

## Determinants of Youth Based Micro and Small Enterprises Growth in Dawro Zone A Case of Mareka Wereda

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### ABSTRACT

The purpose of this study was investigating the determinant factors of youth based growth of micro and small business enterprise that currently operates in Marekaworeda. The study have been limited in stating and defining variables such as marketing, accounting and finance, technology, infrastructural, working location as external and factors like educational back ground and prior experience of an entrepreneurs as internal. Both quantitative and qualitative research approach were employed as research design. The study was executed using cross-sectional survey design through which stratified random sampling method was used to collect data from MSEs members of five selected sectors. The samples were selected randomly from each stratum using proportionate allocation after stratification of the sectors. The questionnaires were prepared using Amharic language likert scale format questionnaire. The reliability of the questionnaire was tested and the result of Cronbach  $\alpha$  was 0.749. The questionnaires were distributed to 249 respondents and from this 226 respondents fully responded the question, this implies the response rate was 91% additionally semi structured interview was also employed to gather qualitative data from interviewees of MSEs managers. Analysis ranging from simple descriptive statistics to parametric inferential statistical measures as Pearson correlation and multiple linear regressions was used to analyze the data. The finding indicated that the most constraint factors of MSEs growth were marketing related problems, accounting and financial related factors, infrastructural, technological, business location and entrepreneurs characteristics (educational status and experience) were identifying as a significant factors that hinder the growth of MSEs. Moreover, the selected independent variables may significantly explain the variations in the dependent variable at 5% level of significance. Based on findings, a recommendation were forwarded on to facilitate infrastructure challenges and regional government should revise its loan polices and principles especially 20% pre-saving amounts and other, zonal and woreda bodies they should create marketing opportunities for MSEs like Bazars, trade exhibitions and business forums to operators of MSEs and suggestions for other researchers was forwarded.

The purpose of this study was investigating the determinant factors of youth based growth of MSEs by examining through marketing, accounting and finance, technology, infrastructural, business location as external variable and educational background and experience of members as internal. To test the model a researcher were selected 249 enterprises among this 226 respondents were fully responded. Moreover, the selected independent variable may significantly explain the variations in the dependent variable at 5% level of significance.

**Keywords:** external factor, internal factors and youth based, MSEs, Growth.

### INTRODUCTION

#### Background of the Study

It is often argued that Micro and Small enterprises (MSEs) play significant roles in the creations of employment opportunities and generations of income for quite a large proportion of the population. Reviews of studies in the area confirm that the contributions of MSEs in this regard have long been recognized all over the globe (Liedholm, 2001; ILO, 2003a; Vandenberg, 2004; Mazumdar, 2004; Haftu et

al, 2009). Beck and Demirguc-Kunt (2006), for example, report that micro and small enterprises (along with medium) are major drivers of both employment and economic growth contributing to more than 50 % to GDP and 60 % to employment in developed economies. In developing countries, MSEs have also a crucial role because of their potential contributions to improvement of income distribution, employment creation, poverty reduction, industrial development, rural development, and export growth. For this reason, governments have been

supporting their MSEs extensively through many different programs, with subsidized credit schemes as the most important component.

International institutes such as the World Bank, the Asian Development Bank (ADB) and the United Nation Industry and Development Organization (UNIDO) and many donor countries through bilateral co-operations have also played a crucial role in empowering MSEs in developing countries (Tambunan, 2006). In addition, the optimism that the full development of the MSE sector can foster competitiveness in the economy and achieve a more equitable distribution of the benefits of economic growth in both developed and developing economies. Such considerations have motivated many governments to put in place national policies to stimulate the growth of this sector in service, distribution and manufacturing-related economic activities.

The Government of Ethiopia is focusing on the micro and small enterprises, basically, because of their contribution in reducing unemployment. The focus stems from the increasing unemployment problem in Ethiopia; and MSEs have significant role in poverty alleviation and job creation in (Solomon, 2004). They are attracting the attention of government, and government is supporting them in different ways like financial support, creating marketing link, providing free showing area, free production and operation area, promotion and so on. MSEs can contribute tremendously to the growth of national economies. However, many developing countries have not been lucky to benefit from the growth of this sector mainly due to institutional and policy constraints. Ill-conceived development strategies; a complex legal and regulatory environment that stifles the growth of the sector; shortage of adequate business development services, including lack of access to finance, markets and business skills and appropriate technology are to be blamed for lack of success. Although contributions of MSEs were acknowledged, many programs and policies were developed to support them; their journey in many instances is short-lived, with high rate of failure mostly in Africa due to several factors (Michael and Jeffrey, 2009; Honjo, 2000; ILO, 2000; Kauffmann, 2005; Finnegan, 1999b ;).

