

## INNOVATIONS

### Factors That Influence the Performance of Small Business Enterprises in Bale Robe City

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**Abstract:** For their objective attainment. The overall objective of this study is to identify the problem that Identifying the factors that influence the performance of small business enterprise is essential influences the performance of small business enterprise with special emphasis on retailer shop, whole seller shop, hotels, cafeteria, barber, metal work and wood work in Bale Robe City Administration. This study would be useful for the owner of small business as well as trade and transport development department of the study zone and also provide useful information for researcher. The study was conducted by using primary data. Primary data it was collected by using questionnaire and unstructured interviewing of the manager of micro and small business enterprise agency in Bale Robe City Administration. The researcher used judgmental sampling technique and took a sample of 60 respondents out of 150 total owners of small business in Bale Robe City Administration. The result of the study elicited major challenges which seem to influence the performance of small business in the sub –city which includes: inadequate finance, problem of taxation, problem of product modification, lack of training program, and lack of government support, lack of market opportunities and lack of coordination, inadequate infrastructures development and poor management practice. From the above factor financial problem and unfair tax is the major bottle neck problem that prevents attainment of overall objective of the small business enterprise. In order solve the problem the Government, private and non-Governmental sector shall be participate in the development of small business enterprise by be spread source of financial opportunities, impose fair tax, prepare training program about product modification, Great coordination in the market, and arrange credit requirements and view banks and other credit institution interest.

**Keywords:** 1. Retailer 2. whole seller 3. Hotels 4. cafeteria 5. Barber 6. Metal work and wood work

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## **Introduction**

### **1.1 Background of the Study**

The development of small scale enterprises is a primary means of strength the economy of any country. These small scale enterprises are the life blood of most economies today. Most of these small scale enterprises are labor intensive and are therefore able to great jobs at relatively low cost can make major contribution to the nation's economic well-being. Majority of these small scale enterprises, however, do not grow to any reasonable size generate income at acceptable level of activity (Sirpplis Nicholas 1997(8).

Small business can be service rendering firms, manufacturing organization, merchandise business and small scale industries. Several factors that influence the performance of small business such as production technology, availability of raw materials, managerial skills of owners, taxation system imposed by government, availability of infrastructures and owners awareness about product modification. Therefore, this study focuses on the factors that influence the performance of small business enterprise in Bale Robe City Administration (Abdiselam Ahmed small business enterprise inBale Robe cityadministration).Small business can respond more quickly and at a least cost than big business to the quickness rate change in product and service, processed and markets. It has become more attractive to flinted, individualistic men and women. Small business has the potential to create or capture on entries on industry. The incentives to innovate are greater the motivation to innovate is greater. Small business supply products and services more cheaply whose sales volume is small, those products close personal contact with customers and those that must meet each customer unique the needs they are major creators of new jobs. Small firms less concerned with formal system and its decision making process will be more judgment, involve fewer individuals and can therefore quicker. It can much more responsive to changes in the market place. But conversely is much less able to influence such developments.

### **1.2 Statement of the Problem**

It is true that small business have a vital part to play in the economy of the country. Small business owner is an individual who establishes and manages business for the principal purpose of furthering personal goals.

Introducing of new method through which business activities takes place is the basis for starting small business. For doing this, managerial skill of the business owners plays an important role. The owners should be gather information regarding product market condition as well as changes take place environment and act accordingly. The owners also understand his customer and treat politely and respectively. If the owner has managerial skill his business activities performed smoothly and lead to profit. If not the business, lead to bankrupt .In general managerial skill of the owner affects small business (woldayAmha (1997, p. 2-3).

Finance is the base point for any business activities lack of adequate finance has always been major problem of Ethiopia small business, since small business do not have easily access to the capital market because they organized on proprietary basis and very small in size and their supplies which can be utilized to loan are negligee small firms are not public company's his means they often have problem of rising.

### **1.3 Basic research question**

- What are the major factors that influence performance of small business entrepreneur?
- How the amount of tax imposed by government affect performance of small business entrepreneurs.

