



Original Research

Analysis of Success Factors of Micro and Small Business Enterprises in Horro Guduru Wollega Zone, Ethiopia

Fanta Wakwoya^{1*} & Asfaw Temesgen²¹ Center for the Studies of Environment & Society, Wollega University, Nekemte, Ethiopia² Department of Management, Wollega University, P.O. Box:395, Nekemte, Ethiopia.**Abstract**

Examining what makes micro and small businesses tick was the driving force behind this research. This investigation made use of an explanatory research strategy. A combination of a questionnaire and an interview was used to gather data. Three hundred sixty-eight people filled out the survey after being chosen at random. Multiple regressions, standard deviation, and mean were used to analyze the data that was obtained. Enterprise characteristic components, including knowledge and abilities in technical areas, good managerial competencies, and efficient human resource management, are greater contributors to the success of MSEs, according to the study's key findings ($\beta = 0.594$, $p < 0.00$). Success in business for MSEs is unaffected by personal factors including education level ($\beta = .129$, $p > 0.72$), gender ($\beta = .115$, $p > 0.24$), and age ($\beta = .036$, $p > 0.38$). In light of this, it is imperative that MSE operators receive enough training in technical, managerial, and business areas; furthermore, MSE operators must direct their companies in achieving these objectives.

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INTRODUCTION

In every region of the globe, micro and small businesses (MSEs) play a crucial role in propelling societal and economic progress. They play an important part in raising the standard of living by adding jobs and boosting incomes per capita. Micro and small businesses are becoming an increasingly important employment generator, particularly for low-income groups, due to the fact that they employ fewer people with advanced degrees and rely more on manual labor than

big corporations (Libecap, 2000). According to Reinecke and White (2004), they have been crucial in advancing sustainable development and equitable economic growth at the grassroots level. In addition to generating economic vitality, these businesses are key to unleashing the potential of entrepreneurship. They are a great way to generate jobs and invest cheaply, which helps the country reach its macroeconomic goals (Rocha, 2012). These factors have been responsible for the

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worldwide acceleration of industrialization and economic success (Unger et al., 2011).

On a global scale, the most important sources of employment, according to the most recent estimate from the International Labor Organization (2019), are small businesses and self-employed people, who work mostly in the informal economy. The employment percentage of small economic units is significantly larger in low- and middle-income nations, where the majority of the world's population lives. In South Asia and sub-Saharan Africa, the self-employed and micro and small businesses make up over 80% of the workforce, while in the Middle East and North Africa, they constitute about 70% of the workforce. The most recent figures from the International Labor Organization (ILO) show that in high-income nations, self-employed people and small and medium-sized enterprises (SME) account for 58% of the total workforce.

The amount of micro, small, and medium-sized enterprises (MSEs) and new jobs in Ethiopia seems to be increasing throughout the years. For instance, according to NBE (2018), there were 51,983 MSEs in 2010/11 and 799,358 in 2018/19, whereas the corresponding numbers of jobs created were 806,322 and 997,380. Regardless of this upward tendency, the MSE sector in Ethiopia faces several obstacles connected to institutional and structural concerns that impede development, expansion, and long-term planning (Gebirehiwot & Wolday, 2003). We recognize that small businesses help the economy grow, but we also realize that entrepreneurs confront a lot of obstacles that

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hurt their chances of success and growth in the long run. Failure rates for small businesses are greater in emerging nations compared to industrialized nations, according to studies on the topic (Deakins & Freel, 2009). Consequently, the most important parts of the labor market including the creation of jobs, the quality of those jobs, and the efficiency of businesses must be examined through the lens of the smallest economic units, since they account for the vast majority of workers.

Statement of the Problem

One area where Ethiopia's economy might use some help reaching its development objectives is in the micro and small business (MSE) sector. The government of Ethiopia has made the development of micro and small businesses (MSEs) a top priority in its fight against poverty and unemployment. Aside from the underdevelopment of the MSE sector, the contribution of MSEs to these aims has not been very successful (Ermias et al., 2017). Several limitations stemming from systemic and institutional issues have prevented them from performing up to expectations, and the country's economic growth and development have suffered as a result (Gebirehiwot & Wolday, 2003). Based on data provided by the Ethiopian Economic Association (2015), it appears that while some MSEs have achieved remarkable growth and profitability through capital accumulation, a significant number of others have either failed or decided to leave the industry altogether. The government, citizens, operators, and organized private sector groups have all

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expressed significant worry over this scenario.'

