COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

THE DETERMINANT FACTORS OF SMALL AND MEDIUM MANUFACTURING ENTERPRISE PERFORMANCE: IN CASE OF AKAKI-KALITY, ADDIS ABABA, ETHIOPIA

PREPARED BY

BRHANE G/MEDHIN WENDM

JULY 2021

ADDIS ABABA, ETHIOPIA

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

BY

BRHANE G/MEDHIN WENDM

A THESIS FOR PARTIAL FULFILLMENT OF THE MASTERS OF BUSINESS ADMINISTRATION IN FINANCE REQUIREMENT

ADVISOR: - ABEBAW KASSIE (PhD)

THE DETERMINANT FACTORS OF SMALL AND MEDIUM MANUFACTURING ENTERPRISE: IN THE CASE OF AKAKAI-KALITY, ADDIS ABABA, ETHIOPIA

JULY, 2021

ADDIS ABABA, ETHIOPIA

DECLARATION

I, Brhane G/Medhin Wendm, here declare that the thesis entitled “The determinants factors of small and medium manufacturing enterprise performance: In case of AkakiKality, Addis Ababa, Ethiopia” is submitted as partial fulfillment of the requirements for Master of Business Administration in Finance to Addis Ababa University Faculty of Business and Economics. This study has been done with my effort and all sources of materials used for the study have been dully acknowledged.

Name: Brhane G/MedhinWendm

Signature:_____

Date: _____

CERTIFICATE

This is to certify that Brhane G/Medhin Wendm; a student of MBA in Finance, in Addis Ababa University Faculty of Business and Economics, has been working under my supervision and guidance for this thesis work. His thesis entitled “The determinants factors of small and medium manufacturing enterprise performance: In case of AkakiKality, Addis Ababa, Ethiopia”, which he has submitted his genuine and original work.

Advisor: ABEBAW KASSIE (PhD)

Signature:_____

Date: _____

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

This is to certify that the thesis prepared by Brhane G/MedhinWendm, entitled: "The determinants factors of small and medium manufacturing enterprise performance In case of AkakiKality, Addis Ababa, Ethiopia", is submitted in partial fulfillment for the Degree of Masters of Business Administration in Finance complies with the regulations of the University and meets the expected standard for originality and quality.

Approval by the Examining Committee:

TEKALIGN NEGA(PhD)	_____	_____
Internal Examiner	Signature	Date
TADEWOS MENTTA(Ph.D)	_____	_____
External Examiner:	Signature	Date
ABEBAW KASSIE(PhD)	_____	_____
Advisor	Signature	Date

Acknowledgment

My real and special gratitude goes to my advisor Dr. Abebaw Kassie, whose work ethic is worth modeling, for his commitment to the thesis at each stage and for making helpful and uninterrupted comments and suggestions.

I also want to extend my gratitude and sincere appreciation to my family, relatives, and real friends for their encouragement and inspiration, which made the study a success.

Finally, I would like to thank operators of SMEs in Akaki-Kality sub-city for their cooperation and willingness to participate during data collection.

Table of content

List of Tables

List of Figures

Abbreviations

SMEs	Small and Medium Enterprises
SMME	Small and Medium Manufacturing Enterprises
MSE	Micro and Small Enterprises
AMSMED	Agency of Medium and Small Manufacturing Enterprises Development
NMSEDSE	National Micro and of Small Enterprises Development Strategy of Ethiopia
MOTI	Ministry of Trade and Industry
FeMSEDA	Federal Micro and Small Enterprise Development Agency

Abstract

Small and Medium Enterprises (SMEs) can be key players in any development by reducing unemployment, and poverty, increasing job creation and contributing significantly to the economy and gross domestic product (GDP). The study was conducted to examine the key factors influencing the performance of small and medium-sized manufacturing enterprises in Akaki-Kality sub-city Addis Ababa, Ethiopia. This research is based on the findings of the enterprises in metal &woodworking, food processing, construction materials, and textile and garment manufacturing enterprises. The general purpose of the study was to observe entrepreneurial characteristics, management skills, access to finance, market access, infrastructure, and corruption challenges, and to see how they affect SME performance. The researcher followed a mixed approach and used primary and secondary sources of data. To achieve the objectives of this study, the data from the questionnaire were analyzed in a descriptive and inferential statistical analysis. Average and standard deviations were applied to the statistical analysis, and the results of multiple regressions were observed to indicate the effects of each independent variable on the study. Based on a simple random sample and stratified sampling techniques identified 182 sample sizes from 366 medium and small manufacturing enterprises. The main concern of the study was considered to contribute knowledge to SMEs so that can operate effectively, recognizing the influences for implementation in their performance. Therefore, the finding of the study informed that entrepreneur characteristics, management skills, access to finance, access to market, infrastructure, and corruption were observed as the determinants of manufacturing SMEs' performance.

Key Words: *Small and Medium Manufacturing Enterprises, Determinants, performance*

CHAPTER ONE: INTRODUCTION

1.1. Background and Organization of the Study

Small and medium enterprises (SMEs) are the engine that drives the world economy and are key to industrial development. The current development of any country is influenced by the activities of medium and small enterprises.

Accordingly (Mahmudova,2018) in high-income countries, small and medium enterprises account for more than 51% of GDP contribution and 57% of an employment rate. In terms of low-income countries, gross domestic product (GDP) and employment rates should increase by 20% or more. If there is a safe business environment, small businesses can play an important role in sharing gross Domestic Production and reducing unemployment. According to (Dalberg,2011), cited in (Amaradiwakara & Gunatilake., 2017), medium and small enterprises play a key role in both domestic production and employment.

Comparing medium size with both small and large enterprises in developing countries may indicate that the small leveled enterprises are the least efficient and that medium and large enterprises are relatively effective. Accordingly (Amaradiwakara & Gunatilake., 2017), in developing countries, however, more than 90% of all companies or firms without the agriculture sector are SMEs exist.

Depending on the country's economic situation and the ability to address challenges in small business areas, the performance of small and medium enterprises has different dimensions. Many bottlenecks affect the ability of small and medium enterprises, especially in developing countries, to accelerate economic growth. There are additional related studies that examine SME performance determinants. Accordingly(Anga, 2014), small and medium enterprises have been identified as having a business environment finances, government policy, markets of product, and infrastructure that have negatively affected their performance. In addition (Muzenda, 2014), after being selected to examine the overall situation of small and medium enterprises pointed that entrepreneurial attitudes, firm characteristics, and external factors have some significant impact on the performance of medium and small enterprises.

Countries have to expand their performance and growth for small and medium enterprises based on their needs. Accordingly(Muriithi, 2017), African countries have developed policies and strategies that include regulatory frameworks to encourage small and medium enterprise performance. In addition, the government's efforts to eradicate poverty and improve the well-being of its citizens can have a significant impact on the growth of medium and small enterprises.

The Ethiopian government is responding to the expansion of Small and Medium Enterprises (SMEs) by recognizing the ability to creating jobs and economic growth opportunities and the potential to reduce youth and women's unemployment. In 1997, it established a National Micro and Small Enterprise Development and Promotion Strategy to control the visible challenges (Abera, 2012) and (Degefu, 2018). Understanding the role of micro and small enterprises in Ethiopia will help the sector play a key role in reducing poverty and unemployment as well as developing medium and large enterprises. According to (Abera, 2012), the FDRE government has improved how to introduce medium and small-scale enterprises by creating a conducive business environment for small and micro-enterprises. The Agency of Medium and Small Manufacturing Enterprises Development (AMSMED) is a government established to support standardized small and medium enterprises.

Accordingly, small and medium enterprises' development agencies have been established in all sub-regions of the country, as well as woreda branches. In all parts of Ethiopia, even in every sub-city of Addis Ababa, the role of enterprises development has improved over the past years, playing a significant role in changing unemployment and the distribution of the economy. Accordingly (Galasso Gamo & Gollagari, 2020) shows that the Ethiopian government has made further efforts to create a conducive environment for companies to invest and engage in investment. Furthermore, they said the efforts have not only formulated and promulgated various policies and strategies but also designed and implemented various support tools to help enterprises meet the changing social and economic conditions in the region.

Some studies suggest that starting a business in Ethiopia is much easier than doing business with neighboring countries. According to the study (Luning & Giesen, 2006), the World Bank's Doing Business Chapter summarizes regulations in starting up a business such as SME, Ethiopia ranks 94th in the world out of 155 countries. In investigating the contributions of SMEs in sub-Saharan African countries (Ussif & Salifu, 2020), informed that in Ethiopia Small and Medium

Enterprises contributed to GDP 3.4% and also to employment ninety percent (90%) in the country.

The performance of small and medium enterprises, especially in developing countries, can be affected by several factors. Accordingly (Luning & Giesen, 2006), noted that the positive aspect of entrepreneurship development in Ethiopia itself is being studied in the country and that the Ethiopian Economic Association is one of the most important organizations in that situation. However, despite the efforts of the government and other stakeholders, many challenges in Ethiopia currently determine the performance of the enterprises at every level. According to a MOFED(2015) report, the most prevalent problems in the performance of Ethiopian enterprises are lack of funding, lack of management skills or leadership skills, lack of support services, lack of training services, and others. Small enterprises have relatively low employment and economic growth compared to other countries due to small financial resources, lack of management systems, marketing problems, weak manpower and raw materials (FMSEDA, 2006:13).

Accordingly (Tekele, 2019), determined accesses to finance, political-legal, access to business information service, technological and infrastructural are the major among factors that adverse the activities of Micro and small enterprises. Accordingly, a study conducted in the manufacturing sector (Anye & Makebo, 2019), found that there is a lack of management skills, lack of adequate marketing, the need for a new market, poor quality products for the market, and a lack of market information network, dollar value inflation, and interest rates are the limitations of small and medium enterprises. Accordingly (Fjose et al., 2010), sub-Saharan Africa (including Ethiopia) faces many challenges: lack of funding, energy shortages, incompetence, inadequate infrastructure, and corruption. This means that the government must contribute to the expansion of small and medium enterprises with sufficient capacity to create a conducive business environment.

In general, governments need to support small and medium enterprises based on basic economic benefits to eliminate unemployment and reduce poverty. There are many obstacles to the disintegration of small and medium enterprises in Ethiopia, including in Addis Ababa. From sources of the above different studies and discoveries, governments and other partners must create network bridges at all levels to solve the small and medium enterprises' challenges.

1.2. Problem statement

Compared to large enterprises, the performance of small and medium enterprises in developed OECD countries is associated with major financial problems and consequently differences in growth, profitability, and survival visible (Weldeslassie et al., 2019). Different studies in African countries also indicated lack of infrastructure, lack of finance, lack of managerial skill, lack of experiences of entrepreneur, marketing skill, and also un organized practices of supporting and unworkable governmental policies, and corruption are the major determinant factors of SMEs (Muriithi, 2017; Bouazza1, Asma Benzazoua, & Diabate Ardjouman, 2015; Anga, 2014; Amwele,2013; Fjose et al., 2010).

The government of Ethiopia is relatively initiative and is making repeated efforts to promote enterprises (Galasso Gamo & Gollagari, 2020; Degefu, 2018; Weldeslassie et al., 2019). However, in terms of government promotion activities and expectations, it is not a matter of increasing the number of small and medium enterprises in general and not making a significant positive change in their operations (Nega & Hussein, 2016; Fekadu, 2019). Although promoted to grow to the small and medium-sized enterprises possible(Luning & Giesen, 2006), but, according to the socio-economic assessments of the United Nations Country Team in Ethiopia (Cathrine Sozi, 2020), 85% of existing enterprises are micro-enterprises.

According to the report of the Central Statistics Authority (CSA) 2014, the content of youth and women's unemployment in urban areas is highly disproportionate (Worku & Yifredew, 2017). Similar to that(Cathrine Sozi, 2020)based with a report by the United Nations Industrial Development Organization (UNDIO, 2019) in contrast to the existence of high population size, in Ethiopia, it has the lowest number of private enterprises and entrepreneurial activity rates' from Sub-Saharan Africa (SSA).

There are also other studies on the Addis Ababa issue and other areas of SME manufacturing in Ethiopia. Depending on the implications of their findings, the top constraint of performance of SMEs concerns restrictions on access to finance. In addition, the main reasons for the poor performance of small and medium enterprises as internal working conditions are, market integration, production, and entrepreneurial activities, as well as external factors, lack of market access, lack of infrastructure, lack of support from government leaders, and their commitment to coordinate are also listed as major causes(Anye & Makebo, 2019).

The problems differentiated from previous works of studies indicated there are various determinant factors for the performances of medium and small enterprises. Previously, no research was conducted in the Akaki-Kality sub-city level specifically related to the Small and medium manufacturing sector. On the other hand, according to (Luning & Giesen, 2006), corruption in Ethiopia is not a challenging issue in the MSEs, and it must be revisited currently. In addition, as a matter of shortage, the above studies did not include corruption as a critical factor in the performance of enterprises. It is hoped that to provide a deep overview of the complexities of performances of small and medium-sized manufacturing enterprises; considering the problem listed in the business environment and other issues in the various research findings.

Therefore, to fill the gap in the above-mentioned, the researcher decided to conduct the study, taking into account corruption and other variables from other studies of SMEs related to performance. The study result has been supportive for the creation of a framework for considering SMEs development policies and programs. From a practical point of view, it is important to increase participation in business activities to better understand the performance indicators of the enterprises. The researcher selected descriptive statistical analysis to easily describe and summarize the data, and multiple linear regression model analysis was used for the conclusion drawn.

1.3. Research questions

What are the determinant factors that most challenged SMEs' performance in the Akaki-Kality sub-city specific to the manufacturing sector?

Mainly, questions that are answered by this research are:

a) what is the current SMEs performance related to the factors constrained?
b) What are the determinant factors each affecting SMEs' performance?
c) What are the possible solutions to challenges of SMEs Performance?

1.4. Objectives of the Study

1.4.1. General objectives

The main objective of this study is to identify the determinant factors of SME's performance and its status in the Akakai-Kality sub-city.

1.4.2. Specific objectives

The specific objectives of the study are:

1) To describe the status of manufacturing SMEs performance

2) To investigate the determinants affecting SMEs performance

3) To recommend solutions to improve SMEs performance

1.5. Research Hypothesis

Among the variables of the following hypotheses, many researchers agree that they have a significant impact on the performance of medium and small enterprises, and few studies have shown no effect on some variables, which is why the researcher needs to examine the hypothesis directly to the objectives presented in the study and the conceptual framework. Therefore, these were tested as the factors that affect the performance of medium and small enterprises in the Akaki-Kality sub-city, especially in the manufacturing sector process as follows:

H1: The management skill influences positively to the performance of SMEs

H2: The entrepreneur factors affect positively to the performances of SMEs

H3: Access to finance has a positive effect on the Performance of SMEs

H4: Access to market shows a positive effect on the Performance of SMEs

H5: The facilities of infrastructure affect positively to the performance of SMEs

H6: Practise of corruption has a negative relationship with the performance of SMEs

1.6. Significance of the study

The main purpose of the researcher was to increase the value of small and medium enterprises in creating working conditions. The study should be to identify the determinants of performances Small and Medium-sized Enterprises, and this was a help to fully understanding on the challenges and opportunities and then for current and future high performances of the sector. The study is expected to be helpful as information inputs and knowledge for the next study. The findings of the study also provide information for the SMEs managers or entrepreneurs to take appropriate solutions by knowing the overall problems that existed and to surface their strengths. The study findings feed current information about the challenges of performance of Small and medium-sized enterprises. Itprovidesrecommendationsfor the administration of the enterprise's development office and other stakeholders for SME's improvement and expansion. It is also important to make for the sub-city family an economic and social source by focusing on what and what they support the organization.

1.7. Scope of the study

This study used a cross-sectional data type and should cover only one period to identify the determinants of small and medium manufacturing enterprises' performances. The reason why selected manufacturing among the sectors concerned to the sub-city Administration Enterprise Development Office's data (in Jan 2020) indicated from the total number of Medium and Small Enterprises in the geographical area the most of (58%) were established in the manufacturing sector. Data was collected through the manager or owner-manager since they can share enough and probably appropriate information. The study was minimized to a manageable size considered to time and resources challenges for detailed investigation of the determinants in all sectors. The aforementioned studies indicated that there was a gap of study on the area concerning Small and Medium enterprises. Therefore, the study focused only on Addis Ababa specifically in AkakiKality in the manufacturing sector.

1.8. Limitation of the study

The study had some limitations concerning sources difficulties explained as follows: Firstly, this study was limited to only the Akaki-Kality sub-city. Secondly, most of the local kinds of literature studies magnified with more references to Small and Micro Enterprises (SMEs) and shows limited self-related information to the Medium Enterprises (MEs). Third, some parts lack confidentiality to give information about conditions of the current performance of their enterprises. In addition, analysis was limited to the use of tables and multiple regression figures. However, the researcher minimized by effort for some of the limitations to lower significant effect to the general study.

1.9. Organization of the study

The study is organized into five chapters. The first chapter was about the introduction of the research study by containing the contents of the problem statement, research questions, objectives, significance, limitations, and scope of the study. The second chapter was about literature with main contents theoretical literature reviews and empirical literature reviews and other important information. The third chapter was about the research methodology and designs, contains other procedural contents within. The fourth chapter was dealing with the presentation, analysis, and discussion of the study. In the last chapter, five the summary, conclusion, and recommendation of the study were presented.

1.10. Definitions of different terms

Enterprises: Refers to one aspect of a business firm or activity in the SMEs manufacturing sectors.

Small enterprise: An enterprise-scale which has 6-30 employees and its total assets of the industrial sector is with 100,001 - 1,500,000 ETB

Medium enterprise: An enterprise that has 31-100 employees and a total of 1.5 million -20 million ETBs for the industrial sector.

Factors: is an influencing feature such as management skill, market access, financial access, infrastructure, corruption, and entrepreneurial characteristics that affect the SMEs' performance.

Determinants: Construction blocks that contribute to business success and/or failure. These refer to a variety of complex factors that explain small and medium business performance.

Performance: Profitability, customer satisfaction, and employee growth of medium and small manufacturing enterprises.

Manufacturing sector: An enterprise sector which engaged in the production of goods.

Respondents: are those individuals who are owner-managers of a small and medium enterprise

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This section assessed information knowledge of theoretical and empirical inputs, which help directly to the study. Definitions and measurement systems are included based on the theoretical evaluation. Various studies on the performance of small and medium enterprises in different countries and Ethiopia have been compiled as empirical studies on the following pages of this chapter.

2.2. Theoretical Review

2.2.1. Definitions of SMEs performance

Given the existence of an organization operating in a specified activity, its performance can be interpreted as a representative work result of the overall objectives of that organization. Related to the finding of pfeffer&Salancik, (1978) the company's performance is explained as the practices and expected outcomes. Performance should also describe how an organization or individual works to achieve that goal. Preferring (Mahmudova, 2018)approved that, no common concept of performance and, in particular, a general understanding of business performance. With related to the English word the current meaning of performance comes from the word “to perform" which means to implement something that requires a certain ability or skill.

The importance of small and medium enterprises that have tried to measure economic growth based on the conclusions of the world economy is well documented. The performance of small and medium enterprises is successful in its long-term goals, and it is the ability to meet challenges on time. The term “performance” is often used to describe the work done and to measure sustainability and profitability in contrast to the ultimate goal of an organization. Performance should define relating to the side of all management practice in ability to good finishing of the enterprise objectives. According to the concept of this Fielden et al., (2003) described that performance is equalized relating to the end gain of objectives of organizations or enterprises throughout the effectiveness of its human resources, product and services, quality customer and markets, and other financial activities.

In terms of business prospects, performance, the measure is comparable to final business results. Business performance is defined based on the excellence of the enterprises in winning their goal. Compared to the current country's policies and strategies, the performance of small and medium enterprises in Ethiopia can be interpreted as contributing to the economy. It can be defined as financial problems, power disruptions, lack of human resource excellence, declining product quality, marketing network, corruption, and many other recent challenges. Accordingly, Kennerley& Neely, (2002)argue that the performance of small and medium enterprises is a multi-dimensional concept that combines marketing, general management, finance, economics, sociology, and psychology. In general, small and medium-sized performance can be closely linked to their country's economic performance and motivation.

2.2.2. Measurement of SMEs Performance

Without organizational results, nothing can be said about the current situation. However, it is important to know what the organization is doing and how to take action for sustainability and future success. It is important to measure business performance in a business performance measurement system (Mahmudova, 2018). This system examines every aspect of the organization's performance. The main purpose of the system is to study the activities of the organization, both high and low. The activities were implemented to evaluate the effectiveness of SMEs. A performance measurement system is a basic tool for informing the ideas needed to develop effective and efficient monitoring procedures and measures. The performance of an enterprise can be measured from several perspectives to demonstrate the results of "goals". In small and medium enterprises (SMEs), quantitative (financial) and quality (non-financial) contracts are defined as performance measures(Anggadwita & Mustafid, 2014).

As (Mahmudova, 2018)efficiency, growth and profitability are the basic parameters of an enterprise's financial performance. In other studies, it provides non-financial characteristics such as customer satisfaction, productivity, creativity, management skills, etc show the performance of enterprises. According to (Maduekwe & Kamala, 2016), many medium and small enterprises do not evaluate non-financial performance. They are often evaluated based on factors such as cash flow, profit, and income, but their performance is not only limited to money. They are the best performance measurement systems analyzed by researchers using both types of measurements.

According to Rahman&Ramli, (2014), cited in (Mahmudova, 2018) some of the criteria used by manufacturing craft-based branches are financial profitability, as well as non-financial customer satisfaction, and employee growth. For this study, to analyze the relationship between input factors and SME performance, profitability, customer satisfaction, and employee growth due to: 1) Small and medium enterprises should focus on product quality, inputs and outputs, and productivity. 2) Performance analysis is very effective, including financial and non-monetary data. Certainly, internal and external factors have a significant impact on business performance.

