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IMPACT OF FIRM'S AGE AND SIZE ON IT'S FINANCIAL PERFORMANCE: A CASE STUDY OF RESTAURANTS ON ERITREA-ASMARA CITY

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ABSTRACT

This study had the objective of assessing the impact of firm's age and size on firm's financial performance. The effects of firm characteristics on firm performance have gained attention in recent theoretical and empirical work. Firm size and age are a construct of scholarly interest since it traditionally has much explanatory power, and an understanding of its importance can be vital for managers who operate in this competitive environment. This research was carried out using an explanatory and descriptive research design. The target population of this study was restaurants located in Asmara city. From this all population 51 restaurants were included in the sample. Firm size was measured using total assets and total number of employees. Financial performance was measured using profitability. Data which was collected was analyzed using SPSS software. Analyzed data was presented using tables and figures. Study findings indicate that there is a big impact of the firm characteristics on firm performance. The study recommended that in order for restaurants to increase and make stronger their financial performance they need to enlarge their size through equipping latest and more asset and at the same time hiring employees with different skills. The study further recommends that for restaurants to remain profitable they should have good portfolio management which will help in generating profit and in making decisions about investment plans.

Keywords: firm size, firm age, financial performance, profitability, net asset, and number of employees.

1.0 INTRODUCTION

Firms are formed for the purpose of making profit by providing the needed goods and services and also by performing in an optimal and efficient way to achieve a better financial performance. Financial performance is an interesting topic and is of more of significance when comparing two firms. Firm performance can be measured using different ways and by applying different methods; however, one of the most applied methods refers to financial analysis that use profitability ratios as key measures of firm's overall efficiency and performance (Kaguri, 2013). When we say profitability, it is the amount of money a company can engender with whatever resources the company has and according to Ilaboya (2006) profitability is defined as the level of profit in relation to the volume of activities of the organization. Firms should always maintain profitability to be stable. The profitability of the company can maintain the survival of the company's ability to earn income (Savis, 2005). According to Rushdi and Tennant (2005), profitability can be measured in a number of ways including return on assets

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(ROA), return on equity (ROE) or profit margins. In addition, ROA and ROE are the indicators of measuring managerial efficiency (Samad, 2000).

Firm's financial performance is affected by different internal and external factors. Out of the factors that affect firms' profitability are firm age and size. Age is defined as "the time of life at which some particular qualification, power of capacity arises or rests" (Merriam Webster, 2019). According to Ilaboya and Ohiokha (2016), a firm age is "the number of years of incorporation of the firm". As with time after companies' setup or establish usually companies are able to learn, getting more sufficient and efficient to be competitive in the business atmosphere and tend to be more successful (Arrow, 1962; Jovanovic, 1982). So from this we can understand that as age gives a competitive advantage to firms and can be taken as a factor that affect firms financial performance. The second factor that affects financial performance of firms is firm size. Size of a firm refers to the quantity and array of production capability and potential a firm possess or the quantity and diversity of service a firm can make available concurrently to its clients and due to the phenomenon of economic of scale (Shaheen et al..,2012). Firm size has always been an important factor for determining a firm's profitability which improves performance; therefore, a firm will always try to increase its size (Oyelade, 2019). The size of a firm is very essential in this world because large firms can manufacture items on much lower costs in contrast to smaller firms. So, firm size has been become as a popular variable in explaining organizational performance and that's why the researcher takes firm size as one of the factors that affect financial performance of firms.

The issues of whether older firms are superior in performance to younger firms, or vice-versa, and whether large firms are superior in performance to smaller firms or vice-versa, have a great topic or concern on assessing the performance of firms and have generated several theories and empirical research. Several research studies have investigated the relationship among firm size, firm age, and profitability in different countries, including Turkey, the United States, India, Nigeria and other countries. To date, no research has been conducted in Eritrea to investigate the correlation/relationship among firm size, firm age, and profitability among Eritrean firms. Therefore, the relationship among firm size, firm age, and profitability in Eritrea is still unknown. Knowing such relationship will be extremely helpful to Eritrean firms that are either in the early stage of development or in the mature stage, this research is taken to examine the impact of age and size of a firm on its financial performance and wants to know that whether there exists a relationship and what kind of effect exists among the variable factors and firm's profitability. This result mainly will help restaurants because the study is made on restaurants in Asmara city.

