The Impact of Business Development Service on Performance of Micro and Small Manufacturing Enterprises in Addis Ababa, Ethiopia

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Abstract

Micro and small enterprises are considered as the engine of economic growth in Ethiopia. However, enterprises facing various challenges that place them in the vulnerable business position, which are not merely solved by financial support. It is repeatedly acknowledged that having adequate finance does not mean the problems are solved and started to enhance performance. Rather there are other non-financial supports, which are exercising in developing countries including Ethiopia, commonly known as business development service. Hence, the main objective of the study was to investigate the role of business development service on the performance of micro and small manufacturing enterprises in Adddis Ababa, Ethiopia. The data were collected through scheduled questionnaire, personal interview, and document review. 370 respondents were selected via multi-stage sampling technique. Descriptive statistics, one way ANOVA, and linear regressions were used for the purpose of data analysis. Factor analysis was used to check the construct validity and have a value for performance, BDS, and its dimensions for regression. The study demonstrated that the overall practice of business development service was low, which need to be improved. The study also revealed that all BDS dimensions individually and jointly have a significant and positive effect on the performance of micro and small enterprises. More specifically, input supply, market access, and infrastructure facilities were the most important factors of MSE's performance, which should be underline while developing MSE strategy. This study contributes to theory since it empirically demonstrated that BDS has an impact on performance of MSEs in Ethiopia. It also significant to provide opportunity for MSEs owners, government, business practitioners, policy makers, and other development partners to make informed decision and choice best strategy that help to enhance MSE's performance.

Key words: Business Development Service, Performance, Micro and Small Enterprises, Manufacturing Sector, Addis Ababa, Ethiopia

Introduction and Rationale of the Study

Industry is a significant driver of economic development, modernization, and poverty reduction (Hobohm, 2000), which can be realized by micro, small, and medium enterprises (Vandenberg and Creation, 2006). Studies also found out that (Nkonoki, 2010), micro and Small enterprises play a valuable role in employment creation, stability, competitiveness, developing skills, and ensuring economic growth in both of developed and developing nations. However, MSEs, especially in developing countries, are facing various challenges that might deteriorate their performance and their economic growth contribution at large (Nkonoki, 2010; Zemenu and Mohammed, 2014; Habtamu, et.al, 2013). To the extent it has been confirmed that, 75% of start-up MSEs created in developing countries fail within the first two years of operation (Mazanai and Fatoki, 2011). Therefore, there should be a support from government or any other development partners.

Scholars recognized that financial support merely does not have business growth result for micro and small enterprises (Esim, 2001; Cohen, et.al 1996) because, they have mainly constrained by non-financial factors (Nkonoki, 2010). Thus, it is suggested that micro and small enterprises need to be supported through different array of non-financial services, which is commonly called business development services (BDS). Moreover, CDASED (2001) also underline that business development services is one of the most important supports to improve micro and small enterprises' performance in developing countries.

Since MSEs deemed to be crucial in the national development activities, the Federal government of Ethiopia has decided to support through comprehensive BDS (MOFED, 2010). Moreover, the government has issued an MSE Development Strategy in 1997 with Federal Micro and Small Enterprise Development Agency (FMSEDA). However, supporting SME for its development at central (federal) level was very ineffective and inefficient. Therefore, the government decided to open the development agencies at regional level (Regional Micro and Small Enterprises Development Agency – RMSEDA) and then FMSEDA and RMSEDA are established by the Council of Ministers of Ethiopia Regulation (proclamation) No.33/1998 (MUDC, 2013).

As stated earlier, the effect of business development service on MSE's performance was confirmed by different scholars; Such as Chileshe (2013), UNDP (2004), McVay and Miehlbradt (2003), McVay and Miehlbradt (2001), CDASED (2001), Esim, (2001), and Barton (1997) have found that business development service as a single construct and its dimensions, namely market access, infrastructure facilities, input supply, training and technical assistance, technology and product development, and alternative financial access had a significant contribution for the performance of micro and small enterprises. However, there was no consistent result. For instance, Okeyo et.al (2014) has found no relationship and Kruger (2011) has got negative relationship between market access and performance; whereas Ofoegbu and Akanbi (2012), Bunyasi, et.al (2014) and Kiveu and Ofafa (2013) have confirmed that there is a positive and significant relationship between market access and performance. Furthermore, some studies such as Fararah, et.al (2014), Osinde (2012), Kimando, et.al (2012), Coony (2012), and Preter, et.al (2013) have focused on uni-dimensional approach; whereas, Okeyo et.al (2014) and Drbie and Kassahun, (2013) were used multi-dimensional approach to test each dimension contribution though they have used only some of the dimensions and recommended other dimensions

for the upcoming researcher. Thus, it has yielded a lacuna in the literature and world knowledge box, which needs further investigation.

