

The Role of Business Development Services in Micro and Small Enterprises Development (*The Case of Gondar City Administration*)

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Abstract

Micro and Small Enterprise (MSEs) are the main income generating activities operating in Ethiopian cities and towns. To help MSEs to operate effectively and contribute to economic growth, they need a wide range of Business Development Services (BDS). BDS includes access to market, training and technical assistance, infrastructure facility and access to alternative financing services, among others. The main objective of this study was to investigate the role of BDS in MSEs Development in Gondar city administration. The study had a descriptive and explanatory research design with cross sectional survey and both qualitative & quantitative research approaches were used. 294 MSEs were selected through stratified, simple random and convenience sampling methods in the twelve sub cities. Questionnaires for MSEs and in depth interview for BDS providers (Selected by purposive (expert) sampling method) were used to collect data. Validity and reliability of the data collection instrument was ensured. Descriptive statistics (frequencies, crosstabs, percentages & chi square) and inferential statistics (correlation & multiple linear regression analysis) with SPSS version 20 and Microsoft excel were used to analyse the data. Results of the study revealed that there is a significant difference in demographic and business characteristics among the five business sectors except age, MSEs have well awareness on locally available BDS, government, family/friends and business partners were primary BDS information sources and below half of the MSEs were satisfied on the four selected BDS types. Compared to government NGO beneficiaries have well awareness and relatively satisfied on the three BDS types while the GOV beneficiaries were relatively satisfied on infrastructure support services. Among the four BDS types training and technical assistance services have positive significant relationship with MSEs development. The current BDS approach in the city is the traditional one and about 1/3 of MSEs have intention to buy BDS in the future but 50% of them are in dilemma. The researcher suggested that, BDS providers including the government should promote their services for MSEs so as to increase MSEs awareness. Government should create conducive platform for private business counselling firms to transform the traditional approach to modern market driven approach. GOV, NGO & other stakeholders should work in coordination. Areas for further studies are also suggested.

Key words; *Business Development Services, Micro & Small Enterprises, Role, Micro & small enterprises development, awareness, business sector, Approach, Satisfaction, Gondar.*

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I. Introduction

1.1. Background of the Study

For many decades, both national and local governments of developing and developed countries, development organizations, international donor agencies and researchers have recognized the importance of Micro and Small Enterprises in increasing employment and income among poor people and the role they played in generating and sustaining economic growth and equitable development in almost all economies around the globe (Barisic, 2004). Micro and Small Enterprises are major drivers of both employment and economic growth contributing to more than 50 % to GDP and 60 % to employment and 17% of GDP and 30% of employment in developed and developing countries respectively (Beck & Demirgüç-Kunt, 2006).

Micro and Small Enterprises sector in Africa is a lively example of small enterprises activities leading to successful growth and development of their emerging economies (Hope, 2001). With increased urban population dynamics of Sub-Saharan Africa (SSA) the importance of these enterprises is also growing. In SSA given the rapid rural-urban migration and deficiency to absorb this migration Micro and Small Enterprises have become important urban economic institutions and providers of urban employment (Elias, 2005).

In cities and towns of Ethiopia Micro and Small Enterprises and informal sector in general are the predominant income generating activities. They have a significant contribution to local economic development and used as the basic means of survival (Tegegne, et.al, 2005). In Ethiopia the informal sector operators contribute to more than 50% of the urban employment (CSA, 2003).

Having considered MSEs importance all over the globe the World Bank's Committee of Donor Agencies for Small Enterprises Development in 2001 identified the most important interventions to enable Micro and Small Enterprises to develop. These include making policy environment conducive to enterprise competitiveness, access to financial and non-financial services and expanding markets for products and services. The donor committee agreed that besides financial supports Business Development Service (access to market, training and technical assistance, technology and product development, infrastructure, input supply, policy advocacy and access to alternative financing) formerly known as "non-financial service" is one of the most important supports to improve Micro and Small Enterprises performance in developing countries; as a means to achieve higher economic growth, increase employment, reduce poverty and meet social objectives.

Despite the efforts made to enhance MSE development through BDS provision many MSE fail to survive and drop out of their business within a short period of time. For instance, it is estimated that 50% of all start ups fail in their first year and 75% fail within the first three to five years in the USA (Brijlal, 2008). In South Africa 75% of start up MSEs fail within the first two years of operation (Musava & Fatoki, 2011). According to Bowen et al. (2009) in Kenya MSE has a deteriorating performance with 3 in every 5 failing within months of establishment. In Ethiopia, 1% of the total MSEs of the country were expected to be graduated annually but it is evident that most of the MSEs dropout or been stagnant at the same level for more than ten years (DOTE, 2014). Consistent with this fact, in Gondar city administration even those MSEs who had benefited from BDS services run out of business and only 45% of the planned graduated each year (TVEDD, 2016).

Of course, there are studies conducted regarding BDS and MSEs but most of the researches conducted domestically and abroad have gaps such as, not considering the roles of GOV and NGO BDS providers in MSEs development simultaneously, not comprehensive in including all MSE sectors, focus only on one or two BDS types role from the seven types of these Services.

Thus this paper will try to assess MSEs awareness on the four selected BDS types, investigate the role of Business Development Services in Micro and Small Enterprises development and examine the city administrations current BDS delivery approach and MSEs future intention to buy BDS. The result of this study will serve as an input for city administration decision makers, TVEDD, MSEs, nongovernmental organizations and private service providers who planned to deliver Business Development Services to their customers in and out of the city administration and it can also serve as an input for future researchers.

1.2. Statement of the Problem

Federal Micro and Small Enterprises Development Agency of Ethiopia in its strategic document declared that all levels of government should ensure the existence of enabling environment for Micro and Small Enterprises development. The strategic document clearly outlined the financial and nonfinancial supports that the government is committed to provide for Micro and Small Enterprises at the start up, growth, maturity and growth medium level in order to graduate 1% of MSEs to the next level each year and enhance their contribution towards the nation's economic development through employment creation and income generation. To do so the strategy prioritized BDS and Kaizen as most important tools in order to provide the industry extension services for MSEs (FeMSEDA, 2011).

At city administration level structure of FeMSEDA, Gondar city administration Technical Vocational & Enterprise Development Department has established 5927 enterprises under five government priority sectors and provided BDS (access to market, training and technical assistance, infrastructure facility supply, access to alternative financing etc) to 4125 MSEs (TVEDD, 2016). Nongovernmental organizations like, Amhara Women Entrepreneurs Association and Entrepreneurship Development Centre Ethiopia provided Business Development Services to 190 Micro and Small Enterprises in the city administration (AWEA & EDC, 2016).

However, many Small and Micro Enterprises fail at their infancy stage, some fail a few years after start up and most of them became stagnant on one stage for more than ten years. For instance, among the expected MSEs supposed to graduate annually only 45% of them graduated and with this out of the whole MSEs established by the department 30% fail and dropout from their business (TVEDD, 2016). The researcher as UNDP- EDC BDS adviser in Gondar from his experience observed that even though other factors like inadequate financial support, MSE operator's entrepreneurial orientation and motivation accounts for MSEs failure, unable to investigate the role of Business Development Services provided by GOV & NGO for the five business sectors in order to strengthen the service provision scheme is a critical problem.

According to Miehlabradt & McVay (2001) it was realized that still, "small businesses are constrained by several non -financial factors such as lack of education, inadequate technical skills, poor access to markets,

lack of information and unreliable infrastructure” it is relatively easy to understand the existence of these constraints simply by reviewing Micro and Small Enterprise operators complain on insignificant loan amount with its bureaucratic nature, poor infrastructure, inadequate market access etc.

In line with this the study of Okpara & Dawit (2008) entitled “*Entrepreneurship with Special Reference to the Status of Small Business Entrepreneurship*” revealed that there is a huge gap in small business entrepreneurs’ management skills in Gondar and recommended that the role of Business Support services should be evaluated in order to fulfil the needs of small business entrepreneurs timely. This in turn dictates the researcher to ask “What did the role of government and nongovernment organization provided BDS in MSEs development look like?”

On the other hand local researchers such as, Bizusew’s (2015) on the role & challenges of BDS and MSEs in Bahirdar city investigated the extent of problem solving of government provided BDS and Philipose (2006) in Addis Ababa conducted a study to assess the performance of BDS providers in achieving increased impact, expanded outreach and sustainability but had gaps. (Refer details and other researches in the empirical literature review part)

Therefore, the ultimate purpose of this paper is to fill the gaps identified from BDS providers and local researchers through conducting a harmonized empirical study that investigates the role of Business Development Services provided by both governmental and nongovernmental organizations in the development of MSEs by considering all the five sectors at the city of Gondar, assess MSEs awareness on BDS and examine the city administration current BDS delivery approach and beneficiaries future intention to buy BDS including service providers coordination practices.

1.3. Objectives of the Study

1.3.1. General objective;

The general objective of the study is to investigate the role of Business Development Services in Micro and Small Enterprises development in Gondar city administration.

1.3.2. Specific objectives;

- To assess the level of awareness of Micro and Small Enterprises on Business Development Services.
- To investigate the role of each of the four selected Business Development Services in Micro & Small Enterprises development.
- To examine the city administration’s current Business Development Service approach and MSEs intention to buy BDS.

1.4. Research Questions

- ✓ What is the level of awareness that Micro & Small Enterprises have about Business Development Services?
- ✓ How were each of the four selected Business Development Services significant for Micro and Small Enterprises development?
- ✓ What does the city administration’s current Business Development Service approach and MSEs future intention to buy BDS look like?

1.5. Research Hypothesis

The researcher hypothesized the following four null hypotheses which were tested in the study;

H1: There is a positive significant relationship between access to market services and Micro and Small Enterprises development.

H2: There is a positive significant relationship between training and technical assistance services and Micro and Small Enterprises development.

H3: There is a positive significant relationship between infrastructure facility support services and Micro and Small Enterprises development.

H4: There is a positive significant relationship between access to alternative financing services and Micro and Small Enterprises development.

1.6. Significance of the study

Basically, the study was believed to benefit BDS providers in providing valuable information and insights on; Governmental and nongovernmental organizations effort to develop MSEs, how their services satisfy MSEs, which BDS is critical and wanted by their clients, MSEs future intention to buy BDS so as to enable them to modify their service delivery system in the future. This enables service providers and other responsible parties (GOV, NGOs, private firms, MSEs, decision makers and researchers) to have information on MSEs awareness, role of BDS in MSEs development and the city administrations current BDS approach and MSEs future intention to buy and to incorporate the findings and recommendations of this research on their Business Development Service provision guidelines. For MSEs it enables them to disclose information they are

not comfortable in BDS delivery to be addressed by researchers to responsible parties so as to enhance their benefit. For scholars it can add some issues on the existing body of knowledge and provides clue for further research.

1.7. Scope of the study

This research considers BDS users from the three service providers in the last two years (2014 - 2015). Its content wise scope includes; it was limited to Micro and Small Enterprises in five sectors such as, manufacturing, construction, urban agriculture, service and trade (because of their priority in the governments development agenda and their capacity to absorb huge amount of the city's work force). The main focus of this study was investigating the role of some components of the four selected Business Development Services namely market access, infrastructure, training and technical assistance and alternative financing mechanisms. The rationale for choosing these components of the four types of BDS was because most MSEs complained on these and these were the services delivered by both governmental and nongovernmental organizations commonly in the city.

In addition, the study was delimited only to investigate the roles of Business Development Services provided by Technique Vocational Enterprises Development Department (government), Amhara Women Entrepreneurs Association and Entrepreneurship Development Centre (nongovernment). Geographically the study was delimited to the twelve sub cities of Gondar city administration.

1.8. Limitations of the study

Because of unavailability of data about private and other service providers the study was limited to the opinions of 294 Enterprises that have benefited from the three Business Development Service providers (one GOV and two NGOs). Three BDS types such as input supply, policy advocacy and product and service development were not considered because these services were not provided equally by all the three BDS providers. Due to the limited number of their clients Amhara Women Entrepreneurs Association and Entrepreneurship Development Centre Ethiopia respondents were not selected from all sub cities. Even though 366 questionnaires were distributed to respondents because of the current instability around the nation in general and Gondar city administration in particular only 294 (80.3%) responded correctly. FGD was one of the data collection strategies but the researcher didn't conduct the discussion because of the current time inconveniences to do it. Because of the limitations pointed out care should be exercised in the interpretation and application of the results of this study and the generalization of the findings to the whole of service providers in Amhara regional state and Ethiopia.

1.9. Definitions of basic concepts

Micro Enterprises: are those business enterprises with a paid-up capital of less than Birr 50,000 for service sectors and 100000 for industry excluding high tech consultancy firms and other technology establishments and have five and fewer employees including family members (FeMSEDA, 2011). This research considered employee size of MSEs.

Small Enterprises: are those business enterprises with a paid-up capital of above Birr 50,000 but not exceeding 500,000 (for service) and above Birr 100,000 but not exceeding Birr 1,500,000 (for industry) and excluding high tech consultancy firms and other technology establishments with 6 to 30 employees including family members (Ibid).

Business Development Services: refers to non financial services originating in a policy initiative that aim to assist enterprises or entrepreneurs to successfully develop their business activity and to respond effectively to the challenges of their business social and physical environment which includes efforts made to improve the performance of the enterprise; its access to markets, infrastructure facilities, training and technical assistance and alternative financing services.

BDS Provider: a firm, institution or individual that provides BDS directly to Micro Small Enterprises. They may be private for profit or not profit firms, NGO's, national or sub-national government agencies, industry associations, etc. This paper focused only on governmental and nongovernmental service providers.

MSE Development: various literatures try to define MSE development, growth or performance by using different proxies used to represent these micro and small enterprises development. In this research micro and small enterprises development was measured by increase of MSE market share, sales volume, profitability, productivity improvement and increment of employee size.

1.10. Organization of the Research Paper

This research paper is organized in to five chapters. The first chapter includes background of the study, statement of the research problem, research objectives, research questions, research hypothesis, significance, scope and limitations of the study, definition of terms and organization of the paper.

Chapter two provides a comprehensive theoretical and empirical literature reviews on Micro and Small Enterprises and Business Development Services and tries to show empirical literatures gaps and the conceptual frame work the researcher designed for this study.

Chapter three describes the research methodology applied in the study such as introduction with brief description of the study area, research design, research approach, target population, sampling technique and sample size, sources of data, data collection methods and instruments, variables, validity and reliability, data analysis, discussion and presentation methods and ethical considerations.

The fourth chapter presents the research findings and discussions in detail. The last chapter, chapter five presents the summary, conclusions & recommendations of the study and areas for further researchers. References, appendices like, both English and Amharic questionnaires, in depth interview checklists and its data categorizing table and research operationalization framework are attached at the end of this paper.

II. Review of Related Literature

2.1. Introduction

This chapter will forward theoretical and empirical literature reviews on Micro and Small Enterprises, Business Development Service, research gaps and shows the conceptual framework of the study. The theoretical aspect of the literature will highlight the concept of Micro and Small Enterprises and their importance for the development of a country as well as the concepts and importance of Business Development Services to achieve developed enterprises. In its empirical literature review part it also assesses previous studies conducted by many researchers' regarding Business Development Services and Micro and Small Enterprises by evaluating the strength as well as the weakness and identifying the gaps of these studies. At last this chapter will show the conceptual frame work of this study.

2.2. Conceptual Clarification

2.2.1. Definition of Micro and Small Enterprises

Although the concept of Micro and Small Enterprises is widely used globally, defining them is still controversial as different countries use different definitions and guidelines for small businesses. Annual turnover, assets and number of people employed are the main criteria commonly used both in developing and developed countries.

The World Bank defines small businesses in three categories, namely micro-scale (less than 50 employees), small-scale (50 employees) and medium- scale (50-200 employees). Whereas, European Union defines Micro and Small Enterprises as “firms with 10 to 250 employees, with less than Euro50 million in turnovers or less than Euro 43 million in balances Sheet total”.

In Ethiopia the definition of Micro and Small Enterprises varies from time to time. The old (1997) definition was based on paid up capital only regardless of information on job creation, size and asset base and does not differentiate manufacturing (industry) and service sectors. It categorized an enterprise as micro \leq 20000 ETB and Small enterprises \leq 500000 ETB.

The current and latest definition which is used by this research paper is the new definition (2011) which considers human capital and asset as the main measures. It defines enterprises involved in industries and has 5 people (including the owner) and/or own up to ETB100, 000 and those who own ETB50, 000 with 5 employees in the service sector as Micro Enterprises. On the other hand enterprises that have 6 to 30 employees (including the owner) and/corporate with a total asset that is beyond the micro enterprises in the industry segment but not exceeding ETB 1.5 million & from 50,000 to 500,000 ETB with 6 - 30 employees in service sector as Small.

Table 1. Definition of MSEs

Enterprise	Sector	Employee	Total asset
Micro enterprise	Industry	\leq 5	\leq 100000
	Service	\leq 5	\leq 50000
Small enterprise	Industry	6 – 30	$<$ 1500000
	Service	6 – 30	\leq 500000

Source: FeMSEDA strategy (2011)

2.2.2. Definition of Business Development Services (BDS)

Since the mid-1970s donor agencies in addition to the financial services have been providing the BDS in the forms of training, technology transfer, marketing assistance, business advice, mentoring and information for entrepreneurial activities. These services have traditionally been called non - financial services and have generally been provided in packages along with other financial and non - financial services (Goldmark, 1996).

The term Business Development Services (BDS) was coined in the 90's by the Committee of Donor Agencies for Small Enterprise Development (CDASED) which refers to a wide range of non financial

services designed to address constraints such as lack of education, inadequate technical skills, poor access to markets, lack of information and unreliable infrastructure by public and private supplies (BDS providers) to entrepreneurs to help them operate efficiently and to grow their business with the broader purpose of contributing to economic growth, employment generation and poverty alleviation (Miehlbradt & Mc Vay 2001). According to Miehlbradt and McVay (2001), BDS Services include: assistance with market access, input supply, technology and product development, training and technical assistance, infrastructure, policy/advocacy and alternative financing mechanisms.

The Committee of Donor Agencies for Small Enterprise Development (2001) divided Business Development Services into “operational” and “strategic” business services. Operational services refer those services needed for day to day operations, such as information and communications, management of accounts and tax records and other services. The strategic services are those services used by enterprises to address medium and long term issues in order to improve business performance, market access and competitiveness. In any case, financial services are not included in BDS.

2.2.3. Types of Business Development Services

ILO (2003) listed seven categories of BDS that address specific constraints of MSE growth and development. These are training and technical assistance, access to markets, input supply, technology and product development, infrastructure, policy advocacy and finance.

The following table shows each of the Seven BDS types with their service components in detail.

Table 2. Main Types of Formal BDS

Market access	<ul style="list-style-type: none"> - Market information - Trade fairs - Market research - Product exhibitions 	<ul style="list-style-type: none"> - Advertising - Packaging - Marketing trips and meeting - Subcontracting & outsourcing
Infrastructure	<ul style="list-style-type: none"> ✓ Storage and warehousing ✓ Transport and delivery ✓ Business incubators ✓ Telecommunications 	<ul style="list-style-type: none"> ✓ Internet access ✓ Electric power ✓ Production area ✓ Selling premises
Policy Advocacy	<ul style="list-style-type: none"> • Training in policy advocacy • Analysis of policy constraints and opportunities 	<ul style="list-style-type: none"> • Sponsorship of conferences • Policy studies, etc. • Direct advocacy for MSEs
Input Supply	<ul style="list-style-type: none"> ➤ Linking MSEs to input suppliers ➤ Improving suppliers' capacity to deliver quality inputs 	<ul style="list-style-type: none"> ➤ Facilitating establishment of bulk buying groups ➤ Information on input supply etc.
Training and technical assistance	<ul style="list-style-type: none"> ○ Mentoring ○ Feasibility studies ○ Business plans ○ Franchising ○ Counselling / advisory services 	<ul style="list-style-type: none"> ○ Legal services ○ Documentation services ○ Accountancy and bookkeeping ○ Technical training, etc. ○ Management /HRM, Inventory/
Technology and product development	<ul style="list-style-type: none"> ❖ Technology transfer / commercialization ❖ Linking MSEs technology suppliers 	<ul style="list-style-type: none"> ❖ Facilitating technology procu ❖ Quality assurance programmes ❖ Design services, etc.
Alternative financing	<ul style="list-style-type: none"> ▪ Factoring companies provide capital ▪ Equity financing (other sources) 	<ul style="list-style-type: none"> ▪ Facilitating supplier credit (MFI) ▪ Equipment leasing and rental, etc.

