprises

As it is indicated in table 4.5 below, the mean and standard deviation for the selected sample sectors (manufacturing, construction, Trade and Service) were calculated in Table 9. According to the result, the mean for management factor on sustainability scores 2.95, 2.73, 2.72, 2.76 for manufacturing, construction, Trade and Service sectors respectively with standard deviation .79, .96, .87 and .95 for manufacturing, construction, Trade and Service sectors respectively. Employees' response on this factor seems that these operations disagree on the issues or the problems related to management factors.

The second factor is marketing factor, the mean scores and standard deviations clearly show respondents agreement on the variables. The respondents agree on marketing issues. But, service sectors seems like neither agree nor disagree on marketing factor. Mean scores of marketing factor are 3.90, 3.72, 3.82 and 3.46 for manufacturing, construction, trade and Service sectors respectively with standard deviation .95, .69, .78, .77 and .83. As we seen from the mean and standard deviation values there were no high variation in manufacturing, construction, trade and Service mean scores.

The third part of the table shows manufacturing sector has a mean score 3.60 with standard deviation .74 for construction mean score of 3.65 with standard deviation .66 for trade mean score 3.73 with standard deviation .79 and for service mean score 3.83 with standard deviation .70 concerning political and legal factor. Therefore, it may be conclude that political-legal factor slightly affect sustainability of manufacturing, construction and trade sectors.

As it can be seen in table below, technological factor is not the main problem of SMEs engaged in the whole sample sectors. The mean scores and standard deviations are 2.88 and .78 respectively for manufacturing sector. 2.72 And 1.02 for construction, 3.08 and 1.04 for trade and 2.36 and 1.01 for manufacturing sector.

The mean score of 4.80, 4.72, 4.76, and 4.68 with standard deviation .74, .66, .79, .70, .79 of the respondents in table9 shows that those respondents engaged in manufacturing, construction, trade and Service have faced highest problem related to financial factor. The items included in financial problem were; lack of access to finance, book keeping and accounting is not available, high interest rate and shortage of working capital. This factor seems the highest influencing factor comparing to other factors for all SMEs sectors.

Finally the last part of the table clearly shows mean scores and standard deviations of each sector concerning work related factors. According to the result, work related factor is main problem in construction sector hold mean score of 4.54 with standard deviation of .97 and followed by trade, manufacturing and service with mean score and standard deviation of 4.48 & .78, 4.12&.90 and 3.66 & .96 respectively. Generally next to financial problem work related factor is highly affect sustainability of small and medium enterprises.

Table 4.5 Comparisons between Manufacturing, Construction, Trade and service

Group statistics				
		Valid N	Mean	Standard Deviation
MGMTEF	Manufacturing	104	2.95	.79
	Construction	64	2.73	.96
	Trade	71	2.72	.87
	Service	38	2.76	.95
MARF	Manufacturing	104	3.9	.69
	Construction	64	3.72	.78
	Trade	71	3.82	.77
	Service	38	3.46	.83
POLF	manufacturing	104	3.60	.74
	Construction	64	3.65	.66
	Trade	71	3.73	.79
	Service	38	3.83	.70
TECF	manufacturing	104	2.88	.79
	Construction	64	2.72	1.02
	Trade	71	3.08	1.04
	Service	38	2.36	1.01
FINF	manufacturing	104	4.80	.588
	Construction	64	4.72	.87
	Trade	71	4.76	.86
	Service	38	4.68	.52
WORF	manufacturing	104	4.12	.90
	Construction	64	4.54	.97
	Trade	71	4.48	.78
	Service	38	3.66	.96

(Source: Own Survey, SPSS V20, 2018)

4.5 Binary Logistic Regression

Binary logistic regression is a type of regression analysis where the dependent variable is a dummy variable (Saroje & Soheli, 2013). They mention that It is a variation of ordinary linear regression which is used when the response variable is a dichotomous variable and the independent variables are continuous, categorical, or both. Unlike ordinary linear regression, logistic regression does not assume that the relationship between the independent variables and the dependent variable is linear (Saroje & Soheli, 2013). And also the regression coefficients are estimated using maximum likelihood (Bian, 2013).