To add on the above gap, as far as the researcher knowledge is concerned, there is no a such empirical studies that have been conducted in Addis Ababa, which is the capital city and target area of the study, to identify the actual effect of BDS on the MSE's performance except the research like Philipos (2006) and Hibret (2009) who were focus on a specific product and tried to describe the overall practice of BDS using descriptive statistics but did not addressed the BDS effect on performance using inferential statistics in either of uni-dimensional or multi-dimensional approach.

Therefore, since there are gaps on the literature and knowledge box in general and also at micro level in the case area, the researcher believes that this study is very timely in order to fill these identified knowledge, literature, and local specific factors gap. Besides, it is very important to know whether BDS is actually performing as pre specified goal.

Objective of the study

The main objective of the study was to investigate the impact of business development service on the performance of micro and small manufacturing enterprises in Addis Ababa, Ethiopia

Hypothesis

The study attempt to test the following basic hypotheses of the study:
H1: market access has a significant and positive effect on the performance of MSEs

H2: Input supply has a significant and positive effect on the performance of MSEs

H3: Technology and product development has a significant and positive effect on the performance of MSEs
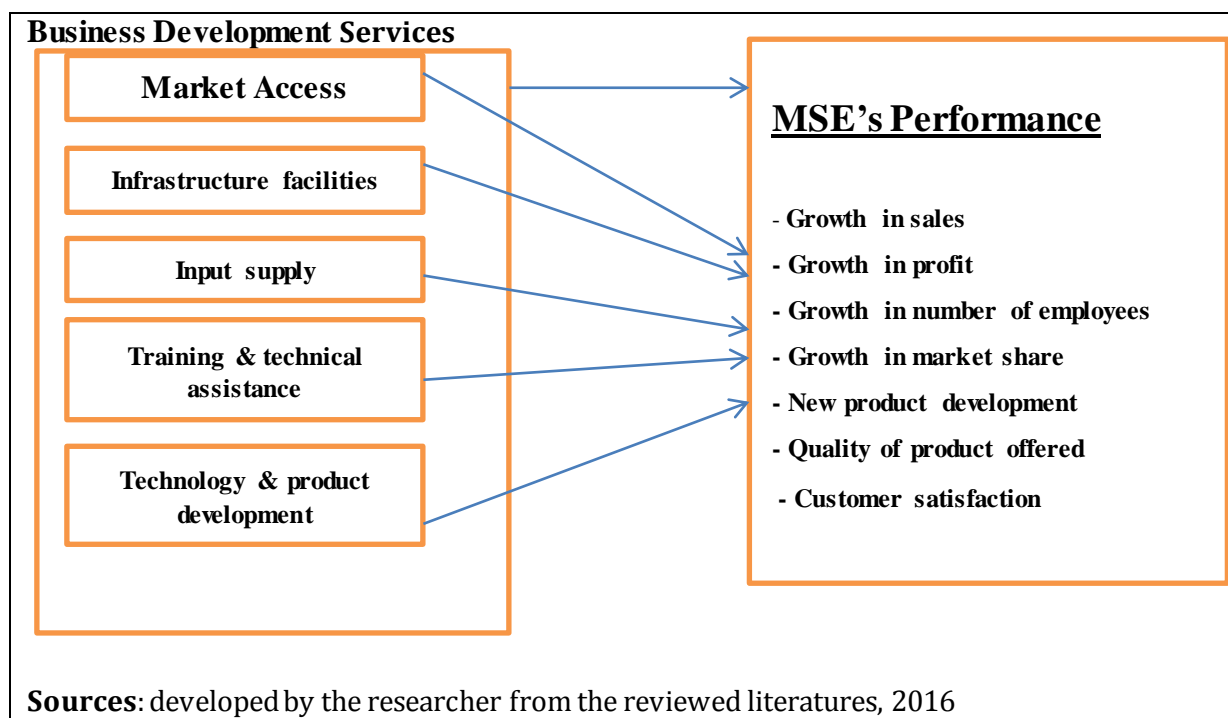
H4: training and technical assistance has a significant and positive effect on the performance of MSEs

H5: infrastructure facility has a significant and positive effect on the performance of MSEs

H6: Business Development Service (BDS) has a significant and positive effect on the performance of MSEs

Figure 1: Conceptual Framework for Analysis

Based on the reviewed theoretical and empirical literature, the following conceptual model has been developed for the purpose of the study analysis.