In Asmara there are 106 restaurants and located in every part of the city mainly located within maekel ketema and Mai- Abashawl. Firm size affects performance in many ways. Some characteristics of larger firms are that it's diverse capabilities, the abilities to exploit economies of scale and scope and the formation of procedures. These characteristics by making the implementation of the operations more effective allow large firms to generate superior performance relative to smaller firm (Penrose, 1959). The same like firm size, firm age gives different characteristics to firms that makes difference in firm's performance of older and large firms. Several studies have made on the impact of the variable factors on the performance of firms. But the result was not all the same in some there exists a positive relationship and in

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other there exists a negative and in the rest other researches that have made the result was no relationship exists between the variable factors and firm performance.

Statement of the Problem

Financial performance is concerned with the analysis of company's financial position, the level of competitiveness in the industry and getting a thorough knowledge of the cost and profit centers with in the business. One of the most used measures of financial performance is profitability which measures the entity's performance, management efficiency in using assets in increasing the owner's fortune and its success in achieving its activities. In real world we observe that some organizations are profitable and have high economic performance while other organizations in contrast are not profitable that leads them to have poor financial performance. This variation of being profitable suggests that firm-specific factors influence company's financial performance. It is therefore crucial to identify the factors and determine how the variable factors impact firm's financial performance. Out of the external and internal factors that affect firm performance are the firm's age and size.

However, most companies do not give much attention to the impact of firm profitability by its size and age. In our country the impact of firm age and firm size has not been well researched and that's why this area deserves an examination. Therefore, the main concern is to study the impact of firm- specific factors named size and age on the financial performance of firms to be specific firm profitability.

Research Objective

General objective: Many business organizations have the objective of maximizing owners or shareholders wealth. This is usually measured using financial performance. The financial performance of a firm is a variable affected by many factors. So, this studies general objective is to evaluate the relationship that exists between firm's age, size and financial performance to be specific firm's profitability.

Specific objectives: Related to this broad objective here are the following specific objectives:

- To understand factors that affect restaurants profitability and also the challenges faced by firms during their operation.
- To examine the impact firm age on firm profitability.
- To assess the effect of total assets on firm profitability.
- To find out the effect of firms number of employees on its profitability.

Research Questions

- What is the impact of Firms age on its profitability?
- What is the relationship between firm's total assets and its profitability?
- What is the effect of firm's number of employees on its profitability?

Significance of the Study

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As to managers of the companies, the study provides them with insight on major factors influencing firm's profitability and provides them with reference information that they can use in policy formulation in relation to expansion of the firms they are managing and also they are likely to use the findings of the study to understand the factors that affect firm's profitability. The study also helps financial managers in analysis of other factors influencing firm performance.

The findings of the study will also provide benefit to employees in understanding the importance of key factors affecting profitability in order to improve their firm image thus translate into increase in firm financial performance and the effect of firm size on their salary and rewards. Most of firms engage at activities which are proposed at improving the image of the firm and the best people to achieve these are employees of the companies as long as they are motived both by non- monetary and monetary means.

Though the factors affecting financial performance are specific to a certain industry, some factors can be generalized to all industries. From that base, it is likely that the findings from this study will be of use to other organizations apart from those in the restaurants industry. This is because the study will shed light and provide evidence on the effect of size and age on financial performance.

In addition, the results of this research would help revealing the true relationship between Firm's size, age and firm profitability, since mixed results have been found in previous studies made in different countries. The study will also contribute to the future studies in Eritrea by offering a good reference point for them, since there has been no research done in Eritrea on this exact topic, this research can also set up a comprehensive model for future studies.

Scope of the Study

This research focuses on the impact of age and size of firms on restaurants despite the fact that age and size of firms is critical issue in any type of business. It focuses only on the service provided by restaurants. It doesn't concern about the other internal and external factors that affect firm's financial performance.

Organization of the Study

The research project is organized in five chapters. Chapter one focuses on the introduction of the study, statement of problem, objectives, research questions, research hypothesis, and scope of the study, limitation and significance of the study. Chapter two encompasses literature review where theoretical, empirical review of literature and conceptual frame work of the study was presented. Different models and findings of similar studies are presented in this section. Chapter three discusses the methodology employed in the study, including research approach, strategy, sample design, procedure of data collection, method of data analysis and model specification. Chapter four is about data analysis and interpretation of finding. Finally, chapter five will contain conclusions and recommendations.