- Why most small business owner deliver the product/service that already exist in the market?
- Why small business entrepreneurs have not sufficient capital with their activities?
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#### **1.4 Objectives of the Study**

The study was conducted to achieve the following research objectives:

- To assess the influence of capital on performance of small business and capital seeking power of small business.
- To assess government impose of tax on small business and how it well instance their business activity.
- To identify factors that influences each firm to make product modification.
- To identify any problem that influence business activities to take place an effective manner in identified area.
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#### **1.5 Significance of the Study**

The study focused on factors that influence performance of small business Bale Robe city administration. The outcome of this study will be useful for the owner of small business enterprise as well as the trade and transport department. Generally, study is believed to have the following importance it provides useful information for the owner of small business concerning problem facing small business and to develop strategies to minimize those problems. It provides information for the trade and transport department of zone what factors influence performance of small business and suggestion to solve those problems. To suggest some possible solution with the factors, influence small business it may help as a great importance for the further researcher who like study on similar in depth. Provide valuable information for government and their interested body to take some corrective action

## **2. Review of Related Literature**

### **2.1 Definition of Micro and Small Enterprises**

The definition of micro and small enterprises is still controversial. There is no generally accepted definition of micro and small enterprises. Micro and small enterprises in one country may be small or medium enterprises in the other country. This it depends on the stage of economic development of the country (GebrehiwotAgeba, 2004). Micro and small enterprise is the major feature of the economic land scape in all developing countries to the creation of jobs and to all aviation of poverty (Credendum and Donald, mead 1998, p. 194).

In Ethiopia, micro and small enterprises is a small business enterprises found in all sector of country economy with a paid up capital (fixed asset) of not more than 20,000 excluding high technological consultancy firms and other high technological establishment while small enterprises are business enterprises with fixed asset not more than birr 500,000 and excluding high technological consultancy firms and other high technological establishment( Ministry of trade and industry, 2008).

### **2.2 Lack of entrepreneurial and managerial skill**

The study conducted on small business have released that there is a general lack of knowledge in entrepreneurial managerial capacity; In fact it is often easier for men and women to go into business of themselves than to find employers. No law stops them from choosing to be their own boss and they can chose almost any line of business they like, but business run by people without prior managerial experience (Siropollis, 1997: p, 11).

### **2.3 Capital**

Businesses that start with food little investment by owner have a greater chance of failure than business with adequate investment by owners. The most serious obstacle to doing business is that of raising investment capital and lack of sufficient in an able funds and facilities (Siropdilis 1997: p 10).

### **2.4 Tax**

The government has a right to impose tax on the operation of business and collect the tax return from them. The tax collected from the operating business has great importance in the raising of revenue for federal government, and in providing incentives for certain types of economic area. Hence, when there is high taxation the owner of the business may fail to pay the tax end it is one of the impact for the failure of the business (Proclamation N0308/2002)

### **2.5 Shortage of raw material;**

Procurement of raw materials of required quality, and quantity competitive price is the most serious faced by this sector. Though the institutional arrangements regard to the allocation mechanism often work against the interest of these. This is more pronounced in the case of scare raw materials that have to be imported (Bridge, O'Neil & Cromie, 2003).

### **2.6 Inadequate finance**

In order to supplement the institutional finance micro and small enterprises have to approach the unorganized money market at terrible heavy rates of interest or on suppliers credit on exceedingly unfavorable terms Private finance, ultimately spoil the unit and cause for sickness in the small business (Balu, 2000).

### **2.7 Lack of marketing facilities**

Micro and small enterprises entrepreneur faces problems in the matter of marketing his product. Due to want to adequate co-operative or other marketing facilities and intelligence often suffers from remunerative price of their goods in the open market. In free market economy especially with stiff competition marketing is a key factor for the success of small business (Gebretinsae, 2003).

### **2.8 Innovation**

Innovation should be the ground bare for operational activities of small business, entrepreneurial and managerial skill of the owner of such firm are essential to promote the business to growth and profitability. If the owner (manager) has adequate knowledge of material skill and entrepreneur skill of the owner (manager) will lead the business to loss and more severely to death. If its operations remain static while the eternal environments charging and the completion is becoming fiercer (Pouiburnsand Jim hurts dishonor 1996: p.29).

