



African Journal of Social Work
 Afri. j. soc. work
 © National Association of Social Workers-Zimbabwe/Author(s)
 ISSN Print 1563-3934
 ISSN Online 2409-5605

Licensed under a Creative Commons Attribution-Non-commercial 4.0 International License

Indexed & Accredited with: *African Journals Online (AJOL)|University of Zimbabwe Accredited Journals (UZAJ)|SCOPUS (Elsevier's abstract and citation database)|Directory of Open Access Journals (DOAJ)|Society of African Journal Editors (SAJE)*

RETHINKING COLLAPSE OF MICRO AND SMALL ENTERPRISES IN BAHIR DAR CITY, NORTH WEST ETHIOPIA: A GROUNDED THEORY APPROACH

Temesgen ALEMU and Kerebih ASRESE

ABSTRACT

Micro and small enterprises development is a universally proven strategy against poverty notwithstanding, enterprises' failure. Using a qualitative design, this study investigated experiences of unsuccessful micro and small enterprise cooperatives at Bahir Dar City Administration, North West Ethiopia. In-depth interview, observation, and field notes were used to collect primary data. The findings revealed that micro and small enterprise cooperatives' failure involve these phases: pre-formation, formation, operation, pre-collapse, and collapse where some concerns at early stage pass in to the next, accumulate with emerging challenges and result in group deformation. Hence, awareness creation program on group formation in collective owned micro and small enterprises; training on business management strategies which could be in form of expansion, products/market differentiation and formation of alliances; and prompt support of stakeholders to micro and small enterprises are suggested to enhance success stories of micro and small enterprise cooperatives.

KEY TERMS: *Micro and small enterprises, collapse, grounded theory, Bahir Dar, Ethiopia*

KEY DATES

*Received: 02 March 2019
 Accepted: 01 November 2019
 Revised: 15 November 2019
 Published: 20 December 2019*

*Funding: None
 Conflict of Interest: None
 Permission: Not applicable
 Ethics approval: Not applicable*

ARTICLE TYPE: *Original research*

Author/s details: Temesgen Alemu, MSW student, Social Work Department, Bahir Dar University, E-mail: temealabu@yahoo.com

*Kerebih Asrese, PhD, Corresponding author, Assist. Professor of Social Work and Social Development, Social Work Department, Bahir Dar University, Bahir Dar, Ethiopia, E-mail: kerebiha@bdu.edu.et
 kerebihabsalat@gmail.com*

INTRODUCTION

Poverty remains one of the persisting social problems across the globe in general and at developing nations in particular. Regardless of various scopes and definitions set to identify poverty, the economical (usually determined in terms of daily income) poverty is the major challenge for many continents mainly in Latin America, Asia, and Africa (Palanimally, 2016; Vijayakumar, 2013). In Ethiopia, even if the prevalence of economic poverty significantly reduced over the last 10 years, 23% of population still lives under poverty line, generating less than US \$1.25 daily income (National Planning Commission and the United Nations in Ethiopia, 2015).

Assuming that lack of labor-intensive strategy and unemployment are leading causes to poverty, Micro and Small Enterprise Development (MSED) is extensively pronounced as strategy to combat poverty. It is applied to uplift national economy through job creation and employment opportunities at large (Inam, 2015). Micro and Small Enterprises' (MSEs') output contribution is 65 % in Japan, 48% in Germany and 45% in the United States of America (Katua, 2014). Likewise, importance of MSED was recognized by the government of Ethiopia since 1997/98 (Ageba & Amha, 2001). Within the last 19 years, more than 974,679 enterprises have been established providing employment opportunities to 1.3 million people (Abera, 2012).

However, enterprises' failure has emerged as parallel to their establishments (Worku, 2008). The Federal Minister of Urban Development and Construction (2011) indicated that large number of enterprises in Ethiopia dissolves in the process and only a few (about 1%) grow to medium and higher levels. Similarly, 86.4% of established enterprises at eastern Ethiopia ceased operation during first two years of operation (Bokoro, 2016). In Bahir Dar City Administration (BDCA) 45% cooperatives, 25% partnerships and 10% self-owned MSEs collapsed before securing anticipated result and fall to secure capital transformation. Prevalence of failure is particularly high on cooperatives (Bahir Dar City Administration, 2017). Hence, given high relevance of MSEs, a key question to academics and practitioners alike is concerned with constraints to be alleviated in order to spur MSE growth & productivity (Prediger and Gundula, 2014).