2.0 LITERATURE REVIEW

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In evaluating the firm's financial performance, it can be measured by using measures like profitability. The profitability of firms varies from one firm to another and the reason for this is that their profitability is affected by different internal and external factors. The coming section emphasizes on the most important topics concerning firm's profitability. Since the main target of the research is to analyze the factors that affect firm's profitability. How the identified factors, namely firm's age and size affect profitability of firms will be explained in detail. In a nutshell, this chapter reviews the literature available on the firm size, firm age and their relationship with profitability and presents the theoretical, empirical and conceptual framework which is used to guide this study.

General Introduction

Overview of Financial Performance

Performance is the function of the ability of an organization to gain and manage the resources in several different ways to develop competitive advantage (Chen and Wong, 2004). Organizational Performance refers to how well an organization achieves its market-oriented goals as well as its financial goals. It also means attainment of ultimate objectives of the organization as set out in the strategic plan and can be determined in various ways. Performance is a difficult concept, in terms of both definition and measurement and this is because performance of companies is defined as a result of activity. There are two kinds of performance, financial performance and non-financial performance. Financial performance emphasizes on variables related directly to financial report. It is a way to determine the company's future obligations and make better investment decisions. While, non-financial performance is about the measurements of firm's performance aside from the financial and cannot be expressed in monetary value. Measurements of business performance can be like product quality, delivery, reliability, after sales services, customer satisfaction and many others can be expressed. Financial performance is an interesting topic and is of more of significance when comparing two firms. Research conducted by (Walker, 2001) pointed out about the dimensions to Measure Company's financial performance.

Company's performance is evaluated in three dimensions. The first dimension is company's productivity, or processing inputs into outputs efficiently. The second is profitability dimension, or the level of which company's earnings are bigger than costs. The third dimension is market premium, or the level of which company's market value is exceeding its book value. As described in the above paragraph firm performance can be measured using different ways and by applying different methods; however, one of the most applied methods refers to financial analysis that use profitability ratios as key measures of firm's overall efficiency and performance (Kaguri, 2013). When we say profitability, it is the amount of money a company can engender with whatever resources the company has.

Firm Profitability

Profitability is defined as the relationship between revenues and expenses incurred during production activities performed with firm assets. Profitability is also defined as the level of operational efficiency in the usage of owned assets as well as the firm ability to generate profits. According to Ilaboya and Ohiokha (2016), "profitability is the level of profit in relation to the volume of activities of the organization." Even though profitability can be used to measure

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both the firm performance and efficiency, profitability does not always equal to the efficiency of management. In addition, profitability and profit are two different concepts.

According to Horton (2019), profit is the value of difference between a company's total revenue and expense, it would always be a company's object to increase its' profit. While profitability, though closely relates with profit, is defined as the relationship between a company's level of profit and its relevant business scale (Horton, 2019). Profit is synonymous with income, earnings, and margin and returns even though in principle, differences exist among the concepts. The goal of companies is maximization of profit. Profit maximization is a good thing for a company, but can be a bad thing for consumers if the company starts to offer substandard services or charge higher prices for the services (Ongore & Kusa, 2013). Different measures of profitability have been adopted in various researches. In accounting literature, there exist about five variants of profitability index: return on assets, return on capital employed, return on equity, net profit margin and gross profit margin (Ilaboya, 2008).

Determinants of Profitability of Firms

Profitability is the unique measure of corporate success and an essential indicator of economic performance. In estimating restaurants financial performance in Eritrea, the profitability variable is considered as dependent variable. In this study size, and age are used as independent variables to provide comparative results.

Size of Firms

The firm size is a key element in verifying the profitability. According to Aulia and Agustina (2015) explained that firm size is a scale that indicates a company classified as large or small. The concept of firm size can also be defined as the quantity and collection of production capability and potential a firm possesses or the quantity and diversity of services a firm can make available to its customers (Shaheen & Malik, 2012). Firm size is commonly used as important fundamental firm characteristics and can classify a company as a big or small company based on the total assets owned or the total sales created by the company. The size of the company can be measured by the size of the sales volume, the number of workers it has, and its asset value. Further there are various ways to measure the size of a firm. Size is most often defined as the annual revenue. However, this measure is basically meaningless because it tells nothing about the depth of the underlying activity. A better measure of size is value added, which is more or less equivalent to revenue less externally purchased products and services. This metric gives a precise measure of activity.