Sources: developed by the researcher from the reviewed literatures, 2016

Methodology

Research paradigm

Since the study employed mixed method in concurrent form, pragmatism type of knowledge claim (paradigm) has been exercise on the study. For the mixed method researchers, pragmatism knowledge claim (worldview) open the door to multiple methods, different worldview, and different assumptions plus various forms of data collection and analysis techniques (Creswell, 2003). The study followed cross-sectional survey design and explanatory type of research.

Population and sample

The target population of the study was micro and small manufacturing enterprises, which specifically formed by government and doing business in the selected five sub-cities of Addis Ababa (Nifas Silk Lafto Sub-City, Arada Sub-City, Addis Ketema Sub-City, Yeka Sub-City, And Bole Sub-City). According to Addis Ababa micro and small manufacturing enterprise support facilitator department report, the number of micro and small manufacturing enterprise in the selected five sub-cities were 2850. A sample size of 370 was obtained by using the formula developed by Yamane (1967)[1] with contingency of 5%. To identify the actual respondents, multi stage sampling technique was applied in the study. Addis Ababa has ten sub-cities, on which the government established micro and small enterprise development office

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[1] The sample size is determined with some degree of precision (IJ and level of confidence for general population. $n = \frac{N}{1+N(e)^2}$ **W**here: **n** = the sample size, **N** = the population size, and **e** = the level of precision (0.05)

to support MSEs. Thus, the investigator took ten sub-cities of Addis Ababa as a cluster and has segmented the population using cluster sampling, specifically area sampling. And then five sub-cities were randomly selected, which mentioned above. Finally, simple random sampling technique was applied to select each MSE from the selected clusters through probability proportionate to size (PPS) sampling since the number of elements among clusters was not the same. In addition, experts of Addis Ababa city (sub - city) micro and small enterprise development agency office, and Federal Micro and Small Enterprises Development Agency (FMSEDA) were also the part of key informants in the study.

Research instrument and Data Collection

As the study followed mixed research design (both qualitative and quantitative), interview and questionnaire survey were regarded as appropriate. More specifically, scheduled questionnaire and personal interview were used in the study. BDS dimensions were measured through five point likert scale with the range between strongly agree to strongly disagree; whereas, the enterprise's performance indicators were measure in the five point likert scale with the range between very good to very poor.

Reliability and validity

Reliability mainly checked the internal consistency of items that used to measure the construct, which is indicated by Cronbach's alpha – most popular indicator (Ghauri and Grønhaug, 2005). Thus, as indicated on Table 1, the alpha value of all items used to measure BDS dimensions and enterprise's performance were exceed the threshold 0.7 (Hair, et.al, 2014). It implies that the internal consistency of the items was confirmed.

Table 1: Reliability test result

Variables	Cronbach's Alpha	Number of items
Market access	0.823	6
Infrastructure facilities	0.839	5
Input supply	0.856	4
Training and technical assistant	0.862	5
Technology and product development	0.853	5
Performance	0.913	7

In order to ensure whether the items were able to measure the desired variables (BDS dimensions and performance), the questionnaire was validated by experts from different but relevant specializations (entrepreneurship instructors, practitioners, and researchers) and the researcher has made correction on the questionnaire based on the given feedback. In other words, face validity was performed through subject matter experts.

