

# Prioritization of Micro and Small Enterprises in Terms Feasibility Analysis in Case of Dire Dawa City

Hailay Aregawi Hagos<sup>1</sup> Getnet Girma<sup>2</sup> Birhane kidanu Teklehaymanot<sup>2</sup>

1.Lecturer, Dire Dawa University, Department of Banking and finance

2.Lecturer, Dire Dawa University, Department of Economics

2.Lecturer, Dire Dawa University, Department of Management

## Abstract

The main aim of this study is to prioritize the alternative business enterprises in terms of their feasibility in Dire Dawa city. For the sake of achieving the objective, primary data were collected via questionnaire from 202 judgmentally selected micro and small enterprises. The collected data were analyzed using descriptive analysis tools including table, percentage and mean. Accordingly, the result of the study shows that urban agriculture, manufacturing, service, construction, and trade sectors are the first five feasible sectors respectively in terms of market, technical, financial and organizational parameters. Therefore, before directly began to do business in a given business enterprises, the entrepreneur should undertake preliminary feasibility study properly.

**Keywords:** Feasibility, micro and small enterprises, market, technical, financial, organizational

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## 1. Introduction

In most developing countries, agriculture is insufficient to feed and sustain the rural population due to the high rate of population growth, poor technology, lack of capital accumulation, and unfavorable climatic condition. Around 85% of Ethiopia's population depends on smallholder agriculture, mostly in subsistence farming. The current Ethiopian government has been implementing agricultural development lead industrialization policy that favors the industry sector. To realize this, the Ethiopian government paid attention to micro and small enterprises development where they can enhance the industry sector (Tariku, 2018). MSEs are becoming a significant job supplier in the urban labor market, as they have created 2.5 million new jobs in the last four years, particularly for unemployed youth (FeMSIDA, 2014). Thus, MSEs contribute more in increasing employment opportunities, reducing poverty, economic growth and base for large enterprises in both developed and developing countries (MoTI, 1997; Tulus, 2006; Mulu, 2007; FDRE Ministry of urban development and construction, 2013).

Currently, the Ethiopian government has recognized and gave prior attention to the promotion and growth of MSEs as they are important instruments to solve the employment problem, economic growth and economic equity in the country. As a result, the country shows its dedication to promote the MSEs growth by the Issuance of National MSEs Strategy in 1997 and the Establishment of the Federal MSEs Development Agency. In addition, Ethiopia's industrial development strategy issued in 2003 also select the promotion of MSEs development as one of the important instruments to create productive and dynamic private sector. The promotion of this sector is justified on the grounds that enhancing growth with equity, creating jobs, to support for medium and large enterprise and promoting exports etc. The strategy puts a means to support the MSEs such as, infrastructure, financial facilities, supply of raw materials, and training (Mulu, 2007; Berihu et al., 2014).

Despite the support and focus given to the sector, a large number of MSEs are expected to eventually close or stagnated at the starting phase. As reports and studies documented, there are internal and external factors which affect the success of the MSEs such as shortage of working capital, lack of marketing skills, poor location of business cites, failure to take the risk, and over-emphasis to short term profit are internal factors affecting the survival rate of MSEs (Mulu, 2007; Osinde, 2013; Tidiane & Josef, 2008; Atieno, 2009; Clover & Darroch, 2005; Kinda and Loening, 2008; Mbugua et al., 2013). Besides, lack of access to efficient infrastructure, access to a factor of production, bureaucracy burden, and lack of appropriate skill and training are also documented as external factors hindering the success of the MSEs (Enock, 2010; Habtamu, 2012; Janda et al., 2013; Woldehanna et al, no date).

ILO (2007) as cited in Woldehanna et al, (no date) the importance of enterprises as the principal source of growth and employment cannot be overstated. Enterprises, particularly small and medium enterprises (SMEs) are decisive as a major source of income and employment and are at the heart of economic activity and development for developing countries. However, if the growth and survival of the newly established firms are not ensured, the expected positive results will rather be replaced with negative outcomes of unemployment, wastage of resources and time in the part of the owner and economic loss in general.

As far as we know, the focused solution for MSEs difficulties towards survival and growth has been through identifying the growth and survival factors of MSEs generally in other parts of the world (see, e.g. Brtiderl et al, 1992; Storey, 1994; Coleman et al. 2010; Hoskisson et al.,2000; Mousley 2003; and Aterido, Hallward-Driemeier

and Pagés 2009 //and particularly in Ethiopia (see, e.g. Admasu , 2012; woldhana et al. no date; syoume, 2016; mohammed, 2016; Ferede et al. 2016). However, there is another way that can help MSEs to know where to involve, invest and assure survival and growth that is identifying feasible business enterprises and listing based on the overall viability so that it will help new and already involved micro and small entrepreneurs to easily decide where to invest and get better out of it. Moreover, it will safeguard the success of MSE operators. Therefore, this research aims to analyze the micro and small enterprises in terms of their feasibility in Dire Dawa city.

## **2. Objective of the Study**

The general objective of this study was to prioritize the micro and small enterprise in terms of their feasibility in Dire Dawa city. More specifically, the study was intended to achieve the following specific objectives:

1. To rank micro and small enterprises in terms of their market feasibility.
2. To order micro and small enterprises in terms of their technical feasibility.
3. To rank micro and small enterprises in terms of their financial feasibility.
4. To list micro and small enterprises in terms of their organizational and legal issues feasibility.

