

Factors That Matter For The Growth Performance Of Enterprises In Western Ethiopia: A Study Of Micro And Small Enterprises In Kellem Wollega Zone Of Oromia Region

Kidane Alemu Ago^{1*}, Shemshedin Mohamed², Eshetu Beyene³, Mosisa Dechasa⁴:

¹Department of Economics, Dambi Dollo University, Dambi Dollo, Ethiopia

²Department of Agricultural Economics, Dambi Dollo University, Dambi Dollo, Ethiopia

³Department of Business Management and Enterpreneuership, Dambi Dollo University, Dambi Dollo, Ethiopia

⁴Department of Management Dambi Dollo University, Dambi Dollo, Ethiopia

* kidanealmu@gmail.com

Abstract

Micro and Small Enterprises (MSEs) become dominant activities in developing countries and are the priority concerns of all for reducing unemployment and enhancing economic growth. This study, therefore, aimed to measure the performance of MSEs and identify the factors that matter for growth performance of such enterprises in the Kellem Wollega Wollo zone of Oromia region by taking randomly sampled 384 enterprises. The study has equally used descriptive and econometric techniques and data were analysed using stata16. The summary statistics in the descriptive analysis showed the business opportunities were skewed towards those respondents who are low educated, low experienced and aged younger and male group. Moreover, the capital-labor ratio comparison between initial and final shows that capital grows faster than employment and hence the enterprises became more of capital deepening. The results of different methods of employment growth measures by size-group show that micro enterprises growth performance is relatively better than small enterprises' growth achievement. However, in terms of annual jobs contributed, the small enterprises growth measure exceeds that of micro enterprises. The regression results of the econometric analysis certified that enterprises performance measured in terms of compounded average growth in employment is positively affected by owners education, gender and the enterprise age, size and employment of factors, that is; by both initial and final labor, capital and the capital labor ratio. Other investment choices by MSEs managers' is found inversely affecting the growth of the enterprises. Therefore, the findings imply that the MSEs studied need both short term and long terms supports from all stakeholders on the concern of the increasing employment in the sector.

Key words: Growth Performance, Micro and Small Enterprise, Kellem Wollega, Oromia, Ethiopia.

1. Introduction

Issues regarding Micro and Small enterprises (MSEs) have got international concern for it is conceptualized that they are key to reduce poverty and to sustain economic growth. Such roles are realized through boosted completion, human capital development and inventions on financial system [1]. The urban population dynamics in developing economies show increasing trend. And this has been calling for the significance of MSEs in such economies

also. A growing rural-urban migration in sub-Saharan Africa coped with inability to absorb such migration has led Micro and Small enterprises to become popular economic activity for urban unemployment reduction [2].

Promoting and expansion of the MSEs has been one focus of Ethiopian government as a vehicle towards sustainable employment, growth and equity since 1997. Enhancing Medium and large-scale enterprises performance is therefore accepted as a strategy to have medium and large enterprises and to

alleviate the widespread poverty in the country[3] & [4]. As a result in cities and towns of Ethiopia, MSEs and informal sector in general are the predominant income generating businesses and have got a significant contribution to local economic development and used as the basic means of survival of the low income group[5].

1.2. Statement of the Problem

In spite of the apparent significance and the various policy initiatives introduced by African states to boost the growth and survival of small enterprises, their performance has remained unsatisfactory as their mortality and liquidation rates are very high[5]. For example, in his study of five African countries,[6] found that most firms started with one to four employees and never expanded. In their studies of 116 firms in Nigeria over a 30-year period, Smallbone and Welter (2001a) as cited in [7] found that only two of the 21 firms with fewer than ten employees originally had shifted to larger staff numbers.

In Sub-Saharan countries many policy programs are initiated to micro and small businesses through cooperative services, micro finance institutions, product and market development, however, these programs have failed to bring about continuous growth and development of small enterprises. This is because enterprises with micro and small size are particularly vulnerable to bankruptcy, arising from problems related to business and managerial skills, access to finance and macroeconomic policy [8].

In a study conducted over 30 years among small enterprises in selected African countries, [9] found that half of all small enterprises did not sustain beyond half a century. Unfortunately, this rate of failure also affects aged small enterprises. Statistics in Ethiopia such as [10] indicate that three out of five small businesses fail within the first few months of their operations and there are no dynamic medium-sized enterprises.