2.2.3. Definitions of SMEs

There is no standard definition of Small and Medium-sized Enterprises (SMEs)(Bouazza1, Asma Benzazoua, & Diabate Ardjouman, 2015; Amaradiwakara & Gunatilake.,2017). A previous study of 75 countries and more than 75 different definitions used in targeted countries (Achillo, 1975) cited by Muriithi(2017). The main differences in the definition of small and medium enterprises stem from differences in the country's development, the role of the industry in the economy, which in turn leads to differences in the size, resources, and products of the enterprises.

Preferring to the study conducted in Sub - Saharan Africa (SSA) by(Fjose et al., 2010) defined the Small and Medium-sized Enterprises (SMEs) based on the number of employees from10 to 50 employees Small and 50 to 250 employees in a medium enterprise. According to the definition of World Bank(2006), the small and medium enterprises defined, if 10 to 50 hired labour and total assets and total sales of up to US$3 million as small; if 50 to 300 employees, and total assets and total sales of up to US$15(Ayyagari, Beck,& Demirguc-Kunt,2007). According to several studies, enterprises placements have different criteria in terms of the number of employees and capital level.

There are differences in the local definitions of SMEs statistics. In general, depending on the number of employees, the minimum and maximum limits for small enterprises are from 5 to 10 and from 50 to 100, respectively. The lower and upper boundaries of the “medium” enterprises are usually set from 30 to 50 and from 100 to 250 employees as findings indications of various country's literature assessments.

Table 2.1: Definition of SME's related to different countries

No.	Country	Category of Industry	Criteria
1	USA	Small	Less than 100 employees
		Medium	100-499 employees
2	China	Small	Less than 300 employees
		Medium	300-2000 employees
3	UK	Small	Less than 50 employees
		Medium	50-249 employees
4	Indonesia	Small	20-99 employees
		Medium	100-499 employees
5	South Africa	Small	50-99 employees
		Medium	100-200 employees
6	Ghana	Small	5-29 employees
		Medium	30-140 employees
7	Kenya	Small	10-50 employees
		Medium	50-100 employees
8	Tanzania	Small	5-49 employees
		Medium	50-99 employees

Source: Gidey,(2017); Fitane,(2o18); and FDRE(2003)

Since 1997, Ethiopia has organized National Micro and Small Enterprise Development Strategy (NMSEDS) and define micro-enterprise based on the total asset of less than 20,000.00 Birr ($1,200) and Small Enterprise's lessor equal to Birr 500,000 ($30,000)(Fitane, R.,2018). Accordingly(F/selassie, 2017), the National Small and Medium Enterprises Development Strategy (NSMEDS,2011) of Ethiopia defined capital less or equal birr100, 001.00($2,600) to birr1,500,000.00($39,500) with 6 to 30 employees as "small" enterprises, and a total capital of more than birr1,500,000.00($39,500), and more than 30 employees as "medium" enterprise.

Based on the new definition of small and micro enterprises of the Small and Micro Development Strategy of Ethiopia, the Ministry of Trade and Industry (MOTI) defined the medium enterprises with characteristics of capital and labour. According to the country, the definition of small and medium enterprises is listed in the table below.

Table 2.2: Definition of SMEs in Ethiopia

No.	Enterprise size	Enterprise sector	Defining criteria	
			Hired labour	Capital Size(m-million)
1	Small	Industry	6-30	≥ birr 0.1million and ≤birr1.5 million
		Service	6-30	≥ birr 0.05 million and ≤birr0.5 million
2	Medium	Industry	31-100	≥ birr 0.5millionand ≤ birr7.5 million
		Service	31-100	≥ birr 0.5 million and ≤ birr7.5 million

Source: MOTI, (2011) cited in (Fitane, 2018)

2.2.4. The importance's of SMEs in other African countries and Ethiopia

Because the owners are in the lower half of income, their expansion and growth support for small and medium enterprises often does play a significant role in creating a balanced distribution of wealth among citizens. (Muriithi, 2017), discussed the presence of SMEs in economic activities, which has a big role in practical contribution to development. As the result ofLittle, (1987) cited in (Gupta, 2019)shows that the smallest enterprises are less efficient in promoting growth and reducing poverty. However, while there are some proven benefits compared to medium-sized enterprises, small and large enterprises are relatively inefficient. Related to several studies there is no more information about the specific importance and its value towards economic development.

Overall, the benefits of SMEs have already been recognized, irreplaceable, and have contributed significantly to economic development. New markets for young people and women, income and employment, innovation and innovation, new knowledge, and origins can be the basic details of micro and small development issues. The most important things of SMEs could be basic for discovering new markets, a source income and employment for youth and women, inventing and innovation of new ideas, technology, originate and pioneer new knowledge. The contribution of SMEs in economic development can only be perfected if the right business environment can happen. Based on current conditions on SMEs(Fjose et al., 2010)discussed three observations for

broadly feature contributes to growth in Sub-Saharan Africa. The first one is explained as, due to the existent of smaller economies of scale on the countries there are smaller domestic markets and normally have a larger SME sector, in terms of the number of firms per inhabitant. Second, the number of SMEs in an economy is not necessarily related to the level of economic development. The third is that in not wealthier countries comparing as their greater number of SMEs does not actively target about their role to the overall economy. Therefore, the highest number of SMEs means probably these are an opportunity to transfer for basic sources of economic development in the developing countries.

As MoTI,(2012) report cited in (Gebreselassie, 2020)noted that Ethiopia has established Small and Medium Enterprise Developmental Agency at the level of Federal (1998 E.C) and at the level of Regional (2000 E.C) to support and coordinated SMEs. As reviewed from kinds of literature in Ethiopia there is a comfortable environment and realized the importance of small enterprises to its economy and has provided an interesting infrastructure that is smooth starting entrepreneurs to perform well their business.

The small and medium-sized enterprises are near to the reduction of unemployment and then on the way can minimize the poverty(Tekele, 2019), however, it has maximum positive impacts in building the economy industrial sector of any country but attentively in Ethiopia focused micro, small and medium enterprises is significant to massively eliminate unemployment and side by side to be a base and supportive for large scale. Since there is huge unemployment and less capital it needs engaging to Small businesses with his capacity level.

2.2.5. Performance of manufacturing SMEs in Ethiopia

The Small and medium enterprises in the sector of manufacturing are basic for integration of a country's economy with others according to the exchange of several products. It can play mainly the role as a backbone of exporting and then sources of foreign income to able to build the economy of a country. Ethiopia has a positive activity in strengthening the performance of the manufacturing sector through setting supportive policies and strategies to succeed in the agriculture lead industry transfer. According to the result of(Woldesilassie et al., 2020), Ethiopia is one of the fastest developing economies in Africa that investigated the development of micro and small manufacturing enterprises as the key strategic sector to minimize poverty and unemployment. As the survey conducted by the Central Statistical Authority, (2009) the small-scale manufacturing played the value created work opportunity, for 2,140,668 youth and women

of the society(Tekele, 2019).In Ethiopia, the manufacturing sector provides the most paid employment and the internationally supported organizations are active in entrepreneurship education.

The government has given more attention by assuming to maximizing the industrial sector linked on the good performances manufacturing sector. Moreover, even trying firstly to promoting for SMEs branched in manufacturing with a broad feature to develop overall economic activities, there are more obstacles to their performances such as firm-specific lack of knowledge and skills for basic marketing ingredients like marketing research, market segmentation, and marketing planning and control(Woldesilassie et al., 2020).

2.3. Empirical Study

In examining the critical factor of medium and small performance in Nigeria, based secondary sources of data with the sample from 1981 to 2010 concluded that both in the short and long run, interest rate and net export have harmed small and medium enterprises performance (Abdullahi & Sulaiman, 2015).

To show how to improve their operations and profitability of SMEs a study conducted worldwide with a major focus on African SMEs by (Muriithi, 2017), stated that in Africa, besides the basic and significant role, more medium and small enterprises enter to numerous problems covering from lack of capital, power shortage, lack of management skills, competencies, lack of relevant information and corruption.

In analyzing the external and internal factors of growth of small and medium enterprises in Algeria, based on a mixed methodology approach in which applied a qualitative method to review the literature in an explanatory nature, and quantitative methods was used to measure the factors that affect the development of SMEs. The data used were from the World Bank Enterprise Survey 2017-2012 to identify the most binding constraints on SMEs' and compare them with the constraints faced by other and the world average was studied by (Bouazza1, Asma Benzazoua, Diabate Ardjouman, 2015), and the result indicated that unfair competition from the informal sector, cumbersome and costly bureaucratic procedures, burdensome laws, policies, and regulations, an inefficient tax system, shortage of access to industrial real estate, shortage of access to outside finance and low human resources capacities are the key business environmental factors affecting SMEs. In addition to that entrepreneurial characteristics, low managerial

capacities, lack of marketing skills, and low technological capacities are the main internal factors responsible for the unstable and limited growth of SMEs. In the same title, a study conducted in Nigeria's SMEs by (Anga, 2014), observed through the data collected from 230 samples of SMEs finance, government policy, the market of the product, and infrastructure shows an adverse impact on the final result of the medium and small enterprises.

A study conducted to examine the factors that determine the performance of small and medium enterprises followed a simple random sampling technique with survey design by (Muzenda, 2014), and revealed that, the entrepreneur attributes, firm characteristics, and external environmental factors have some significant effects on the activities small and medium enterprises and all have statistically significant positive impacts on the performance of SMEs. Furthermore, entrepreneurs of medium and small businesses need to strategically choose competing places for their businesses to stay competitive in their markets.

Preferring to Okpara, (2011) examined the challenges on the determinants for survival and growth of small business in Nigeria: with the variables of financial, lack of management, corruption, and infrastructure. The survey techniques used to gather data from 211small business owners and managers conducted statistical, descriptive, and multiple regression analyses with SPSS. However, the researcher knows that mostly financial support, corruption, management, infrastructure constraints are negatively correlated with small business performance. According to the study taken by (Jasra and Khan, 2011) indicated access to financial inputs is the most significant factor for the success of the business by medium enterprises.

During the investigation of the difficulties of corruption on small and medium enterprises' performance in Sierra Leone, a survey study by (Kanu, 2015), recognized that 80.5% of the respondents stated that government officials illegitimately take money from SMEs owners. Also, he found that SME owners/managers regularly encountered harassment from the government officials that extorted from their money. From this understanding, corruption could affect the performance of medium and small enterprises.

2.3.1. Previous Studies on Performances of SMEs in Ethiopia

In a study by Glasso Gamo and Golagagar In 2020, the local government examined the contribution of the MMS to support the implementation of MMS in a total of 541 samples based on small, micro, micro, and small scale. A study by Galasso Gamo & Gollagari, (2020), examined the contributions of the local government based on a total of 541 samples shows the

low experience of employment and capital generation of micro, small and medium enterprises in Ethiopia, due to ineffective governmental support. That means according to the expectation the government has a shortage of effort towards potential activities for SMEs to succeed in their performance for their objectives.

In this study, the respondents announced the existence of the problem of sufficient support and their dissatisfaction since affected their performance. According to Nega &Hussein, (2016), the study done on small and medium enterprises access to finance in Ethiopia found poor financial records, lack of adequate collateral, poor management of risks, informalities of medium and small enterprises are major problems that underlined by banks and MFIs to their engagement with SMEs.Anye & Makebo, (2019), investigated the factors which affect the performance of small and medium enterprises in Yekasub-city within Addis Ababa, Ethiopia. In their study process, the sample was selected with stratified and simple random techniques to collect data through questionnaires, and multiple linear regressions were applied to show the explanatory and the study variables.

From the result known that the major finance sources for startup and expansion of most SMEs business were from personal savings and the second major sources of finance were informal sources. Furthermore, formal financial institutions have difficult application procedures, collateral requirements, and high-interest rates. According to Mitiku Mekonnen, (2018), marketing skill, age entrepreneur, industry experience in years, access to finance, corruption, access to market, and government policy were found to be the determinants of MSEs Performance.

Woldesilassie et al., (2020) identified that the performance of manufacturing (SMEs) enterprises increased, when more favorable conditions in the labor and personal factors, production techniques, material factor, productivity factor, and product quality. The managerial competency and skills shortage are factors that affect the performance of the business. Additionally, inadequate market, the difficulty of searching for the new market, poor quality product for the market, lack of establishing a market network, and lack of market information factors have a role in affecting the performance of enterprises (Anye & Makebo, 2019). This shows even access to finance has a big role among the first necessary inputs to the performance of SMEs, but the business environment shows the difficulties of the financial factor. The study done in Hawassa City, Ethiopia about the determinants that influence the growth of the small and micro-size enterprise, through survey found the MSE (micro and small enterprise) performance is

determined by age, education level, marital status, access to finance, access to adequate infrastructure and sex of respondents and government motivation (Degefu, 2018).

According to Abdissa & Fitwi, (2016), based on the study conducted in the area of BenchiMaji, in Sheka and kefa zone with specifically to the manufacturing sector to identify the variables like social issues, working premises, technology, infrastructure, marketing conditions, finance, management, and entrepreneurial skills on how could obstacle for the performance of small and medium enterprises. They followed a mixed research method, and stratified simple random sampling on the primary and secondary data collected through questionnaires distributed for 278 enterprise owners and from books, journals, past research works, official documents, and the internet respectively. The finding pointed that, a linear and positive significant relationship was found between dependent and independent variables.

As (Tekele, 2019), when assesses factors that could impact the performance of micro and small enterprises in WolitaSodo Town, determined the dependence upon the independent variables by regression analysis, i.e. political-legal, technology, infrastructure, finance, entrepreneurial, and access to business information services factors. However, the result showed that among the factors financial, political-legal, access to business information service, technological and infrastructure are the major limiter factors of the performance of Medium and Small Enterprises.

2.4. Determinants of SME's performance as Global and National

The business environment affects the performance of all enterprises from small to large. Many researchers have identified a variety of factors for small and medium enterprises based on their business environment, but most studies have identified them as internal and external business environment factors. This study is also ordered internal and external variables. In internal factors include management skills and the entrepreneur factor. External factors are infrastructure, access to finance, market access, and corruption.

2.4.1. Internal Determinant Factors

SME's business performance is based on failure or success potential or a variety of measurement factors. The measurement depends on internal factors of SMEs are summarized as follows:

2.4.1.1. Management skills

Managing a business is a process or way of relating an organization's goals to its future results. A more experienced SME is well approached in the management environment by limiting internal

and external barriers to business success. The biggest challenges in small and medium-sized business development practices in developing countries are the weakness of management actions as indicated by numerous studies with different objectives for SMEs. Based on the data of World Bank Enterprise Surveys (2012-2017), in Algeria, when analyzed the environmental factors identified lack of managerial ability is one of the major challenging factors which is responsible for the unstable and limited growth on SMEs' performances (Bouazza1, Asma Benzazoua, Diabate Ardjouman, 2015).

Many enterprises' managerial characteristics express with lack of managerial experience due to lack of appropriate training and less experience in operating their businesses work and this consequence SMEs for low performance. As assured by (Muriithi, 2017), that the small and medium enterprises (SMEs) emerging in Africa, confronted with poor management capacities and other challenges. More over-explained, the governments must put more effort and come up with practical rather than theoretical solutions for fighting a very high rate of failures of SMEs in Africa. Although, based on the study conducted according to (Anga, 2014), revealed that management skills influence the performance of SMEs in Nigeria. Leave alone medium and small enterprises have a huge necessity to the economic motivation and poverty reduction especially in sub-Saharan Africa (SSA), the sector is also faced with numerous challenges among which include ineffective management, low-level skills, and others. Similar to most African countries the major obstacles to the proper functioning and growth of the Ethiopian industrial sector are inadequate managerial and technical skills of the human resource, and other services. Therefore, business enterprises should give attention to their management skill level to recording effective business performance.

2.4.1.2. Entrepreneur characteristics

The consistence of stable and inherent characteristics of an entrepreneur can decide how they manage their businesses performances, and in addition to that, the business success is based on their strength characteristics. There are different aspects regarding the characteristics of entrepreneurs, such as age, gender, motivation, experience, educational background, risk-taking propensity, and preference for innovation (Pasanan,2007; Sidika,2012) referenced in (Bouazza1, Asma Benzazoua, Diabate Ardjouman, 2015). But in this study, the researcher will focus on a few of among them such as; motivation, experience, training and education, and risk-taking

propensity. These factors are connected exactly with the characteristics of the owner or manager of the enterprise organization.

In lines of a business, if both genders are parts of that, they have equal contribution towards the success of the business (Jasra&Khan, 2011). Motivation is a resultant vector that is described by a readiness to work hard on business objectives and can reach an interesting end. (Ahmad, 2012) reported that unmotivated entrepreneurs fall into low performance since they are not confidential in doing the business activities even may need a catalyst to themselves unlike to coordinate and oppositely, a motivated entrepreneur are more probable to include superior confidence and self-efficacy.

The level of entrepreneur training and education can have a difference in the performance of the business. As pointed in the growth of SMEs the education level of enterprise owners affected (Amaradiwakara & Gunatilake., 2017). Other similar descriptions to the effect of education in starting business performance, People which own a college of education and above have a greater chance of not failing with comparing to people who do not own college education (Osotimehin et al., 2012), cite in (Mitiku Mekonnen, 2018). This shows that the qualification background of the owner, and motivation of the owner could impact the performance of SMEs.

According to the idea stated by (Luning & Giesen, 2006), compared to the region in Ethiopia, there is poorly educated entrepreneurship and a low level of education and literacy. This may point out that, the unreachable and low qualification of education could affect the business performance of SMEs directly or indirectly.

2.4.2. External Determinant Factors

The other approach of determinant factors that could affect as external to the performances of SMEs presented as follows:

2.4.2.1. Access to finance

As universal, and especially for Small and medium enterprises emerging in Africa shortages of finance or credits are the front challenges of their performance.(Mateev & Anastasov, 2012), announced that the challenge for SMEs to access capital markets, and finance, internal finance can cover an important role in achieving the growth of SMEs by overcoming financial constraints. Accordingly, the study was done by (Muriithi, 2017)noted the problems of Africa's

financial systems are not only a weakness of services but is limited to address for all the demands with the size of capacity.

In Ethiopia, there is a demand for SME financing and development. Moreover, the government has realized the importance of small and medium enterprises to its economy and entrepreneurs to make their business. Bank problems include a high percentage of nonperforming loans, and as the study was taken starting from 2001 up to 2005 was listed among the worst financial sectors in the world(Luning & Giesen, 2006). According to(Nega & Hussein, 2016), on the study of small and medium enterprise access to finance in Ethiopia found of poor financial records, lack of adequate collateral, poor management of risks, and informalities of SMEs are the major obstacles underlined by banks and MFIs to their engagement with SMEs

The enterprises which have not seen more problems of access to finance scored higher capital performance (Degefu, 2018; Tekele, 2019). But most of the time enterprises confront the shortages of finance in starting and upgrade their business activities. From problems understanding many SMEs force to do their own self-financing and depend on friends to provide capital for their businesses. Therefore, access to finances is a more necessary factor over all the performances of the medium and small enterprises.

2.4.2.2. Access to Market

Another market factor that affects the performance of enterprises is external supply. However, FeMSEDA is developing a manual of market accesses at the government level and supporting existing enterprises, and strengthening market linkages. These supportive market opportunities could do from lower to higher with parallel to their competence increasing as the local market, regional market, and supply of national and export market (Berihu et al.,2014; Mohammed et al.,2013; Assefa et al., 2014) indicated that in Ethiopia access to sufficient and sustainable market is a major challenge and they identified the Federal Public Procurement Administration Agency has shown motivation in solving the marketing problems that existed for MSEs by set a rule as:

- Enforces for governmental or public institutions to source a certain portion of their annual procurement to give priority first for Micro and Small Enterprises.
- Since the FEMSEDA has introduced a new directive on franchising, sub-contracting, and out-growth linkage with large and, the MSEs participated in market linkage such as: in

the finishing of massive condominium housing construction projects, such as sanitary, electric installation, in the national road construction projects such as the construction of feeder roads, taking part in power generation program; and there are similar efforts to involve MSEs in the country's mining sector.

There are efforts to marketing exchange opportunities among all levels of enterprises from micro up to medium and large such as bazaars, trade exhibitions, and foreign buyers. However, the government support is related to market supply options, not sustainable market linkages.

2.4.2.3. Infrastructural facilities

In an enterprise's working development, infrastructure services such as transportation and electricity have a significant impact on time management and productivity. The deficiency in infrastructure negatively impacts the profitability and performance of SMEs, due to the high cost incurred by SMEs in the self-provision of infrastructure and distribution of finished goods (Obokoh & Goldman, 2016). Rogerson (1999), cited in Ahmad investigated the new determination of factors affecting the growth of small and medium-sized enterprises in Pakistan; water, electricity, serviceable roads, telecommunication, telephones, electronic media, and postal services which are all crucial for business start-up, development, and growth. The power supply is the backbone for SMEs which are doing the business, otherwise, if not access of it is difficult to run and continuity the business. The availability of infrastructural facilities is almost parallel with economic hierarchy. The enterprises existed in developed countries like the US, USA; China has the possibility of access infrastructure inputs.

In contrast to other parts of the world, electricity is a major challenge faced to the work performance of SMEs which organized in Africa, and in this region, most governments do not pay little attention to SMEs well-being nor do they put appropriate infrastructure to encourage their growth (Fjose et al., 2010).

From studies related to the performance of small and medium-sized enterprises in different countries known that lack of infrastructure services is one of the main determinants affecting their activities survival (Ahmad, 2012; Amwele, 2013; Anga, 2014; Muriithi, 2017).