Source: ILO, 2003, p.3

2.3. Theoretical Literature

2.3.1. Micro and Small Enterprises contribution in Economic Development and Governments support for them

The development strategy of states traditionally was on ‘the big push’, stimulating big companies of a capital intensive nature with large scale investments. This resulted in a lack of direction and interest towards the development of Micro and Small Enterprises; promoting enterprises was not high on the development agenda. But, in recent years in developing and developed countries there has been an increase in the number of these enterprises (Goldmark, 1996).

Micro and Small Enterprises in the developing countries need to be stimulated because they can generate employment, decrease inequality, alleviate poverty, increase output, increase productivity, increase cash flow and ultimately bring economic growth.

According to CDASED (1997) Donors support the development of MSEs for five main reasons:

1. Their importance for the promotion of national and regional economic development through mobilizing the resources of a country and strengthening its capacity strengthened to generate employment and wealth for the general benefit of the country's economies.

2. Their role in alleviating poverty and assisting those who are disadvantaged (women and those who lies on the margin of the society)
3. Their importance in the transition to a market economy. Micro and Small Enterprises development can perform an important role in the overall development of the private sector, including the promotion of privatization.
4. Their role in promoting democracy and a civil society. their development can assist in the development of the private sector and of institutions which promote participation by entrepreneurs in the economic, political and social system of a country
5. Their role in promoting a more flexible, innovative and competitive economic structure. Micro and Small Enterprise, in some sector, have considerable comparative advantages over larger enterprises which enable them to respond more quickly and effectively to changing and increasingly global trends.

The 2011 Micro and Small Enterprises development Strategy of Ethiopia incorporated fresh band of target groups, the graduates in addition to the poor and less skilled citizen to create their own jobs through cooperatives. In this strategy document the government identified and given priority attention to 5 key Micro and Small Enterprises sectors believed to substitute import and engage in manufacturing. The sectors which were given priority attention are the manufacturing, the service, construction, urban agriculture and the trade sector.

Table 3. The five Business sectors of MSEs

No.	MSE sectors	Basic business activities
1	Manufacturing	textile, garment, leather production, food and beverage processing, metal works, metal engineering, wood works and agro-processing
2	Construction	sub-contracting, building material provision, traditional mining, cobble stone, and infrastructure subcontracting
3	Urban agriculture	beekeeping, poultry, modern irrigation, and production of vegetables and fruits
4	Service	Rural transport, café, storage, tourism, managerial advisory, beauty salon, electronics, software development and internet café
5	Trade	whole sale and retailer of domestic and raw materials supply

Source: adopted from FeMSEDA strategy (2011)

The strategy also outlines different criterion to identify their growth stage. The growth stage is then used to analyze the specific problems that MSEs face at a given growth stage and provide them the necessary support. To do so the country adopts a layered policy support to Micro and Small Enterprises found in three different stages (start ups, growing-middle and maturity).

Start-up stage enterprises; refers to those enterprises found at their establishment stage and comprises a group or individual aspiring entrepreneurs that seek various supports to make their enterprise operational. The basic challenges at this stage include lack of initial and working capital, poor knowledge of business management and entrepreneurship and lack of knowhow about the different government policies and directives related to the sector. In order to mitigate these challenges, FeMSEDA has designed a strategy that focuses on facilitating access to initial capital, supporting them in formalization and legalization process and provision of training on business management, entrepreneurship and production technique.

Growing stage enterprises; are those enterprises that are competent in the market in terms of price and quality and successfully utilize the various government support packages and are profitable in their business. However, enterprises at this stage also suffer from different challenges like financial constraint, lack of appropriate technology and technical skill, absence of sufficient working and sales premises and rent seeking behaviour. To alleviate these specific challenges FeMSEDA has formed a national strategy that focuses on facilitation of financial support and skill and technological development program.

Maturity stage; enterprises are considered to have reached the maturity stage when they are fully profitable and engaged in further expansion and investments in the sector. At this stage FeMSEDA has a strategy that aims to strengthen enterprises in terms of productivity and product quality. Moreover, at this stage, knowledge of international standards and better production technology are disseminated to enterprises.

2.3.2. Key Success Factors for and constraints to Micro and Small Enterprises development

Many literatures described the key success factors for and challenges of Micro and Small Enterprises development. According to EDRI (2014) exploratory research the following points are explained as critical success factors for enterprises development.

A. Higher Equity

Empirical studies show that equity promotes diligence and commitment and lower shirking and delinquency rates. Those who have larger share in the total invested amount tend to perform better. Those who have started fully on government rendered money tend to perform less. The implication is that entrepreneurs should contribute enough equity to the total investable amount large enough that makes them exert maximum effort.

B. Prior Working Experience in Formal Sector

Those who have worked as employees in factories in the formal sector tend to perform better because they utilize their accumulated experience and knowledge to lead their own business.

C. Family Business Background

Those who have worked in family business tend to succeed more than those who have not.

D. Taking Advantage of Government Training and Support

Those who have utilized all available government support did well in business. Government not only provides resources but it also gives skill upgrading and entrepreneurial training which are the outputs of Business Development Services.

E. Smaller Group

There are large number of business associations and cooperatives organized to do business by pooling their resources and skills. When business is done in groups, a group with small number of people tends to do well in business than a group consisting of large number of people.

F. Manufacturing Enterprises

Micro and Small Enterprises in manufacturing (especially metal and wood working) and construction tend to be more successful than other sectors in the Ethiopian context. This might be related to skill and experience.

G. Skilled Manager and Entrepreneurial Ability

If the owner is a skilled manager or hires one, the likelihood of success is high. The same is true for those who have vision and entrepreneurial ability.

On the other side EDRI illustrated that, similar to other enterprises operating in developing countries, Ethiopian Micro and Small Enterprises face various challenges that hinder their growth and effective operation. Some of the challenges faced by these enterprises include;

i. Access to finance

EDRI (2014) found out that, access to finance problem is twofold when it comes to Micro and Small Enterprises in the country (the wide gap existed between the demand and supply of credit with hectic loan procedure and the smallness of the real value of the loan because of inflation). In addition to this the high interest rate and service charges, lack of financial literacy on the part of these enterprises and weak screening, poor loan follow up mechanisms, inadequate branch networking, challenge in providing collateral and human capital related problems of Micro Finance Institutions have hampered the growth of the sector.

ii. Marketing challenges

A marketing manual prepared by FeMSEDA identifies three market opportunities for Micro and Small Enterprises. These markets are classified based on the geographic outreach of enterprises as local market, regional market and national/international market. The manual suggests that Micro and Small Enterprises should target their immediate local markets where the rural-urban linkages could be strengthened through identifying and meeting the demand of the market. Then broaden their scope and get more competent to serve the regional markets and they should target supplying national and export markets.

Despite the efforts exerted to create market linkages there are a number of setbacks. The challenges include that, many of these enterprises are not benefiting from the support that created dependency and unnecessary expectation on Micro and Small Enterprises and lack personal initiatives to search for market. Due to failures to properly use the market linkage opportunities, enterprises have failed to serve their debts timely; their products could not be sold or are sold at loss. Rent seeking behaviours observed on both the Micro and Small Enterprises and the bureau officials have exacerbated the market linkage problems.

Most of the government induced linkages which target holidays and festivities created only temporary jobs. Moreover lack of detailed support packages, poor implementation of packages coupled with limited

market information are hampering the development of these enterprises to access market for their products (Assefa, Zerfu & Tekle, 2014).

iii. Working and sales space constraints

Access to working and sales premises are also the other challenges to Micro and Small Enterprises operating in the country. To this end, a national strategy was designed to construct appropriate working shades in different parts of the country. As a result considerable number of manufacturing and service rendering premises have been built and offered to both Micro and Small Enterprises that are working in the manufacturing and service sectors (FeMSDA, 2011). However Micro and Small Enterprises faced constraints in the area of working and sales spaces include, limited accessibility of the sheds, distant location of the constructed sheds from large and medium enterprises, non-suitability of the quality and size of the constructed sheds and gradual return ability of the sheds without any replacement of another space (Assefa, Zerfu & Tekle, 2014).

iv. Attitudinal challenges

There are two conflicting schools of thought on the expansion of Micro and Small Enterprises. The first school acknowledges the positive role these enterprises play in the creation of opportunities for many especially the disadvantaged, they form the basis for a number of developments in technology where new breakthroughs are made and serve as a spring board for the industrial aspiration of a country.

Contrary to this the second school of thought considers the increase in the number of Micro and Small Enterprises as a sign of failure of the economy to provide productive jobs; the sector is the last option which gives the bare minimum for subsistence support, People with no hope of finding formal employment are forced to engage in these sectors which are considered as a place of last resort with little probability for improvement. Disfranchised people with less formal education are engaged in a one man or family run businesses with bleak hope for success. It is a sector characterized by poor productivity growth, informality and working on the margins where survival is the primary concern (DOTE, 2014).

Even though there is a tendency for the former view to prevail over the later in recent years, there still remain a lot of hurdles in changing the attitudes of people on the role Micro and Small Enterprises play (FeMSEDA, 2011). With the prioritization of Micro and Small Enterprises given in the industrial drive of the country, designated bureaus are established with the sole role of facilitating the development of these enterprises. Furthermore, participation of a large number of the society in the sector and success stories although few emanating from the sector have played a significant role in boosting the image of the sector.

However, Micro and Small Enterprises are yet to overcome the negative images they had over many years. The perception that these Micro and Small Enterprises are yet to produce quality products that can compete with similar products is the primary challenge. Even though efforts are underway to popularize usage of local products with many exhibitions, bazaars and advertisements like the “Buy Ethiopian”, there still remains a great deal of sensitization of the public that Micro and Small Enterprises products are as good as any similar product (Assefa, Zerfu & Tekle, 2014).

v. Institutional coordination problem

Ethiopia's Micro and Small Enterprises policy support is multi-agency. The implementation of the policy involves many government agencies – FeMSEDA and ReMSEDA, Micro Finance Institutions, Land Development and Management Bureaus, and other infrastructure providers such as Electric Power Corporation, Ethio-Telecom and Water and Sewerage Management Authority (FeMSEDA 2011). As a result of this, multi-agency support system policy coordination becomes a critical challenge during the policy implementation. In order to address the coordination problem Ethiopia instituted coordination councils both at Federal and Regional Levels with an objective to oversee policy implementation and coordination in their respective areas.

vi. Collateral Challenges

A proposed directive on loan provision for MSEs hinges on four main principles. The loan provided to MSEs shall primarily be sourced from savings. Second the micro finance institutes (MFIs) main credit targets are MSEs. Third loan disbursements shall be based on the growth stages of the MSEs. Finally all loans in principle should be paid back in full. Fulfilling these requirements for MSEs is a big challenge.

vii. Capital goods and Machinery challenges

The capital leasing business proclamation recently amended as proclamation number 807/13 addresses the shortage of capital goods and the collateral requirements of MSEs but not implemented appropriately.

viii. Licensing and registration challenges

In Ethiopia, all MSEs are formal, properly licensed and subject to paying taxes as per the tax proclamation of the country. According to the findings of EDRI there are as much if not more informal firms as are formal firms in Ethiopia. Some of the reasons attributed to the informality are high transaction costs during licensing, contraband, illegal under invoicing of imports etc.

2.3.3. Approaches of Business Development Services

Business Development Service approach through which it is provided and the capacity of the service in addressing a given business constraint are among the determinant factors for the role that Business Development Services play in MSE development. Business Development Services provision approach in turn may determine type, combination and price as well as sustainability of the service. According to CDASED (2001) there are two approaches of BDS: Old and New.

I. Old Approach /Traditional approach/

In the old approach, Business Development Services has been delivered with micro-finance services either as a condition for getting loan or assistance from public institutions and/or donors' project. Literatures characterised the old as supply driven approach, high cost per client; limited type of services outreach and impact; low cost recovery and more dependent on donors' subsidy. Consequently, the old approach is less sustainable.

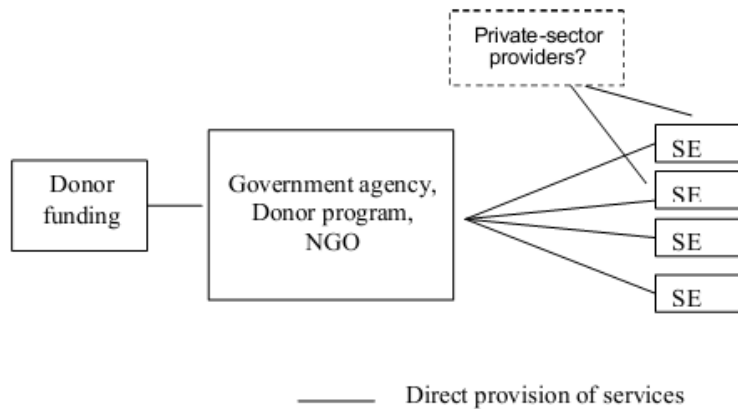


Figure 1. Old/Traditional approach

Source: Donor Committee (2001)

II. New Approach /Market development Approach/

According to the 2001 Committee of Donor Agencies guiding principles for small enterprise development the new approach to Business Development Services works based on the principle of market economy frameworks. Therefore, these services should be treated as private goods. This shows that Business Development Services must be mainly provided by private sectors, on payment base, and demand driven in order to secure efficiency, productivity and sustainability of the service. The assumption is that entrepreneurs are willing to pay for meaningful Business Development Services and these services may be provided on commercial terms (CDASED, 2001).

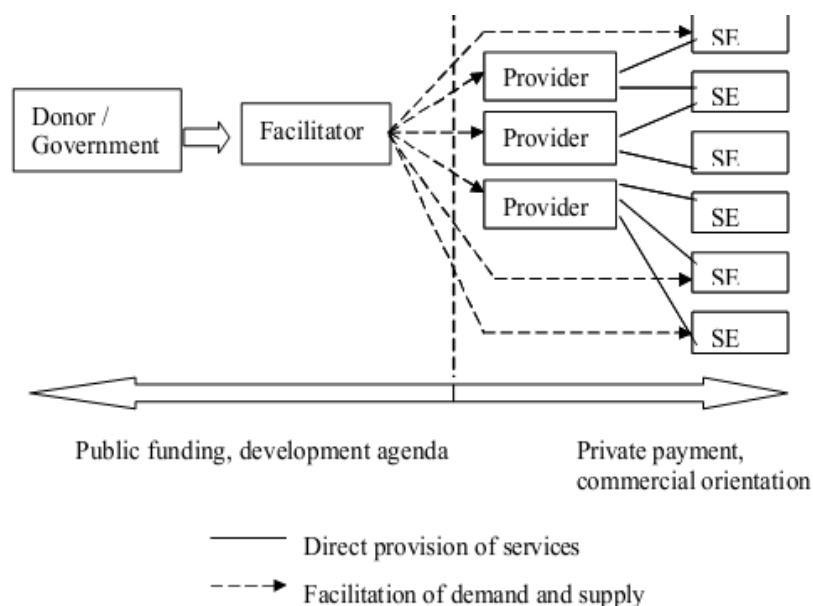


Figure 2. New / Market Driven Approach

Source: Donor Committee, (2001)

Table 4. Comparison of the two approaches

	Traditional Development Interventions	Market Development Intervention
Vision	A non-profit or government organization provides BDS to MSMEs	A primarily private sector market made up of competing suppliers sell a range of services to MSMEs
Objective	Provide services that MSMEs can afford	Encourage others to provide services to MSMEs on a commercial basis
Starting point	Diagnosis of needs, surveys	Assessment of market (demand, supply, potential)
Point of intervention	“First tier”: direct provision through a Single local institution	“Second tier”: facilitate, regulate develop products for and work with more than one supplier
Duration of involvement	Permanent: donor-funded programmes must continue if services are to be available to MSE	Temporary: donor support withdrawn as markets develop
Subsidies	Support free or low cost services, Justified in the long run as MSMEs cannot be expected to pay full Costs	Support assistance to suppliers or temporary grants to clients. Justified in the short run if market development impact outweighs distortion

Source: ILO, 2003, p.15

2.3.4. The Role of Business Development Services in Micro and Small Enterprises Development

Business Development Services are a range of non financial supports that enhances the development of Micro and Small Enterprises which are known to create employment, generate income and contribute to economic development and growth.

Employment and income generation are particularly important as far as impoverished rural areas, vulnerable communities and groups are concerned. In this sense, investing and expanding Business Development Service is an important means of achieving the Millennium Development Goals by addressing poverty and empowering the poor and vulnerable groups (UNDP, 2003).

Business Development Services are generally viewed as mechanisms for addressing market failures which are particularly evident in transition economies such as, lack of information (market opportunities, rules and regulations, access to credit, quality standards for export, etc.) which can act as a barrier to faster economic development and growth in a particular geographical area (UNDP, 2004).

Businesses typically make use of support services at critical stages of their development. The provision of information and advice that forms the core service of most support organizations is particularly important at business start up and at sensitive stages of subsequent development such as, when growth opportunities or problems present themselves, when exporting is first being considered or when arrangements have to be made to hand on a business to new owners.

Business Development Service generally seeks to raise the profitability and enhance the growth and competitiveness of enterprises which in turn raises their income. Such interventions at the micro firm level can lead to enhanced economic security and incomes thus permitting poor entrepreneurs to invest in nutrition, housing, health and education of their families. Equally, Business Development Service delivered to Micro and

Small Enterprises can lead to employment generation thus absorbing excess labour, innovation and adding value to goods and services, flexibility in responding to dynamic and volatile markets and fiscal contributions to hard-pressed governments (DFID, 2000).

It is clear that Business Development Service may have significant importance in reducing costs, improving productivity and competitiveness of businesses. Even though each service has its own relevance in a given business most Business Development Services are interlinked and complementary to each other. For example, information service can facilitate or lead to the creation/ diffusion of innovative ideas within and between enterprises which further improve market and non market linkage among and between enterprises.

According to Ceglie & Dini (1999) Micro and Small Enterprises have different problems that link with their smallness. Such problems include: limited capacity to produce standardised and good quality product, difficulties in achieving economies of scale, purchase of input like raw material, equipment, finance, consultancy services and limited opportunity for technology training. But these problems can be solved through networking that enhances horizontal integration which allows group of enterprises to help each other and solve their common problems. As well, vertical integration that promote specialisation, enhance inter firm cooperation for collective learning and information sharing, improve product quality and design, to enter into profitable market segment, to have a shared local development vision and partnership among different stakeholders is also a means for enterprises development.

2.3.5. Government & Nongovernmental organizations role in Business Development Service

The national, regional and local levels of government have an important role in creating conducive platform for successful Business Development Services provision. Sustaining Business Development Services has been a question which all governmental & nongovernmental organizations have been trying to answer but with little apparent success so far (UNDP, 2004).