The macro environment where MSEs operate involves variety of complicated issues. This complexity makes it difficult to understand why MSEs failed to flourish to serve their establishments. Some empirical evidences (Abera; 2012; Dilver, 2015; Magambo & Omwenga, 2015; Michael & Oluseye, 2014) reported conflict, limited institutional support, competition, and poor product quality as reasons for increasing failure of MSEs. Though these researchers documented important factors for the failure, most of them used short time period and typically relayed on single follow up survey (Prediger & Gundula, 2014). They failed to consider temporal dimensions of the enterprises and lacked comprehensiveness in showing complete picture of the phenomenon. In addition, the existing literature depended on relatively small and very heterogeneous samples as well as relied on quantitative data (Katua, 2014), which narrowed the depth of the study. In terms of coverage, the studies observe all MSE types together; thus, are less focused when it comes to consider business formation against survival.

In sum, the qualitative understanding of group-work against MSEs' survival is both unrevealed and inadequately scrutinized. Lack of comprehensive and descriptive knowledge about collapse of MSE cooperatives may continue affecting the overall effectiveness of various efforts in the context. Thus, this qualitative research through constructivist grounded theoretical approach investigated various experiences and associated issues of unsuccessful MSE cooperatives in BDCA. By increasing qualitative understanding of key features of failed MSE cooperatives as learnt by their actual relation in the context, the study could essentially reveal the critical issues behind increased collapse of MSE cooperatives. Findings may inform concerned bodies pursue appropriate interventions to sustain functioning of MSEs.

METHODOLOGY

Study setting and design of the study

This study was undertaken in Bahir Dar City, capital of Amhara National Regional State, North West Ethiopia. As in other cities in the country, implementation of MSEDs started before fifteen years in BDCA. According to BDCA (2017), there are 4740 MSE existing business ventures involving 7227 (3270, female) active members. Among these enterprises, 31 (0.6%), 505(10.7%) and 4204(88.7%) are cooperatives, partnerships and self-owned respectively. The study was conducted with MSE cooperatives collapsed within the last 3 years in the city.

The study employed a constructivist grounded theory approach of qualitative design. The goal of grounded theory research is developing theory grounded on the raw data (Jennifer, 2002). The study utilized this design because the phenomenon under investigation is more explicitly expressed and interrogated using this approach (Douglas, 2003).

Study participants and sampling

Underling theoretical sampling, initial and purposeful selection have been used in the course of finding study participants. Theoretical sampling is widely applied technique in grounded theory approaches towards identifying most appropriate participants as deemed by emerging data at hand (Douglas, 2003). The study involved purposely selected members in the collapsed MSE cooperatives within the last three years and government officials who have been working with these cooperatives. Initial sampling was applied through identifying one participant from a cooperative collapsed within the last three years. Later on, the study relied on theoretical sampling towards building on the preliminary findings in line with open coding until saturation. Totally 10 members of seven collapsed MSE cooperatives and five government officials participated in the study.

Methods of data collection

In grounded theory design, interviews have to be structured using initial information, subsequent reflective and feeling questions (Douglas, 2003). Accordingly, primary data and results of other secondary sources were key inputs to this study. Primary data of informants were collected using in-depth interview guide. The interviews were audio recorded and field note was made as necessary. Both have been migrated into memos every moment completed.

Data analysis

Coding is integral part of grounded theory research (Jennifer, 2002). As key techniques of grounded theory data analysis, this study started line-by-line open coding since the completion of the first data collection session. Following this, preliminary categories were developed and used as inputs to further data collection. Consequently, axial and selective coding techniques were applied to develop categories. Axial coding was used to determine the relation between categories originally created. It further determined the relation between each category and sub-categories referring the raw data. Selective coding was applied to test the relation between categories and map the core category that brings all others around. The core category generated by selective coding was further checked against reliability through constant comparison. Diagram (shown on discussion section) was used to properly integrate the relation among categories and emerging core category (Charmaz, 2008; Corbin, & Strauss, 2008; Douglas, 2003) to improve the overall study quality.

As part of analysis process, constant comparison and paradigm coding have been conducted through linking and integrating categories so that all instances of similarity and variations are captured. Thus, codes were compared with other pieces of similarly coded data, contributing to improve the precision of concept development and lessening researchers' bias.