## **3. Research Methodology**

The main purpose of the study was to prioritize the micro and small enterprise in terms of feasibility analysis in Dire Dawa city. In the study qualitative data were collected on a cross-sectional basis in the sense that all relevant data were collected at a single period for the consecutive three months (March, April, and May). Besides, the study was a descriptive research type in which data was collected to prioritize micro and small enterprises in terms of their feasibility. In the study primary data type were collected from primary sources using questionnaire. Questionnaire was prepared and filled through face to face asking the sample respondents of micro and small enterprises by the researchers in collaboration with the professionals from each kebele. Here the professionals from each Kebele were assigned and incorporated them as part of the team in the survey. The questionnaire was mainly prepared in the form of a Likert scale in which respondents are required to state their opinion on the given five-point Likert scale. That is Researchers initially contact the experts of a given Kebele and identify the list of the micro and small enterprises engaged in that Kebele and then a sample of business enterprises were selected judgmentally.

In collecting the data using this method, data were collected from a judgmentally selected 202 respondents (micro and small enterprise owners). In incorporating the enterprise type, we initially look 35 business types listed by Ministry of Urban Development & housing (2016) for which government support gives due attention. With this consideration we have taken suggestion of different parties specially business practitioners, officials in the area, consumers, industry owners and managers. Finally the top 30 business types became as target of this study for comparison of their feasibility.

After collecting the raw data, they were processed to check their completeness and other errors. Then the processed data were analyzed using descriptive analysis tools including table, percentage and mean. The analysis is concerned at a high level of market, technical, financial and organizational parameters to rate out the feasibility of the business enterprises. When we say at high level, it is only for the sake of rating and prioritizing the alternative business types. For each of the parameter different specific variables in the form of sentence were raised and respondents required to state their opinion based on five point Likert scale.

## **4. Data Analysis and Discussion**

### **4.1. Market Feasibility**

Market feasibility is the first parameter used to identify and prioritize business enterprises. Accordingly, the type of market (consumer, industrial or reseller) and competitive landscape in the market are the main parameters used. To measure the market feasibility of each business enterprises two techniques are used. First, the respondents are required to select the type of consumer that usually used their product. Second, they are required to state their opinion based on a five-point Likert scale on the given variables related to market analysis. The summary of their response for each of the items is given in the below two tables (table 1 and 2).

Table 1: Types of Customer by Sectors and Sub-sectors

Sector	Sub-sector	Observation		Types of customer		
		Number	Percent	Consumer	Industrial	Reseller
<b>Manufacturing</b>	Leather & leather product	8	4	1	1	6
	Food processing & beverage	10	5	1	1	8
	Textile & garment	12	6	1	7	4
	Wood work & furniture	9	4.5	9	0	0
	Metal work	5	2.5	5	0	0
	Soap & detergent	4	2	3	0	1
	Electronics & mini machinery production	4	2	2	0	2
	Construction material production	5	2	4	1	0
	<b>Total</b>	<b>57</b>	<b>28</b>	<b>28</b>	<b>10</b>	<b>19</b>
<b>Construction</b>	Electric	4	2	2	2	0
	Road	7	3.5	2	5	0
	Building construction	11	5.5	7	4	0
	Banba work	6	3	6	0	0
	General	3	1.5	3	0	0
	Color and sanitation	8	4	7	1	0
	Coblston work	1	0.5	0	1	0
		<b>Total</b>	<b>40</b>	<b>20</b>	<b>27</b>	<b>13</b>
<b>Service</b>	Auto mechanics repairmen	11	5	11	0	0
	Electronic maintenance	6	3	4	1	1
	Buity salon	10	5	10	0	0
	Café & restaurant	6	3	6	0	0
	Day care	5	2	5	0	0
	Consultancy and professional service	3	2	3	0	0
	Décor & event organization	6	3	5	1	0
		<b>Total</b>	<b>47</b>	<b>23</b>	<b>44</b>	<b>2</b>
<b>Trade</b>	Food & beverage	13	6	12	1	0
	Buitick	14	7	13	0	1
	Construction material	7	3	6	1	0
	Electronics	6	3	6	0	0
		<b>Total</b>	<b>40</b>	<b>20</b>	<b>37</b>	<b>2</b>
<b>Urban Agriculture</b>	Fruit & vegetable	5	2.5	0	0	5
	Dairy farming	4	2	0	0	4
	Poultry service	6	3	2	0	4
	Cattle meal	3	1.5	3	0	0
		<b>Total</b>	<b>18</b>	<b>9</b>	<b>5</b>	<b>0</b>

Source: Questionnaire survey (2019)

As indicated in the above table, most 57 (28%) of the surveyed respondents are from eight business enterprises of the manufacturing sector. Specifically, 8 (4%), 10 (5%), 12 (6%), 9 (4.5%), 5 (2.5%), 4 (2%), 4 (2%) and 5 (2%) of the respondents were surveyed from leather and leather, food processing, textile, woodwork, metalwork, soap and detergent, electronics and mini machinery production and construction material production business enterprises respectively. The remaining 40 (20%), 47 (23%), 40 (20%) and 18 (9%) enterprises are from construction, service, trade and urban agricultural sectors respectively. These also came from different specific business enterprises of each sector. The list within each of these sectors and their respective distribution is given in the above table (see table 1).

