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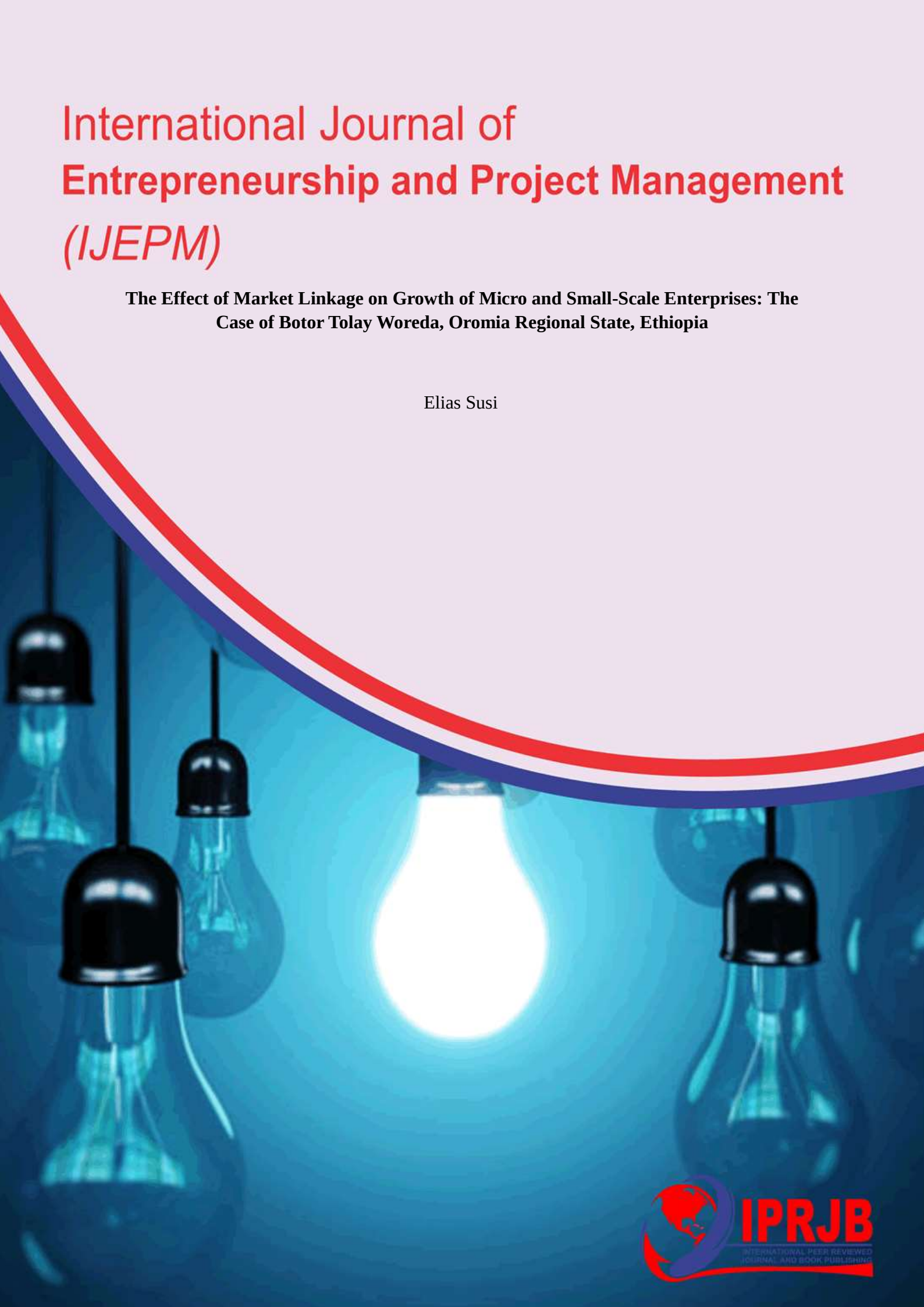
Elias Susi



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The Effect of Market linkage on Growth of Micro and Small-Scale Enterprises: The Case of Botor Tolay Woreda, Oromia Regional State, Ethiopia

[1*]Elias Susi

Post Graduate (MBA) Student: School of Business and Economics College, Jimma University

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Abstract

Purpose: The aim of the study was to assess the effect of market linkage on growth of Micro and Small-Scale Enterprises: The Case of Botor Tolay Woreda, Oromia Regional State, Ethiopia.

Methodology: The study was adopted descriptive and explanatory research design and Use Both Quantitative and qualitative research approach. The primary and secondary data was used, the primary data was collected by using questionnaires and interviews. Since the total 369 MSE operators from 2010-2015 EC, 192 sample size were selected using stratified and simple random technique with Yemane Formula. The collected data was analyzed by using descriptive and inferential statistics. To ensure the relationship between independent and dependent variables the Pearson correlation and multiple linear regression was applied. The data was analyzed by using Statistical package for Social Science (SPSS) version 25. The study Result was presented through the using of table and figures.

Finding: The study focuses on the seven major factors that affect the growth of MSE that were Access to Market Information, Access to finance, Government support, Infrastructure, Entrepreneurial competency, Social Network, and types of business sectors. The findings of correlation and regression show that there was a positive and significant relationship between MSEs' growth and, Access to Market Information, Access to finance, Government Support, Infrastructure Entrepreneurial Competency, Social Network, and types of business sectors and also, lack of adequate market linkage.