Category development and theoretical saturation

Building on repetitive data collection, coding and constant comparison, the study reached on theoretical saturation - a stage where no new information and/or code emerges across all major categories (Douglas, 2003). Facets, sub-categories, major categories and core categories were exhaustively structured at this level. By this study, one hundred thirty particular properties were generated indicating various instances, events, actions, occurrences and processes claimed by participants. Following a meaningful linkage between properties, 24 sub-categories and six major categories were produced.

Theoretical model development

This study applied constructivist grounded theory research approach. Following the generation of categories and respective properties, holistic descriptive theoretical conclusion is developed based on a relationship sought between each group of major categories. At this level, testing was conducted through participant validation and referring relevant empirical studies. Considering validation findings and constructivist perspective, a theoretical model was finally constructed to better understand study phenomenon. The theoretical model that illustrates lifecycle of collapsed cooperatives and other explanatory conclusions could improve current qualitative knowledge on issues of unsuccessful MSE cooperatives.

Ethical consideration

The study received ethical approval from Ethical Review Committee of Bahir Dar University. We communicated the city administration with formal letter obtained from Bahir Dar University. We took Verbal consent of selected informants after being fully informed of the study purpose. We ensured confidentiality by removing all personal identities from the interview.

RESULTS

The results are presented based on categories identified in the recurring process of coding. Results ideally involve three major contents, known as major category, sub-category and properties (also indicated as facets). Major category, represents a broader and specific situation, recognized in its relation with sub-categories having similar characters. Sub-categories are the smallest categorical unit connecting one and more facets attributing to the sub-category in their sense. Properties are instances, actions, interactions and/or events claimed by participants and later coded in respective sub-categories based on their affiliation to certain incidence. Naming a category, sub-category or core category is a researcher role in most grounded theory studies. Hence, titles are given by the researchers considering their capacity to represent a specific situation. Underlining these points, findings of the study are summarized in the following sections.

Major category one: MSE Cooperative members' background and structural influence

MSE cooperative members' background

Age, education status and sex characters of cooperative members involve irregular pattern. The average proportion of females in collapsed cooperatives was 3.33. Cooperative members' professional background varies almost along their volume. Members with similar religion and ethnicity tend to involve in a cooperative. Cooperatives are formed among members with different educational level, ranging from out-of-formal education to university graduates in a group. Regarding sample size, sex and education status have further been influenced by officials. Officials determined size ("at least five and above", "Large size – first served"), conditional education level formation ("degree graduates only") and gender based regardless of business character. Average size of collapsed MSE cooperative was 11.7. Similarly, MSE cooperative formation is recently losing support from government and beneficiaries.

Major category two: Pre-formatational factors

MSE cooperative members' motivational factors

Major motivational factors to enroll as members in the collapsed MSE cooperatives include income generation and avoiding unemployment, leveraging license and registration to benefit in the sector. Securing promises in the sector particularly working premises and loan, influenced by officials and broader media were important motivating factors. Individual professional background and prior experience were also other motivational factors to form cooperatives.

Preference standards of MSE cooperative formation, members' prior relation and services

Members' prior relation before formation was informal (some even just met at formation). The formation stage was mainly official led and family basis. All members shared lack of clear-cut membership criteria set by the cooperative. Unemployment registration, information dissemination, invitations, awareness rising and formation linkages were major services delivered before formation.

Major category three: Actual formation phase of MSE cooperatives and associated issues

Parties of MSE cooperative establishment, formal formation roles and responsibilities

Major actors of cooperative formation are individuals coming to establish cooperative, technical Vocation and Enterprise Development office, one-stop service center, Trade and Industry Office and Revenue and Custom Office. Roles and responsibilities of actors are defined by the implementation modality and formational activities and requirements were allocated discrete between actors. Overall, there is bureaucratic and lengthy formation procedure, requiring passing through several offices, each with own preconditions. In particular, formal formation involves administrative and technical conflicts among actors and it creates frustration on members. Formation ends when a cooperative secure business license and registration certificate by Trade and Industry Office with tax payer identification number provided by the Revenue and Custom Office. This happens after fulfilling many requirements including establishment minutes signed by all members, business bylaw and large volume of supportive documents authorized by various bodies like sub-city and one-stop service center.