Within the Ethiopian context, despite the potential contribution of the MSEs to poverty reduction and employment creation, the Government had not, until very recently, extended adequate support to the development

of the sector. Simply put, there has not been meaningful government support in terms of recognition and access to finance and skills required for operating small businesses and enterprises profitably and efficiently (UNCTAD 2005; Eshetu and Zeleke 2008). This has meant that this sector is at its infancy and therefore needs a major institutional and resource boost to contribute to the country's program of sustainable development and poverty reduction. In general, promotion of MSEs in the country is increasingly becoming more important due to the fact that the business use more of the country's abundant resources and less of what it lacks, and due to their role in employment creation for the majority of work forces. Ethiopia is given attention to this sector because of the potential of MSEs for economic development through creating market for local products, and utilization of local raw materials and building knowledge for entrepreneurs, among others.

MSEs are indispensably contributing to poverty reduction in the country through employment generation. Cognizant of this, a national MSEs Development Strategy was formulated in 1997. Ethiopia's MSE Policy envisages not only reducing poverty in urban areas but also nurturing entrepreneurship and laying the foundation for industrial development. MSE development, being one of the key focus areas of the country's development strategy, receives massive support from the government in the form of access to finance, market, technology, training and working space. The government strongly believes that MSEs are the right solution to reduce unemployment and hence reduce poverty. This ambition is reflected in the GTP. Therefore, MSE promotion and support is the vital strategy to fulfill this national plan of employment creation in the short-run and achieving industrialization in the long-run. The failure rate of these businesses in Ethiopia indicates that they are in dire need of assistance. To provide assistance, it is necessary to identify the restraining factors affecting the growth and survival of MSEs'.

### **Justification**

Up to date, agricultural sector is the main and back bone of Ethiopia's economic development. In addition to this, medium and large companies also play an important role for the growth of economy. However, MSEs were not considered in the past decades as they have potentials of

making up for over 90% of enterprises in the world and account for 50-60% of employment in developing countries as ILO (2007) acknowledges them, and they have invaluable contributions in the economic development of countries like other sectors. The Micro and small enterprises (MSEs) play a key role in triggering and sustaining economic growth and equitable development in both developed and developing countries Mulhern (1995). Firm growth is an important and critical focus area under the strategic plan of many owners, entrepreneurs, government and organizations. Even though, much research efforts have been targeted particularly at investigating the factors affecting firm growth, however, there is no comprehensive theory to explain the major factors affecting it. However, MSE growth is often closely associated with firm's overall success and survival because it has been used as a simple measure of success in businesses and the most appropriate indicator of the performance for survival of small firms Gebree yes us, (2007).

The voyage of MSEs in Ethiopia has not been an easy ride and still lagging behind in exploiting these huge potentials to meet its development objectives. Research has shown that in order to achieve the contributions made by MSEs and ensures them to grow; it is required to overcome series of challenges such as: financial constraints, marketing constraints, managerial constraints, infrastructural, factors relating to entrepreneurs, among others, because they are the common and major factors in making businesses to fail (Okpara, 2011). As Ishengoma & Kappel (2008) reveal, the factors hindering the potential growth of MSEs in sub-Saharan countries are limited access to credit and market, business services like marketing information, networking, short term training. According to Series of surveys by the Central Statistical Agency (CSA 1996; 1999; 2003; 2010) make a spotlight primarily on the lack of market, shortage of supply of raw materials, and shortage of working capitals the first and most pressing problems that obstruct the growth of the MSEs. All these challenges account for the reasons why many MSEs cannot survive and grow and eventually fail.

