

Assessment of Factors that Affects the Performance of Chamber of Commerce and Sectoral Associations in Ethiopia

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Abstract: *Chambers of commerce and sectoral associations are organizations established to serve and keep the interest of their members. This study sought to identify the factors affecting the performance of chambers of commerce and sectoral association in Ethiopia. Empirical investigation was conducted using mixed research design with quantitative and qualitative research approach. Purposive sampling was used for selecting the cities and proportionate stratified followed with simple random sampling technique was used to select out the respondents. Descriptive statistics and correlation and regression model was applied for data analysis. Finding of the study indicated that, there is positive and statistically significant relationship between independent and the dependent variables. Furthermore, regression analysis indicates that all the factors considered in the study affects the performance of the chambers of commerce and sectoral associations. From all factors considered in the study, government law has greater effect on the performance of the chambers. The study recommends that, government officials and policy makers should properly understand factors and conditions that constitutes the performance of association, since this understanding is a key to the formulation of policies, designing of appropriate intervention strategies and practical step to improve and strengthen the performance chambers of commerce and sectoral associations.*

Keywords: Chamber, Commerce, Sectoral association, Satisfaction, Performance

1. Introduction

For the first time in the world, in 1559 in Marseilles, France, the first chamber of commerce was founded; whereas the concept of chamber of commerce was introduced to Ethiopia for the first time in 1943. During that time, the need to establish chamber of commerce in Ethiopia basically emanated from the economic crisis which the country experienced soon after the end of Italian occupation. Especially the scarcity of cotton, yarn & wool was believed to be the main reason for the establishment of chamber in the country (Bacry, Admit and Shumet, 2009 & report of ECCSA, 2014). Historically, modern forms of business associations and chambers of commerce began in France in the early 1800's subsequent to medieval Europe merchant guilds administered by merchants seeking to protect/regulate their trades. In the same manner as modern business associations, the guild's pre-occupation included such activities as supervising weights and measures; running arbitration boards for disputes, administering ports and markets; gathering aggregating, and presenting business views to the community; organizing commodity exchanges; and collecting and providing information on commerce and trade (Davis, 1999).

The legal establishment and the beginning of providing the valuable services of chamber of commerce date back to 1947. Business persons residing in Addis Ababa took the initiative of organizing themselves to tackle the scarcity of highly needed merchandises in the market during the post-world war two periods. This situation subsequently led to the establishment of the chamber of commerce in Addis Ababa (Kasahun, 2012).

The Chambers of commerce and sectoral associations (CCSA) is one of the modern forms of private business association established by private business individuals

through members' participants or voluntarily/involuntarily involvement. The main goals and motives behind establishment of chambers of commerce and sectoral associations are promoting the interests of business community both at national and internal levels, making fair business competitions in business environment, encouraging business to business (B to B) networking relationship in local or foreign market, promoting the linkage between industry and agriculture. In addition to the above-mentioned services, advocacy service, legal service, promotion, information, certification of origin and capacity building of the members are the other most important activities conducted under chambers of commerce and sectoral associations (Bacry, Admit and Shumet, 2009)

Despite their wide diversities, chambers of commerce and industry generally share a common mission, which is to promote, develop and further the economic well-being of members by providing a collective voice in advocacy to represent and protect members' interests, offer quality services to help members enhance their competitiveness and succeed in their businesses thereby contributing significantly to the economic progress of the nation (Judytan, 2000)

Bacry, Admit and Shumet, (2009) stated in their study that, in global context of chamber systems has three models which are: the continental, Anglo – Saxon and mixed systems model. The continental model has as its basis the national legislation or the chamber law which stipulates the creation of chambers as corporations under public law, and has a formal quasi-governmental function. It requires obligatory membership for all business persons & legal entities. The Anglo-Saxon model has no specific legislation governing business associations. Membership in Anglo-Saxon is voluntary and, as such, may not include all the firms with in a given location. Mixed system models are chamber systems which cannot be categorized as either

continental or Anglo-Saxon models, but the combination of continental and Anglo-Saxon. Even though the Ethiopian chambers of commerce and sectoral associations is one of the oldest and most primitive chambers in Africa, the chamber cannot meet its objective. More over the existence of these business association cannot set energy for industries and development of an economy as expected. The reason behind this is, Ethiopian chambers of commerce and sectoral associations were highly deterred by various factors.