According to studies, small businesses are more likely to fail at the start-up and operating stages compared to larger organizations (Bloch & Bhattacharya, 2016; Lo et al., 2016). According to Longenecker (2006), Hailay (2007), and Birhane (2014), small businesses often fail because their owners don't put enough thought into their ventures, don't have enough money, and don't have good management.

Much empirical research has shown that individual determinants, external circumstances, and firm features have a direct impact on the performance of small businesses (Lampadarios et al., 2017; Simpson et al., 2012; Alfaadhel, 2010; Karpak & Topcu, 2011; Krasniqi et al., 2008). Nevertheless, it seems that the relative importance of these previously established success factors differs depending on the business environment, i.e., the industry and country in which MSEs operate. This means that a success factor that is highly significant in one industry or country might not be equally significant in another (Alfaadhel, 2010; Simpson et al., 2012).

Moreover, according to Fikadu's (2015) research on the factors that influence the expansion of micro and small businesses in Ethiopia, the most significant barriers faced by these businesses include a lack of marketing expertise, an inadequate loan period, an inadequate level of education, an inappropriate location for the business, and an absence of opportunities. Nevertheless, there is a lack of data regarding the elements that contribute to the success of MSEs in the

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research region and beyond in the studies that focus on MSE performance, difficulties, and possibilities. What little data is available is not robust enough to support any kind of in-depth investigation. This led researchers to conclude that the data currently available on MSEs is lacking, dispersed, and incomplete.

The evidence base is still in its early stages because many previous studies failed to address the specific area in question; instead, they focused on explaining the level of MSEs at the national or regional level through the examination of documentary data. Therefore, in order to have a clearer and more objective understanding of the underlying success determinants, it is necessary to examine MSE's performance in the Horro Guduru Wollega (HGW) zone's business environment. Research on MSEs' effectiveness, difficulties, and potential benefits falls short of elucidating the elements that contribute to MSEs' overall and the research area's specific success. In addition, there has been insufficient research on the topic, and the connections between success variables are even less studied. Similarly, success variables are frequently theorized, but the causal relationship—that is, "how" these characteristics contribute to MSE's success—is rarely studied. Consequently, this research examines the several HGW zone success variables and the extent to which they contribute to MSEs' ability to fill in the current knowledge gaps.

Objectives of the Study

The study's stated goals are as follows:

1. To evaluate the performance of MSEs in the HGW zone

2. To determine what parts of the research area are most important for MSEs to succeed.

Defining Micro and Small Enterprises

Micro and small enterprises (MSEs) are private companies that fall in the smaller size category in this study. It is acknowledged, however, that different countries and international organizations use different metrics—such as the number of people, sales, and assets—to define business size.

Capital and labor constitute the operational definition of MSEs under Ethiopia's Federal Small and Micro Enterprises Development Strategy (2011). According to Article 2(1) of the Ethiopian Constitution, a micro enterprise is defined as one that employs five people or fewer and has a total asset value of less than Birr 100,000 in the manufacturing sector and 50,000 in the service sector. A "small

Sci. Technol. Arts Res. J., Oct.-Dec. 2022, 11(4), 40-57 enterprise" is defined in the same regulation as an enterprise that employs 6 to 30 people (including the owner, his family members, and other employees) and has a total capital (excluding buildings) of Birr 50,001 to Birr 500,000 in the service sector or Birr 100,001 to Birr 1,500,000 in the industrial sector. From the above, it is clear that no one definition of MSEs is going to be accepted by everyone. Based on their own criteria and the stage of growth, many experts provide different definitions of MSEs.

According to Table 1, this study follows the criteria set out by FeMSEDA (2011), which classifies micro and small businesses as those with five or less employees, while small businesses are defined as those with five to thirty employees.

Table 1

Working definition of MSEs based on capital and Labor

No	Enterprise level	Sector	Hired labor	Capital (ETB)
1	Micro	Industry	≤ 5	100,000
		Service	≤ 5	50,000
2	Small	Industry	6-30	100,000 – 1,500,000
		Service	6-30	50, 000 -500,000

Source: FeMSEDA, 2011

The Special Case of Micro and Small Enterprises

Businesses that focus on micro, small, and medium-sized enterprises (MSEs) are framed in part by the idea that MSEs are a distinct kind of enterprise that contributes in a distinctive way to the economic and social growth of a nation. Therefore, reformers should pay special attention to MSEs because

of these characteristics. Two key points are present in this argument. To begin, the magnitude of the sector and the value they add to national growth make MSEs deserving of particular consideration. The second is that, in comparison to bigger companies, MSEs are more susceptible to a bad business climate. The external dangers caused by an unfavourable business climate put MSEs in a more precarious position, and it is well-known

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that smaller enterprises incur a disproportionately greater cost of doing business compared to larger firms.