In Ethiopia specifically, MSEs have been confronted in the past by many of these problems as little existing researches shows .According to Werotew (2010). Micro and small enterprise in Ethiopia are, however, confronted

with several factors that affect their growth and survival. The major factors include financial problems, lack of qualified employees, lack of proper financial records, marketing problems and lack of work premises, etc. Besides, environmental factor affects the business which includes social, economic, cultural, political, legal and technological factors. In addition there are also personal attitudes or internal factors that affect the performance of MSE, which are related to the person's individual attitude, training and technical know-how. Lack of business support service and inadequate access to credit, lack of infrastructure, weak supporting institutional quality, access to land, access to raw material, access to training, marketing and competition, were also among the major problems of MSEs (Commission on Legal Empowerment of the Poor, 2006). Regarding to infrastructural factors (Gebrehiwot & Wolday, 2004) identified that the interruption of electric power, unavailability of adequate transport service and unavailability and unreliability of water supply and other infrastructures are hindering the development of MSEs.

The research finding by (Gebrehiwot & Wolday, 2004) revealed that absence of finance further restricts the development of micro and small enterprises. Banks and micro finance institutions do not seem willing to give proper loans and they are not actually meeting the financial needs of micro and small enterprises. Marketing problems such as lack of product diversity, pricing problems, lack of awareness how to compete in the market, limited business management and salesmanship ability, limited capacity to promotional activities and lack of market related knowledge are also hindering the development of MSEs (Assegedech, 2004).

Those the past finding indicates us the limiting factors of MSEs are different in their nature and in severity level from place to place. Beside of this, in my study area a lot of youth based MSEs are operating their productions at different types of industries. According to Dawro zone trade and industry department GTP II report which mean the past four year (2019) shows that the growth trends of youth based MSEs were declining by 17% from other sectors and majority of the enterprise exits sooner from their business. Based on this facts the researcher has been conducted a pilot survey in the study area and identified these variables business location, infrastructure, finance, technology, marketing constraints as external and entrepreneurial

characters ( education background of member & experience of members) as internally affects the enterprises.

As per the researcher knowledge up to date, no research has been conducted on the determinant factors of youth based MSEs growth patterns in the study area particularly on this topic in Mareka Wereda. Given the significance of MSEs to a nation's development in different ways, the researcher, therefore, postulate that recognizing the restraining factors of MSEs' development in Dawro zone Mareka Woreda is critical in managing and avoiding the massive failure of micro and small businesses.

### **Objectives of the Study**

Specifically, the study seeks to achieve the following objectives.

- To investigate marketing related determinants of youth based MSEs growth.
- To point out financial related determinants of youth based MSEs growth.
- To describe infrastructural related determinants of youth based MSEs growth.
- To identify business location related determinants of youth based MSEs growth.
- To explain experience of members related determinants of youth based MSEs growth.
- To describe educational background related determinants of youth based MSEs growth.
- To assess Technological related determinants of youth based MSEs growth.

### **Significance of the Study**

Identifying and knowing of the determinant factors of youth based MSEs growth in this Wereda are expected to help the policy makers, governments at different level (Federal, Regional and Zonal level) and particularly for those who are implementing MSEs program at grass root level (Wereda administrative) NGOs, and other concerned stakeholders to understand those identify problems faced by micro and small businesses and the types of assistance that needed to be provided to curb such hindrances. Although, to design targeted policies and programs that it is actively stimulate innovation, as well as helping those policy makers to support, encourage, and promote MSEs for unemployment and poverty alleviation through minimizing the constraints hindering the growth and survival of the enterprises. For MSEs, this

study also helps them to know and identify problems and use the outcome of the research to improve upon their operations and services.

### **LITERATURE REVIEW**

Definitions of micro and small enterprises (MSEs) vary across countries as well as across sectors and industries. Although there is no universal definition of what constitutes an MSE, the most commonly referred criterion is its number of (regular or permanent) employees. Ethiopia has embraced the concept of micro and small enterprises (MSEs), as evidenced by MSE Development Strategy in 1997 followed by the proclamation for the establishment of the Federal Agency for Micro and Small Enterprises Development in 1998 (Mulugeta, 2008). However, since Feb.2011, Ministry of Trade and Industry (MOTI) has adopted official definition of MSE which is different from previous years. The current definition of MSEs in Ethiopia focused on the number of employees that the enterprises hire and size of the capital they own are mainly used as a yardstick to define MSEs and accordingly, each micro and small enterprise is categorized in to industry and service sector. Micro-enterprise is the business enterprise found in all sectors of the Ethiopian economy hiring up to five man power and 100,000 birr capital for industry and up to five man power and capital of 50,000 birr for service sector and small scale enterprise category, the industry sector includes 6-30 man power and maximum of 1.5 million birr capital and the service sector involves 6-30 man power and capital of 500,000 birr.