To achieve their objectives chambers of commerce and sectoral associations is expected to be operating in successful manner by avoiding all the factors that affect their performance. Therefore, the focus of this study is to examine the factors that determine the performance of chambers of commerce and sectoral association in the context of Ethiopia empirically.

2. Review of Related Literature

2.1. Nature of Chamber of Commerce and Sectoral Association in Ethiopia

The Ethiopian chamber of commerce and sectoral associations is one of the oldest private sector organizations in Africa. It has been serving as a mouth piece of the Ethiopian business community over the last sixty-seven years. The Ethiopian chamber of commerce and sectoral associations has shown its competence not only in influencing the decisions of chambers of commerce of several African countries but also in mobilizing the Ethiopian private sector to stand together in working for such glorious purpose of common interest (ECCSA 2009). As stated in five year strategic plan of Ethiopian chamber of commerce and sectoral associations, (2014), Ethiopian chamber of commerce and sectoral associations (ECCSA) is an apex organization of chambers and sectoral associations in Ethiopia with eighteen members including nine regional chambers of commerce and sectoral associations, two city chambers of commerce and sectoral associations, one National chamber of sectoral associations and six sectoral associations organized at national level. According to Proclamation (341/2003) ECCSA is mandated to encourage the establishment of chambers at different levels and provide necessary support and it aimed at creating a vibrant private sector in the country through advocacy, promotion of trade and investment and capacity building.

The study of Bacry, Admit and Shumet, (2009) stated that, chambers of commerce and sectoral associations perform four main functions. Firstly, they represent private business in policy forums by dealing with regulations and policy related matters with the government. Secondly, they perform facilitation functions in administering business licenses and issuing certificates of various types, namely certificates of origin and among other things, certifying that businesses have met all statutory registration obligations and have paid all relevant taxes and dues. Thirdly, they provide their members services of business-oriented information to members and play an important advisory role in consulting members in preparing business plans and promoting wider member business competences. Finally, they provide networking function with fellow members and public

officials in a social setting can and works towards creating broader business culture and cohesiveness that serve to encourage more and higher quality of participation.

It is obvious that many organizations are faced by numerous factors and challenges, likewise, ECCSA, faced a serious of challenges and constraints which deter their performance. The previous study conducted by (Bacry, Admit and Shumet, 2009) identified the major and forefront challenge is the lack of business association mentality or culture that is developed from members' perception that chambers stands for the benefit of the government and believe that, associations were formed as an arm of the government, members the viewed association more as government agencies than organizations intended to benefit the private sector. The other challenge is lack of trust in institutions; the business community remains suspicious in accepting business associations as genuine representatives of the views and opinions of the business community. The third challenge is the lack of effective communication and internal engagement between associations and their members. The last challenge relates to the laws governing organizational development and there is lack of interest on the part of the government in acknowledging the right of associations to advocate on behalf of their members. Whereas, the major opportunities that ECCSA, enjoy are firstly, they get recognition by the government because of their significant role in the promotion of trade, industry, and investment and the government believe that Ethiopia's accession to WTO supports private sector engagement and play a key role. Furthermore, the strategic plan of ECCSA, (2014) pointed out the major strength and threats that hinder the performance of the chamber of commerce and sectoral associations. The major strength that identified was growing government recognition of business associations since they do play a significant role in the promotion of trade, industry and investment, Ethiopian chamber of commerce and sectoral associations (ECCSA) in 2010 can be the main vehicle for public private consultation in Ethiopia, ECCSA is legally mandated to represent the interests of the private sector can be considered an important opportunity to mobilize the business community, attract funding, and advocate for a favorable business environment in the country, despite the perceived obstacles, Ethiopia is still an attractive business destination for enterprises (World Bank, 2012), there was an efforts to cut down on bureaucracy and rent-seeking in Ethiopia and there is also growing trading agreements and market integration. Up until 2002 E.C, Ethiopia signed general trade agreements with 13 individual countries in Africa, Asia, Europe and Latin America (MoT, 2010). In line with this, World Bank survey (2012) indicates despite the perceived obstacles, Ethiopia is an attractive business destination for enterprises because of limited market capacity and market competition, cheap labor, cheap land, and an expanding Ethiopian market; cross-border investment incentives provided by the government; and stable political environment are believed to be among the major drivers of FDI in the country.