A study by [11] suggest that small enterprises find it hard to grow into the medium and large enterprise where they can be more economical and develop a global chain of production. Moreover, small enterprises contribute low to the industrial sector and to the national economy in general. Therefore, there is growing

interest among stakeholders that there is a need to address specific problems facing small enterprises in ways that are compatible with the general direction of the industrial and macroeconomic policy of the country[12]

Notwithstanding the fact that MSEs have been recognized as a dominant source of employment and income in a growing number of developing nations, yet relatively little is known and emphasized about the features and growth of these enterprises specific to the chosen study area in the present study.

According to the study by [13] the leading factors determining the growth and achievement of the MSEs are restricted access to financial capital, market, business support and working set.

This study, therefore, was an attempt to identify the major factors that matter most for growth of MSEs operating in Ethiopia by taking the case of Kellem Wollega Zone, Oromia, during 2021.

1.3 Specific Objectives of the Study

- i. To analyze the performance and growth of Micro and Small Enterprises in the Study Area.
- ii. To identify the major determinants of Micro and Small enterprises growth in the Study Area.

1.4 Working Hypothesis

The study hypothesized the following null hypothesis (i.e H_{0i}) and has tested all in chapter 3.

- i. Factor employment (employment of land and labor) has no significant effect on MSEs Growth.
- ii. Institutional linkage has no significant effect on MSEs Growth.
- iii. Source of finance to the enterprise has no significant effect on MSEs Growth.
- iv. Sector category of the enterprise has no significant effect on MSEs Growth.
- v. Ownership form of the enterprise has no significant effect on MSEs Growth.
- vi. Age of the enterprise has no significant effect on MSEs Growth.
- vii. manager's motivation has no significant effect on MSEs growth.
- viii. Marital status of operator has no significant effect on MSEs growth.
- ix. Manager's sex has no significant effect on MSEs Growth.

- x. Managers' education has no significant effect on MSEs growth.
- xi. Manager's age has no significant effect on MSEs growth.
- xii. Market access has no significant effect on MSEs Growth.
- xiii. Access to financial capital has no significant effect on MSEs Growth.

1.5 Conceptual Frame Work of the Study

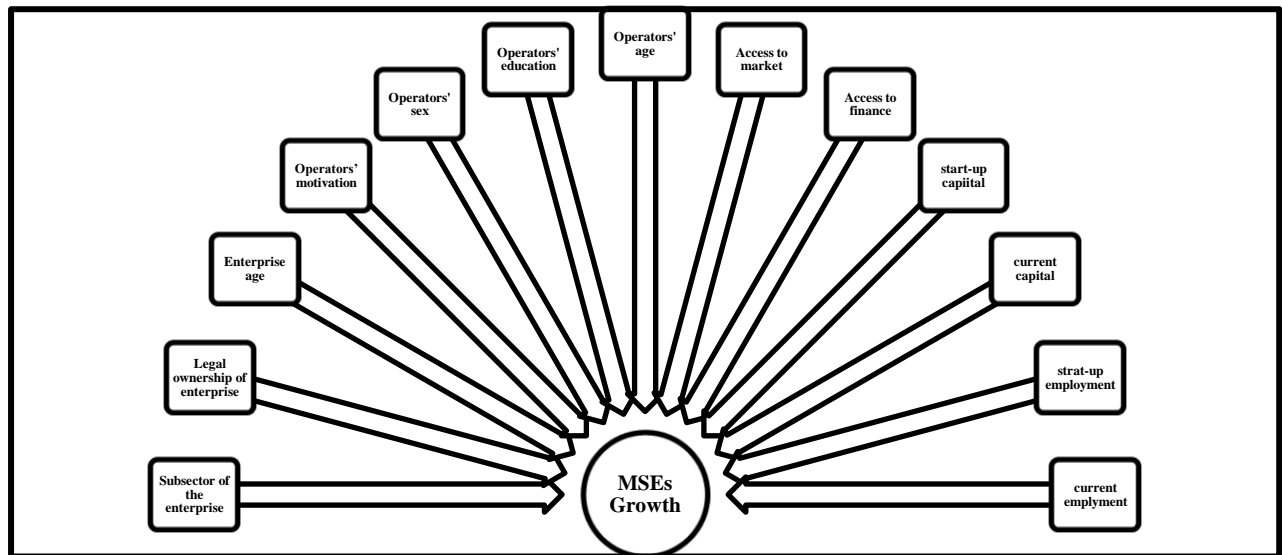


Figure 1. Developed by the researchers for this study.