In Kenya according to Allan M. Katwalo and Fredah G. Mwititi (2009), there are various reasons for the failure of MSEs like: lack of supportive policies for MSE development, intense competition with replication of micro-businesses, unavailability of funding, manager characteristics including lack of skills and experience, marketing techniques used including quality of service and markets served. The cases also demonstrated that MSEs experienced most of the difficulties cited such as limited skills in business management and even more limited funding, facing intense competition in the niche market served. It was also made clearer that MSEs used social networks to access some funding and to retain their customer's loyalty. However, where the policies to support micro businesses remain largely rhetorical, the question of survival and development for micro

and MSEs remains a question of individual ingenuity.

In Nigeria, according to Okpara (2011), the most common constraints hindering small business growth and survival in Nigeria are lack of financial support, poor management, corruption, lack of training and experience, poor infrastructure, insufficient profits, and low demand for product and services. The findings show that 33% of all firms in the sample are credit constrained. However only 10% of large firms are credit constrained compared with 64% of micro-sized firms. Eshetu and Zeleke (2008) conducted a longitudinal study to assess the impact of influential factors that affect the long-term survival and viability of small enterprises by using a random sample of 500 MSEs from 5 major cities in Ethiopia. According to this research, that lasted from 1996-2001, the factors that affect the long term survival of MSEs in Ethiopia are found to be adequacy of finance, level of education, level of managerial skills, level of technical skills, and ability to convert part of their profit to investment. This is so because the findings of the study revealed that businesses that failed, during the study period were characterized by inadequate finance (61%), low level of education (55%), poor managerial skills (54%), shortage of technical skills (49%), and inability to convert part of their profit to investment (46%). The study further indicated that participation in social capital and networking schemes such as Iqubwas critically helpful for long-term survival of the enterprises. Businesses that did not participate in Iqub schemes regularly were found to be 3.25 times more likely to fail in comparison with businesses that did, according to the study.

Mulugeta (2011) has identified and categorized the critical problems of MSEs into market-related problems, which are caused by poor market linkage and poor promotional efforts; institution-related problems including bureaucratic bottlenecks, weak institutional capacity, lack of awareness, failure to abide policies, regulations, rules, directives, absence of training to executives, and poor monitoring and follow-up. He also revealed that operator-related shortcomings like developing a dependency tradition, extravagant and wasting behavior, and lack of vision and commitment from the side of the operators are factors inhibiting growth and survival MSEs. MSE-related challenges including lack of selling place, weak accounting and record keeping, lack

of experience sharing, and lack of cooperation within and among the MSEs and finally society-related problems such as its distorted attitude about the operators themselves and their products (Mulugeta 2011). With respect to location, a firm's proximity to demand sources and to concentrations of competition must influence its profitability argue that while older proprietors are likely to be more experienced than younger ones, they also may be less inclined or less able to make their firms grow. For metal working firms in Colombia, proprietor age and firm growth rates are inversely related. Other proprietor characteristics might also influence enterprise growth.

In Ethiopia, MSEs Sector is the second largest employment-generating sector following agriculture (CSA, 2005). According to CSA (2005) the sectors contributes 3.4% of GDP, 33% of the industrial sector's contribution and 52% of the manufacturing sector's contribution to the GDP of the year 2001. In spite of the enormous importance of the micro and small enterprise (MSE) sector to the national economy with regards to job creation and the alleviation of abject poverty in Ethiopia, the sector is facing financial challenges, which impeded its role in the economy. These challenges are lack of access to credit, insufficient loan size, time delay and collateral (Gebrehiwot and Wolday, 2006)