The major challenges and risks that could negatively impact its effort to meet its mission that pointed out in the strategic plan of ECCSA (2014) were firstly, declining position in ease of doing business in Ethiopia. The World Bank's

recently released doing Business (2013) report revealed that Ethiopia has slipped from the high point of 111th position in 2012 back to 127th in 2013 out of 185 economies ranked globally. Secondly, slow economic liberalization and high public investment, according to the 2012 Country Commercial Guide published and Foreign Commercial Service and U.S. Department of State for U.S. Companies, state-owned enterprises and political ruling-party owned entities dominate the economic landscape, reducing room for the private sector to flourish. The third challenge was existence of weak private sector and lack of awareness among the business community. The business community perceived that the associations could not provide demand-driven programs and were merely extensions of the government (ECCSA, 2013). Fourthly, a survey conducted by the World Bank (2010) indicates that there is less developed infrastructure in Ethiopia. The other threat was the member has lack of business association culture, members of Chambers and associations believe that it is stands for the benefit of the government and mandatory association membership is also believed to have eroded associations' ability to be effective representatives of the business community's interests (ECCSA/PSD Hub, 2013). Finally, many stakeholders argue that there is a lack of disposition on the part of the policy makers to engage in open debates with the business community which they

believe have eroded support and understanding of the need for the association movement within the private sector (ECCSA/PSD HUB, 2013).

2.2. Conceptual Framework of the research

The performance of chambers of commerce and sectoral association is influenced by both internal and external factors. The most prominent external factors that were identified by the researchers were government law and lack of trust and support from the government. The internal factors which affect the chamber of commerce and sectoral association were absence of appropriate laws that govern private business association internally, lack of private business association mentality, high degree of self-interest from board members and weak organization structure, strategy and infrastructure. To align the conceptual framework with the research objectives, the performance (satisfaction of the members) of chamber of commerce and Sectoral association was taken as the dependent variable, because the chamber is established to maximize the members interest not to maximize profit, so that in this study the performance of chamber of commerce and sectoral association is taken as the satisfaction of the members since the above listed factors directly affect the satisfaction of the members.

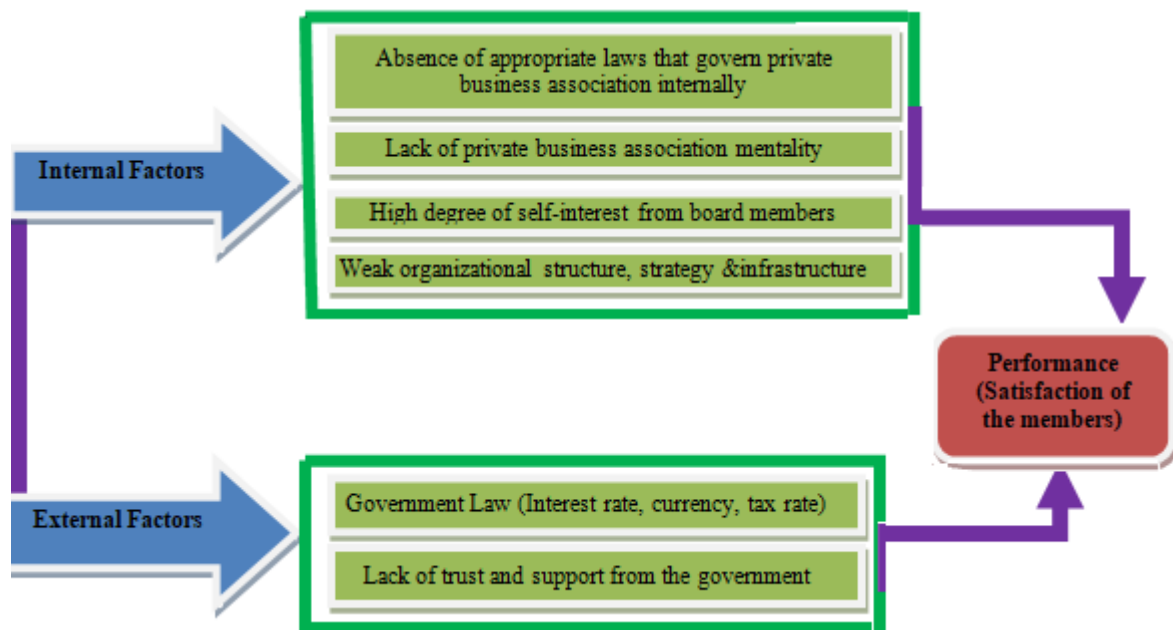


Figure 2.1: Conceptual frame work of the study

Source: Our own model from empirical literatures

2.3. Model Specifications

After making rigorous review of literatures from both theoretical and empirical literatures, the researchers developed the following model specifications, by taking as dependent variable i.e., satisfaction of the members and by making government law, lack of trust and support from the government, lack of private business association mentality, absence of appropriate laws that govern private business association, high degree of self-interest from board members, and weak organization structure, strategy and infrastructure as independent variables.

