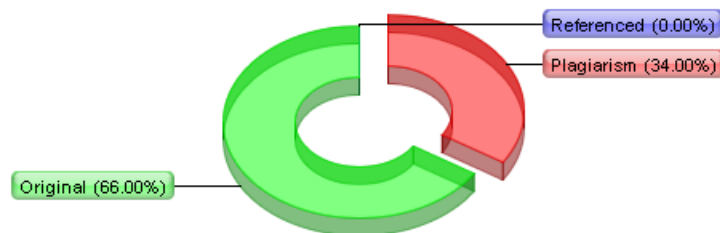# **Detector de plagiat** v. 1053 - Raportul originalității:

Document analizat: 28-Jan-19 15:25:53

"Revised-ms_AJEBA_46451_v4.docx"

Licențiat la: **Maria CIUREA_License2**

Diagrama relațiilor:

Referenced (0.00%)
Plagiarism (34.00%)
Original (66.00%)

Grafic de distribuție:

Comparație presetată:Word-to-Word. Limba detectată:English

Surse de top ale plagiatului:

	% 36	Cuvinte# 3756	https://www.iiste.org/Journals/index.php/EJBM/article/download/36850/37890
	% 36	Cuvinte# 3756	https://iiste.org/Journals/index.php/EJBM/article/download/36850/37890
	% 5	Cuvinte# 441	https://www.researchgate.net/figure/shows-that-there-is-a-significant-relationship-between...

[Toggle alte surse:]

Detalii privind resursele procesate:

210 - O.K / 36 - A eșuat

[Toggle alte surse:]

Notite importante:

Wikipedia:	Google Books:	Servicii de ghostwriting:	Anti-înșelăciune:
Wiki Detectat!	[nu a fost detectat]	[nu a fost detectat]	[nu a fost detectat]

Adresele URL excluse::

Adresele URL incluse:

Analiza detaliată a documentului:

Plagiatul detectat: **0.13%** https://www.iiste.org/Journals/inde... + 7 mai multe resurse!   id: **1**

Determinants of Micro and Small Enterprises Transformation in to Medium Level Industry in Addis

Ababa, Ethiopia /w:t /w:r /w:p w:p w:rsidR="0005632E" w:rsidRPr="00A75A7B" w:rsidRDefault="0005632E
.

Plagiatul detectat: **0.07%** https://iiste.org/Journals/index.ph... + 4 mai multe resurse!   id: **2**

ABSTRACT Micro and small enterprises are the

means for most countries economy by

🔲 Plagiatul detectat: **0.37%** https://www.iiste.org/Journals/inde... + 7 mai multe resurse!   id: **3**

creating employment opportunity and supporting large manufacturing companies in the economy. The results of most research studies revealed that most micro and small enterprises in developing countries especially in Ethiopia have several problems for transformation and growth due to

diverse factors. Thus, this research assess "

🔲 Plagiatul detectat: **0.53%** https://www.iiste.org/Journals/inde... + 8 mai multe resurse!   id: **4**

the determinant factors for micro and small enterprises transformation in to medium level industry in Addis Ababa by taking a sample of 74 transformed micro and small enterprises in 10 sub cities. The objective of the study was to identify factors of micro and small enterprises transformation in to medium level industry in Addis Ababa city

administration.The study employed explanatory research design more of quantitative in nature. Data were

🔲 Plagiatul detectat: **0.15%** https://iiste.org/Journals/index.ph... + 3 mai multe resurse!   id: **5**

collected from 74 transformed micro and small enterprises using a pre designed person assisted questionnaire. The

study were used micro and small enterprise

🔲 Plagiatul detectat: **0.06%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse!   id: **6**

transformation in to medium level industry

measured by the enterprises employment growth and capital growth as dependent variable and

🔲 Plagiatul detectat: **0.05%** https://iiste.org/Journals/index.ph... + 4 mai multe resurse!   id: **7**

finance access, management know-how, market

access for their product, poor infrastructure, technology,

🔲 Plagiatul detectat: **0.06%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse!   id: **8**

the support micro and small enterprises

get,

🔲 Plagiatul detectat: **0.06%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **9**

adequate accounting and record keeping and

government rules and regulations as an independent variables. The researcher were used both correlation analysis and regression analysis to show the

🔲 Plagiatul detectat: **0.07%** http://article.sciencepublishinggro...   id: **10**

relationship among the dependent variable and the

independent variables and to test the hypothesis drawn. The results provide
d evidence that

🔲 Plagiatul detectat: **0.63%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **11**

correlation coefficients of finance, management know-how, market access, infrastructure, technology and accounting and recordkeeping with average capital growth were 37.7 percent, 27.6 percent, 32.9 percent, -15.2 percent, 40.3 percent and 28.1 percent respectively. This indicated that relatively there were strong association of finance access, market access and technology with average capital growth in contrast with management know-how, infrastructure, and accounting and

record keeping.Key words: MSE; Transformation; Determinant factor; Addis Ababa; Medium level industry; Enterprise .INTRODUCTION
According to the central statistical authority survey, there are almost 570,000 Micro and Small Enterprise s (MSEs) in Ethiopia, 99.4 percent of which are micro-enterprises with less than ten employees, accounting for 88.2 percent of private sector employment. The micro enterprises are very small. On average, they employ one and a half workers (this includes the owner and perhaps one occasional helper), and earn an annual operating surplus of 1,300 birr. Although

🔲 Plagiatul detectat: **0.06%** https://www.news.com.au/finance/bus... + 2 mai multe resurse!   id: **12**

significantly more productive and profitable than

micro-enterprises, small-scale industries are also very small, with an average of slightly more than three employees, 18,934 birr in annual operating surplus, capital of 38,554 birr, and production value of 68,800 birr[1].In

🔲 Plagiatul detectat: **0.07%** http://online.agris.cz/download-pap... + 2 mai multe resurse!   id: **13**

Ethiopia, MSEs are the second largest employment

generati

ng sector next to agriculture which involve

more than 1.3 million people in the country [2]. But a large number of MSEs are unable to

transform and remain to be continued existence which cannot provide employment. Also,

out of 1000 MSEs in this country

around 69% of them are found survival types [3] and predominantly in capital city Addis Ababa majority (75.6%) of the MSEs are unable to transform at all since start up and only 21.9% of the MSEs were other workers [4]. Even though MSEs that add workers or seeking to add labor force make a major contribution to

th e economic growth of the county

and helping more of these enterprises to transform can make a greater contribution to unemployment reduction and income generation than equal efforts made for the promotion of new MSEs. Besides, MSEs that add workers are very important mechanism for helping people to move up and out of poverty since increase in size is often associated with an increase in economic

productivity but, greatest MSEs are question to dissimilar

set of dynamic forces which can

disturb their transformation and decrease their possible role

to the economic growth of the country. Hence, most MSEs remain the alike in magnitude of employment since start up as compared to

medium enterprises. However, they face challenges

to transform in to medium level

industry because of

lack of access to finance, working premises, luck of skills and managerial expertise, lack of market access, infrastructure, information and

technology [5]. Salie [6] also identified problems that face the development of MSEs as shortage of finance, raw materials supply, and skilled manpower, lack of working place, marketing, credit access, business advisory and counseling services, and information and technology, poor networking, continuous and sustainable training and counseling services, access to infrastructural services and Problems of awareness, incentives, taxation and licensing.In

turn, the main contribution of this study is to identify factors

for MSEs transformation in to medium level. Because most enterprises can successfully transform while others are fail to transform, identifying the problems facing MSEs management in Ethiopian context may be importance to provide assistances like finance, training, management, and technology. Second, scholars and practitioners in Ethiopia should understand the level of MSEs transformation, which plays a significant role in providing ancillary services to large corporations. Third, the study draws management and professional's attention to the urgent need for specific management practices to enhance transformation, growth and expansion and sustainability of MSEs in Ethiopia. Fourth, identifying the factors that help micro and small businesses to transform in to medium industry may use other micro and small enterprises to transform, expand and grow. Finally, from an academic perspective this study's insights should contribute to

the future development of this line

of research, particularly in a developing country like Ethiopia. Objectives
To d

escribe entrepreneurial and enterprise characteristics that determines

transformation of MSEs in to medium level

industry. To id
entify possible determinants of

🔲 Plagiatul detectat: **0.07%** https://iiste.org/Journals/index.ph... + 3 mai multe resurse!   id: **25**

MSEs transformation in to medium level industry.