Factors Affecting the Business Success of MSEs

Personal Factors

Personal attributes, or an individual's unique set of features, are an example of an individual factor. Factors such as the entrepreneur's age, education level, entrepreneurial qualifications, and expertise in running a business are among the most often mentioned in business literature (Franco & Hasse, 2009; Arasti et al., 2012).

Enterprise Factors

Holmes et al. (2010), Okpara & Wynn (2007), Gonzales (2009), Kelley and Nakosteen (2005), Besser & Miller (2011), and the firm's age and size are all examples of structural characteristics and strategies that make up enterprise factors. Other examples include human capital, business management competencies, and customer relationships.

Business Environment Factors

Considerations in the business environment encompass monetary conditions, institutional and governmental backing (Franco & Haase, 2010; Okpara & Wynn, 2007), advisory services in any shape or form (Gonzales, 2009), and the accessibility of relevant technology and markets (Kelley & Nakosteen, 2005). Technology, consulting services, financial resources, markets, infrastructure, competitors, and institutional and governmental backing are all part of the business environment aspect in this study.

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Measures of Success

Defining success in the context of micro- and small-businesses is crucial for identifying the success factors (SFs) for SMEs (Halabi & Lussier, 2014). Even Rogoff et al. (2004) acknowledge that the term "business success" lacks a universally accepted definition. According to Simpson et al. (2004), researchers typically utilize the success metric of continuous viability or longevity and the failure metric of business termination as surrogates.

In support of the claims made by Storey (1998) and Brush & Vanderwerf (1992) that growth is the best measure of a small or medium-sized enterprise's success, Phillips & Kirchoff (1989) found that young, expanding businesses had double the chance of survival compared to young, stagnant businesses. In addition, McDougall et al. (1994) contend that rapid expansion lowers short-term profits while increasing long-term profits for businesses. Sales growth and profitability are still the most essential metrics for a company's performance and the greatest predictors of its future success, according to modern literature on small businesses and entrepreneurship (Steffens et al., 2009).

Conversely, according to Beaver (2002), many managers and owners of small businesses consider it a success if they can keep up an optimal level of activity while still providing a decent wage for their employees. Davidsson et al. (2009) suggests that small business owners' and employees' sense of personal fulfillment, contentment with their jobs, and happiness of coming to work each day are crucial factors in the success of small

businesses. Furthermore, according to Aldrich and Cliff (2003), the owner-manager's motivation is influenced by the function that the owner-manager's family plays. Business owners often rely on non-monetary metrics, such as job satisfaction, autonomy, and the capacity to manage work and family duties, to gauge their performance. However, it's important to note that these metrics are subjective (Walker & Brown, 2004).

Conceptual Frame Work

Achieving success in MSE is a multi-faceted process that depends on the proper operation of both internal and external company elements at the same time. As shown in Figure 1, these can be grouped into three types: entrepreneurial (individual), enterprise (firm), and business environment (external).