### **2.9 Special Contribution of Micro and Small Enterprises in Ethiopia**

As a part of business community, small firm's welfare. They produce a sustained portion of our total goods and services. Thus, their general economic contribution is similar to that of big business, small firms, however, possess than quality that make them more than immature variation of big business corporations. They make exceptional contribution as they provide new jobs, introduce innovation, big aid business, stimulate competition, and produce goods and services efficiently (Hayla, 2003).

### 3. Research Methodology

#### 3.1 Research Approach

The researcher used descriptive survey research design and quantitative research approach in order to achieve research objectives. The qualitative approach helps to analyze and interpret the data that were collected from target respondents by distributing questionnaires to respondents by using tables and percentages.

#### 3.2 Sample size and Sampling technique

An appropriate sample size would take from the total population to distribute questionnaires. The target groups for this research were small business owners in Bale Robe City Administration. In order to analyze we tried to group in to service, merchandise and small industry. The researcher would have used judgmental sampling technique due to its simplicity, to select 60 respondents from each merchandise, service activity and small scale from the total 150 owner in Bale Robe city administration.

#### 3.3 Data Collection Method

There were different methods of data collection which were useful to collect data while conducting research. But for my study, in order to get relevant information for my study I would have been used both close choice and open ended questionnaire and unstructured interview.

Sample technic formula

$$n = N / (1 + N e^2)$$

Where, n = Sample size

N = Target population

e = Error term

In this study the researcher estimated 90 percent of the study as confidential and the remaining 10 percent as error term then the sample (n) of the study is

$$n = 150 / (1 + 150(0.10)^2)$$

$$n = 60$$

#### 3.4 Source of Data

The researcher has been used primary data. The primary type of data was collected from the target respondent's by distributing questionnaires and through unstructured interviews.

#### 3.5 Data Analysis Method

The process would be carried out in clear way to reach the objective of the study after the necessary primary data have been collected and would be started by editing. The data would analyzed by using descriptive statistical tools such as frequency and percentage. Thus, the analysis was expected to come up with findings that were easy to understand and relevant to meet the research objectives. The results would be presented in the form of tables. Conclusions of the research were drawn based on the result.

### 4 Data Analysis and Interpretation

Questionnaires were distributed to respondent and 60 were collected. The presentation, analysis and interpretation of the data were made depending up on the information gathered mainly through questionnaire. The information gathered about the factors that influence performance of small business practice in Bale Robe City Administration from people who own small business.

#### 4.1 Demographic Information about Respondents

**Table 1: Sex and Age Distribution of Respondents**

SN	Item	Respondent	
		Frequency	Percentage
1	Sex		
	A, Male	34	56.6%
	B, Female	26	43.4%
	Total	60	100 %
2	Age distribution pattern		
	A,10-20	10	16.7%
	B,20-30	30	50%
	C,30-40	12	20%
	Above 40	8	13.3%
	Total	60	100%

As indicated the above table of item 1 are 34(56.6%) owners of small business in the town are males, 26(43.4%) of owners of small business the town are females. From this the researcher concluded that male is more employed than female. This may be having not absolute equality.

Item 2 of the above table shows that 10(16.7%) owners of small business are between the age 10-20, about 30(50%) of them are between age of 20-30, about 12 (20%) of them are from between 30-40, and about 8(13.3%) of them are above 40 years. From this the researcher concluded that most owners of small business are between the ages of 20-30.this may be which an active group is which mean can do any activity based on the morality.

