

# Challenges Inhibiting the Flourishing of Entrepreneurial Competencies of MSE's in Jimma Zone, Ethiopia.

Shabudin Shenura (MBA), Ashenafi Haile (MA), Emnet Negash (MBA)

Department of Management, Jimma University Jimma, Ethiopia

**Abstract- Objective:** The objective of this study was to assess Challenges inhibiting the flourishing of entrepreneurial competencies of MSEs in Jimma zone.

**Methods:** An enterprise based cross sectional study was done using both quantitative and qualitative methods in three purposively selected districts/towns of Jimma Zones namely Agaro, Limu Kossa, and Shebe Sombo. A total of 183 entrepreneurs from both Micro and small enterprises were randomly sampled for quantitative and 16 FGDs and 9 Key informant interviews were conducted to describe and determine the outcome of interest. The data were analyzed using SPSS 20 and qualitative data was managed by transcribing verbatim on daily basis.

**Results:** All of the respondents were aged 19 years and above with mean age of  $26.8 \pm 4.2$ . 71% of them were male managers indicating gender inequality in business leadership of micro and small enterprises of the zone. Majority 124(67.8%) of them were from families having no business.

The qualitative data reveals that there is poor opportunity, relationship, strategy and commitment competencies among the leaders of MSEs. The logistic regression analysis reveals that many clusters of competencies were affected by factors like educational qualification, prior experiences, management and technical trainings, particularly, before the start of the business, sex, etc. Majority of the entrepreneurs also identified enterprise density, lack of access to appropriate technology, lack of access to finances, inappropriate location which is specially not controlled directly by themselves (since the place of work is selected and given to them by MSEDAs), inflation, unfavorable market condition and business environment and prior experiences as the major roadblocks inhibiting the flourish of their competencies. Regarding the level of supports extended by MSEDAs practitioners, TVET & OCSSCO, majority, 107(58.5%) are very much satisfied with the licensing processes, 87(47.4%) with getting place of work, 115(62.9%) with auditing services, 102(55.8%) with the technical training they were provided with

## I. BACKGROUND OF THE STUDY

Entrepreneurship is very important for economic development. Bheemappa (2003) described entrepreneurship as the creative and innovative response to the environment, which can take place in variety of fields of social endeavor business, industry, agriculture, education, social work and it is potent limiting factors in economic development. Ganeshan (2001) stated that entrepreneurship is the capacity for innovation and caliber to introduce innovative techniques in the business operations. Thus, entrepreneurship is a purposeful behavioral

adaptation launched for initiating, promoting and maintaining economic activities for the production and mobilization of monetary resources.

For the economic growth and technological changes of any country entrepreneur plays an important role social and economic development of the society is directly depends upon the development of the entrepreneur (Kaur & Bains, 2013)

The strategic role of the entrepreneur as an agent of economic transformation in society is visible in employment and wealth generation, stimulation of indigenous entrepreneurship or promotion of entrepreneurial culture.

Nowadays entrepreneurial development is considered as the best way to leave recession and if firms can provide the highest degree of value for their costumer, they will both enjoy their own competitive advantage, position themselves in the market, and also among their target customers (Hill and Hultman, 2006)(Kolabi, Hossein, & Salamzadeh, 2011)

With rapid development of economics, entrepreneurs are being paid more and more attention too. The famous American economist J. A. Schumpeter has illustrated in *the theory of Economic Development* that, entrepreneurs manage production with all kinds of factors of production and change their way of combination, which make economics increase quickly. American economic historian Gilbert- C. Fite also believed that, the U.S. couldn't have been the first in the world with enough natural resources but without organization and management of entrepreneurs. For those reasons, researchers have changed their study direction from an aspect of resources to an aspect of entrepreneur's competence. They do relative research on entrepreneur's competence mainly from three aspects: inscape of entrepreneur's competence, managed action and the relationship between entrepreneur's competence and enterprise performance (Yang Jun, 2005) (Wensong, 2011).

Competency as a term has been used in management literature for a long time now. However, its role and importance has been understood only in the recent decade. It is defined as the sum of experiences, knowledge, skills and attitude which we acquire during our life time for effective performance in a task or job. Competency is the concept of knowledge, skills and attitude of the person. The term competency has a number of definitions which depends on the specific task to be performed by individuals under different conditions. These definitions differ on different counts. Boyatzis (1982) conducted a study on approximately 2000 managers and he identified and assessed hundred potential competencies. He defined competency as: "A capacity that exists in a person that leads to behavior that meets the job demands within the parameters of organizational environment, and that, in turn brings about desired results".

Spencer & Spencer (1993) define competency as an underlying characteristic of an individual that is casually related to criterion referenced effective and/or superior performance in a job or situation. This indicates that there are certain identifiable traits that constitute a person's characteristics and level of performance in a job situation. Underlying characteristic means the competency is a fairly deep and enduring part of a person's personality and can predict behavior in a wide variety of situations and job tasks. Casually-related means that a competency causes or predicts behavior and performance. Criterion-referenced means that the competency actually predicts who does something well or poorly, as measured on a specific criterion or standard.

