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## Practice of Good Governance Principle and Service Delivery: The Case of Micro and Small Enterprise Agency in Oromia Regional State, Ethiopia

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### **Abstract:**

Almost all government of the developing nation today say that promoting good governance and effective public service delivery is an important part of their agendas. Despite this consensus, the practice of 'good governance' and service delivery of public sector institution gives different meanings to different organizations and to different actors within these organizations. Hence, this study is aimed to investigate public opinion on the practice of good governance principles and extent of service delivery in micro and small enterprise (MES) agency in Oromia regional state, Ethiopia. In the region, various public reform program has been implemented to ensure good governance and effective service delivery of public sector institutions in order to meet the needs of demanding citizens. Within this context, good governance principles and services delivery, according to the public reform, means securing justice, participation, consensus, fairness, and equity, and transparency, effectiveness and efficient service delivery of public sector institutions and MSE agency, in particular. Thus, this study deals with these principles of good governance packages as well as extent of service delivery in terms of responsiveness, efficiency and effectiveness of the region's micro and small enterprise agency.

The study employed both quantitative and qualitative research approaches. Qualitative data were generated through conducting focus group discussions and key informant interviews. The quantitative data collected through semi structured questionnaires were checked, classified, arranged, organized and summarized in tables and standardized formats. The results of qualitative data analysis were triangulated against quantitative data analysis result to reach at plausible findings. And also, the analysis of the findings was also supplemented with secondary data collected from various sources. The study has employed multistage clustered sampling technique. In the first stage, all zones were grouped into four clusters (East, West, South and Central) purposively based on similarity of their geographical location. In the second stage, four zones one from cluster, namely, West Arsi, West Wollega, West Hararge and East Seaware selected purposively. In the third stage, two districts from each selected zone were selected purposively based on their number of population and MSE agency performance. In the third stage, list of population of the respective district were taken from regional bureaus of finance and economic development. Finally, 480 respondents were randomly selected using simple random sampling technique while only 240 respondents were used for quantitative analysis. Further, secondary data were collected from sources such as official performance reports micro and small enterprise institutions, past research reports, policy documents and published literature related to the topic under investigation. Data gathered through questionnaires were entered into SPSS software and analyzed with statistical tools such as percentages, proportions and Chi-square tests whereas data generated through FGDs and key informant interviews were analyzed using qualitative descriptions. Secondary data from official reports and document reviews were analyzed using quantitative or qualitative methods depending on the nature of the data obtained from each source.

The survey result indicated that despite some sort of public participation and consensus in the work of micro and small enterprise, the extent of leaders' accountability, fairness, equity and transparency in the organizing and benefiting youths and unemployed citizens in particular were a big problem. Specifically, regarding extent of accountability of leaders/employees and those who organized under MSEs Activities, the result indicated the existence of great disparity in measures taken for their malpractice. Similarly, the extent of efficiency and effectiveness, access to loan and working place and responsiveness of the agency service delivery system were rated below average by the majority of the respondents. Therefore, more has to be done to change the work culture and attitude of employees and leaders towards ensuring the practice of good governance principles and service delivery through implementation of various reform tools in line with the current one.

**Keywords:** MSE, good governance, service delivery, reform tools

### **1. Introduction**

#### *1.1. Background of the Study*

In recent years the word of good governance has become a very fashionable term and is being used in a variety of ways and that covers a large number of organizations both in public and private domains. In this study, however, it is confining the practice of good governance principles only to public sector institution that is micro and small enterprise agency. Thus, ensuring practice of good governance

and providing quality public service is global agenda which demands reforming of overall public-sector institution. Within this context, the Federal government of Ethiopia both at national and regional levels has been working on a comprehensive Civil Service Reform Programs (CSRP) since 1996 which includes expenditure control and management, human resource management, service delivery, top management systems, and ethics. Indeed, these programs are complimentary in that the CSRP is intended to build fair, transparent, efficient, effective, and ethical civil service system (Getachew, 2006). Hence, this indicates that the governments have been undertaking a number of reform programs to ensure good governance and provision of quality service that meets the interest of public at large. Of course, the practice of good governance package is included eight principles; Participation, Consensus, Accountability, Transparency, Responsiveness, Equity, Efficiency and Effectiveness and The Rule of Law (UN, 2009).

In fact, good governance is one of the most important factors in eradicating poverty and promoting economic growth and development. It is a pivotal to realize democracy, peace and stability for a country (Graham et al., 2003). Hence, this implies that there is a positive correlation between existence of good governance and economic development if it is governed accordingly by public officials and employees. The fact that, the primary objective of the various reform program is for building a fair, transparent, efficient, effective, and ethical civil service that can implement government policies and strategies. Antiwi (2009) in his part explained that reforming the civil service system in developing countries arises from the need to realize effective and responsive civil service that is capable of facilitating the implementation of developmental programs in an environment which is constantly changing. However, in poorly governed countries, it is argued, corrupt bureaucrats and politicians baldly hinder development efforts by stealing public budget or misdirecting them into unproductive activities. Yet also, public sector institutions that is not accountable, fair and transparent to their citizens and with inefficient bureaucracies and weak institutions is unwilling to formulate and implement various reforms programs to benefit their citizens (Grindle, 2010).