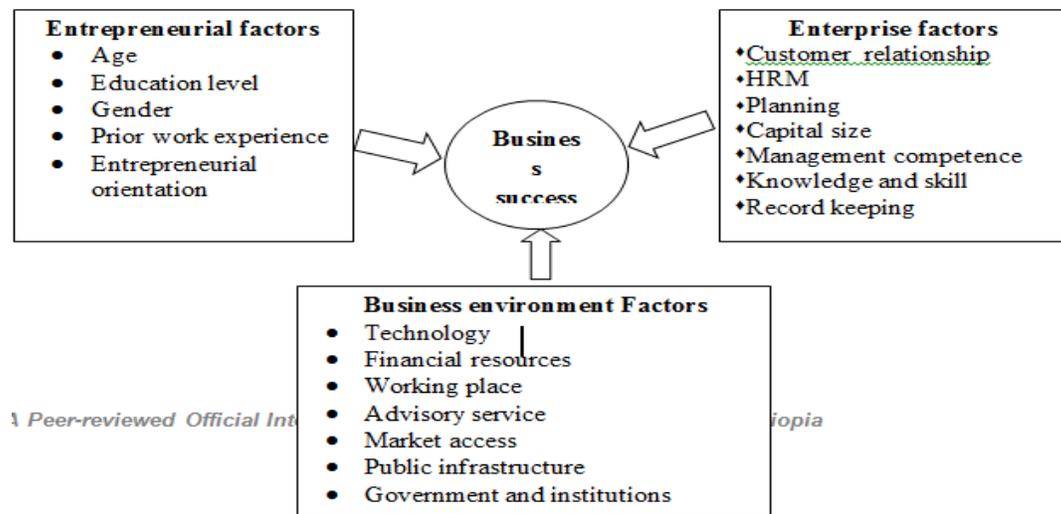


Figure 1. Success Factors for MSEs

Source: Developed by Researcher Based on Empirical Literature

MATERIALS AND METHODS

Research Design and Approach

Kothari (2004) explains that research design is the conceptual framework that guides the conduct of research. It is the blueprint for data collection, measurement, and analysis. The research problem, research approach, and sources of pertinent information were defined using an explanatory research design. Detailed explanations of the characteristics of the study's variables are the primary goal of an

explanatory research design. According to Kothari (2004), it is useful for determining the type and degree of correlations between different variables.

This study used a mixed-methods strategy, combining quantitative and qualitative techniques. To solve the research challenge, the researcher thinks it's best to use these two approaches together. Because both quantitative and qualitative approaches have their limitations, it is often best to utilize a combination of methods to compensate for

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some of the shortcomings of any one approach. It is highly beneficial when the results of one approach are supported by the other; blending multiple methods can enhance a study (Cresswell, 2003).

Source of Data

Primary sources, such as interviews and questionnaires, and secondary sources, including pertinent documents, were used to gather data from research participants. This strategy allows researchers to have access to a variety of data collection tools and facilitates the acquisition of first-hand accounts. Because of their essential role in the study and their familiarity with the research problem, MSE operators were therefore invited to participate. Since they are responsible for ensuring the success of MSEs and care about the community's small businesses, the administrators of micro and small enterprise development offices were considered for inclusion.

Sample Design

The target populations consist of MSE owners and members and micro and small enterprise development office administrators in the study area. Thus, they were the main subjects of this study.

Study Population

There were a total of 1947 firms, or 8402 members, that were micro-and small-scale industries. There were a total of 928 MSEs that were actively involved in the service sector, 294 that were involved in

Sci. Technol. Arts Res. J., Oct.-Dec. 2022, 11(4), 40-57 manufacturing, 198 in construction, 474 in commerce, and 53 that were involved in agriculture. The participants in this study are all 1947 MSEs, which means there are 8402 people (4974 men and 3428 women) who are part of these businesses and are either available to work or are running their own micro or small business.

Sample Size

This study's sample size was determined using the formula proposed by Kothari (2004:179). Here is the formula for determining the Kothari sample size:

$$n = \frac{Z^2 * p * q * N}{e^2 (N-1) + 1 (Z^2 * p * q)}$$

Where:

n = size of the sample; Z = standard variate at a given confidence level (to be read from the statistical table giving the areas under normal curve) and it is 1.96 for a 95% confidence level; p = sample proportion (assumed to be 0.5 since this would provide the maximum sample size); q = 1- p ; N = size of population; e = is the level of precision or margin of error (5%)

Therefore,

$$n = \frac{1.96^2 * 0.5 * (1-0.5) * 8402}{0.05^2 (8402-1) + (1.96^2 * 0.5 * (1-0.5))} = 368$$

Accordingly, using the formula a sample size of 368 respondents were drawn from a population for this study.

Sampling Technique

Stratified simple random sampling was used to select the sample size for this study from among all of the respondents from each type of MSE. Stratification of the responses was done according to the type of MSE. Therefore,

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for the sake of simplicity, the MSE's sector is used to split the population of this study into five strata specifically, the sectors of agriculture, manufacturing, construction, services, and trade. In order to improve the statistical efficiency of the sample, get enough data to analyze the distinct subpopulations, and apply different research methodologies and processes with varied data, a stratified random sample is used. Next, a simple random selection procedure was used to choose respondents from each stratum. This ensured that every respondent had an equal opportunity to be included in the study. Stratified sampling relies on dividing the population into non-overlapping groups called strata. Then, a random sample is taken proportionally from each stratum. In order to

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keep standard error down and make sure that each stratum's sample size is within its expected range, Kothari (2004) recommends using a proportionate allocation.