Main independent variables of this study are the size indicators. Total assets and number of employees have been used as firm size indicators. The number of people employed by a firm is a standard control and represents a core metric for understanding the firm's size. It can be concluded that it is in the best interest and positive benefit for an organization to have a greater number of employees with different skills and capability which in turn can help the organization to be successful and also to attain a better financial position. By contrast, owners are less likely to view employment growth as a measure of success, as an increase in employee numbers drives up staff costs and means (as has been described by entrepreneurs) "simply more mouths to feed'. However, this paper uses it as number of employees has an impact in a positive manner on the firm's financial performance. A review by Kimberley claims that more than 80

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percent of academic studies use this measure. Finally, assets can define size. An asset is any resource owned or controlled by a business or an economic entity. It is anything (tangible or intangible) that can be used to produce positive economic value. Assets represent value of ownership that can be converted into cash (although cash itself is considered as an asset). As with revenue this measure may not reflect underlying activity, but for manufacturing firms, asset to value added ratios are almost the same. Asset for individual firms is most of the time available and can therefore be used as a practical measure in further studies.

Age of Firms

Age is defined as "the time of life at which some particular qualification, power, or capacity arises or rests" (Merriam-Webster, 2019). According to Ilaboya and Ohiokha (2016), a firm's age is "the number of years of incorporation of the firm." Age can be measured through the company's inception date. The age of a company can be determined by the foundation of a company (Paramitha and Rohman, 2020). Firm age is the length of life of a company since it was established until the period of time as long as the company still exists. A long-established company will have more experience in carrying out business activities in its industrial sector and it is better known to the broader community rather than newcomers. According to Yameen, et.al (2019) firm age stands for age of a company at the time period of analysis. In this research study, the researcher measured the firm age from difference between the year the study was conducted and the year the company was established. Maintain the existence of business for long time period is hard because the company should maintain the quality of products and there always will be new unit business comes in to the market with their products, so the company should be innovative with the products and technology used to compete with competitors and keep going concern its business.

Theoretical Literature Review

Different theories of a firm try to explain why firms exist, what forms firm and market boundaries and why there are differences in their organization and performance. This paper aims to determine connection between firm size and age and its performance, or to be more precise, firm profitability. Focus of firm theories is broader than explaining reasons for differences in firms' performance; therefore, a more narrowed theoretical background is here presented.

Learning By Doing Theory

Learning by doing effects occur when firms increase their productivity as they learn about more productive production techniques and incorporate these improvements in their production routines. The learning by doing theory posits that increasing knowledge of effective production techniques will improve the performance of the organization (Garnsey, 1998). Older firms have better financial performance because they are more experienced and enjoy the benefits of "learning by doing" (Coad et al. 2013, Vassilakis 2008). Moreover, younger firms are prone to "liabilities of newness" which refer to a number of poorly understood factors leading to higher failure rates and also describes how young organizations face higher risks of failure (Stinchcombe 1965). He coined this term to highlight that young firms are obliged to promote social interactions within their organizations and with external organizations in order to sustain the additional learning costs involved in new roles and new tasks. Furthermore, older firms

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may benefit from their greater business experience, established contacts with customers, and easier access to resources.

Firm Life Cycle Theory

This study is premised on firm life-cycle theory, coined by Mueller D. in 1972. The theory posits that, like products, organizations go through four life-cycle stages: start-up, growth, maturity, and stagnation, and each stage has distinctive characteristics (Ryu & Won, 2022). The theory delineates that firms in the birth or introduction stage are small and struggling as they face a high cost of capital (Matemilola et al., 2019). In the growth stage, firms are older and larger than those in the birth stage, and they make long-term and large-scale investments and have higher sales growth rates than mature and declining ones. They enjoy lower costs of raising external capital than those in the birth stage (Akbar et al., 2019). Firms in this stage establish formal structures, expand through innovation and diversification, establish distinct competencies, prioritize rapid sales growth, delegate some authority to middle managers, and broaden their product line (Habib & Hasan, 2019).

Conversely, mature firms experience stable market and sales growth and make fewer investments than growing firms. The theory further posits that older firms have more experience and networks of relationships and can obtain superior returns (da Silva Roma et al., 2020). On the other hand, in the decline stage, firms experience stagnation and suffer from falling returns because of external challenges. They try to improve their short-term performance by recovering or closing lines of business as profitability declines (Yang et al., 2022). Moreover, older firms have a more bureaucratic organizational structure; consequently, they cannot respond faster to unfavorable market conditions that may negatively affect returns (Matemilola et al., 2019). At this stage, innovation is declining, and the firm prefers to maximize profits by avoiding costly changes and maintaining favorable product prices. Firms at this stage are conservative and prefer to protect what they have already accomplished. Managers become more risk-averse than at other stages, with a less innovative and proactive attitude (Akbar et al., 2019).