One of the main effects for Ethiopian enterprises to the proper functioning of their business is a continuous electric power disruption. Accordingly, (Tekele, 2019), revealed infrastructures such as constant supply of electric city, water and transportation systems and providing working space that affects the performance of micro and small enterprises. It seeming a contradiction, but as

indicated in different studies infrastructure is not challenged for enterprises in Ethiopia unlike, which is a strength of the industry sector (Luning & Giesen, 2006). There is a massive investment in infrastructures such as road, communication, and power generation for the industrial development of the Ethiopian Industrial Development Strategic Plan of 2013 to 2025 (FDRE, 2013). It's known that more Chinese companies are engaged in the construction and building of roads in strategic locations all around Ethiopia.

2.4.2.4. Corruption

In bureaucratic administration to process several procedures, there is an interest of corruption seen as a normal part of life like awaiting the services of the customer. This type of situation(Mitiku Mekonnen, 2018), classified as the external factor of SMEs' performance. On the other side, they may force or harass governmental individuals or groups. Thus, corruption plays with double face in affecting the dependent variable, which is explained as below:

The business environment has a main role in the performance of SMEs to survive and maximum contribution to the economic development negatively or positively. Corruption is one of the barbarism practices of a bad business environment that should be done by government parts either by agreement or by being forced to SMEs owners or managers. Corruption is generally defined as 'the abuse of public power for private gain'(Cuervo-Cazurra,2006), as cited in the research of(Athanasouli1 et al., 2012).

As indicated in different studies in African countries corruption is a major challenge for the performance of any level of an enterprise. (Muriithi, 2017), explored in Africa, besides their critical and positive role, many SMEs face numerous challenges like corruption and others. Moreover,(Fjose et al., 2010), in their study specified that, corruption and bureaucracy as the major constraining factors to SMEs development in Sub-Saharan African countries. (Ahmad, 2012) study on the growth of small and medium level enterprises in Pakistan, the research result makes known that bureaucracy is one of the imperative factors affecting SMEs growth. Sometimes, the SMEs could corrupt by creating an integrated agreement with government support parts specifically in tax systems and marketing networks. Corruption is a cause for unfair competition.

Although the SMEs sector is in a big change, Transparency International 2020 report revealed that Ethiopia is still facing challenges to bring about SME performance in the country. The

international anti-corruption watchdog, Transparency International, ranked countries corruption index, and Ethiopia's score for the year 2020 is close to zero and placed 94th (out of 180 countries) with a total score of 38% total score. From the score of the index, one can note that Ethiopia is still very much corrupted once.

2.5. Research Gaps

The Small and Medium Enterprises are habitual for countries in initiation development process like Ethiopia which believed or known as, the thin genitals for the economics motivation, for basic sources to the creation of employment, for the major level of contributors to the growth of economic activity, and more they focused in poverty eliminating as limiting factor. Relate to these enterprises not despite their role to the local economic development in the previous ten years. However, as different studies discussed from their concluded result shows a different nature of constraints cover over performances of mainly the Small and Medium business enterprises and to the micro-levels.

For example, after conducting the study related to the role of local government support based on the data collected from 525 respondents of Small, Medium, and Micro enterprises (Galasso Gamo & Gollagari, 2020)which positioned that the maximum of about 74.1%, 11%, 14.9% respectively are pointed low or very low, high or very high, medium suitability of the local business environment for their performance. Actually, may not be a surprise related to the National Research Development, it is conditional to the shortage of works of literature which specifically to the Small and Medium enterprise companies, and especially even not any matching to the title of this study down to the research searched.

Therefore, this study was stand up for filling the limitation or the gap by examining the determinant factors that impact the performances of Small and Medium-sized business enterprises activating in Akaki-Kality one of the sub-cities of Addis Ababa.

2.6. Conclusion

The chapter which tried to covers further literature reviews with assumptions of SMEs performances and its determinants concepts from related studies conducted as universal, regional, as a country and in-country particular areas included: Central and Eastern Europe, Italy, Japan, and United States, Korea, in case of Africa, in case of Sub Saharan Africa, Sierra Leone, Pakistan, Sri Lanka, Greek, Nigeria, Algeria, Kenya, Sudan, and Nationally in case of

Ethiopia, in case of Addis Ababa and other regions of urban areas. According to theoretical perspectives, several determinants of SME performances have been examined and which support the researcher to justify the possible limiting variables of SMEs performance in AkakiKality. Those factors are based on establishing the conceptual or theoretical framework. Even though differ from country to country but not at all especially in developing economies, the literature study makes clear constraints of SMEs performance.

The literature review identified numerous factors such as ineffective local government support, electric power interruptions, lack of information and market skill, lack of training and education, ineffective management, lack of motivation, access to public infrastructure, ineffective tax system, lack of access to new technologies, entrepreneur characteristics, difficulties of searching the new market, poor product quality for the market, the rent-seeking mentality of SMEs. The literature review of this chapter indicates performances of SME's still have many constraints particularly in Addis Ababa and its grounds. In this cross-section survey not possible to include all the above-noted determinants due to time and resource constraints. As the researcher effort reached no study was conducted concerning the medium and small-scale enterprises in the selected study area and which has an existence of some enterprises under performance.

Therefore, based on previous researchers conclusion and their common and known characteristics in factorizing enterprise performance, with sub categories of internal and external, the researcher selects the main 6 (six) determinant factors of SMEs performance in Addis Ababaspecifically Akaki-kality sub-city as following:

i. Internal determinant factors: Entrepreneur factors and Management skill
ii. External determinant factors: Access to finance, Access to market, Infrastructure, and Corruption.

2.7. Conceptual frame work

To examine the effects of independent variables on SME performance, it is important to organize a conceptual framework. Any elements of a scientific research process with measurable availability terms should be defined as conceptual or Specific concepts (Amwele, 2013). Therefore, this conceptual framework permits the researcher to test the effect of the independent variables on the dependent variables, which will put a break on the forces that are believed to promote economic growth (Jain,2001) cited in (Kanu, 2015). Based on observations from the

literature review, the theoretical framework drawing with matching to the main concepts of the processing the outcomes of an organization depend on the resources available internally. Therefore, to make it easy to understand the relationship between the performance of SME's (dependent variable) and the determinant factors (independent variables) the researcher proposed the conceptual model as in figure$_{1}$ below.

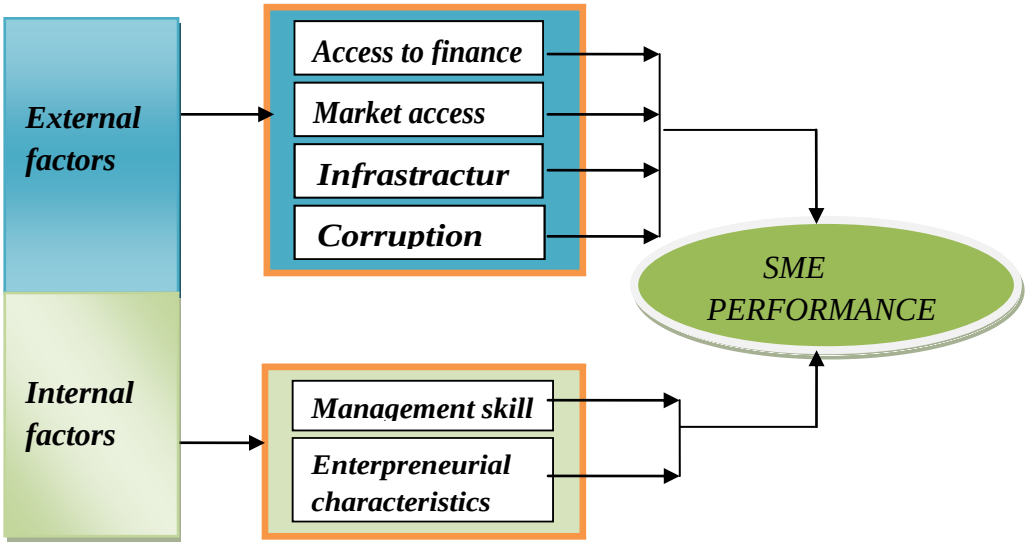

Figure 2-1. Conceptual Frame Work

(Source: own construct, Apr, 2O21)

The study should examine variables of the framework to find out solutions for each of the research questions and it needs to show the degree of individuals of the determinant variables in affecting SMEs performance in AkakiKality.The performance of SMEs is the dependent variable of this study. The Next Chapter is about research methodology and which is important for the result of the study.

CHAPTER THREE: METHODOLOGY

3.1. Introduction

The researcher identified methods and techniques to investigate the determinant factors on the performances of small and medium enterprises. However, this chapter provides an overview of how each activity can be performed. The chapter covers research topics such as research approach, research design, sampling method, variables and measurement, reliability and validity, and ethical considerations.

3.2. Research approach

The researcher followed the mixed research method to point out the impacts of independent variables. This approach has a better chance of looking at all data dissemination and analysis. As pointed by Market al.,(2009:101) cited in(Abdissa& Fitwi, 2016) employ a mixed approach can help reduce errors in each quality and quantity method or increase the strength of individual approaches. In addition, the mixed approach has both options for analyzing the numerical and qualitative data. The objective and subjective data findings may contribute to the overall quality of the study.

3.3. Research Design

In this study, the descriptive and explanatory research design is employed. Descriptive statistics primarily used for qualitative data descriptions. The explanatory design was used to examine the association between the study variable (SMEs performance), and explanatory variables (entrepreneur factors, infrastructure, access to finance, corruption, access to market, working premises, managerial skill). Due to the limitation of time and other sources, the study utilized cross-sectional an opportunity that all necessary data were collected at a single point in time.

3.4. Research methods

In this study data source, sampling method, and data analysis research methods are included and, their description stated as follows:

3.4.1. Data sources

The data is essential for the measurement of the variables contained in the study. According to the study data collection method, primary and secondary sources of data were used. The primary

sources of data were the small and medium enterprises owner/manager. The study was concerned with manufacturing sub-sectors of metal and woodwork products, textile and garments, food preparation; and construction inputs. Concerning this research, the primary data was gathered through preparing and distributing close-ended questions. The likelihood of distributing the questionnaire was to get information completed by respondents. The secondary sources of data were through enterprise development offices, industry offices, and other stakeholders, published governmental documents, i.e., either in Amharic or in English, and different academicals and economical research studies from the internet. The detailed information of this research was included based on necessary empirical and theoretical product inputs of literature reviews. Moreover, all of these could help the further investigation to show what truly exists on the ground and how affects the explanatory variables.

3.4.1.1. Development of instrument and procedures

Close-ended questions were included in the questionnaire. The questions focused on general information related to the ownership/management, SMEs characteristics, performance measurements, and the critical challenges they face in their performance. The questionnaire was clear and concise to make it easy for participants to understand. The questions were identified as choice questions, and Likert questions of 5 different scales as "strongly *agree, agree, not sure, disagree, and strongly disagree".*The Likert scale, which is a numerical scale, was used in studies to measure organizational performance(Sekaran&Bougie, 2010).

The fact that the questionnaire was available in both Amharic and English was helped to reduce the language and cognitive barriers of respondents. The questionnaires were distributed live by the researcher and collected after.

3.4.1.2. Measurement of Variables

For purpose of this study, the researcher had adopted a questionnaire based on characteristics of the variable's measurement tools from nearly similar sources. These measures provide a more numerical approach to fully analyze the hypothesis of the study with the assumption of the research questions and the research design as follows:

Table 3.1.variables measurement and sources

No.		Variables	Sources	Measures
Dependent variable		Performance of SMEs	(Amwele, 2013); (Lingesiya.Y, 2012)	Q(7.1); Q(7.2 to 7.5)
Independent Variables	1	Management skill	(Abera, 2012); (Fitane, 2018)	Q(1.3 to 1.5);Q(1.1to1.2)
	2	Entrepreneur factors	(Abera, 2012); (Fitane, 2018)	Q(2.2 to 2.4); Q(2.1)
	3	Access to finance	(Abera, 2012); (Kebede, 2015)	Q(3.3 to3.5);Q(3.1to 3.2)
	4	Access to market	(Abera, 2012); (Kebede, 2015)	Q(4.1 to 4.4);Q(4.5)
	5	Infrastructure	(Abera, 2012); (Amwele, 2013)	Q(5.1 to 5.3);Q(5.4)
	6	Corruption	(Kanu, 2015);(Gamo,2020)	Q(6.2 to 6.3); Q(6.4)

(Sources: own survey, 2021)

3.4.2. Sampling method

The sampling method is the process of taking the representatives or samples from the population.

3.4.2.1. Target population

That was concerning to the manufacturing sectors in Akaki-Kality, i.e, chosen among the sub-cities in Addis Ababa. According to the sub-city enterprise development office, the target population of medium and small manufacturing enterprises was 366. This sub city selected by the researcher to fill the research gap in small and medium enterprises in the area, and previously the researcher had easy access to information due to working background knowledge. In addition, more than half (58%) of the small and medium enterprises of the sub-city were organized in the manufacturing sector. That is why the researcher chose only enterprises operating in the manufacturing sector.

Table 3.2: Total number of SMEs in Akaki Kality sub-city

No.	Total of SMEs by Sector					
	Construction	Manufacturing	urban	Service	Trade	Total
1	207	336	13	19	7	582

(Data Source: Akakikality sub city Enterprise Dev't office Jan, 2020/21)

3.4.2.2. Sampling Techniques and Sample Size

The targeted population emerged in sub-sectors related to different businesses. To have a more effective representative sample size of a study must depend on the image of the population and its objectives (Catherine Dawson, 2009:54). The study used a stratified sampling technique to an equal proportion of sample size from strata, and simple random sampling was preferable for an equal chance of selection into the sample in each stratum. This was the advantage to ensure a

representative's sample and reducing sampling error. To identify the representative sample size of the population, the researcher was used a mathematical formula of Yamane (1967). It is assumed that the sample would have 95% reliability about the population and a sampling error of ±5%. The targeted population was 336.

Table 3.3: stratified sample size of the target population

$n = \frac{N}{(1 + N\,(e)2)}$ $ni = n\left(\frac{Ni}{N}\right)$		Where; n=the sample size, N=the opulation size e=level of precison(error of n) n_i=stratum sample size N_i=strata i population	Thus, $n = \frac{336}{(1 + 336(0.05 * 0.05))} = 182$
No	Sub-sector	The population of SMEs, Ni	Proportion sample size, ni
1	Metaland Woodwork	169	$n_1=n\left(\frac{N1}{N}\right)$= [(169/336)x182]=84
2	construction input material	129	$n_1=n\left(\frac{N1}{N}\right)$= [(129/336)x182]=64
3	Food preparation	30	$n_1=n\left(\frac{N1}{N}\right)$= [(30/336)x182]=15
4	Textile and raiment	38	$n_1=n\left(\frac{N1}{N}\right)$= [(38/336)x182]=19
5	Total	336	182

(Source: Akaki-Kality Sub-city Enterprises Dev't Office Jan 2020/21)

Thus sample size was distributed with equal probability selection of simple random technique for each manufacturing sector sub-division stratum by $ni = n\left(\frac{Ni}{N}\right)$.

3.4.3. Data Analysis Method

Data analysis is the process of obtaining raw data and converting it to relevant information for the conclusion. As part of the Statistical Package for Social Science (SPSS), Analysis of Variance (ANOVA) was applied to analyze the data obtained through the instruments. In the study, both descriptive and inferential analyses were employed.

3.4.3.1. Descriptive Analysis

The descriptive analysis helped to summarize the data by combining table formats due to central tendencies such as mean and standard deviation. In addition, it is important to compare different things. In this analysis, tools such as frequency and percentage were used to analyze the demographic issues of the respondents and to describe the characteristics of medium and small enterprises. To analyze and interpret sample respondents' responses, the researcher used average and standard deviations to show the impact on their business performance. In analyzing the qualitative data from the respondent's response, the researcher used interpretation standards and provided narrative explanations. According to Zaidaton & Bagari, (2009) interpretation of mean

score which stated that a mean value of (3.39 and below) indicated as 'low', for a mean value of (3.4 to 3.79) interpreted as 'moderate', and (3.8 and above) considered as 'high' to describe results of central tendency and dispersion as illustrated in the below table.

Table 3.4: A base for comparison mean of a score of the five-point Likert scale

No.	**Mean score**	**Description**
1	3.9 and Lees than	Low
2	3.40 – 3.79	Moderate
3	3.8 and above	High

(Source: Zaidaton & Bagari, 2009)

Within the same condition, the level of conformity or dissimilarity of the respondent for each explanation of mean value against the Likert scale was analyzed as the taking after common descriptions.

Table 3.5: The mean score comparing to Likert scale (1-5) descriptions

Likert scale	1	2	3	4	5
Mean range	1.00-1.79	1.80-2.60	2.61-3.39	3.40-4.19	4.20-5
Description	Strongly disagree	Disagree	Not sure	Agree	Strongly agree

(Source: Adopted through Taye, K., 2017)

3.4.3.2. Inferential Analysis

This study included more than one independent variable entrepreneurial characteristic, access to finance, market access, management skills, infrastructure, and corruption. Hence, the research employed correlations and statistical regression analysis to investigate the relationship between the variables in the study.

The researcher carried out to show the linear association between variables by conducting Pearson's correlation coefficient analysis. The correlation values range from +1 to -1. Accordingly, the value 0(zero) does not refer to any association, less than 0(zero) shows a negative association, and greater than 0(zero) shows a positive association (Field,2005). The researcher used an interpretation of correlation to analyze the result of the data. Cohen (1998) as cited in (Warokka & Gallato, 2012) introduced the following three ranges to interpret correlation coefficient among different variables as follows:

Table 3.6. Classification of degree of correlation

No.	Correlation,r	Degree
1	From 0.10 to 0.29	Low degree of correlations
2	From 0.30 to 0.49	A moderate degree of correlations
3	From 0.50 to 0.10	High degree and moderate correlations

(Sources: Warokka & Gallato, 2012)

A multiple regression model is required if happened more independent variables. The researcher used the statistical regression analysis to identify how the independent variables affected the dependent variable. These methods helped to identify the relationship between the study variable and the individual business performance indicators. The statistical regression analysis is a method of predicting a value on a dependent variable given the values of independent variables and uses it to determine if the independent variables explain the variance in the dependent variable followed the multiple regression analysis methods.

3.4.3.2.1.Specification of the Study Model:

To show the relationships between the response variable and predictor variables of this study the multiple regressions were adapted as a specific model. As discussed by(Bremer, 2012) the multiple regression model indicates how a single dependent variable depends linearly on two and above independent variables. With concerned a study on identifying key determinants factors of SMEs by(Woldesilassie et al., 2020)used multiple linear regression model and noted which is a very good model. Multiple linear regressions are important because they can show the inter-correlations among all variables involved and also lead into account the correlation among predictor scores. Mostly the multiple linear regressions are fittest if the performance of the dependent variable takes as a continuous measure. The regression equation of this proposal builds up according to the dependent and independent variables to help for the easiness of understanding, explaining, and predicting the variables. Therefore, the developed model and its specification outlined as the form of;

$Y= \beta_0+ \beta_1X_1 +\beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \beta_5X_5+ \beta_6X_6+\varepsilon$

Where:Y= is the performance of SME's, X_1 *to* X_6 = are independent variables presented as:

X_1= entrepreneur factor, X_2 =management skill, X_3=access to finance, X_4=access to market, X_5=infrastructure, X_6=corruption, β_0= Constant, β_1 - β_8= Regression Coefficients and

ε= Regression error.

β_0 is the intercept term- constant which would be equal to the mean if all slope coefficients are 0. β_1 up to β_6, are the coefficients associated with each independent variable which measures the change in the mean value of *Y*, per unit change in their respective independent variables. Concerning the appropriateness test of the model to response variable and the explanatory variables, it will check the multi co-linearity, and normality and indignity, and other problems as likely.

3.5. Reliability and validity of Test

3.5.1. Reliability Test

In the study the researcher used the Cronbach Alpha (α) coefficient tool, to measure the internal consistency (homogeneity) among the variables concerning the data collected through the questionnaire. This alpha is not a statistical test but it is a coefficient of consistency. It has a general rule that $0.70 \leq \alpha \leq 0.79$is good, $0.80 \leq \alpha \leq 0.89$is better, and $\alpha \geq 0.90$ is best. According Lee Cronbach (1951) defines reliability as an attribute of an instrument used to measure consistency. Consistency indicates that an instrument that has constructive value is used to measure.

In the study case, the Cronbach alpha of all variables was greater than 0.70 showing high internal reliabilities of the scales used. This suggests that the items concerned adequately measure a single construct for each tested variable (access to finance, entrepreneur characteristics, management skills, access to market, infrastructures, corruption, and business performance).

Table 3.7: Reliability Statistics of instruments

Determinant factors and Business performance		**Cronbach alpha**(α)	**Statements**	**Measurements strength**
Determinant factors	Access to finance	0.835	5	better
	Entrepreneur characteristics	0.852	4	”
	Management skills	0.828	5	”
	Access to market	0.913	5	best
	Infrastructures	0.818	4	better
	Corruption	0.863	4	”
Overall Determinant factors		0.836	27	”
Business performance		0.757	5	good
Overall (performance & determinants)		0.945	32	best

(Source: own survey, 2021)

3.5.2. Validity of the Test

Validity is concerned with the meaningfulness of the research component by perfectly measuring of study and not measure by Cronbach's alpha. However, it will measure by including appropriate factors for the questionnaire. Construct validity is one way of measuring validity which indicated the possibility to take inferences measuring statements interrelated to the thought of the study (Roberta and Alison, 2015). Hence, the study employed to search different works of literature which are associated with the idea of small and medium enterprises business performance measurement. The Validation of questionnaire items was maintained by adopting expertly structured questionnaire items to judge the research instrument.

Therefore, most of the measurement statements were adopted from (Abera, 2012; Amwele, 2013; Fitane, 2018; Kanu, 2015; Kebede, 2015; Gamo, 2020; Lingesiya. Y, 2012).