Factor Analysis

In addition to face validity, factor analysis (FA) was used to drive the factors from the existing items for the purpose (Grice, 2001). Thus, component extraction method and Varimax rotation with Kaiser Normalization was performed since it helps to maximise the loading on one factor and to minimise the loadings on the other factors. For BDS, the result of KMO test (0.932) and Bartlett test of Sphericity (P = 0.000), and eigenvalue of all identified factors (> 1) were exceed the minimum threshold of > 0.5, < 0.05, and >1 respectively (Gaur and Gaur, 2009). In addition, the factor loading for BDS dimensions (> 0.6)

was above threshold > 0.4 (Table 2). It implies that factor analysis is an appropriate approach to assess construct validity of BDS measurement scale

Table 2: Summary of factor analysis for BDS dimensions

Items	Component matrix (Factor Loading)				
	1	2	3	4	5
Market access					
Marketaccess1	0.826				
Marketaccess2	.855				
Marketaccess3	.842				
Marketaccess4	.633				
Marketaccess5	.775				
Marketaccess6	.642				
Infrastructure facilities					
Infrastructure1		.813			
Infrastructure2		.823			
Infrastructure3		.846			
Infrastructure4		.832			
Infrastructure5		.612			
Input supply					
Input1			.834		
Input2			.849		
Input3			.865		
Input4			.825		
Training and assistance					
TrainingTech1				.791	
TrainingTech2				.759	
TrainingTech3				.843	
TrainingTech4				.833	
TrainingTech5				.837	
Technology and product development					
TechPrdDevt1					.873
TechPrdDevt2					.752
TechPrdDevt3					.890
TechPrdDevt4					.777
TechPrdDevt5					.733
Eigenvalues	11.181	1.688	1.641	1.299	1.090
Cumulative percentage of variance					67.597
Kaiser-Meyer-Olkin Measure of Sampling Adequacy					.932
Bartlett's Test of Sphericity		Approx. Chi-Square (Sig.)			.000

In the same fashion, appropriateness of applying factor analysis was confirmed for performance through both the KMO = 0.898 and Bartlett's test p = 0.000. The result indicated that all seven items used to measure micro and small enterprise performance aggregated on one common construct as only one factor was extracted. The factor loadings of the items ranged from 0.736 to 0.887, which suggest there is high convergent validity (Table 3). Thus, the study combined all the seven items for performance as one construct.

Table 3: Factor analysis for MSEs' Performance

Items	Component (Factor Loading)	
Performance (Subjective Measurements)		
Growth in sales	.885	
Growth in market share	.869	
Growth in profit	.887	
Quality of product offered	.797	
New product development	.820	
Growth in number of employees	.736	
Customer satisfaction	.747	
Cumulative percentage of variance		67.588
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.898
Bartlett's Test of Sphericity Approx. Chi-Square (Sig.)		.000

However, before running the factor analysis, descriptive statistics results were produced to describe the actual situation and also to check the variables association with raw data. Moreover, since the linear regression assumptions should be performed by raw data, the assumptions have been checked before factor analysis result was produced.

Data analysis and Result
Descriptive analysis: Mean score and ANOVA

In descriptive analysis of the study, mean score 3.8 and above, 3.4 – 3.79, and 3.39 and below were considered as high, moderate, and low respectively, which is adopted from previous researches (Pihie and Akmaliah, 2009; and Mekdes, 2015)

Table 6; summarized the data on the mean score and standard deviation of both dependent and independent variables and also one-way ANOVA value. In general speaking, the mean values of all variables were ranged from 3.02 to 3.72. The aggregated mean of business development services as a single construct (3.39) is under the category of low score. Furthermore, BDS dimensions were under different categories; i.e. training and technical assistance (3.72), market access (3.51), and input supply (3.43) have recorded moderate score; whereas, infrastructural facility (3.02) and technology and product development (3.29) have scored low mean. The mean value of dependent variable (performance) was 3.57, which is moderate level.

It indicates, though business development services were delivered by micro and small enterprises development office (in different level from Federal to small administration unit) to enterprises, it did not able to support the business based on its actual situation and makes the owner satisfied. Since BDS was not properly delivered and score below average, the MSEs' performance is compromised and then it was the part of moderate level mean scores. Therefore, from this one can learn that having business development service is not a guarantee for addressing well and make a difference with others who did not have such services.

This finding was highly supported by the responses of personal interview participants. According to the key informants (interviewees), there are different problems that actually observed in the enterprise and BDS system (process); namely lack of working promises, power problem, training and assistance on "how to use the existing working premises efficiently", the BDS advisors sometimes absent from the

appointment, the employees resign after they got experience or skill, lack of training on customer handling, the business development services and current issue are not related or unfit, lack of market access, lack of place or location to separate product and by-product, and lack of capacity and profession on BDS advisors, and BDS advisors could not, mostly, replay the provided questions that are beyond our capacity but they frequently came on the business area, which is irrelevant for the enterprises.