Actual trends of MSE cooperative formation, other than the regular procedure

Regardless of the regular MSE cooperative formation practice, four types of actual trends were identified by this study. The first is named as family-based formation, usually run by a person with prior experience on specific business and involving other members to secure services, license and registration certificates. The second one is

unstructured formation and comprises members without prior relation and shared vision. Third is tagged as semi-structural formation among mixed prior relationship of members and sort of objective. The fourth is structural formation-engages members with prior relation and shared goal.

MSE cooperatives' business selection procedures

Techniques applied by cooperatives while selecting business sector were prior experience and engagement on specific field (family and structured formations), third party factor mainly city/sub-city (unstructured and semi-structured formations), mixed selection as informed by third parties and prior experience, and sector selection without adequate market plan or feasibility assessment. Such attempts were made not to lose opportunity and fear of exclusion next time.

Management structure and practice of MSE cooperatives

Cooperatives' management structure is guided on a defined technical modality set by government. Selecting and appointing executive members (chairperson, secretary and finance) was often handled by preferences of majority members, excluding family-based formation. However, members' preference was steered by informal relation and subjective judgment of nominees for executive. There was no trend of employing technical people other than members, while guard was a common temporary basis employment experienced among cooperatives. The actual experience of cooperatives involves poor application of management structure, lacks documenting management issues and follows non-remunerated and non-special provision procedure to executive members.

Major category four: Operational period of collapsed cooperatives and associated factors

Functional capacity of MSE cooperatives on business startup and services delivered

Cooperatives had a combination of skilled and unskilled human resource, limited finance to generate production, incompetent fixed asset and capital good (machinery), inadequate and inconvenient working premises as well as poorly positioned market and generally insufficiently analyzed capacity. In order to build operational capacities of cooperatives, officials tried to facilitate various services. Major operational services delivered to cooperatives were basic business skills and entrepreneurship training, vocational skills training, access to startup finance and loan, provision of production premises, market linkage and priority provision, technical assistance and monitoring including one-to-five group participation.

Accomplishments of the actual operation period

The actual operational period lifespan of collapsed cooperatives varies from three months to a year. Most collapsed cooperatives started actual operation parallel with expecting government support and yet launched initial business without adequate capacity. Lack of operational capacity had been mainly identified by limited access to loan, inadequate provision of production and marketing premises and poor market linkage. Under these circumstances, cooperatives tried to operate in the business context through accomplishing various activities. Operation period accomplishments of most collapsed cooperatives covered purchase of raw materials, production, sales and operation administration. More effort was exerted on market identification and consumer linkage. In addition, cooperatives tried to make some improvements aside with operation, such as change of production and marketing areas from shades provided by the government in to renting other private premises.

In terms of roles and responsibilities of cooperative members at operational period, four key elements were identified. First, there was inadequately classified operational role and responsibility among members. Second, majority of members focused on production in house with less attention to the outside context. Third, apart from regular membership role, executive members were simultaneously engaged on market solicitation and customer relation. Fourth, the overall role-playing conditions of cooperatives involves unbalanced performance among members, leading to consequent problems.

Conflict management practice of MSE cooperatives

Operational period is often characterized by conflict among cooperative members. Conflict is one of the most common issues to cooperatives. Causes may vary from one to other cooperative. However, causes often could combine one or more among failure to perform responsibilities, interpersonal and behavioral problems, irresponsiveness and lack of respect between each other as well as for executive members, mistrust, domination and resource ownership issue. Conflict management was the major challenge to most of collapsed cooperatives. Results indicated that cooperatives had poor conflict management skills. The low managerial competence in conflict handling, poor documentation and transfer of issues to third party aggravated minor issues and lead to higher level problem. Based on the responses of study participants, more than quarter of cooperatives collapsed due to poor conflict management skills.

Strengths and limitations of the operational period

Strength and limitation of operational period are presented along internal and external contexts. Internal strengths of operational period were additional efforts exerted by individual members in the whole operational process. In this regard, change practice or energies made to resolve emerging challenges such as renting market place have been some actual experiences. In the other hand, inadequate and insufficient operational capacity, incompetent quality and production skills, low financial and business management skills, failure to compete in the market and losing consumer trust, poor corporate management and conflict resolution skills were internal limitations of collapsed cooperatives.

