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# The Role of Government Support Services for the performance of Small and Medium Manufacturing Enterprises in Addis Ababa City, Ethiopia

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## Résumé

According to the Ethiopian Micro and Small Enterprises Development Strategy, the major government support services for SMEs are broadly divided to five aspects which are: credit service; consultancy and training service; market linkage support; provision of the working premise and one-stop-shop services. Although these services are being provided by the government for about two decades, the review of the literature indicates that the role of government support services for Micro, Small and Medium Enterprises and the major implementation challenges are not yet fully understood and evaluated in the Ethiopian context. Therefore, this study investigates the role of Government Support Services for the performance of Small and Medium Manufacturing Enterprises (SMMEs) in Bole and Yeka sub-cities of Addis Ababa City Administration and the major implementation challenges encountered during the implementation process.

A total of 120 questionnaires were distributed for Small and Medium Manufacturing Enterprise operators. In addition, relevant government officials and operators have also been interviewed. Other information has been collected by means of secondary sources such as available documents and reports. Qualitative analysis methods have been first of all used to study the national documents as well as the collected questionnaire. Again, Logistic regression model is used to measure the relationship between Government support services and the performance of SMMEs. The binomial test is also applied to test the proportion of performance that is productivity and profitability of SMMEs. The result shows that each support services have significant effect on the performance of SMMEs except the training service.

According to the interviewed enterprises, the major challenges encountered during the implementation of the support services are inaccessibility of support services, lack of infrastructure, lack of good governance, corruption, overbearing regulatory and operational environments and lack of institutional coordination. To tackle those challenges some options are recommended to policymakers and for concerned government bodies. These include improving the accessibility of support services for enterprises, providing sufficient infrastructure, taking the appropriate administrative measures on corrupted officials, enhancing the cooperation of concerned government institutions.

**Mots-Clés:** Ethiopia, Small and Medium Enterprises, Government Support Services

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