$$SM = \beta_0 + \beta_1 (GL) + \beta_2 (LTS) + \beta_3 (LPB) + \beta_4 (AAL) + \beta_5 (HDS) + \beta_6 (WSS).$$

Where: $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ and β_6 are the regression co-efficient

GL: Government law

LTS: Lack of trust and support from the government

LPB: Lack of private business association mentality

AAL: Absence of appropriate laws that govern private business association

HDS: High degree of self-interest from board members

WSS: weak organization structure, strategy and infrastructure

3. Statement of the Problem

The Ethiopian chamber of commerce and sectoral associations (ECCSA) is an umbrella, autonomous, non-for-profit, non-partisan, and membership based private sector organization. It was established with the aim of prompting trade and investment, creating business friendly environment and vibrant private sector, working in partnership with the government, business community, development partners and other stakeholders and the society at large (ECCSA 2014). Chambers and sectoral associations are membership-based organizations established to fulfill the interests of their members. The most important stakeholders for the specified associations are the members themselves for whose cause the association exist. In addition to this, the other key stakeholders of the chamber system in Ethiopia are business and sectoral associations, federal and local government bodies, civil society, worker's associations, employers' associations, and donors of multilateral and bilateral (Bacry, Admit and Shumet, 2009).

Chambers of commerce and sectoral associations played great role in networking opportunities business with other businesses in a relaxed atmosphere, links domestic and international companies through developing capacities of local SMEs to meet buyer's needs and facilitates exports TCCIA (2013, 2015). Furthermore, the report of addisAbaba chamber of commerce and sectoral associations, 2016) indicates that, chambers of commerce and sectoral associations are an autonomous, non-governmental, non-political and non-profit organization to act on behalf of its members which is a voluntary based member organization. Furthermore, as stated in ECSCA, 2014 strategic plan, Ethiopian Chamber of commerce and sectoral associations is an umbrella, autonomous, non-for-profit, non-partisan, and membership based private sector organization established for with the mission of providing a platform for unified voice of the private sector that can play a leading role in the economy through advocacy, trade and investment promotion and capacity building.

Chambers of commerce and sectoral associations in Ethiopia have been characterized by small active membership base, weak organizational capability (human resource, finance, limited intervention and ultimately limited satisfaction among members (Bacry, Admit and Shumet, 2009).

The result of empirical and theoretical literature review in the context of other country indicates that while varying in depth and breadth, virtually all chambers of commerce and sectoral associations, in one way or another, affected by both external and internal factors. In line to this, even if Ethiopian chambers of commerce and sectoral associations have a very big visions and missions, in practice they are not performing well to achieve their vision and missions they crafted so far. One of the reasons for this is, as every organizations at globe are virtually affected by internal and external factors, Ethiopian chambers of commerce and sectoral associations are not exception to these factors. To create smooth track for the development of private sectors specifically and the economic growth of the nation generally, chamber of commerce and sectoral associations plays critical role by being bridge between government and private business

associations. Therefore, academicians and practitioners and any concerned body must give due attention for the development of chamber of commerce and sectoral associations. One of the contribution academicians and practitioners will made for the association is identifying the factors that influence their performance and forwarding the suggestion to the concerned body. However; so far; there are no any published study that support factors affecting the performance of chambers of commerce and sectoral association in Ethiopia done by academicians and practitioners so far in Ethiopia, to the best of the researchers' knowledge regarding factors affecting the performance of chamber of commerce and sectoral associations in Ethiopia. Therefore, conducting empirical study to identify the major determinants which limit the performance of chambers of commerce and sectoral association and forwarding the result to the policy makers is inevitably necessary. Taking this into account the researchers' interested to work on such untouched area in the country. Therefore, this paper mainly concerned with identifying the factors that affect the performance of chambers of commerce and sectoral association in Ethiopia with special emphasis given for active city chambers. This study designed to achieve three objectives such as, to point out internal factors that affect the performance of chambers of commerce and sectoral associations in Ethiopia, to identify external factors that affect the performance of chambers of commerce and sectoral associations in Ethiopia and to examine the level of satisfaction of the members empirically.