Table 1 also depicts the market or customer type of business enterprises. Accordingly, most (6 and 8) of the customers for leather and leather products and food processing enterprises are “resellers” respectively. In contrast, the majority (9, 5, 3 and 4) of the customers for woodwork, metalwork, soap, and detergent, and construction material production enterprises are “consumers” respectively. The majority (7) of the customers for textile and garment, on the other hand, are industrial companies which followed by reseller customers. Electronics and mini machinery production enterprises have customer types of both consumer and reseller. Concerning the enterprises categorized under the construction sector, most (7, 6, 3 and 7) of the customers for building construction, Banba work, general construction and color, and sanitation respectively are consumers and for the remaining enterprises

of the construction sector are mostly industries. Almost all of the customers for enterprises under the service and trade sectors are consumers (see table 1). On the other hand, most (5, 4 and 4) of the customers for fruit and vegetable, dairy farming and poultry services respectively are resellers, while most (3) of the customers for cattle meal production are consumers. Generally, this result shows that the textile and garment, leather and leather products and food processing enterprises from the manufacturing sector; the dairy farming and poultry enterprises from urban agriculture are better in the customer type composition which followed by some enterprises of construction sectors.

In terms of sector, compared to other sectors service and trade sector accounts for a high number of consumer types of customers which followed by the manufacturing and construction sectors, while manufacturing and urban agriculture constitute a large number of reseller customers. On the other hand, comparing to other sectors, the construction sector has a large number of industrial types of market or customer which followed by the manufacturing sector. This implies that the manufacturing and urban agricultural sectors are better in customer type which followed by construction sectors.

Table 2: Feasibility of Sectors/Sub-sectors in terms of comparative landscape in the market

Sector	Sub-sector	Factor score (Average)					
		Competition	Sub. product	Bar. Power buyer	Bar. Power supplier	Entry/exist barrier	Total
<b>Manufacturing</b>	Leather & leather product	4.6	4	4.1	3.4	4.5	4.1
	Food processing & beverage	4.2	3.8	4.2	3.2	4.7	4
	Textile & garment	4.5	3.7	4.1	4.1	4.7	4.2
	Wood work & furniture	3.1	3.2	3.4	3.8	3.6	3.4
	Metal work	3.6	3.4	3.8	3.8	4.2	3.7
	Soap & detergent	4	4	3.5	3.5	4	3.8
	Electronics & mini machinery production	4.7	3.7	4.2	3.2	4.2	4
	Construction material production	3.4	3.2	3	2.8	3.8	3.2
	<b>Total</b>	<b>4</b>	<b>3.6</b>	<b>3.9</b>	<b>3.5</b>	<b>4.3</b>	<b>3.8</b>
<b>Construction</b>	Electric	3	3.2	2.7	4	3	3.2
	Road	4.4	4	2.8	4	3.1	3.6
	Building construction	3.4	3.6	3.6	3.3	3.1	3.4
	Banba work	3	2.8	3.2	3.8	4	3.4
	General	2	2.6	2.6	4.3	1.6	2.6
	Color and sanitation	2.5	3.2	3	3.7	4.1	3.3
	Coblston work	4	4	4	3	4	3.8
		<b>Total</b>	<b>3.2</b>	<b>3.4</b>	<b>3.1</b>	<b>3.7</b>	<b>3.3</b>
<b>Service</b>	Auto mechanics repairmen	4.4	3.5	4.1	4.1	4.9	4.2
	Electronic maintenance	4	2.3	4.2	4.2	4.8	3.9
	Buity salon	3.1	2.9	3.5	3.2	4.2	3.4
	Café & restaurant	3.3	3	3.3	3.3	4	3.4
	Day care	5	3.8	3.6	3.8	4.8	4.2
	Consultancy and professional service	4.3	3.6	3.3	3.3	5	3.9
	Décor & event organization	4.3	3.3	3.3	2.5	5	3.7
		<b>Total</b>	<b>4</b>	<b>3.3</b>	<b>3.7</b>	<b>3.5</b>	<b>4.6</b>
<b>Trade</b>	Food & beverage	3	2.5	3.2	2.7	4	3.1
	Buitick	3.1	2.7	3.4	3.5	3.6	3.2
	Construction material	3.4	2.5	3.3	3.5	4	3.3
	Electronics	2.3	2	3.3	3	4.2	3
		<b>Total</b>	<b>3</b>	<b>2.5</b>	<b>3.3</b>	<b>3.2</b>	<b>3.9</b>
<b>Urban Agriculture</b>	Fruit & vegetable	5	4	4.6	4	4.8	4.5
	Dairy farming	5	4.5	3.2	3.5	4.2	4.1
	Poultry service	5	4	4.3	3.3	4.6	4.2
	Cattle meal	5	4	3.6	5	4.6	4.4
		<b>Total</b>	<b>5</b>	<b>4.1</b>	<b>4</b>	<b>3.7</b>	<b>4.6</b>

Source: Questionnaire survey (2019)

The existence of low competition in the market is one variable used to measure the market feasibility of the

enterprises. Accordingly, as it can be seen from the above table (table 2), the business enterprises under urban agriculture are the foremost having low competition which scores a mean of 5. This is followed by daycare from the service sector, electronics and mini machine production, leather and leather products and textile and garment from the manufacturing sector which scores a mean of 5, 4.7, 4.6 and 4.5 respectively. There are also other business enterprises from each sector varying mean (see table 2). In terms of sector, urban agriculture is the foremost sector having lower competition at a mean of 5 which followed by manufacturing and service sectors that score a mean of 4. In relation to substitution of products, leather and leather products, soap and detergent, food processing, textile and electronics and mini machinery production enterprises show good result which accounts 4, 4, 3.8, 3.7 and 3.7 respectively from manufacturing sectors; road construction, Coblston work and building construction from the construction sector are good in substituting products variable which accounts 4, 4 and 3.6 respectively. From service sector daycare, consultancy and auto mechanic repairmen score a mean of 3.8, 3.6 and 3.5 respectively for the low level of product substitution for their products. All of the enterprises within the urban agricultural sector score a mean of 4 and greater for the low level of product substitution for their products, whereas the enterprises within the trade score a mean of 2.7 and lower for the low level of product substitution for their products. In terms of sector, urban agriculture is the foremost sector having lower product substitution at a mean of 4 which followed by manufacturing and service sectors that score a mean of 3.6 and 3.4 respectively.