Analysis of variance (ANOVA) was employed to compare the means of three categorized sample population (Gaur and Gaur, 2009). More specifically, since the study focused on the contribution of each independent variable for dependent variable or compares the mean difference between three groups with one factor and one outcome variable, one-way ANOVA was employed (Gaur and Gaur, 2009). Homogeneity of variance was checked by 'Leven test' and all explanatory variables were found to be insignificant (P > 0.05), which indicates possible to proceed with ANOVA (Table 6)

The study revealed that (Table 6), all explanatory variables were statistically significant at 1% (P < 0.01). It implies there is evidence to safely accept the hypothesis "the performance of micro and small manufacturing enterprise is not the same in all three categories (high, moderate, and low) of BDS dimensions". In other words, market access (F = 72.1, P = 0.00), infrastructure facility (F = 64.2, P = 0.00), input supply (F = 88.7, P = 0.00), training and technical assistance (F = 49.3, P = 0.00), and technology and product development (F = 45.5, P = 0.00) were found to be significant at 1% and confirmed that each group (enterprise) has different performance according to their share of a given categorical factor or explanatory variable. Therefore, form this find one can infer that, all BDS dimensions individually and jointly have positive and significant relationship with the performance of micro and small manufacturing enterprises.

Table 6: mean, standard deviation, and ANOVA

Variable	Mean	S.D	One Way ANOVA		
			F-value	Sign	Leven test
Market Access	3.51	0.92	72.1	0.00	0.495
Infrastructure Facility	3.02	1.02	64.2	0.00	0.088
Input supply	3.43	1.06	88.7	0.00	0.279
Training and Technical Assistance	3.72	0.97	49.3	0.00	0.185
Technology and pdt Development	3.29	1.07	45.5	0.00	0.058
Business Development Service	3.39	0.84			
MSEs' Performance	3.57	0.80			

Source: survey result, 2016

Regression Analysis

For the purpose of investigating the individual and aggregate effect of business development service on performance, the researcher has followed both of uni-dimensional (aggregate effect) and multi-dimensional (individual effect) approach. To do so, simple linear regression (for aggregate effect) and multiple linear regressions (individual effect) were applied.

Prior to run the model, data diagnosis has been performed so as to ensure the goodness of model fit. The normality of the residual was investigated through Kolmogorov-Smirnov test and Shapiro-Wilk test and then the result was P > 0.05 which confirmed as the residual was normal (Table 7), because both tests were come out to be insignificant (Hair et al, 2010).

Table 7: Tests of Normality (BDS dimensions with performance)

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Unstandardized Residual	.041	370	.200	.997	370	.629

Source: SPSS output, 2016

Furthermore, since factor analysis was employed in the study, the collinearity problem already solved. It mean that, if the principal component analysis with Orthogonal rotation is applied in the research, multicollinearity problem never be appeared because orthogonal rotation is used with the assumption of the underlying factors are not correlated with each other (Grice, 2001; Gaur & Gaur, 2009). In addition, the model fit was confirmed by the ANOVA statistics, which indicated in F-value (Table 8 and 9)

Simple Linear Regression Analysis

Table 8: the effect of BDS on Performance (Uni-dimensional approach)

Explanatory Variables	B	T-Value	P-Value
Business development service (BDS)	0.727	20.326	0.000*
R^2	0.529		
Adjusted R^2	0.528		
F-Value (Sig.)	413.141	(0.000)	

Dependent variable: Performance   * = significant at 1%

Source: survey result, 2016

The overall significance and fitness of the model is determined by the F – statistics and its significant level (< 0.05). Accordingly, the analysis result revealed that (Table 8), the model fitness was confirmed by the F – statistics (413.141) with its significant level 0.000 ($p < 0.05$). Hence, it is possible to conclude that explanatory variable can significantly predict the dependent variable. In other words, the relationship between business development service and micro and small enterprise's performance was statistically significant. In addition, the model result depicted the value of R^2 and adjusted R^2, which give the proportion of variances (change) in the dependent variable accounted by the selected independent variable(s) for the model (Gaur and Gaur, (2009); Wooldridge, 2015; Ezekiel and fox, 1959). Thus, the result of R^2 and adjusted R^2 that obtained from the model was 0.529 and 0.528 respectively (Table 8). This indicated that 52.8% of the variance or change in the MSE's performance is explained by business development services while the remaining 47.2% of the change in performance is explained by other determinant factors that are not actually included in the model. Therefore, one can conclude that the non-financial services (BDS), which actually offered to the selected manufacturing sector micro and small enterprises, affect the enterprise performance.