4. Methodology

4.1. Research design and approach

This research is a mixed of two research design namely an explanatory and descriptive research design, because the study was not only confined to the collection and description of the data but sought to examine and establish the existence of certain relationships among the variables and critically measure the integrated impact of the factors on performance of chamber of commerce and sectoral association quantitatively. The study utilized cross-sectional survey in the sense that all relevant data was collected at a single point in time whereas the approach of the study was a concurrent mixed approach (Creswell, 2009), combining qualitative and quantitative methods, as it gives the potential to cover each method's weaknesses with strengths from the other method.

4.2. Sampling technique and Sample size determination

The sample size has a direct impact on the power of statistical analysis and the generalizability of results (Hair et al., 1998). In this study the researcher utilized both probability and non-probability sampling techniques. Probability sampling technique which is proportionate stratified sampling was used to select out the respondents from each city members based on the number of members they comprise. After the members were selected from each city, to reach the respondents the researchers employed simple random sampling to reach the respondents from each city using lottery method. Furthermore, from non-probability sampling techniques judgmental sampling was used to draw the active cities from the rest of chambers of commerce and

sectoral association in Ethiopia. At the same time, the researchers utilized judgmental sampling to pick out respondents to conduct interview with the key officials and the presidents of the chambers in each selected city. While determining the sample size the following formula was taken from Yamene (1967) and will be: $A = 95\%$ confidence level and $P = 5\%$ are assumed for the Equation. $n = N/1+N(e)^2$ that that will be; $n = 10600/1+10600(0.05)^2$ $n = 385$. After the sample size determined, proportionate stratification was followed to select respondents from each city based on the number of members they comprise, in the following manner

Table 1: Sample size determinations

S.N	Selected city	Number of members	Sample taken
1	Addis Ababa	2800	102
2	Adama	2300	84
3	Shashmene	1800	65
4	Asela	1300	48
5	Jimma	700	25
6	Hawassa	1700	61
	Total	10600	385

Source: Survey data, 2016

4.3 Instrument of the study

For the purpose of data collection, a survey questionnaire was utilized for the selected respondents. In addition to questionnaire interview was conducted to capture information not included in the questionnaire. To test the content validity, the questionnaire was initially distributed to 30 selected respondents for the purpose of getting an initial feedback on the content of the questionnaire. During the pilot survey, feedback from 30 respondent were collected and the questionnaire was then amended according to the comments of the respondents before the actual feedback began by the main instrument of the study. A 5-point Likert scale was used having the following responses for positively scored questions (strongly disagree to strongly agree) i.e (strongly agree-5, agree-4, neutral-3, disagree-2, strongly disagree-1). Questionnaire for measuring factors affecting the performance of chamber of commerce and sectoral association was developed by the researchers them self, whereas to measure (performance in our case we consider the performance of the association as the satisfaction level of the members) we modified the instrument of Taylor & Bowers 1972 with the 7 items scale was used to measure Satisfaction level of the respondents

4.4. Reliability and Validity analysis

In this study the researchers tested face validity which is concerned with the subjective agreement among professionals that a scale logically reflects the concept being measured by entertaining the comments given from our colleagues from Management department instructors and respondents during preliminary study whereas reliability of the instrument was tested by using Cronbach alpha and the result indicates that the values of all the variables are reliable

Table 2: Reliability value of the Scale

Variable	Cronbach's Alpha	No. of Items
Government law	0.72	9
Lack of trust and support from the government	0.70	4
Lack of private business association mentality	0.82	7
Absence of appropriate laws that govern private business association	0.78	4
High degree of self-interest from board members	0.78	5
Weak organization structure and strategy, infrastructure	0.83	7
Satisfaction Measurement Questionnaire	0.83	9

Source: SPSS Output from Pilot survey Data, 2016

4.5. Method of data analysis

The primary data collected from respondents edited, coded and entered into computer software called statistical package for social science (SPSS version 20). Then, descriptive statistics such as percentage, mean, standard deviations and frequency distributions were used to analyze data obtained through questionnaire. Regression analysis was carried out to assess the relationship between the variables, as well as the impact of the independent variables on the dependent one. Qualitative data obtained from Chamber leaders, secretary general and other experts was analyzed through narration and interpreted qualitatively.