Unique Contribution to Theory, Policy and Practice: Based on the finding the researcher recommended that the government body should facilitate market linkage to ensure the existing market linkage policy, develop infrastructure, and provide support for MSE. The Entrepreneurs Practice on their side to develop their Competency and Social Networks. In addition, sufficient market information should be collected continuously to increase the linkage to the market. The finding aligned with the theory of Resource base view, the institutional theory and social network theory.

Keywords: *Botor Tolay Woreda, Market Linkage, Social Network and Growth*

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INTRODUCTION

Micro and Small Enterprises (MSEs) are recognized as crucial drivers of economic development globally, particularly in developing countries (World Bank, 2019). MSEs contribute significantly to job creation, innovation, and overall economic growth (World Bank, 2019). In fact, in many developing nations, MSEs constitute over 90% of the total enterprise population and make substantial contributions to the GDP (Eurostat, 2021).

The importance of MSEs in Ethiopia cannot be overstated, as they play a vital role in the country's economic development. According to data from the Ethiopian Ministry of Trade and Industry (2019), SMEs contribute approximately 34% of the country's GDP, account for 85% of total employment, and contribute 60% to the country's exports.

However, despite their significance, MSEs in Ethiopia face a significant challenge in terms of market linkage. Market linkage is identified as a critical factor for the growth of MSEs in Ethiopia, according to research by Adugna et al. (2020). The study highlights that MSEs with access to domestic and international markets have a higher probability of experiencing growth and expansion. Additionally, market linkage enables MSEs to tap into new technologies, knowledge, and resources that are essential for their growth and development.

One of the major obstacles hindering the growth and development of MSEs in Ethiopia is the limited access to sustainable markets. In response, the GTP II (Growth and Transformation Plan) for micro enterprise development emphasizes the need to organize and support MSE operators, providing them with effective support, credit facilities, and market linkages (FDRE GTPII 2015/16-2019/20). The development policy in Oromia specifically addresses the marketing problem faced by MSEs through measures such as sub-contracting, outsourcing, outgrow, and franchising (Oromia market regulation policy, 003/2004 E.C).

It is important to note that despite the implementation of market linkage policies, some MSEs in the Botor Tolay Woreda, Jimma Zone of Ethiopia continue to search for market linkages to enhance the growth and success of their businesses. This thesis aims to assess the characteristics of MSEs in the woreda, examine their current market linkages, and identify the specific factors influencing their growth within the Agriculture, Mining, Service, Trade, Manufacturing, and Construction sectors.

Despite their significant role, MSEs in Ethiopia face numerous constraints, Especially, limited market linkages hamper the growth of MSEs (Abera&Teshome,2019; Rahel Derbew,2020).

These constraints hinder their growth and prevent them from taking full advantage of global and regional market opportunities. The Ethiopian Ministry of Industry (2016) reported that only 25% of MSEs have links to external markets while the rest primarily operate within domestic markets. To address these issues, the government and agencies like the FEMSEDA have made efforts to improve market linkages through various strategies, such as Outsourcing, outgrows, franchising and subcontracting (Obsa Ensermu Gudeta and Daniel Tadesse Tulu, 2021).

However, despite these interventions, many MSEs still struggle to find adequate and sustainable market linkages. This is particularly evident in Botor Tolay woreda, where there are 369 active MSEs starting from 2010-2015 E.C, and the local MSE office has been actively trying to create market linkages through subcontracting government projects and partnerships with the private sector that provide the growth of MSE in Capital and number of employees (Report of MSE office of Botor Tolay Woreda,2015 E.C).

Previous research has emphasized the importance of the challenge of MSE growth rather than focus on the market linkages for the growth of MSEs in Ethiopia (Addis et al., 2019; Ensermu Gudeta and Tulu, 2022; Yemenu et al., 2018). However, most of these studies have focused on specific regions or sectors, leaving a gap in understanding the situation in broader areas like Botor Tolay Woreda in Jimma zone. Additionally, while previous studies have identified factors like financial capacity, government support, entrepreneurial competency, and access to market information as crucial for MSE growth, other potential factors like Social Network and Infrastructures have not been adequately explored.

In light of these gaps, there is a need for a comprehensive study on the effect of market linkage and growth of MSEs in rural area like Botor Tolay Woreda, and there is a need to investigate other potential factors that may influence market linkage and growth of MSEs. A mixed-method approach can provide a more in-depth understanding of the effect of market linkage in the growth of MSEs in the study area.

LITERATURE REVIEW

Under this part pinpoint the MSE with Theories and Empirical studies including the conceptual framework.According to McVay and Miehlbradt, (2005), this difference is significantly influenced by the population, stage of economic development, and industry the MSE is competing. The working definition of MSEs is based on capital and labor, according to Ethiopia's new Small & Micro Enterprises Development Strategy, which was published in 2011.

Table 1: Definition of MSE

Sr. No	Enterprise Level	Sector	Hiredlabour	Capital inETB
1	Micro	Industry	≤5	100 000
		Service	≤5	50 000
2	Macro	Industry	6-30	1.5 million
		Service	6-30	500 000

Source: Ethiopian Micro and Small Enterprises Strategy Plan 2011

Review of Theories

The Resource-Based View

The resource-based view suggests that SMEs can leverage their internal resources and capabilities to create competitive advantages and improve their market linkages (Barney, 1991). Therefore, MSEs' access to market information, financing, infrastructure, and government

support can enhance their resources and capabilities and contribute to their growth.

The Institutional Theory

Institutional theory emphasizes the effect of social norms, values, and power structures in shaping market actors' behaviors and relationships, and highlights the importance of legitimacy, conformity, and coercion in enhancing market linkages (Scott,2014). Therefore, MSEs' access to government support can enhance their legitimacy and increase their access to resources and markets.