To analyze the way in which dependent variables are related with independent variables.
To identify
lessons learnt from the transformed MSE's and to give recommendations for the successful implementation and transformation of MSEs.Characteristics
of MSE in EthiopiaLike other developing countries, in Ethiopia

🔲 Plagiatul detectat: **0.14%** https://thesis.eur.nl/pub/6513/ISS_...   id: **26**

informal sectors are the main source of employment and income for vast number of people

[7]. Many authors argued that the largest private sector constitutes MSEs and the medium industries and created the largest number of employment in the country. The government of Ethiopia also gives greater emphasis

🔲 Plagiatul detectat: **0.06%** https://www.china-briefing.com/news...   id: **27**

for the development of MSEs in

its strategy and policy formulation.

🔲 Plagiatul detectat: **0.25%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse!   id: **28**

About half of the urban workforce is engaged in the informal sector and Addis Ababa nearly accounts for about 40% of the total operators in micro enterprise

activities [8]. According to the CSA [9] small scale manufacturing survey, over 89% of the informal sector operators are concentrated in manufacturing, trade, hotel and restaurant activities. Of the small scale manufacturing industries 85% are engaged in the manufacture of food, fabricated metal furniture and old traditional cloths. The survey also revealed that the number of people earning their livelihood from the informal sector activities and small scale manufacturing industries is eight times larger than those engaged

🔲 Plagiatul detectat: **0.06%** https://en.wikipedia.org/wiki/Indus...   id: **29**

in the medium and large scale

industrial establishments. According to the FMSEDA [10], the MSEs sector are characterized by highly diversified activities which can create job opportunities for a substantial segment of the population. This indicates that the sector is a quick remedy for unemployment problem. To curb unemployment and facilitate the environment for new job seekers and self-employment a direct intervention and support of the government is crucial. MSEs Sectors in Ethiopia appears to be fraught with a number of constraints that suppress its fast growth and development as a means of overcoming poverty and unemployment. The main constraints that face MSEs include inadequate empirical research on MSEs, limited responses by financial institutions to MSEs, lack of appropriate technology and related facilities, lack of strong organizations for entrepreneurs, lack of co-ordination among Business Development Service (BDS) providers, lack of access to land and premises, and lack of market access and market information[11]. The Ethiopian government also

🔲 Plagiatul detectat: **0.39%** https://thesis.eur.nl/pub/6513/ISS_...   id: **30**

identifies major constraining factors of the sectors These include: inadequate marketing and production space; facilities, backward production technology; lack of innovation; marketing problems; lack of information; poor input quality; absence of intra and inter enterprises networks; and lack of financial capital.

Similarly Solomon identified the major constraints faced by small enterprises includes demand problems, paucity of capital, equipment and technology, human and material inputs, rules and regulations and institutional bottle necks.MATERIALS AND METHODS
Description of the study area The scope was geographically limited to the city of Addis Ababa, Ethiopia as a case study. The location was selected because it is a heart of agglomeration of business actions as a primate city due to small number of other competitive growth centers in the country. Hence, many people from different parts of the nation migrate in search of employment opportunities or to start a business [12]

🔲 Plagiatul detectat: **0.64%** https://thesis.eur.nl/pub/6513/ISS_...   id: **31**

. Addis Ababa, the capital city, is the most populated urban city in the country confronted by MSEs sectors. Increasing population size due to natural growth and high rural-urban migration makes MSEs more significant. The 2007 Census result has revealed that 2,738,248 people were living in the city, of which 52.3% were women. The residents of Addis Ababa account 23% of all urban dwellers of the

country.The study mainly focused on assessing the major determinants of transformation of micro and small business enterprises in to medium

🔲 Plagiatul detectat: **0.06%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **32**

industry in Addis Ababa city administration.

The study was based on the

newly update micro and small business enterprises definition of FEMSEDA that includes: :Micro Enterprises in the formal and informal sector, with a

paid up capital not exceeding birr

100,000 and employed up to 5 employees for manufacturing sector and a capital of birr 50,000 and employed 5 employees for service sector.:Small E

nterprises are those business enterprises with a paid up capital of above birr 100,001 and not exceeding birr 1,500,000 and employing 6-30 for manufacturing sector and capital of birr 50,001-500,000 and employing 6-30 employees for service sector. Currently, the government of Ethiopia recognizes the transformation of some of the MSEs in to medium level industry. Based on the criteria's of the government of Ethiopia MSEs that are a capital of over birr 1.5 million for manufacturing and over birr 500,000 for service sectors are transformed in to medium level industry, were the scope of this study. Therefore, this study includes MSEs that fulfilled the above criteria. Methods

Of Data Collection
Two instruments were used to collect data: the demographic questionnaire (DQ) that used to measure the owner manager characteristics,

MSE

s characteristics and enterprise characteristics, and MSEs questionnaire (MSEQ). The DQ were developed to gather information about respondents' sex, age, educational level, gender, and experience, owner's motivation to start business, establishment year of business, ownership status of business, number of employees in the business, source and amount of initial capital and amount of current capital.

The MSEQ were consists of 48 items 6 questions for each independent variables related to the common operations that determine MSEs to transform in to medium level industry, based on the questionnaire prepared by Indarti and Landenberg [13]and adapted to the situation of MSEs in Ethiopia.

The statements were phrased with a possible response continuum based on a Likert-style five-point scale (

1 = strongly disagree to 5 = strongly agre

e). Respondents were selected randomly from each of the strata's and questionnaire is a person-assisted questionnaire. The researchers distributed 10 sampled MSEs as pilot survey for accuracy and validity of the questionnaire.Sampling

Design
The population for this study was obtained from

Addis Ababa City administration MSEs Development agency. There were 241 transformed MSEs in to medium industry in different sectors in May, 2011. These enterprises have over Birr 1,500,000 working capital for manufacturing sector and Birr 500,000 working capital for service sectors. The sample

were selected using a survey technique and consists of 74 transformed MSEs located in Addis Ababa city administration.

Stratified sampling techniques were used to select the enterprises. Enterprises covered by the survey were classified into 5 strata's that includes construction, metal and wood works, food preparation, textile and garment and others in 10 sub cities. The numbers of transformed MSEs in each of the above sectors and in the ten sub cities were as follows.Table 2: Transformed MSE

s

in to medium level industry in

10 sub city in Addis AbabaS.N
Sub city
Construction
Metal and wood works

Food preparation
Textile and Garment
Others
Total
1
Yeka
5
12
1
1
-
19
2
Bole
11
14
-
-
1
26
3
Gulelie
17
-
-
1
-
18
4
Arada
13
7
-
-
1
21
5
Nifas Silk
11
36
-
1
1
49
6
Kirkos
9
5
3
2
4
23
7
Kolfie
1
19
-
-
1
21
8

Lideta
2
13
-
-
-
15
9
Addis Ketema
4
3
4
2
7
20
10
Akaki
6
16
1
2
3
28
Total
79
125
9
10
18
241
Percent
33
52
4
4
7
100%
Source: AAMSEDB, 2011

Sampling Techniques:
The numbers of enterprise

s questioned (sample size) were obtained, by determining from a total population of 241. Using Yamane's formula[14], there was a sample selection of 74 SMEs, comprising 24 constructions , 38 metals and wood and 3 food preparation , 4 textile and garment and 5 others. The formula states:= 71

Where: n-Sample size, N-population, e-Margin of error of 0.1

/

Table 3: Sample size determination
Strata
Number
Proportion
Sample
Frequency
Construction
79
33
24
Metal and wood works
125
52

38
Food preparation
9
4
3
Textile and Garment
10
4
4
Others
18
7
5
Total
241
100
74
Method of data analysis

Descriptive statistics were used as the first stage of data analysis to describe owner- manager characteristics, MSEs characteristics and MSEs business practices and to provide detail information about each relevant variables used (age, gender, number of employees, year of business, source of capital, amount of capital the business currently have and types of activity the business engage). The study used

🚫 Plagiatul detectat: **0.09%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **43**

Pearson Product Moment Correlation method to show the relationship between

independent variables

🚫 Plagiatul detectat: **0.08%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse!   id: **44**

and MSEs Transformation in to medium level industry

(here after transformation) as a dependent variable. The Pearson product moment correlation were used to measure the degree to which two variables are correlated or associated with each other when both of those variables are metric(i.e., either interval or ratio-scaled data)[15]. According to FeMSEDA [16] MSEs that transform in to medium level industry should be measured based on employment opportunity and capital of the enterprise. Therefore, transformation was measured by the dependent variables of growth in capital of the enterprise and growth in the number of job opportunity created by the enterprise. It also used a multiple regression analysis

🚫 Plagiatul detectat: **0.1%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **45**

to show the simultaneous impact of the independent variables on the

dependent variable. According to Getie [17], multiple regression analysis were done to examine the simultaneous effects of several independent variables on a dependent variable that is interval scaled, in other word, multiple regression analysis aids in understanding how much

🚫 Plagiatul detectat: **0.12%** https://en.wikipedia.org/wiki/Coeff... + 2 mai multe resurse!   id: **46**

of the variance in the dependent variable is explained by a set of

predictors. Before applying multiple regression analysis, validity and reliability of research instruments were examined using the values of Cronbach's alpha.