**Table 2: Educational Status and Marital Status of respondents**

SN	Item	Respondents	
		Frequency	Percentage
3	Educational status		
	Illiterate	4	6,7%
	A,1-6	10	16.7%
	B,7-9	2	3.3
	C,10-12	21	35%
	E, Above 12	23	38.3%
	Total	60	100%
4	Marital status		
	A, Married	29	48.3%
	B, Unmarried	27	45%
	C, Divorced	3	5%
	D, Windowed	1	1.7%
	Total	60	100%

Source: from primary data

Item 3 of the above table shows the education status of the owner of small business are accordingly, 23(38.3%) of them learn above 12, about 21(35%) of them are learn 10-12 grade, about 10(16.7%) of them are learn 1-6, about 4(6.7%) of them are illiterate are and about 2(3.3%) of them are learn about 7-9 grade. From this the researcher concluded that the highest percentage show that whose education level are above 12. From this the researcher concludes that most the small business owners are educated. AS depicted in the above table 1 of item 4, 29(48.3%) of owners of small business in the town are married about 27(45% of them are unmarried about 3(5%) of them are divorced and above 1(1.7%) of them are windowed. The researcher can conclude that the most owners of small business are married. This may be they have many dependent family from them

#### 4.2 General Information about Small Business Enterprise

**Table 3: types of small business, time starting of business and initiation to start business**

SN	Item	Respondent	
		Frequency	percentage
5	Type of business		
	A, Merchandise	34	56.7%
	B, Service	20	33.3%
	C, Small scale industry	6	10%
	Total	60	100%
6	Time of start of the business		
	A, Anciently	32	53.3%
	B, Recently	28	46.7%
	Total	60	100%
7	Initiations to start the business		
	A, Government encouragement	6	10%
	B, Availability of raw material	7	11.7%
	C, Market opportunities	16	26.6%
	D, for generating profit	31	51.7%
	Total	60	100%

**Source: from primary data**

As indicated the above table of item 5 are 34(56.7%) respondents in the town are engaged in merchandise, 20(27.3%) them provide service and 6(10%) of the respondents engaged a small scale industry. From this researcher concluded the dominated of small business sector in the town is merchandise. This may be easily started by small finance.

Item 6 of the above table shows, 32(53.3%) of respondents response as they start performing small business activities anciently. While 28(46.7%) reply as they start performing this activities recently. Form this researcher concluded that most of owners of small business has high experience in anciently to performing activities.

Item 7 of the above table shows, 31(51.7%) of them response that their initiation to start small business is for generating profit while 16(26.6%) respondents reply as their town initiation to start small business are gate market opportunities, about7 (11.7%) of them response that their initiation to start small business are availability of raw material, and 6(10%) of them response of their initiation to start small business are Government encouragement.

From this researcher concluded that the most of owners of small business in the town start these activities for generating profit. From this the researcher understand in the first they open for the purpose generating profit but after opening the business they cannot generate profit by different cause so this lead for only moral satisfaction means only survive to live and to sustained the business in hope may generate profit in the future.

**Table 4:causes of initiation to start business**

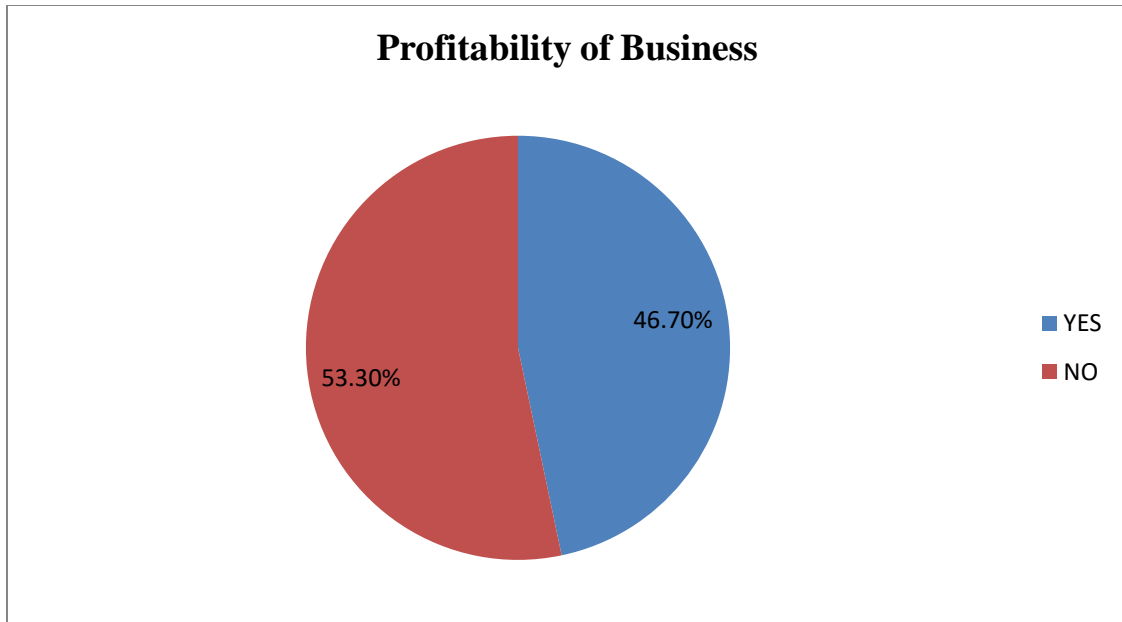
No	Item	Respondent	
		Frequency	percentage
8	Cause		
	A, Lack of education	7	11.7%
	B, Financial problem	13	21.7%
	C, Problem of fairness tax	40	66.6%
	TOTAL	60	100%