Furthermore, the regression coefficient (β) indicates the amount of changes in the dependent variable due to the changing unit of explanatory variable (Wooldridge, 2015; Gaur and Gaur, 2009). Accordingly, the regression coefficient (beta) of this analysis (Table 8) is 0.727 with a significant level of 0.000 ($p < 0.05$) and t- statistics 20.326 (t > 1.96). Thus, from this one can conclude that business development service is a good predictor and also has a positive and significant effect on micro and small enterprises'

performance. Therefore, the study supports the view that the aggregated dimensions of BDS as a single construct has a significant and positive effect on the performance of micro and small manufacturing enterprises (H6). This finding coincide with what have been found by pervious researchers (Okeyo, et.al, 2014; Fararah, et.al, 2014)

Multiple linear regression analysis
Table 9: The effect of BDS dimensions on Performance (multi-dimensional approach)

Explanatory Variables	B	T-Value	P-Value
Market Access	0.365	10.605	0.000*
Infrastructure Facility	0.341	9.906	0.000*
Input Supply	0.478	13.883	0.000*
Training and Technical Assistance	0.243	7.058	0.000*
Technology and Product Development	0.176	5.116	0.000*
R^2	0.568		
Adjusted R^2	0.562		
F-Value (Sig.)	95.861	(0.000)	

Dependent variable: Performance   * = significant at 1%
Source: survey result, 2016

Though, in uni-dimensional approach, the overall business development service was found to be significant and showed as it has positive effect on performance, it did not explain the contribution of each BDS dimension for performance. Due to this, the researcher has followed multi-dimensional approach and attempt to examine the individual share of BDS dimensions to the MSE's performance. Thus, for this purpose, multiple regression analysis was applied because it can tell how well a set of different variables are able to predict a particular outcome. The multiple linear regression analysis revealed that (Table 9), the data in this specific study fit the model well, which was confirmed by the F–value 95.861 and significant at 0.000 ($p < 0.05$). It implies the relationship between all business development service dimensions that included in the study and micro and small enterprise's performance is statistically significant.

Moreover, the regression analysis produced the coefficient of determination R-square (0.568) and adjusted R-square (0.562) that indicate the proportion of variances in the dependent variable accounted for by the explanatory variables of the study. Therefore, 56.2% of the variance in the MSE's performance is explained by all five BDS dimensions; whereas, the remaining 43.8% of the change in performance is explained by other factors that are not considered in the study.

The result also showed, all five dimensions of BDS, which includes market access ($\beta=0.365$, P=0.00), infrastructural facility ($\beta=0.341$, P=0.00), input supply ($\beta=0.478$, P=0.00), training and technical assistance ($\beta=0.243$, P=0.00), and technology and product development ($\beta=0.176$, P=0.00), significantly and positively influence the performance of micro and small manufacturing enterprises. In other words, all five dimensions of BDS were significant at 1% and recognized as they are the vital determinants of micro and small manufacturing enterprise's performance. Furthermore, the most influential BDS dimension that affects MSE's performance was input supply with a coefficient of 0.478 followed by market access ($\beta=0.365$, P=0.00). It gives sense because, especially for manufacturing enterprises, having adequate input in terms of quantity and type and then able to access the existing potential market are very crucial for the improvement of business performance. Therefore, the regression result confirmed that all five hypotheses (H1 – H5) were accepted.