In addition to its contribution in sustaining Business Development Services UNDP lists important roles that governments at all levels should play. Most governments have developed Micro and Small Enterprises development strategies and action plans that include intensive provision of Business Development Services as a major component so as to achieve these strategies successfully. Since most of the local governments are familiar with their surrounding environment they have to take a key role in Business Development Services implementation depending on their locality's context. When Business Development Service providers do not exist there are instances where local governments may function in various ways including serving as "one-stop shops" to provide general business information, facilitating registration and simplifying the award of building and other permits (UNDP, 2004).

Governments and NGOs alike develop support programs without sufficient consultation or knowledge of each other's programs leading to rivalry, duplication of efforts, piecemeal interventions and inefficient use of scarce resources (UNCTAD, 1999).

The Ethiopian government detected the coordination problem not only between public and nongovernmental organizations but also among public organizations themselves. To alleviate such types of coordination problems the federal government established Micro and Small Enterprises councils at each administrative level. The federal MSE council chaired by Ministry of Urban Development, Housing and Construction (MoUDHC) consisted of Federal Micro and Small Enterprises Development Agency (FeMSEDA), Ministry of Industry (MOI), Ministry of women, children and youth (MWCY), Ministry of Trade (MoT), National Bank of Ethiopia (NBE), Technical and Vocational Education and Training agency (TVETs), Micro Finance Institutions (MFIs) and MSE associations. Regional council consisted of respective bureaus and agencies of the above public sectors and chaired by regional Vice Presidents. And the city administration level council in turn consists of the above organizations city administration level structure chaired by Mayors of the respective cities /towns (FeMSEDA, 2011).

The setting up of the Micro and Small Enterprises council consisting of relevant government agencies has eased the problem to a great extent but the coordination problem still exists. The Council has to be well-mandated and structured not only to address policy issues but also follow-up implementation issues on the ground and for this the council needs to have smaller units that can regularly monitor and follow-up implementation issues (Assefa, Zerfu & Tekle, 2014).

In case of Gondar city administration the Technical, Vocational & Enterprises Development Department as a city administration level structure of FeMSEDA has been contributing its own stake in the achievement of the national growth and transformation plan with special focus on reducing urban poverty through increasing employment opportunities and promoting industrial development by expansion and development of Micro and Small Enterprises. The department has been providing Business Development Services in its core processes to Micro and Small Enterprises in coordination with Gondar poly Technique College, Amhara Credit & Saving Institution and other stakeholders. To provide Business Development Services to 5927 Micro and Small Enterprises the department uses one-stop service model in line with the

national Business Development Service facilitation guideline so as to ensure consistency and sustainability of the service. The guideline requires addressing problems of operators through their prime participation in identifying problems and seeking possible solutions.

Among the nongovernmental organizations that have been providing Business Development Services to Micro and Small Enterprises in Gondar Amhara Women Entrepreneurs' Association and Entrepreneurship Development Centre are currently active.

Amhara Women Entrepreneurs' Association which is the umbrella organization of businesswomen in the Amhara region is founded by sixty businesswomen in 2000. In the past, the association has been engaged in regular Business Development Service (facilitating trade fair events, providing consultancy and information services, as well as different capacity building trainings and facilitating access to finance and working premises).

During the previous year's 728 women have obtained many types of Business Development Services, 1053 members participated in local and national trade fairs, over 4000 provided with consultancy services and 1143 members with skill and entrepreneurship trainings. Moreover, as part of facilitating the acquisition of working premises beyond securing 90 container shops for small operators for those who are capable to build four construction share companies with a membership of about 417 were organized and the process is underway. Furthermore, four savings and credit cooperatives with 175 women entrepreneurs were also organized and have started regular financial services to their members (AWEA, 2012).

The association has more than 1300 registered members in Gondar branch and provided Business Development Services to its 135 members from 1999 to 2008 E.C (GWEA, 2016).

United Nations Development Program devised Entrepreneurship Development Program (EDP) and established Entrepreneurship Development Centre (EDC) in order to provide Business Development Services (BDS), Entrepreneurship Training Workshop (ETW) and Customised Trainings (CT) to Micro and Small Enterprises all over the nation from June 2012 until now (UNDP- Ethiopia, 2013).

Among the departments of the centre Business Development Service department is the most prominent one with an objective to establish new Micro and Small Enterprises and the enhancement of existing ones which will result in improved productivity and job creation with particular emphasis to youth and women enterprises (BDS dept, 2015).

The project is expected to create 1.2 million new jobs; an increase of 22 percent from the baseline figure of 5.35 million jobs in 2011. Even though the project has a big plan in the national level, Gondar city administration as one of Entrepreneurship Development Centre intervention area has been getting BDS services to 55 Micro and Small Enterprises since march, 2015 (Amhara Region- EDC, 2016).

2.4. Review of Empirical Literature

Business development services have been introduced to the business world many decades ago. Since then the infancy stage of the service made it to be researched now and then in order to align it with the dynamicity of the global business patterns. After conducting a thorough search for literatures the researcher finds the following empirical studies which he perceived as appropriate ones for the intended research and reviewed them accordingly so as to detect their strengths and gaps that will serve as inputs for this thesis work.

The study conducted by Bizusew (2015) had a primary objective to investigate empirically the challenges that Micro and Small Enterprises in Bahir Dar city are facing and the extent of problem solving capacity of business development services provided by the Technical, Vocational and Enterprise Development Department of the city Administration. For this quantitatively designed research 334 Micro and Small Enterprise operators from the five business sectors and 9 experts from each sub cities were selected as a sample through proportional stratified sampling method and data was collected in questionnaire.

Results of the study revealed that Micro and Small Enterprises operating in the city have been facing various constraints that needs additional effort from different actors. MSEs found it very difficult to access alternative financing, market for their products, adequate trainings and advisory services, infrastructure, quality inputs and skilled labour to improve productivity and maintain the required standards of quality which in turn affected their products' marketability and negatively contributed towards their negotiation capacity to grow and continue in operation. According to the study even though TVEDD effort as a Business Development Service provider was very low (benefited only 45% of MSEs based on their identified gaps) and not equally accessible by enterprises it was found very helpful by the enterprises operating in manufacturing, construction and urban agriculture sectors but not as such helpful and not in line with their identified gaps for retail and service business sectors. Besides this, awareness level of Micro and Small Enterprises to make use of Business Development Service is also at its infant stage..

The researcher suggested that Business Development Service is important to the growth and sustainability of Micro and Small Enterprises but the quality and quantity of the services provided to the enterprises need to be enhanced, well-coordinated and networked. The government should also consider

encouraging and building the capacity of the non-governmental service providers and private facilitators to satisfy the needs of Micro and Small Enterprises to grow and sustain.

Gaps such as, unable to include nongovernmental service providers and the services of BDS were not clearly specified based on ILO's seven types of BDS. These issues will be covered in the proposed research principally by assessing the roles of both governmental and nongovernmental service providers.

A study conducted by Kamunge, Njeru and Tirimba (2014) sought to establish the factors affecting the performance of small and micro enterprises (SMEs) traders at Limuru town market in Kiambu County, Kenya. The study employed a descriptive research design and questionnaires were used to collect the required data from a sample of 274 SMEs.

The result shows a positive and significant relationship between access to business information, access to finance and availability of management experience services with SMEs performance but a positive and insignificant relationship between access to infrastructure services and SMEs performance. The study recommended that the government should start offering basic business and financial management skills as this will enable entrepreneurs to make informed investment decisions as well as enhance their entrepreneurial skills that enable them to recognize and exploit the available business opportunities.

Philipose's (2006) study on Business Development Service for Micro and Small Enterprises: performance & sustainability of selected Business Development programs in Addis Ababa had an objective to assess approaches and performance of BDS providers in terms of achieving increased impact, expanded outreach and sustainability by using Performance Measurement Framework (2001) assessment guide. The research covered three institutions which represent government, nongovernmental organisation and a microfinance institution (selected through purposive sampling) that were involved in providing and facilitating support services such as, short term training, business counselling, market opportunity creation, product design and technology and market premises for Micro and Small Enterprises in three sub cities (kirkos, yeka and Addis ketema). The sample sizes of the study were 114 Enterprise operators selected with stratified multistage cluster sampling method from the three selected Business Development Service providers in the three sub cities (38 samples from each). The researcher collected primary data from MSE operators in three sectors (manufacturing, trade and service), sample BDS providers and facilitators through consumer survey, focus group discussions and key informant interviews.

Results of the study revealed that Business Development Services were in good performance in one component and inadequate performance in another area. These Services were at an infant stage of development in Addis Ababa. The selected programs enabled majority of their target groups to acquire, apply and benefit from their services. Their performance is high in expanding the market for the service and increasing access of underserved group's to it. In most cases Business Development Services in Addis Ababa are donors or supply driven in nature (traditional). Not all benefits of the Business Development Services interventions gained by Enterprises were as intended by the programs. Outreach of the selected programs is low in developing high quality, diverse and competitive Business Development Services market. BDS programs' challenges include: low level of MSE's awareness for majority of the services, unwillingness to pay for BDS, lack of diversity of Business Development services and providers, sustainability of programs and services, distortion of BDS market and limited knowledge of BDS intervention.

The researcher suggested that institutions should understand their position in the market and develop strategic directions for their interventions accordingly. The programs can also capitalize on their strengths as they are performing well in attaining increased access to underserved groups and these interventions should be designed based on market development principles to stimulate BDS demand and supply conditions. Since the study was conducted about ten years ago it is better for the intended research to check whether there is an improvement on the approach of BDS and MSEs awareness in Gondar city or not. This research had gap of; including other highly demanded BDS services like, access to finance and the study only focuses on performance of BDS providers rather than evaluating the services effectiveness in detail. Since, the study was conducted in 2006 before the 2011 FeMSEDA revised strategy which categorizes MSE in to five sectors it only recognizes three of them. So, it is better to include urban agriculture and service sectors in the intended research.

Sakwa, Kimando & Njogu (2012) devoted their time and energy to investigate the impact of Business Development Services on Micro and Small Enterprises in Muranga town, rural Kenya. The objective of the study was to assess the impact of training provided by the Business Development Services providers. The research used Descriptive research design, Sample of 30 MSE's were drawn through random sampling, questionnaires were used to collect primary data and SPSS used to analyze the data quantitatively.

Findings of the study shown that training offered by the BDS providers impacted MSEs positively which enables them to perform their business well. The researchers recommended that MSE operators should be trained on management, financial planning & financial management skills in order to survive and have a

competitive edge with the competitors. The gap of this research lies on its limitation of not covering other BDS services in a comprehensive manner and it is highly difficult to measure impact with a survey.

Okpara & Dawit (2008) conducted a study entitled Entrepreneurship with the status of Small Business in Gondar by reviewing its performance using some basic indicators. The research had an exploratory research design. The samples drawn were 382 small businesses, primary data was collected from various units through a structured questionnaire to examine the marketing, financial, production and human resources management, behavioural issues and the socio-economic profile of small business entrepreneurship. Secondary data collected from Government institutions printed materials.

The study revealed that entrepreneurship development is essential not only to solve the problem of economic development but also to solve the problem of un employment, unbalanced area development, concentration of economic power and diversion of profits from traditional sources or avenues.

The study recommended that to improve the functioning and performance of small business entrepreneurship in Gondar some critical issues that must be addressed includes; liberalization of government policies, attitudinal changes and proper training and development of existing and would-be entrepreneurs in the use of latest technology and adequate training on modern management practice on human resource, financial, marketing, production and innovation, effective management information systems, setting up an apex institution to regulate and monitor entrepreneurship education, etc. The study has a gap of determining the sampling technique but its benefits outweigh and can serve as a base line for this study because it was conducted here in Gondar which enables the intended research to evaluate the role of Support services whether they are addressing the critical issues recommended by these researchers accordingly.

Hibret (2009) conducted a study that explored the extent to which BDS impacts the development of handloom Micro and Small Enterprises in Gullele Sub-City, Addis Ababa. The samples of the study were 36 which encompass 26 users and 10 non users of BDS. Both primary data through semi-structured interview and secondary sources of data were used. The research used both qualitative and quantitative data analysis methods in which most of the analysis is through explanatory qualitative method and using simple quantitative measures such as percentage and average of quantitative figures. The results shown that BDS has been provided with highly government subsidised fee rate and some level of participatory approach. The main provision is through government institutions. But its accessibility varies among enterprises and those that are working collectively in common cooperative production place are small enterprises by their nature and have more access for the service while most of micro enterprises who work individually at separate workshops have very less access to BDS. The service has contributed to performance improvement of users. However, some critical problems like lack of financial capacity and input supply accessibility of enterprises in the sector have not been addressed appropriately. Compared to BDS user enterprises the non user enterprises have shown less business performance change.

The researcher concluded that BDS had positively impacted business performance of handloom enterprise. And suggested the need towards improvement on the way through which some services have been provided and accessibility of individual enterprises in order to gain the potential benefit from the service. The study's strength was its assessment of non BDS users and the findings were worthwhile to compare with the results of the intended research. Gaps such as, considering of the manufacturing sector merely hinders the researches generalization towards other MSE sectors.

Osinde (2013) tried to investigate the effect of business development services (training, technical assistance and networking) on the performance of Small Scale enterprises in Kisii Town, Kenya. The study had a cross-sectional survey design, 95 out of 2665 SSEs were selected as a sample through stratified random sampling, structured questionnaires were used to collect data from samples in five sectors and data was analysed with descriptive, cross tabulation and chi-squares.

The study revealed that most of the entrepreneurs did not attend training services regularly with the results indicating least satisfaction with training, marketing and networking services. Generally, the study findings have shown that business development services have an influence on business performance of SSEs.

Researcher recommended that Government of Kenya should establish small scale enterprises centres of excellence in each county for information dissemination, research and product development and program promotion. In addition the Government should develop and implement innovative curriculum materials and methods for training needs related to self employment and entrepreneurship and Ministry of Trade should provide training programs for the owner-managers and managers of SSEs so as to help polish their knowledge in financial management and other managerial skills. Field officers should be recruited to coordinate and monitor the provision of training, advice, counsel and provide other non-financial services to these small business operators. This research had gaps like, it's inappropriate sampling method in terms of representativeness in which 95 samples out of 2665 were selected, it didn't include other BDS services and did not considered Micro enterprises.

A survey was conducted by Brijlal (2008) to evaluate utilization of business development services by small businesses in the Western Cape. The aim of the research was to investigate whether small and micro businesses used business development services and to identify the needs of small and micro enterprises and identify the products and services that best suit those needs.

The research had a quantitative approach in which 150 MSEs were selected through stratified random sampling in three sectors manufacturing 24, service 70 and retail 56 in cape metropolitan council financial service levy database. Questionnaires and telephoning interview were used to collect data from beneficiaries and service providers.

Findings of the study depicted that, a reasonable few (32%) had made use of business services; particularly the services of small consulting companies. The few services identified comprise business training, general consulting, financial management and export consultancy. Fairly established businesses do not need or use consultancy or training services. Emerging and stable businesses have a strong demand for financial support, business management advice and skills, market opportunities and technical skills. The new approach to business development services should be seen as a business in itself. This would entail identifying specific needs of business, considering its degree of sophistication and thereby providing services to meet those unmet needs.

The study suggested that, Critically any delivery of services must recognize the differing needs of survivalist, emerging, stable, growth-oriented and globally competitive businesses. Whilst the needs of these businesses vary with their degree of sophistication, so also do the channels through which these services are delivered. More sophisticated services are best delivered on a sector basis through industry bodies, whilst less sophisticated businesses generally require support through access to and the provision of “generic business support services”, which is not industry specific. The researcher didn’t consider construction and urban agriculture sectors in the sample.

The study conducted by Islam (2013) had an objective to measure the magnitude of business development services (BDS) and their impacts on the growth (growth in equity capital, growth in production, growth in employment, growth in sales and growth in profit) of small businesses. In order to collect the required primary data, the sampled 120 small entrepreneurs who took BDS services from two service providers were selected through multi stage random sampling technique. Respondents were interviewed with a semi - structured interview schedule (reliability ensured and conducted with face to face and telephone interview). The hypotheses framed with regard to the impact, extent and sources of BDS were tested by using chi- square statistic and t-statistic.

The results of the study revealed that, a significant positive impact BDS on the small business growth in Bangladesh. The study also claims that small business growth relates linearly with the extensiveness of BDS and the growth of small businesses received BDS from public supporting institution is higher than that of the small businesses received BDS from private supporting institution. This paper can serve as an input for proposed study so as to compare governmental and nongovernmental BDS services effectiveness.

The Impact of Business Development Services on Entrepreneurial Orientation and Performance of Small and Medium Enterprises in Kenya was assessed by Okeyo, Gathungu and K’Obonyo (2014). The study was a descriptive research with cross-sectional survey design. Cochran’s (1977) sample determination formula used to select 150 small and medium enterprises (only in the manufacturing sector) in Kenya (out of this 97 were responded) through stratified and random sampling methods. Data was collected from small and micro enterprises practitioners and senior managers in Nairobi County through a combination of drop and pick methods by using structured questionnaire (reliability tested with Cronbach’s alpha). The study focuses on the relationship between six BDS of the ILO, 2003 types of BDS (except training & technical assistance) and Entrepreneurial Orientation and growth of enterprises. The collected data was analyzed in SPSS using descriptive, correlation and multiple linear regressions techniques.

Findings of the study depicted that, there is a positive relationship between business development services and performance and demonstrated that business development services affect entrepreneurial orientation of the studied firms. In the other side entrepreneurial orientation does not mediate the relationship between business development services and performance. Researchers concluded that, the firms studied and their similar counterparts should strive to access and use business development services and should also adopt entrepreneurial inclination to improve how business development services may assist them achieve better performance. Even though this research paper focused only on manufacturing sector SMEs it was well organized and can have a great importance for the proposed research.

Okeyo, Gathungu and K’Obonyo (2014) also conducted a study on the effect of business development services on performance of small and medium manufacturing enterprises in Kenya. The study revealed that the two BD Services; procurement and infrastructure have a positive significant relationship with MSEs performance, while access to market services has no significant relationship with MSEs performance. The research was a good comparison tool for the proposed study.

2.5. Research Gaps

The researcher tried to review the above empirical literatures from different regions of Ethiopia, other African, European and Asian countries which were served as inputs during data analysis, interpretation and reporting by comparing the findings of these researches.

Most of these literatures had gaps that all of them share in common such as, they didn't consider all the MSE sectors in their study, some focused on Government provided BDS while others focused on NGO provided BDS, only a few of them focused on both GOV and NGO BDS providers role, some used an arbitrary sampling technique and unrepresentative sample size and almost all researches focused on one or two BDS types only.

In general most of them focused on training in terms of BDS type, manufacturing sector in terms of MSE sectors, government providers in terms of BDS providers. Filling these research gaps through conducting both governmental and nongovernmental organization provided BDS with the entire five sector MSEs and incorporating the four most prominent BDS types with their 17 services, an appropriate sampling technique and highly representative sample size make this research unique.

2.6. Conceptual Framework of the study

According to Mugenda (2003) a conceptual framework refers to what a researcher conceptualizes to be the relationship between variables in the study and shows the relationship graphically or diagrammatically.