The Social Network Theory

The social network theory has emerged as an important concept in understanding the role of market linkages in the growth of Micro and Small Enterprises (MSEs). According to this theory, the relationships that exist between individuals and groups can have a significant impact on their behavior and decision-making processes. Therefore, social networks can play an important role in enhancing MSE growth.

Factor Affecting Market Linkages for MSEs

Access to Market Information

Access to market information is also important for MSEs. Knowing what products or services are in demand and what prices consumers are willing to pay can help businesses make informed decisions about production and pricing. A study by the World Bank found that access to market information can increase sales and profits for MSEs, but that many businesses face significant challenges in obtaining this information, particularly those in rural areas (World Bank, 2019). Lack of information and knowledge: SMEs in Ethiopia often lack the necessary information and knowledge about market opportunities, market entry requirements, pricing, and quality standards. This lack of information hinders their ability to access markets and develop new products and services that meet the market demands (UNIDO,2013).

Access to Finance

Access to finance is another crucial factor for MSEs' growth. Research by Orraca et al., (2018) has shown that lack of access to credit is one of the significant hindrances to the growth of MSEs in developing countries. Baldry and Schmid (2018) also noted that enhanced financial literacy programs should be introduced to increase access to financing.

Access to government Support

Government support is also important for the growth of MSEs. The Ethiopian government has implemented various policies and programs to support these businesses, including providing training and technical assistance, access to finance, and infrastructure development (EDRI, 2019)

Infrastructure

The Ethiopian government has implemented various programs to improve infrastructure and increase access to finance for MSEs (EDRI, 2019), but more needs to be done in these areas to

support the growth of these businesses.

Entrepreneurs Competency

Entrepreneur competency is another key factor in the success of MSEs. A study by the British Council found that entrepreneurs with a higher level of education tend to have better business performance and are more likely to engage in activities that support their business growth, such as networking and seeking out additional financing (British Council, 2017).

Social Network

Market linkages and social networks can play a significant role in the growth of MSEs. A study conducted by the International Food Policy Research Institute found that MSEs with strong social networks tend to have better access to resources, information, and opportunities, leading to stronger business performance (IFPRI, 2015).

Business Type

The type of business and the entrepreneur's social network can significantly impact the growth of an MSE. A study conducted by Sutandar and Panjaitan (2019) found that MSEs that were involved in manufacturing had a higher likelihood of growth compared to other sectors.

Empirical Studies

Market linkages play a crucial role in the growth of Micro and small enterprises (MSEs) in different countries, including developed countries, developing countries, and African countries. Adequate market linkages can facilitate MSEs' access to larger markets, resources, and opportunities, which are essential for their growth and development.

In developed countries, market linkages enable MSEs to tap into established distribution networks and access a wider customer base. For example, a study by Coad, Rao, and Tamagni (2016) found that MSEs in Italy that were able to establish strong market linkages with larger firms experienced higher growth rates. These linkages provided MSEs with access to new customers, technological knowledge, and financing opportunities.

In developing countries, market linkages are crucial for MSEs to overcome the challenges they face, such as limited resources and limited domestic markets. A study by Bigsten, Gebreeyesus, and Siba (2012) focused on Ethiopia and found that MSEs that were able to establish market linkages with larger firms experienced higher productivity growth. These linkages facilitated knowledge transfer, access to finance, and access to larger markets, leading to improved performance and growth for the MSEs.

In African countries, market linkages are particularly important for MSEs to unlock their growth potential. For example, a study by Woldie, Admasu, and Asfaw (2018) examined the role of market linkages in the growth of MSEs in Ethiopia's textile and garment industry. The study found that MSEs that were able to establish linkages with buyers and retailers experienced higher growth rates. These linkages provided MSEs with access to larger markets, improved market information, and increased business opportunities.

By focusing on the role of market linkages in MSE growth in various countries, researchers can identify the specific mechanisms and factors that contribute to successful market linkages. This can help policymakers and practitioners develop targeted interventions and policies to support MSEs in establishing and leveraging market linkages for their growth and development.

Despite the crucial role played by MSEs in Ethiopia, inadequate market linkages are impeding their growth and development. Various studies have documented the challenges facing MSEs regarding market linkages in Ethiopia.

Several studies have investigated the role of market linkage in the growth of micro and small enterprises (MSE) in Ethiopia. For instance, the study by Gudeta and Tulu (2022) on Ambo town found that market linkage plays a significant role in the growth of MSE. The study identified five major factors that affect the growth of MSE, including financial capacity, government support, entrepreneurial competency, marketing information, and types of business sectors not include Infrastructure and Social Network.

The study by Addis et al. (2019) investigated the impact of market linkages and institutional support on the performance of MSEs in Ethiopia. The study found that market linkages play a crucial role in MSEs' growth and sustainability. The study highlighted that access to market information, credit, and technology significantly enhances MSEs' competitiveness and enables them to exploit market opportunities not include entrepreneur’s competency, infrastructure and social network variables

Yemenu et al. (2018) studies focused on the impact of market linkage on the growth of MSEs in the Ethiopian leather industry. The study noted that market linkage is essential for the growth and development of the leather industry in Ethiopia. The study highlighted that market linkage enhances MSEs' access to capital, markets, and technology transfer, thereby driving growth and development that study only focus on single sectors.