🚫 Plagiatul detectat: **0.24%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **47**

The correlation of random split-halves for internal consistency for the MSEQ ranged from 0.82 to 0.861 and the Cronbach alpha for MSEQ was

0.89.Multivariate normality is the assumption that each variable and all linear combinations of the variables are normally distributed. It is critically an important assumption when conducting structural Equation modeling in general and using SPSS software for data analysis in particular is that data are multivariate normal. Thus normality analysis was conducted, as shown below
.Average capital growth
Average employment growth
N
Skewness
Kurtosis
Skewness
Kurtosis

Statistics Statistics
Std. Error
Statistics
Std. Error
Statistics
Std. Error
Statistics
Std. Error
Finance access
74
0.20
70.177
2
. 0151
.2340.215
0.185
2.284
0.
964Management knowhow
74
0.276
0.177
2.650
1
.2340.124
0.185
1.234
0.
964Market access
74
0.329
0.177
2.621
1
.2340.325
0.185
2.231
0.
964 Poor Infrastructure 74
-0.152
0.177
-3.051
1
.234-0.166
0.185
-1.564
0.
964Support from government 74
0.025
0.177
1.854
1
.2340.065
0.185
2.1
540.
964Accounting and record keeping
74
0.281
0.177
2.745

1.
2340.187
0.185
2.1
420.
964Technology 74
0.103
0.177
1.985
1
.2340.124
0.185
1.968
0.
964An

absolute value greater than 1.96 is significant at p .05, above 2.58 is significant at p .01 and absolute values above about 3.29 are significant at p .001. Large samples will give rise to small standard errors and so when sample sizes are big, significant values arise from even

Plagiatul detectat: **0.06%** http://homepage.divms.uiowa.edu/~rd... id: **48**

small deviations from normality. In small

samples it's OK to look for values above 1.96 (within +2 to -2 range); however, in large samples this criterion should be increased to the 2.58 one and in very large samples, because of the problem of small standard errors, no criterion should be applied! It is more important to look at the shape of the distribution visually and to look at the value of the skewness and kurtosis statistics rather than calculate their significance. However, because of the large sample (74) in our case, the value of 2.06 isn't surprising and in fact that all values of kurtosis are below upper threshold of 3.29.The statistical analysis was incorporated checks for multi-co linearity. The issue of multi-co linearity arises if

Plagiatul detectat: **0.06%** http://article.sciencepublishinggro... id: **49**

the independent variables are highly correlated

.The

Plagiatul detectat: **0.32%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse! id: **50**

rule of thumb for multicollinearity problem is that, if the pair wise or zero order correlation coefficient between two independent variables is high, in excess of 0.8, then multicollinearity is a serious problem

[18]. Hence, in our case the maximum value is 0.473.

Plagiatul detectat: **0.06%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse! id: **51**

Statistical Package for Social Sciences (SPSS

) was used in analysis.

Plagiatul detectat: **0.06%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse! id: **52**

The results of analysis were presented

by using tables.2.4.1. Description of Variables and Research Hypotheses
The researchers used growth in capital and growth in number of employees as a dependent variable to measure transformation.Growth in capital:
It is determined as the average of current and initial capital. When expressed in annual terms, average return can be referred to as "average annual growth rate (AAGR)Employment growth:

Plagiatul detectat: **0.12%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse! id: **53**

Is the number of employees both permanent and temporarily employed by the enterprise.

It also includes the family members and the owner working in the enterprise.The use of compound annual growth rates permits a much more precise assessment of the timing of employment growth effects [19]. Average Employment growth Rate (AEGR) were used in the study. The average annual growth in jobs since startup which is measured in number of jobs created by firm is calculated as:The following independent variables and hypotheses were proposed to increase our understanding of determinants for the transformation of MSEs owners in Addis Ababa city administration. These factors were determined by detailed reviewing literatures and adjusting for problems faced by MSEs

Plagiatul detectat: **0.08%** https://iiste.org/Journals/index.ph... + 4 mai multe resurse! id: **54**

to transform in to medium level industry in Addis

Ababa.1. Finance Access

In Ethiopia, lack of finance is among the problems for starting, expanding, and transforming MSE s. The government of Ethiopia gives different financing services for MSEs even though there are constraints on these services. These includes saving services, loan services, equipment leasing, micro insurance services, Hawala services, managing third party money and others. Empirical evidence suggests that retained earnings are the predominant source of financing among growing SMEs (GSMEs). However, more successful GSMEs use more external sources of financing, such as financial institutions, venture capitalists and individual investors, than do less successful MSE. Debt is by far the predominant source of external financing among small firms, even though there are barriers associated with debt financing for MSE. Hypothesis 1:

Plagiatul detectat: **0.07%** https://www.iiste.org/Journals/inde... + 5 mai multe resurse!   id: **55**

There is a significant relationship between finance

accesses for MSEs and MSEs transformation2. Management Know-how:
Management know-how embodied in the entrepreneur may be an important factor in the transformation of MSEs. Management know-how may be acquired f
rom family or having previous business experiences. It includes skill of managing people, resources and finance Management know-how is the ability of planning, staffing, organizing, directing and controlling for the achievement of MSEs objective. Furthermore, management know-how may be acquired through education offered by different universities, colleges or institutions. In Ethiopian context there are different institutions, universities that offered management trainings for investors and owner's .According to the FeMSEDA, the acquisition of relevant vocational, technical and business skills is generally regarded as

Plagiatul detectat: **0.07%** https://www2.gov.bc.ca/assets/gov/f...   id: **56**

one of the critical factors for success

in small enterprises. In addition, literacy and entrepreneurial awareness are seen as particularly important requirements to enable people to advance lower level activities into larger and better earning enterprises.Hypothesis 2:

Plagiatul detectat: **0.08%** https://iiste.org/Journals/index.ph... + 5 mai multe resurse!   id: **57**

There is a significant relationship between management know-how and

MSEs transformation.3. Market Access:
Dynamic economic theories suggest that growth requires strategic flexibility and the ability to change market focus, which may require introducing new products or entering new markets [2
0]. Small enterprises usually regard market constraints and inability to sell their products and services as one of the most serious obstacles to the starting of businesses and growth beyond mere subsistence level. This assertion also holds true in case of Ethiopian MSEs, as revealed from various studies undertaken concerning the MSEs sector. Marketing is one of the supports given by the government of Ethiopia to MSEs to search market opportunities.Hypothesis 3
:

Plagiatul detectat: **0.1%** https://www.iiste.org/Journals/inde... + 5 mai multe resurse!   id: **58**

There is a significant relationship between market access for their product

and MSEs transformation.Infrastructure:
Infrastructure is one of the basic factors required to enhance the pace of industrialization in any country. The development of business and industrial premises (shops, offices, factories, market stands, etc.) and infrastructure facilities, including supply of electricity, water, telecommunication connections, sewage systems, etc. are crucial infrastructural facilities and utilities which warrant the growth and expansion of b
usiness enterprises. Pamella [21] also find that poor infrastructure, services such as electricity, telecommunications, transportation, and water and sanitation play a critical role in a country's development and

Plagiatul detectat: **0.06%** https://www.eesc.europa.eu/resource...   id: **59**

are directly and indirectly linked to

small business success and economic growth. The above

Plagiatul detectat: **0.51%** https://www.coursehero.com/file/p7r...   id: **60**

mentioned physical infrastructure elements are not adequately developed and expanded to meet the growing demand of business activities in Ethiopia. The main factor for such underdevelopment is due to obvious nature of infrastructural projects which entail huge investment cost outlays. Hence, most enterprises particularly small and micro enterprises are facing serious problems in this

regard.Hypothesis 4
:

Plagiatul detectat: **0.06%** https://iiste.org/Journals/index.ph... + 5 mai multe resurse!   id: **61**

There is a significant relationship between

poor infrastructure and MSEs transformation.Technology

According to Indarti and Langenberg, technology is among the determinant factors for

enterprises.