It is commonly understood that competency is a combination of knowledge, skills abilities and other characteristics which are required for successful job performance.

Practically, Competency is a broad concept. It helps a person to perform better in practical form. It is the transformation of knowledge, skills and attitudes to performance for a particular task successfully. Competency is helpful in distinguishing the superior performers from other performers

Entrepreneurial competency is defined as the individual characteristics. Entrepreneur is a person who undertakes risk for gaining profit in the business venture.

According to Baum & Locke (2004) "Entrepreneurs must also be willing to experiment different strategies in the pursuit of profitable outcome because it is the entrepreneur's energy, creativity & motivation that trigger the production of superior product & services".

Therefore, entrepreneurship requires certain strategic skills for profitable functioning. Entrepreneurship Development Institute of India, Ahmadabad, identified certain factors which are required by entrepreneur to give the success to the business as well as to the economy of the country. These factors are initiative, see and act on opportunities, persistence, knowing, concern for high quality of work, commitment to work contract, persuasion, efficiency orientation, systematic planning, problem solving, self-confidence, assertiveness, use of influence strategies, monitoring and concern of employee welfare. Entrepreneurial competency thus becomes critical for an SME to become competitive in the globalized world.

Entrepreneurs play a very important role for business survival and its success. For the survival and success of the business entrepreneurs required skills and abilities. Bird (1995) "maintains that entrepreneurial competencies are defined as underlying characteristics possessed by a person which result in new ventures creation, survival, and /or growth." Man, Lau & Chan (2002) refer to these competencies as the "total ability of the entrepreneur to perform this role successfully. Several studies have found positive relationship between existences of competencies and venture performance".(Kaur & Bains, 2013)

## II. CHARACTERISTICS OF MICRO & SMALL ENTERPRISES

Definitions of micro and small scale enterprises and their constituent differ among several countries. But, according to the Federal Democratic Republic of Ethiopia, Micro & Small Enterprises Agency,

**Micro Enterprises defined as an enterprise** with numbers of its employees (including the owner or family) are not greater than 5 & total asset is  $\leq 100,000$  ETB for industrial sector and  $\leq 50,000$  ETB for service sector. In a similar manner, an enterprise with 6-30 employees & total asset 100,001—1,500,000 ETB for industrial sector and 50, 0001—500,000 ETB for service sector is defined as "**Small Enterprise**"(FDRE, 2013).

## III. THE ENTREPRENEUR

Entrepreneur is a highly respected person in the developed world. The word entrepreneurship conjures up visions of active, purposeful men and women accomplishing significant achievements. The entrepreneurs are important agents of change in every society, yet they present the most enigmatic characters in the drama of economic development, particularly in the less developed world. Although it is an entrepreneur's purposive activity that bridges the gap between plan and reality, the precise way that this agent of change acts is often unpredictable. The entrepreneur also plays a mediating role between the larger society and his economic unit. Entrepreneurial action is likely to initiate changes for both the economic unit and its environment.

Entrepreneur may be either an individual or a group; both are equally significant in the development of less developed countries. Entrepreneur generally belongs to a family, a kin group, a caste, a religious sect, a political party, and so on. These are certain determinants and constraints, which shape the nature of entrepreneurial activity.

Entrepreneurs identify and develop business and create opportunities for its success. Entrepreneurs are risk takers. They are people who recognize the strengths, weaknesses, opportunities and threats of their enterprise and build opportunity for its success.

Their decisions are based on better information and experience than that of an average observer. What others perceive as risky may not be as great a risk to those who have more information and skills. (Colombo Plan Staff College 1998).

Entrepreneurs are free thinkers, who combine a large element of creativity and experience. They have knowledge of economic, social, psychological and demographic trends. They have experience and are comfortable with new technology and change. They are the agents of change who can effectively live with uncertainty and stimulate and implement lasting changes (Raj. 1998).

Entrepreneurs are the leaders of industrial development. They are necessary to create employment and to contribute to the economic growth.

## IV. ENTREPRENEURIAL COMPETENCY

A pertinent starting point in conceptualizing entrepreneurial competencies is to first define competence. (Inyang, 2009). Competency as a term has been used in management literature for a long time now. However, its role and importance has been understood only in the recent decade.

It is defined as the sum of experiences, knowledge, skills and attitude which we acquire during our life time for effective

performance in a task or job. Competency is the concept of knowledge, skills and attitude of the person. The term competency has a number of definitions which depends on the specific task to be performed by individuals under different conditions. These definitions differ on different counts. Boyatzis (1982) conducted a study on approximately 2000 managers and he identified and assessed hundred potential competencies. He defined competency as: “A capacity that exists in a person that leads to behavior that meets the job demands within the parameters of organizational environment, and that, in turn brings about desired results” (Kaur &Bains, 2013)

Spencer & Spencer (1993) define competency as an underlying characteristic of an individual that is casually related to criterion referenced effective and/or superior performance in a job or situation. This indicates that there are certain identifiable traits that constitute a person’s characteristics and level of performance in a job situation.(Izquierdo, Deschoolmeester, Salazer, 2005)