Concerning the bargaining power of buyers, the enterprises including food processing, electronics and mini machinery, leather and leather products and textile enterprises from the manufacturing sector have lower bargaining of buyers at a mean score of 4.2, 4.2, 4.1 and 4.1 respectively. While Coblston work and building construction from the construction sector shows lower bargaining power of buyers; maintenance, auto mechanic repairmen and daycare results lower bargaining power of buyers. The mean score of the enterprises within the trade is less than or equal to 3.4, while the mean score of the enterprises within urban agriculture is greater than or equal to 3.2. In terms of sector, urban agriculture and manufacturing sectors are the foremost sectors having the lower bargaining power of buyers at a mean of 4 and 3.9 respectively which followed by trade and service sectors that score a mean of 3.4 and 3.3 respectively.

Based on the bargaining power of suppliers, table 1 indicated that textile, woodwork and metalwork from manufacturing sector; general, electric and road construction from construction sector; maintenance and repairmen from service sector; Buitick and construction material shop from trade sector and cattle meal and fruit and vegetable from urban agriculture show lower bargaining power of suppliers. In terms of sector, urban agriculture and construction sectors are the foremost sectors having the lower bargaining power of suppliers at a mean of 3.7 and which followed by manufacturing and service sectors that score a mean of 3.5. Concerning the entry or exit barriers, on the other hand, the mean score of manufacturing, construction, service, trade, and urban agriculture is 4.3, 3.3, 4.6, 3.9 and 4.3 respectively. This shows that service sectors are the foremost sectors having lower entry or exist barriers which followed by manufacturing and urban agriculture. Generally, table 4.2 shows that the total mean of manufacturing, construction, service, trade, and urban agriculture is 3.8, 3.4, 3.8, 3.2 and 4.3 respectively. This implies that in terms of market feasibility, urban agriculture is the foremost sector market feasible which followed by the manufacturing and service sector.

#### **4.2. Technical Feasibility**

As one component of feasibility analysis, researchers collected data on the variables that can measure the technical feasibility of the business. It includes material availability, access to utility, nearness to customer and access and fairness of manpower. Technical feasibility is a measure linked to size, availability of all types of inputs, location and generally technical factors related to the business. Accordingly, they are required to state their opinion based on a five-point Likert scale on the given variables related to technical analysis. The summary of their response for each of the items is given in the below table (table 3).

Table 3: Technical feasibility of Sectors and Sub-sectors

Sector	Sub-sector	Factor score (Average)				
		Material	Utilities	Location	Manpower	Total
<b>Manufacturing</b>	Leather & leather product	3.7	3.4	4.1	4.1	3.8
	Food processing & beverage	4.4	3.6	3.7	4.6	4
	Textile & garment	4.1	3.4	4.1	3.8	3.8
	Wood work & furniture	3.1	2.4	3.8	3.3	3.1
	Metal work	3.8	2.6	4.4	4.4	3.8
	Soap & detergent	4.2	2	4	4.5	3.7
	Electronics & mini machinery production	3	2.7	4.2	3.2	3.3
	Construction material production	4.2	3.8	4.2	4	4
	<b>Total</b>	<b>3.8</b>	<b>3.1</b>	<b>4</b>	<b>4</b>	<b>3.7</b>
<b>Construction</b>	Electric	4	3.2	3.5	3.2	3.5
	Road	3	2.8	2.8	2.7	2.8
	Building construction	3.4	3.1	3.7	3.4	3.4
	Banba work	4	3	4	2.6	3.4
	General	3.3	3	3.3	2.6	3
	Color and sanitation	4.8	3.8	4.2	3.8	4.1
	Coblston work	4	2	4	4	3.5
	<b>Total</b>	<b>3.7</b>	<b>3.2</b>	<b>3.6</b>	<b>3.2</b>	<b>3.4</b>
<b>Service</b>	Auto mechanics repairmen	4.1	3.3	3.5	3.2	3.5
	Electronic maintenance	5	2.5	4.2	4.3	4
	Buity salon	4.3	2.6	3.9	3.7	3.6
	Café & restaurant	3.8	3.2	3.3	3.6	3.5
	Day care	4	3	4	4.2	3.8
	Consultancy and professional service	5	5	5	5	5
	Décor & event organization	4.6	4.2	4.5	4	4.3
	<b>Total</b>	<b>4.3</b>	<b>3.2</b>	<b>3.9</b>	<b>3.8</b>	<b>3.8</b>
<b>Trade</b>	Food & beverage	3.8	4	3.4	3.6	3.7
	Buitick	3.6	3.9	3.6	3.8	3.7
	Construction material	3.5	4.7	3.5	4.4	4
	Electronics	4.3	4.5	4.3	4.2	4.3
	<b>Total</b>	<b>3.8</b>	<b>4.2</b>	<b>3.6</b>	<b>3.9</b>	<b>3.8</b>
<b>Urban Agriculture</b>	Fruit & vegetable	5	4.2	3.2	4.6	4.2
	Dairy farming	4.7	4	3.7	5	4.3
	Poultry service	4.5	3.5	4	4.6	4.1
	Cattle meal	4.3	2.6	3.3	3.3	3.4
	<b>Total</b>	<b>4.7</b>	<b>3.7</b>	<b>3.6</b>	<b>4.5</b>	<b>4.1</b>