Externally, the only strength identified had been the assistance provided by government officials to improve operational capacities of cooperatives. However, most participants failed to categorize this as strength referring enterprise failure as a reason. Instead several external limitations were found by this sub-category directly linked with poor operational capacity of cooperatives. Limited support provision, inconvenient and incomplete technical assistance of government, corrupted market linkage, bureaucratic assistance and limited financial support were mentioned in this regard.

Major category five: Pre-collapsing phase of cooperatives and issues situated into collapsing*Major issues surfacing the pre-collapsing period*

Informants shared that limited productivity as result of limited and decreasing operational capacity, aggravated conflict among members, poor follow up and supportive assistance of concerned actors, closed market opportunity and consumers' preference change, resource run-out vis-à-vis sustaining the business and imbalanced assistance on actors on market linkages were indicators of pre-collapsing period.

Problem resolution practice of MSE cooperatives

Executive members were mostly involved to find solution for emerging issues of cooperatives. In this regard, executive members tried to solicit market opportunity individually and escalated problems to regional government officials. In the contrary, other members were not interested to take part on problem resolution, rather started looking for options. The support of officials at sub-city and city levels was characterized as ineffective, irresponsive and unreal. Issues escalated to regional and higher-level officials were not well handled. The overall problem resolution effort of executive members was futile.

Pressing issues leading to collapse of MSE cooperatives

Four tenacious constraints are identified as immediate causes to the collapse of cooperatives. These are, members' worn-out predetermination due to delayed assistance, locked income generation and total production stoppage, out surfaced conflict within members driving into resource division and separation as well as resignation of one or more executive members.

Major category six: Collapsing and post-collapsing conditions of cooperatives*MSE cooperatives' sign of collapse*

Members' separation and resignation, fixed asset and other resource share-out and returning license and registration certificate to sub-cities were common deformation experiences. Besides, lack of business closing formal accounting and dissolving whole cooperative without any appearance to offices were part of this incident.

Prospects of collapsed MSE cooperative members

Members of collapsed MSE cooperatives may face four major situations. First, majority of them could remain unemployed at the locality. Second, some of them may secure individual wage basis work in a temporary basis. This work may often be other than their profession. Third, very few may join other cooperatives. Fourth, significant proportion could migrate into surrounding areas while few others emigrated abroad.

Participant suggestion to mitigate unsuccessfulness of MSE cooperatives

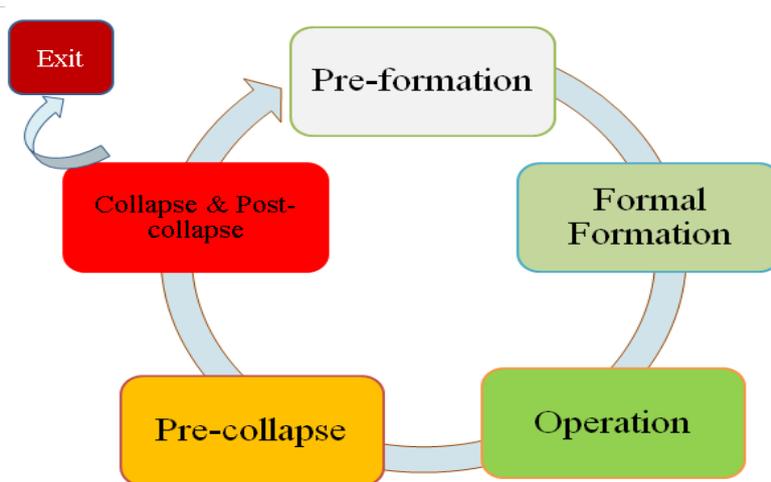
Participants shared a number of suggestions for the successful functioning of cooperatives. They discussed the following as important consideration. Importance of members' character, prior relation, professional background and commonly shared goal, proper targeting of beneficiaries and importance of screening applications, feasibility assessment informed sector selection and cooperative formation, technical and business management skills, importance of selecting executive members based on professional and managerial competencies, cooperative management separation from membership and need for capacity building, provision of adequate and timely

services in practice as indicated on the strategy, continuous follow up and business development service through competent professionals, avoiding inequality, corruption and imbalanced support were identified to better survival of cooperatives.