**Source: primary data**

Item 8 of the above table shows, 40(66.6%) owners of small business in the town response as the factors affecting to run business are problem of fairness of tax, about 13(21.7%) respondents respond as the influence to run business financial problem and 7(11.7%) of them are lack of education.

From this the researcher concluded that the major problem to run the small business is problems of fairness tax. So that the researcher concludes that Government should impose tax according to their fluctuation income/profit because profit is not constant through the year





**Figure 1 profitability of the business**

**Source: from primary data**

As indicated the above chart of 32(53.3%) owners of small business in the town respond as their business are not profitable and about 28(46.7%) of them respond as their business activities has profit. From this researcher concluded that more than half or 53.3% of small business in the town lead no profit. This may be the cause lack of finance, lack of infrastructure, problem of fairness of tax, and lack of product modification, deliver similar product that existing in the market and lack of Government super vision.

**Table 5: purpose of profit and cause of non-profitability**

No	Item	Respondent	
		Frequency	Percentage
10	Purpose of profit		
	A. For buying raw material	6	21.5%
	B. For establishing other business	10	35.7%
	C. Consumption purpose	12	42.8%
	Total	28	100%
11	Cause of non-profitability		
	A. Lack of managerial skill	2	6.3%
	B. Low quality product	3	9.4%
	C. Problem of market	27	84.3%
	Total	32	100%

Source: from primary data

As indicated the above tables shows, 12(42.8%) owners of small business used gained profit for consumption purpose and about 10(35.7%) owners of small business respond as they use profit gained for establishing other business, and 6(21.5%) owner of small business to respond they use profit for buying raw material.

The researcher concluded that the most owners of small business perform the activities for consumption purpose due to lack of sufficient profit.

Item 11 of table 4 shows as 27(84.3%) owners of small business in the town respond the factor that cause unprofitability of the business is problem of market, about 3(9.4%) owner of small business in the town respond the factor that cause unprofitable is low quality product, and 2(6.3%) owners of small business in the town responds the factor that cause unprofitability of the business is lack of managerial skill.

From this the researcher concluded that the most unpredictability cause is problem of market. This may be the owners cannot gain market opportunities that are managed by concerned from concerned body, which means luck of coordination among supplier raw material and demand the product that produced by the small business owners .

**Table 6: The relationship between the business owners**

No	Item	Respondent	
		Frequency	Percentage
12	relationship with competitor		
	A, Yes	60	100%0
	B, No	0	0%
	Total	60	100%

**Source: - from primary data**

As indicated the above tables in item 12 shows that 60(100%) all of owners of small business in the town have good relationship with their competitor. It can be concluded those that all owners of small business in the agreed with their competitor in buying, selling and other activities and they can help each other by different lending and borrowing activity.

The researcher concludes from this is all business owner have good relationship to their customer for the purpose of attracting to them.