Underlying characteristic means the competency is a fairly deep and enduring part of a person’s personality and can predict behavior in a wide variety of situations and job tasks. Casually-related means that a competency causes or predicts behavior and performance. Criterion-referenced means that the competency actually predicts who does something well or poorly, as measured on a specific criterion or standard. It is commonly

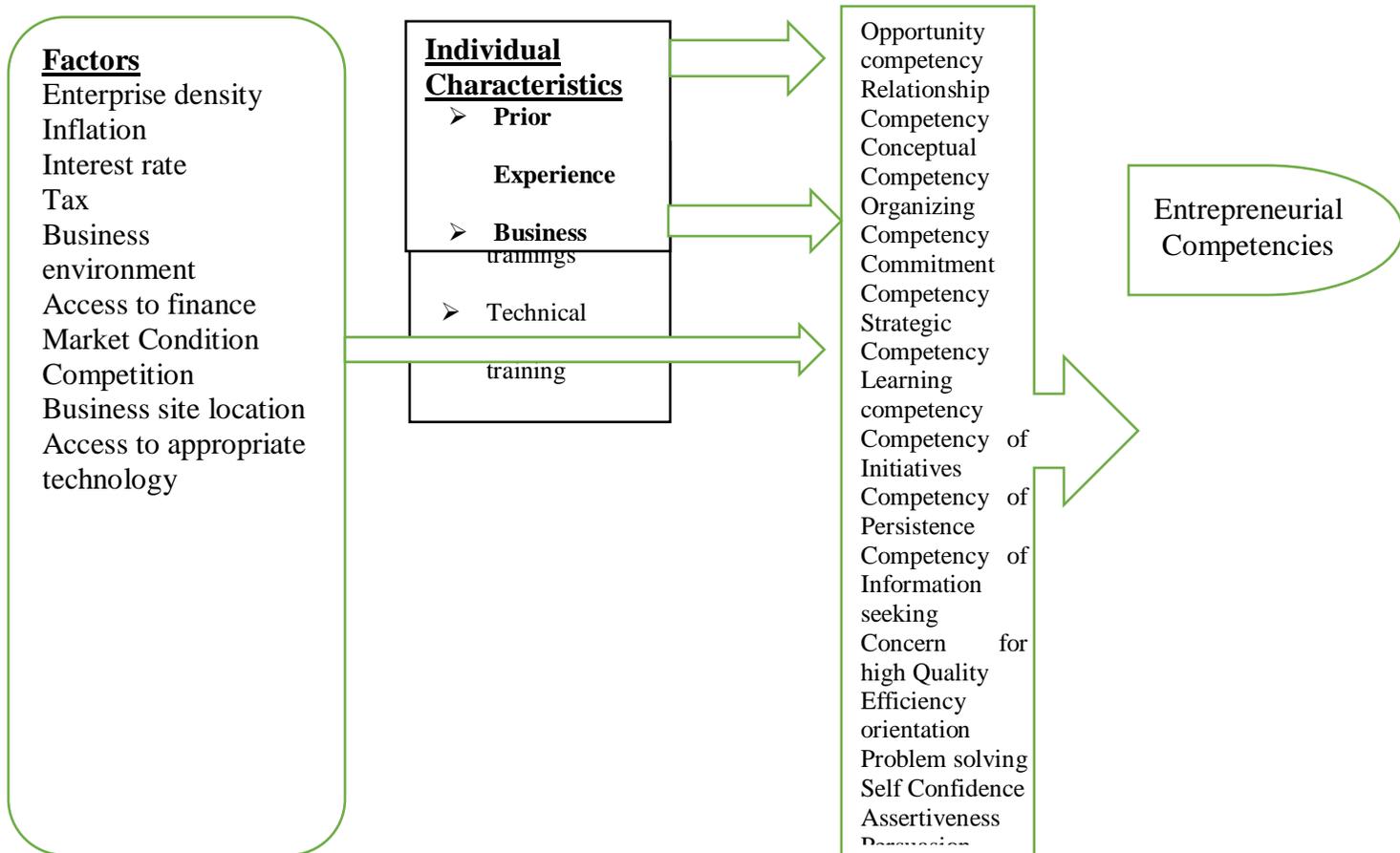
**MSE’s Entrepreneurial Competencies: Conceptual Framework**

understood that competency is a combination of knowledge, skills abilities and other characteristics which are required for successful job performance. Practically, Competency is a broad concept. It helps a person to perform better in practical form. It is the transformation of Knowledge, skills and attitudes to performance for a particular task successfully. Competency is helpful in distinguishing the superior performers from other performers.(Kaur and Bains,2013)

Entrepreneurial competencies therefore, include those clusters of related knowledge, attitudes, and skills which an entrepreneur must acquire through managerial training and development to enable him produce outstanding performance, and maximize profit, while managing a business venture or an enterprise (Inyang, 2009).

Entrepreneurial competency is defined as the individual characteristics. Entrepreneur is a person who undertakes risk for gaining profit in the business venture.