3.6. Ethical Considerations

Specifically, in the research process to distribute and gather questionnaires paper through the respondents, the researcher should include voluntary participants. First, these participants must have willingness and interest to play their role for the success of the objective of the study to get quality of data and need to orient them. The researcher should take a responsive and consent to secure before the beginning of distributing questionnaires. Although, needs a clear and simple introduction to maximize appetite about the research desideration.

At the time of data collection, it was never any force for voluntary participants to take part in the research and they were possible to stop their kindness to help for the research process. To build confidentiality of each respondent is their identity and right to privacy will maintain by assigning code numbers instead of names. The researcher will file the gathered data safely and can access only the researcher and thesis advisor.

CHAPTER FOUR: RESULT PRESENTATION, ANALYSIS, AND INTERPRETATION

4.1. Introduction:

The purpose of the study was to identify the determinant factors of the performance of medium and small-sized manufacturing enterprises in the Akaki-Kality sub-city. This section provides research results based on research objectives. The analysis included respondents and SMEsdemographic characteristics, performance measurement, descriptive and inferential statistical findings. Tabulation and figures are used to show numerical values and test assumptions. Comparison of variables in general and also related to each sector presented.

4.2. Response rate of questionnaire

Data for this study were collected from medium and small manufacturing enterprises in the Akaki Kality sub-city. A total of 182 sample respondents were targeted and proportional questionnaires were prepared and distributed to respondents. H However, a total of 181 respondents cover 99% of the total response. As Mugenda and Mugenda (2003) stated response rate of the questionnaire was more than 70% scaled as an excellent response. Therefore, the response rate of 181 respondents was analyzed and used in this study. The results are presented in Table 4.1 below.

Table 4.1: Response rate

Category	Frequency	Percent (%)
Respondents	181	99.45
Non-respondents	1	0.55
Toal	182	100.0

(Source: own survey, 2021)

4.3. Results of demographic characteristics of respondents and SMEs

This section presents the results of the study findings based on the demographic characteristics of the respondents and the small and medium manufacturing enterprises.

4.3.1. The respondent's characteristics:

The researcher was required to discover the small and medium manufacturing entrepreneur respondents sharing gender, order of age, and level of education. The data results are indicated in Table 4.2 as follows.

Table 4.2. Owner- manager or manager characteristics

No.	Character	Category	Frequency	Percent (%)
1	Gender of respondent	Female	79	43.6
		Male	102	56.4
		Total(N)	181	100.0
2	Age of respondent	below 26 years	6	3.3
		(26-35) years	65	35.9
		(36-45) years	71	39.2
		Above 45 years	39	21.5
		Total(N)	181	100.0
3	The educational level of Respondent	Primary	18	9.9
		Secondary	27	14.9
		Diploma or TVET	101	55.8
		First degree and above	35	19.3
		Total(N)	181	100.0

(Source: own survey, 2021)

Table4.2 presented the distribution of the characteristics of respondents. According to the percentages of gender clues that 56.4% of the respondents are male and the remaining 43.6% are female. This indicates that most of the small and medium-sized entrepreneurs in Akakikality Sub-city are male.

Second, 3.3% were under 26 years of age, 35.9% were 26-35 years old, 39.2% were 36-45 years old, and 21.5% were over 45 years old. The age of the respondents was important because different age groups faced different challenges in running their businesses. With this discovery, the number of young business owners is small. As a result, small and medium enterprises in Akaki-Kality have an older business owner, which allows them to gain specialized experience and knowledge to be successful in their businesses.

Thirdly, in terms of education level, 9.9% of the respondents have a primary level, 14.9% of respondents have a high school as their highest level of education, as the majority 55.8% of the respondents have a diploma or TVET which is college certificated level. The remaining 19.3% of the respondents were first-degree graduates and above level. These findings indicate that respondents took different levels of education. Education standards influence management

practices, so most respondents associated with this study often respond to college and university graduates that mostly they can be aware of and possibly react to things with understanding. This improvement does not support the idea stated by (Luning & Giesen, 2006), compared to the region in Ethiopia there is poorly educated entrepreneurship and literacy, particularly for the study zone. People with a college or college background are more likely to compete with people who do not have a college education (Osotimehin et al.,2012), cited in(Mitiku Mekonnen, 2018). Thus, the findings show that the above respondents are similar to college graduates and higher education in medium and small-sized manufacturing enterprises in Akaki Kality sub-city.

4.3.2. Characteristics of small and medium manufacturing enterprises

This section includes results related to the age of operation, legality, management status, and type of business. The results of these behaviors are presented in Table 4.3 below.

Table 4.3: Characteristics of the respondent's business enterprise

No.	Business character	Category	Frequency	Percent (%)
1	Administration status of the business	owner-manager	131	72.4
		Manager	50	27.6
		Total	181	100.0
2	The legality of the business	Sole proprietorship	94	51.9
		Partnership	87	48.1
		Total	181	100.0
3	Age of the business enterprises	less than 3 years	29	16.0
		(4-8) years	79	43.6
		(9-12) years	58	32.0
		13 and above years	15	8.3
		Total	181	100.0
4	Type of the business enterprises	Metal and Woodwork	83	45.9
		Food Processing	15	8.3
		Construction Inputs	64	35.4
		Textile and Garment	19	10.5
		Total	181	100.0

(Source: own survey, 2021)

First, the frequency in Table 4.3 shows that only 72.4% of respondents per 72.4% of each message. As a result, corporate executives are more likely to lose management experience than management respondents.

First, the frequency in Table 4.3 shows that greater parts of the respondents integrated into own-manager which is 72.4% and only 27.6% of the respondents are managers. Thus, the Akaki Kality medium and small-scale manufacturing industries are being run by their owner-manager status. As a result, enterprises of owner-manager respondents are more likely to lose management experience than management respondents.

Second, based on Table 4.3 both sole proprietorship and partnership accounted for 51.9% and 48.1% of the respondent's business legality establishment respectively. According to various studies in Ethiopia, enterprise business owners choose to start and run their businesses alone. However, the findings do not significantly differentiate between partnership and sole ownership, but with sample respondents' response reflections in Akaki-Kality more of the small and medium manufacturing enterprises established as a sole proprietorship.

Third, research findings show that 16% are under 3 years old, the majority 43.6% are 4-8 years old, 32% are 9-12 years old, and 8.3% are 13 years or older. Over the years, these findings suggest that respondents have worked in micro and small enterprises for less than three to 13 years. Based on these results, respondents are well aware of the long history of working in medium and small manufacturing enterprises and the factors that affect their business.

Fourth, the responses to the samples in Table 4.3 cover 45.9%, 8.3%, 35.4%, and 10.5%, on metal and woodworking, food processing, construction materials, textiles, and clothing, respectively. This shows that the respondents strained from a variety of business types and consequently more appropriate in finding out the various factors affecting their performance in the medium and small manufacturing enterprise in Akaki-Kality. The diversity of business types included makes the study full in establishing the factors since enterprises in different sectors face different types of challenges. This shows that most of the medium and small manufacturing runs metal and woodwork and construction inputs and other related activities.

4.4. Results of SMEs performance

The study was designed to determine how respondents measure and feel about their measuring experiences and their current business performance management impacts. And again, in the study, the dependent variable or the manufacturing SME's performance contained five different

measuring components. Therefore, performance is a variable computed based on the central tendency and the dispersions scores of the components.

4.4.1. Experience of respondents on performance measurement

The researcher wanted to know how respondents measure their business performance by using the performance measurement tools. Business performance should be measured based on various measuring tools related to the characteristics of the type of business. The study results are presented in Table 4.4 below.

Table 4.4: Measurements tools of respondents

Measurement tool		Frequency	Percent (%)
	Sales volume	30	16.6
	Customer Satisfaction	73	40.3
	Profitability	45	24.9
	Number of employees	19	10.5
	No idea	14	7.7
	Total	181	100.0

(Source: researcher survey, 2021)

The study findings in Table 4.4 show that from a total of the respondents, 92.30% have measured their business performance with different tools. The majority of 40.3% of the respondents have measured their business performance based on customer satisfaction, 24.9% measured by analyzing profitability, 16.6% measured using of sales, and 10.5% measured related to the number of employees increasing. The rest 7.7% of respondents responded they have no idea about measuring their business performance. Whether they were not aware at all and/or were not sure what they are the tools inquired or not. In general, most of the respondents are aware of different business tools to measure and they do analyze their business performance in the Akaki-kality sub-city.

4.4.2. Effectiveness of SMEs performance using measurement tools

The small and medium manufacturing enterprises respondents have to evaluate on-time their performance for the decision to keep from failure or other. Although, wrong or weakness of performance measurement can lead to unsuccessful business outcomes. Therefore, this study

wanted to find out how was supportive and effective the respondent's measurement connected to their performance. The research result is indicated in Table 4.5 below.

Table 4.5: Goodness of measurement tools

	Response	Frequency	Percent (%)
	very good	53	29.3
	Good	85	47.0
	Not good	33	18.2
	No idea	10	5.5
	Total	181	100.0

(Source: Researcher survey, 2021)

From the study findings, 29.3% are said very well, 47.0% are said good, 18.2% are said not good, while5.5% of respondents indicated not have an idea on the goodness of measuring business performance to be neither good nor not good to the performance of the business toward their goals and some of not aware at all. However, the study result identified that more than 76.3% of the respondent's responses assured measuring manufacturing SMEs' performance using measurement tools is good for feature performance improvement.

4.5. Results of Measures of Central Tendency and Dispersion on Manufacturing SMEs Performance

The study wanted to establish the influence of the justified factors on the performance of manufacturing SMEs in the Akaki-kality Sub-city by considering the objective of the study. Related to the small and medium manufacturing enterprises some obstacles delay their performance activities associated with different factors. Based on different works of literature the challenges discussed as internal and external factors. This part focused on the description of the findings of statistical numerical values through the respondents' perceptions. As the researcher before planned (Zaidaton & Bagari, 2009) of mean interpretation used for conclusion and comparison of the impact of each independent and its statements on the dependent.

4.5.1. Challenges of management skill factors on SMEs performance

The analyst has to appear how the management ability explanations contribute as a deterrent to the respondents' enterprise division based on central propensity and dispersion comes about as outlined within the underneath table.

Table 4.6: Results of descriptive statistics of management skill factors on enterprise sectors

Strata or sector	Descriptive statistics	Statements					
		Ms1	Ms2	Ms3	Ms4	Ms5	Average
Metal & Wood work	Mean	3.93	3.08	3.98	3.02	4.05	3.61
	Std. D	0.79	0.98	0.80	0.95	0.87	0.60
Food processing	Mean	3.73	2.80	3.80	3.20	4.07	3.65
	Std. D	0.70	0.94	0.77	0.68	0.46	0.57
Construction Inputs	Mean	3.75	3.05	3.60	2.84	4.22	3.44
	Std. D	0.85	1.08	0.90	1.01	0.74	0.71
Textile & Garment	Mean	4.05	3.32	3.84	3.21	4.16	3.72
	Std. D	0.70	1.00	0.90	1.03	0.76	0.63
Overall mean	Mean	3.86	3.07	3.82	2.99	4.03	3.55
	Std. D	0.80	1.01	0.85	0.96	0.68	0.68

(Source: Researcher survey, 2021)

Note: Ms1= Level of your management experience is low, Ms2= High cost and inaccessible training facilities, Ms3= Weak level of responsibilities and division of duties, Ms4= Poor organization affected for communication, Ms5= High level of the gap in your strategic business planning

The value of descriptive statistics based on respondents' reactions related to the challenges of management skill activities on the performance of medium and small enterprises in the manufacturing sector of Akaki Kality Sub-City is presented in Table 4.10. Within the survey questionnaire, five statements were made to assess the management practices on the performance of medium and small-scale manufacturing enterprises.

The respondents identified barriers in each manufacturing sector, from the most maximum of 4.22 mean result for a gap of strategic business planning on construction material inputs to at least 2.80 means results not available training facilities for food processors. The overall mean of all sectors concerned for the gap of strategic business planning, low management experience and weak level of responsibilities, and division of duties indicates a major obstacle to the performance of medium and small manufacturing industries in the study area.

According to the table, the mean score of these factors is 3.80 and above concerningZaidaton and Bagheri (2009) mean score rating. The gaps in the Strategic Business Plan, low management experience, and powerless level of responsibilities and division of duties mean scores were 4.03,

3.86, and 3.82 respectively. These results indicate the commitments of the statements as high challenges on medium and small manufacturing enterprises within the limited estimation zone (Zaidaton & Baghari, 2009). In terms of management ability factors, a high gap of strategic business planning has had a significant impact with a range of mean 4.22 to 4.05 with small dispersion for all the sectors. Hence, the gap of strategic business planning was a single one that took the major commitment in challenging the performance of all sectors with high level. Only construction material input respondents who responded by comparing the sectors strongly agreed with a mean/standard deviation of 4.22/0.74, while the rest agreed that lack of a strategic business plan was a high challenge to their business performance.

This result encouraged by Abera,(2012)which conducted his study in the Arada and Lideta sub-city indicated that the lack of a strategic business plan has affected the performance of small enterprises. According to the finding of(Mahmood et al., 2011), a key role in strategic business planning is to make strategically designed practices owned enterprises more successful in business performance.

However, medium and small enterprises are following informal advances to the management of their resources and have no strategic plans(Möllering, 2019). Regarding the results of the survey, many of the participants involved in the study realized that the long-term business plan is a major obstacle to implementation. This means that the performance of these businesses is limited to their day-to-day operations. Lack of a clear business strategic plan can limit the overall vision of the business and lead to major obstacles. In other words, they are unprepared and random to pursue success. They may not be able to understand and use their potential without a clear plan. Therefore, strategic business planning for small and medium enterprises operating in Akaki Kality sub-city is a difficult challenge. Continuously, the owner/manager or respondents reacted that weak level of responsibilities and division of duties being a high obstacle for metal and woodwork with a mean value of 3.98, for textile & garment with a mean value of 3.84, for food processing with a mean value 3.80, and moderate obstacle for construction inputs with mean value 3.61(Zaidaton & Baghari, 2009).

In the same token, low management experience contributed significantly to the performance of metal and woodwork and for textile & garment with mean/standard deviation of 3.93/0.80, and 4.05/0.71. In addition, it has a moderate effect on construction inputs and food processing with a mean/ standard deviation score of 3.75/0.85, 3.73/0.70 respectively.

The respondents satisfied by the questions related to business planning, management experience, and responsibilities and division of duties replayed their affirmation with high mean score and little coefficient variety comparing to inaccessible training facilities, and poor organization and communication which have low negativity or low challenge on the execution of medium and small manufacturing enterprises.

The mean value of 3.07 and 2.99 demonstrated the reaction of the members is not one or neither agree nor oppose this idea or they were not beyond any doubt to situate their reaction choice to the deterrents of the statements on their enterprise performances concerning the Likert mean scale. Moreover, indicated that participants did not agree or disagree or that they were not sure how to handle their decision to the point of the obstacles. This finding may be related to not sureness of owners/management for the data they share the need to hide their failure, gaps of understanding for the statements or were not recognizing special challenges. High cost and inaccessible training facilities and poor organizational and communication ranked within a mean score of 2.80 to 3.20, and both have low effect on the performance of all sectors (Zaidaton & Baghari, 2009).

Generally, the respondent's understanding has given a value for all questions with a mean rate of 2.80 and above. Inaccessible training facilities and poor organization and communication statements had a low impact on respondents' performance. But they were not sure if their agreement was in a difficult situation or for various reasons. On the other hand, the gap of strategic planning, followed by low management experience, and weak responsibilities, and division of labor are highly affecting the performance of the respondents as reacted with an agreement. Thus, the perception of the respondents related to the overall average mean/standard deviation of 3.55/0.68 shows that the management skill factor affected moderately on performances of small and medium-sized manufacturing enterprises by small dispersion in Akaki Kality sub-city(Zaidaton & Baghari, 2009).

4.5.2. Challenges of entrepreneurial statements on SMEs performance

The researcher needs to show how the entrepreneurial characteristics statements contribute to the respondent's sector based on mean and standard deviation results as illustrated in Table4.7 below.

Table 4.7: Results of descriptive statistics of entrepreneurial characteristics on enterprise sectors

Sector	N	Descriptive statistics	Statements				
			EC1	EC2	EC3	EC4	Average
Metal & Wood work	83	Mean	2.93	3.12	3.73	3.96	3.43
		Std. D	1.11	1.07	0.96	0.96	0.87
Food processing	15	Mean	2.73	2.87	3.73	3.87	3.30
		Std. D	1.16	1.19	0.70	0.64	0.70
Construction Inputs	64	Mean	2.89	3.13	3.73	3.84	3.40
		Std. D	1.01	1.00	0.93	0.84	0.78
Textile & Garment	19	Mean	2.74	3.05	3.68	3.74	3.30
		Std. D	1.15	1.13	1.00	0.81	0.88
Overall mean	181	Mean	2.88	3.09	3.73	3.89	3.40
		Std. D	1.08	1.06	0.93	0.87	0.82

(Source: own survey, 2021)

Note: Ec1= Motivation to work in your business is low, Ec2= Unpreparedness to take Responsibility for failures, Ec3= Small number of trained or qualified employees, Ec4= Low focus on strength and weakness assessment

The Contents of table 4.7, are based on participants' responses in the study to identify the existence of challenges of entrepreneurial characteristics presented by values of central tendency and dispersion on the performance of medium and small enterprises in the Akaki-Kality sub-city manufacturing sectors. Four questions or statements were developed in the survey questionnaire to examine the performance barriers related to entrepreneurial characteristics in medium and small manufacturing enterprises. The respondent's response was able to determine the depth of each factor's challenge in the individual manufacturing enterprise sub-divisions.

The central tendency and dispersion score covered from the most maximum of 3.96 and 0.96 to the least minimum of 2.73 and 1.16 for low focus on strength and weakness assessment on metal and woodwork, and for low motivation to work at food processing respectively. As the overall mean of all sectors, the lacks of strength and weakness assessments were the main challenge for the performance of medium and small manufacturing enterprises in the study area by the mean of 3.89 and standard deviation of 0.87 of small variation.

According to the responses of respondents, lack of strength and weakness assessment on individual sectors has a high effect on metal and woodwork, food processing, and construction inputs orderly by mean/standard deviation score of 3.96/0.96, 3.87/0.64, and 3.84/0.84. In addition, lack of strength and weakness assessment has challenged at moderate for the performance of the sector of textile & garment by a mean/standard deviation of 3.74/0.81.

Therefore, comparing to other factors of entrepreneurial characteristics lack of focusing to assess on strength and weakness shown high and partial moderate contributions challenges by little dispersion on medium and small manufacturing enterprise sectors in the particular study zone.

The results of the study showed that many respondents' have faced the problem of lack of focus on assessing their strengths and weaknesses and it was a major obstacle to their performance and measurement status.

The respondents agreed that there was a big problem in all four manufacturing sectors and it was difficult to be effective due to the lack of diligence in identifying and resolving the shortcomings of the enterprises' performance. This problem is directly or indirectly related to the business owner or management because he or she is directly responsible for overseeing the entire business process. This indicates that the background of the management plays an important role. The gaps in experience and knowledge share the impact on the overall management. A business owner who has not been able to assess his performance is less likely to succeed. According to the study, the lack of priority to address the shortcomings is a major obstacle to the performance of medium and small manufacturing enterprises in the AkakiKality sub-city.

Another factor that acted as a challenge for respondents' business performance is the lack of trained or competent staff at a mean value between 3.73 and 3.68 with small variations among responses on the sectors. Therefore, respondents' responses or average scores showed lack of trained or qualified employees contributed a moderate effect to all samples of sector performance and all of assumed significant standard deviation.

Similarly, low motivation and unwillingness to take responsibility for failures were other factors of entrepreneurial characteristics. For these factors, effect contribution to the performance of the manufacturing sector of lack of readiness to take responsibility for failures scored between the mean of 3.12 and 2.87 and low motivation to work hard between the mean of 2.93 and 2.73. As reacted from respondents that low motivation and readiness to take responsibility for failures did not or minor negatively affect with the implications of the overall mean value of 2.88 and 3.09 scores orderly on the performances of medium and small manufacturing enterprises of all sectors. The mean value of low motivation to work and lack of readiness to take responsibility for failures does not imply clear decision support or opposition, but it does not mean to agree or disagree. Due to the lack of clarity on the challenges of these actions or for a variety of reasons respondents were unable to determine the impacts of these factors on the performance of their enterprise. Respecting the average mean of the sectors related to the challenge of all factors of

the entrepreneurial characteristics show that metal and woodwork and construction material inputs affected at moderate, nevertheless, food processing and cloth & garment sectors affected with low contribution (Zaidaton&Baghari, 2009).

Generally, the respondent's perception has given a value for all questions with a mean value of 2.73 minimally for low motivation to work and 3.96 maximally a gap of assessment strength and weakness as displayed on the table above. The difference of the mean score among the factors indicated that either the smallest or the highest challenge on the performance of the respondents. Therefore in contrast to the effect of the factors of entrepreneurial characteristics not to assess the weakness and strength activities had shown a major challenge more than the others and followed by the small number of qualified employees as moderate on the performance of the manufacturing sectors at AkakiKality. However, lack of readiness to responsibilities for failures and low motivation to work show minority challenge or low concern to the response of the study participants.

Therefore, the overall respondent's perceptions for entrepreneurial characteristic factors mean of 3.40 and standard deviation of 0.82 shown up the entrepreneurial characteristic activities moderately affected on performances of the small and medium manufacturing enterprises (Zaidaton & Baghari, 2009) at Akaki Kality.