According to Bian Maximum likelihood estimation (MLE) it is more appropriate for logistic regression model, it maximizes the log likelihood. And the log likelihood indicates how likely the observed grouping can be predicted from observed values of predictors.

Logistic regression does not make many of the key assumptions of linear regression and general linear model that are based on ordinary least square algorithms. Homogeneity of variance and normality of errors are not assumed, but it requires: Absence of multicollinearity and No specification errors: all relevant predictors are included and irrelevant predictors are excluded (Bian, 2013).

4.5.1 Multicollinearity

According to (Pallant, 2007), there is no formal way in the logistic regression procedure of SPSS to test multicollinearity. But, she suggested that we can use the procedure of linear regression and focus only colinearity statistics which contain tolerance value and variance inflation factor (VIF). Tolerance value that are very low (less than .1) indicates that the variable has high correlation with other variables in the model (pallant, 2007).

The VIF measures how much the variance of an estimated regression coefficient increases if your predictors are correlated (Ringle et al., 2015). More variation is bad; we're looking for precise estimates. If the variance of the coefficients increases, our model isn't going to be as reliable. Some papers argue that a VIF less than 10 is acceptable (Hair et al., 1995), but others say that the limit value is 5 (Ringle et al., 2015).

As it can be seen in the table below; the result didn't violate any of the above assumptions. Tolerance value of all variables is very far from .1 and VIF is closer to 1, then the model is seems much stronger and the factors are not impacted by correlation with other factors.

Table 4.6 Colinearity Statistics

no	Factors	Colinearity statistics	
		Tolerance	VIF
1.	Management factor (MGMTF)	.723	1.384
2.	Marketing factor (MARF)	.608	1.646
3.	Technological factor (TECF)	.686	1.457
4.	Financial factor (FINF)	.636	1.571
5.	Work related factor (WORF)	.678	1.474
6.	Political-legal factor (POLF)	.719	1.390

(Source: Own Survey, SPSS 2018)

We can also test this assumption using correlation matrix table. When predictor variables are very highly correlated, we have to wonder whether they are not in fact measuring the same thing and would be better combined into one new variable (Muijs, 2010).

As we can see from table 4.7 there is no strong pair-wise correlation between sustainability (Independent Variables). As a rule of thumb, Bryman and Cramer (1999,) stated that the independent variables that show a relationship at or in excess of 0.80 suspected of exhibiting multicollinearity. In this study as shown in table 14, there is no relationship that equals or exceeds spearman correlation coefficients of 0.80. Table 4.7 below generally indicates that the correlation coefficients for the relationships between independent variables are linear and positive ranging from substantial to minimum correlation coefficients.

Table 4.7 the Relationship between Independent Variables

Spearman's rho	Inter item correlation matrix						
		MGMTF	MARF	TECF	FINF	WORF	POLF
MGMTF	Correlation coefficient	1.000	.479 [*] *	.231 [*] *	.319 [*] *	.384 ^{**}	.173 [*] *
	Sig. (2tailed)	.	.000	.000	.000	.000	.004
	N	277	277	277	277	277	277
MARF	Correlation coefficient	.479 ^{**}	1.000	.358 [*] *	.423 [*] *	.486 ^{**}	.315 [*] *
	Sig. (2tailed)	.000	.	.000	.000	.000	.000
	N	277	277	277	277	277	277
TECF	Correlation coefficient	.231 ^{**}	.358 [*] *	1.000	.420 [*] *	.428 ^{**}	.417 [*] *
	Sig. (2tailed)	.000	.000	.	.000	.000	.000
	N	277	277	277	277	277	277
FINF	Correlation coefficient	.319 ^{**}	.423 [*] *	.420 [*] *	1.000	.386 ^{**}	.492 [*] *
	Sig. (2tailed)	.000	.000	.000	.	.000	.000
	N	277	277	277	277	277	277
WORF	Correlation coefficient	.384 ^{**}	.486 [*] *	.428 [*] *	.386 [*] *	1.000	.263 [*] *
	Sig. (2tailed)	.000	.000	.000	.000	.	.000
	N	277	277	277	277	277	277
POLF	Correlation coefficient	.173 ^{**}	.315 [*] *	.417 [*] *	.492 [*] *	.263 ^{**}	1.000
	Sig. (2tailed)	.004	.000	.000	.000	.000	.
	N	277	277	277	277	277	277