**Table 7: System used to be successful competitors**

No	Item	Respondent	
		Frequency	Percentage
13	System use to competition market		
	A, Produce high quality product	24	40%
	B, Treat customer in good manner	21	35%
	C, Sale at low price	15	25%
	Total	60	100%

**Source: from primary data**

As indicated in item 13 of table 6, about 24(40%) owners of small business use a system of produce high quality product to became successful competitors, about 21(35%) owners of small business used a system of treat a customer in good manner to become successful competitor and about 15(25%) of them use system of selling at low price to become a successful competitors.

From this the researcher can be concluded that most owners of small business in this town used a system of producing high quality product to become successful competitor.

**Table 8: Data presentation whether the sector get an opportunity of training or not**

SN	Item	Respondent	
		Frequency	Percentage
14	Opportunities of training		
	A, Yes	13	21.6%
	B, No	47	78.4%
	Total	60	100%

**Source: primary data**

The number of relevant training program made a variable to small enterprise in Bale Robe City Administration have been very minimal .As it is show in the above table only 13(21.6%)of the total respondents get an opportunity of training ,The remaining which is the largest percentage 47(78.4%) of the respondent are no getting an opportunity of training . The general lack of awareness about the spread of an already existing facility and what they offer to small enterprise sector or those interested in a business career constitute one of the major or short coming of the whole training program.

**Table 9: Data presentation on government support for small business**

No	Item	Response	
		Frequency	Percentage
15	<b>Government support</b>		
	A, Yes	3	5%
	B, No	57	95%
	Total	60	100%

**Source: primary data**

According to Nicholas (1997) the development of small business supported by various government policy of the country of that contributes for that area as well as the country development. As it can be seen from the above table from total population 3(5%) responds that government support their business running and the remaining 57(95%) is accounted for those respondents who responds the government does not support their business.

Generally the support of government in town toward the sector is less, for success fullness of business, it needs support from different part internally and externally, beside this government or other concerned party must support the essential requirement like arrangement of financial facilities, prepared training program, great market opportunities and market place, fulfillment of infrastructure (water, electricity, road facility) from this according to the respondent electricity the major concerns that the government must be respond.

**Table 10: Initial capital to run small business**

No	Item Initial capital to run small business	Respondent	
		Frequency	Percentage
16	A,5000-10000	41	68.3%
	B, 10,000-20,000	7	11.7%
	C, 20,000-30,000	8	13.3%
	D, Above 30,000	4	6.7%
	Total	60	100%
17	Sufficiently of capital		
	A, Yes	20	33.3%
	B, No	40	66.7%
	Total	60	100%
18	Factors that affecting to borrow from the credit association.		
	A, High interest are	20	50%
	B, No credit association around	0	0
	C , Other specify	20	50%
	Total	40	100%

Source: from primary data

As indicated the above tables in the item 16 shows that 41(68.3%) owner of small business initial capital is between 5000-10,000, 8(13.3%) owners of small business initial capital is between 20,000-30,000, 7(11.7%) owners of small business initial capital between is 10,000-20,000 and 4(6.7%) owners of small business initial capital is above 30,000.