4.5.3. Challenges of access to finance on SMEs performance

The researcher needs to show how the financial statements or factors contributed to the respondent's sector based on mean and standard deviation results as illustrated in the below

Table 4.8: Results of descriptive statistics of access to finance on enterprise sectors

Strata or sector	Descriptive statistics	Statements					
		FA1	FA2	FA3	FA4	FA5	Average
Metal & Wood work	Mean	4.58	4.51	4.42	4.65	3.84	4.40
	Std. D	0.78	0.93	0.98	0.76	0.84	0.66
Food processing	Mean	4.67	4.73	4.13	4.80	3.60	4.39
	Std. D	0.72	0.70	0.74	0.56	0.99	0.56
Construction Inputs	Mean	4.55	4.56	4.30	4.61	3.00	4.36
	Std. D	0.85	0.89	0.97	0.83	0.87	0.72
Textile & Garment	Mean	4.74	4.84	4.16	4.53	3.95	4.44
	Std. D	0.65	0.50	0.90	0.77	0.71	0.48
Overall mean	Mean	4.59	4.58	4.33	4.63	4.39	4.39
	Std. D	0.79	0.86	0.95	0.85	0.66	0.66

(Source: Researcher survey, 2021)

Note: FA1= High collateral request of credit institution FA2= High-interest rate of lending institutions FA3= Insufficient of credit institutions FA4= limited access to working capital FA5= Level of cash flow management is low

To investigate the difficulty of access to finance on the performances of manufacturing SMEs in Akaki Kality Sub-City included five associated statements as shown in Table 4.8 above. According to the respondents, there were problems with each access to finance factors on the manufacturing SME in AkakiKality sub-city. Based on the respondent's responses limitation of working capital was the most challenging factor, which was followed by high collateral requirements, high interest rates, insufficient credit institutions, and low cash follow management.

The performance of SMEs manufacturing sectors affected by limited access to working capital with high contribution, and negatively. The respondents' responses were evaluated as mean/standard deviation range from a maximum of 4.80/0.56 to the least minimum of 4.53/0.77, in food processing and textile& garment respectively and the rest two sectors valued in between. The descriptive statistics results indicated that most of the respondents who participated in the study strongly agreed that the limitation of working capital was the most challenging factor on the performance of the manufacturing SMEs.

Additionally, the overall mean, the limitation of working capital factor had scored the maximum mean 4.63 and less standard deviation of 0.85 compared to other factors. Thus, the overall mean result shows that the majority of respondents in the study strongly agree that the limitation of working capital factor is the highest challenging factor on the performance of the manufacturer's SMEs. The results of the survey are in line with the findings of Gamo&Gollgari,(2020) which was concluded that lack of working capital is an obstacle to medium and small manufacturing enterprises' business performance. In this regard, the lack of working capital is a cause to make poor performance and a major obstacle to business success and profitability.

The practice of high collateral requests of credit institutions had resulted in a mean/standard deviation from a maximum of 4.74/0.65 to a minimum of 4.55/0.85, in textile & garment and construction inputs respectively. The result shows that the respondents in the study strongly agree that high collateral request of credit institutions is very challenging on the performance of the manufacturing SMEs. In addition, the overall mean in a high collateral request of credit factor had scored the maximum mean 4.59 and a small standard deviation of 0.79. Therefore, the collateral request contributed to the sample sectors' performance high negative effect. The result indicated all sector respondents shows strongly agree with the problems of collateral

requirements of credit institutions. This finding is similar to the conclusion of (Abera, 2012), the collateral requirement from lending institutions is an obstacle to the performance of the business. The practice of the high-interest rate of lending institutions has scored a mean/standard deviation from a maximum of 4.84/0.50 in textile & garment and to a minimum of 4.51/0.93 in metal and woodwork sector. The respondents realized that they strong agreed with the high-interest rates of the lending institutions, and most of the respondents in the study assured the performance of the manufacturing SMEs was challenging. Although, the overall mean for the high-interest rate of credit institutions scored the maximum mean of 4.58 and a small standard deviation of 0.86. Therefore, the difficulty of interest rate practice had contributed to the sample sectors' performance high and negative influences. The results show that all sectors respond strongly agreed to the problems of lending institutions. The same finding was informed by the difficulty of interest rate credit institutions as an obstacle to the performance of the business (Tekele, 2o19; Anye & Makebo, 2019፤ Gamo and Gollgari, 2020).

Another finance problem for the performance of SMEs is insufficient credit institutions for respondents in the study area. The mean/standard deviation for insufficient credit institutions is from a maximum of 4.42/0.98 to a minimum of 4.13/0.74, at metal and woodwork and food processing respectively. The majority of respondents in the study show they strongly agree on the insufficient of credit organizations, and the main challenging factor on the performance of the manufacturing SME. The overall mean in limitation of credit institution scored maximum mean and small standard deviation of 4.33 and 0.95. Therefore, concerning the respondent's reflection, the limitation of alternative financial credit institutions affected the performance of small and medium enterprises. In the same way, the lack of choice of financial institutions raises the complexity of finding credit facilities for medium and small enterprises(HaftayY., 2012, Gamo&Gollgari, 2020). In addition, he indicated that credit facilities from banks leftovers backward (Haftay Y., 2012). As a solution, many enterprises have chosen to focus on informal sources of finance to complete money for their enterprises targeted on own saving, friends, family cooperation (Murithii, 2017; Anye&Makebo, 2019; Gidey, 2017).

The cash flow management practices had shown complex properties in challenging the performance of the manufacturing divisions. The respondents agree for the high problems of Cash follow management in the performance of manufacturing SME in the sector of textile & garment a mean/standard deviation of 3.95/0.71 and in the sector of metal and woodwork a

mean/standard deviation of 3.84/0.84 by small variations of responses in context to the Likert scale description and (Zaidaton&Baghari, 2009). On other hand, the respondents show their agreement that cash follows management moderately affected the performance of food processing at a mean/standard deviation of 3.60/0.99.

The response shows a low level affecting the performance of the construction input sector by mean /standard deviation of 3.00/0.87 with small variation between the responses. However, the respondents were not reacted by confidence particularly in this sector. It indicated that they were not sure to make an agreement or disagreement. This may happen related to the gap in the continuous assessment of their performance strength and weakness. But, on the overall mean the behavior of limited cash flow management factor completely changed to score mean/standard deviation of 4.39/0.66 and indicated that affecting highly for the performance of the medium and small manufacturing enterprises by most of the respondents strongly agreed on consensus.

Generally, the respondents strongly agreed related to the specific factors mean of each sector, specific factors mean of overalls sectors, average mean of all factors on each sector, the overall average mean/standard deviation (4.39/0.66)of access to finance as common to all sectors, and the response concluded the same implication in all level of the mean and shows the enterprise's understanding is consistent to the factors challenging. Therefore, the main problem that affected the performance of medium and small enterprises in Akaki Kality sub-city was the lack of access to finance.

The problem of access to finance does not vary from sector to sector, and it is very close. The financial supply in our country is very low and complex; especially the banking services are weak. Recognizing this, the government has signed a lease agreement with the Development Bank of Ethiopia to provide financial support to medium enterprises. However, the financial crisis continues to be a major obstacle due to the high demand for collateral, interest rates, and inadequate lending institutions. This fact has been confirmed not only in Akaki Kality but also in other parts of Ethiopia as well as in developed and developing countries around the world(Abera, A., 2012; Anye&Makebo, 2019; Muriithi, 2017). It is important to remember that there is a difference between a country's economic strength and the magnitude of the problem.

The participants are very happy with the questions included because this lack of access to finance plays a leading role in the failure of all SMEs' activities. The respondents said the lack of access to finance is a major obstacle to expanding the business and ensuring its profitability. Lack of access to finance has horizontal impacts as well as in designing strategic planning and

implementing, from consolidating ideas to discouragement, and blocking, access to necessary training capacity, as well as reducing enterprise's motivation and other activities.

Thus, the overall respondent's perceptions show access to finance is highly challenging on the performances of the small and medium manufacturing enterprises at AkakiKality preferring(Zaidaton&Baghari, 2009) with little dispersion variation among responses.

4.5.4. Challenges of market access on SMEs performance

The researcher needs to show how the market access statements contribute to the respondents' sector based on the results of the descriptive statistics as illustrated in the below Table4.9.

Table 4.9: Results of descriptive statistics of access to market on enterprise sectors

Strata or sector	Descriptive statistics	Statements					
		MA1	MA2	MA3	MA4	MA5	Average
Metal & Wood work	Mean	3.80	3.66	3.75	3.31	4.16	3.73
	Std. D	1.06	1.02	1.05	1.02	1.02	0.91
Food processing	Mean	3.80	2.53	3.40	2.67	3.87	3.25
	Std. D	1.08	0.74	0.91	0.90	0.92	0.62
Construction Inputs	Mean	3.80	3.11	3.47	3.30	3.59	3.45
	Std. D	1.22	1.17	1.17	1.18	1.18	1.05
Textile & Garment	Mean	3.89	2.79	3.84	3.47	3.63	3.53
	Std. D	0.81	0.98	0.96	1.17	1.012	0.79
Total or overall mean	Mean	3.81	3.28	3.65	3.27	3.88	3.57
	Std. D	1.09	1.11	1.08	1.09	1.09	0.94
Coeffic.va. CV%	SD/Mean	28.61%	33.84%	32.93%	33.33%	28.09%	26.33%

(Source: Researcher survey, 2021)

Note:*1)* MA1= Level of the local market to sell a product is limited, MA2= Poor customer care and Communication, MA3= Low level to address relevant market information, MA4= Less of forecasting for product seekers, MA5= Government office's market linkage is under the expectation

2) CV= Coefficients of variance by percentage

The above table 4.9 illustrated the information process presented by the owner or management members to identify market access challenges in the activities of the medium and small enterprises in Akaki-Kality sub-city manufacturing sectors. Five major factors have been developed in the survey questionnaire to address market access obstacles of performance differences between medium and small manufacturing enterprises. The respondent's observation helps to illustrate the seriousness of each challenge in the manufacturing enterprise sector. As shown in Table 4.9, the first major problems for participants in all sectors are market linkages by

administration offices and followed by an insufficient local market and unavailable market information. However, poor customer care and communication, and less forecasting for product seekers contribute a minor

The respondents agreed that lack of market linkage by government offices are contributing major or high obstacles to the business performance of metal and woodwork and food processing sectors by mean/standard deviation of 4.16/1.02 and 3.87/0.92respectively. However, the lack of market linkage by government offices in the textile and garment and construction materials sectors showed a moderate contribution of impacts by mean/standard deviation of 3.63/1.01 and 3.59/1.18 respectively (Zaidaton and Baghari, 2009). According to the respondent's response, the overall mean value indicated that lack of market linkage by offices is a major challenge on the performance of medium and small manufacturing enterprises of all sectors by mean/standard deviation of 3.88/1.09 in small variation among reactions. There is no doubt that the government has a responsibility to support by creating market linkage for the development of enterprises. According to various studies finding the government is effective for a healthy business, particularly increasing market linkages at all levels of enterprises.

However, in this study, government-linked market linkages have become a similar response in all sectors. As a result, the lack of market linkages by the government has produced a gap for SMEs sectors performance. The response shows that the respondents complained about the government's support for market linkages. While independent enterprises know that to have market linkages by their efforts, the lack of government market linkages is a major obstacle to reducing their customer satisfaction, employee growth, and profitability.

The limitation of the local market affected the respondent's performance at a mean/standard deviation score of 3.80/1.06,1.08,1.22 which is an equal mean value for three sectors (in case of approximation) with different standard deviation results respectively for metal and woodwork, food processing, construction inputs, and high contribution of 3.89/0.81 in textile and garment. Concerning the mean score and the standard deviation size of variation the limitation of the local market decreasingly affecting the performance of sampled sectors due to coefficient variance percentages as 20.82,27.81, 28.42, and 32.11 orderly in textile and garment, metal and woodwork, food processing, and construction inputs. Although, in accordance to the overall average mean value of all sectors stated out that shortage of local market is a second major challenge next to lack of market linkage by offices for the performance of sectors in

medium and small manufacturing enterprise on the study area by the mean of 3.81/1.09 of small variation among the respondent's reaction.

According to the respondent’s feedback, only the textile & garment sector is affected by the high challenge contribution of low level to address relevant market information. It challenged the performance of the sector of textile & garment by a mean score of 3.84 and a standard deviation of 0.96. This indicated that the respondents of these sectors agreed to the high obstacles of inadequate relevant market information to their business performance.

In addition, inadequate relevant market information has affected at moderate problem contribution for each of the sectors by a mean/standard deviationof3.75/1.05 in metal and woodwork, 3.40/0.91 in food processing, and 3.47/1.17 in construction inputs. The respondents of the above sectors agreed that inadequate relevant market information contributed to moderate obstacles to their business performance. whereas, related to the overall average moderate mean value of 3.65 and standard deviation of 1.08 confirmed that low level of relevant market information is a third challenged factor in market access on the performance of sectors in medium and small manufacturing enterprise on the study area. Lack of sufficient business information from governments and other parts tackle for the performance of medium and small enterprises. The difficulty should stand from a weak information atmosphere due to immature infrastructures and not enough business carry procedures (Kamunge et al., 2014; Oshikoya& Hussain, 2007) as cited in Muriithi,(2017).

Poor customer care and communication factor contributed as a problem on the performance of medium and small manufacturing enterprises in the study area by mean rating from a maximum of 3.66 for metal and woodwork and to a minimum of 2.53 for food processing. This factor was challenged at moderate for the performance of the sector of metal and woodwork by a mean of 3.66 and a standard deviation of 1.02. The response showed an agreement and confirmed that the poor customer care and communication of enterprises' on metal and woodwork being a moderate problem. The respondents of food processing, construction material input, and textile and garment sectors reaction shows neither disagreed nor agree on the existence of the problems of poor customer care and communication or unsure. The problems of poor customer care and communication on food processing, construction input, and textile and garment sectors mean score and standard deviation respectively show as 2.53/0.74, 3.11/1.17, and 2.79/0.98, and that is low problem contribution in SME performance outcomes. The finding has shown that the services during the marketing process and qualities of products of the respondents had to be able

to ensure customer satisfaction. Hence, the medium and small manufacturing enterprises in the study area focused to make their customers around the location where their businesses operate. This help to nearly understand the interest and characteristics of own customers. It is consistent for, SMEs usually target customers in regions or enterprise locations (Möllering, 2019).

The other factor in market access is less forecasting for product seekers and which has a moderate problem contribution for the business performances of the respondents in textile and garment by mean/standard deviation value of 3.47/1.17. The respondents' feedback shows their agreement to the moderate challenge during the performance of the business activities. The respondents of metal and woodwork, food processing, and construction input sector's reaction were neither disagreed nor agree on the existence of the problems of lack of forecasting for product seekers. The mean score and standard deviation of problems of less of forecasting for product seekers on metal and woodwork, food processing, and construction input sectors respectively show as 3.31/1.02, 2.67/0.90 and 3.30/1.18 and those rate of scores indicates low problem contributions of less of forecasting for product seekers in SME performance.

Generally, the respondent's perception has indicated that concerning to the overall mean of each factor of lack of market linkage by administration offices and inadequate local market both of affected for the performance of the sample enterprises in high challenges as pointed orderly by values of 3.88 and 3.81. The limitation of relevant market information also affected the performance of the sectors in the moderate contribution of problems by a mean score of 3.65. However, concerning the response of the study participants, less forecasting for product seekers and poor customer care and communication factors show minority or low contribution challenges by the mean score of 3.27 and 3.28 respectively. Therefore, the respondent's perception of overall average mean/standard deviation of 3.57/0.94 shown up the market access challenges contributed moderate effects with small variations on performances of small and medium manufacturing enterprises (Zaidaton& Baghari, 2009)in AkakiKality.

4.5.5. Challenges of infrastructural statements on SMEs performance

The researcher needs to show how the infrastructure statements contribute to the respondent's sector based on mean and standard deviation results as illustrated in the below Table4.10.

Table 4.10: Results of descriptive statistics of infrastructure statements on enterprise sectors

Strata or sector	Descriptive statistics	Statements					
		IN1	IN2	IN3	IN4	Average	N
Metal & Wood work	Mean	4.72	4.29	3.51	3.02	3.89	83
	Std. D	0.89	1.17	1.17	1.11	0.85	
Food processing	Mean	4.60	4.93	3.20	2.88	3.92	
	Std. D	0.83	0.26	0.94	0.92	0.53	15
Construction Inputs	Mean	4.27	4.56	3.48	3.20	3.88	64
	Std. D	1.06	0.92	0.89	0.96	0.81	
Textile & Garment	Mean	4.47	4.00	3.79	3.95	4.05	19
	Std. D	0.96	1.00	0.98	0.78	0.82	
Overall average	Mean	4.52	4.41	3.50	3.17	3.90	181
	Std. D	0.97	1.04	0.95	1.05	0.81	

(Source: Researcher survey, 2021)

Note: IN1= High repetition of power interruption, IN2= water supply in your business area is insufficient, IN3= Transportation access in your business area is weak, IN4= Un appropriate dry waste and sewerage system

Table4.10 illustrated information about the contribution problems of infrastructure at the performances of manufacturing SMEs at Akaki Kality Sub-City. Four related statements have been proposed to distinguish or characterize the level of infrastructure difficulties on the performance of targeted study samples. The respondents confirmed their understanding of the problems of each infrastructure factor on the manufacturing SMEs in the study zone. In contrast to each factor's problem contribution to the respondent's business performance, power interruption is the most challenging factor and followed by high water supply, weak transportation access, and no sewerage system.

The performance of SMEs manufacturing sectors had been affected negatively by repeatedly power interruption at high contribution to the existed problems as indicated by the range of mean/dispersion from 4.72/0.89 in metal and woodwork to 4.27/1.06 in construction input sector and the rest two sectors valued in between. The mean score indicated that most of the respondents who participated in the study in the metal and woodwork sector shown they strongly agree and as the most challengeable factor on the performance of the manufacturing SMEs.

Additionally, compared to the other factors the overall mean of the continuous power interruption factor had scored the maximum values of 4.52 and less standard deviation of 0.97. The assessment outcome decided that the power interruption highly affected the performance of SMEs. Lack of electricity can lead to disruptions in working hours, and exposing institutions to various costs. According to the study, most of the enterprise's performance in the manufacturing sector is based on the presence or absence of electricity. Related to the impact of electricity on

the overall economic growth, the concerned parties, especially the government, have to focus on solving the problem in a way that reduces the inefficiency of the overall sector. To solve it sustainably, the government can alleviate the problem by accelerating the implementation of the country's policy transformation plans.

The factor of insufficient water supply resulted in a range of mean/standard deviation from a maximum of 4.93/0.26 to a minimum of 4.00/1.00), in food processing and textile and garment sectors respectively. Therefore, the mean score indicated that most of the respondents who participated in the study had shown they strongly agree or agree to insufficient water supply and which is the most challenging factor on the performance of the manufacturing SME. The same to that the overall mean in insufficient water supply factor had scored the maximum mean 4.41and less standard deviation of 1.04. Therefore, the insufficient water supply factor had contributed to the sample sectors performance maximum negative effect regarding (Zaidaton&Baghari, 2009) with small response variations. The respond indicated three sectors; metal and woodwork, food processing, and construction material inputs respondents have shown they strongly agree to the highest problem contribution of insufficient water supply factor. However, the sector of textile and garment agreed on the high problem contribution of insufficient water supply factor. Water supply has a close impact on power shortages, especially in construction material inputs and food preparation, which has become a major obstacle beyond electricity. Thus, like electricity, water supply continues to be a major obstacle for small and medium enterprises in their businesses.

The factor of weak transportation access in the study area resulted in a range of mean/standard deviation from a maximum of 3.79/0.98 to a minimum of 3.20/0.94, at textile & garment and food processing respectively. The respondents assured their agreement on the factor of weak transportation access contributed to the moderate problem in the sectors of textile and garment, metal and woodwork, and construction material inputs orderly by mean/standard deviations of 3.79/0.98, 3.51/1.17, and 3.48/0.89 respectively. Furthermore, a factor of weak transportation access shows a low problem contribution or not a fully sure decision at food processing sector in mean/standard deviation of 3.20/0.94 on the performance of the manufacturing SMEs. Although, the overall mean of weak transportation access as a factor infrastructure had scored the mean/standard deviation 3.50 and less standard deviation of 0.95. Therefore, the difficulty of weak transportation access as a factor infrastructure had contributed to the sample sectors performance moderate negative effect with small response variation.

The inappropriate sewerage system is the other factor of infrastructure that contributed to a problem for the performances of the respondents in the study area. The inappropriate sewerage system is challenged in mean range/standard deviation from a maximum of 3.92/0.78 to a minimum of 2.88(0.92), in textile and garment and food processing respectively. The majority of respondents in the study made guaranteed their decision neither disagree nor agree or indicated they were not sure on the effect of the factor problem contribution on the performance of the manufacturing SMEs except on textile and garment sector in a mean of 3.95/0.78 shown their agreement at high problem contribution. According to Zaidaton&Baghari,(2009) inappropriate sewerage systems had a low effect in mean/standard deviation of 3.20/0.96 in construction inputs, 3.02/1.11 in metal and woodwork, and 2.88/0.92 in food processing. Although, the overall average means an inappropriate sewerage system had scored the mean/standard deviation 3.17/1.05. Therefore, concerning the respondent's reflection, inappropriate sewerage system contributed low problem on the sample sectors performance with small response variation.

Generally, the overall mean of each factor of infrastructure confirmed that repeated power interruption and insufficient water supply shows respondents strongly agree or highly problem contribution and for weak transportation access and inappropriate sewerage system pointed moderate and low problem contribution on SME performance respectively. The respondents agreed that the average mean of all individual sectors shows high problem contributions of infrastructure factors in mean/standard deviation of 4.05/0.82, 3.92/0.53, 3.89/0.85, and 3.88/0.81respectively for textile and garment, food processing, metal and woodwork, and construction input sector with small response variation. Finally, the overall average mean of infrastructure shows its effect on the manufacturing small and medium enterprises of Akaki Kality by central tendency/dispersion of 3.90/0.81. Hence infrastructure was a major problem that affects the performance manufacturing of medium and small enterprises by high contribution to all sectors of the study area (Zaidaton&Baghari, 2009) with small variation among the respondent's reactions. The result of this study agreeing to (Obokoh, Lo., Goldman,G.,2016) observed that problem of inaccessibility of infrastructure has seriously affected manufacturing enterprises on the production processes.