Source: Questionnaire survey (2019)

Under the manufacturing sector, there are eight sub-sectors selected for more detail analysis. From this sub-sector, based on the availability of materials, food processing, and beverages sub-sector get a higher score (4.4) implying that for this sub-sector the required materials can be easily available when we compared with the lower score (3) that is Electronics & mini machinery production sub-sector implying difficulties in getting material requirements. Based on the access to utilities, Construction material productions sub-sector score higher (3.8) and the lower is Soap & detergent sub-sector (2) implying easiness and difficulties in getting access to Utilities. Based on Location the higher score is for Metalwork sub-sector (4.4) and the lower Food processing & beverage sub-sector (3.7) implying that close to suppliers and far from the suppliers respectively. The final variable is manpower and based on this variable, Food processing & beverage (4.6) and Electronics & mini machinery production (3.2) score the higher, imply easy access to the required manpower, and the lower, imply difficulty in accessing the required manpower, respectively. Generally, Under the Manufacturing sector, based on technical feasibility, Leather & leather product (4) and Construction material production (4) sub-sectors hold a higher score indicating technically more feasible. Also, Woodwork & furniture (3.1) sub-sector is technically less feasible when it is compared with other sub-sectors under the manufacturing sector.

Under Construction, there are seven sub-sectors selected for more detail analysis. From this sub-sector, based on the availability of materials, Color and sanitation sub-sector get a higher score (4.8) implying that for this sub-sector the required materials can be easily available when we compared with the lower score (3) that is Road

constriction sub-sector implying difficulties in getting material requirements. Based on the access to utilities, the Color and sanitation sub-sector score higher (3.8) and the lower is Coblston (2) implying easiness and difficulties in getting access to Utilities. Based on Location the higher score is for Color and sanitation (4.2) and the Lower Road (2.8) implying that close to suppliers and far from the suppliers respectively. The final variable is manpower and based on this variable, Coble stone (4) and Banba (2.6), general constriction (2.6) score the higher, imply easy access to the required manpower, and the lower, imply difficulty in accessing the required manpower, respectively. Generally, under the construction sector, based on technical feasibility, Color and sanitation (4.1) sub-sector hold higher score indicating technically more feasible. Also, Road constriction (2.8) sub-sector is technically less feasible when it is compared with other sub-sectors under the construction sector.

Under the Service sector, there are seven sub-sectors selected for more detail analysis. From this sub-sector, based on the availability of materials, Consultancy and professional service sub-sector get higher score (5) implying that for this sub-sector the required materials /professional skill/ can be easily available when we compared with the lower score (3.8) that is Café & restaurant sub-sector implying difficulties in getting material requirements. Based on the access to utilities, the Consultancy and professional service sub-sector score higher (5) and the lower is Electronic maintenance (2.5) implying easiness and difficulties in getting access to Utilities. Based on Location, the higher score is for Consultancy and professional service (5) and the lower Café & restaurant (3.3) implying that close to suppliers and far from the suppliers respectively. The final variable is manpower and based on this variable, Consultancy and professional service (5) and Auto mechanics repairmen (3.2) score the higher, imply easy access to the required manpower, and the lower, imply difficulty in accessing the required manpower, respectively. Generally, under the service sector, based on technical feasibility, Consultancy and professional service (5) sub-sector hold higher score indicating technically more feasible. Besides, Café & restaurant (3.5) and Auto mechanics repairmen (3.5) sub-sector is technically less feasible when it is compared with other sub-sectors under the service sector.

Under the Trade sector, there are four sub-sectors selected for more detail analysis. From this sub-sector, based on the availability of materials, the electronics sub-sector gets a higher score (4.3) implying that for this sub-sector the required materials can be easily available when compared with the lower score (3.5) that is Construction material trade sub-sector implying difficulties in getting material requirements. Based on the access to utilities, the Construction material trade sub-sector score higher (4.7) and the lower is Buitick (3.9) implying easiness and difficulties in getting access to Utilities. Based on Location the higher score is for the Electronics trade sub-sector (4.3) and the lower Food & beverage trade sub-sector (3.4) implying that close to suppliers and far from the suppliers respectively. The final variable is manpower and based on this variable, Construction material (4.4) and Food & beverage (3.6) score the higher, imply easy access to the required manpower, and the lower, imply difficulty in accessing the required manpower, respectively. Generally, based on technical feasibility, electronics shop sub-sector hold a higher score (4.3) indicating technically more feasible from trade sector. On the other hand, Food & beverage (3.7) and Buitick (3.7) and sub-sector are technically less feasible when it is compared with other sub-sectors under the trade sector. Under the Urban Agriculture sector, there are four sub-sectors selected for more detail analysis. From this sub-sector, based on the availability of materials, Fruit & vegetable sub-sector get a higher score (5) implying that for this sub-sector the required materials can be easily available when we compared with the lower score (4.3) that is Cattle meal production sub-sector implying difficulties in getting material requirements. Based on the access to utilities, Fruit & vegetable sub-sector score higher (4.2) and the lower is Cattle meal sub-sector (2.6) implying easiness and difficulties in getting access to Utilities. Based on Location the higher score is for the Poultry sub-sector (4) and the lower Fruit & vegetable sub-sector (3.2) implying that close to suppliers and far from the suppliers respectively. The final variable is manpower and based on this variable, Dairy farming (5) and Cattle meal (3.3) score the higher, imply easy access to the required manpower, and the lower, imply difficulty in accessing the required manpower, respectively. Generally, under the urban agriculture sector, based on technical feasibility, Dairy farming (4.3) sub-sectors holds a higher score indicating technically more feasible. Also, the Cattle meal (3.4) sub-sector is technically less feasible when it is compared with other sub-sectors under the urban agriculture sector.