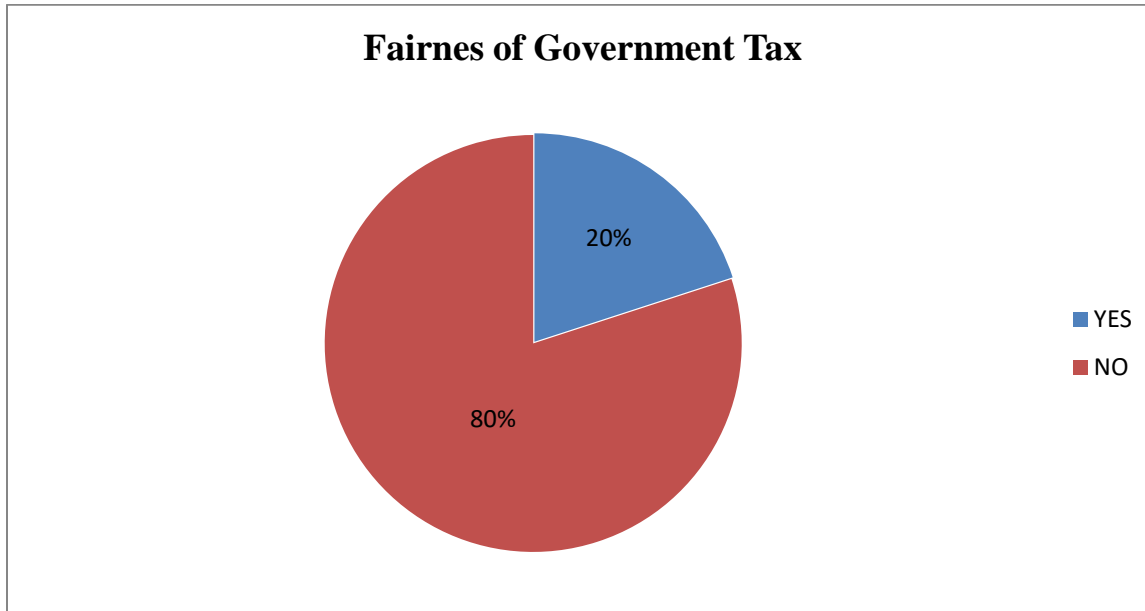
From this the researcher concluded that most of owners of small business in the town perform their activities with small capital. This may be having not enough collateral for credit institution; the culture of borrowing is low and no interest free bank for Muslims.

Item 17 of table 9 shows that 48(80%) owners of small business respond that as they have “no” enough capital to run the business and 12(20%) owners of small business respond as they have enough capital to run the business. From this the researcher concluded that most of small business owners have no sufficient capital to run the business.

Item 18 of table 9 shows that 20(50%) owners of small business respond as they did not borrowed any money from credit association due to high interest rate, and no response given by respondents for no

credit association around. From this we understand most small business owner did not borrow money from credit association due to high interest rate and other factors are mentioned by respondent like:

1. Requirement of guarantee which means in order to gate money from credit association they must to form group at least 3, requirement of personal pledge who is government employee have minimum monthly salary 5000 birr and person who can borrow money must have a house in order to gate credit from credit association.
2. No interest free bank for Muslims
3. Credit given by corruption



**Figure 2: fairness of government tax**

Source: from primary data

As indicated the above chart 4 shows that 48(80%) owners of small business respond as the tax imposed by government is not fair and 12(20%) of them respond as the tax imposed by government is fair. From this researcher concluded that the tax imposed by the government on a small business influences the activities in the town. This may be the respondent capital not really determined known, improper guess of capital of the respondent and the government must impose fair tax according to fluctuate income.

**Table 11: Influence product modification and run of business**

	Item	Respondent	
		Frequency	Percentage
19	Factors that influence to make product modification		
	A, Climate condition	3	5%
	B, luck of knowledge about product modification	24	40%
	C, User habit	17	28.3%
	d, Inadequacy of raw material	16	26.7%
	Total	60	100%
20	Accessibility to the market		
	A, Yes	31	51.7%
	B, No	29	48.3%
	Total	60	100%

Source: - from primary data

As indicated the above tables in item 1 shows that 24(40%) owners of small business respond that factor influence to make product modification is luck of knowledge about product modification and 17(28.3%) of them respond that factor influence to make product modification user habit, about 16(26.7%) owner of small business respond that factors influence to make product modification is inadequacy of raw material and 3(5%) response is climate condition. From this the researcher can be understood that most factors that influence to make product modification is luck of knowledge about product modification so the concerned party proposes training opportunities about product modification to the owner of small business.

In a free market economy especially with stiff competition marketing is a key factors for the successes of small enterprise (Gebertinsae, 2003) As stated on the above table 31(51.7 of the respondents did not gate accessibility to market, while 29(48.3%) the owners did gate market accessibility .This shows that sector are facing a serious problem related to its access to market.

Generally geopolitical location of the town is attractive for different business expansion so conducting appropriate research about market demand of micro and small enterprise may lead to market success of the sector.

The researcher concludes that financial problem is the factors that challenge to run the small business enterprise. So the Government should arrange credit to the owner of small business enterprise in order to achieve their overall performance.

Result of Unstructured Interview from manager of micro and small business enterprise in Bale Robe city administration agency.