Geremew and Toli's (2016) study examined the relationship between access to the market and the growth of MSE in the Wolaita and Dawro zones, in southern Ethiopia. The study found that market access has a positive effect on the growth of MSE and identified several factors that influence access to the market, including location, infrastructure, and market information that study not include social network variables.

According to the study of Habtamu, Areagawi, and Nigusa's (2013) study investigated the growth determinants of micro and small enterprises in northern Ethiopia. The study found that market linkages play a significant role in the growth of MSE and identified several factors that influence market linkages, including access to credit, market information, and infrastructure but not include Entrepreneur’s Competency and social Network

In summary, addressing the gaps in market linkages for MSEs in Ethiopia requires efforts in improving access to market information, enhancing financial resources and literacy, providing government support, improving infrastructure, promoting entrepreneurial competency, and fostering strong social networks. These efforts can contribute to the growth and development of MSEs and their overall contribution to the Ethiopian economy.

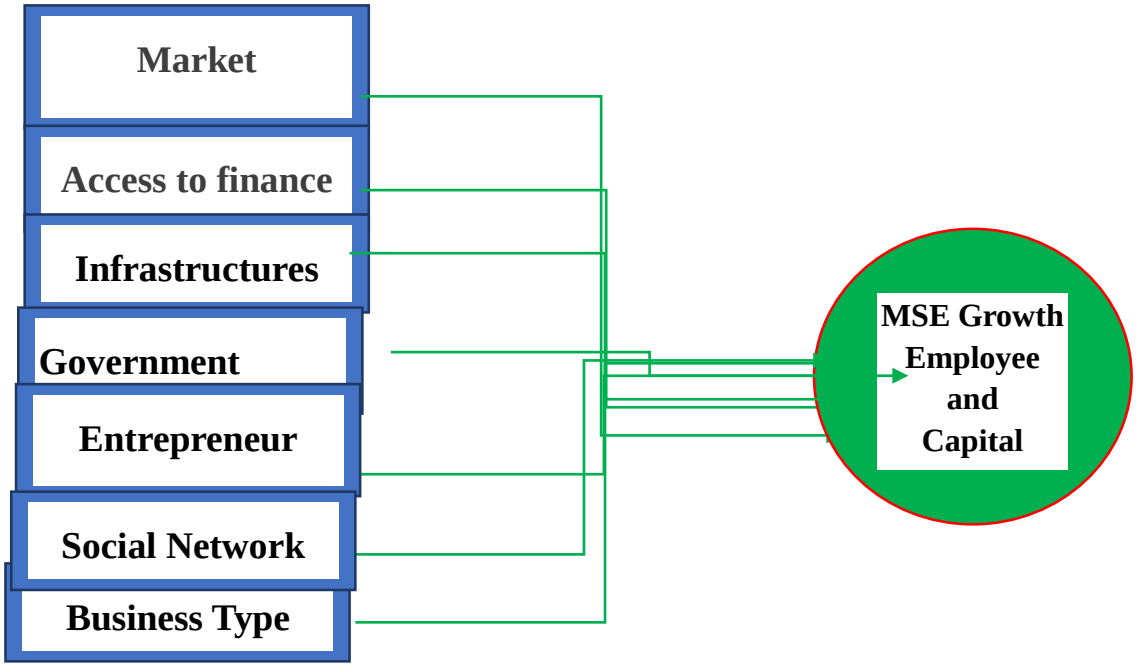

Figure 1: Conceptual Framework

Source: Compiled from Reviewed articles

The conceptual framework in a research study is the sketch presentation of the different variables that analysis takes in the research study. The conceptual framework gives a clear outline of the interconnection that exists between the dependent and independent variables in the study. The independent variables in the study are market information, access to finance, market, Infrastructure, Government support, Business Type, and social network while the dependent variable is the growth of MSEs in terms of capital and employee.

METHODOLOGY

A mixed research design would allow the researcher to collect both quantitative and qualitative data, which would provide a more comprehensive understanding of the research problem. Overall, a mixed research design would be appropriate for this study as it would allow the researcher to collect both quantitative and qualitative data, which would provide a more comprehensive understanding of the research problem. In this study, a descriptive research design would be appropriate for the first objective, which is to examine the features of MSEs in the woreda and an explanatory research design would be appropriate for the third objective, which is to pinpoint the key market connection elements that influence MSE growth.

The target population was those MSE operates in Botor Tolay woreda since from 2010 -2015 E.C, in the sector of Agriculture, Mining, Trade, Service, Manufacturing and Construction sectors. According to the information of the MSE office of MSE of Botor Tolay Woreda there are 369 MSE actively operates for the past 5 years. The sample was selected by Appling Yemane formula of 1967 selected sample was 192 Stratified random sampling techniques was used.

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

Where n is the sample size, N is the population size, and e is the margin of error. Assuming a margin of error of 5% and a confidence level of 95%, the sample size will be calculated as follows:

n = 369 / (1 + 369(0.05^2)) =191.92 ≈ 192

Both data collection methods used Primary data and secondary data. The primary data collected by using Likert scale question and secondary data was used from the MSE office reports.

Data were analyzed using descriptive statistics and the following Multiple linear regression model and the data was collected after a pilot study to ensure the quality of the questionnaire. The below model was used.

$$y=\beta_0 +\beta_1 X1 +\beta_2 X2 +\beta_3 X3 +\beta 4 X4 +\beta_5 X5 + \beta_6 X6 + \beta_7 X7 +\varepsilon$$

Where, y = Growth of MSE, $x1$ = Access market information, $x2$ = Access to Finance, $x3$ = Government support, $x4$ = Infrastructure, $x5$ = Entrepreneur competency, $x6$ = Social Network, $x7$ = Types of business sectors and ε = is an error.