From a total population of 8,402 people, 368 were selected at random from five strata: 1,419 in the manufacturing sector, 1,254 in the construction industry, 1,837 in the service sector, 3,580 in commerce, and 382 in agriculture. The overall sample size is $[n_i = n * P_i]$, where P_i is the fraction of the population included in each stratum and 'i' and 'n' are the numbers representing that proportion. P_i is defined as the ratio of the total population to the number of individuals within it. Under the assumption of proportional allocation, Table 2 displays the calculated sample sizes for the various sizes.

Table 2

Population and Sample of Respondents

No	Sector	Population (number of individuals in the firm)	Sample size	Sampling technique
1	Manufacturing	1419	62	Simple random
2	Construction	1254	55	Simple random
3	Trade	1837	80	Simple random
4	Service	3580	157	Simple random
5	Agriculture	312	14	Simple random
	Total	8402	368	

Source: *Own Computation based on data obtained from the study area*

Conversely, four key informant participants were chosen for interviews using the criterion purposeful sampling technique. One participant was chosen from each town in the zone. Their responses to the topic under investigation were evaluated based on their characteristics, with the assumption that relevant information would be obtained from them.

To get the most out of limited resources, researchers frequently employ purposeful sampling to find and choose cases that are rich in information (Patton, 2002). Part of this process includes finding and recruiting people who have first-hand experience with or extensive knowledge of the topic of interest (Cresswell & Plano Clark, 2011). We chose MSE development officers because we believe they can shed light on what it

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takes to succeed because of their extensive background and expertise in the field. They were chosen from among the bigger staff members on the basis of their shared qualifications; specifically, their ability to fulfill a certain function inside the company.

Instruments for Data Collection

Questionnaire

The existing literature was used to compile the questionnaire. In order to get primary data from the participants in this study, the questionnaire was the main tool employed for data collection. The responders are given a questionnaire with a total of forty items. One section of the structured questionnaire is closed-ended, requiring respondents to check a box; the other section is open-ended, allowing respondents to use their own words to describe the topic. Researchers and respondents both benefit from closed-ended questions since they facilitate analysis and allow respondents to more clearly express their opinions.

There are three sections to the survey. The first section requests data pertaining to demographics. Respondents were asked to rate the success level of their firm on a five-point Likert scale, from extremely unsuccessful to very successful, based on their own judgments. Part two deals with the characteristics of MSEs, while part three addresses challenges relating to the business climate.

Also, the questionnaire's validity and reliability were checked. The degree to which a research instrument consistently produces the same results or data after multiple trials is referred to as dependability, according to Mugenda (1999). A pretest survey was

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conducted to ensure the draft questionnaire was error-free before field data collection began. The pretest allowed us to make adjustments to the content, logical flow, clarity, layout, and average time required to complete one questionnaire. After making the required adjustments and reorganizations, the data collection instruments were finalized based on the findings of the pilot survey.

A reliability coefficient (alpha) of 0.79 was found when the Cronbach alpha reliability testing procedure was used to characterize the instrument's internal consistency. As a reliable indicator of the instrument, Cronbach's (1951) rule of thumb suggests a correlation coefficient between 0.70 and 0.8, which the coefficient falls within. This proves that the study's goal may be attained by asking the appropriate questions in the surveys.

The level of validity is defined as the extent to which the outcomes of the data analysis truly mirror the phenomenon being studied (Mugenda, 1999). The study employed the triangulation technique to guarantee validity by collecting data from multiple sources at once, including interviews and questionnaires. The reliability of the measurement tool was enhanced by the pilot research as well. The surveys' validity and reliability have been confirmed, and any feedback from the pilot study has been integrated into the final versions. The next step is to send out the survey to the chosen participants.

Key Informant Interview and Document Review

To further investigate questions not addressed in the questionnaire and to stabilize the data

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obtained from the questionnaire; this study used key informant interviews to get extra supplemental opinions. Administrators from micro- and small-enterprise development offices participated in the interview. Collecting data in this way aids in providing evidence to back up the results of a structured questionnaire.

In addition, by analyzing the existing textual sources in connection to the study issue, document reviews acted as information collection methods that supplied actual data. Research on the topic was evaluated, together with annual reports and records of MSE data from the Office of Small and Micro Business Development, to ensure thorough coverage of the subject.