5. Result and discussion

5.1 Descriptive analysis of the respondents

The descriptive analysis focused on the variables such as gender, business experience and type of business owned by the respondents. Results from the survey showed that 37% of respondents are female and 63% are male. The age profile of respondents indicates that the majority of the respondent were found in the age group 31-45(40 %), followed by age group of 40-60(21%). Majority of the respondent has experience of conducting a business for more than 10 years (34 %), followed by those who have experience years of 5-10(33 %). From the total participant most of them are involved in the service giving business (48%) followed by the manufacturers (44%) and the remaining respondents were the representatives of exporters (8%)

Table 3: Demographic information of the respondent

Variable	Freq	Percent
Sex	Female	115
	Male	195
Age	18-30	74
	31-45	125
	46-60	66
	>60	45
Experience	< 3 years	33
	3-5 years	68
	Years	103
	>10 years	106
Types of Business	Manufacturing	135
	Service giving	149
	Exporters	26

Source: SPSS Output from Survey Data, 2016

5.2 Statistical mean values of objectives of chamber of commerce and sectoral association

In this study the researchers used the statistical mean and standard deviation for comparison of descriptive results such as objectives of chamber of commerce and sectoral association and to compare which variable has more impact on the performance of chamber of commerce and sectoral association of all variables considered in this study

Table 4: Mean of Objectives of chamber of commerce and sectoral associations

Descriptive statistics of objectives of chambers	Mean
Providing different service to business communities	3.8
Ensure members right and benefit	3.75
Promote product and services	3.50
Promote trade and investment	3.0
Serve as bridge b/n business community and government	2.85
Capacitate business community	3.1
Make business to business networking	3.45
Solve any ambiguity raised out of business	3.65
Aware business community updated local and foreign information regularly	2.8

Source: SPSS Output from Survey Data, 2016

In this study to screen out the major objectives that is mainly performed by CCSA we prepared questionnaire for the presidents and secretary general of each city chambers of commerce and sectoral associations and we calculate the mean of their response using descriptive statistics. The result indicates that out of the listed objectives of CCSA main objectives that were dominantly performed by the chamber were providing different service to business communities (3.8) ensure members right and benefit (3.75) and solve any ambiguity raised out of business (3.5) respectively.

5.3 Descriptive Statistics for factors affecting the performance of chamber of commerce and sectoral association and Satisfaction of the members

Table 5: Descriptive statistics of variables

Variables	Mean	Std. Deviation
Government law	3.641	.892
Lack of trust and support from government	3.414	.949
Lack of private business association mentality	3.399	.929
Absence of appropriate laws that govern private business	3.540	.9536
High degree of self- interest from board members	3.550	.9288
Weak organization structure, strategy and infrastructure	3.389	.9768
Satisfaction of being membership	2.871	.9396

Source: SPSS Output from Survey Data, 2016

The mean and standard deviation for the internal and external factors that were determine the performance of chamber of commerce and sectoral associations as well as the satisfaction of the members was calculated to identify which factors should strongly determine the performance of chamber of commerce and sectoral associations and to measure the level of satisfaction of the members as well.

The result in table 5.2 indicates that government law has the highest a mean score of 3.64 with a standard deviation of .892, mean score for high degree of self- interest from board members was 3.550 with the standard deviation of .929. The satisfaction level of the members has the mean of 2.871 and standard deviation of .9396. The above data indicates that from the external factors affecting the performance of chamber of commerce and sectoral associations the effect of the government law takes the lion share and from the internal factors affecting the performance of chamber of commerce and sectoral associations, high degree of self-interest from board members is the most determinant factors followed by absence of appropriate laws that govern the administration of the chambers and sectoral association (3.540). The level of satisfaction of the members was found 2.871; this implies the level of the members' satisfaction is below the mean, since the researchers use the average satisfaction level as three by adding the highest and the lowest value of the Likert scale and then divided it by two to get the average.

5.4 The relationship between independent variables and satisfaction of the members

Table 6: The relationship between independent variables and Satisfaction of the members

Independent Variables	Result	Satisfaction
Government law	Pearson correlation	.463**
	P-value	.000
	N	310
Lack of trust and support from the government	Pearson correlation	.352**
	P-value	.000
	N	310
Lack of private business association mentality	Pearson correlation	.450**
	P-value	.000
	N	310
Absence of appropriate laws that govern private business association	Pearson correlation	.438**
	P-value	.000
	N	310
High degree of self-interest from board members	Pearson correlation	.355**
	P-value	.000
	N	310
Weak organization structure and strategy, infrastructure	Pearson correlation	.420**
	P-value	.000
	N	310