2. Methodology

2.1. A Study Set and Population

The study set is Kellem Wollega Zone, Oromia, Ethiopia. The population of the study is 10,054 enterprises that were found actively engaged in business in the business year of 2021.

2.2 Description of the Study Area

Kellem Wollega (**Oromo**: Qellam Wollagaa) is one of the zones of Oromia region in Ethiopia. This zone is named after the former province of wollega, whose western part lay in the area kellem wollega now occupies. Kellem Wollega

was formed of districts which included to west Wollega Zone. The capital of the Zone is based at Dambi Dollo Town administrative which is 650 kms far from the capital city of Ethiopia. According to the reports of the Zone office, the Zone is composed of 11 districts with huge natural resource potential, known for commercial crops such as coffee, and attractive tourism resources ;and overall a wide population estimated to be above 800 thousand. As to the to the information from the same office; 10,054 Small and Micro enterprise are actively participating in business engaged in different sub-sectors .Thus, these enterprises comprised the universe of the study.



Figure 1. Administrative Regions and Zones of Ethiopia (the study region is that pointed by the right side motion arrow of the shape on the map and the study zone is that pointed by the left side motion arrow of the shape on the figure).

Source: West Wellega Zone Wikipedia(Text) CC BY-SA searched from alchetron.com

2.2. Research Design

The study examined the linear relationship between MSEs growth and its determinants using Multiple linear regression model (MLRM). Thus, it has clearly followed an explanatory research design. The study has made an effort to describe the growth prospect of the enterprises under descriptive frame work.

2.3 Approach of the Study

Descriptive statistical measures were used to summarize the data set. And a quantitative econometric model was used to capture the linear dependence between MSEs growth and its explanatory variables. Thus, the approach of the study is mixed; that is, both qualitative and quantitative.

2.4 Types of Data

The study used both quantitative and qualitative data collected mainly from sampled Micro and Small Enterprise operators in the study area.

2.5 Sample Size Determination

A simplified formula provided by Yamane, (Yemane, 1967) is used to determine the minimum sample size at of 95% level of

confidence, 0.5 degrees of variability and 5% precision level (that is, $e=0.05$):

$$\text{Thus, sample size}(n) = \frac{\text{study population}(N)}{1 + N(e)^2} = \frac{10,000}{1 + 10,054}$$

2.6 Sampling Procedure

The zone is selected on the purpose that no study is yet conducted in regarding the current topic. And the sample size is purposely allocated to each of the eleven districts in the zone. If data on the total number of MSEs in each district were available then stratified sampling would have been used, however, the local office failed to report the data on stratum. Thus, the researcher tried to distribute the sample size based on expected concentration of the enterprises in each district as of the available information. This was based on the expectation that the larger the size of the district (the capital of the district), the more concentrated will be the enterprises in the district.

2.7 Type of Data and Data Collection Tools

The data are cross-sectional in type and were collected using a structured questionnaire which consisted both close ended and open ended questions. The major contents of the questionnaire included questions on social and demographic aspects of the enterprise managers, the business enterprise related attributes of the managers and the enterprise related characteristics ; and the overall concerns of the enterprises.

2.8. Data Analysis Methods

The data is collected from business owners managing MSEs in the study area and the researcher has used Stata16 software application to estimate the regression

coefficients, the hypothesis testing estimates and the descriptive statistical measures of interest.