To ensure the internal consistency of the questionnaire and measure reliability of the constructs that based on Cronbach's Alpha coefficient. The result of the Cronbach's Alpha coefficient in the below table 2 indicates above 0.70 that are very good.

No	Constructs	No of items	Cronbach`s Alpha
1.	Access to Market information	3	.827
2.	Access to Finance	3	.821
3.	Infrastructure	3	.891
4.	Government Support	3	.908
5.	Entrepreneur Competency	4	.938
6.	Social Capital	3	.713
7.	Business Type	3	.810
8.	Total	22	.833

Source :(Field Survey, 2023)

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RESULT

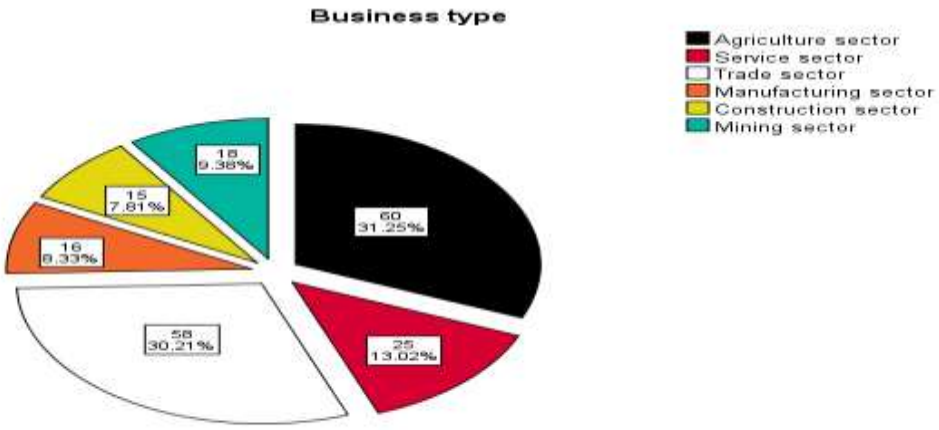

Figure 2: Business Types of Sectors

Source: Survey Data, 2023

The above Figure 2 refers to the type of the business of the Respondents. The sample asked for the type of among the respondent 60 (31.25%) of them works in the agriculture sector, the service sector covers 25 (13%), the Trade sector covers 51(31.02%), the Manufacturing sector covers 16 (8.33%), construction sectors 15 (7.81%) and the mining sectors covered 18 (9.38%). The majority of the MSEs are organized in the agricultural and trade sectors.

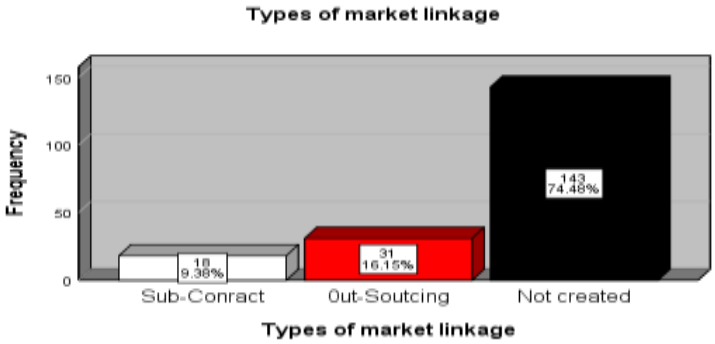

Figure 3: Curent Market Linkage Practice

Source: (Field Survey, 2023)

Figure 3 points out that the market linkage opportunity created the respondents 18(9,38%) responded through sub-contract, 31(16.15%) responded through out-sourcing and 143(74.48%) of the respondents responded that not market opportunity created to their firms

Table 2: Curent Market Linkage Practice Status

Current market linkage practices for the growth of MSE	**Mean**	**Std. Deviation**
Low market connectivity changes had an impact on my sales volume	3.97	0.868
Insufficient market opportunity has had an impact on my business	3.99	0.900
My sales volumes were impacted by lack of knowledge regarding market connection	4.09	1.016

Source: Survey Result, 2023

The above Table 2 indicates that low market connectivity changes had an impact on the sales volume of the respondents as the mean of the respondents **3.97** indicates that weak market linkage practices in the woreda and that insufficient market linkage opportunity had an impact on the growth of the MSE as the respondent's level of the agreement refers that the mean was **3.99** that fall to the range of Agree that point the poor market linkage practices. Also, the response of the respondents agrees that inadequate knowledge of the market connectivity the mean **4.09** of the result indicates poor linkage. The result of the respondents shows that MSE has weak market linkage because of weak facilitation and a lack of relevant and timely information about the market.

In general, the result of the respondents indicates that there were inadequate market linkages because of the weak implementation of the market connectivity strategy of the MSE of the woreda.