**Correlation is significant at the 0.05 level (2-tailed) ($p < 0.05$)

Source: SPSS Output from Survey Data, 2016

As the above table indicates a moderate positive relationship was found between government law and satisfaction of the members ($r = .4630$, $p < .05$), lack of private business association mentality and satisfaction ($r = .450$, $p < .05$), absence of appropriate laws that govern private business association and satisfaction ($r = .438$, $p < .05$), and weak organization structure, strategy and infrastructure and satisfaction ($r = .420$, $p < 0.05$), which is statistically significant at 95% confidence level. There exists a positive but low relationship between high degree of self-interest from board members and satisfaction of the members ($r = .355$, $p < 0.05$), lack of trust and support from the government and satisfaction of the members ($r = .352$, $p < 0.05$), which are statistically significant at 95% confidence level.

5.5 The impact of independent variables on the dependent variable

Table 7: Summary of regression result

Model	R	R square	Adjusted R Square
	.549 ^a	.718	.564

Source: SPSS Output from Survey Data, 2016

The outcome of the regression analysis indicates that the correlation between satisfaction of the members and the factors that determine the performance of CCSA and satisfaction of the members found 54.9% while the independent variables (weak organization structure, strategy and infrastructure, government law, lack of trust and support from government, high degree of self-interest from board members, absence of appropriate laws that govern private business and lack of private business association mentality) in the above model revealed the ability to predict satisfaction of the members ($R^2 = .718$). In this model value of R^2 denotes that 71.8 percent of the observed variability in satisfaction of the members can be explained by the factors that determine the performance of chambers of commerce and sectoral association. The remaining 28.2 percent is not explained which means that the rest 28.2 percent of the variation of the satisfaction of the members is related to other variables which are not depicted in the model or other factors which are held constant.

5.6 Qualitative data analysis

The result of interview analysis indicates that CCSA are not performing their objectives because of internal (lack of limited resource and capacities and external limiting factors, specially, the government law i.e article 341 has some ambiguities and most of the members believe that this article has to be amended since it is not satisfy the interest of the members and not strengthen the business association rather it leads to disintegrations of the business associations. Presidents and secretary generals of the selected CCSA witnessed that most of CCSA are not performing their tasks as expected because of the different challenges. When we see challenges resulted from members' side, firstly members have the right but not obligation to fully engage in the association, therefore the association is suffered from lack of money since there is no membership fee. Secondly, there is serious problem of resource, finance and other infrastructures therefore the chamber is not doing what he stands for. The other challenge is popular traders can get acceptance by the government whatever they need and government facilitates the condition for them therefore they could not join the association. The last challenge from members side is that some of the member believe that the association can collide them with the government because of this they do not trust the association. The second challenge was resulted from leaders' side meaning to say that some leaders have not good professional knowledge and know how to lead the members effectively. The last challenge is concerned with dependency of the association over the government for different reasons. Due to this reason the association losses its credibility and voice to convince the government. In addition to this, from the interview we understood that there is no formal mechanism for consultation and dialogue with the government, policy formulators and representative of the

business community or are only occasional and this create problem for chambers of commerce and sectoral associations.

5. Conclusion

Based on the empirical findings of this study, the researchers conclude that, even if chamber of commerce and sectoral association plays critical role for the development of private business specifically and for economic growth of the nation in general, currently they are not performing well since there performance is held back by both internal and external factors considered in the study. From the external factors identified by the researchers namely, government law and lack of trust and support from the government affects the performance of Chamber of commerce and sectoral associations. With regards to internal factors, like, absence of appropriate laws that govern private business association internally, lack of private business association mentality, high degree of self-interest from board members and weak organization structure, strategy and infrastructure were found as factors affecting the performance of chamber of commerce and sectoral associations. Based on regression analysis the researcher concludes that there is positive and statistically significant correlation between factors considered in the study and the satisfaction of the members. Moreover, 71.8 percent of the observed variability in satisfaction of the members can be explained by both internal and external factors considered in the study, while that the rest 28.2 percent of the variation of the satisfaction of the members is related to other variables which are not depicted in the model. Another important finding is that, the performance of chamber of commerce and sectoral association is highly determined by government law than other factors. Furthermore, the satisfaction of the members is low, this may happen because even if, CCSA has many objectives only few of them are frequently practiced and most of the others are not practical yet and the main reasons for this is, limitation of resource, limited capacity, lack of leadership skills and inadequate planning and lack of information, due to these obstacles the chambers are not providing the expected services demanded from them in practice for the members. This in intern resulted low satisfaction of the member and withdrawal of the members from the associations. Finally, from qualitative data analysis we find that there is absence of formal mechanism for consultation and dialogue with the government and the associations on the issues that needed solution and amendments.