4.5.6. Challenges of corruption on SMEs performance

The researcher needs to show how the corruption statements contribute to the respondent's sector based on mean and standard deviation results as illustrated in the below table.

Table 4.11: Results of descriptive statistics of corruption statements on enterprise sectors

Strata or sector	Descriptive statistics	Statements					
		CO1	CO2	CO3	CO4	Average	N
Metal & Wood work	Mean	3.59	3.35	4.02	3.24	3.55	83
	Std. D	1.12	1.01	1.17	.98	.93	
Food processing	Mean	3.00	3.33	4.27	3.53	3.53	15
	Std. D	1.07	.90	1.10	1.25	.91	
Construction Inputs	Mean	3.70	3.44	4.38	2.94	3.61	64
	Std. D	.97	.99	.934	1.15	.82	
Textile & Garment	Mean	4.00	3.58	4.42	3.26	3.82	19
	Std. D	1.05	.90	1.02	.99	.89	
Overall Average	Mean	3.62	3.40	4.21	3.16	3.60	181
	Std. D	1.07	1.07	1.08	1.08	.88	

(***Source: Researcher survey, 2021)***

Note: Co1= Office employees take money in registration and licensing, Co2= an employee misused enterprise's money, Co3= Bribery is a major barrier to my organization, Co4= when I receive services, I paid unfair payment

This section focus on corruption and four statements are included to describe the status in the performance of small and medium manufacturing enterprises in the AkakiKality sub-city. Table4.11 indicated the mean and standard deviation of corruption concerning the performance of respondents in their sector.

Based on the respondent's feedback, the factor of bribery is a major problem to the performance of the SMEs in the study area range in mean /standard deviation of 4.42/1.02 in textile and garment to 4.02/1.17 in metal and woodwork sectors and the other sectors valued in between. The respondent's perception pointed they strongly agree to the high problem contribution of bribery at the performance of textile and garment, construction inputs, and food processing sectors in mean/standard deviation of 4.42/1.02, 4.38/0.93, and 4.27/1.10 respectively. In addition, the respondents' agreed that bribery as the factor of corruption affected a high contribution problem on the study samples performance in mean/standard deviation of 4.02/1.17 in metal and woodwork sectors. This means that individuals in government offices (not included to all employees) are weakening the morale of the respondents. The study result shows that the government recognizes the contribution of these medium and small enterprises to the economy as a whole, but has lacks of supporting them based on honesty and integrity.

The respondent's reaction shows that during registration and licensing services the office employees take money from them and this affecting their business performance finance capacity with a mean of 4.00 and standard deviation of 1.05 for textile & garment at the high-level contribution of problems, and in mean/standard deviation of 3.59/1.12 and 3.70/0.97

continuously in metal and woodwork, and construction inputs at moderate problem contribution, and mean of 3.00/1.07 in food processing at low problem contribution effects on the performance of the study samples performance activates.

The other factor of corruption is employee misused enterprise's money and has resulted from a mean score of 3.35 with a standard deviation of 1.00 for metal and woodwork, to a mean score of 3.33 with a standard deviation of 0.90 for food processing, concerning the respondent's feedback show neither agree nor disagree by the existence of this problem on the performance of these sectors, but also shows the low contribution to the problems on the performance of the sectors. In addition, the respondents approved that, the employee misused enterprise's money factor affected the performance of sectors by a mean of 3.44 with a standard deviation of 0.99 for construction inputs, a mean of 3.58 with a standard deviation of 0.90 for textile & garment at moderate problem contribution.

The respondent's feedback also indicated that SMEs paid unfair payment during service and the result presented by mean/standard deviation of 3.53/1.25 in food processing with moderate problem contribution on the performance of SMEs. Although, this factor was affected by a mean/standard deviation of 3.24/0.98 for metal and woodwork, 2.94/1.15 for construction inputs, and 3.26/0.99 for textile & garment at low problem contribution to the performance of SME in the study area. In this case, the respondents were not sure to fully decide on the existence of the problems on its performance.

Therefore, the respondent's insight of the overall mean of each factor of corruption recognized and indicated that high problem contribution of bribery and the rest factors ranging in moderate and low problem contribution on the performance of the enterprises. The respondents agreed that the average mean of all individual sectors shows a high problem contribution in mean/standard deviation of 3.82/0.89 for textile and garment and 3.53/0.91, 3.55/0.93, and 3.61/0.82 respectively for food processing, metal and woodwork, and construction input sectors at moderate problem contributions with small response variation. In total, the response of participants indicates that corruption is a common occurrence that has an impact on enterprises performance for personal gain. Corruption in particular has been a major impediment to performance in all sectors. The result of corruption is an attack on those who comply with the law. Because it is doing in secret and is difficult to investigate. This means that those who use the law as a right to receive government-sanctioned services have been denied their rights. In other words, an individual who commits bribery will have the opportunity to receive repeated

services. Finally, the overall average means of corruption shows its effect on the manufacturing small and medium enterprises of AkakiKality at a mean/standard deviation of 3.60/0.88. Hence corruption was a major problem that affected the performance manufacturing of medium and small enterprises by moderate problem contribution to all sectors in the study area (Zaidaton&Baghari, (2009). Therefore, the study shows that corruption in the Akaki-Kality sub-city, especially in the medium and small manufacturing enterprises seen as a major obstacle to their performance.

4.5.7. Comparison of determinants potential contribution on SMEs performance

Accordingly to the study, the determinant variables that differentiated as the most contributor to the high potential challenges on the performance of SMEs are access to finance by mean/ standard deviation of 4.39/0.66 and infrastructure by mean/ standard deviation of 3.90/0.81based on respondent reflection(Zaidaton& Baghari, 2009). The study finding is consistent with the findings of (Abera, A., 2012; Fitane, 2018). However, not all determinant factors contribute the same type and size of problem contribution to SMEs performance. Corruption, market access, management skill, and entrepreneurial characteristics have a moderate potential contribution to the performance of the small and medium manufacturing enterprises in the Akaki Kality sub-city. According to the respondent's feedback, the general challenges of the factors on SMEs performance is presented in Table 4.12and shows access to finance, infrastructure, corruption, market access, management skills, and entrepreneurial characteristics ranked as 1^{st},2^{nd},3^{rd},4^{th},$5^{th,}$ and 6^{th} by their obstacle difficulty in decreasing order or from high to low.

In addition, as shown in Table 4.12 below, compares the effects of independent variables on the individual sectors of small and medium-sized manufacturing enterprises in the study area. In contrast, the results of the overall mean average in Table 4.12 for textile and garment has affected at a high level than the other sectors by a mean of 3.81. Moreover, other sectors, such as metal and woodwork, construction material input, and food processing are affected by the overall mean average of 3.77,3,69, and 3.67 of the independent variables at a moderate level of problem contribution for each sector (Zaidaton & Baghari, 2009).

Therefore, related to the respondent's response, and the sum of all factors challenge shows that textile and garment, metal and woodwork, construction material input, and food processing of sectors affected increasingly and orderly on4^{th}, 3rd, 2nd, and $1^{st}$from moderate to high challenge contribution of the factors or from moderately affected sector to more affected sector order.

Table 4.12: Comparing challenges of factors on SMEs performance by central tendency

Descriptive Statistics								
Factors	N	Mean	Standard deviation	Factor Rank	Mean of sectors			
					MW	FP	CMI	CG
Market access	**181**	**3.57**	**0.94**	**4th**	**3.73**	**3.25**	**3.45**	**3.53**
Entrepreneurial characteristics	**181**	**3.40**	**0.82**	**6th**	**3.43**	**3.30**	**3.40**	**3.30**
Access to finance	**181**	**4.39**	**0.66**	**1st**	**4.40**	**4.39**	**4.36**	**4.44**
Infrastructure	**181**	**3.90**	**0.81**	**2nd**	**3.89**	**3.92**	**3.88**	**4.05**
Corruption	**181**	**3.60**	**0.88**	**3rd**	**3.55**	**3.53**	**3.61**	**3.82**
Management skill	**181**	**3.56**	**0.68**	**5th**	**3.61**	**3.65**	**3.44**	**3.72**
-Average mean of sectors, Overall Average $= \sum_{i=1}^{n} \frac{xi}{n}$ **- Rank (Sum of all factors affect on each sector)**					**3.77 2nd**	**3.67 4th**	**3.69 3rd**	**3.81 1st**

(Source: Researcher survey, 2021)

Note1) MW= metal and woodwork, FP=food processing, CMI=construction material input, CG=cloth and garment

2) x_i= mean of each factors in each sectors,n= number of factors mean in each sectors or frequency,(n=6)

4.5.8. Results of SMEs Performance based on its components

The researcher wanted to describe the result of mean and standard deviation for the items included in the SMEs' business performances to measure how the current performance responded by the samples. The result of descriptive statistics of mean and standard deviation is displayed in Table4.6 below.

Table 4.13: performance of SMEs based on components

Components performance measurements	Mean	Standard Deviation
Customers look satisfied with product quality & service	3.7293	.94203
At the business level of the number of customers increased	3.6630	1.01774
Due to business net profit increased, the income changed	3.4696	1.07260
Business Return on Assets shows an improvement	3.5856	1.01632
From the business beginning, employees' number increased	3.2597	1.15180
Average	3.5414	.74199

(Source: Researcher survey, 2021)

A system for describing the level of the SMEs' performance (dependent variable) adopted five related statements from similar literature and which are listed in table 4.13. These statements help to reflect the existing SMEs' performance respecting the satisfaction of respondents.

The first component of performance informed that customers being satisfied with product quality and service delivery of the respondents. Specifically, the respondents' perception of customer satisfaction with their product quality and service shows a mean score of 3.73 with a standard deviation of 0.94. Therefore, the finding of respondents' feedback pointed there is a moderate acceptance concerning customers' satisfaction with the performance of SMEs in the Akaki-Kality Sub-City manufacturing sectors. Although the respondents indicated that their number of customers increased at moderate size with a mean value of 3.66 and standard deviation of 1.02. Moreover, the number of customers contributes positively to the performance of the SMEs comparing to the mean scale presented (Zaidaton&Baghari, 2009).

The respondents show an agreement that their net profit increased at a means score of 3.47 and a standard deviation of 1.07 at moderate satisfaction. The respondents of the study confirm at a mean score of 3.59 and standard deviation of 1.02 their return on assets improved at moderate performance. However, the respondents' reaction to the growth of the number of employees represented a mean of 3.26 and a standard deviation of 1.15. In this measuring component, the respondent's feedback was not confidential. Therefore, this is different from the other components, the growth of the number of employees changed with low satisfaction and low contribution on improvements of the performance of the respondents business.

On average, concerning the result of central tendency and dispersion of 3.74 and 0.54 of the components of performance involved a moderate satisfaction in regarding respondent's perception accordingly comparing to their performance in manufacturing SMEs (Zaidaton& Baghari, 2009) in the Akaki Kality sub-city.

4.6. Inferential Statistics of the Study

4.6.1. Correlation Statistics of the Study

In this section, the correlation analysis is performed to discover if relationships occur between independent variables of SMEs performance and the dependent variable of the study (SMEs performance). The correlation analysis is required as a preliminary test for the assumptions of the multiple linear regression analysis.

In the study, the inter-relationship between SMEs'business performance and various determinants (management skill, entrepreneur characteristics, and access to finance, access to market, infrastructure, and corruption) was identified by employing Pearson's Product Moment. The researcher practiced the systems of Cohen (1998)as referenced by (Warokka &Gallato,

2012), and was interpreted the correlation coefficient (r) into three classes: r ranging from 0.10 to 0.29 regarded as indicating a low degree, r ranging from 0.30 to 0.49 regarded as a moderate degree, and r ranging from 0.50 to 1.00 regarded as a high degree of correlations.

Table 4.14. Correlation Statistics for SMEs performance & determinant factors

Correlations								
Pearson Correlation of factors		**MA**	**EC**	**FA**	**IN**	**CO**	**MS**	**SP**
Market access, MA	**Pearson Correlation**	**1**	**.402****	**.538****	**.622****	**.464****	**.394****	**.666****
	Sig. (2-tailed)		**.000**	**.000**	**.000**	**.000**	**.000**	**.000**
	N	**181**	**181**	**181**	**181**	**181**	**181**	**181**
Entrepreneurial characteristic, EC	**Pearson Correlation**	**.402****	**1**	**.390****	**.465****	**.376****	**.363****	**.564****
	Sig. (2-tailed)	**.000**		**.000**	**.000**	**.000**	**.000**	**.000**
	N	**181**	**181**	**181**	**181**	**181**	**181**	**181**
Access to finance, FA	**Pearson Correlation**	**.538****	**.390****	**1**	**.543****	**.343****	**.429****	**.619****
	Sig. (2-tailed)	**.000**	**.000**		**.000**	**.000**	**.000**	**.000**
	N	**181**	**181**	**181**	**181**	**181**	**181**	**181**
Infrastructure, IN	**Pearson Correlation**	**.622****	**.465****	**.543****	**1**	**.718****	**.519****	**.820****
	Sig. (2-tailed)	**.000**	**.000**	**.000**		**.000**	**.000**	**.000**
	N	**181**	**181**	**181**	**181**	**181**	**181**	**181**
Corruption, CO	**Pearson Correlation**	**.464****	**.376****	**.343****	**.718****	**1**	**.386****	**.523****
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**		**.000**	**.000**
	N	**181**	**181**	**181**	**181**	**181**	**181**	**181**
Management skill, MS	**Pearson Correlation**	**.394****	**.363****	**.429****	**.519****	**.386****	**1**	**.608****
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**		**.000**
	N	**181**	**181**	**181**	**181**	**181**	**181**	**181**
SMEs performance, SP	**Pearson Correlation**	**.666****	**.564****	**.619****	**.820****	**.523****	**.608****	**1**
	Sig. (2-tailed)	**.000**	**.000**	**.000**	**.000**	**.000**	**.000**	
	N	**181**	**181**	**181**	**181**	**181**	**181**	**181**

Note: ** Correlation is significant at the 0.01 level (2-tailed)

(Source: Researcher Survey, 2021)

Table4.14 presented the correlations among the variables under study. The correlation analysis was assumed the 5% significance level in identifying the relationship of the variables. The study result revealed that the determinant factors MS, EC, FA, MA, IN, and CO are significantly, independently, and positively correlated with BP at 0.001 levels. Infrastructure has a positive and high degree of correlation with SMEs performance r = 0.820, N =181, P (0.001) < 0.05. The

same to that, the value of r = 0.666, N = 181, P (0.001) < 0.05 for access to market; r = 0.619, N =181, P (0.001) < 0.05 for access to finance; r = 0.608, N=181, P (0.001) < 0.05 for management skill, r = 0.523, N = 181, P < (0.001) < 0.05 for corruption and r = 0.564, N = 181, P < (0.001) < 0.05 for entrepreneur characteristics show that there were high and positive correlation. It should be necessary to place the greatest emphasis on all of IN, MA, FA, MS, EC, and CO respectively when it comes to SP. All these were found to be high and positively linked to business performance. Therefore, it could be shortly summarized that SME's business performance depended on the trend of the selected determinant factor.

4.6.2. Regression Statistics of the Study

The perceptions of small and medium manufacturing entrepreneurs on SMEs'performance were investigated in this study using the SPSS 26.0 statistical method. This tool was used to conduct linear regression to ascertain the effect of determinant factors of Akaki kality sub-city of small and medium manufacturing entrepreneurs on SME's business performance. In a regression analysis, a decision must be taken on which independent variables should be included in the regression equation and which should be excluded. According to the regression results, respondent's perception of determinant factors (independent variables) had a significant beneficial effect on their SME's' performance (dependent variable).

4.6.3. Test for Assumptions of Regression Analysis

By using SPSS 26.0 version statistical tool the four common assumptions of regression analysis such as multi-collinearity test, linearity test, normality test, and homoscedasticity test had been conducted. The statistics results had been meeting these assumptions.

a) Multi-collinearity Test

Table 4.18, shows that all of the independent variables had VIF scores of less than 2, indicating that multi-collinearity was not a problem.

b) **Homoscedasticity assumption Test**

The degree to which the dependent variable's shift is related to the independent variables is referred to as linearity. Plots of regression residuals through SPSS were used to see if the relationship between the dependent variable (SMEsbusiness performance) and the independent variables (management skill, entrepreneur characteristics, access to finance, access to market,

infrastructure, and corruption) was linear. In the figure below, as we pass from left to right, the expected values increase by roughly the same amount as the residual distribution. This result indicated that the assumption of homogeneity of variance was correct and that the relationship being predicted was linear, with roughly average residuals.

As a result, the homoscedasticity assumption was met. The assumption of homoscedasticity can be verified visually by plotting the standardized residuals (errors) against the regression standardized expected value. Figure 4.1, shows that the amount of inaccuracy, or the distance between the line and the dot, was not always the same, suggesting that homoscedasticity was no problem.

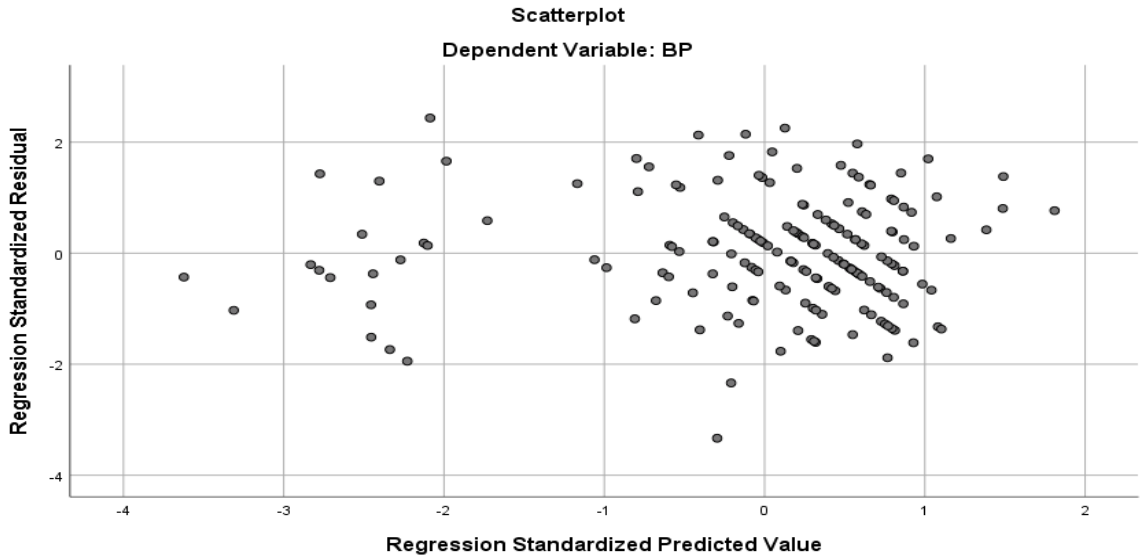

Figure 4.1. A scatter plot for testing Homoscedasticity

c) Linearity Test

Figure 4.2. Normal p-p plots were developed between determinant factors (MS, EC, FA, MA, IN, and CO) with perceived SMEs SP, when the frequency distribution of the standardized residual is compared to the normal distribution, a substantial positive association is revealed. The data points upward in a straight line, as shown in the graph, indicating a direct positive correlation between the MS, EC, FA, MA, IN and CO (independent variables) with perceived SMEs SP (dependent variable), verifying that the two elements vary simultaneously.

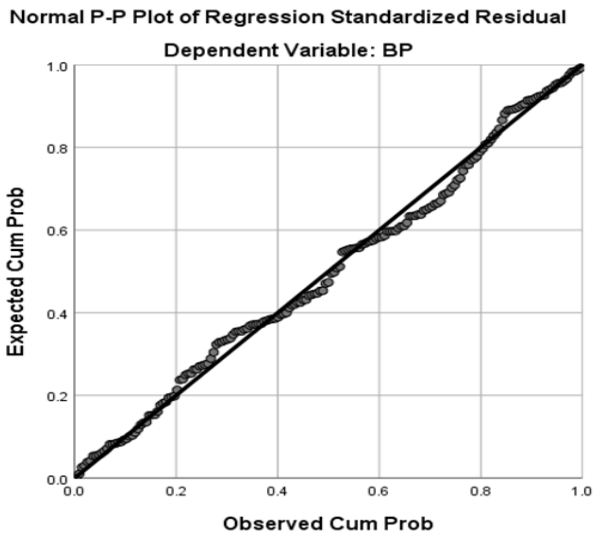

Figure 4.2. Normal P-P plot of SMEs Performance

d) Normality Test

In addition, figure 4.3.histogram of normality of residue figure meets the assumption of normality.