According to Baum & Locke (2004) “Entrepreneurs must also be willing to experiment different strategies in the pursuit of profitable outcome because it is the entrepreneurs ‘energy, creativity & motivation that trigger the production of superior product & services”(Kaur and Bains, 2013).



**Figure 1: Conceptual framework developed by the researcher from different literatures**

## V. RESULTS & DISCUSSIONS

### 5.1 Challenges of entrepreneurial Success

Launching a business is a substantial undertaking that requires a great deal of dedication, discipline and tenacity. Along the way to building a successful business, entrepreneurs will run headlong into many different obstacles, some of which appear to be insurmountable. In the face of such difficulties, discouragement and disillusionment common emotions (Zimmerer & Scarborough, 2013)

### 5.2 Enterprise Density

Enterprise density is defined as the number of firms in a given population at a given time working on the same industry. Low enterprise density means there is room for expanding active enterprises and acts as disincentive to firms to exit (GEM, 2013). According to the result of this study, 140(76.5%) reported that enterprise density is the major challenge to the success of their businesses. The qualitative result also supports this idea. As one FGD participants from Limu Genet town said

“Biyya kanatti namni heddu hojii dhuma gos tokko hojjata, hojii biraa barbaadurra gabaadhuma xiqoo gosa tokko wal harkatti qirca’a, kanaanis inni duraan jalqabe gad dhiisee gabaa keessaa ba’a. Gabaa keessaa wal baasuuf malee guddate wal guddisuuf hin fiigu namni keenya.” *Sirrii dha sirriidha sagalee jedhu garee keessaa hedduminaan dhaga’ama.*

Meaning, in this country many individuals work on the same business. They prefer to share the existing small fraction of markets to creating other business. Due to this, those who start the business at the first place are forced to exit the market. No one needs to grow and let others grow but to let each other get in to bankruptcy. *A collection of voices aired out saying, it is right, it is right...*

The FGD participants were also asked to identify and rank the barriers, and ranked enterprise density and justified with the similar aforementioned reasons

### 5.3 Inappropriate Location

According to Zimmerer & Scarborough (2013), much like choosing a form of ownership and selecting particular sources of financing, the location decision has far-reaching and often long lasting effects on a small company’s future. Entrepreneurs who choose their location wisely – with their customers’ preferences and their companies’ need in mind-can establish an important competitive advantage over rivals who choose their location haphazardly.

The table 4 below shows that 135(73.8%) respondents voted the inappropriate location of business is a barrier to their business to succeed. According to this result, the inappropriate location of business is the second major barrier next to enterprise density. The qualitative result also supports this quantitative result but lots were mentioned about the reasons. The FGD results indicate that it is not the entrepreneur in MSE who select the location, but the Micro and small enterprise development agency along with the land administration in our context. They were asked whether they know, to reflect on the criterion of MSED for selection of location and report that they don’t bother about the market access, quality of infrastructure, and traffic patterns. Once they identified the location is unoccupied, they simply build sheds and give them on rent basis

### 5.4 Unfavorable Market conditions

Unfavorable market condition is also reported by the respondents as a barrier against their success goals. 133(72.7%) of the respondents vote ‘yes’ to the question ‘is unfavorable market condition a barrier to your business to succeed?’ indicating it as the third major barrier to entrepreneurial business to succeed.

Market fluctuation due to the high seasonal variation and the strong association of general market with the market of coffee were mentioned by the FGDs and Key Informant Interviews (KII) as the major reasons for unfavorable market conditions in the zone.

### 5.6 Inaccessibility to finance & Competition

The availability of appropriate economic resources is important for business development. This enables SMEs to secure the necessary expertise and raw materials to put entrepreneurial ideas into practice, to be competitive, to survive during unfavorable conditions and to grow. The lack of capital and limited access to finance is a factor inhibiting entrepreneurship and influencing growth negatively, as it impedes the progress that comes from timeous application of resources (University of Pretoria, 2009)

125(73.8%) of respondents, reported that inaccessibility to finance is a barrier to their entrepreneurial competencies and thereby negatively affect their business performances. Moreover, similar number of respondents 125(73.8%) also reported fierce competencies are equally challenging their business. The qualitative result in this regard, interprets that the only reason that fierce competition is a barrier is due to lack of adequate capital. One FGD participant from Shebe Sombo said

“Dur mootummaan caalbaasii irratti deeggarsa nuu goodha ture, erga inni hafee abbooti qabeenyaati wajjiin dorgomuun baa’ yee nutti hammaataa jira, kun beekamaa dha maal jettuu ani inni qalloon kuniif Taaysan utuu dirreetti bane booksi waliin dorgomne, tokko caala hin hiixatu miti? Akkuma kana salphaatti gabaa keessaa nu ariyatu” Ah..Ah...gareen ni kolfe...

Meaning, before the government was used to support us in the time of bidding, but now after it stopped helping us in this matter, we are facing difficulties competing with rich merchants (traders). They are casting us out of the market. What do you say if I, the emaciated one enter the ring to compete with known heavy weight champion, Tayson? It is only expected of him to extend his one fist not more. Ah...ah...group laughing....