It is true that the Government of Ethiopia both at national and regional levels have been allocating a fairly good size of funds to formulate and implement various reform programs so as to ensure good governance and quality service delivery in the public-sector institution. For instance, since 2009, the regional government implemented business process reengineering (BPR) and balanced score card (BSC) all public-sector institutions for ensuring good governance and service delivery. Yet also the government formulated comprehensive strategies for the development of MSE activity as it is coordinated by the respective regional's offices (MoFED, 2016). Hence, a closer scrutiny of as to what extent these reform programs has brought changes in service delivery with fair, participative, consensus, transparent, effective and efficient manners is need to investigated in those respective sector institutions. However, despite various reform tools has been implemented in Oromia regional state, the practice of good governance and extent of service delivery was not significantly improved in the public-sector institutions. This is manifested by non-responsive, poor quality service, citizens' dissatisfaction, corruption and others (PSCO, 2015; MoFED, 2016). Hence, micro and small enterprise agency can be one of the public-sector institutions implementing various reform programs and MSE Development strategy to solve problems of unemployment and poverty by giving fair, timely and equal access to all citizens to be organized and benefited from micro small enterprise activity (Ageba and Ameha, 2004). The MSEs agency efforts to organize and benefit the citizens from micro and small enterprise through ensuring good governance and effective service delivery however, are challenged by a host of factors. Hence, ensuring the practice of good governance and service delivery system is very curtail. Therefore, this study is amid to investigate the extent of good governance practice and level of service delivery by micro and small enterprise agency in Oromia Regional State.

It is argued that effective implementation of good governance package will ensures quality services delivery in the public-sector institution that contributes for one's nation economic development. The principal feature of the scheme of effective delivery of services needs to be seen in the context of the fact that demands have to flow from the bottom up and not the top down. To this effect, evaluating the status of good governance package and service delivery could have a significant importance to improve the existing performances of public sector institution where MSEs take the leading role.

### *1.2. Statement of the Problem*

Since 1996s, the government of Ethiopia has been implementing the various reform programs such as expenditure control and management, service delivery system and ethics to ensure good governance and improve public service delivery. Currently, reform tools like business process reengineering (BPR) and Balanced Scorecard (BSC) are also being implemented with the objectives of creating process based and strategy focused organizations which can serve the public in fair, transparent, effective and efficient way (OBoFED, 2016). This can also improve citizens' satisfaction and participation in developmental activity and enhance public trust on government.

The fact that, final judgment about the success of any service delivery reform should be made by the public and their experience of better, fair, transparent and quality services (Thomson, 2004). Hence, fair, timely and quality customer services delivery can improve customers' satisfaction, participation and enhance public trust in government. This needs to make that the real nature of customer experience needs to be studied and built in to the plan of the government. This calls for investigation of public opinion on the practice of good governance principle and services they receive in different sectors with specific focus to micro and small enterprise.

In Ethiopia, micro and small enterprise (MSE) activity have been fully recognized as the main engine of economic growth and a major factor in promoting private sector development and partnership in its MSE strategy since 2003. The development strategy of the MSE sector therefore represents an essential element in the growth strategy of most economies and holds particular significance both at national and regional level. In our country, MSEs are increasingly recognized as the principal means for achieving equitable, fair, transparent and sustainable industrial growth by giving due consideration for the implementation of various reform tools to ensure good governance and service delivery.

Within this context, the regional MSE agency has been implementing various reform programs to enhance service delivery and good governance system in the line with the development strategy of MSE Programs. In so doing, it was expected that, all citizens who needs service from MSE agency were receiving fair, equitable, transparent and efficient service. In spite of the different reform initiatives taken in the region since 1996s to improve service delivery and good governance in public sector institution, studies carried out on the topic in the region are very limited. However, few empirical evidence conducted in different parts of the country indicated that there is a gap between public sector service delivery and the demand of the citizens due to prevalence of partiality, corruption, lack of transparency and accountability, poor customer responses (PSCO, 2015; MoFED, 2016). This implies that the implementation of reform tools and public-sector services delivery is not in accordance with good governance principles, which in turn, not able to improve the demand of citizens to be

organized and benefits from the work of micro and small enterprise activity. Hence, there is need to further assess the opinion of the public with regard to the practice of good governance packages and service delivery reforms in micro and small enterprise sector. Thus, this study needs to assess the practice of good governance principles and service delivery in the micro and small enterprise agency and poses the following questions;

- To what extent principles of good governance packages implementation at micro and small enterprise agency at local level?
- To what extent existing service delivery of micro and small enterprise institution is responsive to citizens' demand?

### 1.3. Objectives of the Study

#### 1.3.1. General objectives of the study

The general objective of this study is to investigate public opinion on the practice of good governance principle and extent of service delivery by MSE agency in Oromia regional state.

#### 1.3.2 Specific objectives of the study

The specific objectives of this study are: -

1. To investigate the extent of principles of good governance implementation in micro and small enterprise agency;
2. To assess extent of citizens satisfaction in service delivery of micro and small enterprise agency.

### 1.4. Significance of the Study

This study will have multifaceted significances for the regional government, MSE Agency, policy makers, researchers and practitioners. The findings of this study will have a paramount importance to identify the major challenges that exist in the implementation of good governance principles and service delivery practices. Thus, the regional government as well as the MSEs agency could have pertinent feedback with regard to practice of good governance's principles and service delivery. Furthermore, MSEs agency may customize and recalibrate the reform tools in their own contexts and make endeavors to realize good governance and standardized service delivery.

### 1.5. Scope of the Study

The study was delimited to investigate the practice of good governance principles and service delivery at local level in Oromia National Regional State by taking micro and small enterprise agency as a case study. Specifically, the study was aimed to assess the extent of service delivery (i.e. efficiency, effectiveness and responsiveness) and level of good governance principles (i.e. participation, consensus, fairness, accountability and transparency) by micro and small enterprise agency at local level of the regional state.

## 2. Review of Related Literature

### 2.1. Concepts of Good Governance and Service Delivery

#### 2.1.1. Concepts of Good Governance

Doornbos (2003), notes that while it is striking how quickly governance became an exhortation in the 1990s, "there has hardly been a consensus as to its core meaning, and less and less of a common idea as to how it could be applied more concretely." The term does not possess a standard meaning. Nor has its meaning remained constant in the decade or so of its being accorded a central place in donor frameworks for development. However, different institutions and scholars have been defined governance in various ways. For example, World Bank (2009) defines it as: "the management of society by the people". Schneider (1999), on the other hand, defined it as "the exercise of authority or control to manage a country's affairs and resources".