2.9 Model Specification and Tests

Based on the conceptual frame work of the study the following MSEs growth function is developed:

MSEs Growth= f(sector catagory the enterprise, ownership form of enterprise, age of the enterprise, managers' motivation, managers' sex, managrrs' education, managers' age, market access, access to financial capital , initial capital, final capital , initial employment, final employment).....(2)

And the following Linear Multiple Regression Model was developed following Gujarati,(Gujarati,2004):

$$Y_i = \beta_0 + \sum_{i=1}^{i=19} \beta_i X_i + v_i \dots\dots\dots$$

Where Y_i is the average compound growth of MSEs in terms of employment, X_i are the i^{th} explanatory variables, β_0 is the average the autonomous compound growth of MSEs , β_i are the estimates of the i^{th} explanatory variable and the v_i is the usual error term that captures all other unobserved determinants of micro and small enterprise growth. All the contemporary linear regression diagnostic tests explained in (Gujarati, 2004) are also computed and tested on the model.

2.10 Description and Measurement of Variables

2.10.1 Explained Variable

The dependent variable of the study is the achievement of the enterprises measured in terms of employment as it is the indicator quickly rembered,less deflated and correctly reported by MSEs owners(managers) .

Employment Growth in developing countries can be measured in alternative ways(USAID, 2002). Among the competing techniques of measuring employment growth, the one ,Annual Coumpounded Growth Rate (ACGR) is employed in this study. This is it is the most commonly utilized as it provides a much more precise assessment employment growth effects across time. (Liedholm & Mead, 1999). ACGR is a rate of growth that tells what an enterprise growth in employment over the years of operatio on the basis compuated anually.It is

measured in percentange and its formula is presented as:

$$\left[\left(\frac{E_0}{E_f} \right)^{1/AE-1} \right] \dots\dots\dots$$

Where E_0 is the initial employment by the enterprise E_f is the final employment and ME is mean employment; that is employment of per enterprise.

2.10.2 Explanatory Variables

The contemporary literatures regarding the current topic show that MSEs performance that can be measured in terms of unit produced, revenues from sales, assets owned, vallue contributex and labour employed.It is practically regressed by socio-economic and institutional variables ,and the features of the enterprise managers. The pepresor variables are of those captured by performance growth function (2); and from such some are qualitative variables and some are quantitative with common measures. Therefore, the qualitative variables are artificially quantified using the concept of dummy variable following (Gujarati, 2004).And the common measures are used for quantitative variables.

3. Results and Discussions

3.1 Descriptive Results

3.1.1 On Enterprise and Manager Characterstics

This section discusses the descriptive analysis part which is presented in Appendix 1.

Regarding the MSE operators' attributes 79% of enterprises were owned and managed by men and the rest 21% of enterprises were owned and managed by women. This indicates that women's participation in the business activities particularly in heading the enterprises is relatively lower. This may be attributed mainly due to the cultural standards and societal outlooks, which consider women as mediocre and too much family responsibilities they have to bear instead of engaging in businesses.

The owner-managers lowest age is 19 while highest age is 67.This may indicate people who start the MSEs business at their legal working age but the elderly (pensioners) are also engaged in to generate income. Only 14% of the operators had at least secondary school education and the rest majorities are either attended primary education or even have no education at all. The mean value of experience

of the MSE operators is about 4 years. Therefore, from these it is clearly indicated that MSE business environment are skewed towards the less educated, the less experienced, the younger and the male group operators.

Regarding the enterprise characteristics, the sample enterprises in the study area have a mean of 4 years in business. With regard to the activities practiced by MSEs, 65% of the enterprises are engaged in Urban Agriculture, Service and Merchandize sub-sectors while the remaining 35% are engaged in Wood Work, Metal Work and Construction activities. Of the sample enterprises, 65% were registered as cooperative type of legal ownership and the rest 35% were registered as partnership and sole proprietorship type of legal ownership. This indicates that the cooperatives are the dominant form of MSE in the study area which might be the result of the government policy promoting cooperative business as a strategy to reduce unemployment and poverty. About the finance source; 59% of enterprises capital came from own sources of finance especially from personal savings of owner-managers; and the rest 41% comes from other sources such as financial assistance from their relatives and

friends and loan from formal and non-formal financial institutions.

3.1.2 Performance and Growth of Micro and Small Enterprises in Kellem Wollega Zone

With respect to the size-group of enterprises in the MSE sector, of the total sample enterprises most of the enterprises (75%) are micro and the rest (25%) are small enterprises.

The mean number of workers at start-up and current time for sample MSEs are 5 and 12 respectively; the range varies from 1 to 11 for start-up employment and from 1 to 20 for employment at current-time. The mean capital of MSEs during their start-up was 11,284.26 birr and the current average capital is 28,221.52 birr.