### 5.7 Business environment & Inflation

Inflation has an effect on entrepreneurship (University of Pretoria, 2009). Higher inflation means that value of wealth decreases, consumer tightens their belts and thus there are fewer opportunities for entrepreneurs.

On the other hand, positive features of the business environment of the country provide SMEs with opportunities, threats, information and access to role models. Too many shocks in the business environment, however push risks to unacceptable level. The challenge facing most governments is to provide a business environment that supports and promotes a vibrant entrepreneurial culture (University of Pretoria, 2009)

Similar proportion of respondents, 118(64.5%) voted that both business environment and inflation put a negative pressure on their business to succeed. The FGD analysis also reveals that inflation is letting customers away from the business.

### 5.8 Higher taxation & higher interest rate

One of the key factors inhibiting SME development is taxation (Robertson, 2003). If tax rate is high, they reduce the profit incentives drastically. The complexity of tax system further raises the cost of doing business, as many SME don't have the capacity to administer tax returns and thus need to consult experts for a fee in order to meet these legal requirements (University of Pretoria, 2009)

116(63.4%) of respondents rate the higher taxation as the sixth challenge for their business to succeed. On the other hand,

higher interest rate makes dealing with banks to get access to finance very difficult. In this regard a significant number of respondents, 110(60.1%) reported that their business is negatively affected by higher interest rate. The qualitative data indicates the interest rate of the micro finances are very high which discourage them to apply for the loans even if they are in badly needing it.

**Table 4: Identified barriers of entrepreneurial competencies & respondents' response**

Is each of the following a barrier to your business to succeed?		
Barrier	Response	
	Yes	No
Enterprise density(1)	140(76.5%)	43(23.5%)
Inflation(5)	118(64.5%)	65(35.5%)
Higher Interest rate(7)	110(60.1%)	73(39.9)
Higher tax(6)	116(63.4%)	67(36.6%)
Business environment(5)	118(64.5%)	65(35.5%)
Inaccessibility to finance(4)	125(68.3%)	58(31.7%)
Unfavorable Market Condition(3)	133(72.7%)	50(27.3%)
Fierce competition (4)	125(68.3%)	58(31.7%)
Inappropriate location(2)	135(73.8)	48(26.2%)

Source: Own Calculation from Collected Data set

Moreover, respondents were asked to write down some other barriers and indicates the following;

- ☞ The project involving community participation makes us lag behind and consumes lots of our time
- ☞ Many enterprises working similar works (this is similar to the enterprise density discussed above)
- ☞ Frequent interruption of power
- ☞ Cost of spring development is so low whereas the cost labor is high
- ☞ Corruption in bidding process
- ☞ Not being organized with members of same capacity on the works of environmental sanitation,

**5.9 Access to appropriate technology**

Globalization, technological sophistication, access to technology and technology and technological discoveries have seen an increased numbers of businesses built on quality assurance, high- tech innovations and intellectual property (Nasser, et, al, 2003). SMEs need access to appropriate technology if they are to have competitive advantage (University of Pretoria, 2009)

131(71.6%) of the respondents consider as the major road blocks inhibiting the flourish of entrepreneurial competencies thereby leading to many business shutdowns.

**5.10 Prior Experience**

Entrepreneurial experience may be viewed as a significant contributor to entrepreneurial human capital, as it can translate

into valuable knowledge developed through direct experience. This experience can build reputations that help to secure resources and assets that can be utilized in identifying and exploiting subsequent ventures. SMEs that start their businesses without any prior business ownership experience have to go through the costs of gaining entrepreneurial skills while implementing the idea (University of Pretoria, 2009)

About half of the respondents, 162(88.5%) indicated that prior experience is significantly affecting their business to succeed.

**5.11 Entrepreneurial Supports**

Out of the total respondents, 134(73.2%) reported that they have got training from their respective Woreda/district Technical & Vocational Educational Training (TVET) center/College during the last three years. Out of this, 48.6% got skill training, 3.8% leadership training, 8.7% training on saving, 16.4% received all aforementioned trainings (skill, leadership and saving).

Regarding the supports of Micro and small enterprise development agency extended to entrepreneurs, respondents were asked to indicate their level of satisfaction to some selected entrepreneurial supports. Accordingly, majority, 107(58.5%) are very much satisfied with the licensing processes, 87(47.4%) with getting place of work, 115(62.9%) with auditing services, 102(55.8%) with the technical training they were provided with (table 5)

**Table 5: Extent of satisfaction on some selected entrepreneurial supports**

Indicate the extent of your satisfaction to the following supports					
Type of Support	Extent of satisfaction				
	Very poor	poor	Fair	good	very good
Licensing processes	12(6.6%)	12(6.6%)	52(28.4%)	38(20.8%)	69(37.7%)
Credit accessibility	28(15.3%)	40(21.9%)	44(24.0%)	33(18.0%)	38(20.8%)
Place of work	13(7.1%)	35(19.1%)	48(26.2%)	39(21.3%)	48(26.2%)
Auditing Service	7(3.8%)	21(11.5%)	40(21.9%)	42(23.0%)	73(39.9%)
Technical training	11(6.0%)	27(14.8%)	43(23.5%)	34(18.6%)	68(37.2%)

**5.12 Logistic regression Analysis of some variables for Competencies**

In order do the logistic regression analysis, we need to classify the original data set we have on competency to make it binary by stating for those <math>3=1, >3=2</math>. To do this, each competency is re-organized under five different clusters of entrepreneurial competencies. These clusters of entrepreneurial competencies include the need for achievement, thinking and problem solving, personal maturity, Influence and directing and controlling.