SMEs development. The study of okima et.al [22]

(ROI) [23]. Hypothesis 5
:

technology and MSEs transformation.Support MSEs get

Small business

es are to be designated a priority sectors for the government, in terms of policy formulation, direct support from its own resources and in the mobilization of external resources. The government helps ranges from self-help activities of groups of small enterprises and the abolishing of regulatory obstacles to the better cooperation between small and bigger enterprises with respect to sub-contracting and other forms of interlink ages and the granting of tax concessions by federal or regional government. It also includes support services in management and technical training, consulting, and technology support. Responsibility for education, training and experience transfer rests on

the federal and regional governments, NGOs and private sectors. This also applies to the sphere of entrepreneurship sensitizing, training in skills relevant to micro and small enterprises in different sectors and industries, and the acquisition of management experience by small-business owners and staffs.Hypothesis 6
:

MSEs transformation.Accounting and Record keeping:

Keeping track of information through rudimentary accounting practices (i.e. basic records of costs and revenues) is crucial for business success. Successful SMEs were much more likely to have regular accounting records than the unsuccessful SMEs. Most business owners end up losing track of their daily transactions and cannot account for their expenses and profits at the end of the month. Good recordkeeping provides MSEs with accurate information on which to base decisions, such as projecting sales and purchases, determining break-even points, and making other financial analyses. The prevalent lack of proper records has led to the closure of some businesses, thereby making it a significant issue for business success..

Hypothesis 7
:

MSES transformation.Government rules and regulations about MSE

Government is responsible for the formulation of rules and regulations that govern MSE

S. Governments should develop laws and commercial codes that define property rights and judicial institutions and processes that make them credible. Markets need a clear definition of property rights that can be enjoyed and transferred to other parties. Clear collateral laws and their implementation enable asset-based lending, another transactions-based lending technology whereby loans are based primarily on the value of specific borrower assets. The Ethiopian government, in this regard shall also establish a user-friendly environment for simplification and standardization of documents. Hypothesis 8
:

🚫

There is a significant relationship between government rules and regulations towards MSES and MSE transformation.

Model Specification

The following multiple linear regression model was used.

$$T_i = \beta_0 + \Sigma \beta_i X_i + \varepsilon_i$$

Where: /w:t T$_i$ are the ith observation of dependent variables

β_0 is the constant or intercept term

β_i are the coefficients of X$_i$ variables

X$_i$ are the ith observation of explanatory variables

E$_i$ is the error term

T$_i$ is MSEs transformation measured by employment growth and capital growth, and when the above general model changed into specified variables, the regression equations were as follows:

$$TC = \beta_0 + \beta_1 (FIN) + \beta_2 (MGMT) + \beta_3 (MKT) + \beta_4 (INF) + \beta_5 (TEC) + \beta_6 (SUP) + \beta_7 (BAK) + \beta_8 (GOV) + \beta_9 (Gen) + \beta_{10} (Edu) + \beta_{11} (Exp) + \beta_{12} (Age) + \beta_{13} (B\ typ) + \beta_{14} (Loc) + \varepsilon \ldots \ldots (1)$$

$$EMP = \beta_0 + \beta_1 (FIN) + \beta_2 (MGMT) + \beta_3 (MKT) + \beta_4 (INF) + \beta_5 (TEC) + \beta_6 (SUP) + \beta_7 (BAK) + \beta_8 (GOV) + \beta_9 (Gen) + \beta_{10} (Edu) + \beta_{11} (Exp) + \beta_{12} (Age) + \beta_{13} (B\ typ) + \beta_{14} (Loc) + \varepsilon \ldots \ldots (2)$$

Where:

TC=Capital growth, FIN= Finance access, MGMT= Management Know-how, MKT=Market Access, INF=Infrastructure, TEC= Technology, SUP= Support MSEs get, BAK= Accounting and Record keeping, GOV=Government rules and Regulations, Edu=Level of owner's education, Exp= experience of the owner, Age= age of the owner, Btyp=Business type of the enterprise, Loc=Location of the business, EMP=Employment growth, Gen=Gender of the owner, ε =the error term of the model.

RESULTS AND DISCUSSION

S4.1 Results of Descriptive Statistics

4.1.1 Characteristics of Business

According to the survey, 24.3% (18) of respondents are females and 75.7 % (56) of are males. It has revealed that most of the respondents are men and they owned the largest portion of transformed MSEs in Addis Ababa City Administration. This is in support of Solomon, Rahael and Endalkachew [24]. As it is observed in table 4.1 below, the age ranges of transformed MSEs owners/managers are: 18-34(51.4%), 35-45(32.4%), 45-60(14.9%), and above 60 (1.4%) years of old.

Table: 4.1 Age of the owners/managers

Owner's age	Number	Percent
18-34	38	51.4
35-45	24	32.4
45-60	11	14.9
above 60 years	1	

1.4
Total 74
1

00
Source: survey result, 2011
And it indicated
that most of transformed MSEs owners/managers are young and productive people. Hence, MSEs are important sectors for generating employment opportunities for young citizens. As indicated in the table below , educational levels of MSEs operators are; (1.4%) illiterate , (

12.2%) elementary school, (16.2%) junior school, (39.2%) senior secondar

y school and the remains (31.1%) university level. it clearly showed that MSEs offer greater opportunities of creating employment not only for educated people but also for illiterate and low skilled labor forces. Table 4.2: Level of education for owners/managers
Level of education
Number Percent

Illiterate 1
1.4
Elementary school 9
12.2
Junior school
12
16.2
Senior secondary school
29
39.2
University level
23
31.1
Total 74
1

00
Source: survey result, 2011
4.1.2 Characteristics of the Enterprises
As indicated in
table 4.3 below, industry sectors were:

construction (33%), textile and garment (4%), food processing (4%), metal and wood works (52%) and others (7%). Hence, most of transformed MSEs (60%) were engaged in construction

and metal and wood works. Table 4.3: Business sector Sector
Frequency
Percent

Construction
24
33
Metal and wood works
38
52
Food preparation
3
4
Textile and Garment
4
4
Others
5

7
Total
74

100
Source: survey data, 2011
According to table 4.4
, transformed

🚫 Plagiatul detectat: **0.06%** http://article.sciencepublishinggro...   id: **81**

MSEs are located near to the

market (20%), near to raw material (30%), near to infrastructure (30%), suitable locations (23%), and inconvenient locations (10%). This clearly showed that most

🚫 Plagiatul detectat: **0.26%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **82**

enterprises are located in suitable location that have access to market, access to infrastructure, access to raw materials and access to all of the above requirements for business

operation.Table 4.4: Location of the enterprise
Location
Frequency
Percent

🚫 Plagiatul detectat: **0.28%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **83**

Near to market
5
6.8
Near to raw material
5
6.8
Near to infrastructure
15
20.3
Suitable location
43
58.1
Inconvenient 6
8.2
Total

74
100
Source: the survey data, 2011As indicated in table 4.5
below,

🚫 Plagiatul detectat: **0.25%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **84**

majority of enterprises were registered as sole proprietorship (44.6%) followed by cooperatives (21.6%), private limited companies (17.6%), partnership (14.9%) and corporations (1.