Although the firm life-cycle theory elaborates on the numerous stages of the firm life cycle, it remains unclear whether the same holds for Eritrea's firms. Furthermore, there is no agreement on the exact number of stages and the organizational tasks that characterize each stage. Studies (Can et al., 2023) have challenged this viewpoint, claiming that organizations do not always undergo such an inevitable transition from one stage to another. However, knowing a company's life cycle is critical for the comprehension of its financial performance throughout time. As a result, despite the criticism, the firm life-cycle theory applies to this study. As a result, this study hypothesized that as organizations grow; their financial performance improves, highlighting the necessity to validate the hypothesis among Eritrea's firms.

Human Capital Model

This theory was developed by Doeringer and Piore (1971). The human capital model, in which earnings reflect skill differentials in perfect factor markets, has dominated the interpretation of earnings functions. The finding that earnings raise with firm size has been widely interpreted in this framework. The human capital explanation is that the vector of relevant productive skills is partially unobserved, and that the significance of firm characteristics in earnings regressions

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essentially reflects unobserved labor quality. This is under the assumption that large firms hire more able individuals than do small firms. This model illustrates that firm size is positively correlated with earnings and is entirely consistent with competitive labor markets.

The standard approach in labor economics views human capital as a set of skills / characteristics that increase a worker's productivity. This is a useful starting point, and for most practical purposes quite sufficient in explaining the performance of a firm. Human capital is directly useful in the production process. More explicitly, human capital increases a worker's productivity in all tasks, though possibly differentially in different tasks, organizations, and situations. In this view, although the role of human capital in the production process may be quite complex, there is a sense in which it is thought as represented by a one-dimensional object, such as the stock of knowledge or skills, and this stock is directly part of the production function. It is therefore indicative that as a firm grows in size, it is able to attract efficient workers and develop its human capital for better performance.

Growth of the Firm Theory

This theory was fronted by who offered durable principles governing the growth of firms and the rate at which firms can grow efficiently and be profitable. Penrose (1959) provides a theory of effective management of firm's resources, productive opportunities, and diversification strategy. Specifically, provides an explanatory logic to unravel causal links among resources, capabilities, and competitive advantage, which contributes to a resource-based theory of competitive advantage. And also there are at least three key arguments concerning linkages among firm's resources, productive opportunities, and profitable firm growth (Penrose, 1959).

Penrose (1959) first maintains that firms can create economic value not due to mere possession of resources, but due to effective and innovative management of resources. This indicates that a firm commanding massive resources is not necessarily more profitable than firm commanding little resources. Creative resource deployments spur differences in productive opportunities and financial performance. Penrose (1959) also provides causal links between resources and the generation of productive opportunities for growth and innovation.

The experience of managers with each other and other resources in the firm affects their image of the unique productive opportunities available for their firms. Managers function as a catalyst in the conversion of firm's resources into firm capabilities and new product applications. In the spirit of dynamic capabilities, new combinations of resources lead to innovation and economic value creation. Large firms are expected to have this more than small firms. Penrose (1959) explains the drivers of the rate and direction of firm growth. The availability of top managerial and technical talent serves as the bottleneck for a firm's growth rate in a particular period of time. The current knowledge bases and underutilized resources of the firm determine the direction of firm growth. He doesn't only articulate why and how these drivers shape the rate and direction of growth, but also argue that ignorance of these limiting factors results in inefficiencies and loss of competitive advantage. Penrose (1959) provides a comprehensive explanation of the link between resource-based relatedness and firm level performance. The choices that lead to an optimal growth pattern have direct consequences for economic rents. Firms that command huge resources and attract the best management are therefore expected to perform better than their peers according to the growth of the firm theory (Penrose, 1959).

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Economic Theory

Economic theory prescribes that increasing firm size allows for incremental advantages because the size of the firm enables it to raise the barriers of entry to potential entrants as well as gain leverage on the economies of scale to attain higher profitability. The higher the barrier to entry, the lower will be the threat of potential competition, and the higher the profits that existing firms can earn without inducing entry (Chrystal & Lipsey, 1997).

The size of a firm affects performance in many ways. Key features of a large firm are its diverse capabilities, the abilities to exploit economies of scale and scope and the formalization of procedures. These characteristics, by making the implementation of operations more effective, allow larger firms to generate superior performance relative to smaller firms (Amato and Wilder, 1990). Alternative points of view suggest that size is correlated with market power, and along with market power x-inefficiencies are developed, leading to relatively inferior performance.