#### **4.3. Financial Feasibility**

Financial analysis is one of the major types of analyses commonly used to analyze feasibility. Its principal purposes are: to determine the adequacy of the finances to start and run activities; to ascertain whether monetary benefits to be derived from the activity are larger or smaller than the activity's costs; to judge whether results would be produced at the lowest practical cost and whether the unit cost of results is reasonable; and whether the proposed cash flow is likely to make the activity financially viable during the activity operating period. Based on this, researchers provide questions to respondents and the questions are as follows; start-up capital easiness under a variable 'easy', the availability of suppliers that can extend trade credit and customers pay money before product/service delivery under a variable 'suppliers' and 'customers' respectively. The last is about the availabilities of debt from financial institutions under a variable 'financial institutions'. Based on the respondent's

answer on a five-point Likert scale on given variables related to financial analysis, the following table produced.  
 Table 4: Financial feasibility of Sectors and Sub-sectors

Sector	Sub-sector	Factor score (Average)				
		Easy	Customer	Suppliers	Financial institutions	Total
<b>Manufacturing</b>	Leather & leather product	4.1	3.5	3.4	4.7	3.9
	Food processing & beverage	4	4.1	4.4	4.8	4.3
	Textile & garment	4.2	3.5	4	4.5	4
	Wood work & furniture	2.6	3	4	4.1	3.4
	Metal work	2.8	3.6	4.6	4.6	3.9
	Soap & detergent	3.7	3.5	3	4	3.5
	Electronics & mini machinery production	3	2.5	4	4	3.4
	Construction material production	3.6	3.8	3.8	4.4	3.9
	<b>Total</b>	<b>3.6</b>	<b>3.5</b>	<b>3.9</b>	<b>4.5</b>	<b>3.8</b>
<b>Construction</b>	Electric	4.2	3.5	3	3	3.4
	Road	2.1	1.7	2.5	2.8	2.3
	Building construction	3.3	2.4	3	3.6	3
	Banba work	4.2	2.6	3.5	3.3	3.4
	General	3	3	2.6	3.3	2.9
	Color and sanitation	4.7	3	3.5	3.5	3.6
	Coblston work	2	3	4	5	3.5
	<b>Total</b>	<b>3.5</b>	<b>2.6</b>	<b>3</b>	<b>3.4</b>	<b>3.1</b>
<b>Service</b>	Auto mechanics repairmen	4.1	3.7	3.2	3.9	3.7
	Electronic maintenance	4.8	3	3.3	4.5	3.9
	Buity salon	2.9	2.3	2.2	3.7	2.8
	Café & restaurant	2.3	2.2	2.2	3.6	2.6
	Day care	4	3	3.4	4	3.6
	Consultancy and professional service	5	3.3	3.3	4.6	4
	Décor & event organization	4.8	3.2	3.2	4.8	4
	<b>Total</b>	<b>3.8</b>	<b>3</b>	<b>2.9</b>	<b>4</b>	<b>3.4</b>
<b>Trade</b>	Food & beverage	3.7	2.4	2.3	3.1	2.8
	Buitick	2.8	1.8	1.7	3.8	2.5
	Construction material	1.5	3.1	2.5	3.8	2.7
	Electronics	2.8	2.5	2.5	3.5	2.8
	<b>Total</b>	<b>2.8</b>	<b>2.4</b>	<b>2.2</b>	<b>3.6</b>	<b>2.7</b>
<b>Urban Agriculture</b>	Fruit & vegetable	4.8	3.4	4.2	4.6	4.2
	Dairy farming	2.7	4	4.2	4.7	3.9
	Poultry service	3.2	4.2	4.2	4.6	4
	Cattle meal	4	3.6	3.7	4	3.8
	<b>Total</b>	<b>3.6</b>	<b>3.8</b>	<b>4.1</b>	<b>4.5</b>	<b>4</b>

Source: Questionnaire survey (2019)

From sub-sectors under the manufacturing sector, Textile & garment (4.2) and Woodwork & furniture (2.6) require lower and higher startup capital respectively. Based on the availability of customers who make advance payment, metalwork (3.6) and electronics & mini machinery production sub-sector (2.5) score higher and lower scores respectively. Based on the availability of suppliers that can extend trade credit, Metalwork (4.6) and Soap & detergent sub-sectors (3) score the higher and the lower score respectively. For the Food processing & beverage sub-sector (4.3) availability of debt form financial institutions is better when we compare with Soap & detergent (3.4) and Electronics & mini machinery production (3.4) sub-sectors, where the availability is comparatively lower. Generally, under the manufacturing sector, Food processing & beverage (4.3) and Electronics & mini machinery production (3.4), are financial more feasible and less feasible respectively.