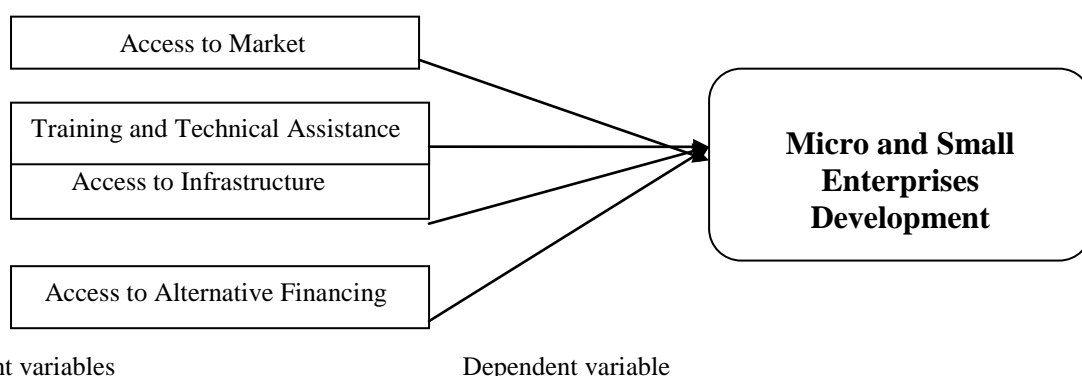


Figure 3, Conceptual Frame work of the Study

Source: Adopted from Okeyo, Gathungu and K'Obonyo (2014) and modified by the researcher.

The conceptual framework designed for this study shows the relationship between each business development services (Market access, Training and technical assistance, infrastructure and alternative financing mechanisms) provided by both governmental (TVEDD) and nongovernmental organizations (AWEA and EDC) as independent variables and Micro and Small Enterprises development; the dependent variable which was measured through its proxies such as sales volume increase, market share increase, profitability increase, employee size increase and productivity improvement.

Otherwise the way of providing BDS services which didn't have a significant contribution for the development of MSEs creates nothing and the MSEs will go as much as they can until a constraint beyond their capacity blocks their business circulation system.

III. Research Methodology

3.1. Introduction

This chapter will provide the necessary information regarding the research methodology that the study carried out. The chapter is divided into twelve parts which include brief description of the study area, research design, research approach, target population, sampling technique, sample size, sources of data, data collection methods and instruments, variables, validity and reliability issues, data analysis, discussion and presentation methods and ethical considerations.

3.1.1. Description of the study area

Gondar city is one of the three Metropolitan cities in Amhara National Regional State and a major tourist destination of the country, which was once the old imperial capital city of the historic Begemder Province and referred as the "Camelot of Africa" due to the presence of several royal castles (Gondar City Administration, 2012).

Gondar is located north of Lake Tana in the Lesser Angereb River and southwest of the Simien Mountains. It has a latitude and longitude of 12°36'N & 37°28'E respectively with an elevation of 2133 meters above sea level. Gondar is positioned in north western Ethiopia, at about 740 and 175 kilometers away from Addis Ababa and Bahir-Dar respectively (Ibid).

According to CSA (2007) the population projection of Gondar city is a total of 244,326 (115,781 are men and 128,545 women). In terms of religion from the total population 84.2%, 11.8% and 1.1% are Christian, Muslim and Protestant religion followers respectively.

The city has 12 sub cities, one satellite town (Teda) and 12 rural kebeles. Currently there are 5927 MSEs (3871 existing and 2056 start up) in the city administration from these a total of 4125 MSEs have been benefiting from BDS delivered by the city administration Technique, Vocational Enterprises Development Department in coordination with Gondar poly technique college (TVEDD, 2016). AWEA and EDC have been delivered BDS to 190 MSEs in the city administration (AWEA & EDC, 2016).

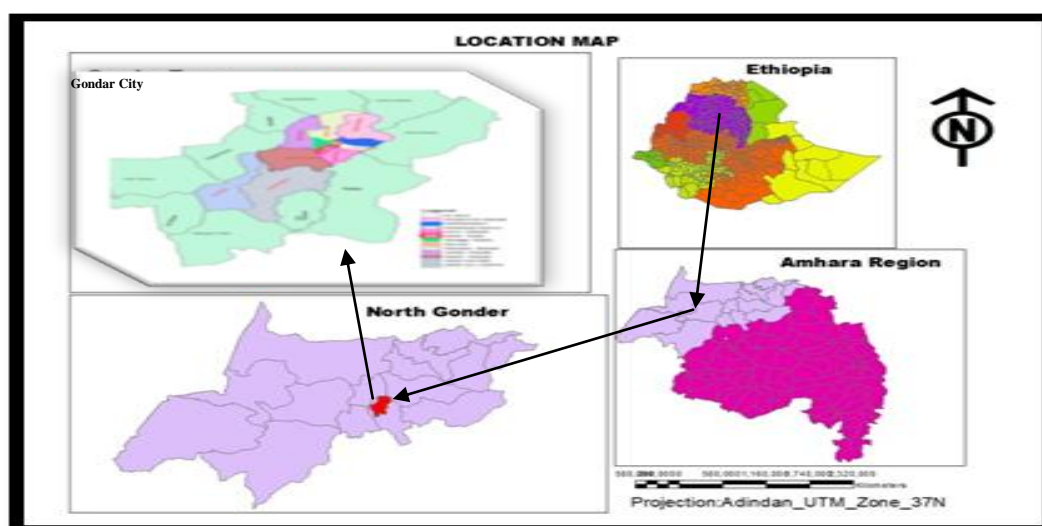


Figure 4, Map of Gondar City Administration

Source: Gondar City Industry Development and City Service Department (2013)

3.2. Research Design

Kothari (1999) described that the question of good design is related to the purpose or objectives of the research problem and also with the nature of the problem to be studied. Accordingly, descriptive and explanatory research designs with cross-sectional survey (samples from different respondents at a time) were used in this study. The rationale behind choosing these research designs linked with the researches emphasis on describing the existing situation with regards to respondents view about MSEs awareness, approaches and satisfaction of Business Development Services and to investigate the causal relationship between each of the four selected BDS (independent variables) separately and MSE development (dependent variable).

3.3. Research Approach

According to Kothari (1999), the two basic research approaches are quantitative and qualitative research approaches. For the proposed research in order to achieve the stated research objectives the researcher used both quantitative by conducting survey study from MSEs and qualitative research approaches by conducting in-depth interview with GOV and NGO BDS providers. Using both approaches helps for the sake of triangulation and basically to produce a more comprehensive understanding required for decision making.

3.4. Target Population

In the City Administration there are 5927 start up and existing MSEs under five government priority sectors such as, manufacturing construction, urban agriculture, service and trade (TVEDD, 2016). Preliminary data about MSEs that used the service until now collected from each sub city shows that there are 4125 MSEs who had been benefiting from BDS by government service provider. The two nongovernmental organizations; AWEA and EDC had been provided these services for 135 and 55 MSEs respectively. There for the total BDS users population of the study was 4315 MSEs who had been benefited from BDS by those three service providers (one GOV and two NGOs).

3.5. Sampling Techniques

The researcher used stratified sampling to select the required sample from the whole TVEDD BDS user MSEs from the five priority sectors as a stratum proportionately at each sub city and simple random sampling to select respondents from each stratum. On the other hand, the study employed one of the non probability sampling methods; convenience sampling technique to select the beneficiaries of AWEA and EDC because of their small number and uneven distribution in each sub cities and in the five business sectors. Similarly, key informant interview respondents were selected through purposive (expert) sampling in order to get reliable information from the three BDS providers (one GOV and two NGOs).

3.6. Sample Size

The ultimate objective of sampling is to select a set of elements from a population. Accordingly for this research Taro Yamane's (1967) sample size determination formula was used

$$n = \frac{N}{1 + N(e)^2}$$

Where, N = total population

n = desired sample size

e = precision level valid for 95% confidence level (0.05)

Therefore, since target population of the study was 4315 the required sample size will be calculated as;

$$n = \frac{4315}{1 + 4315(0.05)^2}$$

Thus the sample size of this study was **366**

The proportional sample distribution of MSE sectors (beneficiaries of TVEDD) in each sub city in detail and AWEA and EDC samples in general were calculated as follows:

Table 5. Proportional distribution of Sample Size

No	Sub cities	TVEDD MSEs										Total Sample size (TVEDD) = (A+B+C+D+E)	AW EA (F)	EDC (G)
		Ma nuf act ure	Sa mp le (A)	Con stru ction (B)	Sa mp le (C)	Urb an agri (C)	Sa mp le (C)	Trad e	Sam ple (D)	Servi ce	Sa mpl e (E)			
1	Arebegnoch adebabaye	25	2	11	1	10	1	57	5	25	2	11	(135/4315)*366 =12	(55/4315)*366 =5
2	Adebabaye Eyesus	19	2	10	1	17	1	177	15	135	11	30		
3	Medhaniyalem	19	2	10	1	15	1	200	17	128	11	32		
4	Kirkos	20	2	13	1	42	3	325	27	148	12	45		
5	Mehalarada	43	4	8	1	12	1	138	11	24	2	19		
6	Abyezgi	27	2	20	2	19	2	79	7	67	6	19		
7	Abajale	58	5	12	1	7	1	164	14	20	2	23		
8	Gebreal	12	1	9	1	6	1	73	5	19	2	10		
9	Lideta	15	1	32	3	4	-	93	8	76	6	18		
10	Maraki	106	9	40	3	69	6	540	46	697	58	122		
11	Azezodemaza	33	3	15	1	19	2	25	2	28	2	10		
12	Azezoairport	43	4	19	2	24	2	13	1	11	1	10		
Total		420	37	199	18	244	21	1884	158	1378	115	349	12	5

Source: Researcher Illustration (2016)

3.7. Source of Data

3.7.1. Primary Data sources

The primary sources of data were BDS user MSEs in which data was collected through self administered surveys assisted by data collectors who were oriented to perform the data collection activity effectively. In depth Interview was conducted with responsible organs from all BDS providers to supplement, complement, validate and triangulate data obtained from MSE's survey and the researcher himself conducted the interview.

3.7.2. Secondary Data sources

The secondary data included the information that were obtained mainly from government and non-government conference notes, reports of service providers/facilitators and websites which were believed as reliable, suitable and relevant to the theme of the study.

3.8. Data Collection Methods and Basic instruments

The data collection instruments for the proposed research were questionnaire in order to gather the necessary information from BDS beneficiaries that will be used for quantitative analysis and in depth interview to gather data from BDS providers for the sake of supporting the quantitative analysis with qualitative one so as to assure the reliability of the research data through triangulation.

Questionnaires:

The researcher obtained inputs from different sources and developed a questionnaire for this study to collect the necessary data from BDS user MSE's. The questionnaire composed of *Likert scale* questions. It was divided into four sections such as, demographic and business characteristics of respondents (section I), MSEs awareness about BDS (Section II), the role of the four selected Business Development Services (Market access, Training and development, infrastructure and Access to alternative financing mechanisms) in MSE development (section III) and Approach of BDS in Gondar city (section IV).

In-depth interviews:

In order to understand the role that BDS played in the development of MSEs the researcher conducted an in-depth interview with TVEDD heads, sub city extension agents (process coordinators), EDC and AWEA coordinators & business advisers through semi-structured interviews. The purpose of the in-depth interview was to generate a first hand and depth information on the overall condition of the BDS delivery and its role in MSE's development which in turn was used to triangulate the data gathered from MSEs survey so as to strengthen the reliability and truthfulness of the study results.

3.9. Operational definition of Variables

3.9.1. Independent variables

The independent variables in this study were the four selected Business Development Services such as, Access to Market, Training and Technical assistance, Infrastructure facility and Access to alternative financing services. Except training and technical assistance services which consists eight variables the rest three Services consists of three variables each. The main intent of this research is to investigate the role of each of these BDS in MSE development.

3.9.2. Dependent variable

Micro and Small Enterprise development was the dependent variable in this study. The lack of universally accepted standard performance measures left the door open to business organizations to decide and choose its own development/performance measures that might not truly reflect their performance. Regarding performance/development extant studies have separated measurement indicators in to financial and non financial or operational (Wiklund & Shepered, 2003). Such performance measures include but not limited to: market share, sales volume, company reputation, return-on-investment (ROI), profitability, employee size, productivity and established corporate identity.

In this study, MSE development as a dependent variable was measured by five performance /development measures (from financial and nonfinancial measures); market share, sales volume, profitability, employee size and productivity which were stated by respondent MSEs in terms of their change in percentage because of BDS usage and single index was computed to represent the dependent variable. The reason to use these proxies as MSE development measurement was because enterprises are generally suspicious to disclose information related to revenue and profit in currency terms and it would be difficult to get response from respondents as it is demanded.

3.10. Validity and Reliability

The prominent criteria's for evaluation of research are validity and reliability (Getu, 2013). Validity refers to the extent to which the research instrument gives the correct answer. The researcher tried to maintain the validity of the data collection instrument through different mechanisms; the researcher developed his own questionnaire by obtaining inputs from standardized pre-determined *Likert scale* questionnaires from different

previously done literatures & presented it to experts in the three BDS provider organizations and sub city micro and small enterprise officers so as to ensure *construct validity and content validity* and incorporated their comments and suggestions. In addition to these the researcher had interpreted the questionnaire in to Amharic so as to enable MSEs to disclose the required information without any confusion and to ensure the existence of *face validity*.

Reliability is the extent to which a measure produces the same answer however and whenever it is applied. Even though the researcher developed the questionnaire himself by collecting inputs from previously tested questionnaires on literatures, the researcher carried out reliability test in order to ensure the internal consistency of the data collection instrument by conducting pilot test on 29 samples. And the cronbach's alpha result .81, .86 and .85 represents awareness, role and MSEs intention to buy BDS respectively (See appendix 5) assured the existence of reliability of the questionnaire since they are greater and closer to Nunnally and Brnsteins (1994) recommended minimum of 0.7.

3.11. Data Analysis, Discussion and Presentation Methods

3.11.1. Data encoding and processing operations

All data collected in the field were edited to ensure completeness, accuracy and consistency and after coded, classified and tabulated feed to Statistical Package for Social Studies (SPSS) version 20 software and Microsoft excel in which the researcher used for analysis purpose.

3.11.2. Data analysis methods

To analyse the data collected from both primary and secondary sources a combination of quantitative and qualitative analysis methods were employed. The qualitative analysis is used to make analysis on the data collected from Key Informants Interview and the Quantitative analysis was used to analyse the data collected from MSEs survey.

In this research, descriptive statistics like frequency, chi square, cross tabulation and percentages were employed to present the demographic data and other appropriate issues relevant to achieve the intended objectives. In addition to the descriptive analysis inferential statistics such as correlation and multiple linear regression were used to investigate the significance relationship between each of the four BDS separately and MSE development. In order to carry out multiple linear regressions analysis prerequisites such as conducting assumption tests of normality, linearity, multicollinearity, auto correlation and homoscedasticity were done.

Multiple Linear regression equations (model) of independent variables & dependent variable was;

$$y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 \varepsilon$$

Where, y = MSE development (dependent variable measured through its proxies; Sales volume, Market share, Profitability, Productivity and Employee size)

β_0 = constant

β_1 , β_2 , β_3 and β_4 represent (beta) the regression coefficients of access to market, training and technical assistance, infrastructure facility and alternative financing services respectively.

x_1 , x_2 , x_3 and x_4 represent the independent variable; access to market, training and technical assistance, infrastructure facility and alternative financing services respectively.

ε = error term

3.11.3. Discussion and presentation techniques

After analysing the data the researcher discussed and narrated clearly the findings of the study by putting various judgments in relation to the literatures reviewed previously. Finally, tables and different types of graphs (i.e. pie chart & bar chart) were used to present the analysed data.

3.12. Ethical Considerations

Conducting research requires good ethical considerations. In carrying out the study the researcher was abided by the ethical research principles.

The managers, owners and employees of the sample MSEs were informed of the objective of the research project and clear consensus reached with both service beneficiaries and providers (TVEDD and its sub city line office heads, the two NGOs and responsible bodies) and information shared about the investigation, objectives of the measuring instrument, voluntary participation of the respondents, assurance regarding confidentiality and anonymity, the intention to reveal the findings up on completion of the study which in turn enables all of them to became cooperative. The contact detail of the researcher was disclosed in the data collection instrument.

IV. Data Analysis, Findings And Discussions

4.1. Introduction

This chapter will present the main results of the study based on the analysed data obtained from 294 (80.3%) respondent MSEs and in-depth interview participants. The subsequent sections will demonstrate the demographic and business characteristics of the respondents, MSEs awareness on BDS, MSEs satisfaction on the four selected BDS types and the services role in MSEs development including the regression analysis which was conducted to test the hypothesis formulated. Finally, MSEs reasons for using BDS and their intention to buy these services in the future will be narrated accordingly so as to examine the current BDS approach and to know what will be MSEs future intention to buy BDS.

4.2. Quantitative Analysis

4.2.1. Respondents Demographic and Business Characteristics

The demographic information and business characteristics of respondents were obtained through section I of the questionnaire (See Appendix 1). The information includes sex, age, educational background and position of the respondents. Their enterprises employee number and the business sector they had involved were included. These will be presented using tables, charts and graphs in the following subsections.

Sex of Respondents

Figure 5 shows respondents’ sex within the five business sectors. The figure depicts that 80% of the respondents are male while 20% are female in the manufacturing sector, 71% are male and 29% are female in the construction sector, 75% are male whereas 25% are female respondents in the urban agriculture sector, 50% of the service sector represents male and female equally and respondents gender from the trade sector consists of 54% male and 46% female business operators. Totally 178 (60.5%) and 116 (39.5%) are male and female respondents respectively; which shows that the majority of the respondents were male. And table 6 Chi-square association result shows that there is a significant difference (16.59***) between business sector of respondents and their sex.

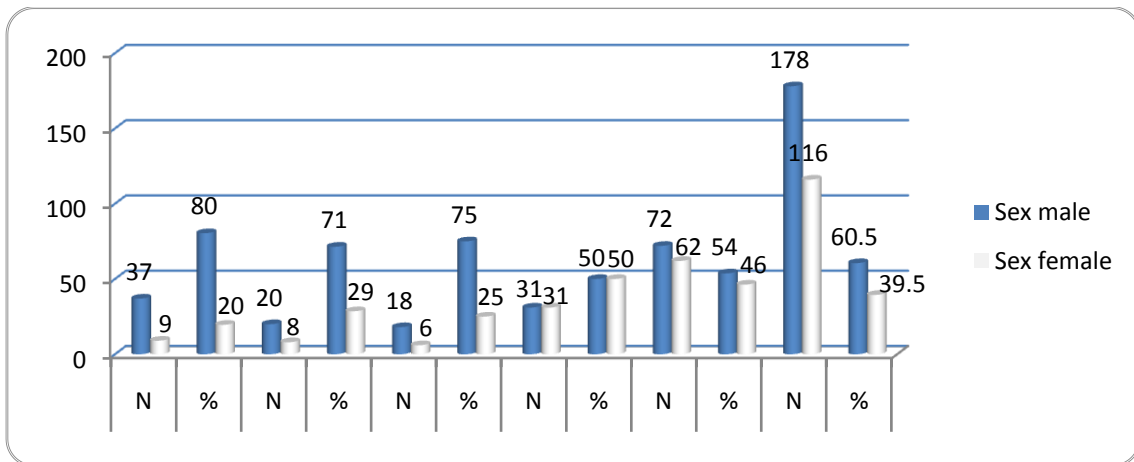


Figure 5, Sex of Respondents

Source: Own Survey (2016)

Age of Respondents

Based on age category; the majority of the respondents 87% were young entrepreneurs in which 45.2% are under the age of 18-28 and 41.8% under the age category between 29 and 39. On the other hand 10.9 % of the respondents accounts for the adult age category of (40 – 50), those age categories ranges from 51 – 61 years and above 62 years accounts 1.4% and 0.7 %) respectively. And chi-square association result in table 6 shows absence of significant difference in age among the five business sectors.