**5.12.1 Directing & Controlling**

The competencies grouped under this cluster include assertiveness, conceptual and organizing competencies. Here, the basic aim of our analysis is to describe the way in which directing and controlling competencies vary by business start-up experience and educational qualifications. For this cluster, we considered the extent of the association between the educational

qualifications of the entrepreneurs and their directing & controlling competency is affected by the fact that those who have Secondary school have 3.3 times and Post-secondary/Diploma 4.76 times more likely to have directing & controlling competence as compared with those who can write & read only at 5% level of significance.

Moreover, the extent of the association between business start-up experience and directing & controlling competency is affected by the fact that the probability of having directing & controlling competency was 2.5 times more for those who have business start-up experience as compered with those who haven't business start-up experience at 5% level of significance.

On the other hand, those who took technical training before engaging in business activities are 2.2 times more likely to have the directing and controlling competency as compared to those who didn't take the training before business start-ups (table 6).

**Table 6: Current competencies of directing & controlling by business start-up experiences, educational qualifications and technical training before business start-up**

Directing & Controlling Competence									
		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	Business Start-up experience(Yes)	.936	.337	7.715	1	.005	2.551	1.317	4.940
	Educational Qualification			10.628	4	.031			
	Educational Qualification (Primary school)	.355	.470	.571	1	.450	1.427	.568	3.585
	Educational Qualification (Secondary school)	1.202	.486	6.120	1	.013	3.326	1.284	8.619
	Educational Qualification (Post- secondary/Diploma)	1.561	.607	6.612	1	.010	4.762	1.449	15.645
	Educational Qualification (Bachelor's degree)	.789	.799	.976	1	.323	2.202	.460	10.539
	Technical training before business(1First)	.790	.324	5.924	1	.015	2.203	1.166	4.160
	Constant	-1.438	.453	10.060	1	.002	.237		

a. Variable(s) entered on step 1: Business start-ups, educational qualifications, technical training before business

**5.12.2 Thinking & Problem Solving**

This cluster of entrepreneurial competency deals with the ability of identifying and using logical, step-by- step plans and identifying and applying new and potentially unique ideas to reach the goals. According to the logistic regression analysis of

this competency, the extent of the association between the technical training before business engagement and thinking and problem solving competence is affected by the fact that those who took technical training before starting business were more likely to have 2.2 times more than those who didn't take the training. In addition, the odds of having this competency was 1.3

times more for those who have business start-ups experiences as (table 7).  
compare to those who don't have business start-up expereicnes

**Table 7: Current competencies of thinking & problem solving by business start-up experiences, and technical training before business start-up**

Thinking & problem solving									
		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	Technical training(Yes)	.792	.314	6.363	1	.012	2.207	1.193	4.083
	Business start-up experience(Yes)	.232	.312	.554	1	.457	1.261	.684	2.325
	Constant	-.925	.265	12.217	1	.000	.396		

a. Variable(s) entered on step 1: P1q11.2, P1q13.

Source: Own Calculation from Collected Data set

**5.13 Need for Achievement**

The need for achievement cluster of competency include such important competencies like initiatives, seing and acting on opportunities, information seeking, concern for high quality, commitment to work, efficiency orientation and persistence.

The basic aim of our analysis here is to describe the way in which the need for achievement vary by management training before the business, business start-up experience and age group. From this analysis, we have come to know that the degree of association between management training and need for achievement is affected by the reality that those who took management training before starting up the business have the

probability of having this cluster of competency (need for achievement) 2.6 times more than those who didn't take the training. Moreover, those who have business start-up experience were 1.4 times more probalilty of having this cluster of competency than those who don't have. More importantly, the extent of the association between between the need for achievement and age group is affected by the fact that those entrepreneurs falling under the category of young youths (19-24) have the likelihood of possessing the need for achievement 1.6times more than those whose age lies between 25-35 years(table 8)

**Table 8: Current need for achievement competence by business start-up experiences, management training before business and age group**

Variables in the Equation									
		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	Management Training before business(Yes)	.951	.313	9.222	1	.002	2.588	1.401	4.782
	Business strat -up expereince(Yes)	.337	.314	1.149	1	.284	1.401	.757	2.593
	AgeGroup(Young youth, 19-24)	.495	.336	2.171	1	.141	1.640	.849	3.168
	Constant	-1.147	.303	14.351	1	.000	.318		

a. Variable(s) entered on step 1: P1q11.1, P1q13, AgeGroup.