4%). So, most

🚫 Plagiatul detectat: **0.14%** https://iiste.org/Journals/index.ph... + 4 mai multe resurse!   id: **85**

transformed MSEs are established as a sole proprietorship. This is consistent with the findings of

Solomon and Endalkachew.Table 4.5: Form of Ownership of the Enterprise
Form of ownership
Frequency
Percent

🚫 Plagiatul detectat: **0.25%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **86**

Sole proprietorship 33
44.6
Partnership
11
14.9
Private limited company
13
17.6

Corporation
1
1.4
Cooperative
16
21.6
Total 74
1

00
Source /w:t /w:r w:r w:rsidR
: survey data, 2011Busin

ess owners/operators were asked about factors behind their motives to start own businesses. As reported in table 4.6 below, the most important motive to start a business is the entrepreneur's desire to become independent. Majority of them (39.2%) were to realize a dream, (33.1%) wanted to be their own boss, (13.6%) were to realize a better financial position followed by to enjoy a better quality of life (10.8%). The rest 4.5% could not find suitable waged employment to become business operators. Similar findings are reported by Solomon and Endalkachew.Table 4.6: Motivating Factors for Starting a Business

Motivations for starting a business
Frequency
Percent

Plagiatul detectat: 0.23% https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **87**

To be your own boss
23
33.1
You could not find suitable waged employment
4
5.4
To realize a dream
29
39.

2
To realize a better financial position
8
10.8
To enjoy

Plagiatul detectat: 0.08% https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **88**

a better quality of life
10
13.6
Total

74
100
Source
: survey data, 2011Source of Startup Capital
As table 4.7 shows below, the source of initial capital for the MSEs operators were: 6.8 percent gift from relative and friends, 4.1 percent support from government and NGOs, 12.2 percent credit from formal borrowing, 1.4 percent credit from equb, 63.5 percent from their own savings, 8.1 percent credit from informal borrowing and 2.7 percent selling personal properties. This implies that MSEs

Plagiatul detectat: 0.1% https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **89**

have less access of credit from banks and micro finance institutions.

Majority of initial sources

Plagiatul detectat: 0.35% https://www.iiste.org/Journals/inde... + 7 mai multe resurse!   id: **90**

of financing for micro and small enterprises in Addis Ababa comes from personal savings, household assistance, and financial assistance from their relatives and friends. Credit for startup both from formal and non-formal financial markets is relatively rare.

Banks do not normally practice risk lending to new investors of small enterprises, which do not have a record of accomplishment .Thus, many micro and small enterprises begin with very small amounts of capital from personal savings and household assistance, from relatives or friends, and steadily build up their enterprise by

reinvesting profits.

The mean starting capital of the enterprises was Birr 79,164.86 with a range of Birr 650,000 and the mean current capital of the transformed MSEs has Birr 2,919,631.17 with a range of Birr

6,641,853.Table 4.7:

Sources of finance at Start up
Largest Sources of finance at start up
Frequency
Percent
Own saving 47
63.5
Credit from formal sources
9
12.2
Credit from informal sources
6
8.1
Equib
1
1.4
Support from family/friends
5
6.8
Selling personal assets
2
2.7
Aid from the government and NGO
3
4.

1
Others
1
1.4
Total
74
100
Source
: survey data, 20114.2.1

Correlation analysis-Average capital growth rate as a MSE transformation proxy

Finance
access, management know-how, market access,

technology and accounting and recordkeeping are

significant at 1 percent level of

significance. Poor infrastructure is

significant at 10 percent level of

confidence. Except poor infrastructure other variables are correlated positively. However, support MSE get

and government rules and regulations are correlated insignificantly.

Correlation coefficients of finance, management know-how, market access, infrastructure, technology and accounting and recordkeeping with average capital growth are 37.7 percent, 27.6 percent, 32.9 percent, -15.2

percent, 40.3 percent and 28.1 percent respectively. Hence, there were relatively a strong association of finance access, market access and technology with average capital growth in contrast with management know-how, infrastructure, and accounting and

record keeping.As it is observed on

coefficients values, gender and location near to infrastructure were weakly correlated at 19.4 percent and at -28.8 percent with average capital growth. But experience of owner, location except near to raw-material and type of industry

excluding food processing were correlated insignificantly.

As predicted by the Jovanovich model of firm growth, among this sample of surviving enterprises, younger firms grow faster. The relationship of average capital growth with respect to age of the enterprise is negative over our sample space. The negative sign

of coefficient for age of enterprise was

statistically significant at 10 percent significant level, indicating that in case of our sample, growth decreases at

increasing rate with age of the firm.4.2.2

Correlation analysis-Average employment growth rate as a MSE transformation proxy

As indicated in table 4.8 below
, Management know-how was insignificant at 5 percent, market access was significant at 5 percent, poor infrastructure and accounting and recordkeeping were significantly correlated at 1 percent with average employment growth. Except poor infrastructure other variables were

correlated positively. However finance access, technology, support MSE get, and government rules and regulations

were correlated insignificantly. Table 4.8
:

Correlations (Pearson) analysis- Average Capital Growt

h (ACG)and Average Employment Growth AEG) rate as a transformation proxyVariables
ACG
Sig.
AEG
Sig.
Finance access
.377
.000
.116
.163
Management know-how
.276
.009
.196
.047
Market access
.329
.002
.173
.070
Poor infrastructure
-.152
.098
-.297
.005
Technology

.403
.000
.015
.451
Support MSEs get
.025
.415
-

.086
.232
Accounting and record keeping
.281
.008
.240
.020
Government rules and regulations
.004
.487
-.058
.312
Age of the enterprise
-.168
.077
-.456
.000
Experience of the owner/manager
.051
.33

4
-.227
.026
Dummy gender
.194
.049
-.039
.371
Dummy education
-.221
.029
.041
.364
Dummy textile
-.090
.223
-.040
.366
Dummy food processing
.158
.089

.384
.000
Dummy metal and wood works
-.069
.2

80
-.063
.297
Dummy other sectors

-.084
.237
-.023
.422
Dummy construction
.063
.296
-.104
.188
Dummy inconvenient location
-.119
.155
-

.048
.343
Dummy near to market
-.081
.247
-.080
.248
Dummy near to raw material
-.098
.2

02
.108
.180
Dummy near infrastructure
.270
.010
-.131
.133
Dummy suitable location
-.059
.309

.122
.150
Source: the survey result

, 2011 Correlation

coefficients of management know-how, market access, infrastructure, accounting and recordkeeping with average capital were 19.6 percent, 17.3, -29.7 percent and 24 percent respectively. This indicated there were relatively strong negative association of infrastructure with average capital growth in contrast with management know-how, market access and accounting and record keeping.

Experience of owner/manager and age of enterprises were negatively correlated with average employment growth,

and industry type of food processing was positively correlated at 5 percent level of significant, age of enterprise was correlated at 1 percent level of significant.

coefficients values of experience of owner/manager, age of enterprise and food processing industry were

correlated at -22.7 percent, -45.6 percent and 38.4

percent respectively. But gender of

owner/manager, levels of education, and other type

of business and location of enterprise were

Plagiatul detectat: **0.41%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse! id: **113**

correlated insignificantly.

Here, as predicted by the Jovanovich model of firm growth, among this sample of surviving firms, younger firms grow faster. The relationship of average capital growth with respect to age of enterprise was negative over our sample space. The negative sign

of coefficients for age of enterprise was

Plagiatul detectat: **0.17%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse! id: **114**

statistically significant at 10 percent significant level, indicating that in the case of our sample, growth decreases at

increasing rate with age of the firm.4.3. Econometrics analysis: The impact of determinant factors on

Plagiatul detectat: **0.06%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse! id: **115**

the transformation of micro and small

enterprises
Table 4.11 below shows regression results of the two models by using both

Plagiatul detectat: **0.07%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse! id: **116**

summery of regression table and ANOVA table.

The regression table summery includes Coefficients, Standard Errors, t-values and p-values for each of two models, and ANOVA table includes number of observations, F-statistics, R-squared and Adjusted R-squared for each models.