(Source: Own Survey, SPSS 2018)

4.5.2 Regression analysis

Logistic regression is used to predict the presence or absence of a characteristic or outcome based on values of a set of predictor variables. It is similar to a linear regression model, but suited to models where the dependent variable is dichotomous (Bian, 2013). For the purposes of determining the extent to which the explanatory variables explain the variance in the explained variable, Logistic regression analysis was employed. The results of such analysis are narrated under.

Table 4.8 omnibus test and model summary

Omnibus test of model coefficient			
	Chi-square	Df	Sig.
Model	18.240	6	.006
Model summary			
	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
	180.042 ^a	.124	.256
Dependent variable: sustainability			
Predictors: (constant), MGMTF, MRKF, TECF, FINF, WORF, POLF			

(Source: Own Survey, SPSS 2018)

This is the table 4.7 that shows the output of Omnibus test and model summary. Omnibus test of mode coefficient shows the result of X^2 test to determine whether sustainability has significant relationship with predictors. Can write in the form of; $X^2(6, N=277) = 18.240, P<0.006$.

As it shows in the above table this X^2 produce significance value of 0.006(i.e., $P=.006$), which is below 0.05 making our sustainability model significant.

Model summary part shows how much of the variation in sustainability is explained by the model. Cox & Snell and Nagelkerke R Square indicated that between 12.5% and 25.6% of the variation in sustainability is explained by MGMTF, MRKF, TECF, FINF, WORF and POLF.

Table 4.9 Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
MGMTF	.304	.271	1.260	1	.262	1.356
MARF	.652	.329	3.924	1	.048	1.911
TECF	-.144	.256	.314	1	.575	.866
FINF	.643	.379	2.878	1	.030	2.678
WORF	.474	.246	3.714	1	.004	1.606
POLF	.787	.299	6.919	1	.009	2.197
Constant	4.020	1.366	8.657	1	.003	55.678

Variable(s) entered on step 1: MGMTF, MARF, TECF, FINF, WORF, and POLF.

(Source: Own Survey, SPSS 2018)

Key: Management factor (MGMTF)

Financial factor (FINF)

Marketing factor (MARF)

Work-related factor (WORF)

Technological factor (TECF)

Political-legal factor (POLF)

When we see direction and significance relationship of independent variables to dependent variable sustainability, four out of six variables have and have positive and statistically significant relationship with the dependent variable; marketing factor ($\beta = .652$, $p = .048$), financial factor ($\beta = .643$, $p = .030$), work related factor ($\beta = .474$, $p = .004$) and political- legal factor ($\beta = .787$, $p = .009$). And the remaining two variables have insignificant relation with the dependent variable; management factor ($\beta = .304$, $p = .262$) and technological factor ($\beta = -.114$, $p = .575$).

Logit(sustainability) = $4.020 + (.304 \text{management factor}) + (.652 \text{marketing factor}) + (.144 \text{technological factor}) + (.643 \text{financial factor}) + (.474 \text{work related factor}) + (.787 \text{political legal factor})$.

4.5.3 Hypothesis Testing Result

Based on the above binary logistic result, summary of hypothesis testing is drawn.

The first hypothesis result shows unexpected result in relation with many studies. For instance (dun and Bradstreet,1969) mentioned that, Irrespective of the size of any business large, medium or small, several researches and statistics appear to have ranked poor management or management inability the main cause of business failure. Hill, 1987 also stated that Many SME owners and managers lack managerial training and experience. But this study revealed that there is no significant problem concerning management factor.

Other many studies agreed with the financial, marketing and political-legal problems of SMEs. Ademola& Michael also identified key challenges of SMEs among them poor accounting method and practices have been mentioned (Ademola& Michael, 2012). (Nega&hussein, 2016) also revealed that The constraints that Ethiopian small and medium enterprises encounter include access to land; tax rate and administration; labor constraints; and access to finance issues.