Empirical Literature Review (Related Studies)

Ida Ayu (2023), conducted research on "The Effect of Firm Size and Sales Growth on The Capital Structure and Financial Performance of The Tourism Industry in Indonesia". The main objective of the study was to examine the effect of firm size, sales growth on the capital structure on the tourism industry and the effect of firm size, sales growth, and capital structure on the financial performance of a firm in the tourism industry that is listed on the Indonesia Stock Exchange (IDX). The study was based on a secondary data collected in the form of annual reports of companies including the tourism industry listed on the IDX from 2013 to 2016. The target population for the study was the existing and potential tourism industry companies within Indonesia, and using a purposive sampling method a sample of 21 tourism industry companies that were listed on the Indonesia

Stock Exchange in the 2013-2016 period were selected. Multiple regression analysis technique using statistic test on Statistical Package for Social Science (SPSS) version 20 was performed to investigate the effect of each explanatory variable on financial performance and capital structure. The results of the analysis indicate that firm size has positive influence on a firm's financial performance measured in terms of profitability; meanwhile, the capital structure has a negative effect. Sales growth was found to not have any influence on the financial performance. Similarly, firm size and sales growth did not have any effect on the capital structure.

John, Wilbroad, Peter, & Pereez (2023), conducted research on "Firm Age and Financial Performance: The Firm Life-Cycle Theoretical Perspective of Private Limited Companies in Uganda". The main objective of the study was to investigate the relationship between firm age and the financial performance of private limited companies in Uganda. The study adopted cross-sectional design. A sample of 394 companies which were drowning from a population of 30,000 private limited companies was included in the study. Private companies were classified by sector and randomly selected from each sector using a simple random sampling technique. The relationship was assessed using Pearson correlation and standard regression analysis techniques. The study established a positive relationship between firm age and financial performance.

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Olaf Tri (2022), Conducted a study entitled "The effect of firm age, firm size on financial performance with financial inclusion as intervening variable: study on the go public banking sector in Indonesia for the 2015-2020 period". The study sought to see how much the firm age and firm size can affect the financial performance, by looking at financial inclusion as an intervening variable. Data was collected in the form of documentation from the annual financial reports and company annual reports. The study utilized purposive sampling method to select 144 samples of the banking industry in Indonesia that have made an Initial Public Offering (IPO). The researcher used the Structural Equation Model (SEM) using the professional version of the Smart PLS 3 tool in order to analyze the data. Based on the findings the study concluded that firm age on financial inclusion has a significant negative relationship direction, while firm size on financial inclusion has a significant positive relationship direction. The findings also indicated that firm age and firm size on financial performance have a significant positive relationship direction. Financial inclusion (intervening variable) on financial performance has a significant positive relationship to direction.

Daniel, Elia, Istiatin & Luhgiatno (2022), conducted research entitled "Impacts of company size, company age, and the generation of the leader on firm performance". The research tried to analyze the existence of significant differences in independent variables towards the dependent variable. The independent variables are company age, company size and generation of the leader. Meanwhile, the dependent variable is firm performance. The population was a family-owned business. The number of samples were 213 consisting of family firms with different backgrounds. The samples were chosen by purposive sampling. Researchers employed quantitative method and also used the Analysis of Variances (ANOVA) to point out the effect of company size, company age and generation of leaders toward firm performance. Based on the findings the study concluded that no independent variables have a significant impact on dependent variables. It indicates that no matter how big or small the company is, which generation that leads the company is, and how old the company is, it cannot determine how good the performance will be.

Thi Van Khanh (2022), Conducted research entitled "Factors Affecting Firm Performance of Small and Medium Enterprises: Empirical Evidence from Hanoi, Vietnam". The main aim of the study was to evaluate the factors affecting the profitability of small and medium enterprises in Hanoi. The study uses secondary data taken by convenience sampling technique from 2010-2020 financial statements of 210 SMEs in Hanoi, Vietnam. The dependent variable of the study was return on assets (ROA) while the independent variables were firm size, firm age, firm growth, firm value and human capital. The research results show that firm size and human capital have no impact on business performance. However, older firms are likely to have higher firm performance, and conversely, younger firms have lower firm performance. The research also confirmed that the growth of businesses often has higher firm performance than low-growth ones. Furthermore, a firm with greater value has more performance than firms with lower value.