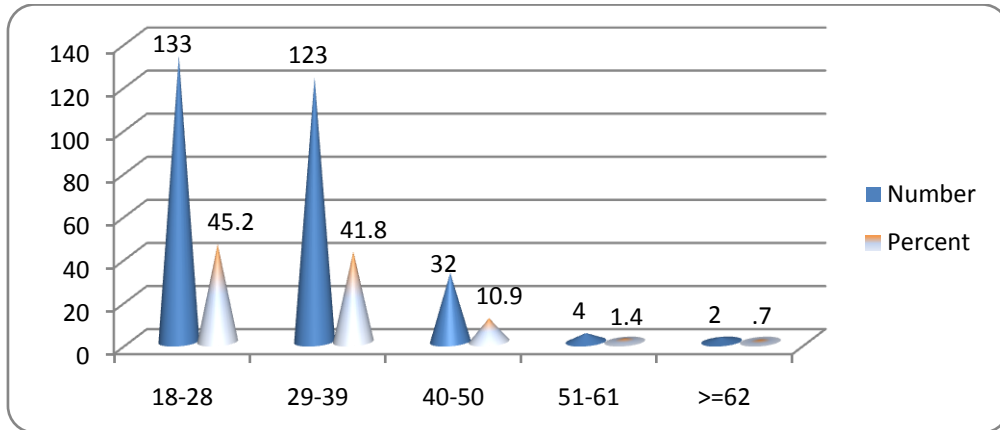


Figure 6, Age of Respondents

Source: Own Survey (2016)

Educational Background of Respondents

From the total 294 respondents 8.2% had no formal education and majority 48.3% have primary and secondary education. Technical and vocational level certificate (10+1 – 10+4) and diploma holders’ accounts 25.2% while degree and masters holders accounts 17.7% and 0.7% respectively. And table 6 Chi-square association result shows that there is a significant difference (35.80***) between business sector of respondents and their educational background. Near to half (48%) respondents from the manufacturing sector have primary /secondary educations, Majority of respondents 46% in the construction sector have technical and vocational education certificate and diploma. The urban agriculture sector with equal amount of respondents (33%) each has primary/secondary education and first degree. On the other hand 52% from service and 54% from trade sector attended their primary and secondary education. These shows that majority of the respondents (91.8%) had acquired formal education which enables them to understand and implement the Business Development Services delivered to them so as to enhance their MSE development.

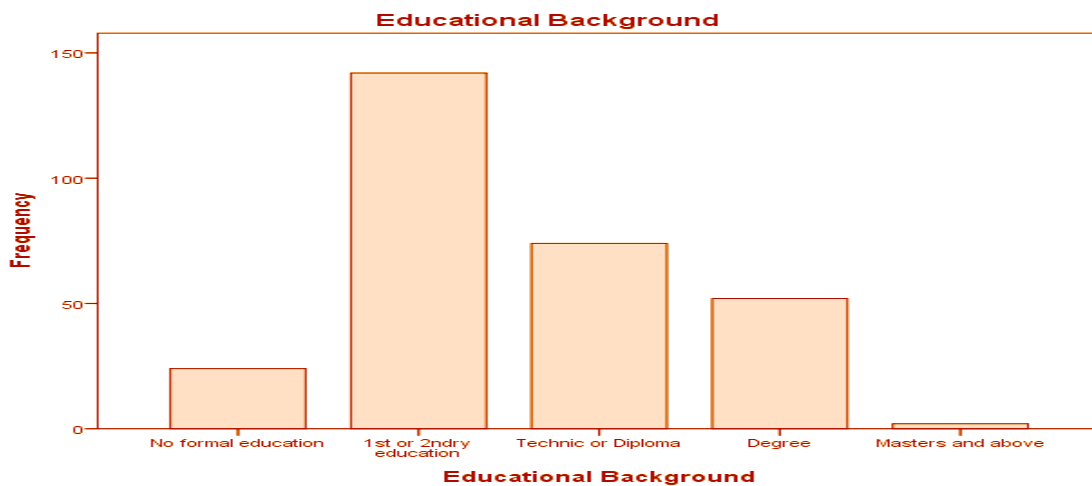


Figure 7, Educational Background of Respondents

Source: Own Survey (2016)

Position of Respondents

Regarding their position in the business, 60 % were owners, 16 % were managers and 24 % were employees. Since the majority of the respondents were owner and managers it is believed to have a relatively accurate data about the Services they acquired from service providers and its effect on their enterprise development. According to the chi-square association result there is a significance difference (37.21***) in position among the five business sectors respondents in which majority 72%, 60% and 69% respondents from the manufacturing, service and trade sectors respectively were owners. Whereas most of, 39% and 38% of respondents from construction and urban agriculture sectors were managers.

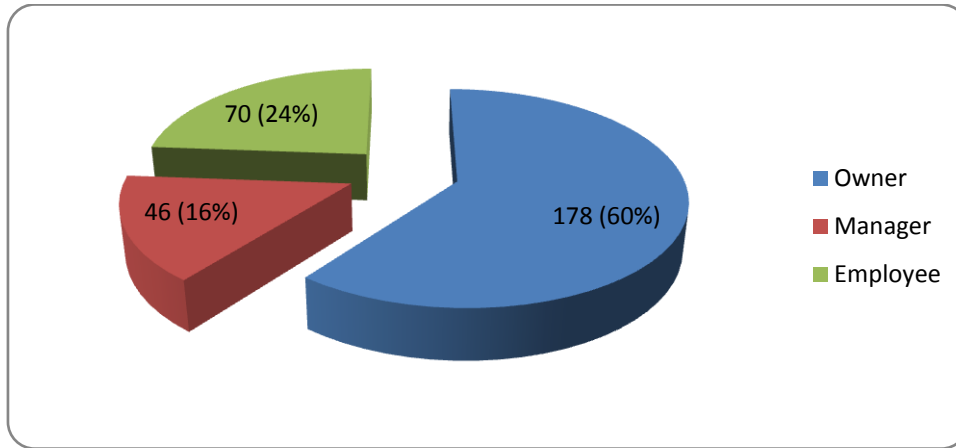


Figure 8, Position of Respondents

Source: Own Survey (2016)

Number of employees in respondents business

Results of the study revealed that 74.2% of the respondents' enterprises have 5 and below 5 employees and the rest 25.8% of the respondents business has 6 – 30 employees. This shows that about ¾ of the respondents MSEs were micro enterprises where as ¼ of them are small enterprises. From the chi-square association results there is a significant difference (55.15***) in employee number among the five business sectors. The result shows that 69% of the manufacturing sector has below 5 employees which means they are micro enterprises and the rest 31% are small enterprises which have employee numbers between 6 and 30. 47% Respondents from construction sector run enterprises which have employees below five (micro enterprises) and majority 53% have employees between six and thirty (small enterprises). In the business sectors of urban agriculture, service and trade 54%, 83% and 81% respectively have 5 and below 5 employees. While these three sectors employee number range from 6 -30 accounts 46%, 17% and 19% respectively.

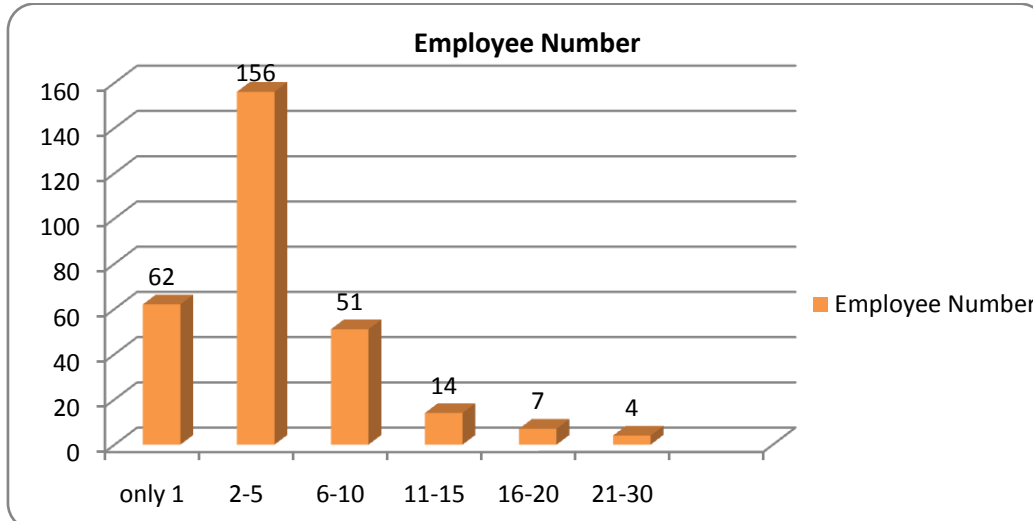


Figure 9, Respondents Business Employee Number

Source: Own Survey (2016)

Table 6. Demographic and Business characteristics of Respondents

Variable	Attribute	Manufact		Constru		Urb/agri		Service		Trade		Total		Chi-squar e
		N	%	N	%	N	%	N	%	N	%	N	%	
Sex	Male	37	80	20	71	18	75	31	50	72	54	178	60.54	16.59 ***
	Female	9	20	8	29	6	25	31	50	62	46	116	39.46	
Age of respondents	18-28	20	43	17	61	10	42	28	45	58	43	133	45.24	13.32 NS
	29-39	22	48	9	32	8	33	26	42	58	43	123	41.84	
	40-50	4	9	2	7	5	21	7	11	14	11	32	10.88	
	51-61	0	0	0	0	0	0	1	2	3	2	4	1.36	
	>=62	0	0	0	0	1	4	0	0	1	1	2	0.68	
Educational Background	No formal edu.	3	7	0	0	2	8	5	8	14	10	24	8.16	35.80 ***
	1st or 2ndry ed	22	48	7	25	8	33	32	52	73	54	142	48.30	
	Technique/Dipl	16	34	13	46	5	20	9	15	31	24	74	25.17	
	Degree	5	11	8	29	8	33	16	25	15	11	52	17.69	
Position of respondents	Masters/above	0	0	0	0	1	2	0	0	1	1	2	0.68	37.21 ***
	Owner	33	72	8	29	8	33	37	60	92	69	178	60.54	
	Manager	6	13	11	39	9	38	11	18	9	7	46	15.65	
Employee number of the enterprise	Employee	7	15	9	32	7	29	14	22	33	24	70	23.81	55.15 ***
	Only 1	4	9	1	4	1	4	12	19	44	33	62	21.09	
	2-5	28	60	12	43	12	50	40	64	64	48	156	53.06	
	6-10	9	20	10	35	6	25	6	10	20	15	51	17.35	
	11-15	4	9	3	11	3	13	2	3	2	1	14	4.76	
	16-20	1	2	2	7	0	0	1	2	3	2	7	2.38	
21-30	0	0	0	0	2	8	1	2	1	1	4	1.36		
Total		46	100	28	100	24	100	62	100	134	100	294	100.00	

Source: Own Survey (2016)

4.2.2. Micro and Small Enterprises Awareness on Business Development Service

The first objective of this research was assessing MSEs awareness about BDS. The following subsections will describe results of the study thoroughly so as to achieve this objective successfully.

4.2.2.1. Knowledge of MSEs on locally available BDS

Regarding their awareness about business development services available in their locality most of the MSEs (83%) said that they already aware the available BDS in their locality, while 17% didn't know about it. This finding is consistent with Bizusew (2015) research in Bahir dar city administration which concluded that 82% of enterprises in the city have awareness on locally available BDS.

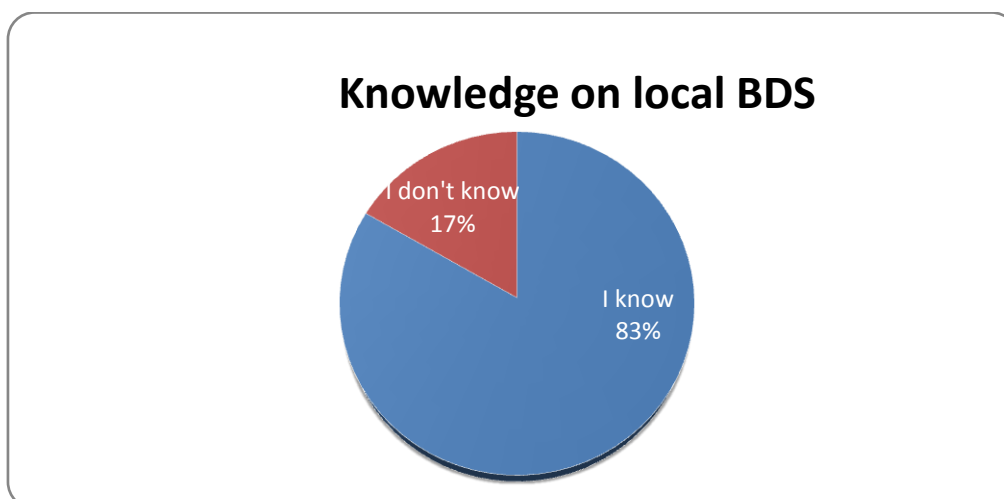


Figure 10, Knowledge of Respondents on local BDS

Source: Own Survey (2016)

4.2.2.2. Micro and Small Enterprises Source of information about BDS

Results of the study revealed that about 29.3% of MSEs responded that their major BDS information source is government institution followed by family/friends and business partners which accounts 25.9% and 21.4% respectively. On the other hand MSEs who had received information about BDS from BDS service providers, media and NGOs accounts 9.9%, 7.4% and 6.1% respectively. The chi-square association between enterprises business sectors and their source of information about BDS has a significant difference (33.8***) among them. The association result shows that from the manufacturing sector MSEs 82.7% got information about BDS from family/friends, business partners and government institution such as TVEDD and its one stop line offices in the sub cities. 42.9% from the construction sector got information about BDS from government institutions followed by family/friends, media, BDS providers and business partners all of them together accounts the rest 57.1%.

54% urban agriculture dweller MSEs said that they had got information about BDS from government institutions and followed by family/friends and business partners which account 37.5% all together. For the service sector MSEs source of information those who said government institutions, friends/family and Business partners accounts 37.1%, 25.8% and 14.5% respectively. 70 (52%) of the trade sector MSEs said that they had got BDS information from family/friends and business partners and the other 26 (19%) got from government institutions. This clearly shows that the most prominent BDS information providers for MSEs were government institutions, family/friends and business partners sequentially. The roles of NGO's, Media and BDS providers were relatively poor in providing information about BDS for MSEs.

Table 7. MSEs source of information about BDS

Attribute	Manufacturing		Construction		Urban Agriculture		Service		Trade		Total		Chi-square
	N	%	N	%	N	%	N	%	N	%	N	%	
From family/friends	13	28.3	6	21.4	6	25.0	16	25.8	35	26.1	76	25.9	33.81**
From Business partner	13	28.3	3	10.7	3	12.5	9	14.5	35	26.1	63	21.4	
From NGOs	2	4.4	0	0.00	1	4.2	6	9.7	9	6.7	18	6.1	
From Government institution	12	26.1	12	42.9	13	54.2	23	37.1	26	19.4	86	29.3	
From media	1	2.2	4	14.3	0	0.00	6	9.7	11	8.3	22	7.4	
From BDS providers	5	10.7	3	10.7	1	4.2	2	3.2	18	13.4	29	9.9	

Source: Own Survey (2016)

4.2.2.3. Micro and Small Enterprises Level of Awareness on BDS

4.2.2.3.1. MSEs Level of Awareness on Access to Market services

According to this study Access to market services of BDS includes, market information services, bazaar and trade fair facilitation services and product/service advertisement services. Here under level of awareness of MSEs on these three accesses to market services will be presented.

The study result shows that 68.1% of government (TVEDD) service beneficiary MSEs and 83% nongovernment (AWEA & EDC) service beneficiaries have somewhat well and extremely well awareness about market information services. The rest from both beneficiaries have poor awareness on it. The chi-square association result in table 8 shows absence of significant difference in level of awareness about this particular service between the two service beneficiaries.

Similarly, level of awareness of MSEs on bazaar and trade fair facilitation services has no significant difference among the two service beneficiaries. Most of government (70%) and nongovernment (72.2%) beneficiaries have somewhat well and extremely well awareness about bazaar and trade fair facilitation services and the rest 30% of the government and 27.8% of nongovernment beneficiary MSEs have poor awareness on it.

Regarding MSEs awareness level about product/service advertisement support services the chi-square result shows no significant difference on awareness of this services among the two beneficiaries. Most of government (69%) and nongovernment (67%) beneficiaries responded that they have somewhat well and extremely well knowledge about product/service advertisement support services and the rest have poor awareness.

Generally, the study revealed that more than 67% of MSEs from both service beneficiaries have well awareness on access to market services in general with NGO beneficiaries have slightly better than the GOV ones in the first two services. This result shows MSEs in Gondar city have well awareness on access to market services than other cities such as, Bahir dar as shown in Bizusew's 2015 study. From this we can deduct that

when the level of awareness on access to market services is high it is believed to have a valuable effect on increasing market share, sales volume and also profitability of MSEs by benefiting from these services.

Table 8. MSEs level of awareness on access to market services

Attributes	Service Provider	Extremely not well		Somewhat not well		Somewhat well		Extremely well		Chi-square
		N	%	N	%	N	%	N	%	
I know market information services	GOV.	47	17.0	41	14.9	141	51.1	47	17.0	2.694NS
	NGO.	1	5.6	2	11.1	10	55.6	5	27.8	
I know bazar and trade fair facilitation services.	GOV.	52	18.8	31	11.2	129	46.7	64	23.2	3.414NS
	NGO.	1	5.6	4	22.2	9	50.0	4	22.2	
I know product/ service advertisement support services	GOV.	44	15.9	42	15.2	133	48.2	57	20.7	0.925NS
	NGO.	2	11.1	4	22.2	9	50.0	3	16.7	

Source; own survey (2016)

4.2.2.3.2. MSEs level of Awareness on Training and Technical Assistance services

This study defines training and technical assistance services of BDS as those services which contain eight basic components such as; business counselling/advisory, business plan preparation support, business legalization assistance, financial record keeping support, documentation support, HRM support, business management and entrepreneurship training facilitation and inventory management support services. Here under the findings of the study about awareness level of MSEs regarding each of the above components of training and technical assistance services will be dealt accordingly.

MSEs Level of awareness on Business counselling/advisory services from the chi-square association in table 9 witnessed a significant difference (12.37***) among the two service beneficiaries. 70.3% of MSEs from government service beneficiaries have somewhat well and extremely well awareness about this particular service. Whereas almost all (94.4%) of the nongovernment service beneficiaries known business counselling/advisory services somewhat well and extremely well. Similarly, the chi square result shows the absence of significant difference between government and nongovernment service beneficiaries' level of awareness on business plan preparation support services. It is to mean that 74.7% and 77.7% of government and nongovernment service beneficiaries' respectively have somewhat well and extremely well awareness about this service. While the rest 25.4% of the GOV and 22.3% of the NGO service beneficiaries' have poor awareness on business plan preparation services.

The chi square association result shows significant difference (8.175*) among the two service beneficiaries awareness on business legalization support services. 73% of GOV service beneficiary MSEs have well and extremely well awareness on this particular service while 61% NGO service beneficiaries have such type of awareness on it.

Findings of the study depicts awareness of MSEs on financial record keeping support services shows that more than 78% of MSEs from GOV and almost all (94.5%) of the respondents from NGO service beneficiaries have somewhat well and extremely well knowhow. the chi square result shows no significant difference between the two service beneficiaries awareness on it.

Regarding MSEs awareness level on documentation support services of BDS the chi-square test in table 9 shows that there is no significant difference among the two service beneficiaries in which 73.6% from the GOV and 77.8% from NGO beneficiaries' have somewhat well and extremely well awareness on this particular service.