The mean capital-labor ratio for start-up is birr 1519.85 implying that on average 1519.85 birr employed only one labor at the startup of enterprises. Similarly, the current mean capital-labor ratio is 3627.74. Intuitively, the capital-labor ratio comparison between at start up and current shows that capital grew faster than employment and hence the enterprises became more of capital intensive.

Table -1. Performance of MSEs in Kellem Wollega

Variable	N	Mean	standard dev.	minimum	Maximum
Employment at start up (startupemp)	384	5	5.86	1	11
Employment at current (empcurrent)	384	12	7.05	1	20
Capital at start up (startupcap)	384	11284.26	15656.95	100	115000
Capital at current (currcap)	384	28221.52	55463.78	250	5090000
Average monthly sales at start up (avmsalstart)	384	2803.66	49268.12	60	4500
Average monthly sales at current (avmsalcurr)	384	5489.06	13404.60	60	14900
Capital-labor ratio at start up (captlabrstart)	384	1519.85	2617.53	7.4	1783
Capital labor ratio at current(captlabrcurr)	384	3627.74	8247.98	34.5	9800

Source: Stata15 output using Authors' Survey data, 2020

Having different techniques of employment growth measures by size-group, micro enterprises grew on a mean of 0.12% and 0.15% annual compound growth rate and average annual growth rate ,respectively. Also small enterprises grew on a mean of 0.05% and

0.09% annual compound growth rates and average annual growth rates, respectively. This shows that the micro enterprises growth performance is relatively better than small enterprises' growth performance. However, in terms of annual jobs added, the small

enterprises growth performance exceeds that of micro enterprise. Because, small enterprises have increased 0.75 number of job per enterprise annually while micro enterprises have increased 0.8 number of job per enterprise annually. The overall growth performance of

MSEs in the study area indicates that the enterprises grew much inadequately when compared to other developing countries MSEs practices on the same growth measures. This finding are supported by the findings of [6] for the case of Micro Enterprises in Amara Region.

Table -2.Growth of MSEs in Kellem Wollega across Measures by Size Group

Growth measures of	Size group		both size group		
	Enterprises		Mean	Min.	Max.
	Micro-	Small-			
		enterprise	enterprise		
	Annual Compound Growth				
Rates-ACGR (%)	0.12	0.05	0.11	-0.81	2
	Annual Average Growth Rate in				
Employment-AAGRE (%)	0.15	0.09	0.15	-0.42	2
	Annual Average Growth in				
	0.75	0.80	0.77	-5	11
	Jobs-AAGJ				

Source: Stata15 output using Authors' Survey data, 2020

3.2 Econometric Results

3.2.1 Determinants of Growth of MSEs

The multiple linear regression analysis is used to analyze the extent to which the growth of MSEs is affected by the factors of enterprise growth. The results are as displayed in Table 3 below and are discussed following the table. After running the multiple linear regression for variables of interest, the linear model diagnostics tests (those all presented in appendix) have been performed in order to guarantee the basic assumptions of the ordinary least squares (OLS). All test results fail to reject the respective null hypothesis. That is, the explanatory variables used exhibit no multicollinearity as of the variance inflation factor (VIF) test, the link test showed that the model is correctly specified as the hat is

significant and the hatsquare is found not significant; homoscedasticity assumption is found valid as to the results of Breusch-Pagan / Cook-Weisberg test for heteroskedasticity; and the Shapiro Wilk test for normal data results showed the data of ACGR followed normal distribution and the Ramsey RESET test using powers of the fitted values of ACGR witnessed that the model has no omitted variables. Thus, our discussions are on the basis of reliable findings. Furthermore, the $F(19, 365) = 43.46$ and $\text{Prob} > F = 0.0000$ shows the joint significance of the explanatory variables even at below 1 % significance level. The result of Adjusted R-squared = 0.6781 measures that 67.81% of variation in ACGR of MSE in employment is explained by the variations in the explanatory variables of the model. In other words, it means that the remaining 32.29% of variation in ACCGR is not explained.