From sub-sectors under the construction sector, Color and sanitation (4.7) and Coblston (2) require lower and higher startup capital respectively. Based on the availability of customers who pay in advance, electric (4.2) and Road sub-sector (2) score higher and lower score respectively. Based on the availability of suppliers that can extend trade credit, Coblston (4) and General construction sub-sectors (2) score the higher and the lower score respectively. For Coblston sub-sector (5) availability of debt form financial institutions are better when we



compare with Road (2.8) sub-sector, where the availability is comparatively lower. Generally, under the construction sector, Color and sanitation (3.6) and Road construction (2.3) are financially more feasible and less feasible respectively. From sub-sectors under the service sector, Consultancy and professional service (5) and Café & restaurant (2.3) require lower and higher startup capital respectively. Based on the availability of customers who pay in advance, Auto mechanics repairmen (3.7) and Café & restaurant sub-sector (2.2) score higher and lower score respectively. Based on the availability of suppliers that can extend trade credit, Daycare (3.4) and Beauty salon (2.2) score the higher and the lower score respectively. For Décor & event organization sub-sector (4.8) availability of debt form financial institutions is better when we compare with Café & restaurant (3.6) sub-sector, where the availability is comparatively lower. Generally, under the service sector, Consultancy and professional service (4) and Café & restaurant (2.6), are financial more feasible and less feasible respectively.

From sub-sectors under the trade sector, Food & beverage (3.7) and Construction material (1.5) require lower and higher startup capital respectively. Based on the availability of customers who made advance payment, construction material (3.1) and Butick (1.8) score higher and lower score respectively. Based on the availability of suppliers that can extend trade credit, construction material (2.5) and Butick (1.7) score the higher and the lower score respectively. For Construction material sub-sector (3.8) availability of debt form financial institutions is better when we compare with Food & beverage (3.1) sub-sector, where the availability is comparatively lower. Generally, under the trade sector, Electronics (2.8) and Buick (2.5), are financial more feasible and less feasible respectively.

From sub-sectors under the urban agriculture sector, Fruit & vegetable (4.8) and Dairy farming (2.7) require lower and higher startup capital respectively. Based on the availability of customers who pay in advance, poultry service (4.2) and Fruit & vegetable sub-sector (3.4) score higher and lower score respectively. Based on the availability of suppliers that can extend trade credit, Only Cattle meal (3.7) scores the lower score. For Dairy farming sub-sector (4.7) availability of debt form financial institutions is better when we compare with Cattle meal (4) sub-sector, where the availability is comparatively lower. Generally, under the urban agriculture sector, Fruit & vegetable (4.2) and Cattle meal (3.8), are financial more feasible and less feasible respectively.

#### **4.4. Organizational and Legal Issues Feasibility**

Organizational and legal issues feasibility is the last parameter used to identify and prioritize business enterprises in this study. Accordingly, the possibility of undertaking the business in different business forms and easiness in taking license and operating the business are the main parameters used in this variable. For each of the variables respondents were required to state their opinion based on a five-point Likert scale. The summary of their response for each of the items is given in the below tables (table 5).

Table 5: Organizational and Legal issues of Sectors and Sub-sectors

Sector	Sub-sector	Factor score (Average)					
		Business form	Manpower access	Manpower cost	License	Access to loan	Total
<b>Manufacturing</b>	Leather & leather product	5	3.2	3.4	4.4	4.5	4.1
	Food processing & beverage	4.5	4.1	4.1	4.5	4.3	4.3
	Textile & garment	4.7	3.6	3.9	4.8	4.5	4.3
	Wood work & furniture	3.8	4.1	4.2	4.5	4.4	4.2
	Metal work	4	4.2	4	4.4	4.8	4.3
	Soap & detergent	4	4.7	4.7	2	2	3.5
	Electronics & mini machinery production	4	3	3	3.5	3.7	3.4
	Construction material production	4	4.4	5	4.4	4.6	4.5
	<b>Total</b>	<b>4.4</b>	<b>3.9</b>	<b>4</b>	<b>4.3</b>	<b>4.3</b>	
<b>Construction</b>	Electric	3.2	2.5	2	4	4	3.1
	Road	4.2	4.4	4.1	4.4	4	4.2
	Building construction	4.2	4.1	3.9	4.4	4.5	4.2
	Banba work	2.5	2.8	3	3.5	4	3.2
	General	4.3	3	3.3	4.3	4	3.8
	Color and sanitation	2.1	4.1	4.3	4.7	4.7	4
	Coblston work	4	4	4	4	4	4
	<b>Total</b>	<b>3.5</b>	<b>3.7</b>	<b>3.7</b>	<b>4.3</b>	<b>4.3</b>	
<b>Service</b>	Auto mechanics repairmen	3.9	2.9	3.4	4.7	4.5	3.8
	Electronic maintenance	3.6	4.2	4.3	4.7	5	4.4
	Buity salon	3.2	3.3	3.6	3.7	3.6	3.5
	Café & restaurant	3.3	4.3	4.3	4	4.2	4
	Day care	3.6	4.4	4	3.6	4.4	4
	Consultancy and professional service	4.3	2.3	2.3	1	4	3
	Décor & event organization	2.8	4	3.8	4.8	4.7	4
<b>Total</b>	<b>3.5</b>	<b>3.6</b>	<b>3.7</b>	<b>4</b>	<b>4.3</b>		
<b>Trade</b>	Food & beverage	1	3.9	3.6	4.8	3.7	3.4
	Buitick	1.8	3.8	3.4	4.5	4.7	3.6
	Construction material	2.1	4	4	4.7	4.7	3.9
	Electronics	1.2	4	4	4.3	4.3	3.5
	<b>Total</b>	<b>1.6</b>	<b>3.9</b>	<b>3.7</b>	<b>4.6</b>	<b>4.3</b>	
<b>Urban Agriculture</b>	Fruit & vegetable	3	4.6	4	5	4.8	4.3
	Dairy farming	4	4.5	4.5	4.2	4.5	4.3
	Poultry service	3.8	4.7	4.3	4.7	4.7	4.4
	Cattle meal	4	4.7	4.7	4.3	4.3	4.4
	<b>Total</b>	<b>3.7</b>	<b>4.6</b>	<b>4.3</b>	<b>4.6</b>	<b>4.6</b>	<b>4.4</b>