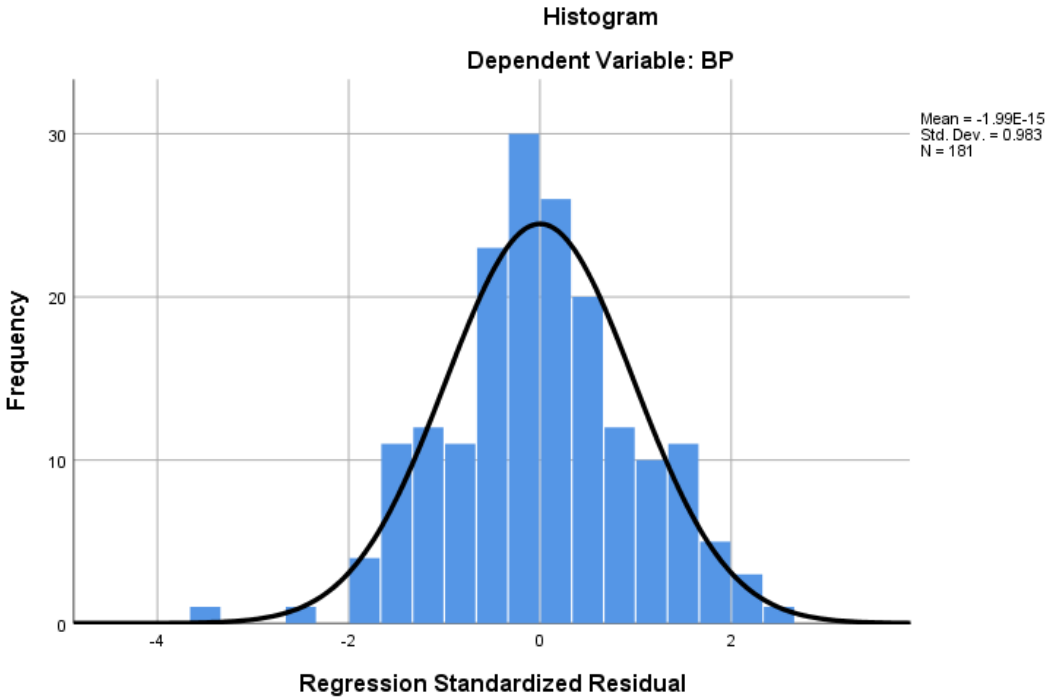

Figure 4.3. Histogram of normality of residue for Business performance

Table 4.15. Model Summary of predictors of SMEs Performance

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	**.890[a]**	**.793**	**.785**	**.34376**

Note: a. Predictors: (Constant), MS, EC, CO, FA, MA, IN
b. Dependent Variable: SP
(Source: Researchers Survey,2021)

As illustrated in Table4.15, the value of $R^2 = 0.793$ showed that 79.3% variance was accounted for by the independent variables (determinant factors) under the study in the dependent variable (SMEsperformance). The determinant factors in the study model MS, EC, FA, MA, IN, and CO(independent variables) exhibited the ability to predict SMEs performance (R^2=0.793). This was quite high so prediction from the regression equation was fairly reliable. The remaining 20.7 percent of the variance in SMEs performance was not explained by these variables, implying that the remaining 20.7 percent of the variation in SMEs performance was due to additional factors not included in the model. It also suggests that 20.7 percent of the variation is still unaccounted for, which may be due to other variables not included in the model. So, adding other independent variables could improve the fitness of the model.

Table 4.16. ANOVA of SMEs performance

ANOVA						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	**Regression**	**78.538**	**6**	**13.090**	**110.769**	**.000[b]**
	Residual	**20.562**	**174**	**.118**		
	Total	**99.099**	**180**			

Note:a. Dependent Variable: SP
b. Predictors: (Constant), MS, EC, CO, FA, MA, IN
(Source: Researcher Survey, 2021)

In the model of SMEs performance, the ANOVA Table4.16 shows that R = 0.890 which suggested that the independent variables (MS, EC, FA, MA, IN, and CO) and dependent variable (SP) under analysis had a significant relationship.

Table 4.17: Coefficients for SP predictors

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	Constant	-.389	.191		-2.040	.043		
	Market access,MA	.132	.037	.167	3.575	.000	.547	1.828
	Entrepreneurial Characteristics,EC	.152	.036	.168	4.174	.000	.732	1.367
	Access to finance, FA	.133	.050	.118	2.642	.009	.602	1.660
	Infrastructure, IN	.538	.056	.586	9.572	.000	.319	3.139
	Corruption, CO	-.126	.042	-.150	-2.989	.003	.476	2.103
	Management skill,MS	.200	.045	.184	4.424	.000	.687	1.455

Note: Dependent Variable: SP

(Source: Researcher survey, 2021)

The regression results also confirmed that the independent variables MS, EC, FA, MA, IN, and CO were significant predictors of a dependent variable (SP). The ANOVA Table 4.16.indicated that the dependent variable (SMEsperformance) was statistically significantly predicted by the regression model (P(0.001)<0.05). The F value in ANOVA Table 4.16, F=110.769 and P < (0.001) < 0.05 revealed that this variation was very significant. As a result, these predictors were adequate for predicting the response and providing a good fit to the data.

Based on the multiple linear regression carried out to investigate the relationship between MS, EC, FA, MA, IN, CO, and SP, the results told that how much of each independent variable had an impact on the dependent variable.

Table 4.17, shows that access to management, MA ($\beta = 0.132$; $t = 3.575$; P (0.001) < 0.05); Entrepreneur characteristics, EC($\beta = 0.152$; $t = 4.174$; P (0.001) < 0.05); Access to finance, FA ($\beta = 0.133$; $t = 2.642$; P (0.009) < 0.05); Infrastructure, IN ($\beta = 0.538$; $t = 9.572$; P (0.001) < 0.05); and Management skills, MS ($\beta = 0.200$; $t = 4.424$; P (0.001) < 0.05) had positive effect on SMEs business performance. On other hands, Corruption, CO ($\beta = -0.126$; $t = -2.989$; P (0.003) < 0.05) had negative effect on SMEs business performance. We may conclude from the findings that MS, EC, FA, MA, IN and COhas a considerable impact on SP of AkakiKality sub-city. Therefore, H_1, H_2, H_3, H_4, H_5 and $H_6$is supported.

Table 4.18: Summary of Hypothesis Test Result

Hypothesis	Result
H1: The management skill influences positively the performance of SMEs	Accepted
H2: The entrepreneur factors affect positively to the performances of SMEs	Accepted
H3: Access to finance has a positive effect on the Performance of SMEs	Accepted
H4: Access to market shows a positive effect on the Performance of SMEs	Accepted
H5: The facilities of infrastructure affect positively to the performance of SMEs	Accepted
H6: Practices of corruption has a negative relationship with the performance of SMEs	Accepted

(Source: Researchers Survey, 2021)

4.6.4. Model Specification

The following models were created to determine the statistically significant determining factors affecting SME's business performance in the AkakiKality sub-city. The standardized regression Model is:

$$SMEsPerformance = \beta_o + \beta_1 (MS) + \beta_2 (EC) + \beta_3(FA) + \beta_4(MA) + \beta_5(IN) + \beta_6 (CO)) + \varepsilon_i$$

Where, $\beta_o$is the regression constant and $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$, and $\beta_6$are the regression coefficients of MS, EC, FA, MA, IN, and CO respectively. Therefore, the fitted Regression Model is:

$$SP = \beta_o + 0.200(MS) + 0.152(EC) + 0.133(FA) + 0.132(MA) + 0.538(IN) - 0.126 (CO)$$

*Where, **SP**, represent dependent Variable business performance and the independent Variables; **MS**= represent management skills; **EC** = represent entrepreneur characteristics; **FA** = represent Access to finance; **MA**= representmarket access; **IN** = represent Infrastructure and **CO** = represent corruption.*

The above regression equation (model) established that taking all factors into account (MS, EC, FA, MA, IN, and CO) constant at zero, SMEs business performance of Akaki Kality sub-city will be -0.389. According to the findings, if all other independent variables are set to zero, a unit increase in MS will result in a 0.200 increase in SMEs business performance, and if all other independent variables are set to zero, a unit increase in EC factor result in a 0.152 increase in SMEs performance. Further, the finding shows that a unit increases in FA practices increases 0.133 in SMEs performance; a unit increase in MA factor results in 0.132 increases in SMEs performance and if all other independent variables are set to zero; a unit increase in IN factor results in a 0.538 increase in SMEs performance. On the other hand, if all other independent variables are set to zero, a unit increase in CO factor results in a 0.126 decrease in SMEs performance of Akaki Kality sub-city manufacturing SMEs.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1. Introduction

This section of the finding included a summary, conclusions, contribution to knowledge, and recommendations. The conclusions are based on the research objectives of the study.

5.2. Major Findings

This study was required to identify factors that determine the performance of SMEs and their status mainly targeted the owner/manager of manufacturing sectors in the Akakai-Kality sub-city. Consequently, out of the total of 336 manufacturing SMEs, 182 SMEs were selected. However, 181 questionnaires were successfully filled and returned (99.45%) response rate.

Descriptive statistics were used to analyze the data related to the respondents and SMEs characteristics. The participation of females and males was almost proportional and was used to find fair and conclusive information for the study. Respondent's ages fall in different groups and are supported to identify different reflections and challenges. Most of the respondents are college and university graduates and are understanding and responsive to things. Partnerships and sole proprietorship were legalities of the sampled enterprises and improved business cooperation. The enterprises have operated their business for a long time, which means they have more information on the factors that affected their performances. However, the enterprises of manufacturing SMEs have a management status of an owner-manager, and management of owner-manager enterprises are more likely to fail due to lack of management experience than managers respondents.

To describe the status of manufacturing SMEs' performance (*the first objective*), the study discussed each determinant factor's current problems**.** According to the findings access to finance, and infrastructure factors have high problem contributions. Related to all sectors' the findings concluded the same implication and show that management of enterprise's understanding is consistent on the challenges of access to finance factors. In this regard, lack of working capital, high demand collateral, high interest rate, limitation of alternative financial credit institutions, and lack of cash flow management are the most causes of SMEs' poor performance. The same findings were informed by (Abera, 2012; Tekele, 2o19; Anye & Makebo, 2019; Gamo and Gollgari, 2020). The study finding shows that power interruption

highly affected the performance of SMEs. Most of the enterprise's performance in manufacturing sectors is based on the presence or absence of electricity, and causes disruptions in working hours, and is exposed to various costs. Correspondingly, water supply has a close impact as power interruptions, especially in construction material inputs and food processing sectors continues to be a major obstacle for SME's performance.

On the other hand, corruption, market access, management skills, and entrepreneurial characteristics have orderly moderate problem contributions. The study results indicated the high problem contribution of bribery as the factor of corruption on the performance of SMEs. The result of corruption is an attack on those who comply with the law. Because it is doing in secret and is difficult to investigate. This means that those who use the law as a right to receive government services have been denied their rights. Thus, show the government individuals have lacked support based on honesty and integrity in the study zone. The other result shows lack of market linkage by offices is a major challenge to the performance of all sectors of manufacturing SMEs. In this study, the lack of government-linked market linkages has become limited and produced a crack for SMEs sectors performance. The response shows that the respondents complained about the government's support for lack of or not market linkages.

Among management skill factors, the gap of strategic planning, followed by low management experience, and weak responsibilities and division duties recognized in highly problem contributors to SMEs performance. Many of the participants involved in the study realized that the long-term business plan was a major obstacle to performance. This means that the performance of these businesses is limited to their day-to-day operations.

The SMEs' performance (dependent variable) was measured by profitability as financial and customer satisfaction and increasing employee both as non-financial performance. From a total of the respondents, 92.30% were measured their performance and 94.5% were aware of the status of their performance. Thus, related to the components of SMEs performance, customer satisfaction, and profitability shows a moderate maximization to SMEs performance, however, the growth of employees shows low or partial improvement to the manufacturing SMEs performance in Akaki-Kaliity sub-city. Accordingly, the majority of the respondents (SMEs' managements) on average indicated that their business is positioned in moderate or middle-performance status.

To show the effects of determinant factors on SMEs' performance (*the second objective*), the study also carried out inferential statistics mainly regression analysis results. In this concern, the R^2 (coefficient of determination) value indicated that the determinant factors specifically, management skill, entrepreneurial characteristics, access to finance, market access, infrastructure, and corruption are explained 79.3% of the variation in the SMEs performance explained by the study variables, while the remaining 20.7% of the variance in SMEs' performance may be explained by other variables not included in the study.

In the regression, Infrastructure factors, ($\beta = 0.538$; $t = 9.572$; $P\ (0.001) < 0.05$) show that a strong positive and significant impact on SMEs' performance of Akaki- kality sub-city indicating that the hypothesis (H_5) is supported. This finding is consistent with the study of(Ahmad, 2012; Amwele, 2013; Anga, 2014; Muriithi, 2017; Abdissa, G., & Fitwi, T., 2016). However, the result of this study has shown a contradiction for "infrastructure could not be challenged for enterprises in Ethiopia"(Luning & Giesen, 2006).

The management skills,($\beta = 0.200$; $t = 4.424$; $P\ (0.001) < 0.05$), has a positive and significant effect on SMEs performance indicating that the hypothesis (H_1) is supported. This finding is consistent with the study of (Mitku Mekonen,s.,2018; Bouazza1, Asma Benzazoua, Diabate Ardjouman, 2015; Anga, 2014). The entrepreneur characteristics, ($\beta = 0.152$; $t = 4.174$; $P\ (0.001) < 0.05$), has positive and significant impact on SMEs performance indicating that the hypothesis (H_2) is supported. This finding is consistent with the study of(Anggadwita & Mustafid, 2012; Jasra and Khan, 2011).Access to finance, ($\beta = 0.133$; $t = 2.642$; $P\ (0.009) < 0.05$) shows a positive and significant impact on SMEs performance indicating that the hypothesis (H_3) is supported. This finding is consistent with the study of (Abdissa, G., & Fitwi, T.,2016; (Nega & Hussein, 2016).Market access, ($\beta = 0.132$; $t = 3.575$; $P\ (0.001) < 0.05$) has a positive and significant impact on SMEs performance indicating that the hypothesis (H_4) is supported. This finding is also consistent with the study of (Abdissa, G., & Fitwi, T.,2016; Mitku Mekonen,s.,2018; Gidey, 2017) which were indicated that if SMEs find an occasion of market accessibility products, there is a possibility to improve their performance.

On the other hand, the impact of corruption, ($\beta = -0.126$; $t = -2.989$; $P\ (0.003) < 0.05$) shows a negative and significant impact on the SMEs performance in Akakai-Kality sub-city. Therefore

hypothesis (H_6) is supported. This finding is consistent with the study of (Abdulahi & Sulaima, 2015; Amwele,2013; Fjose et al., 2010; Ahmad, 2012).

Therefore, the determinant factors containing in the model of SMEs performance in the Akaki-kality sub-city have more power to shape SMEs performance during the study period. Therefore, the second specific objective of the study was addressed in the above ways.

5.3. Conclusion

The major of this study is to provide the most favorable acceptance to entrepreneurs of SMEs in Akaki-Kality manufacturing sector about the factors that affect their business performance, with the need of minimizing failure and improving option of achievement.

The respondent's and SME's characteristics are positive for the performance and were almost used to find accurate information for the study. However, the manufacturing SMEs have a management status of an owner-manager and are more likely to fail due to a lack of management experience. 94.5% of SMEs manufacturing enterprises have the awareness of performances measurements and on its importance for objective success.

The study concluded that access to finance is the first and highest challenge to the performance of the manufacturing SMEs due to the lack of choice of financial institutions and their procedurals which raises the complexity of finding credit facilities for medium and small enterprises. The infrastructure particularly related to electricity, and water supply continued at the level of a major constraint for SME's performance. Individuals in the government have a lack of support for SMEs based on honesty and integrity, consequently in the study outcomes agreed for high problem contribution of bribery as corruption practices, and lack of market linkage government support are main problems in falling for manufacturing SMEs performance. In addition, management skill factors such as a gap of strategic planning, low management experience, and weak responsibilities and division duties, and others identified their high problem contribution on SMEs performance. The SMEs' performance, concerning customer satisfaction and generating profitability shows a moderate improvement; however, the growth of employees shows low or no progress on the manufacturing SMEs performance in the Akaki-Kaliity sub-city. Comparing to sectors, textile, and garment initially and highly affected by factors problem contribution and others moderately affected.

Therefore, the status of SMEs performance recognized moderate to most of manufacturing enterprise sectors in Akaki Kality sub-city since a variety of challenges connected to the study variables and further factors.

The study found that all the internal (entrepreneurial characteristics, management skills) and external (access to finance, market access, infrastructure, corruption) variables within the conceptual framework currently affected the performance of SMEs in the sampled manufacturing sectors. This indicated that management skill, access to market, infrastructure, access to finance, and entrepreneur characteristics have a direct, positive, and significant influence, however, corruption has an indirect, negative, and significant influence on SMEs ' business performance. The study discovered that determinant factors have an impact of 79.3% on SMEs' performance in the Akaki-Kalitiy sub-city. As a result, this type of research could help organizations better understand and appreciate the relevance of SMEs' performance determinants, as well as the necessity to integrate and harmonize SMEs into their strategic plans.

5.4. Contribution to the knowledge

This is the only research still done in Akaki-kality sub-city purposely in the small and medium manufacturing enterprises sector. Hence it fills a research gap with indication to the consequence of the determinant factors on small and medium enterprises performance. The study may be of significance to rising countries that distinguish small and medium enterprises, as an energetic instrument in promoting economic improvement. The research employed a mixed-method approach hardly seen in several small and medium manufacturing enterprises. As well, the study contributes to knowledge of research on the effect of determinant factors of small and medium manufacturing enterprises performance which can be taken as a delegate for Akaki-kality sub-city. Additionally, the study contributes to knowledge of research on the effect of corruption on small and medium manufacturing enterprise's performance which can be taken as a good examination for Addis Ababa city.

5.5. Recommendation

The researcher's knowledge and feedback from the literature directed to the following suggestion and potential SMEs business performance solutions, which were anticipated based on the impact of determinant factors on SMEs in this study. To build up sustainable competitive advantages the following SME's business performance strategies for the improvement of entrepreneur

development of Akaki-Kalitiy sub-city were recommended based on the conclusions and purposes of the study.

- The sub-city administration should concentrate on improving quality access to finance, supply of infrastructure, and avoiding and preventing corruption to become the highest quality institution in the field of economic and social development of entrepreneurs.
- Market access has been identified as a key factor in the performance of SMMEs. Therefore, the government and other stakeholders need to make sustainable market linkages.
- Banks should offer enough information about the access to credit for the small and medium manufacturing enterprise and have to assess the interest rates on credit because it looks to be high; if not the administration should discover an agreeable solution in focusing on improvement of these enterprises due to their role of value-adding in the economy.
- The Akaki-Kalitysub-city required enhancing and maintaining their service deliverance competitiveness by providing training programs on the business plan and measurements of business performance. Small and medium enterprises required having awareness of various performance measurement tools for the understanding of performance status and to isolate existing challenges for decision making.
- The sub-city administration should vigorously take up the matter of SME's performance with city government job creation and entrepreneur development bureau for opening up some opportunities for entrepreneurs in the sub-city development.
- Corruption is still an obstacle for all manufacturing sectors small and medium enterprises. The cases of giving money to office employees, bribery, paid unofficial for service linkage being common practices to get not own benefit. Therefore, the local administration should provide a smooth ground for fighting based on justified information for those who are corruptors and mainly have the focus to bring thinking change in operators and officials overall ongoing of time.

This research adds to previous efforts to better understand the relationship between the determinant factors and new dimensions to business performance research by sparking a discussion about the role of determinants of SMEs' business performance.

5.6. Limitations and future research Directions

Mainly, the study sample not included all sectors of the enterprises in the sub-city. It specifically focused only on the small and medium manufacturing enterprise sub-sectors of the sub-city. Therefore, future research has to study by including the small and medium enterprises of construction, trade, service enterprises of the sub-city. Another inadequacy of the research was a small number of factors and dependent variables. Future research should contain more dependent and independent variables for the accompaniment of the conclusion of this study. Finding entrepreneurs who would take the time to complete the questionnaires correctly was a huge challenge. Time was also a constraint; questionnaires were not returned within the specified time frame. Therefore, in the study since the data gathering procedure was cross-sectional; the future use of longitudinal data gathering procedure should convenient. In this research, more of a quantitative manner of data gathering was used. Therefore, for next research focus on more qualitative should help to find a detailed understanding of the effect of the determinant factors in small and medium enterprises performances.

The suggested strategies are aimed towards achieving these purposes. However, as it is not possible to implement all the recommended strategies simultaneously due to resource constraints and difficulties in implementation, the strategies should be prioritized for implementation.

Reference:

Abdissa, G., & Fitwi, T. (2016a). Determinants of Micro and Small Enterprises Performance in South West Ethiopia: The Case of Manufacturing Enterprises in Bench Maji, Sheka, and Kefa Zones. Type: Double Blind Peer Reviewed International Research Journal Publisher: Global Journals Inc, 16.

Abdissa, G., & Fitwi, T. (2016b). Factors Affecting Performance of Micro and Small Enterprises in South West Ethiopia: The Case of Bench Maji, Sheka, and Kefa Zones. Global Journal of Management and Business Research : A Administration and Management, 16(10), 46–64.

Abera, A. (2012). Factors Affecting the Performance of Micro and Small Enterprises in Arada and Lideta Sub-Cities, Addis Ababa. Journal of Accounting and Finance, 2(4), 15–27.

Ahmad, M. (2012).InterdiciplinaryJournal of Contemporary research in business new determinants of factors affecting the growth of small and medium enterprises in Pakistan.

Amaradiwakara, A., & Gunatilake., M. M. (2017). Factors Affecting Growth of Small and Medium Enterprises in Sri Lanka. International Journal of Advanced Research, 5(2), 1805–1814. https://doi.org/10.21474/IJAR01/3345

Amwele, H. N. (2013). An empirical investigation into the factors affecting the performance of SMEs in the retail sector in Windhoek, Namibia. Universidade Federal Do Triângulo Mineiro, 53(9), 1689–1699.

Anga, R. (2014). Determinants of Small and Medium Scale Enterprises in Nigeria.12(1),140–48.

Anggadwita, G., & Mustafid, Q. Y. (2014). Identification of Factors Influencing the Performance of Small Medium Enterprises (SMEs). Procedia - Social and Behavioral Sciences, 115, 415–423. https://doi.org/10.1016/j.sbspro.2014.02.448

Anye, A., & Makebo, H. (2019). Factors Affecting Performance of Small and Medium-Sized Business Enterprises (The Case of Yeka Sub-City Addis Ababa, Ethiopia). 4(2), 188–203.