Method of Data Analysis

All of the tools and techniques were used to gather important qualitative and quantitative data. The quantitative data was subsequently tallied and analyzed using SPSS version 24.0. Standard deviation, mean, and percentages were among the descriptive statistics used for analysis. In the analysis, numerous regression equations were also utilized. The degree to which one variable influence another can be determined by using multiple regression analysis. In order to provide accurate responses to the research questions, the following model is developed for this study: Therefore, this study acknowledged the model's validity and reliability and used it to analyze and interpret the results. Personal traits, organizational variables, and external business context variables serve as the model's

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independent variables. The subsequent regression model was constructed using these variables: $Y_i = \alpha + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \varepsilon_i$, Where the variables defined as: Y_i = Business success (dependent variable); α = Constant term; β_i = Coefficients; X_{1i} = personal characteristics; X_{2i} = enterprise factors; X_{3i} = business environment factors; ε_i = Error term

RESULTS AND DISCUSSION

Multiple Regression Analysis

Here we take a look at the positive aspects of success characteristics and how they have helped businesses succeed. To examine the correlation between the independent variables (business success) and the dependent one (predictor factors), the researchers employed multiple regression analysis, a multivariate statistical technique. Individual, enterprise, and business environment are the three main groups into which the many success variables found in the literature study on micro and small businesses fall.

Table 3 displays the summary outcome of the multiple regression analysis used to forecast the success of the company. A total of 0.842 is the R-value that the model produces. A robust positive linear association between the dependent and the predictors is indicated by the R-value of 0.842. When squared, this R-value ($R^2 = 0.708$) gives the proportion of the criteria variation explained by the predictor variables; in this case, they account for 70.8% of the total variance.

An impressive 70% of the variance in company success can be explained by the best linear combination of the predictor variables

Fanta W. *et al* studied, which include human, enterprise, and business environment aspects. This indicates that the predictive model is doing its job well. We can increase the level of certainty in predicting business success if we can identify other variables that account for the remaining

Sci. Technol. Arts Res. J., Oct.-Dec. 2022, 11(4), 40-57 30% of the variance. On the other hand, factors outside the scope of this investigation account for the remaining 30% of variation. Table 3 shows that the independent variables produce a good model for prediction.

Table 3

Multiple Regression Output Summary on Effects of Predictor Variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842 ^(a)	0.708	0.703	.130

a. predictors: (constant), personal factors, enterprise factors and business environment factors

The primary objective of the study was to use the ANOVA test to determine if misspecification issues were caused by the model specification. The analysis of variance (ANOVA) table, which follows Table 4, shows how accurately the dependent variable can be predicted using the regression equation. It shows that the dependent variable is accurately predicted by the regression

model. In general, the regression model accurately predicts the outcome variable (i.e., it fits the data well) since its statistical significance ($p = 0.000$) is lower than 0.05. Accordingly, accept the hypothesis demonstrating that the model is fit or good, since the significance value is larger than the p-value (Table 4).

Table 4

ANOVA Table of Regression Analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	50.293	3	16.764	8.329	.000
	Residual	6.038	353	.017		
	Total	56.331	356			

a. Predictors:(Constant), New Business environment Factors, personal factors, Enterprise factor b. Dependent Variable: Business Success

Using multiple regression analysis, we looked for a correlation between MSEs' company success and the three main independent variables: personal, enterprise, and business environment. Individual variables had a negligible impact. So that it is omitted from the equation. We begin by reviewing the t

value and its significance level in order to make sense of the data in Table 5. Each variable's impact on the model is displayed in the standardized beta coefficient column. Where all other independent variables remain constant, the beta weight is the average amount by which the dependent variable

increases when the independent variable increases by one standard deviation. Since these are defined, we may evaluate them side by side. The predictor's contribution increases as t grows larger and the significance level

decreases. With p-values less than 0.05, multiple regression analysis shows that most explanatory variables significantly impact MSE company success (Table 5).