According to the UNDP, governance can be seen as the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences. Borraz and John (2004), defined governance as "a flexible pattern of public decision-making based on loose networks of individuals in key public, Para-public and private bodies at various territorial levels". Thus, governance simply implies the art of governing people within a given territory or a state. It consists of two essential elements of the state, namely the structure of the state and the procedures of the legislative, judicial and those of the executive and administrative bodies at all the tiers of government. It is not synonymous with government. Governance is about how governments and other social organizations interact, how they relate to citizens and how decisions are taken in a complex world (Graham et al, 2003). It is a process whereby societies or organizations make their important decisions, determine whom they involve in the process and how they render account. Therefore, governance concerns the larger decisions about direction and roles, addressing the issues of both "where to go", the strategic element, but also "who should be involved in deciding" and in what capacity (Graham et al, 2003).

By the year 2000 Good Governance had been globally accepted as a crucial means to achieve both development and poverty reduction, as is shown by the world leaders' adoption of the United Nations Millennium Declaration (Jolle, Alex, Gilberto and Barbara, 2004). However, according to these scholars, good governance is by no means a univocal concept. In the 1992 report entitled "Governance and Development" the World Bank defined good governance as "the manner in which power is exercised in the management of the country's and social resources for development". Good governance is participatory, transparent and accountable. It is also effective and equitable, and it promotes the rule of law. It ensures that political, social and economic priorities are based on broad consensus in a society. Good governance has also been described elsewhere as the striving for rule of law, transparency, responsiveness, participation, equity, effectiveness and efficiency, accountability, and strategic vision in the exercise of political, economic, and administrative authority (World Bank, 2010). Accordingly, this survey has evaluated the level of good governance and service delivery in line with eight good governance principles. These are participation, consensus, and transparency, rule of law, equity / fairness, responsiveness, efficiency and effectiveness. For instance, according to UN (2003) discussion paper on "local governance capacity building for full range participation", participation is one of the elements of good governance which is concerned with the commitment of individuals and communities in decision making about affairs that affect their lives.

Participation is a process whereby policy-making, prioritizing issues, accessibility to public goods and services and also allocating resources is influenced by key stakeholders. It varies from one context to another and subject to different projects and visions. Effective public participation requires that citizens be informed and knowledgeable about the topic being discussed. They must be willing and able to be involved having the interest, the time, and the opportunity or access. Citizens must take responsibility for the quality of their participation and be accountable to each other for effective and efficient use of time and other resources (Bruce, 2003).

The rule of law is an ambiguous term that can mean different things in different contexts. In one context the term means rule according to law. Laws, regulations and codes of conduct should be fair and enforced impartially. No written law may be enforced by the government unless it conforms to certain unwritten, universal principles of fairness, morality, and justice that transcend human legal systems (Scalia, Antonin. 1989). We can see rule of law from three interrelated contexts. The first context, no individual can be ordered by the government to pay civil damages or suffer criminal punishment except in strict accordance with well-established and clearly defined laws and procedures. The rule of law requires that government impose liability only in so far as the law will allow (Pilon, Roger, 2000). In a second context, the term means rule under law. No branch of government is above the law, and no public official may act arbitrarily or unilaterally outside the law. In a third context the term means rule according to a higher law. However; the rule of law is abridged when the government attempts to punish someone for violating a vague or poorly worded law (Wood, Diane, 2003).

Good governance package organized by Ministry of Civil Service the then Ministry of Capacity Building (1999), and translated in to Afan Oromo by Oromia Regional State Civil Service and Good Governance Bureau, stated that transparency is one of the elements of good governance and it means that information should be provided in easily understandable form and media that it should be freely available and directly accessible to those who will be affected by the decisions as well as the results/ outcomes. Transparency is built on the free flow of information. Processes, institutions and information should directly accessible to those concerned with them, and enough information is provided to understand and monitor them. It promotes openness of government action, decision-making processes, and consultative processes among public sector and all stakeholders. Lack of transparency results in weak accountability, irresponsiveness and inefficiency, which also compromise good governance. Transparency is introduced as means of holding public officials accountable and fighting corruption.

Good governance requires consultation to understand the different interests of the public and ensuring that decision makings are based on consensus among the society. It mediates differing interests to reach a broad consensus on what is in the best interest of the group and, where possible, on policies and procedures. The process of achieving consensus involves serious consideration of every group member's or stakeholders' considered opinion. Consensus usually involves collaboration, rather than compromise. Instead of one opinion being adopted by a plurality, stakeholders are brought together to express their interests and ideas about the issues under consideration so that consensus will be reached to make implementation simple. Good governance requires that institutions and process try to serve all stakeholders within reasonable time frame. The earlier governance mechanisms lacked in their approach of bringing all the stakeholders in their ambit. In the present times, the emphasis is more on institutions being responsive to the needs of all those who are going to be affected by their actions. Yet also, all men and women have opportunities to improve or maintain their well-being. Equity, as a principle of good governance can be seen in relation to several aspects. For example, Clarisa (2009) consider it as equal participation or involvement of various groups of the citizens in society's welfare. This pertains to ensuring that the society's well-being or its entire members (women and men) feel that they have a stake in the development efforts and they do not feel excluded from the mainstream of society. This characteristic is particularly addressed to the most vulnerable for them to have every opportunity to improve or maintain their wellbeing (Clarisa, 2009).