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Inferential Statistics Result

The following Assumption of the Inferential Statistics are caried out

Table 3: Correlation Coefficient

Correlations

		Growth	Access information	Access to Finance	Government Support	Infrastructures	Entrepreneurs Comp	Social Network	Business Type
Growth	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	192							
Access to Information 2	Pearson Correlation	.548**	1						
	Sig. (2-tailed)	.000							
	N	192	192						
Access to Finance 2	Pearson Correlation	.623**	.348**	1					
	Sig. (2-tailed)	.000	.000						
	N	192	192	192					
Government Support	Pearson Correlation	.497**	.220**	.307**	1				
	Sig. (2-tailed)	.000	.002	.000					
	N	192	192	192	192				
Infrastructure	Pearson Correlation	.460**	.287**	.250**	.206**	1			
	Sig. (2-tailed)	.000	.000	.000	.004				
	N	192	192	192	192	192			
Entrepreneurs Competency	Pearson Correlation	.593**	.411**	.450**	.395**	.266**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	192	192	192	192	192	192		
Social Network	Pearson Correlation	.515**	.317**	.334**	.280**	.277**	.368**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	192	192	192	192	192	192	192	
Business Type	Pearson Correlation	.403**	.168*	.243**	.247**	.202**	.308**	.193**	1
	Sig. (2-tailed)	.000	.020	.001	.001	.005	.000	.007	
	N	192	192	192	192	192	192	192	192

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source :(Field Survey, 2023)

As is referred to in above Table 3, of the correlation there is a positive relationship between Access to information and growth of MSE (r = .548, p = 0.00, p < 0.05) that have positive moderate relation between Access to information and Growth of MSE, Access to finance have moderate positive correlation (r = .623, p = 0.00, p < 0.05), government support and growth of MSE (r = 0.497, p= 0.00, p < 0.05), Infrastructure and growth of MSE have positive moderate relation (r = 0.460 p= 0.00, p < 0.05), the association between Entrepreneurial competency and growth of MSE (r =0.593 p= 0.00, p < 0.05), Social capital and growth of

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MSE (r = 0.515,p= 0.00, p < 0.05), Business sector and growth of MSE (r = 0.403, p= 0.00, p < 0.05) are statistically significant at a 95% confidence level. The result shows that there is a positive correlation between Access to information, Access to Finance, government support, Infrastructure, entrepreneurial competencies, social networks, and types of business sectors that play a significant role in determining the growth of MSE.

Assumption of Linearity Test

The result indicates the relation between the predictors and the output variables is linear as the plot shows a straight diagonal from the left to the right that fulfills the assumption.

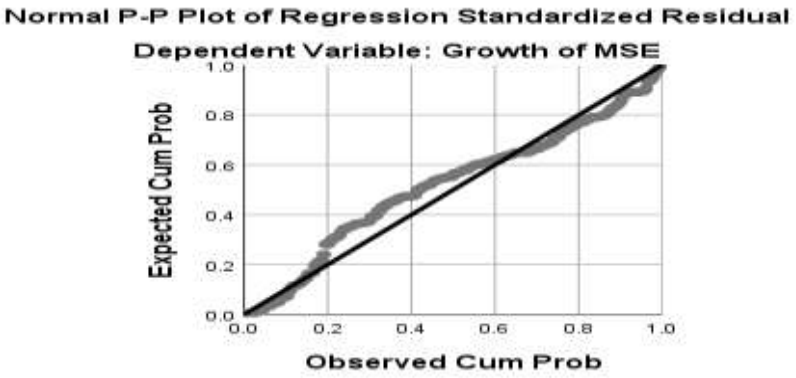

Figure 4: P-P Plot

Normality Test

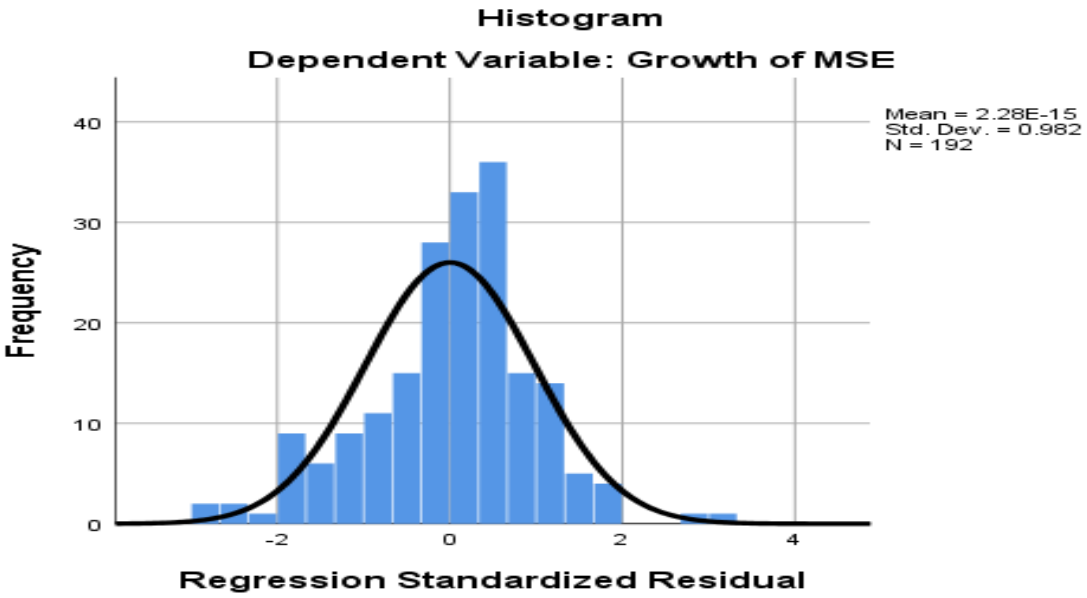

Figure 5: Histogram of Normality Test

Source :(Field Survey, 2023)

The above figure indicates that the X-axis shows the residuals, whereas the Y-axis represents the density of the data set. Therefore, this histogram plot ensures that the normality test results fit the assumption of the normality.