Table- 3.Determinants of Growth of MSEs

Average Compounded Growth Rate (ACGR)	Coefficient	P>t
Number of obs. =384		F(19, 365) =43.46
Prob > F = 0.0000		R-squared =0.6941
Adj R-squared =0.6781		
Average Compounded Growth Rate (ACGR)	Coefficient	P>t
Business motivation by operator(opmotiv)	0.0125033	0.967
MSE Operators' education(opedu)	1.230379***	0.002
MSE operators marital status(opmrst)	0.1010939	0.379
Gender of MSE operator (gendop)	3.551529***	0.000
Other investment by operator(othinbyop)	-1.889365***	0.000
Legal form of MSE(entlegaform)	0.2513687	0.150
Subsector of MSE(subsectent)	0.005346	0.939
Size of the enterprise (entsise)	0.140062**	0.000
Finance source of the enterprise(fsourse)	0.0099993	0.927
Age of the operator(ageop)	-0.0159534	0.056
Age of the enterprise (entage)	0.0707892**	0.018
Current capital labor ratio(caplabrcurt)	-3.28e-06***	0.777
Startup capital labor ratio(captlabrstart)	.0001489***	0.019
Current average monthly sales(avmsalcurr)	8.06e-06	0.788
Startup average monthly sales(avmsalstart)	0.0000735	0.238
Current capital of the enterprise (currcap)	0.0000119***	0.000
Startup capital of the enterprise(startcap)	0.0000551***	0.000
Current employment by the enterprise(empcurrent)	0.0692205***	0.001
Startup employment by the enterprise(startupemp)	0.7799615***	0.000
_cons	0.117395***	0.001

*** denotes significant at 1% significance level and ** significance at 5 %.

Source: Stata15 output using Authors' Survey data, 2020

MSE Operators' education (opedu)

Education is found an important variable in explaining the MSEs growth. Thus, the null hypothesis on the coefficient of education is rejected. Specifically; if the operators of MSEs in Kelleme Wollega Zone get a year more education, the enterprise that they operate will yield 1.2% of compounded average growth in employment. For education matters the most for the enterprise growth it is found significant at 1%. Given that most of enterprises in the zone are operated and managed by less educated entrepreneurs, the return of investment on education is found very crucial. This is because education (primary, secondary and or even tertiary level) may help the operators regarding resource allocation, decision making,

marketing and risk management. The finding of [11] supports these results.

Gender of MSE operator (gendop)

This is the variable that is found with highest magnitude in explaining the growth of enterprises studied. It is also significant at even at below 1 percent. To the detail; an enterprise operated by male entrepreneurs has recorded ACGR in employment higher by 3.55% ACGR than that the enterprise owned by female entrepreneurs on average in employment. This may capture the existing cultural norms, attitudes and institutions which dispromote the role of women in business environment. Thus, given the dominance of male operators of enterprises in the society and the asymmetric distribution opportunities against women in the

society in particular and developing countries in general ;the enterprises owned by men are growing much faster than that of enterprises operated by women in the study area.

A study [14] has also found a domination of male entrepreneurs and the resulting asymmetric enterprise growth of Micro and Small Enterprises in Tigray.

Other investment by operator (othinbyop)

Other investment by the operator is another owner-managers attribute found significant a 1 % significance level. And the its sign is found negative with a magnitude of -1.889%.This is because of the fact that it is usually difficult for operators to efficiently and effectively manage different investments at the same time and get success in all. It is noted that experiencing growth needs attention and other resource concentration although investment diversification may remain the object of an entrepreneur to reduce potential business risks. Other researchers have also found evidence that operators with other investment choices have recorded decline in growth of MSEs [1].

Size of the enterprise (entsise)

Regarding the attribute of the enterprises; size of the enterprise is found significant at 5% with positive coefficient of 0.14%.This meant that the micro enterprises has recorded 0.14% higher employment growth than small enterprises, all else equal constant. This supports that the fact that both the initial and current employment of micro-enterprises is lower than that of

Small enterprises; which in turn is subject to higher growth as lower magnitudes are associated with higher marginal increases. This result corroborates with the results [5] which obtained in the descriptive analysis and also confirmed to the implication of theoretical models that smaller and younger firms should have higher and more viable growth rates .