Processes and institutions produce results that meet needs while making the best use of resources. According to World Bank (2003) effectiveness and efficiency in good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. It also covers the sustainable use of natural resources and the protection of the environment. Tesfaye Debela (2009) clearly comment on the concepts of effectiveness and efficiency in many training manuals on result-based performance management system which considers four parameters - cost, time, quantity and quality to measure the results of organizations. However, time and cost measure the process and the inputs respectively; whereas quantity and quality measure both inputs and outputs. This characteristic promotes efficient public delivery systems and quality public outputs. It deals with the amount of public respect the civil service has. Rent seeking and corruption is one of the undesirable acts affecting efficiency, effectiveness and responsiveness of public institutions. According to some scholars, one of the ways of fighting corruption is through competitive salaries and motivating staff through incentives. There is also a need to introduce legislation governing civil service and a code of conduct. This legislation will define the appointments and promotions of civil servants through merit-based processes as well as the organizational structure.

The United Nations Development Program (UNDP "Governance and Sustainable Human Development, 1997") articulates that accountability is a key principle of good governance. Decision-makers in government, the private sector and civil society organizations are accountable to the public, as well as to institutional stakeholders. This accountability differs depending on the organization and whether the decision is internal or external to an organization. Central to the principle of accountability is information sharing and transparency which should be promoted by governance structures. Hence, accountability is hard to achieve especially in the absence of access to information.

## 2.2. Service Delivery in Public Service

Public service refers to any act or performance that public institutions provide to fulfill social needs of their customers (Yemane, 2006). Its basic function is to provide goods and services to citizens based on the 'realization and representation of public interests and its possession of unique public qualities compared to business management' (Ayee, 2008). Ethiopian government's service delivery policy defines public service to refer to those activities of government institutions aimed at satisfying the needs and ensuring the wellbeing of the society as well as enforcing laws, regulations and directives of the government. The policy document further defines service delivery as the systematic arrangement of activities in service giving institutions with the aim of fulfilling the needs and expectations of service users and other stakeholders with the optimum use of resources (Nebyou, 2010).

Since the 1980s most African governments have been making huge efforts to improve the performance of their public sectors to meet the technological and socio-economic challenges of this era. In response to these challenges, reforms have been launched to consolidate the foundations of good governance with particular emphasis on the key institutions of the State, namely, the legislature, the judiciary, the executive and the civil service (ECA, 2003). In Africa, reform programs can be characterized as following three main phases which in practice have overlapped. In the first phase (1980s), reform programs were launched in the main to achieve fiscal stability by reducing the costs of

the bureaucracy. In the second phase (1990s), once fiscal stability had been more or less achieved, the objectives shifted towards efficiency and effectiveness. This was the era where governments undertook to restructure their public services, to decentralize services and to reform systems of financial and human resource management. The term “building capacity” gained wide currency during this period. In the new century, the emphasis shifted once again with the advent of sectorial programs (and related sector-wide approaches) which demanded that the public service concentrate on delivering better and more equitable services for its citizens. This new paradigm shifts towards ‘open government’ led to new reforms designed to strengthen the service delivery capacity of the public service and its responsiveness to citizens, with a particular emphasis on target setting (UNDP, 2009).

The phase three reforms following publication of the World Development Report 1997 focused on service delivery. Phase three reforms only emerged since the end of the 1990s, following on from the World Bank’s recognition that an effective, responsive and legitimate state was crucial for sustaining an effective market economy. New generation programs since the millennium, although still falling very much within the NPM paradigm, have tended to focus on the improvement, responsiveness and effectiveness of service delivery to citizens (Aye, 2008). Thus, for public servants, this has meant programmes which attempt to involve officers taking into consideration the opinions and demands of their clients—the public or users—and designing their own Performance Improvement Plans (PIPs), which involve service delivery standards monitored by both responsible managers and citizen user groups. Kiragu (2002), specifically discusses the evolution of public sector reforms in Sub-Saharan Africa and states that there have been three waves of PSR in the region. The first wave covered the decade of mid-80s to mid-90s with the distinctive feature of focus on restructuring the public service. The second wave was dominant in the late 1990s with the predominant trait of capacity building. The third wave started in about 2000 with the particular objective of improving service delivery.

ECA (2003) reported that selected applications have shown that some African countries have recorded significant achievements in public service reforms by applying different NPM techniques, such as decentralized management, subsidiarity, performance contracting, accrual accounting and commercialization. However, despite experiences from within and outside the continent, Africa’s public sector has been facing a number of challenges, which has reduced the speed of the reform process. For instance, institutional capacity, which is essential to the success of public sector reforms, is lacking or simply inadequate in many African countries. A deficit of ethical norms and a weak practice of accountability measures are also major contributory factors to the inefficiency of the civil services and the inability of the State to manage development. It seems that recognition of this fact has led many African countries to embark on public service reforms in the last couple of decades to improve the delivery of public services. However, despite tremendous efforts and resources allocated to public sector reforms, little progress has been made in many African countries which have embarked on comprehensive reforms. With a few exceptions of successful cases (Botswana, for example) public service management in Africa remains at a lethargic stage. This is because of a number of challenges that have limited the scope, speed and quality of services rendered. Such challenges include weak institutional capacity, multiple accountabilities, declining public service ethics, declining social values and corruption (ECA, 2003). Overall, trends have shown that a number of reform initiatives have been implemented in Africa as well as other countries of the world with the intention to improve certain aspects of the organization. This is true for our country Ethiopia where different reform tools such as BPR, BSC, Civil Service Army, Citizens’ Charter and Information Communication Technology with the to improve service deliver and realization of good governance.