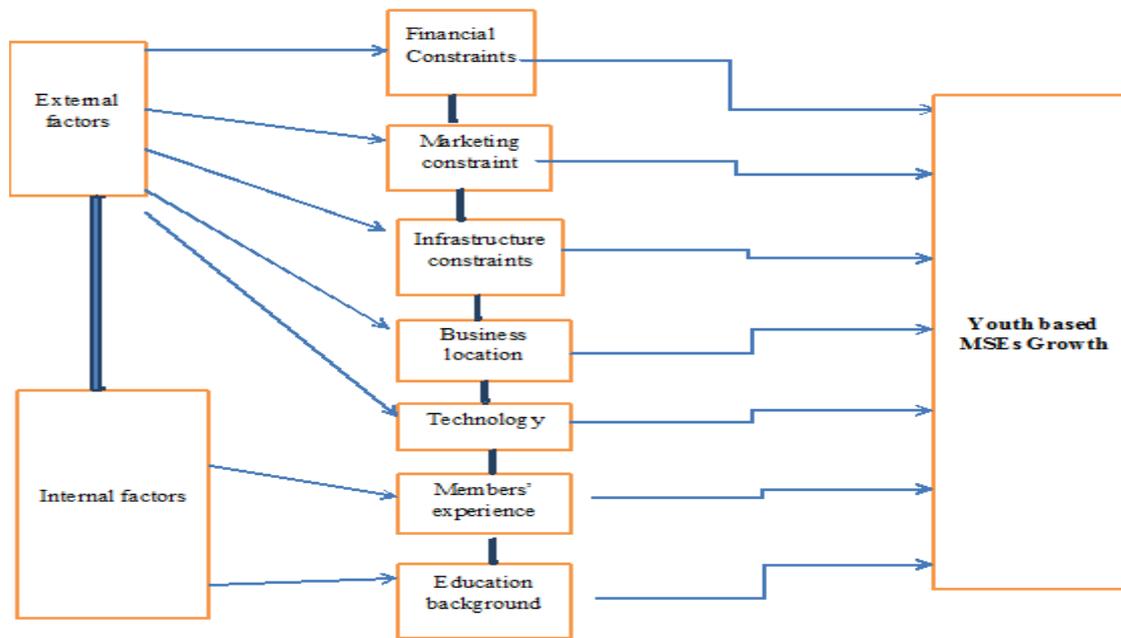
According to Assegedech Woldelul (2004:7) Shortage of funds discourages the smooth operation and development of MSEs. Even if there are credit facilities, some of the MSEs do not use the money for the intended purpose. They rather divert it for other unintended and non-productive expenditures. Consequently, the enterprises fail to return the money back to the lender on time. This can result in a loss of credibility to get repeated loans when needed

In his research, Dereje (2008:47) studied the nature, characteristics, economic performance, opportunities and challenges of MSEs in the construction sector based on 125 sample enterprises. The results of the study revealed that the main constraints of the MSEs were shortage of capital, lack of raw materials, absence of government support, lack of market, lack of credit facilities and high interest rate. Studies were also conducted specifically with a purpose of identifying the problems that MSEs encounter. For instance, Workneh's (2007:51) research undertaken in Kolfe Keraneo sub-city of Addis Ababa indicated that lack of capital,

lack of market, unfavorable policy, and inadequate infrastructure, absence of adequate and relevant training, bureaucratic structure and procedures are among constraints faced by MSEs. Similarly, Adil's (2007:63) research

carried out in Addis Ababa shows that inappropriate government intervention, shortage of capital, location disadvantage, lack of market and lack of display room are the major challenges that obstruct MSEs.

**Frame Work of the Study**



**Figure2.1.** conceptual frameworks

Mathematical framework of the study can be derived as

$$Y = \beta_0 + \beta_1(FCH) - 13.5(MKT) - 18.9(INFRA) - 8.9(INST) + 8.6(EDU) + 16.9(TECO) + E$$

$$\beta_0 + \beta_1FCH + \beta_2MCH + \beta_3IFCH + \beta_4BLCH + \beta_5MECH + \beta_6TECH + \beta_7EDCH + E$$

**Where**

Y= Customer satisfaction of bank customers

$\beta$  = is intercept & constant

$\beta$  = is intercept & constant

$\beta_1 - \beta_7$  = Variable Coefficients

FCH = FINANCIAL CHALLENGES

MCH = MARKETING CHALLENGE

IFCH = INFRASTRUCTURE CHALLENGE

BLCH= BUSINESS LOCATION CHALLENGES

MECH = MEMBERE EXPERIENCE CHALLENGE

TECH = TECHNOLOGY CHALLENGE

EDCH = EDUCATION BACKGROUND CHALLENGE

**Hypothesis**

H<sub>1</sub>: Financial related constraints has a significant impact on the growth of youth MSEs