DISCUSSION

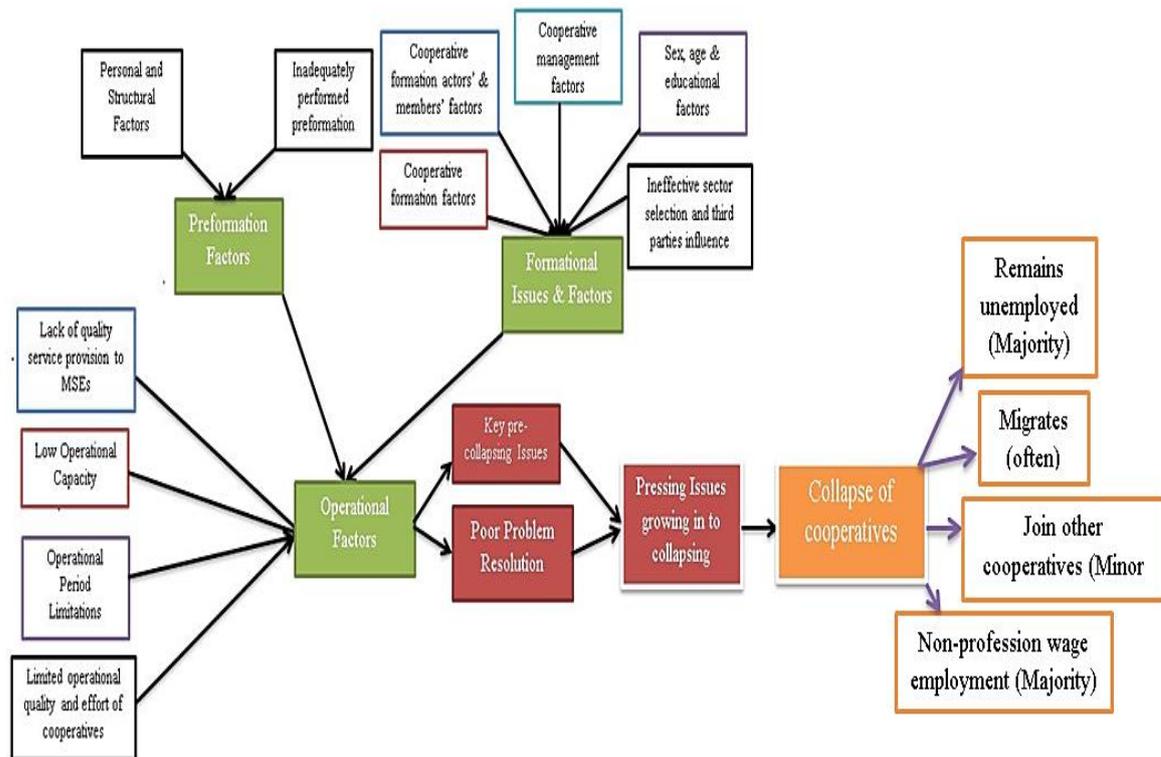
Discussion is made using a theoretical model, based on both analytical results of this study as well as referring findings of empirical researches conducted on similar area. At final presentation of interpretation, all major categories construct five phases lifecycle of collapsed MSE cooperatives. Figure 1 below presents a theoretical model to the lifecycle of collapsed MSE cooperatives.

Figure 1: Lifecycle of Collapsed MSE Cooperatives



Based on commutative meaning of all issues captured in the coding process, the lifecycle of collapsed cooperatives could be shown along five distinct phases. The first phase is identified as pre-formation and encompasses preparatory issues before establishing a cooperative. The second phase is formal formation. This involves the fulfillment of various administrative and technical conditions to formally form a cooperative. Operational phase is the third one, upon which the cooperative run business in the actual context for certain period of time. The fourth phase is pre-collapse. Even if this can be part of operational phase, it is separately identified on this study as it directly links with the research area. Pre-collapsing period refers to the time which cooperatives faces pressing problems and struggle to secure their survival. The last phase is collapsing and post-collapsing. This covers issues undertaken at deforming cooperatives and the prospects of members after collapse of their group.

Figure 2: Experiences of Collapsed MSE cooperatives in theoretical model



Cooperative pre-formation factors

Pre-formation unifies five major categories in terms of their relation and contribution towards the core phenomena. Personal, professional and relational problems among members of cooperatives as well as structural factors (including increasing change of attitude into share group and registration led formation) all together could be elements of personal and structural factors. They directly affected the pre-formation quality of the group. Pre-formation is further influenced by members' negative motivational aspects, poor members relation (both technical and personal relations), misunderstood or diverted preference of cooperative formation, weakened role play within members, inadequately performed pre-formation, engagement of several bodies and unsatisfactory service provision. These all once again contributed to defective performance of pre-formation activities. The combination of members' personal issues and cooperative structural factors with defective accomplishment of pre-formation activities may lead to factor pre-formation.