Discussion

Market access

Several scholars have reported the importance of market access to improve the performance of micro and small enterprises (Bunyasi, et.al, 2014; Kiveu and Ofafa, 2013; Barton, 1997). All these studies observed that enterprises without adequate market access could not have responsiveness capacity for the frequently changing customer preference and also difficult to identify existing business opportunities (potential market). In the contrary, some researchers (Kruger, 2011; Okeyo, et.al, 2014) have found that there is no relationship between market access and firm performance. For the purpose of this study, market access was hypothesized to have a positive and significant effect on micro and small enterprise performance. In line with the hypothesis and previous studies, the result of this study confirmed that market access has a positive and significant association with performance at 1% with a coefficient of 0.365. It implies that when the accessibility of market information, attractive show room, participating on trade fair, promoting business properly, linked with customers and developing sample product for the customer are improved one step, the performance of that micro and small enterprises will be enhanced by 36.5%. This finding also supported by one way ANOVA (F-statistics), which re-confirmed as there is a positive and significant relationship between market access and performance at 1%. Therefore, it is possible to concluded that market access category of business development service is most important factor for the performance of micro and small manufacturing enterprises.

Infrastructure Facility

As stated clearly on the previous research findings (Calderón and Servén, 2008; Sawada, 2015), infrastructure facility has a strong and positive effect, specifically, on the business performance and economic development of a given nation in general. This study was also hypothesized that there is a positive and significant association between infrastructure facilities and manufacturing micro and small enterprises performance. As expected, the result of this study revealed that it was found to be significant at 1% with positive sign and the coefficient of 0.341. It indicates enterprises with infrastructure facilities; namely environment for employees to develop or design new product in the workshop / work place, storage and warehousing facility, transport facility, office infrastructures, and physical infrastructures have good performance than others who do not have such infrastructure. Therefore, if the manufacturing micro and small enterprises have adequate infrastructure facilities as per their business nature, their performance will be improved. The finding of this study was consistent with what has been found by (Okeyo, et.al, 2014; Drbie and Kassahun, 2013; MUDC, 2013) who disclosed poor infrastructure facility (especially lack of communication, water supply, power supply, transportation service, and working premises) is one of the main determinant factor of business performance. In other words, the existence of all these and other infrastructure facilities helps the enterprises to enhance their performance.

Input Supply

As pinpointed in the literature, input is very crucial for the business in terms of quality, quantity, and its cost to being competent and profitable through producing low cost and customer based products. Thus, for the purpose of this study, it was hypothesized that input supply service has a positive and significant impact on the performance of micro and small manufacturing enterprises. In line with the hypothesis, the result of the study revealed that input supply variable was statistically significant at 1% and

confirmed as it strongly affect the performance of MSEs. In addition, it was found out that input supply is the most influential BDS dimension that affects MSE's performance with a coefficient of 0.478. It implies that the probability of improving performance in micro and small enterprises will be increased by 47.8% if the enterprises' input supply services (enterprises link with raw material suppliers, facilitate the establishment of bulk buying group, having adequate information on input supply sources, improving supplier capacity to provide quality input regularly) is improved one step further. This finding is coincide with what found by Siva (2012) who argued that linking MSEs to input suppliers and improving suppliers' capacity to provide regular supply of quality input have a positive effect on the success of MSEs. In addition, the finding also supported by the result of Okeyo, et.al (2014) who found that input supply has a positive and significant effect on the micro and small manufacturing enterprises.

Training and Technical Assistance

As mentioned on the literature, Scholars properly addressed the importance of training and technical assistance for the firm growth or performance. For instance; Hundera (2014), Karlan and Valdivia (2011), and Drbie and Kassahun, 2013) briefly explained that lack of training on business knowledge and skill, record keeping, business plan, marketing strategy, customer handling, capacity building training in management, and other related issues make the business below performance and out of expected competitive position. Therefore, the study was hypothesized that training and technical assistance has a significant and positive effect on micro and small manufacturing enterprise's performance in Ethiopia. In line with the hypothesis, the result revealed that training and technical assistance was statistically significant at 1% and confirmed as it strongly affect the performance of micro and small enterprises with a coefficient of 0.243. It implies the performance of micro and small enterprises will be improved if the enterprises' owner or manager has taken business training such as business plan, record keeping, management training, finance and taxation advices, technical assistance related to the firm critical issue, and other components that help to enhance business understanding and skill.

Therefore, from this one can infer that training and technical assistance has a strong and positive effect on business performance. Furthermore, it is possible to say that basic business trainings, which mentioned above, are essential prerequisite or necessary to enhance the business performance. This finding is consistent with what has been found by Mekdes (2015) and Helina (2016) who disclosed the training given to owners or managers or employees definitely improve their work performance, which has a combination effect on the organization performance. Therefore, since training and technical assistance has a positive and significant relationship, it increases the overall performance of the business.