### 3. Research Methodology

#### 3.1. Research Design

The study employed both qualitative and quantitative research approaches. According to Greene, et al. (1989, cited in Brady; Byrne and Doyle, 2009), mixed methods research designs serve for the purposes of triangulation, complimentary, illustration of data and offset weaknesses and providing stronger inference. Thus, utilizing a mixed methods approach can allow for the limitations of each approach to be neutralized while strengths are built upon thereby providing stronger and more accurate inferences (Bryman, 2012; Creswell, 2009). Furthermore, descriptive survey method was also employed on the assumption that it enables the researchers to examine and describe the extent of good governance practice and public service delivery in the study area.

#### 3.2. Data Type, Sources and Method of Collection

Data used for the research include quantitative and qualitative type and gathered from primary and secondary sources. Primary data were collected from respondents (MSE staffs and members, local citizens, civic societies and opinion leaders). Secondary data were also obtained from reports of both regional and national government, CSA, district government office reports, previous research findings, published and unpublished materials. The study used different data collection tools such as, structured/semi-structured interview, key informant interview, observation and FGD. These researchers were undergoing observations to understand the actual work setting of the micro and small enterprise agency through developed check list. For FGD, 6-12 participants forming a total of 85 discussants were selected.

#### 3.3. Sample Size and Techniques

The population of this study includes the general public who lives in the eighteen zones of Oromia Regional State. A multi-stage clustered sampling technique were employed to select the sample respondents for this study. In the first stage, all zones were grouped into four clusters (East, West, South and Central) based on similarity of their geographical location. In the second stage, four zones one from each cluster were selected purposively, **namely**, West Arsi, West Wollega, West Hararge and East Shewa. In the third stage, two districts from each zone were selected purposively based on their number of population and the MSE agency performance. Then, taking list of population of the respective district from bureaus of finance and economic development, a total of 480 respondents were selected using simple random sampling technique while only 240 respondents were used for quantitative analysis. Furthermore, about 85 discussants and 14 different kind of leaders were participants in focus group discussions and key informant interviews respectively in the sampled area.

### 4. Data Analysis and Interpretation

This chapter presents the empirical results of the main findings from the analysis of quantitative and qualitative data, collected from primary and secondary sources. Hence, it was discussed in two major sections, the first section discusses practice of good governance principles and the second section discusses extent of service delivery in MSE agency.

#### 4.1. Analysis on the Practice of Good Governance Principles in Micro and Small Enterprise Agency

In order to evaluate principles of good governance package, respondent was provided with those principles such as participation, accountability, equity/fairness, rule of law and transparency; then asked to rate the extents of their agreement level as strongly agreed (5), agreed (4), neutral (3), disagreed (2) and strongly disagreed (1). The details of the discussion were indicated in the below sub-sections.

##### 4.1.1. Extent of Public Participation and Consensus on MSE activity

Citizens' participation in any kind of organizational activity is a key cornerstone of good governance. Needless to say, it helps to ensure the requisite of freedom to the citizens to participate in the decision-making process that articulates and represent their interests, which get reflected in policies, strategies and programs. Thus, this section discusses participation of the public on different activity of the micro and small enterprise agency.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagreed	40	18.2	18.2	18.2
Disagreed	44	20	20	38.2
Neutral	62	28.2	28.2	66.4
Agreed	50	22.7	22.7	89.1
Strongly agreed	24	10.9	10.9	100
Extent of youth and female participation planning & objective setting issues				
Strongly Disagreed	28	12.7	12.7	12.7
Disagreed	40	18.2	18.2	30.9
Neutral	88	49	49	70.9
Agreed	42	19.1	19.1	90
Strongly agreed	22	10	10	100

Table 1: Extent of Public on Screening Unemployed (N=220)

In table.1, it is shown that, 22.7percent and 10.9percent of the respondents agreed and strongly agreed respectively that the public do have participation in screening of unemployed individuals to be organized under micro and small enterprise. On the contrary, 38.2percent of the respondents shown their disagreed or strongly disagreed on the participation of public in screening unemployed; while about 28.2percent of the respondents remain neutral about the extent of public participation on screening of unemployed individual/groups around their locality. Hence, public participation on screening of unemployed individual to be organized under MSE is below half as only 32.6percent of the respondents indicated their participation. The result therefore demonstrates that public participation in screening unemployed individuals in cooperation with MSE agency is low and this may be due low awareness, inefficient cooperation system and low public trust on the agency's activity.

The majority of the respondents about 49percent of the respondents were neutral on the existence of equity in the participation of men and women in MSE activity. Only 19 percent of the respondents shown their agreed and strongly agreed on the existence of equal participation of men and women in MSE activity. The remaining 30.9percent of respondents indicated that there is no equal participation of woman and men in MSE activity through showing their disagreement. This result indicates that participation of women and men in MSE activity is below average. Compared to the government report of 2015/16, there is opinion difference between the public and the report with regards to women and men participation in MSE activity (i.e. Planning, decision making and objective setting). Thus, the result indicates that although youth and women have had participation in the planning and objective setting, it is still not as per public expectation due to low consideration of their ideas in decision making and irregular meeting schedule. In other words, the public participation is also found to be fragmented and is not carried out in planned and organized manner to accommodate the need of all people. This result supports the findings of Teddy and Li et.al (2008) which shown inconsistency and low participation of the public in MSE activity due to biasness, low consideration of public ideas and poor service response of the institution.

The result of this finding indicated that the overall participation of the public in MSE activity was not as per their expectation despite the agency in one hand and the government in the other hand has been made strong support to enhance public participations. The chi square test indicated that there is significant difference between occupational status and extent of youth and female participation on monitoring and evaluation ( $\chi^2=12.032$ ,  $p=0.017$ ) at less than 5% significance level. An additional note on the extent of public participation on five (5) variables score result revealed that medium public participation on overall activity of the agency as rated by 61.8%; followed by low and high participation with 19.1% each. This result indicates a tremendous scope of increasing the extent of public participation on MSE activity by bringing low and medium participants in to higher participation group.