More specially, the need for an additional worker could be minimal for small enterprises than that of microenterprises. Even if a worker is added, the growth in terms of percentage could be minimal for the denominator in forming the percentage is already large yet.

Age of the enterprise (entage)

Looking at the coefficient of enterprise age it is estimated at 0.0707892%. It is also

statistically significant at 5%.The age of enterprise indicate that it is competitive in the given business environment and also has business experience as another form of asset. Thus, the more experienced is the enterprise, the higher it will grow on average annually. The findings of other studies such as [5] and [15] support these findings.

Factors Employment of Production

Concerning the business premises both the startup and current capital ,labor(employment) and capital labor ratio are found significant at 1% although their importance's(magnitudes) are not found equal. These shows that the enterprises studied are operating in short run since both labor and capital change and influence growth. Since capital and labor are the most common inputs used in production; they are found influencing the growth of MSEs in the study. The findings show that labor and capital are complementary inputs in study area as the growth in capital found increasing the growth of labor employment. Such results are in support with the review findings of [4] for the case of Tigray region. The importance of capital for MSEs is also noted in [15]

All other remaining variables are not discussed because they are not found significant in the model;all might be because of different reasons unobserved. Thus, even though they jointly affect the enterprise growth, there is no evidence that they are significant individually.

4. Conclusions

Micro and Small Enterprises (MSEs) have become dominant activities in developing countries and are the priority concerns of stakeholders for reducing unemployment and enhancing economic growth. This study, therefore, aimed to measure the performance of MSEs and identify the factors that matter for growth performance of such enterprises in the Kellem Wollega Wollo zone of Oromiya region by taking randomly sampled 384 enterprises. Both descriptive and econometric methods were used to analysis data using stata15. The summary statistics in the descriptive analysis showed the business opportunities were skewed towards younger, less educated, less experienced and male group operators. Moreover, the capital-labor ratio comparison between at start up and current shows that capital grew faster than employment and hence the enterprises became more of capital intensive. The results of different

techniques of employment growth measures by size-group show that micro enterprises growth performance is relatively better than small enterprises' growth performance. However, in terms of annual jobs added, the small enterprises growth performance exceeds that of micro enterprise. The regression results of the econometric analysis verified that enterprises performance measured in terms of compounded average growth in employment is positively affected by operators' education, gender and the enterprise age, size and employment of factors, that is; by both start up and current labor, capital and the capital labor ratio. Other investment choices by MSEs operators' is found negatively affecting the growth of the enterprises by manage. The remaining variables in the model not found significant in the model; all might be because of different unobserved reasons. Thus, even though they jointly affect the enterprise growth, there is no evidence that they are significant individually.

4.1 Policy Implications

Recognizing the significances of MSEs in employment creation and poverty reduction collaborative efforts of both governmental and non-governmental organizations to promote the growth of MSEs in developing countries should be kept growing. Thus; it needs additional works in making the business environment equally encouraging and rewarding for women entrepreneurs also. The dominance men entrepreneurs in the business may be removed by following women inclusive policies that may systematically remove the cultural and societal biases. Access to working capital is another concern of focus. Group landings, small and increasing credits and link credit savings or micro financing may be strategic choices with this regard. Besides, basic awareness and capacity building trainings to the operators can much improve their performance since education is found significant variable. Business counseling and advice, and skill training may substitute education; and this needs institutions both in the short term and long term. It is also advisable to create opportunities for the MSEs to share experiences at national and global levels through bazaars and trade fairs. This may help them to obtain better access to market, technology, knowledge and managerial skills.

In addition, Micro and small enterprise operators in the area need to revise their choices on other investment as this variable is found reducing the growth their enterprises may be because of overlap in responsibilities.