Plagiatul detectat: **4.46%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse! id: **117**

Table 4.9
: Summary of regression analysis for the study variablesCapital growth
Employment growth
Variables
Coef
Std.Err
T
Sig.
Coef
Std.Err
t
Sig.
Finance access
.452
11.648
2.827
.007
*.098
.455
.571
.570
Management know-how
.268
8.127
2.451
.018
**.170
.317
1.456
.151
Market access
.206
8.454
1.700
.095
***.072
.330
.555

.582

Poor infrastructure

-.118

8.213

-1.065

.292

-.237

.321

-2.001

.050

***Technology

.109

13.717

.585

.561

.044

.536

.221

.826

Support MSEs get

.369

16.502

2.399

.020

**-.234

.644

-1.420

.161

Accounting & record keeping

.307

9.822

2.431

.018

**.166

.384

1.224

.226

Government rules & regulation

.095

8.016

.874

.386

-.096

.313

-.822

.415

Experience of the owner

.082

1.979

.520

.605

.172

.077

1.020

.312

Age of the enterprise

.129

4.031

.865

.391

-.385

.157

-2.408

.020

**Dummy Gender

.008

18.453

.066

.948

-.181

.721

-1.413

.164

Dummy Education

-.128

16.790

-1.139

.260

.093

.656

.772

.443

Dummy Textile sector

-.139

32.942

-1.241

.220

.138

1.287

1.144

.258

Dummy Food sector

-.104

32.760

-.843

.403

.241

1.279

1.814

.075

***Dummy Metal & wood

-.182

15.789

-1.550

.127

-.008

.617

-.060

.953

Dummy Others sector

-.093

37.510

-.830

.410

.046

1.465

.384

.702

Dummy inconvenient location

.111

34.356

.785

.436
.113
1.342
.748
.458
Dummy near to market
-.204
29.750
-1.665
.102
.023
1.162
.172
.864
Dummy near to infrastructure
-.237
30.281
-2.069
.043
**.171
1.183
1.389
.171
Dummy suitable location
-.201
18.591
-1.449
.153
.270
.726
1.815
.075
***Sample
74
74
F(20-53)
3.082 (P=0.001)
2.338(P=0.007)
R-Square
0.538 0.469
Adj R square
0.363
0.268
*** Indicates statistically significant at 10 percent Level of significant
** Indicates statistically significant at 5 percent Level of significant
* Indicates statistically significant at 1 percent Level of significant
Source: survey result, 201
1As it is summarized in table 4.11 above,

the explanatory power of variables used in two models, the R-squared values were 53.8 percent and 46.9 percent for

Plagiatul detectat: **0.07%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse! id: **118**

average capital growth and average employment growth

respectively. This implies that 53.4 percent of

Plagiatul detectat: **0.06%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse! id: **119**

changes in average capital growth and

46.9 percent of changes in average employment growth were

Plagiatul detectat: **0.06%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse! id: **120**

successfully explained by the variables used

in two models of this study. However, the remaining 46.2 percent of

changes in average capital growth and

53.1 percent of changes in average employment growth were caused by other factors that are not included in models. These results indicated

the overall goodness-of-fit of

models used. Goodness-of-fit (R^2) for model (0.538) and (0.469) is better than the one

reported by Chami and Papadaki (0.181), Evans (0.1438), and Solomon (0.258

).The adjusted R square for two models is 0.363 and 0.268 for average capital growth and for average employment growth respectively. This means that if we take model size into account, 36.3 percent of variation in average capital growth and 26.8 percent of variation in average employment growth were explained by the values of independent variables. Moreover, the overall significance of

two models, when measured by their respective F- Statistics of 3.082 and 2.338 with P-values of 0.001 and 0.007

respectively has indicated that these models were well fitted at 1 percent level of significance. Finance access had coefficient estimate of 0.452 and 0.098

with average capital growth and average employment growth.

It was

statistically significant at 1 percent level of significance for average capital growth and statistically insignificant for average employment growth.

The coefficient of finance access has revealed that MSEs transformation was positively related with increase in finance access. Since the (P-values) of finance access was statistically significance at 1 percent

for average capital growth and statistically insignificant for average employment growth,

the null hypothesis is

rejected and the alternate hypothesis is

accepted, which says there is

significant relationship between finance access and MSEs transformation in to medium level industry.

Therefore, the outcome of this variable is in line with the proposed alternative hypothesis. Thus, there was significant positive

relationship between finance access and MSEs

transformation. Pamelaet.al also

reported a significant negative relationship between lack of finance and micro and small enterprise performance.

Since the (P-values) of management know-how was

significant at 5 percent level of significant

for average capital growth and insignificance for average employment growth respectively, the null hypothesis is

rejected and the alternate hypothesis is

accepted. Thus, there was significant positive relationship between management know-how of owners/managers

and MSEs transformation in to medium level industry. This is consistent with the findings of solomon,

Pamela et.al and Mulu [25]. Market access ha
d coefficient estimates of 0.206, and 0.072. It was

Plagiatul detectat: **0.26%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **135**

statistically significant at 10 percent level of significance for average capital growth and statistically insignificant for average employment growth. The coefficients of market access imply that MSEs transformation

was positively related with increase in market access. Since the P-values of market access was statistically significance

Plagiatul detectat: **0.1%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **136**

at 10 percent level of significance for average capital growth and

insignificance average employment growth, the null hypothesis is

Plagiatul detectat: **0.06%** https://digitalcommons.liberty.edu/...   id: **137**

rejected and the alternate hypothesis is

accepted. Hence, there was significant

Plagiatul detectat: **0.13%** https://iiste.org/Journals/index.ph... + 3 mai multe resurse!   id: **138**

relationship between market access and MSEs transformation in to medium level industry. This outcome

had the support of Chami and Papadaki, Solomon. Poor infrastructure was

Plagiatul detectat: **0.23%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **139**

statistically insignificant for average capital growth and significant for average employment growth at 10 percent significant level. Poor infrastructure has negatively related with MSEs

transformation (coefficient of -0.118). Services such as electricity, telecommunications, transportation, and water and sanitation play a critical role in a country's development and

Plagiatul detectat: **0.06%** https://www.eesc.europa.eu/resource...   id: **140**

are directly and indirectly linked to

MSEs transformation and economic growth. Poor infrastructure directly affects MSEs. Power failures affect production of goods and services and inaccessible roads affect their distribution and increase transportation costs. For example, businesses may find it problematic to operate in rural areas that are not accessible despite high demand for their products. This limits their ability to expand and any opportunity to generate profit as reported by Pamela et.al. This finding was consistent with findings of Pamela et.al and Solomon, which reported significant negative relationship of

Plagiatul detectat: **0.08%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **141**

poor infrastructure and micro and small enterprise performance.

Technology had coefficient estimates of 0.065, and 0.097, it was

Plagiatul detectat: **0.13%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse!   id: **142**

statistically insignificant for both average capital growth and average employment growth. The coefficients of

technology imply that MSEs transformation was not related with the increase in technology access.

Plagiatul detectat: **0.1%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **143**

There is no significant relationship between technology access and MSEs transformation.

Since the (P-values) of technology access was statistically insignificance

Plagiatul detectat: **0.11%** https://iiste.org/Journals/index.ph... + 2 mai multe resurse!   id: **144**

for both average capital growth and statistically insignificant for average employment growth,

the null hypothesis is accepted and the alternate hypothesis is rejected, which says there is no a significant relationship between technology

Plagiatul detectat: **0.08%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse!   id: **145**

and MSEs transformation in to medium level industry.

Even though, most findings Langen berg and Indarti

Plagiatul detectat: **0.06%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **146**

reported insignificant relationship between technology and

enterprise growth, a further investigation is needed in this regard. The support MSE get had coefficient estimates of-0.369 and -0.234.It was statistically significant at 5 percent level. Even though Langen berg and Indarti reported

negative

insignificant relationship between support and MSEs growth, this

finding was consistent with most findings [26]. Since the (P-values) of accounting and recordkeeping was statistically

significance for average capital growth and statistically insignificant for average employment

growth at 5 percent, there was significant relationship between accounting and recordkeeping and MSEs transformation. Therefore, the outcome of this variable is in line with the proposed alternative hypothesis. Thus, there was significant relationship between accounting and recordkeeping and MSEs transformation. This result is no surprising since all transformed MSEs were required to have accounting and other records by the agency. Therefore, having recordkeeping and accounting records was

a factor for their transformation in to medium level industry. This

is in support of Mwangi[27].

Government
rules and regulations have no predicative capability

in presence of other independent variables. Since the (P-values) of government rules and regulations was insignificant for all two transformation indicators, the alternative hypothesis is rejected. Even though, Langen bergand Indarti

found insignificant relationship between government rules and regulations, Nichter and Goldmark reported as regulatory and institutional challenges deter MSEs owners from making growth-enabling investments, while special subsidies and trade protection offer greater benefits to larger firms, which are often more capable of lobbying.