Mann et al (1984) also makes observation on political- legal factor mainly on government regulation about wages, taxation, licensing and others are among the important reasons why the informal sector business failed.

Table 4.10 Hypothesis Summary

	Hypothesis	Result
Ha1.	There is positive relationship between management factor and sustainability of SMEs	Reject
Ha2.	There is positive relationship between marketing factor and sustainability of SMEs	Accept
Ha3.	There is positive relationship between Technological factor and sustainability of SMEs	Reject
Ha4.	There is positive relationship between financial factor and sustainability of SMEs	Accept
Ha5.	There is positive relationship between work-related factor and	Accept

	sustainability of SMEs	
Ha6.	There is positive relationship between political-legal factor and sustainability of SMEs	Accept

(Source: Hypothesis testing result, 2018)

4.6 Ways of improving/minimizing enterprises failure

Finally, the study sought to know the various ways through which the respondents idea to improve or minimized the problems of sustainability. Majority (65.6%) of the respondents' suggested access to finance as the greatest way of improving sustainability of enterprises while 19.5% work related factors. And the remaining 14.9% suggested improved access to legal and political as a way.

CHAPTER FIVE

SUMMARY OF FINDING CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The objective of study is to examine Factors that affecting sustainability of SMEs; four sectors from small and medium businesses were included in the study. These are manufacturing, construction, trade and service. In addition, the study uses a survey based strategy to approach the objective and stratified random sampling technique was used. The analysis was done using statistical software SPSS using tools such as descriptive statistics and binary logistic regression.

From the descriptive statistics findings revealed that majority of the variables such as; marketing factor, financial factor, legal-political factor and work-related factor have a have a mean value of greater than the cut-point three. And the rest two management and technological factors have a mean value of less than the cut-point. Which indicates that majority of SMEs believed that marketing issues, finance, legal-political issues and work-related factors are their main obstacles to become sustainable.

To test significance of the model omnibus test and model summary was performed; from it can be observed from the table 4.8 omnibus test of the model as whole is significant. $X^2(6, N=277) = 18.240$, $P < 0.006$. And the model summary Cox & Snell and Nagelkerke R Square indicated 12.5% and 25.6% of the variation in sustainability is explained by independent variables.

Binary logistic regression analysis was used to test six hypothesizes as shown in table 4.9. Based on that Management factor ($\beta = .304$, $p = .262$) and technological factor ($\beta = -.114$, $p = .575$) have insignificant relationship with sustainability. The remaining factors; marketing ($\beta = .652$, $p = .048$), finance ($\beta = .643$, $p = .030$), work related factor ($\beta = .474$, $p = .004$) and political- legal factor ($\beta = .787$, $p = .009$) have positive and significant relationship with dependent variable sustainability.

5.2 Conclusion

This research was conducted in Addis Ababa, Ethiopia with the prime intent of critically assessing the factors affecting sustainability of SMEs operators engaged in manufacturing, construction, trade and service sectors. Based on the objectives and findings of the study, the following conclusions are worth drawn.

SMEs are faced with a variety of internal and external variables which are not only affecting its day to day business but its long term success and survival. The aim of this study was to determine the key variables specifically affecting Addis Ababa SMEs. The results reflected in this study indicated that work related factor which include Absence of harmonious relationship among employees/team work, Lack of motivation, Absence of initiative to asses ones strength and Lack of tolerance to work hard are the key internal variables that affect sustainability of Addis Ababa SMEs.

On the other hand, marketing variables (Poor customer handling system, Lack of available market information, Lack promotion, Lack of connection with successful and other business, Lack of adaptability), financial variables (Lack of access to finance, poor Book keeping and accounting system, High interest rate, Shortage of working capital and Insufficient availability of raw material) and political-legal variables (Lack of government support, tax and Lack of accessible information on government, regulations).

The study examines the impact of six factors on sustainability of SMEs. The key finding of this study rejected the first and the third hypotheses. In reverse to this result, poor management was considered the most crucial factor influencing SMEs failure in the UK (as suggested Day 2000; Dewhurst and Burns 1993) and Proper planning will help small business owners to prepare for seasonality because planning helped businesses to sustain operations (Box, 2011).