##### 4.1.2. Extent of Accountability of MSE Leaders and Employees

Accountability is a key requirement of good governance principles. Not only governmental institutions but also the private sector and civic society organizations must be accountable to the public and to their institutional stakeholders for the decision they made. Thus, this section discusses extent of MSE agency and members' accountability to their activity or actions as discussed in table 2 below.

Extent of Measures taken on leaders & employees rent seeking				
	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagreed	40	18.2	18.2	18.2
Disagreed	48	21.8	21.8	40
Neutral	76	34.5	34.5	74.5
Agreed	32	14.5	14.5	89.1
Strongly agreed	24	10.9	10.9	100
Extent of MSE members accountability for their action				
Strongly disagreed	36	16.4	16.4	16.4
Disagreed	56	25.5	25.5	41.8
Neutral	80	36.4	36.4	78.2
Agreed	26	11.8	11.8	90
Strongly agreed	22	10	10	100

Table 2: Extent of Accountability (N= 220)

In view of MSE members' sense of accountability to their action, only about 11.8 percent of respondents agreed that as those members of MSEs did taken accountability to their action and malpractice issues. While 25.5percent of the respondents disagreed that those who organized under MSE did not take accountability for their action and malpractice activity. The remaining respondents that account 10percent, 36.4percent and 16.4percent respectively strongly agreed, neutral and strongly disagreed extent of the micro and small enterprise member's accountability to their action/wrong doing. Thus, the finding of this study indicates that the existence gaps in taking actions/measures on malpractice activity among MSE members as about 41.9percent of the respondents were rated their disagreement on the issues. Table 2 also revealed that, 25.4percent of respondents were agreed that corrective measures were taken on some of the agency leaders and employees for their malpractice actions. While about 40percent were disagreed that the measures taken on agency leaders and employees for their malpractice were not significant. In contrast, the agency report of 2015/16 indicated that as better efforts were undertaken to tackle rent seeker through awareness creation training, document perpetration and taking appropriate measures. Hence the result demonstrates that extent of measures taken to tackle malpractice action among MSE members vary due to poor record keeping system, limited follow up, traditional spending system and biasness.

The chi square test indicated that there is significant association between district respondents and extent of leaders and employees rent seeking behavior ( $\chi^2=56.673$ ,  $p= 0.001$ ) at less than 5% significance level. Thus, the finding of this survey indicated that extent of accountability of leaders and employees were different from district to district. Due to limited government follow up, low public disclosure, low transparency and biasness as accountability cannot be enforced without such principle.

The finding of this study also indicates participation of public on disclosing rent seeker is low as 41.8percent of the respondents were disagreed on the issues under investigation. Similarly, FGD results also revealed that extent of accountability of various group as the most critical problems in the functioning of micro and small enterprise agency. They found that it hard for them to question MSE workers and officials that made wrongs things due to limited or weak accountability system. It seems that high corruption, high rents seeking behavior and poor response are the major factors that indicates low accountability system in the agency. Hence, the establishment of better institutional check and balance system providing redress of victims to violation and provision of continues training on good governance principles needed to strengthen the extent of accountability of various groups.

#### 4.1.3. Equity and Fairness

The principles of fairness and equity encompass the treatment of those groups faced discriminatory practice, women, ethnic and religion minorities to name a few. It is expected that the governance structures and mechanisms aim at participation that helps to promote equity and fairness in their functioning. Equity related with how far society's wellbeing depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society to be organized and benefited from MSE activity.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagreed	40	18.2	18.2	18.2
Disagreed	39	17.3	17.3	35.5
Neutral	82	37.3	37.3	72.7
Agreed	42	19.1	19.1	91.8
Strongly agreed	18	8.2	8.2	100
Extent of women & youth equity in benefiting from MSE				
Strongly disagree	20	9.1	9.1	9.1
Disagreed	48	21.8	21.8	30.9
Neutral	76	34.5	34.5	65.5
Agreed	58	26.4	26.4	91.8
Strongly agreed	18	8.2	8.2	100

Table 3: Extent of Equity/Fairness in Opportunity to Be Organized and Benefit

In table 3, it is shown that 19.1percent and 8.2percent of the respondents respectively agreed and strongly agreed that the urban and rural unemployed peoples get equal chance to be organized and benefited from micro and small enterprise. Whereas, 17.3percent and 18.2percent of the respondents respectively disagreed and strongly disagreed that urban and rural people do not get equal chance and benefits from MSE activities. The remaining respondents which account 37.3percent were neutral on the fairness and equity of unemployed among urban and rural to be organized and benefits from MSE agency activity. Hence, this indicates that a lot has to be done to improve extent of equity and fairness in between urban and rural dwellers opportunity to organized and benefited micro and small enterprise activities. With regards to women and youth equity in benefiting from MSE activity, table 3 revealed about 26.4percent and 8.2percent of the respondents respectively agreed and strongly agreed that they are positively argue on the statements. Whereas, 21.8percent and 9.1percent of the respondents respectively disagreed and strongly disagreed that they were no equity in between women and youth to benefited from MSE as it favour for some groups. The remaining 34.5percent of the respondents were neutral on whether the number of women and youth organized under MSE are benefited equally or not. Although appreciable involvement of women and youth were organized and benefited from micro, it is not yet satisfied the demand of the public at large.