Factors of formal cooperative formation

The process of cooperative formal formation widely varies from one context to the other. However, all shares common goal, which is establishing a legal business entity that involves members fulfilling minimum requirement. Poor formation affects overall performances of a business. Cooperative formation was negatively influenced by lack of technical procedure in selecting sector, ineffective cooperative management and limited employment trend. As part of formational factors, inadequate attention and third-party interference on determining the most feasible combination of members' sex, age and educational background may lead to problematic cooperative formation process.

Operational Factors

Operational period refers the time span upon which MSE cooperatives stayed on actual business until collapsing. In general, operational period of most collapsed cooperatives lacks to consider the market condition. It is also limited to develop business readiness towards securing consumers in sustainable way. Expectation based operation in particular weakened cooperatives success on the actual business. Most empirical studies provided evidence that new business ventures face series of problems and challenges on the market within the first 3 months until a year (Akin, 2012). However, those passing this period may succeed on the context in long run. Considering duration of collapsed cooperatives participated in this study, it is possible to describe that not only lack of government support, but also incompetent market solicitation and competition had been the problem in practice.

Pre-collapsing factors and issues situated into collapsing

Pre-collapsing indicated the emergence of various issues and growing challenges affecting the survival of cooperatives. On this period, growth starts clogging, production and marketing activities freezes, the group and members tend to deformation. This study was interested to discuss leading issues cooperatives faced just into collapsing. Amongst emerging obstacles running the group to collapsing, efforts exerted by various bodies to resolve problems and pressing constraints accelerating the unsuccessfulness of study group have been covered.

Pre-collapsing involves key issues cooperatives faced against sustaining in the market, problem resolution effort, and pressing challenges leading to collapse. In this phase various technical problems including growing conflict, lack of effective follow up and untimely strengthening service provision, resource run-out, bankruptcy and consumer preference change forced cooperative to stop production. In the course of managing these problems, even if cooperative executive members tried to initiate various activities, all efforts were unsuccessful. On the other hand, concerned actors' inadequate assistance and some member's separate interest affected cooperative problem handling performance. As result, most collapsed cooperatives passed through worn-out determination, limited income generation, and acute conflict prior to actual deformation.

Collapsing and post-collapsing conditions of cooperatives

Cooperatives collapse after the influence of pressing issues and failure of problem resolution efforts. Deformation of cooperatives lacks to apply both technical and administrative procedures set by government. Majority of members of collapsed cooperatives often remained unemployed. Other may either migrate to surrounding areas or secure temporary wage employment. Attention on selecting members and beneficiaries, importance of business feasibility assessment, focus on technical, business and managerial skills building of members, proper consideration of cooperative management and effective as well as timely strengthening service delivery are outstanding points against facing the problem.

CONCLUSIONS AND RECOMMENDATIONS**Conclusions**

Cooperatives are part of MSE business sector, established among 10 and more individuals who passed through various legal frameworks and engage in a market. Three basic elements may exist in the whole circle; identified as individuals, regular framework, and the market context. Collapsed MSE cooperatives are those groups terminated after business startup and without securing intended results. The lifecycle of these cooperatives could be represented in activities accomplished at five phases, identified as pre-establishment, formal formation, operation, pre-collapsing and collapsing and post-collapsing phases. There is direct connection between each phase, where some issues at early stage pass into the next, accumulate with emerging concerns and lead to the final phase together.

Pre-establishment of collapsed cooperatives was influenced by inadequate capitalization of individual's personal and professional characteristics, unnecessary involvement of other parties, and misunderstanding of formational patterns. Poor membership, diverted formation trends, challenging administrative procedure, ineffective sector selection, and management structure of cooperatives affect the quality of formal group establishment. Collapsed cooperatives had limited business skills in terms of securing optimal resource and run operation properly. Lack of timely and effective support could have been the major challenge at actual business, while internal conflict and poor business management equally exposed cooperatives into growing problems. Resource run-out, acute conflict, closed market segment and consumers' preference change, unavailability of real assistance and limited income to survive in the context situate the early collapsing phase. Failure of problem resolution efforts and lack of timely support from concerned bodies accelerate pressing problems and deprive members' determination directly leading to group deformation.