Source: own calculation from collected data set

**VI. CONCLUSIONS**

Moreover, many entrepreneurial competencies are strongly associated with the average time spent by entrepreneurs on business in a week.

From the quantitative result, we have come to know that opportunity competency of the leaders were affected by such factors as sex, start-up experience, training, and education.

Grouping the data set for each entrepreneurial competence in to clusters of competency, the regression analysis result indicates that directing and controlling competence is very much

affected by such factors like business start-up experience, educational qualification and the technical trainings the entrepreneurs took befor engaging in the business they are currently working. Thinking and problem solving competence is also affected by business start-up experiences of the entrepreneurs and technical trainings taken before start-up of the business they are currently working on. Moreover, the need for achievement is very much influenced by management training taken before the business, business start-up experiences and more importantly age groups; young youths are more likely to have strong need for achievement more than older youths.

The qualitative data reveals however, there is poor opportunity competency, relationship competency, poor strategic competency, poor persistence and poor quality concern among entrepreneurs of the micro and small enterprises of the Jimma zone.

Entrepreneurial competencies of the micro enterprises are being affected by different factors such as enterprise density, inappropriate locations of businesses, unfavorable market conditions, inaccessibility to finance, fierce competition, harsh business environment, inflation, taxation and interest rate, access to appropriate technology and prior entrepreneurial experiences. Regarding the entrepreneurial supports, almost all of the respondents were more than averagely satisfied with the supports being extended by the micro and small enterprises development agency practitioners with special reference to licensing processes, auditing services, provision of work area which is mostly criticized by many entrepreneurs due to the nature of its being inappropriate location for the market which is manifested by low traffic pattern, poor infrastructure, poor customer flow etc.

Frequent electrical power interruption, corruption in bidding and mismatch of market cost for some project and the current labor cost is the other factors serving as a roadblocks for the flourish of entrepreneurial business success

The technical and vocational training center of the district is trying its best to address the training needs of the entrepreneurs but still significant number of them reported that lack of training as a barrier to their business to succeed as supported by the qualitative discussions with selected entrepreneurs.

Most of the entrepreneurs in the focus group discussion (FGD) indicated their urgent need to business advisory services which is not available in their districts to alleviate the ambiguity that they face in the market

Most of the entrepreneurs in the micro and small enterprises are not well familiar with the detailed plan preparation, strategic management which is indicated mostly by lack of written plan and strategy. Most of them even don't have their vision and mission statement in written

#### REFERENCES

[1] AFSANEH BAGHERI and ZAIDATOL AKMALIAH LOPE PIHIE, (2014) The Factors Shaping Entrepreneurial Intentions, Cambridge Scholars Publishing.

[2] AMIR MOHAMMAD KOLABI, HAMID KHODADADHOSSEIN, ROSA MEHRABI & AIDINSALAMZADEH, (2011) Developing Entrepreneurial Marketing Mix: Case Study of Entrepreneurial Food Enterprises in Iran: Journal of Knowledge Management, Economics and Information Technology, issue 501

[3] Ayal Kimhi,( 2009) Entrepreneurship and Income Inequality in Southern Ethiopia,

[4] BELAY FILE GAROMA (2012), Determinants Of Microenterprise Success In The Urban Informal Sector Of Addis Ababa: A Multidimensional Analysis,

[5] BENJAMIN JAMES INYANG (2009), Entrepreneurial Competencies: The Missing Links to Successful Entrepreneurship in Nigeria, International Business research, Vol.2. No.2, PMB 1115 Calabar, Nigeria

[6] DANNA GREENBERG, KATE MCKONE-SWEET, H. JAMES WILSON, The New Entrepreneurial Leader: Developing Leaders Who Shape Social & Economic Opportunity, Published by Berrett-Koehler Publishers, 2011

[7] DAVID RAE,( 2006) Entrepreneurial Learning: A Conceptual Framework for Technology based Enterprise, Technology Analysis & Strategic

Management, Vol. 18, No. 1, 39–56, the Derbyshire Business School, University of Derby, UK

[8] DURGA MURARI (2006), Information needs analysis and information seeking behavior of entrepreneurs; with special reference to women, Mumbai,

[9] DUŠAN BARAN, RITA VELICKAIT (2008), Building The Theoretical Framework Of Entrepreneurship, Slovak University of Technology, 5th international scientific conference, business and management, Vilnius Lithuania

[10] ESUH OSSAI-IGWE LUCKY & MOHD SOBRI MINAI (2011) ,The Conceptual Framework of Entrepreneur and Self-Management, Universiti Utara Malaysia Malaysia , International Journal of Business and Social Science Vol. 2 No. 20;

[11] FRANCISCO GERARDO BARROSO TANOIRA & RAUL ALBERTO SANTOS VALENCIA,( 2014) Knowledge Management, Entrepreneurial Competencies And Organizational Development In Micro And Small Enterprises In Rural Regions In The State Of Yucatan, Mexico, European Scientific Journal edition vol.10, No 1 ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431