H<sub>2</sub>: Marketing constraints has a significant impact on the growth of youth MSEs

H<sub>3</sub>: Infrastructure has a significant impact on the growth of youth MSEs

H<sub>4</sub>: Business location has a significant impact on the growth of youth MSEs

H<sub>5</sub>: Members experience has a significant impact on the growth of youth MSEs

H<sub>6</sub>: Technological factors has a significant impact on the growth of youth MSEs

H<sub>7</sub>: Educational background has a significant impact on the growth of youth MSEs

**METHODOLOGY**

In order to attain objectives of the study, a qualitative and quantitative approach has been employed. The research is a cross-sectional study; aimed at collecting data at one point in time and describing the study population rather than indicating the pattern of change which might be witnessed over time. Data for the study

## Determinants of Youth Based Micro and Small Enterprises Growth in Dawro Zone A Case of Mareka Wereda

came from both primary and secondary sources. Primary information was collected by well-designed questionnaire as its primary instrument. A structured questionnaire and semi-structured interview used as data collection method. The target population of this study was enterprises who were operates on youth based MSEs with total number of 660 from this by using Yemane formula 226 sample size were determined. Both random and stratified sampling techniques were employed to

select enterprises. Pilot study was conducted on 30 youth based MSEs to check the reliability and validity of the questionnaire. Validity of the questionnaire was ensured by dising with corporate managers and academicians from the university. The collected was analyzed through the use of inferential tools like linear regression and Pearson's product moment correlation coefficient was used to determine the relationship between independent variables and dependent variable.

### DATA ANALYSIS AND INTERPRETATION

**Table4.1.** Pearson's product Moment correlation coefficient of all independent variables with dependent variable

Correlations		
Variables		Growth and survival of an enterprise
Accounting & Financial constraints	Pearson Correlation	-.700**
	Sig. (2-tailed)	.000
Educational qualification of members	Pearson Correlation	.150*
	Sig. (2-tailed)	.000
Pervious business experience of members	Pearson Correlation	.555**
	Sig. (2-tailed)	.000
Business location constraints	Pearson Correlation	-.597**
	Sig. (2-tailed)	.000
Infra structural constraints	Pearson Correlation	-.670**
	Sig. (2-tailed)	.000
Technological constraints	Pearson Correlation	-.450**
	Sig. (2-tailed)	.000
Marketing constraints	Pearson Correlation	-.592**
	Sig. (2-tailed)	.000
Growth of MSEs	Pearson Correlation	1

\*\* Correlation is significance at the 0.01level (2 tailed)

\*correlation is significance at the 0.05 level (2 tailed)

Source: Survey data, 2017

From the above table 4.1 correlation matrix all external independent variables were a strong significant inverse relationship with dependent variables. While the internal variables were a positive correlation with youth based MSEs growth. In other words the independent variables which are studied in this research are strong determinant factors for the growth of MSEs in the study area.

**Table4.2.** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics
					Sig. F Change
1	.828 <sup>a</sup>	.686	.676	.324	.000

Source: Survey data, 2017

- Predictors: (Constant), marketing constraints, constraints, accounting & Financial Entrepreneurial character, technological constraints constraints related constraints, business location constraints, infra structural related

### REGRESSION ANALYSIS

In addition, the researcher conducted a regression analysis to establish the consolidated effects of the independent variables (marketing, financial, infrastructural, technological, entrepreneurial characteristics and business location constraints) on the dependent variable (Growth of MSEs).The findings are presented below:

## Determinants of Youth Based Micro and Small Enterprises Growth in Dawro Zone A Case of Mareka Wereda

The analysis of the results of the model depicted an R value of .828, R square of .686 and an adjusted R square value of .676; this means that the accuracy of the model is 67.6% and the variations in growth of youth based MSEs can be explained by the explanatory variables up to 67.6%. In addition to this, the model indicates a P value of 0.000, which is significant. (<0.05).

This means that the regression model is adequate with the collected data and the variables are statistically significant at 5% and these findings show that the determinants identified in this study affect the youth based MSEs growth Marekaworeda up to 67.6% as indicated by the adjusted R square.