Source: Questionnaire survey (2019)

Organizational and legal issue feasibility deals with the compatibility of the business with organizational forms (sole proprietorship, partnership, cooperation, and corporation), access of required manpower and the cost of required manpower and the legal aspects like licensing, patent rights. With this regard, the result shows that construction materials production leads with a cumulative score of 4.5, followed by Electronics maintenance, Poultry farm, and Cattle meal production with a similar score of 4.4. Food processing & beverage, Textile & garment, Metalwork, Fruit & vegetable and dairy farming are ranked in the third rank with a total score of 4.5. Woodwork & furniture, Road construction, Building construction supplier, Leather & leather production are ranked at the fourth rank with a score of 4.2. The remaining ranks are shown in the above table (see table 5).

#### 4.5. Summary of the Feasibility Analysis

In the above four tables (table 2 to 5), the feasibility of the sectors and business enterprises in terms of market, technical, financial, organizational and legal issues is analyzed and interpreted. In each of the parameters, different results are obtained. In the below table the rank of the business enterprises and sectors resulting from the five parameters are given.

Table 6: Rank of Business enterprises in terms of feasibility

Rank	Business enterprise	Factor score (Average)
1	Fruit & vegetable	4.4
2	Dairy farming	4.3
3	Food processing & beverage	4.2
4	Textile & garment	4.2
5	Electronic maintenance	4.2
6	Poultry service	4.2
7	Leather & leather product	4.1
8	Metal work	4
9	Construction material production	4
10	Consultancy and professional service	4
11	Cattle meal	4
12	Auto mechanics repairmen	3.9
13	Day care	3.9
14	Décor & event organization	3.9
15	Soap & detergent	3.8
16	Color and sanitation	3.8
17	Coblston work	3.8
18	Wood work & furniture	3.7
19	Electronics & mini machinery production	3.7
20	Building construction	3.6
21	Buity salon	3.5
22	Café & restaurant	3.5
23	Construction material	3.5
24	Electric	3.4
25	Banba work	3.4
26	Road	3.3
27	General	3.3
28	Buitick	3.3
29	Electronics shop	3.3
30	Food & beverage	3.2

Source: Questionnaire survey (2019)

As it can be seen in the above table (table 6), fruit and vegetable, dairy farming, food processing and beverage, textile and garment, electronic maintenance, poultry service, leather and leather product, metalwork, construction martial production and consultancy and professional service are the first ten most feasible business enterprises in terms of market, technical, financial, organizational and legal issues parameters. On the other hand, food and beverage, electronics shop, Buitick, general construction and road construction are the first five least feasible business enterprises.

Table 7: Rank of Sector in terms of feasibility

Rank	Sector	Factor score (Average)
1	Urban agriculture	4.3
2	Manufacturing	4
3	Service	43.7
4	Construction	3.5
5	Trade	3.3

Source: Questionnaire survey (2019)

As it is given in the above table (table 7), based on the result of the study urban agriculture, manufacturing, service, construction and trade sectors are the first five feasible sectors in terms of market, technical, financial, organizational and legal issues parameters.

## 5. Conclusion and Recommendation

Most of the surveyed micro and small enterprises are from manufacturing sector which followed by service, trade, construction and urban agriculture. Majority of the business enterprises under construction and urban agriculture sector have industrial and reseller customer type respectively, while most of the business enterprises under trade and service sectors include consumer type of customer. On the other hand, the customer for business enterprises under manufacturing sector comprises from industrial, reseller and consumer type. Fruit and vegetable, dairy farming, food processing and beverage, textile and garment, electronic maintenance, poultry service, leather and leather product, metal work, construction martial production and consultancy and professional service are the first ten most feasible business enterprises in terms of market, technical, financial, organizational and expansion parameters. In terms of sectors, urban agriculture, manufacturing, service, construction and trade sectors are first up to fifth feasible sectors respectively in terms of market, technical, financial, organizational and expansion parameters.

Despite of the result of the study shows numerical feasibility difference among sectors and subsectors, the qualitative survey of the study indicates that almost all business types might feasible if they are properly doing and the entrepreneurs are hard working. Therefore, before directly began to do business in a given business enterprises, preliminary feasibility study should be undertaken properly. The entrepreneur should also select a business enterprise in which he/she is more interestable, knowledge, skill and have tendency on it. Besides, the entrepreneur should set future short and long term plan and vision and endeavor to achieve it.

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