Technology and Product Development

It is well said that identifying unfulfilled gap or new market opportunity to being innovative and competent is nothing without the existence of required technology development and product design skill or support, especially for manufacturing micro and small enterprises. Thus, the big questions next to know the existence of new opportunity is how can produce new product and try to address the newly identified gap of target market. Based on the previous theoretical and empirical evidences, scholars (McVay and Miehlbradt, 2003; McVay and Miehlbradt, 2001; UNDP, 2004) have believed on its importance and decided to include technology and product development as one category of business development service (BDS), which designed to support micro, small, and medium enterprises. Thus, the

study was hypothesized that technology and product development has a significant and positive effect on the micro and small manufacturing enterprises. As expected, the study revealed that technology and product development support service has positive and statistically significant effect on micro and small manufacturing enterprises (at 1%). It indicates the enterprises that have technology and product development services; namely links with technology suppliers, product design, technology transfer, productivity improvement skill, and equipment lease or rental services have better probability to improve their performance than other enterprises without such services. From this one can infer that there is a strong demand from micro and small producers (manufacturers) for technology and product development services that help them to replay for new market opportunities and make profit from the adoption of new technology and product design skill

This finding is concurred with the finding and views of previous scholars (MUDC, 2013; UNDP, 2004; Barton, 1997) who concluded that technology and product development services such as information of sources of technology, providing equipment, advice on new production or operating technologies, technology transfer, training on product design, and others have a strong and positive impact on the improvement of micro and small enterprise's performance.

Conclusion and Recommendation

This study was conducted with the aim to investigate the individual and aggregate effect of business development services on the performance of micro and small manufacturing enterprises in Addis Ababa, Ethiopia. All the respondents replied as they have got BDS support from their nearby MSE development office (from Wereda or sub-city). Based on the mean score results that calculated from the respondent's agreement level towards the offered support services, the actual practice of Overall BDS was low. More specifically, market access, input supply, and training were performed at moderate level; whereas, the remaining two dimensions (infrastructure facilities and technology) were exercised at low level.

 Since BDS was not properly delivered, the MSEs' performance is compromised and become moderate. In other words, though business development services were delivered by micro and small enterprises development office to enterprises, it did not able to support the business based on its actual situation (problem) and makes the owner satisfied. In addition, the data obtained from personal interview and open-ended questions indicates, the problems that have observed in business development services were: the assigned advisors were not capable to support technically as well as business related issues, the difficulties that exist in the enterprises and the issue planned to addressed by the advisors were unrelated, the training and the current issues that need to be solved are unfit, frequently asked questions did not get answer but advisors are regularly visit their enterprises with nothing, and others. Therefore, from this one can conclude that, having business development service or assigning business advisor is not a guarantee for addressing well and makes a difference on the enterprise with others who did not have such services. The study suggests demand based approach is better than supply based approach to deliver BDS, because the problem should identify first than solution. Even if demand based service is not possible because of lack enterprise awareness for BDS importance, till it is possible to apply through supply based approach but the advisors need to conduct SWOT analysis and identify the critical issue of the business orderly and then the solutions will have an impact on the problem at hand.

The inferential statistics test revealed that all BDS dimensions individually and jointly have a significant and positive effect on the performance of micro and small manufacturing enterprises. Thus, all formed

hypotheses were supported. It implies that improving each of the BDS dimensions will logically lead to enhance the performance of MSE. Interestingly, the study found that input supply dimension was identified as the most important factor of MSE's performance followed by market access, infrastructure facility, training and technical assistance, and technology and product development. This rank of BDS dimension importance (from input supply to technology) for firm performance is interesting and so logical since the study was conducted on manufacturing enterprises. Standing from the result, the government, BDS advisors, or other development partners should adjust their way of looking on the BDS dimensions that have strong impact on performance such as input supply, market access, and infrastructure facilities (the top three important factors of Ethiopian manufacturing MSEs). This study contributes to theory since it empirically demonstrated that BDS has an impact on performance of MSEs in Ethiopia. It also significant to provide opportunity for MSEs owners, government, business practitioners, policy makers, and other development partners to make informed decision and choice best strategy that help to enhance MSE's performance.

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