Table 5*Multiple Regressions on Effects of Predictor Variables: Analysis of Variance and Coefficients*

		Coefficients (a)				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	7.83	.530		14.788	.000*
	Personal Factors	.298	.191	.130	1.533	.067
	Better education level	.987	.059	.129	1.643	.072
	Age of MSE owners	.070	.080	.036	.874	.383
	Previous work experience	.185	.021	.328	2.183	.030*
	Being male/female	.127	.110	.115	1.160	.247
	Taking the risk for new business	.122	0.68	.025	1.805	0.73
	Enterprise Factors	.657	.073	.594	8.657	.000
	Good customer relationship	.628	.072	.589	8.067	.000*
	Good human resource management	.872	.063	.623	8.490	.000*
	Possessing knowledge, skill and expertise in technical areas	.690	.059	.698	8.628	.000*
	Planning the operations of the business	.544	.089	.559	7.612	.020*
	Good management competences	.772	.061	.665	8.528	.001*
	Good entrepreneurial competences	.492	.085	.446	5.233	.002*
	Presence of effective record keeping	.602	.077	.577	7.265	.000*
	Business Environment Factors	.287	.109	.250	3.340	.028
	Ability to develop and sustains technological advantage	.270	.083	.216	2.874	.073
	Government and institutional support	.230	.078	.222	2.924	.047*
	Access to any form of advisory services	.276	.36	.206	2.049	.076
	Access to financial resource	.385	.051	.299	4.082	.000*
	Market access	.288	.059	.283	4.026	.000*
	Access to public infrastructure	.311	.073	.249	3.524	.003*
	Access to convenient working place	.250	.064	.255	3.906	.000*

a. Dependent Variable: Business success ; Source: Own survey data, 2021

This study found that the dependent variable (business performance) of MSEs is unaffected by individual characteristics such as gender, age, level of education, and willingness to take

risks in starting a new company (beta =.130, p =.067>0.05). There was no statistically significant correlation (p < 0.05) between the dependent and predictor factors for these

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variables. Hence, we can conclude that the dependent variable was unaffected by the independent variable (i.e., the dependent variable's characteristics), and we can reject the null hypothesis. Nevertheless, the high correlation between prior job experience and business success ($\beta = 0.32$, $p < 0.05$) was demonstrated in this study.

Determining whether enterprise characteristics were influencing company success was the other goal of this study. Table 5 shows that there is a statistically significant relationship between the two variables. The results demonstrate that the enterprise factor, which includes technical knowledge, skills, and expertise, effective record-keeping, good customer relationships, management competences, human resource management, and business operations planning, has a significant impact on the dependent variable, business success, as indicated by the statistical tests ($\beta = 0.594$ and $p < 0.05$). This means that, everything else being equal, a 1% increase to the enterprise factor can lead to a 59.8% increase in company success. Consequently, business variables are reliable forecasts. Reason being, as contrasted with the other components, relatively high beta (β) weights were noted. To understand how each variable contributed to the criterion, this gives data regarding the relative importance of success factors, weights, or coefficients.

With beta values of 0.69, 0.66, and 0.62, respectively, technical knowledge and skill, management competences, and human resource management systems are the key and most significant enterprise characteristics when it comes to success (Table 5). The same

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holds true for the elements pertaining to the business environment and their impact on the success of the business ($\beta = 0.25$ and $p < 0.05$). The influence of financial resources ($\beta = 0.299$), market access ($\beta = 0.283$), a convenient workplace ($\beta = 0.255$), and public infrastructure ($\beta = 0.249$) in determining business success is more crucial and substantial. Therefore, it is possible to extend 29.9% of company success for a one-unit percent average change in financial resource facilitation, all else being equal. When it comes to other variables, the same holds. Nonetheless, factors like as access to consulting services, capacity to build and maintain technological advantage, and backing from institutions and the government are determined to be unimportant.

Businesses were expected to thrive based on the owners' level of education, particularly those with tertiary or bachelor's degrees. Promoters' access to and processing power over new knowledge could be enhanced through education, the fundamental human asset, leading to more efficient production and distribution of goods and services. There was no statistically significant relationship between schooling and company success, according to the regression results of the present study's empirical evidence. The study found no significant effect of gender on business success; however one could argue that male-owned businesses tend to be more successful than female-owned ones because women tend to have more dual responsibilities at home and in the workplace. In a similar vein, the study's findings from open-ended questions did not prove that female

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entrepreneurs in the study area have more challenges than male entrepreneurs when it comes to modernizing their firms.

Based on the regression results, it is clear that MSEs that have access to public infrastructure, a pleasant work environment, financial resources, and market links tend to have more successful businesses overall. This means that these qualities are more crucial for a company's success in a commercial setting. According to the free-form question's findings, businesses that have stronger ties to various organizations in the market tend to expand at a quicker rate than their competitors.