Assefa, B., Zerfu, A., & Tekle, B. (2014). Identifying key success factors and constraints in Ethiopia MSE development: An exploratory research. http://www.edri.org.et

Athanasouli1, D., Goujard2, A., & Pantelis Sklias3. (2012). Corruption and firm performance: Evidence from Greek firms. Research, 5, 43–67.

Bouazza1, Asma Benzazoua, Diabate Ardjouman, and D. O. A. (2015). Establishing the Factors Affecting the Growth of Small and Medium-sized Enterprises in Algeria Ph.D. Scholar, School of Management Shanghai University Building V-905 Shang Baoshan District Shanghai Ph.D. Scholar School of Management Shanghai University Shang. American International Journal of Social Science, 4(2), 101–115.

Bremer, M. (2012). Math 261A -Spring 2012. Math 261A -Spring 2012, 1, 18–36. http://mezeylab.cb.bscb.cornell.edu/labmembers/documents/supplement 5 - multiple regression.pdf

Cathrine Sozi. (2020). ONE UN Assessment- Socio-economic Impacts of Covid-19 in Ethiopia. Forward by the UN Resident/ Humanitarian Coordinator. Summary of impacts and policy proposals for Response and Recovery. May.

Degefu, D. G. (2018). Factors That Determine the Growth of Micro and Small Enterprises: In the Case of Hawassa City, Ethiopia. business, 10(04), 185–200.

F/selassie, M. (2017). The Role of Government Support Services for the performance of Small and Medium Manufacturing Enterprises in Addis Ababa City. June.

FDRE. (2013). Ethiopian Industrial Development Roadmap. September.

FDRE. (2003). Definitions of small and medium sized enterpirses addopted by the commission Brhan and Selam Printed. Addis Ababa Ethiopia (Amharic document) 1-70.

Fekadu, M. M. (2019). Effect of Internal and External Challenges on Micro and Small Enterprises' Prospect. 11(1), 47–59. https://doi.org/10.7176/EJBM

Fitane, R. (2018). Factors Affecting Sustainability of Small and Medium-Scale Enterprises: the Case of Addis Ababa, Ethiopia A. 70(1), 1–70.

Fjose, S., Grünfeld, L. A., & Green, C. (2010). [SMEs and growth in Sub-Saharan Africa] Identifying SME roles and obstacles to SME growth. http://www.menon.no

Galasso Gamo, K., & Gollagari. (2020). Role of Local Government and MSMEs Performance: The Case of Ethiopia. International Journal of Small and Medium Enterprises, 3(1). www.cribfb.com/journal/index.php/ijsmes

Gebreselassie, A. M. (2020). Challenges of Economic Integration of Small and Medium Enterprises in Manufacturing Sector Tigray Regional State Mekelle City. Journal of

Economics and Sustainable Development, 11(4), 121–130.

Gupta, S. (2019). To assess the position of small and medium manufacturing enterprises in economic development in Ethiopia. 7(8). https://doi.org/10.5281/zenodo.3402172

Jasra, Javed Mahmood and Khan, M. A. and, Hunjra, Ahmed Imran and Rehman, R. A. U. and, & Azam, R. i. (2011). Determinants of business success of small and medium enterprises. In International Journal of Business and Social Science (Vol. 2, Issue 20).

Kanu, A. M. (2015). The effect of corruption on small and medium enterprises: Perspective from a developing country. In International Journal of Small Business and Entrepreneurship Research (Vol. 3, Issue 3). www.eajournals.org

Kebede, M. S. (2015). Student number : 50781251 Declaration. October.

Lingesiya.Y. (2012). Identifying Factors to Indicate the Business Performance of Small Scale Industries: Evidence from Sri Lanka | Global Journal of Management And Business Research. Global Journal of Management and Business, 12(21). https://www.journalofbusiness.org/index.php/GJMBR/article/view/874

Luning, E., & Giesen, D. (2006). Key Success Factors and analysis of SME development: Ethiopia Eelko. 1–15.

Maduekwe, C. C., & Kamala, P. (2016). Performance measurement by small and medium enterprises in Cape Metropolis, South Africa. Problems and Perspectives in Management, 14(2). https://doi.org/10.21511/ppm.14(2).2016.05

Mahmood, J., Asif, M., Imran, A., Ur, R., & Azam, R.-I. (2011). Determinants of business success of small and medium enterprises. International Journal of Business and Social Science, 2(20), 274–280.

Mahmudova, L. (2018). Definition of the Performance of Small and Medium Enterprises. Network Intelligence Studies, VI(12 (2/2018)), 111–120.

Mateev, M., & Anastasov, Y. (2012). New determinants of growth in small and medium-sized enterprises in central and eastern Europe: A panel data analysis. International Journal of Economic Research, 9(1), 113–136.

Mitiku Mekonnen, S. (2018). Determinants of Micro and Small Enterprises Performance in Karat town. www.iiste.org

Möllering, L. (2019). The Relationship between Marketing Function Development and Market Orientation on Firm Performance of Manufacturing Business-to-Business SMEs.July, 1–67.

Mugenda, O. and Mugenda, A. (2003). Research Methods. Quantitative and Qualitative Approaches. Acts Press, Nairobi

Muriithi, S. M. (2017). African small and medium enterprises (SMEs) contributions, challenges, and solutions. European Journal of Research and Reflection in Management Sciences, 5(1). www.idpublications.org

Muzenda, A. (2014). A Conceptual Model of the Determinants of Performance of Tourism Sector Small and Medium Enterprises (SMEs). In International Journal of Business and Management Invention ISSN (Vol. 3). www.ijbmi.org

Nega, F., & Hussein, E. (2016). Small and Medium Enterprise Access to Finance in Ethiopia : Synthesis of Demand and Supply. February, 1–39. www.hespi.org

Obokoh, L. O., & Goldman, G. (2016). Infrastructure deficiency and the performance of small- and medium-sized enterprises in Nigeria's Liberalised Economy. Acta Commercii, 16(1). https://doi.org/10.4102/ac.v16i1.339

Tekele, A. A. (2019). Factors Affecting the Performance of Micro and Small Enterprises in Diredawa City Administration. Research Journal of Finance and Accounting, 6(12), 18–26. https://doi.org/10.7176/rjfa/11-11-03

Warokka, A., Gallato, C. and Moorthy, T.(2012). Organizational Justice in Performance Appraisal System and Work Performance: Evidence from an Emerging Market Journal of Human Resources Management Research: IBIMA Publishing, Malaysia.

Weldeslassie, H. A., Vermaack, C., Kristos, K., Minwuyelet, L., Tsegay, M., Tekola, N. H., & Gidey, Y. (2019). Contributions of Micro, Small and Medium Enterprises (MSMEs) to Income Generation, Employment and GDP: Case Study Ethiopia. In Journal of Sustainable Development (Vol. 12, Issue 3). https://doi.org/10.5539/jsd.v12n3p46

Woldesilassie, T. L., Mallikhajuna, V., & Ivatury, K. (2020). Key Determinant Factors Affecting the Performance of Small and Medium Scale Manufacturing Enterprise: A Case Study on West Shoa Zone, Oromia National Regional State, Ethiopia. www.ijert.org

Worku, I., & Yifredew, S. (2017). working paper 2017-19. March.

APPENDIX: QUESTIONNAIRE

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS AND ECONOMICS DEPARTMENTS OF ACCOUNTING AND FINANCE

PART-1: Letter of Introduction to Help for Respondents Transparency

Dear, Respondents!

My name is BerhaneGebremedhin and I am a student of AAU currently studying towards a master of degree in the Finance department. It was found necessary to disseminate this questionnaire to gather data on the performance of small and medium enterprises in the manufacturing sector. Based on your participation, this study provides advice on identifying the negative aspects of the performance of small and medium-sized enterprises in the manufacturing sector and pointing out important directions that will play an important role in problem-solving. Make sure the information you share is kept confidential and does not adversely affect you or your business. All you need to do is give us your time and knowledge about the questionnaire. Therefore, I humbly ask you to complete this questionnaire and answer it in time.

Thank you for your kind cooperation!

Instruction: Writing your name is not required.

PART-2: Information of Respondents and Business enterprises

This section contained choice questions. Please indicate the one you think right by (√) in '[ ]'.

1	Gender?	Female [ ]	Male [ ]
2	Your age in?	Below 26 years [ ] (36 -45) years [ ]	(26 -35) years [ ] above 45 years [ ]
3	Your level of education?	College or TVET [ ] Secondary [ ]	Primary [ ] First degree & above [ ]
4	Your status in the business?	Owner- manager [ ]	Manager [ ]
5	Age of your business in operation?	Less than 3 years [ ] (9 – 12) years [ ]	(4- 8) years[ ] 13 and above years [ ]
6	Which sector is your business operates in?	Construction material [ ] Food preparation [ ] Other:_____	Metal and woodwork [ ] Textile and raiment [ ]
7	What is the legal form of your business?	Sole proprietorship [ ] Joint venture [ ]	Partnership [ ] Corporation [ ]
8	Which criteria do you use to measure your business?	Sales volume [ ] Number of employees [ ]	customer satisfaction [ ] profitability [ ] no idea [ ]
9	How do you estimate your company's performance	very good [ ] not good [ ]	good [ ] no idea [ ]

PART-3: For each of the determinant effects listed on the table, show the Likert Scale degree with (√) the one you agree to explain your business performance. Where, measurement scale coded as **" 1= Strongly disagree, 2 = Disagree, 3= Not sure, 4= agree, and 5= Strongly agree."**

1. **Management skill statements**		**1**	**2**	**3**	**4**	**5**
1.1	The level of your management experience is low					
1.2	High cost and inaccessible training facilities					
1.3	Weak level of responsibilities and division of duties					
1.4	Your poor organization affected your communication					
1.5	High level of a gap in your strategic business planning					
2. Entrepreneurial characteristics		**1**	**2**	**3**	**4**	**5**
2.1	Motivation to work in your business is low					
2.2	Unpreparedness to take responsibility for failures					
2.3	A small number of trained or qualified employees					
2.4	Low focus on strength and weakness assessment					
3. A**ccess to finance statements**		**1**	**2**	**3**	**4**	**5**
3.1	High collateral request of credit institution					
3.2	High interest rate of lending institutions					
3.3	Insufficient of credit institutions					
3.4	Limited access to working capital					
3.5	Level of cash flow management is low					
2. A**ccess to market aspects**		**1**	**2**	**3**	**4**	**5**
2.1	The level of the local market to sell a product is limited					
2.2	Poor customer care and communication					
2.3	Low level to address relevant market information					
2.4	Less of forecasting for product seekers					
2.5	The government office's market linkage is under the expectation					
3. **Impacts of infrastructure**		**1**	**2**	**3**	**4**	**5**
3.1	High repetition of power interruption					
3.2	water supply in your business area is insufficient					
3.3	Transportation access in your business area is weak					
3.4	Un appropriate dry waste and sewerage system					
4. C**onsequenceof corruption**		**1**	**2**	**3**	**4**	**5**
4.1	Office employees take money in registration and licensing					
4.2	An employee misused an enterprise's money					
4.3	Bribery is a major barrier to my organization					
4.4	when I receive services, I paid unfair payment					
7. **Generalof the business performance**		**1**	**2**	**3**	**4**	**5**
7.1	Your customer looks satisfied with your product quality & service					
7.2	your business level of number of customers increased					
7.3	Due to your business net profit increased, your income changed					
7.4	your business Return on Assets shows an improvement					
7.2	From the business beginning, your employees' number increased					

Thank you for your time.

መጠይቅ፡

በአዲስ አበባ ዩኒቨርሲቲ የቢዝነስና ህዝብ አስተዳደር ትምህርት ቤት
የፋይናንስ ትምህርት ክፍል

ክፍል-1፡ ተሳታፊዎች በመጠይቁ አስፈላጊነት ግልፅነት እንዲያገኙ የሚረዳ የመግቢያ ደብዳቤ

ውድ የጥናቱ ተሳታፊዎች!

ስሜ ብርሃነ ገብረመድህን ሲሆን በአሁኑ ወቅት በፋይናንስ ክፍል ውስጥ ለሁለተኛ ዲግሬ የአዲስ አበባ ዩኒቨርሲቲ ተማሪ ነኝ። በማኑፋክቸሪንግ ዘርፍ ላይ የአነስተኛና መካከለኛ ደረጃ ያላቸው ኢንተርፕራይዞች አፈፃፀም በማተኮር ለጥናት የሚያስፈልጉ መረጃዎችን ለመሰብሰብ ይህ መጠይቅ ለማሰራጨት አስፈላጊ ሆኖ ተገኝቷል። ይህ ጥናት ከተሳትፎዎ ላይ በመመርኮዝ በማምረቻ ዘርፍ ውስጥ ያሉትን የአነስተኛና መካከለኛ ልማት ኢንተርፕራይዞች ሥራ አፈፃፀም ላይ የሚስተዋሉ አሉታዊ ሁኔታዎችን በመለየት እና ለችግሮች መቀነስ ጠቃሚ ሚና የሚኖራቸው አስፈላጊ አቅጣጫዎችን በመጠቆም መፍትሔዎችን ያሳያል። እርግጠኛ ይሁኑ የሚያጋሯቸው መረጃዎች ጥንቃቄ በተሞላው በሚስጥር የሚያዝ እና በእርስዎም ሆነ በንግድ ድርጅትዎ ላይ ምንም ዓይነት አሉታዊ ተፅዕኖ አያስከትልም። ከእርስዎ የሚፈለገው ጊዜዎትንና በመጠይቁ ዙርያ ያልዎትን ፅሁቀት በቅንነት እንዲያጋሩን ብቻ ነው። ስለሆነም ይህንን መጠይቅ በእውነት እንዲሞሉ እና በወቅቱ እንዲመልሱ በትህትና እጠይቃለሁ።

ስለ ደግ ትብብርዎ ከልብ አመሰግናለሁ!

መመሪያዎች:

- ስምዎትን መጻፍ አያስፈልግም።

ክፍል-2፡- ከተዘረዘሩት የተሳታፊዎችና የኢንተርፕራይዝዎ የገፅታ መረጃ የሚሳዩ የምርጫ ዓይነት ጥያቄዎችን ተከትሎ ባለው ቅንፍ ውስጥ "[ ]" በ(√) በትክክል ይገልፁልኛል ብለው ያሰቡትን ላይ ያመልክቱ።

1	ፃታ?	ሴት [ ]	ወንድ [ ]
2	ዕድሜ?	ከ 26 ዓመት በታች [ ]	(26-35) ዓመታት [ ]
		(36-45) ዓመታት [ ]	45 ዓመት በላይ [ ]
3	የትምህርትደረጃ?	የመጀምርያ ደረጃ [ ]	ዲፕሎማ ወይም የቴ/ሙ/ት/ሥ [ ]
		ሁለተኛ ደረጃ [ ]	የመጀመርያ ዲግሪ እና በላይ [ ]
4	በንግዱ ውስጥ ያለዎት ድርሻ ምንድን ነው?	ባለቤትና ሥራ አስኪያጅ [ ]	ሥራ አስኪያጅ [ ]
5	የድርጅትዎ በሥራ ላይ ቆይታ ዕድሜ?	ከ 3 ዓመት በታች [ ]	(9-12) ዓመታት [ ]
		(4 - 8) ዓመታት [ ]	13 እና በላይ ዓመታት [ ]
6	የንግድዎ የስራ ዘርፍ?	የብረታ ብረት እና የእንጨት ሥራ [ ]	የምግብ ዝግጅት [ ]
		የግንባታ ቁሳቁስ [ ]	ጨርቃጨርቅ እና አልባሳት [ ]
		ሌላ _____	
7	የንግድዎ ህጋዊ ይዘት ምንድን ነው?	የነጠላ ባለቤትነት ሙሉ [ ]	አጋርነት [ ]
		የጋራ ሥራ [ ]	ኮርፖሬሽን [ ]
8	አፈፃፀምዎ ለመገምገም የትኛውን መለኪያ ተጠቀመዋል?	የሽያጭ መጠን [ ]	የደንበኞች እርካታ [ ]
		የሠራተኞች ብዛት [ ]	የተጣራ ትርፍ [ ]
			ግንዛቤ የለኝም [ ]
9	የንግድ ድርጅትዎ አፈፃፀም እንዴት ይረዱታል	በጣም ጥሩ [ ]	ጥሩ ነው [ ]
		ጥሩ አይደለም [ ]	ሀሳብ የለኝም [ ]

ክፍል-3፡ ጥናቱን በማስመልከት በሰንጠረዥ የተዘረዘሩ የያንዳንዱ መመሰኛ ተፅዕኖዎች ከLikert Scale የዲግሪ ኮድ ስንግድዎን የስራ አፈፃፀም የሚገልፅ ሳጹ በ(√) ያሳዩ፡፡ የቁጥሮቹ ዲግሪ ከፍታ "1= በጣም አልስማማም፣ 2=አልስማማም፣3= እርግጠኛ ሳደደለሁም፣4= እስማማለሁ እና 5= በጣም እስማማለሁ" በሚል ኮድ ተሰጥቷል፡፡

1. የስተዳደር ችሎታ ማሳያዎች		*1*	*2*	*3*	*4*	*5*
1.1	በንግድ ስራዎ ስስተዳደር ውስጥ የልምድ ማነስ ስስ					
1.2	ያሉ የስልጠና ተቋማት ውስን እና ክፍያቸው ከፍተኛ መሆኑ					
1.3	የኃላፊነት ግዴታና የስራ ድርሻ ክፍፍል ግልፅነት መጓደል					
1.4	የተቋሙ እደረጃጀት ክፍተት ስመረጃ ልውውጥ ተፅዕኖ ፈጥሯል					
1.5	በተቋሙ ስትራቴጂያዊ ዕቅድ የማዘጋጀት ክፍተት መኖር					
2. የስራ ፈጣሪ ተዛማጅ ባህሪዎች		*1*	*2*	*3*	*4*	*5*
2.1	በእርስዎ ተቋም ውስጥ የስራ ተነሳሽነት ስነስተኛ መሆኑ					
2.2	ስሚከሰቱ ውድቀቶች ኃላፊነት ስመውሰድ ቅን ስስመሆን					
2.3	የሰለጠኑ ወጌም ብቃት ያሳቸው ሰራተኞች ቁጥር ማነስ					
2.4	ጥንካሬና ድክመትን ስመገምገም በቂ ትኩረት ስልተሰጠም					
3. የገንዘብ ነክ መግስጫዎች ዝርዝር		*1*	*2*	*3*	*4*	*5*
3.1	የባንኮች እና ሌሱች ተቋማት ከፍተኛ የዋስትና ማረጋገጫ					
3.2	የባንኮች እና የሌሱች ተቋማት ከፍተኛ የወስድ ብድር					
3.3	ስሊንተርንሬደዞች ብድር የሚያቀርቡ ተቋማት ማነስ					
3.4	የሥራ ማንቀሳቀሻ ብር ስነስተኛ መሆን					
3.5	የገንዘብ እንቅስቃሴ የማስተዳደር ዓቅም ውስንነት					
4. የገበያ ተደራሽነት ገፅታዎችን		*1*	*2*	*3*	*4*	*5*
4.1	ምርቶችን ስመሸጥ የስከባቢው ገበያ በቂ ስደደለም					
4.2	ደካማ የደንበኛ ስያያዝ ስርዓት መኖር					
4.3	ስስፈላጊ የገበያ መረጃዎች ስስማግኘት					
4.4	የተቋምዎ ምርት ፈላጊዎችን የመተንበይ ክህሎት ማነስ					
4.5	የመንግስት ፅ/ቤቶች የገበያ ትስስር ድጋፍ ከሚጠበቀው በታች መሆን					
5. የመሠረተ ልማት ተዋፅኖዎች		*1*	*2*	*3*	*4*	*5*
5.1	የመብራት መቆራረጥ ድግግሞሽ ከፍተኛ መሆን					
5.2	በንግድዎ ዙርያ በቂ የውሃ መጠን ስቀርቦት ስስመኖር					
5.3	በቂ የመጓጓዣ ስቀርቦት በተቋምዎ ስቀራብያ ስስመኖር					
5.4	ስሳስፈስጊ ተረፈ ምርት ስና ቆሻሻ ስማስወገድ ምቹ ስስመሆን					
6. የብልሹ ስሰራሮች ወጌም የሙስና ተፅዕኖዎች		*1*	*2*	*3*	*4*	*5*
6.1	በንግድ ምዝገባና ፈቃድ ስገልግሎት የቢሮ ሰራተኞች በድብቅ ብር ይቀበላሉ					
6.2	ሰራተኛ የተቋሙ ገንዘብ ስስስግባብ መጠቀሙን ስውቃስሁ					
6.3	ጉቦ በድርጅቴ ሳጹ ዋና ተዋፅኖ የሚያሳድር እንቅፋት ነው					
6.4	ስገልግሎቶችን ስቀበል ተገቢ ያልሆነ ክፍያ ከፈያለሁ					
7. ከንግድ ሥራዎች ስጠቃሳጹ ስፈፃፀም በተያያዘ		*1*	*2*	*3*	*4*	*5*
7.1	ደንበኞችዎ በምርትዎ ጥራት እና ስገልግሎት እርካታ ስሳቸው					
7.2	የእርስዎ የንግድ ስራ የደንበኞች ቁጥር መጠን ጨምሯል					
7.3	የንግድ ሥራዎ የትርፍ መጠን በመሻሻሉ የእርስዎ ገቢ ዕድገት ስሳደቷል					
7.4	የእርስዎ የንግድ ስራ በንብረት ገቢ ሳጹ መሻሻልን ስሳደቷል					
7.5	የንግድ ስራዎ ከጀመረ ጀምሮ የሰራተኞች ቁጥር ብዛት ከፍ ብሏል					

ስጊዜዎት ስመሰግናለሁ!