**Table4.3.** Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std .Error	Beta		
(Constant)	1.820	.208		8.761	.000
Financial constraints	-.284	.056	-.280	-5.093	.000
Educational qualification of respondents	.057	.022	.100	2.611	.010
experience of members	.201	.092	.105	2.180	.030
location	-.240	.059	-.195	-4.073	.000
infra structural constraints	-.226	.042	-.267	-5.338	.000
technological constraints	-.082	.037	-.094	-2.182	.030
marketing constraints	-.149	.055	-.133	-2.715	.007

*Dependent Variable: growth of an enterprise*

**Source:** Survey data, 2017

$$Y = 1.820 - .284(\text{FCH}) + .057 (\text{EBCH}) + .201(\text{MECH}) - .240 (\text{BLCH}) - .226(\text{ICH}) - .082 (\text{TCH}) - .149 (\text{MCH}) + E$$

The table 4.3 revealed that, the coefficient for financial determinant is -.280 significantly and negatively affects the growth of youth based MSEs with p value of .000. This indicates a unit increase in financial problems, leads to a decrease in the growth of youth based MSEs by 28% when all factors are held constant. Educational background significantly and positively affects youth based MSEs growth with p value of .030. This implies a unit increment in Educational background, leads to a decrease in the youth based MSEs growth by 5.7%. Business location significantly and negatively affects youth based MSEs growth with p value of .000. This implies a unit increment in business location, leads to a decrease in the youth based MSEs growth by 19.50%. Infrastructure significantly and negatively affects youth based MSEs growth with p value of .000. This implies a unit increment in infrastructure, leads to a decrease in the youth based MSEs growth by 26.7%. Technological factors significantly and negatively affects youth based MSEs growth with p value of .030. This implies a unit increment in technology challenge, leads to a decrease in the youth based MSEs growth by 9.4%. Marketing constraint significantly and

negatively affects youth based MSEs growth with p value of .007. This implies a unit increment in marketing challenge, leads to a decrease in the youth based MSEs growth by 13.3%.

### Hypothesis

H<sub>1</sub> Financial related constraints has a significant impact on the growth of youth MSEs in marekaworeda is accepted as p=.000(<.05) at 95% level of confidence

H<sub>2</sub> Marketing constraints has a significant impact on the growth of youth MSEs in marekaworeda is accepted as p=.007(<.05) at 95% level of confidence

H<sub>3</sub> Infrastructure has a significant impact on the growth of youth MSEs in marekaworeda is accepted as p=.000(<.05) at 95% level of confidence

H<sub>4</sub> Business location has a significant impact on the growth of youth MSEs in marekaworeda is accepted as p=.000(<.05) at 95% level of confidence

H<sub>5</sub> Technological factors has a significant impact on the growth of youth MSEs in marekaworeda is accepted as p=.030 (<.05) at 95% level of confidence

H<sub>6</sub> Educational back ground has a significant impact on the growth of youth MSEs in

marekaworeda is accepted as  $p=.010$  ( $<.05$ ) at 95% level of confidence.

H<sub>7</sub> Members experience has a significant effect on the growth of youth based MSEs in marekaworeda is accepted as  $p=.030$  ( $<.05$ ) at 95% level of confidence.

## CONCLUSION

Generally this regression model shows that how much each predictor's variables contributed to the outcome value. As shown in model summary table all predictor variables are highly correlate with the outcome variable and contributed a 67.6% to the likely growth of MSEs in the study area. The rest percentage may affect by other factors which are not included in this study.

## RECOMMENDATION

Both federal and regional government should improve MSEs' access to financing by deepening the reforms of the micro financial institution system. These measures should include a reform of interest rates, collateral requirements, and the credit registration to facilitate alternative source of external finance source. While zonal and woreda level stakeholders should be enhance the integration and linkage of micro and small enterprises with medium and large enterprises through training, experience sharing and access to improved technologies.

## FUTURE DIRECTIONS

The current study was limited on seven variables which are external environment related like finance, marketing, infrastructure, technology and business locations, whereas internally related factors were members experience and their educational background taken as to independent variables to predict growth of youth based MSEs in Dawro Zone Marekaworeda. However, the results cannot be generalized to other youth based MSEs in Ethiopia especially in the analytical terms. Therefore, further research will be done on bigger scale with large sample size to determine the effect youth based MSEs growth in the Ethiopian context.

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