Among the findings of the study indicated no significant support of the Government to most small and medium business owners in Addis Ababa. This finding agrees with the conclusions in the work of (Oyelola, 2013) who stated government supported initiatives had not contributed meaningfully to reducing the rate of failure of small businesses in Nigeria.

Finally the research clearly illustrates that, even if the degree of those critical factors in each of manufacturing, construction, trade and service sectors, most of the factors are considerably common for four sectors. It has been noted that financial and work related factors had very high effects on the sustainability of MSEs compared to other factors in the research area.

5.2 Recommendation

On the basis of the findings and conclusions mentioned, the following recommendations were forwarded.

Many SMEs hope that government would help seriously reduce and prevent their problems. The Ethiopia government needs to focus urgent attention to addressing the harsh financial conditions impeding the survival of the SMEs sector such as reducing interest rates, resolving multiple tax issues and through easy loan application from formal financial institutions. Research by (Harper, 2004) observes that governments that are not concerned with the promotion of small enterprises should examine the impact of its policies and programmes on the small businesses.

Financial factors are frequently indicated as the explanatory factor for most problems faced by the studied SMEs therefore, it is necessary to solve this problem. And, The Access to information about regulations should be made available to SMEs at minimum cost.

On the other hand, SMEs in Addis Ababa should not totally rely on government agencies; they should attempt to find their own path of progress by relying on strategies which allow them to access new markets, increase their revenue and expand their customer base. By establishing long-term relationships with customers they are able to build customer loyalty and in turn reduce the cost of operation. Prior research (for example Reicheld 1993; Ndubisi 2003) has shown that it is far cheaper to serve an existing (loyal) customer than to attract and serve a new one.

It is also imperative for business owners to properly scan the Ethiopian business environment so as to identify the opportunities and threats there in, and develop the various techniques that will help them to adapt to the changing environments as they emerge.

The price of raw materials is increasing from time to time; therefore, the distribution of raw materials must be in the hand of government even if it is difficult. Solving the working premise by providing suitable site and appropriate tax levied in accordance with their incomes. In this

regard, the tax system needs proper attention as many SMEs have complaints over the existing subjective method of tax assessment and levied which is based on subjective estimation and beyond the ability to bear as most of them do not have audited financial statements (conventional financial record keeping).

The major marketing constraint for the MSEs sector include lack of available market information and lack of creating awareness about the product therefore The culture of participating in exhibition and bazaar must also give take off since it benefits the economy as a whole and SMEs operators in particular. And also there is a great lack of information on the changing environment market information if, small and medium enterprises have to be sustainable there has to be available information as fast as possible.

Lastly beyond the government support and marketing strategies SMEs should develop harmonious relationship and clear division of duties and responsibilities between themselves through developing formal rules and regulations they should improve work-related problems.

5.3 Limitation of the Study

The major constraints faced by the researcher while conducting this study were: First lack of formal and documented data on closed/ failed enterprises. In addition to difficulty during data collections & lack of up-to-dated information from MOT, the findings of this study can't necessarily represent for other private SMEs & similar to these businesses in the country, because the sample is not a representation of the entire SMEs in the country.

Further studies can be carried on strategies of small and medium business sustainability. This study had limited time and financial resources to cover a larger participant sample size and a larger geographical area. Therefore, further research involving a larger participant sample size from a larger geographical area is recommended.

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APPENDIX

QUESTIONNAIRE
ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MBA PROGRAM

SECTION 1: INTRODUCTION

Dear respondent,

I am a graduate student in the department of management, Addis Ababa University. The purpose of this questionnaire is to collect information on “*Factors Affecting Sustainability of Small and Medium-Scale Enterprises.*” The information that you share me will be kept confidential and only used for academic purpose and cannot affect you in any case. So, your genuine, honest and timely response is vital for accomplishment of this study on time. Therefore, I kindly ask you to give your response to each items/questions carefully.