Findings about MSEs awareness on human resource management support services shows significant difference (6.96**) between the two beneficiaries (table 9). 65% of the government and 61% of NGO beneficiary MSEs have somewhat well and extremely well awareness on HRM support services. While, 35% of GOV and 39% of NGO beneficiaries' have somewhat not well and extremely not well awareness on this service. Knowledge of MSEs on Business management and entrepreneurship training facilitation services (table 9) shows significant difference (11.44**) among the two beneficiary groups. NGO beneficiaries (78%) have better awareness on this particular service than that of the government ones (69%).

Finally the study found no significant difference between the two service beneficiaries and their level of awareness on inventory management services. 66% of the government and 61% of the nongovernment beneficiaries have somewhat well and extremely well awareness on the inventory management support services.

Generally, on average above 70% of the MSEs from both beneficiaries (each of them has better awareness in one component and relatively poor in others) have well and extremely well awareness on most of

the components of training and technical assistance services. It is clear that having sufficient money and being enthusiastic to make a business are not the ideal wheels to run a business fruitfully in the right way. To make it sustainable through profitability a business needs some sort of technical assistance which can serve as a fuel to keep the business engine on. So that in this regard respondent MSEs had well awareness on these critical services which enables them to benefit from this services so as to enhance their businesses development accordingly.

Table 9. MSEs level of awareness on training & technical assistance services

Attributes	Service Provider	Extremely not well		Somewhat not well		Somewhat well		Extremely well		Chi-square
		N	%	N	%	N	%	N	%	
I know business counseling/advisory service	GOV.	41	14.9	41	14.9	125	45.3	69	25.0	12.37***
	NGO.	0	0.0	1	5.6	6	33.3	11	61.1	
I know business plan preparation support services	GOV.	38	13.8	32	11.6	123	44.6	83	30.1	2.84NS
	NGO.	1	5.6	3	16.7	6	33.3	8	44.4	
I know business legalization support services.	GOV.	41	14.9	34	12.3	129	46.7	72	26.1	8.175*
	NGO.	1	5.6	6	33.3	5	27.8	6	33.3	
I know financial record keeping support services.	GOV.	38	13.8	23	8.3	114	41.3	101	36.6	3.47NS
	NGO.	0	0.0	1	5.6	10	55.6	7	38.9	
I know documentation support services	GOV.	39	14.1	34	12.3	126	45.7	77	27.9	1.01NS
	NGO.	2	5.6	2	11.1	7	38.9	7	38.9	
I know human resource management support services.	GOV.	56	20.3	40	14.5	111	40.2	69	25.0	6.96**
	NGO.	1	5.6	6	33.3	5	27.8	6	33.3	
I know business management and entrepreneurship training facilitation services.	GOV.	56	20.3	30	10.9	126	45.7	64	23.2	11.44**
	NGO.	4	22.2	0	0.0	4	22.2	10	55.6	
I know inventory management support services.	GOV.	52	18.8	42	15.2	111	40.2	71	25.7	4.08NS
	NGO.	2	11.1	5	27.8	9	50.0	2	11.1	

Source; own survey (2016)

4.2.2.3.3. MSEs level of Awareness on Infrastructure facility support services

In this study infrastructure facility supply support services consists of supports to get production area, selling area and electricity services. Findings on MSEs level of awareness on each of these three services will be narrated in the following subsection.

The study revealed that there is no significant difference between the two service beneficiaries level of awareness on supports to get production area services (table 10). The result shows that 67.7% of the government and 72.2% of the nongovernment service beneficiary MSEs have somewhat well and extremely well awareness on this particular service. Similarly, awareness level of MSEs on support to get selling area services shows no significant difference between the two service beneficiaries. Most of the two beneficiaries (72.5% of the GOV and 77.7% of the NGO) have somewhat well and extremely well awareness on it.

On the other hand, regarding MSEs awareness on support to get electricity services the study shows that 69% of the GOV and 61% of NGO beneficiary MSEs have somewhat well and extremely well awareness. And the chi square test in table 10 didn't recognize the existence of significant difference between the two service beneficiaries level of awareness on this service.

All in all findings of the study revealed that on average about 2/3 of the MSEs from both groups have relatively well awareness on access to infrastructure facility support services (NGO beneficiaries have better awareness on the first two services than the GOV ones). From this it can be expected that since MSEs awareness on this particular service is well their effort to get this critical services increases a lot.

Table 10. MSEs level of awareness on infrastructure facility services

Attributes	Service Provider	Extremely not well		Somewhat not well		Somewhat well		Extremely well		Chi-square
		N	%	N	%	N	%	N	%	
		I know support to get production area services.	GOV.	56	20.3	33	12.0	113	40.9	
	NGO.	2	11.1	3	16.7	9	50.0	4	22.2	
I know support to get selling area services.	GOV.	42	15.2	34	12.3	112	40.6	88	31.9	1.40NS
	NGO.	1	5.6	3	16.7	8	44.4	6	33.3	
I know support to get electricity services.	GOV.	51	18.5	35	12.7	112	40.6	78	28.3	6.87NS
	NGO.	1	5.6	6	33.3	6	33.3	5	27.8	

Source; own survey (2016)

4.2.2.3.4. MSEs level of Awareness on Access to Alternative Finance service

In the study, Access to Alternative Financing services contains support to get credit from MFI, support to get credit from leasing companies and support to get credit from other sources. MSEs Awareness on each of these three services will be highlighted in the following subsection.

Results of the study witnessed MSEs awareness level on support to get credit from MFI has no significant difference between the two service beneficiaries. More than ¾ of the respondents from both parties (78% of government and nongovernment equally) responded that they have somewhat well and extremely well awareness on support to get credit from MFI services.

When we see MSEs awareness on support to get credit from leasing companies 59% of the government and 72.2% of the non government service beneficiaries have somewhat well and extremely well awareness. And the chi square result in table 11 assures the absence of significant difference between the two service beneficiaries awareness on this particular service.

Finally, the research result in table 11 shows that there is no significant difference between the two beneficiary groups with 65% of government and 72.2% of non government service beneficiaries have somewhat well and extremely well awareness on support to get credit from other source services.

Generally, MSEs awareness level on access to alternative financing services is good in which more than 2/3 of the respondents knows this BDS type well and more than that which in turn shows majority of MSEs are on the appropriate position to mobilize resources for their business when they became due. NGO beneficiaries have better awareness than GOV ones here.

To sum up, 83% of the MSEs have awareness on local BDS and their most important BDS information sources are government institutions, business partners and family/friends. Most of the MSEs have well and extremely well awareness on the four BDS types in which the nongovernment service beneficiaries awareness on BDS types is better in almost all services than that of their government counterparts. This is also supported by in-depth interview participants who said “MSEs have moderately well awareness on the four BDS types and among the five business sectors manufacturing, construction and urban agriculture have relatively better awareness than service and trade sectors”. These results are consistent with former researchers such as Bizusew (2015) and philipose (2006) who had concluded that awareness of MSEs on BDS was at its infancy stage.

Table 11. MSEs level of awareness on access to alternative financing services

Attributes	Service Provider	Extremely not well		Somewhat not well		Somewhat well		Extremely well		Chi-square
		N	%	N	%	N	%	N	%	
		I know support to get credit from MFI services.	GOV.	31	11.2	29	10.5	95	34.4	
	NGO.	2	11.1	2	11.1	5	27.8	9	50.0	
I know support to get credit from leasing companies services	GOV.	76	27.5	36	13.0	100	36.2	64	23.2	4.71NS
	NGO.	1	5.6	4	22.2	8	44.4	5	27.8	
I know support to get credit from other sources services.	GOV.	62	22.5	35	12.7	109	39.5	70	25.4	3.99NS
	NGO.	1	5.6	4	22.2	9	50.0	4	22.2	

Source; own survey (2016)

4.2.3. The Role of Business Development Service in Micro and Small Enterprises development

The second basic objective of this study is investigating the role of each of the four BDS types in MSEs development. The subsequent sections will present the study results (obtained through section III of the questionnaire; see appendix) briefly so as to achieve the intended objective.

4.2.3.1. Micro and Small Enterprises satisfaction on BDS

Previously, the study result about MSEs awareness on the four selected BDS types was narrated thoroughly. In the next section both government and nongovernment service beneficiary MSEs satisfaction on the components of each of the four selected BDS types will be discussed in depth.

4.2.3.1.1. MSEs Satisfaction on Access to Market services

Findings of the study revealed that, satisfaction of MSEs on market information services shows near to half (48%) of government service beneficiaries were unsatisfied and extremely unsatisfied, 14.5% didn't express their satisfaction level (neutral) and 37.6% were satisfied and extremely satisfied. While 44.5% of the nongovernment service beneficiaries were unsatisfied and extremely unsatisfied, 11.1% are neutral and the rest 44.5% are satisfied and extremely satisfied. The chi-square association result in table 12 shows that there is no significant difference in satisfaction on this service among the two groups. Generally below 50% were satisfied in this service. This result is consistent with findings of previous researchers like, Bizusew (2015), Philipose (2006) and Osinde (2013).

The study found that satisfaction of MSEs on bazaar and trade fair facilitation services has no significant difference between the two service beneficiaries (table 12). The result shows that from the GOV beneficiary MSEs 46% were unsatisfied and extremely unsatisfied, 24% were neutral and 30% were satisfied and extremely satisfied. Whereas among the nongovernment service beneficiaries 22% were unsatisfied and extremely unsatisfied, 33% were neutral and 45% were satisfied and extremely satisfied. Even though there is some improvement in Gondar city administration in this service than other areas such as Bahirdar (only 12.6% participated were satisfied in bazaar and trade fairs (Bizusew, 2015), the figure shows below the average number of MSEs were satisfied.

Regarding MSEs satisfaction on product/service advertisement support services table 12 shows no significant difference between the two service beneficiaries. 45% of MSEs from government beneficiaries were unsatisfied and extremely unsatisfied, 25% were neutral and 30% were satisfied and extremely satisfied but from nongovernment beneficiaries 27.8% were unsatisfied and extremely unsatisfied, equally, 27.8% were neutral and the rest 44.4% were satisfied and extremely satisfied. Similarly MSEs satisfaction is also low here which support findings of other researchers such as, Osinde (2013), Brijlal (2008) and Philipose (2006).

Generally, the study revealed that near to half (44%) of the non government service beneficiaries were relatively satisfied on access to market services and it is better than the government ones which were around 30%. This shows that the service delivery approach of nongovernment BDS providers in this regard is better than that of the government ones. And majority of the respondents from both groups were unsatisfied. In depth interview respondents forwarded that manufacturing & construction sectors were beneficial in this service better than others.

Table 12. MSEs satisfaction level on access to market services

Attributes	Service Provider	Extremely unsatisfied		Unsatisfied		Neutral		Satisfied		Extremely satisfied		Chi-square
		N	%	N	%	N	%	N	%	N	%	
		Satisfaction level on market information services	GOV.	84	30.4	48	17.4	40	14.5	81	29.3	
NGO.	3	16.7	5	27.8	2	11.1	5	27.8	3	16.7		
Satisfaction level on bazaar and trade fair facilitation services	GOV.	70	25.4	56	20.3	66	23.9	58	21.0	26	9.4	5.46NS
NGO.	2	11.1	2	11.1	6	33.3	4	22.2	4	22.2		
Satisfaction level on product (service) advertisement services	GOV.	65	23.6	58	21.0	70	25.4	57	20.7	26	9.4	2.65NS
NGO.	2	11.1	3	16.7	5	27.8	6	33.3	2	11.1		

Source; own survey (2016)

4.2.3.1.2. MSEs Satisfaction on Training and Technical Assistance services

The study shows that MSEs satisfaction on Business counselling/advisory services has a significant difference (17.95***) between the two service beneficiaries (table 13). 44.6% of government service beneficiaries MSEs were unsatisfied and extremely unsatisfied, 19.6% were neutral and the rest 35.9% were satisfied and extremely satisfied. Whereas almost all (83.4%) of the nongovernment service beneficiaries were

satisfied and extremely satisfied and 11.1% and 5.6% were neutral and unsatisfied and extremely unsatisfied respectively.

Similarly, the chi square result in table 13 shows the existence of significant difference (8.82*) among the two service beneficiaries satisfaction on business plan preparation support services. It is to mean that from the government beneficiaries MSEs 38.4% were unsatisfied and extremely unsatisfied, 14.9% were neutral and 46.8% were satisfied and extremely satisfied. On the other hand most (66.7%) of the nongovernment organization beneficiaries were satisfied while 27.7% were unsatisfied and extremely unsatisfied and 5.6% were neutral.

Table 13 chi square result shows the existence of significant difference (8.22*) between government and nongovernment service beneficiaries satisfaction on business legalization support services. The study revealed that among government service beneficiaries MSEs 32% were unsatisfied and extremely unsatisfied, 15.2% were neutral and 52.5% were satisfied and extremely satisfied. On the other hand 50% of the nongovernment organization beneficiaries were satisfied and extremely satisfied while 11.2% were unsatisfied and extremely unsatisfied and 38.8% were neutral on this particular service or not confident to express their satisfaction level on it.

The study findings about satisfaction of MSEs on financial record keeping support services shows that majority of the government beneficiaries (53%) were satisfied and extremely satisfied, 34% were unsatisfied and extremely unsatisfied and 13% were neutral. In this regard almost all that is 94.4% of the NGO service beneficiaries were satisfied and extremely satisfied and only 5.6% were neutral to express their satisfaction. This significant difference across the two groups is confirmed in the chi square result (12.65**) in table 13.

Results of the study on satisfaction of MSEs on documentation support services shows that there is no significant difference among the two service beneficiaries satisfaction on the service in which 37% of government service beneficiaries were satisfied and extremely satisfied while 45% and 19% were unsatisfied & extremely unsatisfied and neutral respectively. Majority (45%) of the NGO service beneficiaries were satisfied and extremely satisfied and 22% were unsatisfied and extremely unsatisfied and the rest 33% were neutral to express their satisfaction.

Findings about satisfaction of MSEs on human resource management support services shows the presence of a significant difference (8.73*) between the two beneficiaries (table 13). 43.5% of government service beneficiaries were unsatisfied and extremely unsatisfied. About 38% were satisfied and extremely satisfied and 18.5% were neutral. On the other hand, 39% of the NGO service beneficiaries were satisfied and extremely satisfied and 17% were unsatisfied and extremely unsatisfied while the rest 44% were neutral.

MSEs Satisfaction on business management and entrepreneurship training facilitation services has significant difference (11.29**) among the two groups. 46% of MSEs from the government beneficiaries were satisfied and extremely satisfied and 36.6% & 17.4% were unsatisfied and extremely unsatisfied and neutral respectively. While 50% of the NGO service beneficiaries were satisfied and extremely satisfied and 17% were unsatisfied and extremely unsatisfied and 33% were neutral.

Finally, the study shows a significant difference (19.79****) between the two service beneficiaries level of satisfaction on inventory management support services in table 13. From the GOV service beneficiaries category 43.5% were unsatisfied and extremely unsatisfied and 36.5% and 20% were satisfied and extremely satisfied and neutral respectively. 28% and 11% were satisfied and extremely satisfied and unsatisfied and extremely unsatisfied respectively and more than half (61%) of NGO service beneficiaries were neutral.

To Generalize, Almost all MSEs from NGO beneficiaries were satisfied on financial record keeping and business counselling/advisory services and about 50% and above were satisfied on business legalization support, business plan preparation and business management & entrepreneurship trainings facilitation services. While respondents in this category satisfied below 50% in the rest three services. On the other hand, about 50% of government beneficiaries were satisfied on business legalization, business plan preparation, business management & entrepreneurship trainings facilitation services and financial record keeping support services while their satisfaction is near to 40% in other services.

All in all, satisfaction of MSEs on the eight components of training and technical assistance services is above 50% in some components and below that in other services. These results are in line with findings of other researchers like, Philipose (2006), Sakawa Kimando & Njogu (2012), Osinde (2013) and Okeyo, Gathungu & K'obonyo (2014). And in depth interview respondents explained that this service satisfied MSEs better than others because of relatively better coordination existed among training provider NGOs like EDC and government ones.

Table 13. MSEs satisfaction level on training and technical assistance services

Attributes	Service Provider	Extremely unsatisfied		Unsatisfied		Neutral		Satisfied		Extremely satisfied		Chi-square
		N	%	N	%	N	%	N	%	N	%	
Satisfaction level on business counseling/advisory services	GOV.	74	26.8	49	17.8	54	19.6	70	25.4	29	10.5	17.95***
	NGO.	0	0.0	2	11.1	1	5.6	12	66.7	3	16.7	
Satisfaction level on business plan preparation support services	GOV.	59	21.4	47	17.0	41	14.9	94	34.1	35	12.7	8.82*
	NGO.	3	16.7	2	11.1	1	5.6	12	66.7	0	0.0	
Satisfaction level on business legalization support services	GOV.	49	17.8	40	14.5	42	15.2	103	37.3	42	15.2	8.22*
	NGO.	1	5.6	1	5.6	7	38.9	6	33.3	3	16.7	
Satisfaction level on financial record keeping support services	GOV.	52	18.8	41	14.9	37	13.4	102	37.0	44	15.9	12.65**
	NGO.	0	0.0	0	0.0	1	5.6	13	72.2	4	22.2	
Satisfaction level on documentation support services	GOV.	60	21.7	41	14.9	52	18.8	77	27.9	46	16.7	5.98NS
	NGO.	1	5.6	3	16.7	6	33.3	7	38.9	1	5.6	
Satisfaction level on HRM support services	GOV.	61	22.1	59	21.4	51	18.5	72	26.1	33	12.0	8.73*
	NGO.	2	11.1	1	5.6	8	44.4	5	27.8	2	11.1	
Satisfaction level on business management & entrepreneurship training facilitation services	GOV.	56	20.3	45	16.3	48	17.4	93	33.7	34	12.3	11.29**
	NGO.	2	11.1	1	5.6	6	33.3	3	16.7	6	33.3	
Satisfaction level on inventory management support services	GOV.	65	23.6	55	19.9	55	19.9	62	22.5	39	14.1	19.79***
	NGO.	1	5.6	1	5.6	11	61.1	5	27.8	0	0.0	

Source; own survey (2016)

4.2.3.1.3. MSEs satisfaction on Infrastructure facility supply services

Results of the study revealed that there is no significant difference between the two service beneficiaries satisfaction on support to get production area services (table 14). The result shows that 47.8% of the government service beneficiaries were unsatisfied and extremely unsatisfied while 34.4% and 17.8% were satisfied and extremely satisfied and neutral respectively. Whereas equal amount i.e. 39% of MSEs from NGO beneficiaries were unsatisfied and extremely unsatisfied and neutral and the rest 22% were satisfied and extremely satisfied.

MSEs satisfaction on support to get selling area services shows no significant difference between the two service beneficiaries satisfaction from the GOV service beneficiaries 43.4% were unsatisfied and extremely unsatisfied and 38.8% were satisfied and extremely satisfied and 17.8% were neutral. From NGO beneficiaries 39% equally satisfied and extremely satisfied & unsatisfied and extremely unsatisfied and the remaining 22% were neutral.

Concerning MSEs Satisfaction on support to get electricity services the study shows a significant difference (25.38***) between the two service beneficiaries in which 48% of MSEs from the government service beneficiaries were unsatisfied and extremely unsatisfied and 18% and 34% were neutral and satisfied & extremely satisfied respectively. On the other hand, equal amount of MSEs i.e. 16.7% each of the NGO service beneficiaries were satisfied and extremely satisfied & unsatisfied and extremely unsatisfied but the majority of them (66.6%) were neutral to express their satisfaction.