The trade and transport bureau of Bale Robe city administration was established for the purpose of accomplishing the overall objective of small enterprise in the town. Trade is among the major income source of the urban dwellers.

Industry, even though the motive power for achieving rapid economy development is limited to the small scale industries like grain mills, wood works and certain traditional hand crafts activities hence, medium and traditional hand crafts activities hence, The situation of the industrial activities is presently at very rudiment stage and mostly based up on back ward technologies.

- As the head of bureau respond that small business in the town has the following problem.

- Lack of sufficient capital
- Marketing problem
- Storage of supply of new material
- Sticking to traditional way of production
- Poor design, poor quality and finishing under expectation, absence of supporting institutions agencies to handle particular needs of micro and small enterprise
- Lack of access to appropriate, relevant and understandable information and device.
- Lack of development of specialization and concentration in management as most of the owner of micro and small enterprise get involved in one or more business activities like hotel trade, transport etc.
- The head of bureaus also respond that to alleviate the above problem the bureau of the town design the following strategies.
- Access to raw material and quality service at affordable place.
- Town development association and private investor shall be encouraged to establish business startup premises.
- Consider steps to provide incentives information and advice should be focused and sector directed as possible and it should be supplied of gross roots level as possible.
- Encourage co-operation between relevant government institution as well as private organization to reach and mobilize training and monitoring support for small enterprises.
- Establish a marketing information centers and to integrate the already started marketing information system in the town micro and small enterprise development openly

## 5 Conclusions

The study was emphasized to assess the factors that influence performance of small business in Bale Robecity administration. It aims at identifying problem of small business in the town such as, financial, tax and awareness about product modification.

Financial problem is the most problem that influence performance of small business enterprise in the town. Most owners have problem of enough capital to run the activities so smoothly manner. It there is no enough capital to producing quality product (service) and competing with competitors and impossible becoming the winner. Again most owners of small business enterprise in the town have lack of ability and lack of market accessibility.

The government issues of tax on small business firms not balance to their capital, because the owner's not tell specific capital, at that time the staff to became guess improperly then the tax pay does not equipped with the activities them running. So, this also affects the performance of small business or the Government must be considering the owner fluctuate income.

Lack of awareness about product modification is highly existed in the town. Most owners of small business in the town engaged on the same activities rather than making product modification but gain good profit is making unique form accordingly. Because of they offer the product (service) already offered by others their selling volume and attracting customer become less.

### 5.2: Recommendations

The following are some of the promotional assistance that should address by government involvement, NGOs and private sector for the micro and small enterprise in Bale Robecity administration.



### **Assess to finance**

- Small enterprise site lack of finance as a greatest constrain to their growth .The financial need of different types of small enterprise vary widely with access problem particularly sever for startup enterprises .So in this regard ,the government, private sector and other sector should encourage and create an enabling environment for establishment of more financial institution that avail funds. Reply the policy of bank to avail credit to small enterprise according to their ability and divesting range of collateral types.

### **Government polices**

- The nature of the government policy is also another determinant factor for the success of small enterprise .despite its importance ,it have so many impediments which affect the smooth operation of the sector as it is indicated in the analysis part of this study .To overcome these problems . The government should have to improve taxation and marking them to pay according to their ability. The government should relax it is policy with regard to the number of members and not limiting the number of groups they forms by their interest
- Since the tax imposed on the small business owners in the town influence their running activities, the government should put this tax consideration balance it with the activities of owners of small business imposed by the Government.
- Training should be given for owners of small business in the town how they react to product modification, is importance to become successful competitors in the market.
- Because of most owner of small business in the town respond that they have no any training before. So, training must be given for the owners of small business regarding how they manage their resources and how they plan, what activities they should perform to improve their working style.

### **Access to market**

- To overcome the problem related with market the following should be recommend small enterprises product service match with the presently demanded by consumer or market. Assisting small enterprise in advertising their product through mass media such as: -Radio. TV, New paper and by using other mechanism, establishing market information center that would collect analysis, store and disseminate market related information on: price, source of input, existing and potential market, consumer need, access to training and promotion

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