Sincerely,
Rahel Fitane

Instruction

- No need of writing your name.
- For multiple choice questions indicate (✓) sign in the appropriate block.
- For likert scale type statements mark (✓) sign only once for the given variables depending on your level of agreement.

SECTION 2: GENERAL INFORMATION ON THE BUSINESS ENTERPRISES AND PARTICIPANTS

1. Gender A. Female ☐ B. Men ☐
2. Age A. 18-25 ☐ B. 26-30 ☐ C. 31-40 ☐ D. 51-60 ☐ E. > 60 ☐
3. Educational qualification A. No formal education ☐ B. Primary ☐

C. High School ☐ D. Diploma ☐ E. Degree ☐ F. MA/MSc ☐ G. PhD ☐

4. Main activity of the enterprise? A. Manufacturing ☐ B. Construction ☐ C. Trade ☐

D. Agriculture ☐ E. service ☐ F. mining and quarrying ☐ G. others ☐

5. Current Status of the enterprise? A. existing ☐ B. closed ☐

SECTION 3: FACTORS AFFECTING SUSTAINABILITY OF SMALL AND MEDIUM ENTERPRISE

1. Please indicate your opinion regarding following statements (1.Strongly disagree (SD), 2.disAgree (D), 3.Neutral (N), 4. agree (A), 5. Strongly agree (SA))

S.No	Management factor	1	2	3	4	5
1.1.	Lack of strategic business planning					
1.2.	Lack of clear mission and vision					
1.3.	Poor management skill					
1.4.	Poor selection of business partner					
1.5.	Lack of clear division of duties and responsibilities among employees					

S.No	Marketing factor	1	2	3	4	5
2.1	Poor customer handling system					
2.2.	Lack of available market information					
2.3.	Lack of create awareness about the product/promotion					
2.4.	Lack of connection with successful and other business					
2.5.	Lack of adaption for changing environment					

3. Please indicate your opinion regarding following statements (1.Strongly disagree (SD), 2.disAgree (D), 3.Neutral (N), 4. agree (A), 5. Strongly agree (SA))

S.No	Technological factor	1	2	3	4	5
3.1.	Lack of skills to handle new technology					
3.2.	Lack of appropriate machinery and equipment					
3.3.	Unable to select proper new technology					

4. Please indicate your opinion regarding following statements (1.Strongly disagree (SD), 2.disAgree (D), 3.Neutral (N), 4. agree (A), 5. Strongly agree (SA))

S.No	Financial factor	1	2	3	4	5
4.1.	Lack of access to finance					
4.2.	Book keeping and accounting in not available					
4.3.	High interest rate					
4.4.	Shortage of working capital					
4.5	Insufficient availability of raw material					

5. Please indicate your opinion regarding following statements (1.Strongly disagree (SD), 2.disAgree (D), 3.Neutral (N), 4. agree (A), 5. Strongly agree (SA))

S.No	Work related factor	1	2	3	4	5
5.1.	Absence of harmonious relationship among employees/team work					
5.2.	Lack of motivation					
5.3.	Absence of initiative to asses ones strength					
5.4.	Lack of tolerance to work hard					

6. Please indicate your opinion regarding following statements (1.Strongly disagree (SD), 2.disAgree (D), 3.Neutral (N), 4. agree (A), 5. Strongly agree (SA))

S.No	Political-legal factor	1	2	3	4	5
6.1.	Lack of government support					
6.2.	The tax levied on my business is not reasonable					
6.3.	Political intervention					
6.4.	Lack of accessible information on government regulations that are relevant to my business					

What possible actions should be undertaken to minimize the problem of small and medium enterprises sustainability/failure?