In general access to infrastructure facility supply support services favours for government service beneficiaries in which more than 1/3 of them were satisfied on it which is better than the NGO service beneficiaries satisfaction (<22%) except selling area support services in which both beneficiary MSEs represent 39% equally. Findings of this study show that there is low but better than other cities like Bahirdar (19.2% and 14.4% were satisfied in sales site and production site access services) infrastructure facility service provision in Gondar city administration. Result of the study is similar with that of Islam (2013) who concluded that public supporting institution supported businesses with starting and growth services including industrial sheds & infrastructural supports achieved significantly higher growth (satisfied enterprises) in all selected growth measures than that of other supporting institutions. And in depth interview respondents believed that these services didn't benefited MSEs as expected.

Table 14. MSEs satisfaction level on infrastructure facility services

Attributes	Service Provider	Extremely unsatisfied		Unsatisfied		Neutral		Satisfied		Extremely satisfied		Chi-square
		N	%	N	%	N	%	N	%	N	%	
Satisfaction level on support to get production area services	GOV.	77	27.9	55	19.9	49	17.8	61	22.1	34	12.3	5.66NS
	NGO.	3	16.7	4	22.2	7	38.9	3	16.7	1	5.6	
Satisfaction level on support to get selling area services	GOV.	73	26.4	47	17.0	49	17.8	72	26.1	35	12.7	1.38NS
	NGO.	3	16.7	4	22.2	4	22.2	4	22.2	3	16.7	
Satisfaction level on support to get electricity services	GOV.	69	25.0	63	22.8	49	17.8	60	21.7	35	12.7	25.38***
	NGO.	1	5.6	2	11.1	12	66.7	1	5.6	2	11.1	

Source; own survey (2016)

4.2.3.1.4. MSEs satisfaction on Access to Alternative Financing services

Findings of the study revealed that MSEs satisfaction on support to get credit from MFI has a significant difference (9.32*) between the two service beneficiaries (Table 15). 39% of GOV service beneficiaries were unsatisfied and extremely unsatisfied while 45% and 16% were satisfied and extremely satisfied and neutral respectively. On the other hand, 72% of the NGO service beneficiaries were satisfied and extremely satisfied, 11% and 17% were unsatisfied and extremely unsatisfied and neutral respectively.

The result shows NGOs service beneficiaries were satisfied better than that of GOV service beneficiaries in support to get credit from MFI.

When we see MSEs satisfaction on support to get credit from leasing companies 46% of government beneficiaries were unsatisfied and extremely unsatisfied while with equal amount (27% each) were satisfied and extremely satisfied and neutral respectively. Whereas, 33% of the NGO service beneficiaries were neutral and 28% were unsatisfied and extremely unsatisfied, the rest 39% were satisfied and extremely satisfied. Results of the study further assured absence of significant difference between the two service beneficiaries satisfaction.

Finally, the research result in table 15 shows that there is a significant difference (8.12*) between the two beneficiary groups satisfaction on support to get credit from other sources with 41% of government beneficiaries were unsatisfied and extremely unsatisfied, 32% and 27% were satisfied and extremely satisfied and neutral respectively. But 55% of the NGO service beneficiaries were satisfied and extremely satisfied, 11% and 33% were unsatisfied and extremely unsatisfied and neutral respectively.

Totally on average about 1/3 of the MSEs from government and above half of non government service beneficiaries satisfied on access to alternative financing services. This significant difference in satisfaction of MSEs on access to alternative financing especially from MFI was confirmed by in depth interview respondents who justified that, among the two NGO service providers AWEA has saving and credit cooperative under it which provides loan to its members in addition to other sources.

Table 15. MSEs satisfaction level on access to alternative financing services

Attributes	Service Provider	Extremely unsatisfied		Unsatisfied		Neutral		Satisfied		Extremely satisfied		Chi-square
		N	%	N	%	N	%	N	%	N	%	
Satisfaction level on support to get credit from MFI	GOV.	63	22.8	45	16.3	44	15.9	82	29.7	42	15.2	9.32*
	NGO.	1	5.6	1	5.6	3	16.7	6	33.3	7	38.9	
Satisfaction level on support to get credit from leasing companies	GOV.	75	27.2	52	18.8	74	26.8	56	20.3	19	6.9	2.92NS
	NGO.	3	16.7	2	11.1	6	33.3	6	33.3	1	5.6	
Satisfaction level on support to get credit from other sources	GOV.	61	22.1	52	18.8	75	27.2	52	18.8	36	13.0	8.12*
	NGO.	2	11.1	0	0.0	6	33.3	7	38.9	3	16.7	

Source; own survey (2016)

4.2.3.2. Relationship between BDS and MSEs Development

This section is the heart of the research paper because of its priority in clearly investigating the role of BDS in MSEs development through correlation and regression analysis.

4.2.3.2.1. Spearman’s correlation among variables

The spearman’s correlation shows the existence of positive and moderate relationship (0.464 – 0.696) among each of the independent variables (the four BDS types) as well as a positive relationship between the four independent variables and the dependent variable.

Table 16. Spearman correlation for dependent and independent variables

		Correlations					
		ACC.MKT	TRAINTEC	INFRAS.	ALT.FIN	MSEDev	
Spearman's rho	ACC.MKT	Correlation Coefficient	1.000	.729**	.541**	.535**	.248**
		Sig. (2-tailed)	.	.000	.000	.000	.000
		N	294	294	294	294	294
	TRAINTEC	Correlation Coefficient	.729**	1.000	.586**	.606**	.317**
		Sig. (2-tailed)	.000	.	.000	.000	.000
		N	294	294	294	294	294
	INFRAS.	Correlation Coefficient	.541**	.586**	1.000	.682**	.190**
		Sig. (2-tailed)	.000	.000	.	.000	.001
		N	294	294	294	294	294
	ALT.FIN	Correlation Coefficient	.535**	.606**	.682**	1.000	.184**
		Sig. (2-tailed)	.000	.000	.000	.	.002
		N	294	294	294	294	294
MSEDev	Correlation Coefficient	.248**	.317**	.190**	.184**	1.000	
	Sig. (2-tailed)	.000	.000	.001	.002	.	
	N	294	294	294	294	294	

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Own survey (2016)

4.2.3.2.2. Assumption tests

Linear regression is widely used to estimate the size and significance of the effects of independent variables on a dependent variable. Meaningful data analysis with regression relies on the researcher’s understanding and testing of the assumptions and the consequences of violations. Bearing this in mind the researcher had tried to conduct assumption tests for each of the four independent variables.

According to Ballance (2012) normality of the data can be checked with normal p-plots, linearity through scatter plots and homoscedasticity can be examined by watching the shape of the two plots. So that;

Normality; which means errors are normally distributed is shown by the normal P-plot for each of the four independent variables in the following figures which ensured the existence of normal distribution of errors.

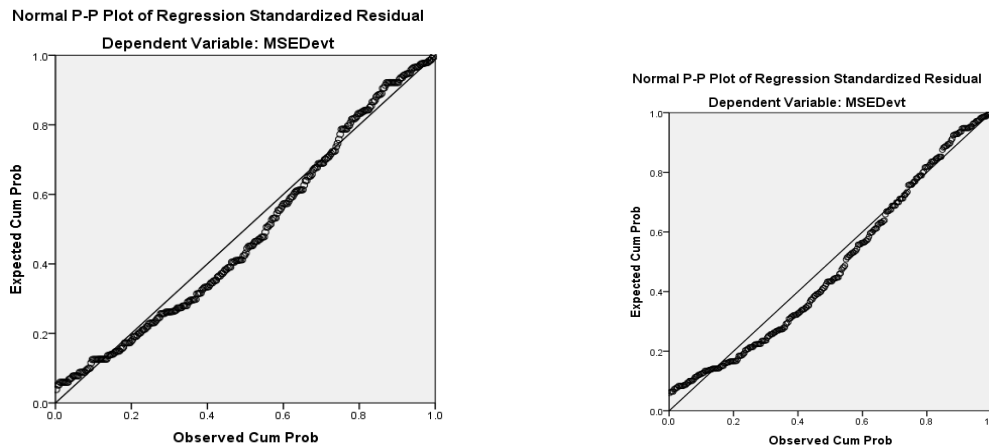


Figure 11, Normal P-plot for Access to Market and Figure 12, Normal P-plot for Access to Train & Tech Assi.

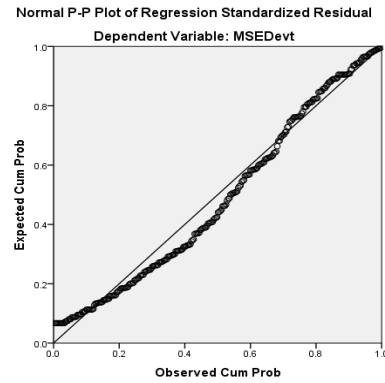
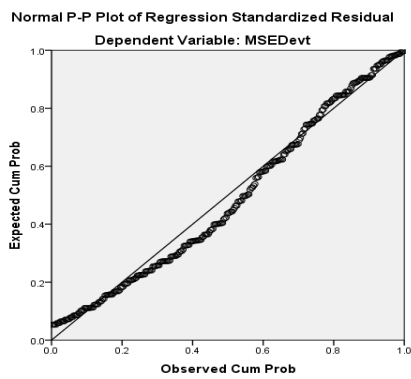


Figure 13, Normal P-plot for Infrastructure services and Figure 14, Normal P-plot for Access to Alternative Finan.

Linearity; the chance of non linear relationship is high in the social sciences (Getu, 2013). Therefore it is essential to examine analysis for linearity so as to avoid Type I and Type II errors. The researcher conducted linearity test for all independent variables in the figures below and from the scatter plots linearity of the data was ensured.

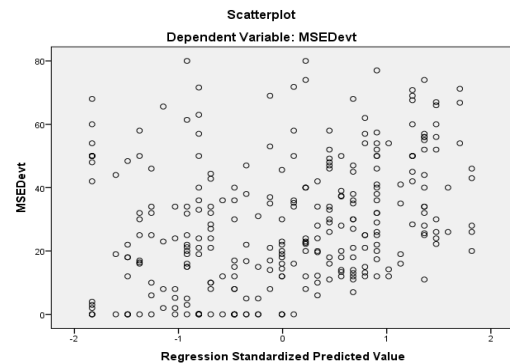
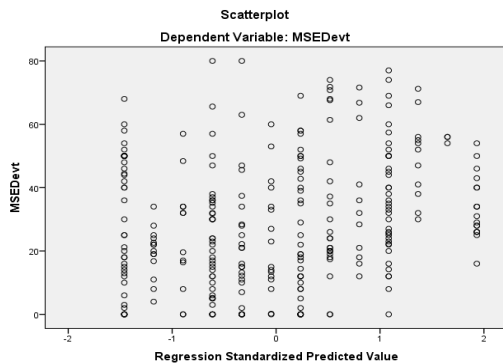


Figure 15, Scatter plot for Access to Market and Figure 16, Scatter plot for Trai & Tech Assi.

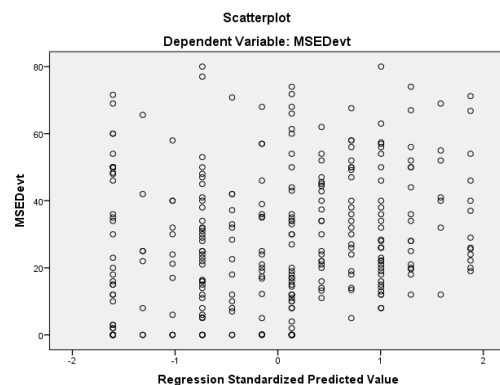
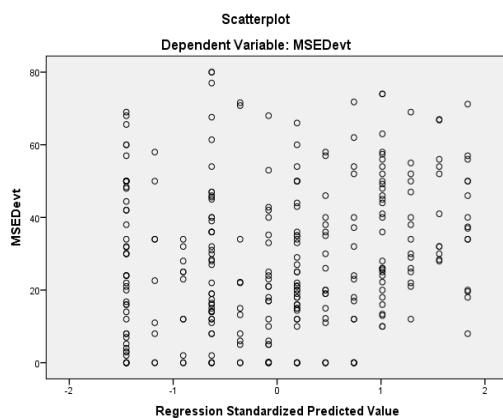


Figure 17, Scatter plot for Infrastru. Services and Figure 18, Scatter plot for Access to Alternative Finan.

Multicollinearity; from the regression analysis result we can show that there is no problem of multicollinearity because the tolerance (maximum .478) is below 1 and the variance inflation factors maximum (2.554) were below 10.

Homoscedasticity; refers to equal variance of errors across all levels of the independent variables which means that the researcher assumes that errors are spread out consistently between variables. homoscedasticity is indicated when the scatter is not even; fan and butter fly shapes are common patterns of violations. And also if the P- plot is a straight line graph with a positive slope or if it is not shaped like a stair-case we can observe absence of homoscedasticity. So, since there is no substantial deviation seen in the scatter and P-plots above the

researcher assumed that problem of Heteroscedasticity were not recognized without conducting other formal tests.

4.2.3.2.3. Hypothesis Testing

In order to investigate the role of BDS in MSEs development the researcher developed four hypotheses. The next section will briefly present the statistical analysis results so as to test the already developed hypotheses after fulfilling the requirements (correlation and assumption tests) described in the previous section.

Table 17. Multiple Regression Analysis Result

Model Summary				
Model	R	R Square ^b	Adjusted R Square	Std. Error of the Estimate
1	.633 ^a	.554	.550	19.740

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10123.308	4	2530.827	6.797	.000 ^b
	Residual	107612.206	289	372.361		
	Total	117735.514	293			

a. Dependent Variable: MSEDev
 b. Predictors: (Constant), SATISALTERFINAMECHA, SATISMARCC, SATISINFRASTRUSERv, SATISTRAINTECHDEVt

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	13.377	3.515		3.806	.000		
	SATISMARCC	.998	1.432	.059	.697	.486	.446	2.244
	SATISTRAINTECHDEVt	4.743	1.642	.260	2.888	.004	.392	2.554
	SATISINFRASTRUSERv	.286	1.339	.017	.214	.831	.478	2.093
	SATISALTERFINAMECHA	-.656	1.438	-.038	-.456	.649	.465	2.149

a. Dependent Variable: MSEDev

Source; own survey (2016)

The result of the regression analysis shows that 55 % (Adjusted R-square=0.550) variations in response to MSE development are explained by the use of access to market services, training and technical assistance, infrastructure and alternative financing services. The F-test (F=6.797, p=0.000) from the ANOVA table indicates that the model as a whole accounts for significant variations between MSEs development and use of the four Business Development Services.

Ho1: *There is a positive significant relationship between access to market services and Micro & Small Enterprises development.*

The beta coefficient of 0.998 shows the existence of positive relationship between access to market services and MSEs development that can be interpreted as a unit increase in satisfaction of MSEs on access to market services enhances MSEs development by 0.998 but the p-value = 0.697 is insignificant which is even above the 10% confidence level. So that, there is a positive but not significant relationship between access to market services and MSEs development which dictates the researcher to reject the hypothesis.

This result is consistent with findings of previous researchers like; Okeyo, Gathungu and K’obonyo (2014) who had concluded that access to market services has no significant relationship with MSEs performance. All most all of the indepth interview repondents assured the existence of positive relationship between this service and MSEs development but it doesn’t show a significant contribution in MSEs business enahncement.

Ho2: *There is a positive significant relationship between training and technical assistance services and Micro and Small Enterprises development.*

The beta coefficient of 4.743 is interpreted as; a unit increase in satisfaction of MSEs on training and technical assistance services increases MSEs development by 4.743.

The p-value (p-value=0.000) less than 0.01 suggests high statistical significance. So that, the hypothesis which says “*There is a positive significant relationship between training and technical assistance services and Micro and Small Enterprises development*” is accepted. The result supports former researchers like Brijlal (2008),

Osinde (2013) and Sakawa, Kimando & Njogu (2012) findings and in depth interview participants who had responded similar to this finding and consistent with Miehlabradt & Mc vay (2003), ILO (2003) and UNDP (2004).

Ho3: *There is a positive significant relationship between infrastructure facility support services and Micro and Small Enterprises development.*

The beta coefficient (.286) which shows the existence of positive relationship between access to infrastructure services and MSEs development can be interpreted as a unit increase in satisfaction of MSEs on infrastructure facility support services increases MSEs development by .286. But the p-value (p-value=0.831) which is not significant, witnessed the absence of statistical significance so that the hypothesis is rejected.

Similar results were gained by Kamunge, Njeru & Tirimba (2014). According to in depth interview participants eventhough its availability is a challenge for MSEs infrastructure facility is a critical service for their development.

Ho4: *There is a positive signifacant relationship between access to alternative financing services and Micro and Small Enterprises development.*

The beta coefficient of -.656 is interpreted as; a unit increase in dissatisfaction of MSEs on access to alternative financing services retards MSEs development by .656.

P-value =0.649 which is not even less than 0.1 confirms the absence of statistical significance which shows the existence of negative insignificant relationship between access to alternative financing and MSEs development which in turn dictates the study to reject the hypothesis. Similar result with Bizusew (2015) & Brijlal (2008) and indepth interview respondents of this study concluded that becuase of unavailablity of access to finance services as demanded by MSEs many of them drop out of business.

To summarize, from the results above we can induce that the two BDS (access to market and infrastructure services) have a positive but not significant relationship with MSEs development. The existence of positive and significant relationship between access to training and technical assistance services and MSEs development dictates the researcher to accept the hypothesis and the negative and insignificant relationship between access to alternative financing services and MSEs development dictates the researcher to reject the hypothesis.

4.2.4. Approach of Business Development Services

4.2.4.1. Micro and Small Enterprises Reasons for using BDS (The current approach)

Findings of the study revealed that, ¾ of NGO and below half of GOV beneficiaries disagreed & strongly disagreed on the rational they used BDS was to try; instead they already know why they used the service. More than 76% of GOV and 83% of NGO beneficiary MSEs agreed and strongly agreed that one of the reasons why they use BDS is to start and grow their business. Similarly, more than 53% of MSEs among the two service beneficiaries agreed and strongly agreed that getting BDS without any payment is one of the rationales why they used the service. Results of the study revealed that around 65% of the two respondents use BDS in order to benefit from government policies.

100% of NGO beneficiaries said that service providers' influence was completely absent because they received with full willingness while 32.2% of GOV beneficiaries provoked that their service providers' influence makes them to use BDS which marked the existence of significant difference among the two groups. 59% of GOV and 78% of NGO service beneficiaries agreed & strongly agreed that they use BDS because of their business was growing and needs the service. About 44.5% of NGO & 46.4% of government service beneficiary MSEs believe that the reason why they use BDS is because their business needs external support.