In contrast, the first GTP period accomplishment revealed better achievement in both urban and rural job opportunity. As far as equal opportunity creation, it organized 274, 863 rural youth of which 189,923 male and 84,940 women in 2013, which increased to 580,000 rural youth (370,188 male) and (209,812 women) in rural areas in 2015/16. Also, about 107, 870 urban unemployed youth (61,431 male) and (46,439 women) gets job opportunity in 2013, which increased to 320,004 urban youth (197,475 Male) and (122,529 Women) lives in urban areas in 2015/2016. This indicates that as a remarkable achievement and improvement was made by the agency in creating fair and impartial job opportunity to urban-rural youth taking in to the consideration of gender sensitivity. Though appreciable and notable achievements were observed in creating fair and impartial job opportunity among rural-urban, women-men and rich-poor; the result of this study indicates that the existence of favoritism to some extent in selecting and organizing peoples based on gender, friendship and economic capability.

Yet also, the extent of equity/fairness on three (3) variables on MSE activity score result were shown at medium level as about 53.6% of the respondents. While 23.6% and 22.7% of the respondents rated extent of equity or fairness in micro and small enterprise as high and low level respectively. Hence, the above figure indicates that equity and fairness service of the agency at medium level that implies the existence of disparity among peoples to be organized and benefited from micro and small enterprise activity. Similarly, qualitative data obtained through FGD also confirmed that the prevalence of problems regarding fairness and equity in selecting, organizing and giving working place for those who organized under micro and small enterprise activity. The majority of the discussants reported that high prevalence of inequity to be selected and organized in micro and small enterprise between poor-rich and women-men due to biasness, friendship and related factors. Hence, a lot should have to be done so as to ensure equity and fairness in the operation of micro and small enterprise through empowering the public to defend their right to inclusion in the benefits of micro and small enterprise activity in their locality.

#### 4.1.4. Transparency in MSE Activity

Good governance does not occur by chance rather than efforts made of government and various stakeholders. In fact, governance must design structures that promote transparency in its functioning through provision of timely information and indicating clear procedure. Hence, transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations through accessing information. Details were discussed in table 4.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagreed	24	10.9	10.9	10.9
Disagree	54	24.5	24.5	35.5
Neutral	62	28.2	28.2	63.6
Agree	60	27.3	27.3	90.9
Strongly agree	20	9.1	9.1	100
<b>Extent of clarity of procedure in organizing unemployed</b>				
Strongly Disagreed	32	14.5	14.5	14.5
Disagree	48	21.8	21.8	36.4
Neutral	58	26.4	26.4	62.7
Agree	50	22.7	22.7	85.5
Strongly agree	32	14.5	14.5	100
<b>Extent of criteria transparency to getting loan</b>				
Strongly Disagreed	42	19.1	19.1	19.1
Disagree	46	20.9	20.9	40
Neutral	52	23.6	23.6	63.6
Agree	60	27.3	27.3	90.9
Strongly agree	20	9.1	9.1	100

Table 4: Extent Timely Information Transparency Given by the Agency

The survey result indicated that only about 27.3 percent and 9.1percent of the respondents respectively agreed and strongly agreed that as MSE agency were giving timely information for those who needs to be organized and benefited from the sector. While about 24.5 percent and 10.9percent of the respondents respectively disagreed and strongly disagreed that there wasnot timely information provided by the agency. With regards to clarity in procedure, the survey result revealed that about 36.3 percent negatively felt (i.e. 21.8 disagreed and 14.5percentstrongly disagreed) in the absence of clear procedure to organize and benefit citizens from MSEs activities by the agency. But about 37.3percent of the respondents were positively felt that the existence of clear procedure to organize and benefit citizens that demand



the agency service. The remaining respondent that accounts 26.4percent, were neutral that whether there is clear procedure in MSE activity while organizing the unemployed individuals/groups or not. With regards to loan acquisition, the finding revealed that there was minimal transparency to get loans from lending institution as around 40percent respondents were felt there is no transparency in provision of loans. Hence, it could be concluded that WALOO and other lending institution were not providing enough support like giving both long term and short-term loans to micro and small enterprise members to launch their business in transparent manner.

In addition, the extent of transparency on four (4) variables on MSE activity reveals about 66.4% of the respondents were rated overall transparency in medium level; followed by low and high with 19.1% and 14.5% respectively. The result therefore demonstrates that still there is a problem of transparency in micro small enterprise regarding provision of information, loans and audit reports on a timely manner as per the demand of public. The FGD and key informant interview results also revealed that lack of transparency in MSE agency operation. The majority of the discussants were reported that due to lack of clear and timely information the poor did not get organized and benefited from micro and small enterprise. The result therefore demonstrates that there is problem of transparency in micro small enterprise activity regarding provision of timely and clear information for those who needs to be organized and benefits form their activity as well as mechanism of getting loans in procedural manner as per the demand of public.

#### 4.2. Service Delivery

States are responsible to delivering a variety of service to their population. In fact, the principal feature of the scheme of effective delivery of services needs to be seen in the context of the fact that demands have to flow from the bottom up and not the top down. Thus, the agency is responsible to restructure its operation system so as to enhance efficiency and effectiveness in service delivery to the end user particularly for MSE members. Thus, this section discusses respondents view on extent of service delivery by MSE agency to the public.