6. Recommendations

The conclusions drawn in this study have important implications for policymakers, government officials, leaders and members of chambers of commerce and sectoral associations. A positive relationship between the study factors and performance chambers of commerce and sectoral associations. Thus, proper understanding of these factors and conditions constitutes an essential starting point and is a key to the formulation of policies, designing of appropriate intervention strategies and practical steps by the government officials and policy makers to improve and strengthen the performance chambers of commerce and sectoral

associations. The present study highlighted that, government law, lack of trust and support from the government, absence of appropriate laws that govern private business association internally, lack of private business association mentality, high degree of self-interest from board members, weak organization structure and strategy and infrastructure were the variables that strongly determine the performance of chambers of Ethiopian commerce and sectoral associations. Therefore, policy makers and leaders of commerce and sectoral associations should give special attention for these factors whenever they made decision and policy to boost the performance of chamber of commerce and sectoral associations. To achieve this, government officials and policy makers should design policies and laws which is suitable for operation of the association and as much as possible they should reduce their intervention on the function of the association which is given on the proclamation. Whereas, leaders of the association should strive more to avoid the internal problems of the association such as resource, capacity, leadership, planning and access towards information, by drafting different strategies. To this end avoid financial and resource problems the chambers should attract more members and retain them, then financial problem will be solved from membership fees. By designing different proposal, the chambers will work together NGO's and donors to get required resources and finance. We suggest, to address capacity, planning skill problems and leadership problems should be solved through intensive training for the employees who have gaps. The main goals and motives behind establishment of chambers of commerce and sectoral associations are promoting the interests of business community both at national and internal levels, if there is growth of the private businesses, the cumulative impact is the growth of national economy, in line to this chamber of commerce and sectoral associations set many objectives, however many of these objectives are not yet practical achieved, therefore, leaders of CCSA, policy makers and the members must strive their best to help the association realize this objectives. It can be suggested that the members of chamber of commerce and sectoral associations should continue their membership and strengthen the association through contributing both financially and technically, and pay their membership fee on time and takes paying membership fee as a sign of modern community. Finally, in our country, membership to the chambers of commerce is based on the voluntary basis. According to our country context and real situation in business community like illiteracy, low level of awareness about the importance and benefit of business associations, voluntarily type of membership has been not successful so far. To this end, more emphasis should be given by responsible government bodies and policy makers should pay great attention to introduce continental model (obligatory membership) of business organization in Ethiopia and the government should open for formal consultation and dialogue with representatives of business community.

7. Limitations and suggestions for future research

Although the study shed light in identifying the factors that determine the performance of chamber of commerce and sectoral association in Ethiopia in general, as with all academic studies, there are limitations stemming from this research that can be overcome by other researchers in the future inquiry. Therefore, the result of the current study should have to be understood with certain limitations and we acknowledge these limitations in our research. First, study incorporated only active city members and our sample cities were mainly from the central part of the country, mainly from Oromia region. Hence, it would be worthier to conduct study by incorporating city member which are not active as well as the other part of the country to get more generalized results. Secondly, the study employed a cross sectional design, which limit the result of the study. Therefore, longitudinal studies on the factors affecting the performance of chamber of commerce and sectoral association are recommended. Third, since there is no study conducted before on similar topic in Ethiopia specifically and at the African level generally, the researchers are unable to get sufficient literatures, therefore, this study depends on the reports and strategic plan of Ethiopian chambers of commerce and sectoral association. Therefore, the researchers cannot perform triangulation of the result of this study with the others. However, it is suggested that future research may come up these limitations. Finally, the present study highlighted both internal and external variables affecting the performance of chamber of commerce and sectoral association in Ethiopian. Still there are other variables which may affect the performance of chamber of commerce and sectoral association in Ethiopian which is not included in the study such as management issues, leadership issues, inventory management and financial management practices of the associations. Therefore, future researchers expected include these other variables not listed here and identify their effect on performance chamber of commerce and sectoral association in the future. In addition, it would be of great interest to validate the result of the study in other countries. Despite these limitations the researchers believe that they have not significantly affect and diminish the conclusion and results of the study.

8. Disclosure Statement

No potential conflict of interest was reported by the authors.

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