Table 18. MSEs reasons for using BDS

Factor	Servi. Provider	Strongly Disagree		Disagree		Neutral		Agree		Strongly agree		Chi-square
		N	%	N	%	N	%	N	%	N	%	
To try without knowing its benefits	GOV.	41	14.9	74	26.8	43	15.6	94	34.1	24	8.7	5.27NS
	NGO.	4	22.2	8	44.4	1	5.6	3	16.7	2	11.1	
To start and to grow my business	GOV.	17	6.2	16	5.8	33	12.0	140	50.7	70	25.4	4.02NS
	NGO.	0	0.0	1	5.6	2	11.1	13	72.2	2	11.1	
It is free	GOV.	36	13.0	41	14.9	54	19.6	117	42.4	28	10.1	6.86NS
	NGO.	1	5.6	6	33.3	1	5.6	7	38.9	3	16.7	
To benefit from government policy	GOV.	18	6.5	31	11.2	44	15.9	124	44.9	59	21.4	5.02NS
	NGO.	0	0.0	2	11.1	4	22.2	5	27.8	7	38.9	
Service providers influenced me	GOV.	52	18.8	81	29.3	54	19.6	66	23.9	23	8.3	8.91**
	NGO.	5	27.8	9	50.0	4	22.2	0	0.0	0	0.0	

My business is growing & needs BDS	GOV.	18	6.5	38	13.8	57	20.7	120	43.5	43	15.6	4.69NS
	NGO.	0	0.0	0	0.0	4	22.2	10	55.6	4	22.2	
My business needs external support	GOV.	34	12.3	49	17.8	65	23.6	93	33.7	35	12.7	6.45NS
	NGO.	0	0.0	2	11.1	8	44.4	7	38.9	1	5.6	

Source; own survey (2016)

All in all, most of the MSEs from both parties used BDS so as to start and to grow their business, to benefit from government policy and because their business needs BDS/ external support from other responsible organs through using the payment free BDS service which shows the presence of traditional/supply driven BDS delivery approach in Gondar city which was provided by government and the two donor oriented NGOs. This result is consistent with Philipose (2006), Hibret (2009) and Bizusew (2015) research findings and in depth interview respondents.

4.2.4.2. Micro and Small Enterprises future intention to buy BDS

MSEs Intention to buy the four BDS types will be presented in the following sub section.

Results of the study about MSEs Intention to buy market information services revealed that 24% of respondents want to buy market information services definitely. More than half (57%) are in dilemma for buying this service in the future. On the other hand 32% of the respondents want to buy bazaar and trade fair facilitation services while about 50% are undecided and probable buyers. 31% of MSEs want to buy the services that promote their products /services where as more than half (55.5%) are in dilemma and the rest refuses to buy it. Generally, more than ¼ of MSEs want to buy access to market services definitely, where as above ½ of them are undecided and probable buyers of these services.

Findings of the study revealed that 29% of MSES want to buy business counselling and advisory services definitely and more than half 57.4% of the respondents are undecided and probable buyers. Similarly on average about 33% of MSEs said that they will buy business plan development, business legalization, financial record keeping, business management & entrepreneurship training, documentation, HRM and inventory management support services definitely while more than half of the MSEs are undecided & probable buyers of these services.

All in all the study shows that on average about 33% of MSEs will buy training and technical assistance services while more than 50% of them are undecided and probable buyers. According to the study, 40% of the respondents definitely want to buy infrastructure facility support services and around 45 – 50% of them are in dilemma to buy these services.

Lastly, 40%, 32% and 29% of respondents definitely want to buy credit facilitation services from MFI, Leasing companies and other sources respectively. Similar to others around 47 – 50 % of MSEs are undecided and probable buyers of access to alternative financing services.

In summary the most important services MSEs want to buy definitely are infrastructure facility support and access to alternative financing services followed by training and technical assistance and access to market services respectively.

Findings of the study shows that even though there is an intention to buy BDS in the future among MSEs in the city administration it is below half of that of MSEs from Bahir dar as Bizusew’s (2015) study justified and consistent with Islam (2013), Hibret (2009) and in depth interview respondents who believed that there will not be service delivery change in the near future. This in turn pose a question for Gondar city administration TVEDD to further evaluate MSEs intention to buy BDS in the future and enabling undecided and probable buyers part of the already decided group through various awareness creation activities and devising mechanisms to meet their prioritized demand so as to resolve the challenges of finance, infrastructure & market problems as listed by EDRI (2014) and in depth interview respondents.

Table 19. MSEs future intention to buy BDS

Factors	Definitely will not buy		Probably will not buy		Undecided		Probably will buy		Definitely will buy	
	N	%	N	%	N	%	N	%	N	%
Market information services	24	8.16	31	10.5	46	15.65	122	41.5	71	24.15
Bazar /Trade Fairs facilitation service	14	4.76	37	12.6	47	15.99	102	34.69	68	31.97
Product/service Advertising service	15	5.1	25	8.5	38	12.93	125	42.52	91	30.95
Business Counselling/advisory service	16	5.44	24	8.16	47	15.99	122	41.5	85	28.91
Business plan development support	16	5.44	19	6.46	45	15.31	127	43.2	87	29.59
Legalization advice and support	12	4.08	24	8.16	45	15.31	117	39.8	96	32.65

Financial record keeping support	16	5.44	16	5.44	33	11.22	126	42.86	103	35.03
Documentation support	16	5.44	26	8.84	34	11.56	120	40.82	98	33.33
Human resource management support	18	6.12	27	9.18	49	16.67	110	37.41	90	30.61
Business & Entrepreneurship training facilitation	13	4.4	26	8.8	41	13.9	94	32	120	40.8
Inventory management supports	15	5.1	30	10.2	41	13.95	117	39.8	91	30.95
Support to get production area	16	5.44	22	7.48	42	14.29	97	32.99	117	39.8
Support to get Sales sites/selling area	12	4.08	25	8.5	43	14.63	93	31.63	121	41.16
Support to get Electricity	10	3.4	18	6.12	44	14.97	105	35.71	117	39.8
Support to get credit from Micro Finance institutions	20	6.8	19	6.5	36	12.2	102	34.7	117	39.8
Support to get credit from Leasing companies	24	8.16	24	8.16	45	15.31	107	36.39	94	31.97
Support to raise money from Others (family, friend, NGO, associations)	20	6.8	29	9.86	48	16.33	112	38.1	85	28.91

Source; own survey (2016)

4.3. Qualitative data Analysis

From the in depth interview conducted with Department head, sub city Technique and enterprises development office experts and the two NGO service provider organization experts the following qualitative analysis was made. Almost all of the respondents believed that MSEs have moderately well awareness on BDS. Among business sectors the industry oriented (Manufacturing, construction and urban agriculture) sectors know better than service and trade sector MSEs. They generalized that MSEs have moderate awareness on BDS. All participants responded that the Current BDS approach in the city is free of charge and provided by GOV and NGO through payment free approach. Regarding Future service provision approach most of them believe there will not be service delivery approach change in the near future because MSEs will not have the capacity to buy BDS. They concluded that the current approach is Traditional & will continue sometime in the future. Generally, MSEs satisfied in one component not in another. BDS enables MSEs to develop in terms of sales growth, employee size, profitability and market share.

➤ Market access services which enable MSEs to promote their products and services through bazaar participation, Banner and business card preparation were beneficial in some respect. Manufacturing and construction sectors mostly benefited from market linkage services. Most of the Market access services have low benefits because the market area is inconvenient for MSEs.

➤ Training and technical assistance services are better than other services. TVET instructors help MSEs through Kaizen and entrepreneurship service provision. MSEs like NGOs training than the GOV ones.

➤ Infrastructure services didn't benefit most MSEs Access to electric service is critically unresolved /shed no light /. Generally, infrastructure services are still not in line with MSEs Needs.

➤ The alternative financing mechanisms exist but few in number and ACSI particularly is bureaucratic in nature and contribute relatively moderate for MSE development. In addition to other financial sources to its members AWEA has its own credit and saving cooperative. When they become medium level enterprises they will benefit from development bank and commercial bank of Ethiopia in terms of financing in the future.

To summarize in depth interview respondents concluded that, BDS has a moderately positive and significant role in MSEs development in one component and insignificant in others.

There is a problem of coordination among BDS providers even some government service providers in the sub cities haven't the necessary information regarding the NGO's because; most of the NGOs have relationships with TVED department not with sub cities. Even though Poor coordination among stakeholders exists there is a relatively Better coordination with training provider stakeholder NGOs and government providers. All in all, institutional coordination problem is a critical issue in Gondar city as expressed by in depth interview participants.

V. Summary, Conclusion And Recommendations

5.1. Introduction

This is the last chapter of the thesis which summarises of all of the findings and researcher's conclusion based on the results of the study. Finally, some points will be forwarded by the researcher in which he believes as critical for responsible organs and future researchers so as to improve BDS delivery mechanism with an ultimate objective of enhancing MSEs development.

5.2. Summary and Conclusions of the Study

Out of the total respondents 15.6% are in manufacturing business sectors, construction and urban agriculture sectors accounts 9.5% and 8.2% respectively. On the other hand, service sectors were 21.1% and the rest 45.6% were trade sectors. This shows that the three growth oriented industry sectors accounts 23.3% and the service and trade sectors together represent most of the respondents; 196 (76.7%). The majority (60.5%) of the respondents were male, $\frac{3}{4}$ of the MSEs employed 5 and below 5 people which shows 74.2% of the respondents business is micro enterprise and the rest 25.8% were small enterprises, most (87%) of the participants were below the age of 39 (which fall under the youth age category), almost all (91.8%) of MSEs had acquired formal education. And most of the participants (76%) are managers and owners of their business. Except age of respondents other business and demographic characteristics have significant difference among the five business sectors.

Most (83%) of the MSE operators in Gondar city administration aware of the already available BDS in their locality that have been provided by the TVEDD through its line offices (One stop service shop) at the sub city level & TVET, AWEA and EDC.

About 77% of MSEs source of information regarding BDS were government, family/friends and business partners collectively with significant difference among MSE sectors.

In conclusion more than 67% of the MSEs in Gondar city administration who had got BDS from the two service providers said that they have well and extremely well awareness about the three accesses to market services in general but NGO beneficiaries have relatively better awareness than that of the GOV beneficiaries. Similarly, the NGO service beneficiaries have better awareness about training and technical assistance services than the government ones. In business counselling/advisory and financial record keeping services almost all (95%) of NGO service beneficiaries have somewhat well and extremely well awareness. On average 75% of government service beneficiaries have somewhat well and extremely well awareness on this two and business plan preparation, documentation & business legalization services. On the other hand government service beneficiaries have almost similar awareness with that of their counterparts on HRM, inventory management and business management and entrepreneurship training facilitation services.

On average about $\frac{2}{3}$ of MSEs from the two beneficiary groups have relatively well awareness on infrastructure facility support services (NGO beneficiaries have relatively better awareness on the first two services and less than that of the government beneficiaries in the third service).

The awareness level of MSEs towards support to get credit from MFI is similar between the two service beneficiaries (78% from both parties have well and extremely well awareness). Whereas, with those of support to get credit from leasing companies and other sources more than 72% NGO beneficiaries have better awareness than GOV counterparts (62% on average).

In general, more than $\frac{2}{3}$ of MSEs have well and extremely well awareness on the four BDS types and the rest $\frac{1}{3}$ have poor awareness on them. The NGO service beneficiaries have relatively well awareness than their counterparts in almost all services which were supported by all in depth interview respondents.

All in all, the study revealed that near to half (44%) of the non government service beneficiaries were relatively satisfied on access to market services than the government ones which are around 30% and majority of respondents from both parties are not satisfied on these services. Satisfaction of MSEs on the eight components of training and technical assistance services is above 50% in some components and below that in other services within the two groups. On the other hand, infrastructure facility supply support services favours for government service beneficiaries in which $\frac{1}{3}$ of them were satisfied on it which is more than the NGO service beneficiaries satisfaction (<22%) and equal in the middle /support to get selling area/. Whereas, the majority of MSEs from both service beneficiaries were not satisfied in access to infrastructure facility support services. Totally about $\frac{1}{3}$ of the MSEs from government and above half of non government service beneficiaries were satisfied on access to alternative financing services. The NGO service beneficiaries were satisfied better than the GOV ones because of the existence of saving and credit cooperative in AWEA which increases finance source for its members. But still $\frac{2}{3}$ of the GOV and more than $\frac{1}{2}$ of the NGO service beneficiaries were not satisfied in these services.

Generally, less than 50% of MSEs were satisfied in the four BDS types. The NGO service beneficiaries satisfied better than the government ones in access to market and alternative financing services while the government beneficiaries had satisfied better than the NGOs in access to infrastructure support services. But both of them satisfied in one component and not satisfied in another component of training and technical assistance services.

From these findings of the quantitative analysis and in depth interview conducted, we can conclude that there were poor access to market services, in availability of effective training and technical assistance services, MSEs suffered a lot to get reliable and well equipped infrastructure facility (they had got shed without electric power, production area without selling premises) and poor access to alternative financing in which ACSI is the only credit provider MFI which is expressed by most MSEs and BDS providers as highly bureaucratic, with

rigid collateral scheme and high interest rate. Besides this institutional coordination problems among TVEDD, ACSI, Trade office and other responsible sectors are the day to day features of Gondar city administration MSEs development campaign which directly supports the exploratory research findings of EDRI (2014).

The regression analysis shows a positive significant relationship among training and technical assistance services and Micro and Small Enterprises development. But it shows a positive insignificant relationship between access to market and infrastructure services and MSEs development while a negative insignificant relationship between access to alternative financing services and MSEs development. Therefore, the researcher concluded that even though majority of MSEs were not satisfied on most of the services, BDS still has a significant contribution for MSEs development in one component and insignificant in others.

Generally, the current BDS approach in the city is the traditional one. More than $\frac{1}{4}$ of MSEs in the city administration want to buy access to market services definitely where as above $\frac{1}{2}$ of them are undecided and probable buyers of these services. 33% of MSEs will buy training and technical assistance services while more than 50% of them are undecided and probable buyers. 40% of the respondents definitely want to buy infrastructure support services and 30 - 40% of MSEs definitely want to buy access to alternative financing services while around 45 - 50% of them are in dilemma to buy these services. To summarize, about $\frac{1}{3}$ of the MSEs want to buy all BDS definitely which shows optimism in MSEs to buy BDS in the future if the services are valuable enough to enhance their development which is the corner stone for the demand driven/modern BDS approach. But about 50% of them are undecided and probable buyers of the four services and the rest (about 16%) refuses to buy these services.

5.3. Recommendations based on major findings

Having examined the current BDS status in Gondar, the researcher points out the following recommendations to responsible organs that can be taken as valuable inputs for strengthening the overall BDS delivery system in the future so as to enhance MSEs development.

I) The difference in the type of enterprise, business sector and growth stage tells the nature and type as well as delivery mechanism of BDS. Hence the city administration government should assess its capacity in supporting MSEs that are struggling to develop. Furthermore, this assessment tells policy makers customizing services that would better fit to the needs of young entrepreneurs in the start up, growth and growth middle levels separately and prioritize critical services for MSEs in the five business sectors so as to enable them to contribute their stake in employment opportunities to more people than they currently are able, to meet their ultimate objective; profitability and to play their prominent role in the national development effort

II) More than $\frac{3}{4}$ of the MSEs source of information about BDS is government institution (TVEDD), family/friends and business partners. And more than $\frac{2}{3}$ of the MSEs have well and extremely well awareness level on the selected BDS types. Because of the existence of significant difference on information source and level of awareness on few services among the two service beneficiaries the government and other stakeholders should facilitate awareness creation activities through different mechanisms including Medias, audio visual and written materials /leaflets/ organizing GO/NGO stake holders meeting and MSEs graduation ceremony timely which participate MSEs to share their awareness about the services with each other accordingly.

III) As the regression analysis shows absence of significant contribution of the three BDS types to MSEs development; most of the MSEs in the city administration were not satisfied in the services provided to them and most of the problems described by Okapara & Dawit (2008) still persisted. Even among the two service beneficiaries relatively better number of the NGO service beneficiaries were satisfied in technical assistance services (intangible ones) while the government beneficiaries were satisfied in infrastructure facility services (tangible ones). The following core points are suggested by the researcher;

➤ To make MSEs beneficial in access to market services, the city administration government should facilitate local product exhibitions at least four times a year which enables MSEs to display their products so as to increase their sales volume, profitability and also enhances creativity. Creating opportunities for MSEs to have a room to participate in national bazaar and trade fairs through discounts and in city weeks such as the one which will be conducted in Gondar in the near future and facilitating linkages /networking/ with other businesses. Enhancing MSEs skills on how to prepare business cards, display boards and other promotional materials is also critical. The study outlined the existence of poor capacity among TVEDD professionals including market development experts so, government should build these experts capacity.

➤ To make MSEs beneficial in training and technical assistance service the service providers should manipulate the capacity of NGO providers and their best experiences, capacitate the government service provider professionals and facilitating mentoring scheme to be conducted by MSEs themselves. Better coordination existed between training provider NGOs and TVEDD should be strengthen in the future.

➤ To solve access to infrastructure facility problems of MSEs the local government should build sufficient amount of working and sales premises and equip the necessary facilities such as electricity and water for them. And enable MSEs to work on their residence area without licensing bureaucracies and should also facilitate working areas to be constructed by MSEs themselves in temporary basis.

➤ To solve MSEs challenges to get access to alternative financing mechanisms, ACSI should have to balance its development, employment creation and profit/wealth maximization role. To do so it must soften its bureaucracy, reduce interest rate and create flexible rooms for loan requirements. And the government should understand the real behaviour of MSEs and devise a mechanism to enable MSEs to get finances easily but with full accountability, Enhance the capacity of machinery leasing companies like walia and strengthen locally formalised saving and credit cooperatives so as to broaden MSEs alternatives to solve their working capital challenges. Above all the new credit provision scheme planned by development bank of Ethiopia and commercial bank should become practical soon with harmonized loan securing process by taking these previous experiences and lessons learnt in to consideration.

These all activities clearly demonstrate the existence of integrated effort by both government and nongovernment service providers is mandatory. So they have to work in coordination to so as to manipulate each of them competitive advantages mutually, share their experiences and best practices, alleviate challenges easily, to provide effective and efficient quality services, avoid effort duplication and to serve huge amount of unsatisfied MSE operators so as to assure their best interest in every service based on MSEs identified gaps and the city administration TVEDD should capitalize it's coordinating role and work in coordination with NGO service providers, government sectors and stakeholders based on the 2011 MSEs strategy.

IV) Similar to other studies especially in Ethiopia, this study confirmed the existence of traditional BDS delivery approach in Gondar city. Because of its supply driven scheme the traditional service delivery approach is not as such effective as explained by Miehlabradt and Mc vay (2003). Therefore policy makers should revise the service delivery provision mechanism and evaluate MSE development professionals' (BDS providers) capacity so as to equip them with the necessary knowledge and skill better than MSE operators have.

Surprisingly, contrary to their low satisfaction and high need of quality BDS only 1/3 of MSEs want to buy the components of the four BDS definitely while an average of 50% of them are undecided or probable buyers which is greater than the already decided buyers. This also shows the government, NGO and other business counselling firms need to invest an effort to make these MSEs ready to buy BDS by transforming those MSEs which are in dilemma to decided buyers so as to pave the way for modern (Market driven) BDS approach implementation.

The basic issue here is that the government and other NGO service providers will not provide the service forever in the future and to all needy MSEs freely which is not cost effective and neither creates sense of ownership among the beneficiaries nor enables them to develop as required. So that, creating conducive plat form for private BDS providers, capacitate them through creating linkages with needy enterprises and through alleviating their challenges is a vital process which further enables MSEs to have sense of ownership on the services and to benefit from them accordingly.

Last but not least prominent issue is, all responsible organs should establish an organized research team with diversified work force and work in coordination with research institutions like UoG so as to strengthen the overall service delivery system.

5.4. Areas for Further Study

Given the resource and time limitation it is impractical to cover all BDS provided to MSEs. Thus I recommend the following areas for further research.

- The role of BDS (including all the seven types) in MSE development.
- Assessment on readiness of BDS providers to implement market driven BDS approach.
- The opportunities and challenges existed for private BDS providers in Gondar city administration.
- How far the business development services are accessible for women and disabled people.
- Examining the coordination practices of BDS and Kaizen as industry extension service tools for MSEs development.
- The capacity of government BDS providers' expertise vs. MSE operators' knowledge.
- The effects of organizational factors, management style and environmental dynamism in MSEs development.
- The impact of BDS in MSEs total quality management implementation practices.

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