##### 4.2.1. Efficiency and Effectiveness

Survey result regarding timely access and utilization level working place for micro small enterprises as opined by the public is very low. About 40.9 percent (i.e. 16.4%disagreed and 14.5%strongly disagreed)of the respondents were felt that there is no timely access of working place like sheds; while 20.9 percent of the respondents were agreed that they do have access to working place/sheds in a timely manner. Lastly, 40.9 percent of respondents were neutral a about the issues under investigation. With regards to access to market linkage and loan int timely manner only 31 percent and 27.4 percent of the respondents were revealed access to market linkage and loan in timely manners. The result therefore demonstrates that the extent access to working place and market linkage by those who organized under micro small enterprises are still not sufficient as perceived by the majority of the respondents. This also indicates that the regional micro small enterprise agency will not efficient and effective in the service delivery to the demanding citizens.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagreed	32	14.5	14.5	14.5
Disagreed	36	16.4	16.4	30.9
Neutral	86	40.9	40.9	71.8
Agreed	46	20.9	20.9	92.7
Strongly agreed	16	7.3	7.3	100
Extent of Market timely linkage increased				
Strongly disagreed	32	14.5	14.5	14.5
Disagreed	36	16.4	16.4	30.9
Neutral	78	35.5	35.5	66.4
Agreed	56	25.5	25.5	91.8
Strongly agreed	18	8.2	8.2	100
Extent of Improvement on access to timely Loan				
Strongly Disagreed	42	19.1	19.1	19.1
Disagreed	82	37.3	37.3	56.4
Neutral	54	24.5	24.5	80.9
Agreed	16	7.3	7.3	88.2
Strongly agreed	26	11.8	11.8	100

Table 5: Extent of Access to Working Place (Sheds With Its Quality)

In contrast, report of 2015/16 indicated that significant improvements in delivering timely working place, appropriate linkage to markets and enhanced better access to loans. For instance, in the year 2014 and 2015 they were achieved 88.13percent and over 100percent of their plan respectively in building and distributing quality and timely shed for MSE members. While access to loan were not improved as only the lending institution achieved only 35.5percent and 22.22percent of its plan respectively. The result of FGD discussants also supported that above view. All most all of the FGD discussants reported that as they did not get access to quality working place, appropriate marketing linkage and both long term and short-term loans on a timely manner. They also informed that most sheds were lack quality and some of the shed were built in appropriate location to market their products. Those who want to borrow money from lending institution were encountered problems in its repayment policy. Additionally, the majority of the discussants informed that if the borrowers failed to settle their debt on specified time, they suffered threats from loan officers causing them serious stress. Hence, quality of service is an important measure of how effective an organization is, and so it is particularly important in governance of the agency. MSE agency therefore need to take additional steps to ensure that services are of a high quality and responsive to citizens demand.

#### 4.2.2. Responsiveness

Modern service delivery system requires speedy and timely responses to different interests of society. With this regard, more than half (52.7percent) of the respondents indicated that as they didn't get timely responses to obtain seed capital during set up of the business. Similarly, regarding complaint response, about 35.5percent of the respondents revealed that they didn't get timely response for them complains form the agency. Hence, this may show that service delivery is not responsive for the customers complain and an indication for poor complaint handling mechanism of the agency. Although small and notable improvement was made by the agency to improve the income and attitude; the result of this study revealed that challenge of satisfying the growing demand of the public due to limited seed capital, working place, access to timely loan and timely complain responses.

The FGD results also confirmed similar results. The majority of the discussants reported that the some of the agency workers and leaders are no responsive to customer needs and complains. The discussants were explained that those who in MSE were not get sufficient supports like training, loan, market information, working place and other infrastructures from various group working under MSEs. In addition, there were stressed on agency leaders and workers busyness on meeting and poor coordination with other sector as the major problem for to get immediate feedback. Hence, this shows that still gaps in giving one shot service by the organization. In this regard, the agency needs to strength its staff capacity through giving customer service delivery training and implement one shot service to counter such complains.

Therefore, the extent of service delivery by regional micro small enterprise agency regarding efficiency, effectiveness and responsiveness (i.e. timely access to working place, market linkage, loan, seed capital and solution to citizens complain) is still very low as revealed by the majority of the citizens.

### 5. Conclusion and Recommendations

#### 5.1. Conclusion

The government of Oromia regional state has been taken significant steps to ensure the practice of good governance and enhance service delivery. On such expectation the government embraced such principles to increases the participation, efficiency, transparency, equity, accountability, responsiveness and rule of law in the MSE agency. Hence, proper application of such principle helps to enhance service delivery of public institution at large. Though appreciable and notable achievements were observed in creating fair and impartial job opportunity among rural-urban, women-men and rich-poor; the result of this study indicates that the existence of favoritism to some extent in selecting and organizing peoples based on gender, friendship and economic capability. Thus, one may have concluded that there are opinion gaps between the citizens and the agency in extent of creating transparent, fair and equity job opportunity for the unemployed youth at different levels. Also, the result therefore demonstrates that still there is a problem of transparency in micro small enterprise regarding provision of information, loans and audit reports on a timely manner as per the demand of public. Furthermore, though notable efforts were made by the agency to increase working place/shed, market linkage and timely complains response; the result of this study revealed that challenge of satisfying the growing demand of the public for service due to limited seed capital, insufficient working place, low access to loan and market linkage. Hence, it was safe to conclude that service delivery is not as such responsive as per the demand of the public to get organized and benefited from micro and small enterprise sector.

#### 5.2. Recommendations

Good governance is not something occurred by chance. It must be demanded by citizens and nourished explicitly and consciously by the nation state. It is, therefore, necessary that the citizens are allowed to participate freely, open and fully in every area that concerns their interest. However, the results of the study revealed that the existence of disparity regarding practice good governance principles and service delivery in MSE agency. The critical problems existed were regarding partiality, fragmented participation, poor record keeping, poor complain handling mechanism, irresponsiveness, limited seed capital and access to short term and long-term loan. Thus, the following suggestions are proposed;

- The agency in collaboration with stakeholders should continue to vigorously tackle corruption through institutionalizing transparency, equity and fairness, accountability and due process in the establishment of the business.
- The agency in collaboration with WALQO' should need to device additional mechanism to increase budget for MSE members by taking in to consideration of their demand.
- The agency, TVET and in collaboration with various stakeholders should needs to improve the skills and knowledge of the MSE members (record keeping and financial management).
- The agency should have to extend the current reform program in their functioning to make their service delivery more functional (one-stop shop), transparent, equitable and responsive for the beneficiaries.

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