Table 4: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Access to Information	.759	1.318
	Access to Finance	.722	1.385
	Government Support	.795	1.258
	Infrastructure	.847	1.180
	Entrepreneurs Comp	.631	1.586
	Social Capital	.778	1.285
	Business Type	.867	1.154

The above table 4 indicates, in this study, the Variance Inflation Factors (VIF) and tolerance fall within the acceptance range (VIF = 1 - 10, tolerance = 0.1 – 1.0). There is no multicollinearity problem.

Table 5: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.838[a]	.703	.691	.671	1.970

a. Predictors: (Constant), Business Type, Access to Information, Government Support, Infrastructure, Social Network, Access to Finance, Entrepreneurs Competency
b. Dependent Variable: Growth of MSE

Source :(Field Survey, 2023)

The model summary in the table 5 above refers to how much of the variance in the dependent variable is explained by the model. The multiple coefficients of determination of R square are 0.701.

The value of the R square indicates that 70.1 percent of the variance in the dependent variable was explained by the model. This suggests that 70.1% of MSE growth depends on the independent variables while the remaining 29.9% is determined by other factors that are not included in this study. The value of adjusted *R*2 is 0. 691. This implies that there is a variation of 69.1% growth of MSE with changes in the Access to Information, Access to Finance, Government Support, Infrastructure, Entrepreneurial competency, Social Capital, and Business type at a confidence level of 95%. In other words, 69.1% of changes in the growth of MSEs

are explained by these factors the seven variables under study while the remaining 30.9% are explained by other variables that are not included in this study.

Table 6: Regression Coefficient

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1	(Constant)	-3.064	.305		-10.057	.000		
	Access to Information	.297	.062	.220	4.759	.000	.759	1.318
	Access to Finance	.370	.060	.291	6.141	.000	.722	1.385
	Government Support	.233	.057	.184	4.079	.000	.795	1.258
	Infrastructure	.224	.057	.172	3.946	.000	.847	1.180
	Entrepreneurs Competency	.183	.062	.149	2.943	.004	.631	1.586
	Social Capital	.216	.059	.168	3.686	.000	.778	1.285
	Business Type	.185	.058	.137	3.181	.002	.867	1.154

a. Dependent Variable: Growth of MSE

Source: (Field Survey, 2023)

The results of Table 6 revealed that Access to Information (β=0.297, $p<0.05$), Access to Finance (β=0.370, $p<0.05$), market (β=0.344, $p<0.05$), Government Support (β=0.233, $p<0.05$), Infrastructure (β=0.224, $p<0.05$), Entrepreneurs Competency (β=0.183, $p<0.05$), Social Capital (β=0.216, $p<0.05$) and Business Type (β=0.185, $p<0.05$) have significant and positive effect at p-value of less than 0.05. Simple linear regression estimates the coefficient of the linear equation involving one or more independent variables that best predict the value of the dependent variable and the regression equation is presented below.

Y = -3.064+0.297AI+0.370AF+0.233GS+0.224INF +0.183EC+0.216SN+0.185BT

The equation reveals that the Growth of MSE will be -3.064 units if all independent variables are zero, keeping All other independent variables constant Growth of MSE was increased by 0.297 units when one unit increased on Access to market information factors, Growth of MSE was increased by 0.370 when one unit increase of access to Finance, In the same ways, for one unit increase in Government Support, Infrastructure, Entrepreneurs Competency, Social Network and Business Type provide the change of 0.233,0.224, 0.183,0.216 and 0.185 unit increase in growth of MSE respectively.

Summary of Major Findings

The case of the demographic information of the respondents indicates the majority of the respondent's 62.3 percent were males and the remaining 37.7 percent were females while the

majority of the respondents were 68.2 percent and 31.8 percent were between the ages 25 and 34 years old, and 18-24 years old respectively.

Majority of the respondent's 42.7 percent obtained a TVET/Diploma and 38.5 percent of the respondents were Degree holders. The majority of the respondent's 67 percent them single and only 28 percent were married.

In line with the characteristics of the business majority of the respondent's 31.21 percent have engaged in agriculture and 30.21 percent were engaged in the Trade business category. Regarding the source of funds in business personal savings was the most frequent source of funds at 33.33 percent followed by Iqub/Idir at 22.40 percent and 19.27 percent from Sinqe Bank. The majority of the respondent's 81 percent them not have experience, and 16 percent of them fall within the range of 1-3 years' experience.

Regarding the type of market created for them the majority of the respondent's 71 percent not have market linkage created for them, followed by 31 percent through Outsourcing and 18 percent by Subcontracting. The current market linkage practices majority agreement of the respondents for the Item My business's low market connectivity changes had an impact on my sales volume, Insufficient market opportunity has had an impact on my business, my sales volumes were impacted by lack of knowledge regarding market connection, majority of the respondents agree with the mean of (3.97,3.99 and 4.09) respectively.

The products reach the market majority of the respondent's 53.13 percent directly to the customer following 46.88 percent use social media. In the case of participation in trade fairs and exhibitions majority of the respondents 79.17 not participate in trade fairs and exhibitions.

As far as the agreement towards growth of MSE's independent variable components are concerned most of the respondents have agreed with the seven independent variable. The scale of the agreement for Access to market information mean values was 3.5, Access to Finance mean value was 3.56, Government Support mean value of 3.61, Infrastructure mean value of 3.64, Entrepreneurs Competency mean value of 3.55, Social network and business type mean value of were (3.62 and 3.51) respectively.

The majority of the respondents agree that Access to market information, Access to Finance, Government Support, Infrastructure, Entrepreneurs' Competency, Social Networks, and Business type were the problems of the growth of MSE.