ክፍል 3፡ በአነስተኛ እና መካከለኛ ኢንተርፕራይዞች ላይ ተጽእኖ የሚያሳድሩ ነገሮች

ከዚህ በታች ከተዘረዘሩት ችግሮች የኢንተርፕራይዞች ቀጣይነት ላይ ይበልጥ ተጽእኖ የሚያሳድሩትን በደረጃ ያመለክቱ ፡፡

ለአያንዳንዱ ጥያቄ ከአማራጮቹ አንዱን ብቻ ምልክት(✓) በማድረግ ምላሽ ይስጡ፡፡ 1. በጣም አልስማማም 2. አልስማማም
3. ለመወሰን እቸገራለሁ 4. እስማማለሁ 5. በጣም እስማማለሁ

ተ.ቁ	ከስራ አመራር ክህሎት ጋር ተዛማጅ ችግሮች	1	2	3	4	5
1.1.	የረዥም ጊዜ የቢዝነስ እቅድ አለመኖር					
1.2.	ጥርት ያለ ራዕይና ተልዕኮ አለመኖር					
1.3.	አናሳ የሆነ የስራ አመራር ብቃት					
1.4.	በዘፈቀደ የተደረገ የንግድ ሽርክና					
1.5.	ግልጽ ያልሆነ በሰራተኞች መካከል የተደረገ የስራ ክፍፍል					

ተ.ቁ	ከግብይት ጋር ተዛማጅ ችግሮች	1	2	3	4	5
2.1.	ዝቅተኛ የሆነ የደንበኛ አያያዝ					
2.2.	የገበያውን መረጃ በፍጥነት አለማግኘት					
2.3.	ስለ ምርቱ በቂ የሆነ መረጃ ለማህበረሰቡ አለማስተላለፍ					
2.4.	በስራው ዘርፍ ከተሳካላቸው የንግዱ ማህበራት ወይም ሰዎች ጋር አናሳ የሆነ ግንኙነት					
2.5.	በፍጥነት ከሚለዋወጠው የገበያ ሁኔታ ጋር አብሮ አለመሄድ					

ተ.ቁ	ከቴክኖሎጂ ጋር የተያያዙ ተዛማጅ ችግሮች	1	2	3	4	5
3.1.	አዳዲስ ቴክኖሎጂዎችን በተገቢው ሁኔታ ለመጠቀም የእውቀትና የልምድ ማነስ					
3.2.	ለንግዱ ትክክለኛ የሆነ መሳሪያ (ማሽን) አለማግኘት					
3.3.	ለጊዜው ተመጣጣኝ የሆነ ቴክኖሎጂን ያለመምረጥ ችግር					

ተ.ቁ	ከገንዘብ ጋር የተያያዙ ችግሮች	1	2	3	4	5
4.1.	በቂ የሆነ የገንዘብ ምንጭ አለማግኘት					
4.2.	የሂሳብ መዝገብ አያያዝ አለመኖር					
4.3.	ከፍተኛ ሆነ የብድር ወለድ					
4.4.	የመስሪያ ገንዘብ የሚሆን ካፒታል እጥረት					
4.5.	ለስራው የሚሆኑ የጥሬ እቃዎች እጥረት					

ተ.ቁ	ከስራው ጋር ተዛማጅ የሆኑ ችግሮች	1	2	3	4	5
5.1.	በሰራተኞች መካከል ያለው ግንኙነት አጥጋቢ አለመሆን እና በጋራ መስራት ያለመቻል					
5.2.	አነስተኛ የሆነ የስራ ተነሳሽነት					
5.3.	የሰራተኞችን ጠንካራ ጎን መገምገምና ማመላከት ያለመቻል					
5.4.	ከባባድ የሆኑ ስራዎችን ተቋቁሞ መስራት ያለመቻል					

ተ.ቁ	ፖለቲካዊና ህጋዊ ጉዳዮች	1	2	3	4	5
6.1.	የመንግስት እርዳታ በቂ ያለመሆን					
6.2.	በንግዱ ላይ የተጣለው ግብር ተመጣጣኝ ያለመሆን					
6.3.	የፖለቲካው በንግዱ ላይ ጣልቃ መግባት					
6.4.	በየጊዜው ለሚወጡ የመንግስት አዋጆችና የንግድ ስምምነቶች (ህግጋቶች) በቂ መረጃ ያለማግኘት					

የአነስተኛ እና መካከለኛ እንተርፕራይዞችን ቀጣይነት ባለው ሁኔታ ለማስኬድ ምን አይነት ስራዎች መስራት አለባቸው ብላችሁ ታስባላችሁ?