Nevertheless, it appears from the free-form questions that many businesses encounter different obstacles when trying to get debt funding. Based on the responses of entrepreneurs to open-ended questions, the main reasons for not obtaining financing were poor lending procedures and a lack of collateral. Possible causes for this include the high expense of supplying unorganized businesses, a lack of a history of financial transactions, and sloppy record-keeping practices. As a result, traditional banks and other lending institutions are wary of micro- and small-scale businesses.

CONCLUSIONS

Most respondents verified that the business plan was available, according to the study's results. They may be able to zero in on immediate tasks and the processes that will get them done with the aid of the company strategy. Yet, you run the danger of losing out on future opportunities in the market if you

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don't have a strategy in place. Success in company planning necessitates the development of a long-term strategy. Having a well-thought-out plan for the future of the company allows MSE to make the most of its growth potential. Because of this, market and company analysis are both made possible.

The results also showed that the study region was more successful when MSE operators had relevant job and industry expertise. When formulating a company's long-term plan, past expertise is crucial. In order to guarantee long-term success, businesses need senior managers with experience who can steer clear of typical mistakes, see clearly into the future, help the company weather storms, and identify environmental opportunities and dangers.

In their functional roles, MSE entrepreneurs were actively involved. The capacity to use tools, as well as technical knowledge and field-specific processes, are prerequisites for this position. It is essential for entrepreneurs to possess technological skills for running their businesses and performing job-related tasks.

On top of that, MSE operators must act as managers. Planning, organizing, directing, and regulating an organization's resources are all examples of managerial tasks. We say that these operations are goal-oriented, connected, and dependent on one another. Consequently, with the exception of some character attributes, it is possible to teach and train others to exhibit many of the success elements listed. Based on the findings, customer relationship management the process of recognizing and meeting the demands of one's

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customers are the key component to a prosperous company. The most crucial parts are offering exceptional service, keeping solid relationships, consistently providing superior value to clients, offering customized solutions, and delivering innovation.

Those MSEs that had access to public infrastructure, a pleasant work environment, financial resources, and market links were the most successful, according to the regression results, when it came to the company environment components. In order to grow MSE's business and develop new products, funding is essential. To help MSEs thrive and thrive more, it offers a variety of tools and information. In order to maintain their current level of performance, MSEs should invest in machinery to boost their competitiveness, and small business support services should work to increase their access to capital.

The open-ended question also showed that businesses with more connections to other organizations' markets tend to expand more rapidly. So, it's possible to learn enough about possible rivals, their abilities, moves, and responses, while formulating a marketing plan. Consequently, businesses should respond aggressively, establish a competitive position, and ultimately win. Reduced sales and output can be the result of poor market connectivity between and among MSEs and other large-scale businesses, as well as an absence of market access. Manufacturing, service, and retail enterprises (MSEs) would gain from the construction of work premises since it would lower the costs of high rent, decrease displacement, and prevent the closure of businesses. Furthermore, MSEs are

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better able to plan for the growth of their company in the long run if they have a stable workplace.

Recommendations

Organisational success is dependent on human capital. It has long been believed that investments in training that aim to increase human capital are the most important factors in determining performance. It is preferable to provide MSE operators with the technical know-how, managerial abilities, and commercial acumen they need to run their firms successfully over the long term. Hence, in order to improve operational performance, competences, knowledge, and capacity for good business practices and strategic thinking, universities, relevant NGOs, and regional MSE development agencies should all offer training in functional and management areas. Organization and integration of departments that build and support the financial capability of MSEs would be a better course of action for the National Bank of Ethiopia. In addition, banks and other financial institutions should do more to make their services affordable to MSEs so they can stand on solid basis. Some of the things that are accountable for organizations and financial institutions should be reminded of are: To help micro, small, and medium-sized enterprises (MSEs) succeed financially, you should:

- i. Raise the limit on micro and small finance loans.
- ii. Minimizing bureaucratic processes is preferable.
- iii. Establish payback terms that are adaptable.

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The MSE Development Office of HGW Zone should take precautions against unfair competition from non-official sectors if the MSE wants to maintain its commercial success in the market. Policy and strategy implementation, accountability establishment, and control and follow-up strategy development could all contribute to this goal.

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DECLARATION

The authors declare that there is no conflict of interest among the researchers.

DATA AVAILABILITY STATEMENT

The data generated from the field experiments are available from the corresponding author upon request.

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