Recommendations

Deforming cooperatives further lacks to apply technical activities such as auditing, share-out and closing. Often, informal separation, returning license and complete disappearance are signs of collapse. Even though actual conditions of collapsed cooperative members could vary widely, most of them had less option to secure improved livelihood. Hence, awareness creation program on group formation in collective owned MSEs; training on business management strategies which could be expansion, products/market differentiation and formation of alliances; and prompt support of stakeholders to MSEs are suggested to enhance success stories of micro and small enterprise cooperatives.

REFERENCES

- Abera, A.; 2012. *Factors affecting the performance of micro and small enterprises in Arada and Lideta sub-cities*, PhD Thesis Addis Ababa University.
- Ageba, G. and Amha, W.; 2001. Micro and small enterprises development in Ethiopia: Strategy, regulatory changes and remaining constraints. *Ethiopian Journal of Economics*, 10(2): 1 – 32.
- Akin, F.; 2012. The growth of small businesses, towards a research agenda. *American Journal of Economics and Business Administration*, 4(1): 105-115.
- Bahir Dar City Administration; 2017. *Micro and small enterprise update report*. Bahir Dar: September 2017.
- Bokoro, T.; 2016. Survival Analysis of Small-Scale Manufacturing Enterprises in Eastern Ethiopia. *Journal of Scientific Research & Reports*, 12(1): 1-12.
- Charmaz, K.; 2008. *Constructionism and the Grounded Theory Method*. New York: Guilford Press.
- Corbin, J. and Strauss, A.; 2008. *Basics of qualitative Research Technique & Procedures for Developing Grounded Theory*. New York: Rutledge publisher.
- Dilver, S.; 2015. The Adoption of New Technology: A Case of Small, Medium and Micro-sized Enterprises (SMMEs) in South Africa and Turkey. *Entrepreneurship and Innovation Management Journal*, 3(3): 129- 143.
- Douglas, D.; 2003. Inductive theory generation: A grounded approach to business inquiry. *Journal of Business Research Methods*. 2 (1): 47-54
- Federal Minster of Urban Development and Construction; 2011. *Micro and Small Enterprises Development Strategy (2011/12)*. Report, Addis Ababa, November.
- Inam, U.; 2015. Poverty alleviation strategies in Nigeria: A call for an inclusive growth approach. *Journal of Poverty, Investment and Development*, 15: 110 – 118, doi=10.1.1.907.7990&rep=rep1&type=pdf
- Jennifer, M.; 2002. *Qualitative researching*. London: SAGE publisher.
- Katua, N.; 2014. The role of SMEs in employment creation and economic growth in selected countries. *International Journal of Education and Research*, 2 (12): 461-472.
- Magambo, E. and Omwenga, J.; 2015. Factors affecting growth of SMEs; A case of Jua Kali motor garages in Shauri Moyo, Nairobi. *Journal of Business management*, 2 (2): 1916 – 1930.
- Michael, O. and Oluseye, B.; 2014. An empirical study of the capital structure of micro, small and medium scale enterprises in Nigeria. *International Journal of Business and Social Science*, 8 (1): 281 - 292.
- National Planning Commission and the United Nations in Ethiopia; 2015. *Millennium Development Goals Report 2014*. Addis Ababa, October 2015.
- Palanimally, Y.; 2016. The growth of small and medium enterprises in Malaysia: A study on private Limited companies in Perak Malaysia. *Journal of Economics and Finance*, 7(3): 55-60.
- Prediger, S. and Gundula, G.; 2014. *Microcredit and business-training programs: effective strategies for micro-and small enterprise growth?* Hamburg: GIGA German Institute of Global and Area Studies. Available at: www.giga-hamburg.de/en/system/files/publications/gf_international_1403.pdf Accessed : 18 July 2017.
- Vijayakumar, S.; 2013. An empirical study on the nexus of poverty, GDP growth, dependency ratio and employment in developing countries. *Journal of Competitiveness*, 5(2): 67 – 82.
- Worku, E.; 2008. *Efficiency and Social Capital in Micro, Small and Medium Enterprises: The Case of Ethiopia*. PhD thesis, University of Western Cape.