Regarding the relationship of the correlation there is a positive relationship between Access to information and growth of MSE (r =.548, p = 0.00, p < 0.05) that have positive moderate relation between Access to information and Growth of MSE, Access to finance have a moderate positive correlation (r = .623, p = 0.00, p < 0.05), government support and growth of MSE (r = 0.497, p= 0.00, p < 0.05), Infrastructure and growth of MSE have positive moderate relation (r = 0.460 p= 0.00, p < 0.05), the association between Entrepreneurial competency and growth of MSE (r = 0.593 p= 0.00, p < 0.05), Social capital and growth of MSE (r = 0.515,p= 0.00 , p < 0.05), Business sector and growth of MSE (r = 0.403, p= 0.00, p < 0.05)) are statistically significant at a 95% confidence level.

The result shows that there is a positive correlation between Access to information, Access to Finance, government support, Infrastructure, entrepreneurial competencies, and Social and types of business sector play a significant role in determining the growth of MSE.

According to the result of simple linear regressions, the Growth of MSE R Square value of the model is 0.701. It indicates that 70.1% of the variance of MSE growth was explained by Access to Information, Access to Finance, Government Support, Infrastructure, Entrepreneurial competency, Social Network, and Business type at a confidence level of 95%.

Conclusion

The socio-demographic features of the entrepreneurs show that the majority of the entrepreneurs were literate youth at productive age levels. The gender ratio also refers to males being more dominant than Females.

The Finding gained from analyses of the Features of MSE shows that entrepreneurs engaged in Agriculture and Trade types of business. This indicates that the majority of the Entrepreneurs organized on existing resources rather than analyzing the demand of the market of the sectors.

The results of the findings on the forms of the business show that they are organized by PLC forms as cooperatives and other forms are less incentivized by the government at the level of creating jobs for the jobless and also the other forms of business require high finance.

As the finding indicates it is possible to conclude that market linkage practices were inadequate which has a high impact on the growth of MSE. The entrepreneurs do not participate in the bazaar, trade fair, and exhibition, also they reach their customers through direct selling and the created market linkage through sub-contracts and out-sourcing for the Entrepreneurs is insufficient which affects their growth.

In this study the Access to Information was analyzed by using the indicators of lack of access to industry knowledge and best practice share, lack of access to relevant industry data and market research, and lack access to government policies and regulations. The result indicates that there is no sufficient information given to the Entrepreneurs even if it has a significant impact on the growth of MSE.

Access to finance is analyzed by using the indicator's insufficient institution of the loan provider, high-interest requirements, and requirement of the collateral. The result of the analysis indicates that lack of access to finance affects highly the growth of MSE.

Regarding the Government support the indicators were working place and premises facilitation, training and capacity building, and business consultancy. The results show from respondents and MSE officials show that there is inadequate government support.

Also, the infrastructure analyzed by using the indicators electricity, water, and road the result indicates that there is a lack of infrastructure that hinders their growth in the woreda. The entrepreneurial competencies analyzed by using the indicators of lack of experience, mismatch of education background, lack of management skill, and lack of motivation the result refers to three is lack of Entrepreneurs Competency that significantly affect the growth of MSE. So that

it is possible it is possible to conclude entrepreneurial competencies having experience, motivation, matching their education, and developing the experience boost the growth of MSE.

The Social network was analyzed by using the indicators that lack of a strong social network, lack of relationship with key stakeholders, and lack of informal form of advice and support. The result indicates there was lack of social networks affects the growth of MSE.

In the case of business type analyzed by using of indicators high competition, lack of clear model and strategy, and size and scale of the business. The result indicates that there is high competition, not having a clear model and strategy, and the size and scale of the enterprise affect the growth of MSE.

Recommendation

Relying on the findings and conclusions of the study the below recommendations are forwarded:

The MSE office and the unemployed organizer stakeholder office organize the unemployed based on the market opportunity analysis rather than organizing them only on the existing resources marketing assessment is must be prioritized to ensure the growth of MSE in Woreda.

Even if the government provide intention to market linkage of MSE through sub-contracting, out-sourcing, Franchising, and out-grow the rule and regulation not implemented as the given intention by searching all the marketing opportunity so that following and implementing the market linkage regulation and implementing the government follow from the Zonal to Woreda level supervision and Monitoring is good by existing hierarchy.

The MSE office and Entrepreneurs develop the habit and knowledge of searching for information that supports them in linking with the market doing market research is good to get the demand for the product and also using different promotion techniques TVS, Radios and Internet, etc. to reach the customer. The office facilitates participate in the MSE to Bazar, trade fairs, and exhibitions that prove the chance of market linkage.

Access to finance one of the critical problems of the MSE that is because the low institution that provides loans, request high interest and collateral refrain the MSE from getting a loan so the government provides different mechanism of funding and encourage the NGO to the MSE to solve their financial problem.

Government support for the MSE is essential as the enterprise needs training and capacity building, facilitating the working place by building shed and consulting them from the beginning up to the transforming them to enterprise level that runs itself.

The government developed the infrastructure for MSE like Electricity, expanded water coverage, and constructed the all-weather roads by clustering them in one place according to their sectors.

The Entrepreneurs develop a Social Network that helps to get different information supporting expansion to other places and get advice from different individuals who have private enterprises full of experience.

The MSE office of the Woreda Compiling the best practice and share to those who not have experience that help them to learn the way of linking to the market and organize the information and also, teach them the government strategy and polices to the MSE.

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