Smaller firms more frequently report government policies to be unpredictable, and this uncertainty may be yet another factor that reduces growth-enabling investments. Here, most of the MSEs operators has revealed they didn't face this problem. Government rules and regulations are one obstacle for MSEs.CONCLUSION AND RECOMMENDATION 4.1 conclusions

74
transformed micro and small enterprises were taken

to understand determinants of micro and small enterprise

transformation in to medium level industry in Addis Ababa

city. The sample frame was taken from formally registered transformed MSEs in

Addis Ababa micro and small enterprise development

bureau. Five types of business activities were selected. These were construction, textile and garment, food processing, metal and wood works and other enterprises (parking services, cleaning services, urban agriculture). Proportionate stratified random sampling method was used to select samples from 241 transformed MSEs in Addis Ababa. Descriptive statistics has revealed that majority of

source of finance for their business is

own sources. It is difficult to borrow money from banks because they lack collateral. On the other hand, loans provided by micro-finance institutions are small, with short repayment periods and high interest rates. The government support in terms of finance is very low compared to other source of financing. This is consistent with previous studies (Solomon and Pamela et.al). Finance access has a strong relationship with average capital growth and no relationship with average employment growth. The study also revealed that management know-how

has strong relationship with average capital growth and no relationship with average employment growth. There was also strong relationship between market access and average capital growth and no relationship with average employment growth. Market access for enterprises include high demand for products produced, availability of raw materials, good market linkage in the city, less difficulty of searching new market for products

, good opportunity to participate in exhibitions, bazaars, markets and

access to information on market/consumer

products. Power failures affect production of goods and services, and inaccessible roads affect their distribution and increase transportation costs. For example, businesses may find it problematic to operate in rural areas that are not accessible despite high demand for their products. This limits their ability to expand and the opportunity to generate profit. The study revealed

no relationship between technology and average capital growth and average employment growth.

There was weak

relationship between the support MSEs get

from the government, friends, NGOS, their families and relatives. But

there was no significant relationship between government rules and regulations and MSEs

transformation.5.2 Recommendation
A
number of factors were identified for transformation

of MSEs in to medium level industry in Addis

Ababa. The most important was finance access. The government should help MSEs in easily accessing their financial needs. Business owners should source cheap, low-interest loans from banks and other financial institutions, borrow from friends and relatives with the intent to repay the money, negotiate advance payments from customers, low tender prices, and flexible credit terms from suppliers and seek loans from micro-financing organizations. I
t is highly recommendable for

government and policy makers to prepare management workshops and seminars that can be organized by chambers of commerce, non-government organizations (NGOs), universities, and other nonprofit organizations to train MSEs owners/managers about leadership, planning, organizing, communication skills, personal and financial management, basic accounting,

marketing strategies, and recordkeeping. Business owners should network and seek advice from experienced entrepreneurs in MSEs.

Attention should be given for market access for product of micro and small enterprises.

The government and other concerned bodies should help micro and small enterprises in searching market for their products through different means both inside and outside the country.

They can also create a link between large industries and micro and small enterprises. This is because the finding of this study has revealed that market access was positively related with transformation

of micro and small enterprises in to medium level

industry.Government
should take necessary actions to build and maintain infrastructures like reliable power supply, reliable telecommunication and internet connection, enough water supply, good road facilities, adequate business and industrial premises (shops, offices, factories, market stands, etc.) and adequate drainage and cleaning facilities. It
is highly recommendable for government and other concerned bodies to have a training program that can support MSEs, like book-keeping mechanisms that record financial and non-financial matters, a Contract administration policy training, financial management mechanisms, cash-flow management systems, financial control mechanisms and contract document interpretation mechanisms. T
he government of Ethiopia and policy makers should continue their efforts to a reliable and tangible transformation in terms of capital creation and employment generation. Government policies and strategies towards micro and small enterprises is the key to micro and small enterprises. Right policies considering the above factors can alleviate the massive failures

of micro and small enterprises in Ethiopia.

Government should continue their effort towards the expansion and development of micro and small enterprises. These findings support government policies towards micro and small enterprises in creating employment opportunities and supporting large enterprises in the country.LIMITATION AND IMPLICATION FOR FURTHER RESEARCH The researchers want to conduct determinants of whole Ethiopia MSEs that inhibit or limit them from

transformation in to medium level industry.

But because of resource constraint and width of concepts the researcher were planned to conduct the research in Addis Ababa city administration MSEs only. Moreover, the research was a limitation of time, and finance. Thus, the study was designed to focus on and used mainly primary data source for its analysis though it used some secondary data. However, it was not simple due to the reasons that most of the respondents were dispersed and was not willing to answer questions. Regarding further research direct
ions, this research highlights number of issues that give directions on determinants of micro and small enterprise

transformation in to medium level industry.

Thus, by taking the previous studies and this study as a stepping stone, it could be possible to come up with a better insight. The outcome of this study can be more robust, if future researchers conduct a study on this area by taking other qualitative measure of transformation such as performance, success and financial measures of ROA, profitability, and revenue generated by the enterprises. Finally, interested parties to MSEs development in Ethiopia,

such as universities, non-government organizations, and business

development service should address these determinants, and impediments of micro and small enterprise transformation in giving assistances to MSEs.ACKNOWLEDGEMENTS
Dedicated to
: Mr. Getenet Ambaw.

Thank you very much for your

effort.COMPETING INTEREST
The author has declared that no competing interest exist
REFERENCES
Central Statistical Agency ,

Report on Large and Medium Scale manufacturing and Electricity

Industries Survey, Addis Ababa, Ethiopia, 2000

Federal Democratic Republic of Ethiopia (FDRE): Ministry of Trade and Industry (MTI). Micro and small enterprises development strategy. Addis Abeba, Ethiopia, 1997. [Online] Available: http://www. bds-ethiopia.net/1.../other/MSE%20Strategy%20for%20 Ethiopia.doc [Accessed: January 8,2013] Gebreeyesus, M. Innovation and micro-enterprises

gr
owth in Ethiopia: United Nation

World Institute for Development Economics Research, 2009. ISSN

1810-2611.Ministry of Trade &Industry."Micro and Small Enterprise Development Strategy", Addis Ababa, Ethiopia, 1997

Federal Micro and Small Enterprise Development Agency."Micro and Small Enterprise Development policy and Strategy"

, Addis Ababa,2011
SalieAyalew, Empirical Impact Assessment of Business Development Service

on Micro and Small Enterprises in

Towns of Amhara National Regional State, A Thesis submitted to the Office of Graduate Programs of Addis Ababa University

🚫 Plagiatul detectat: **0.1%** https://pdfs.semanticscholar.org/2a... id: **175**

in Partial fulfillment of the requirement for the Degree of Master

Science in Statistics, 2007
Solomon Worku,

🚫 Plagiatul detectat: **0.14%** https://www.iiste.org/Journals/inde... + 3 mai multe resurse! id: **176**

Socio Economic Determinants of Growth of Small Manufacturing Enterprises in Addis Ababa, Addis Ababa University,

Ethiopia, 2004
Rahael,

🚫 Plagiatul detectat: **0.15%** https://iiste.org/Journals/index.ph... + 4 mai multe resurse! id: **177**

Determinant factors for micro and small enterprise growth, research paper for Ethiopian development institute, Addis Ababa,

Ethiopia, 2010.
Central Statistical Agency,

🚫 Plagiatul detectat: **0.08%** https://www.iiste.org/Journals/inde... id: **178**

Report on Large and Medium Scale manufacturing and Electricity

Industries Survey, Addis Ababa, Ethiopia, 2003

🚫 Plagiatul detectat: **0.14%** https://iiste.org/Journals/index.ph... + 7 mai multe resurse! id: **179**

Federal Micro and Small Enterprise Development Agency."Micro and Small Enterprise Development policy and Strategy"

, Addis Ababa , 2010
Zewd,

🚫 Plagiatul detectat: **0.06%** http://www.ijsrp.org/research-paper... id: **180**

Jobs, Gender and Small Enterprises in

Africa. Women Entrepreneurs in Ethiopia Preliminary Report. Addis Ababa, SEDP-ILO, 2002
Ministry of Trade &Industry."Micro and Small Enterprise Development Strategy", Addis Ababa, Ethiopia, 1997
NurulIndarti and MarjaLangenberg,

🚫 Plagiatul detectat: **0.16%** https://www.iiste.org/Journals/inde... + 6 mai multe resurse! id: **181**

Factors Affecting Business Success Among SMEs: Empirical Evidences From Indonesia, Small And Medium Enterprises Development Center (Smedc),

GadjahMada University, Delft University Of Technology. 2008
Yamane, T.,: Statistics: An Introductory Analysis; Harber and Row, New York. 1967
Bruce W., Robert S., David L., Marketing Research text and cases, 2002

🚫 Plagiatul detectat: **0.07%** https://www.iiste.org/Journals/inde... + 7 mai multe resurse! id: **182**

Federal Micro and Small Enterprise Development Agency."