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Table A. Summary Statistics of Variables

Variable(quantitative)	Label	Mean	Std. Dev.	Min	Max
Entage	Age of enterprise in years	4.00	3.19	1	15
Ageop	Age of the operator in years	19	0.48	18	67
Exp	Experience of the operator in years	4.00	5.42	0	27
Famsize	Family size of the operator	3.75	2.06	0	11

variable(qualitative)	Label	mean	Std. Dev.
Fsource	Finance source the enterprise (dummy: 1=Fsi if own source :and 0 otherwise)	0.59	0.49
Entesise	Size category of the enterprise (dummy: Isise=1 if micro enterprise : and 0 otherwise)	0.8	0.46
Subsect	Sub-sector of the enterprise(subsec=1 if textile and garment, wood and metal work and construction:and 0 otherwise)	0.58	0.49
Entlegaform	Legal ownership form of the enterprise (dummy: Legaform=1 if cooperative ;and 0 otherwise)	0.65	0.50
Othinbyop	Engagement of the operator on the other investment(dummy : Otherinvest=1 if yes, and 0 otherwise)	0.25	0.43
Gendop	Gender of the operator(dummy : gender=1 if the operator is male; and 0 otherwise)	0.79	0.25
Opmrst	Marital status of the operator(dummy: mrst=1 if the operator is married ;and 0 otherwise)	0.52	0.50
Opedu	Education of operator (dummy; edu=1 if has completed at least secondary school :and 0 otherwise)	0.14	0.32
Positin	Position of the operator in the enterprise(dummy :position =1 if the operator is owner and manager of the enterprise :and 0 otherwise)	0.30	0.35
Motiva	Motivation of the operator(dummy: motiva=1 if the operator is self motivated :and 0 otherwise)	0.35	0.46
Preoccop	Previous occupation of the operator(dummy: preoccop=1 if the operator was unemployed :and 0 otherwise)	0.53	0.49

Source: Computed from Authors' Survey data, 2018/2019

Variable	VIF	1/VIF
opedu	4.12	0.242782
opmotiv	2.80	0.356920
othinbyop	2.79	0.357803
empcurrent	1.86	0.538823
avmsalstart	1.64	0.609904
captlabrstart	1.52	0.656982
subsecent	1.32	0.756227
avmsalcurrt	1.32	0.759712
fsourse	1.32	0.760245
ageop	1.27	0.787037
startupemp	1.23	0.810325
currcap	1.21	0.829860
opmrst	1.18	0.847700
caplabrcurt	1.13	0.881353
entage	1.12	0.891994
entlegaform	1.10	0.911136
startcap	1.09	0.918173
entsise	1.05	0.952537
Mean VIF	1.61	

Source	SS	df	MS	Number of obs	=	384
Model	2373.19024	19	124.90475	F(19, 364)	=	43.46
Residual	1046.05681	364	2.87378245	Prob > F	=	0.0000
				R-squared	=	0.6941
				Adj R-squared	=	0.6781
Total	3419.24705	383	8.927538	Root MSE	=	1.6952

ACGR	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
opmotiv	-.0125033	.2988776	-0.04	0.967	-.6002469 .5752403
opedu	-1.230379	.3860919	-3.19	0.002	-1.98963 -.4711283
opmrst	-.1010939	.1147439	-0.88	0.379	-.3267381 .1245503
gendop	3.551529	.7854606	4.52	0.000	2.006918 5.096139
othinbyop	-1.889365	.7254373	-2.60	0.010	-3.315939 -.4627909
entlegaform	-.2513687	.1741536	-1.44	0.150	-.5938422 .0911048
subsecent	.005346	.0703753	0.08	0.939	-.1330471 .1437392
entsise	.140062	.1945089	0.72	0.472	-.2424403 .5225643
fsourse	.0099993	.1087761	0.09	0.927	-.2039092 .2239079
ageop	-.0159534	.0083148	-1.92	0.056	-.0323045 .0003977
entage	-.0707892	.0321493	-2.20	0.028	-.1340109 -.0075676
caplabrcurt	-3.28e-06	.0000116	-0.28	0.777	-.000026 .0000195
captlabrstart	.0001489	.0000631	2.36	0.019	.0000248 .000273
avmsalcurrt	8.06e-06	.00003	0.27	0.788	-.0000508 .000067
avmsalstart	.0000735	.0000622	1.18	0.238	-.0000487 .0001957
currcap	-.0000119	1.67e-06	-7.14	0.000	-.0000152 -8.62e-06
startcap	-.0000551	.0000148	-3.74	0.000	-.0000842 -.0000261
empcurrent	-.0692205	.0208118	-3.33	0.001	-.110147 -.028294
startupemp	.7799615	.0306134	25.48	0.000	.7197602 .8401627
_cons	2.137395	.6498855	3.29	0.001	.8593932 3.415396