[12] HARDEEP KAUR & DR. ANUPAMA BAINS (2013),Understanding The Concept Of Entrepreneur Competency, Journal of Business Management & Social Sciences Research (JBM&SSR) ISSN No: 2319-5614 Volume 2, No.11,

[13] HLABUSCHAGNE (2012), Entrepreneurial competencies, cognition, behavior and knowledge creation, , university of pretonia

[14] JOSE ERNESTO AMOROS & NIELS BOSMA,(2013), Global Entrepreneurship Monitor (GEM) report

[15] JYOTSNA SETHI, & ANAND SAXENA, (2006), Entrepreneurial Competencies, Motivation, Performance And Rewards,

[16] LIAO DANFENG ZHANG WENSONG, Economics & Management School of Beijing Jiaotong University, Research on Relationship of Entrepreneur's Competence and Enterprise Performance, Beijing, China 100044,

[17] MARCELLA NORWOOD(2014), The Entrepreneurial Life

[18] MARKO(2014), essentials of entrepreneurship and small business management, 6th edition, MCSER Publishing, Rome-Italy, Vol 5 No 6, April 2014

[19] MULU GEBREEYESUS(2011), Growth of Micro-Enterprises: Empirical evidence from Ethiopia,

[20] NADIM AHMAD AND ANDERS HOFFMAN, 2007,A Framework for Addressing and Measuring

[21] NADIM AHMAD AND RICHARD G. SEYMOUR, Defining Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection,2007

[22] NINIK SUDARWATI(2013), Developing an Integrated Module on Entrepreneurship to Improve Ability in Making Business Plans, International Journal of Business, Humanities and Technology Vol. 3 No. 5;

[23] OLAWALE FATOKI (2014) The Impact of Managerial Competencies on the Performance of Immigrant- Owned Enterprises in South Africa, Mediterranean Journal of Social Sciences

[24] OMIDYAR NETWORK(2013), Accelerating Entrepreneurship In Africa:Understanding Africa's Challenges to Creating Opportunity-driven Entrepreneurship

[25] p4126645, Factors Affecting SME success, University of Pretonia, 2009

[26] PAUL GOMPERS, ANNA KOVNER, JOSH LERNER, AND DAVID SCHARFSTEIN (2009), Performance Persistence in Entrepreneurship

[27] PI-SHEN & LIP-CHAI, Changing Entrepreneurial Perceptions And Developing Entrepreneurial Competencies Through Experiential Learning: Evidence From Entrepreneurship Education In Singapore's Tertiary Education Institutions

[28] SHARON A. ALVAREZ (2005), Two theories of Entrepreneurship: Alternative assumptions and the study of entrepreneurial action, The Oiho state of university,

[29] SOLOMON WOLE(2013) The State Of Small-Scale Industries In Ethiopia: Problems And Policy Issues, The Ethiopian Economy: Structure, Problems And Policy Issues

[30] SZU-JU LIN & HUNG-JUNG CHANG(2011) A Study of Entrepreneurial Competence in Micro-Enterprises, TransWorld University, Taiwan

- [31] THOMAS W. ZIMMERER & NORMAN M. SCARBOROUGH,(2013) Essentials of Entrepreneurship and Small Business Management, 5th edition, PHI Learning Private Limited
- [32] TIMOTHY S. HATTEN, Small Business Management: Entrepreneurship And Beyond, 5th Edition, Printed In Canada
- [33] TSIGE GEBREMESKEL(2009) Entrepreneurial attitude and business success
- [34] YOSEPH GEBREMARIAM (2011) Achievements and Challenges of Micro and Small Enterprises in improving the Livelihood of the Poor: the case of Two Sub Cities of Asella Town
- [35] ZAFIR MOHD MAKHBUL(2011), Entrepreneurial Success: An Exploratory Study among Entrepreneurs, 43600 UKM Bangi, Selangor, Malaysia, International Journal of Business and Management Vol. 6, No. 1
- [36] ZUZANA BRIXIOVA & MTHULI NCUBE (2013), Entrepreneurship and the Business Environment in Africa: An Application to Ethiopia
- [37] ZUZANA BRIXIOVA (2009) Fostering Development in an Era of Financial and Economic Crises, Modeling determinants of SMEs in

Ethiopia: Would subsidies matter? African Economic Conference 200911 – 13 November, United Nations Conference Centre, Addis Ababa, Ethiopia

#### AUTHORS

**First Author** – Shabudin Shenura (MBA), department of Management, Jimma University Jimma, Ethiopia, email [selsebilshihab@gmail.com](mailto:selsebilshihab@gmail.com)

**Second Author** – Ashenafi Haile (MA) department of Management, Jimma University Jimma, Ethiopia, email [ashu21haile@yahoo.com](mailto:ashu21haile@yahoo.com)

**Third Author** – Emnet Negash (MBA), department of Management, Jimma University Jimma, Ethiopia, email [negashemnet089@gmail.com](mailto:negashemnet089@gmail.com)