Micro and Small Enterprise Development pol
icy and Strategy", Addis Ababa, 2010Getie A., Research Methodology for Marketin
g Management teaching material, School of Commerce, Addis Ababa University, Addis Ababa, Ethiopia, 2010Gujirati, D.N.. Basic econometrics, 4th edition
, McGraw-Hill Higher Education, 2004Liedholm, C. and Mead, D. Small Enterprises and Economic Development.

🚫 Plagiatul detectat: **0.06%** https://www.researchgate.net/profil... + 2 mai multe resurse! id: **183**

The Dynamics of Micro and Small

Enterprises, London/New York, Rutledge
, 1990Gorman, C. "Success Strategies in High Growth

🚫 Plagiatul detectat: **0.06%** https://www.researchgate.net/profil... + 3 mai multe resurse! id: **184**

Small and Medium Sized Enterprises" in

D. Jones-Evans and M. Klofsten (eds.) Technology, Innovation and Enterprise, London: McMillan Press Ltd, 1997, 179-208.

🚫 Plagiatul detectat: **0.2%** https://iiste.org/Journals/index.ph... + 3 mai multe resurse! id: **185**

Pamela, Okpara, John O. Wynn, Determinants of small business growth constraints in a sub-Saharan African economy, SAM Advanced Management Journal, 2007.

Okioma Thomas and Erick NyakundiOnsongo, an assessment of the effect of proper book keeping practices on the financial performance perspectives from small and medium scale business enterprises in Kisii municipality, Egerton University and Kisii University College, Kisii, Kenya

Harris, M. L., and Gibson, S. G.. Determining the common problems of early growth of small businesses in Eastern North Carolina. SAM Advanced Management Journal, 2006, 71(2), 39-45. Endalkachew M.,

Plagiatul detectat: **0.19%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **186**

Underlying Causes of Micro and Small Business Failures in Addis Ketema Sub City: A Case Study Addis Ababa University, Ethiopia.

2008
MuluGebreeyesus,

Plagiatul detectat: **0.11%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **187**

Growth of Micro-Enterprises: Empirical evidence from Ethiopia, Ethiopian Development Research Institute (EDRI),

2007
Simeon Nichter and Lara Goldmark,

Plagiatul detectat: **0.18%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **188**

Small Firm Growth in Developing Countries, University of California, Berkeley, CA, USA and Development Alternatives, Inc., Rabat, Morocco, World

Development , 2009. Vol. 37, No. 9
Lumpkin, G. T., and Dess, G. G.. "

Plagiatul detectat: **0.08%** http://kolegia.sgh.waw.pl/pl/KZiF/c...   id: **189**

Clarifying the Entrepreneurial Orientation Construct and linking it to

Performance." Academy of management Review, 1996 .21 (1), 135 - 172 Maria Clara

Appendix A

Research Questionnaire:

Dear sir/madam! The following questions are prepared for research purpose to be undertaken on "

Assessment of the Determinant Factors of Micro and Small Business Enterprise

Plagiatul detectat: **0.09%** https://www.iiste.org/Journals/inde... + 4 mai multe resurse!   id: **190**

Transformation in to Medium Level Industry in Addis Ababa City

Administration". Therefore, you are kindly requested to answer the following questions appropriately as per the requirements listed below.Pa

rt I- Demographic QuestionnaireThe following is a questionnaire designed to fill your personal information.

Please indicate your appropriate response using "X" mark. Gender Male Female

Age_____ Education of the entrepreneur illiterate

Plagiatul detectat: **0.06%** https://www.researchgate.net/profil...   id: **191**

Elementary Junior high Senior high University

Others, please specify_____ For how many years do you experienced this type of business? _____

When was your organization established? _____

What is the source of your initial capital? _____

Own saving Credit from formal sources Credit from informal sources Equib

Support from family/friends Selling personal assets

Plagiatul detectat: **0.06%** https://www.iiste.org/Journals/inde... + 2 mai multe resurse!   id: **192**

Aid from the government and NGO

Others, please specify_____

Where your business is located?

Inconvenient location

Near to the market

Near to raw material

Near to infrastructure

Suitable locations

Others, please specify_____

Which of the following is the

primary

reason why you became a business owner?To be your own boss

You could not find suitable waged employment

To realize a dream

To realize a better financial position

To enjoy a better quality of life

Other (please specify)_____

Industry sector Construction

Textile and Garment

Food processing Metal and wood works

Other, please specify_____

Fill the following:

Capital Employee Initial Current Rank which factor due think that attributable for your transformation to medium level industry from most to least using a number?

No Factor Rank 1

Finance access

2

Management know-how

3

Market access

4

Infrastructure 5

Technology 6

Support 7

Accounting and recordkeeping

8

Government rules and regulations

Part II- Micro and

Small Enterprise questionnaireThe following is different opinions about

Addis Ababa city administration. Please indicate how strongly you agree or disagree with each by using the following scale.

1= Strongly disagree /w:t /w:

2= Disagree /w:t /w:

3= Neither disagree nor agree (neutral) /w:t /w:

4= Agree /w:t /w:

5= Strongly agree /w:t /w:

S/N

Statement Strongly

Disagree

Disagree

Neutral

Agree

Strongly agree

Finance access

1

I do have enough money to run this business

2

It is easy for me to get a bank loan 3

It is easy to get flexible credit terms from suppliers

4

It is easy to get guarantee bonds, securities and insurance bonds 5

There are good tendering costs 6

It is easy to get advance working capital when needed

Management know-how

7

I have enough prior experience in managing this type of business

8

I have enough technical experience in operating activities

9
I have reliable managerial skills
10
I have decision making skills
11
I have good leadership skills
12
I have good communication skills
Market access
13
There is a high demand for products produced
14
I have access to information on market/consumer of my products 15
There is availability of raw materials
16
There is a good market linkage in the city
17

18
There is a good opportunity to participate in exhibitions, bazaars,and markets.
Poor infrastructure
19
Bad roads are a major obstacle for
businesses in this city
20
Poor telecommunication system is an
impediment to business transformation
21
There is disruption of water for my operation
22
Erratic power supply poses a problem for businesses in this city
23
There is no proper drainage systems in the city.
24
There is no adequate business and industrial premises (shops, offices, factories, market stands, etc.)
Technology
25

processes 26
Existing technology supports innovation 27
Existing technology is easily maintainable
28

29
I have access to information on technologies to support my business 30
There is adequate technology facility for my operation in the city. Support MSEs get
31

32
I have get business development service support 33

I have professional affiliation/business association that supports the business

35

I have Non-Governmental organizations that support my business 36
It is easy to get financial support from the government
Accounting and record keeping

37

I have Book-keeping mechanisms that record financial and non-financial matters

38

I have a Contract administration policy in my enterprise 39
I have financial management mechanisms

40

I have contract document interpretation mechanisms 41
I have financial control mechanisms in my enterprise

42

I have cash-flow management systems in my enterprise
Government rules and regulations

43

I can't

Plagiatul detectat: **0.08%** https://www.researchgate.net/profil...   id: **199**

got business permit and other permits easily and

quickly

44

I haven't strong confidence in the legal system to enforce contracts and property rights

45

Plagiatul detectat: **0.06%** https://www.researchgate.net/profil...   id: **200**

During running the business, I have

a problem when having contact with government.

46

The government policies regarding to tax are not fair

47

There are no transparent rules and regulations about enterprises.

48

I haven't

Plagiatul detectat: **0.09%** https://www.researchgate.net/profil...   id: **201**

access to information on government regulations that are relevant to

my business.