Cuong Vu Hung, Tuong Phi Vinh and Binh Dang Thai (2021), Conducted research entitled "The impact of firm size on the performance of Vietnamese private enterprises". The main purpose of the study was to assess and investigate the effects of firm size on the performance of Vietnamese private enterprises. Secondary data was collected from 2009 to 2018 of 190,499 Vietnamese private enterprises from the Annual Enterprises Survey by the General Statistics

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Office of Vietnam. Researchers apply the ordinary least-squares regression model (OLS) to point out the effects of firm size on the performance of Vietnamese private enterprises. Firm size was measured in terms of growth rate, total assets, and total labor, while firm performance was measured in terms of after-tax profit. In addition, firm age and provincial competitiveness index (PCI) were the control variables of the study. Based on the findings of the study the conclusion was that firm size positively affects firm performance. In addition to firm size, firm age and provincial competitiveness index also have positive effects on firm performance.

Liu Yilun, (2020), conducted research entitled “Firm Size, Firm Age and Firm Profitability: Evidence from China”. The purpose of the study was to investigate the relationship between firm size, firm age and firm profitability in China stock market. The study used data of all public firms in China Stock market from 2008 to 2018, and adopted the fixed effect model to examine these relationships. The study formulated two hypotheses to investigate the relationship among the independent variables and the dependent variable. These are H1: there is positive relationship between firm size and the second one is H2: there is a positive relationship between firm age and profitability. Based on the findings the study concluded that there is highly significant relationship between firm size and profitability and a highly significant negative relationship between firm age and profitability. According to the results of the study, the proposed hypothesis one, there is a positive relationship between firm size and profitability is accepted, while the proposed hypothesis two, there is a positive relationship between firm age and profitability is rejected.

Donna Kartiningsih (2020), conducted research on “The effect of firm characteristics to profitability of food and beverages companies listed in Indonesia stock exchange”. The purpose of the study was to analyze, examine, measure, and find empirical evidence about the effect of firm characteristics measured by firm age, firm size, liquidity, and leverage to the profitability measured by return on sales. Target population of the study was all companies listed in Indonesia Stock Exchange (IDX). Based on the purposive sampling method used in the research, sample of 12 companies listed in IDX from consumer goods sector with food and beverages sub-sector were selected. The research used secondary data collected and was analyzed using descriptive statistics, Microsoft excel, and SPSS software 25 version. The research employed multiple linear regression analysis to observe the correlation and effect of dependent and independent variables. The researcher found all of the hypothesis of the research accepted and conclude that firm age, firm size, liquidity and leverage have a significant and positive effect on profitability and at last recommended that company should maintain its assets, debt funds, and all resources effectively and efficiently by using experiences and knowledge combined with skills and capabilities to generate more profit.

Conceptual Framework

This research conducted to analyze, examine, measure and find empirical evidence which is the effect of firm characteristics as independent variable represented by firm size and firm age to the financial performance as dependent variable represented by profitability. This conceptual framework is a conceptual skeleton of how one theorizes the relationships among factors named firm size and firm age and their consequences or effect on firm profitability, that have been identified as important to this research. The purpose of this framework is to establish a coherent system of interrelated objectives and concepts for consistent measures and reporting.

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These objectives and concepts are expected to guide selection of sample, the measurement of study findings, and the means of their summarization and communication. And the conceptual framework is indicated in the figure below:

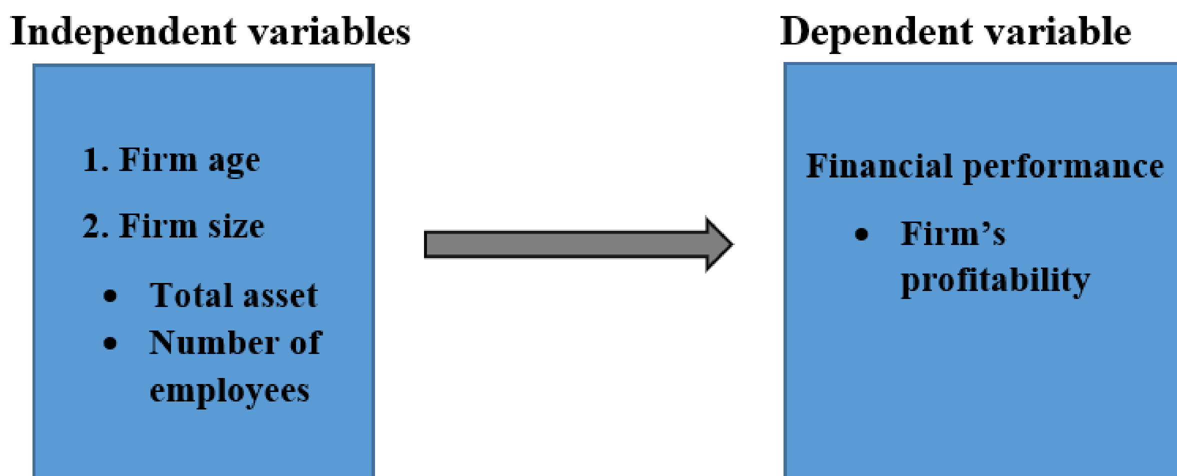

Figure 2.1 Conceptual framework

Operationalization of Variables

The conceptual framework shows the relationship among different variables. This study made use of both independent and dependent variables which are operationalized as hereunder: As it is clearly indicated in this conceptual frame work, those with arrow lines indicate direct influence on firm profitability. These factors or variables can be described as follows:

- **Profitability:** is defined as the relationship between revenues and expenses incurred during production activities performed with firm assets. Profitability is also defined as the level of operational efficiency the usage of owned assets as well as the firm ability to generate profits. It can also be defined as the level of profit in relation to the volume of activities of the organization.
- **Firm's age:** is the length of life of a company since it was established until the period of time as long as the company still exists.
- **Firm size:** the quantity and collection of production capability and potential a firm possesses or the quantity and diversity of services a firm can make available to its customers. In order to clearly assess the impact of firm size on profitability of firms and it expressed in terms of number of employees and total asset of the firms.
- **Total asset:** An asset is any resource owned or controlled by a business or an economic entity. It is anything (tangible or intangible) that can be used to produce positive economic value. Assets represent value of ownership that can be converted into cash (although cash itself is considered as an asset).
- **Total number of employees:** An employee contributes labor and expertise to an endeavor of an employer or of a person conducting a business or undertaking and is usually hired to perform specific duties which are packaged into a job. In a nutshell and

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simply defining, an employee is a person who is hired to provide services to a company on a regular basis in exchange for compensation.

3.0 RESEARCH METHODOLOGY

Research methodology is a systematic way of gathering and analyzing the data required to solve the research problem. It is a procedure that guides the researcher to conduct the research and includes the techniques, methods and procedures adopted in the research. Research methodology is about what data to collect, from whom to collect, how to collect the data and how to analyze it (Jansen and warren, 2020). It addresses multiple aspects of the nature of a study, including whether it is descriptive or analytical, applied versus fundamental, quantitative versus qualitative, conceptual versus empirical, cross-sectional versus longitudinal, etc. (Kothari and Garg, 2008). In research methodology, we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them (Kothari, 2004).

If the research method is complicated and unmatched, the research becomes unclear, costly, untruth collecting information, and as itself the study become difficult and unreliable. So, the research methodology will be shown clearly and this includes: research strategy, data collection method, data collection instrument, sampling method, the need to sample, sampling procedure, sample size, sampling unit, unit analysis, and the data analysis.

Research Approach

This part identifies the research method used to examine the appropriate way to analyze the collection of the data. There are two research approaches in conducting business research; these are deductive and inductive approaches (Mark Saunders, Philip Lewis and Adrian Thornhill, 2009). Deductive approach means when the researcher develops a theory and/hypothesis and design a research strategy to test the hypothesis. Inductive approach is when the researcher collect data and develop theory based on the findings of his study. Here in this research study the researcher employed the deductive approach, which means the researcher answer his research questions based on the existing theories.

In addition, in research approach we do have three methods which are the quantitative, qualitative and mixed approach. Quantitative approach seeks to gather factual data and to study relationships between facts and how such facts and relationships accord with theories and findings and the findings of any research executed previously and in this research the researcher used a quantitative approach (Fellows and Liu, 2008) while qualitative approach is the non-numerical studying and observation, for the purpose of discovering underlying meaning and pattern of relationship. Mixed approach is the combination of both the qualitative and quantitative approach.

This study primarily relied on quantitative techniques as it’s more suitable for fulfilling the purpose of answering the research questions and further builds on quantitative tradition. Another reason behind employing the quantitative method is that the needed data to examine the relationship between the listed factors is quantitative and as cited in (Kothari, 2004) quantitative method involves the generation of data in quantitative form, which can be subject to rigorous quantitative analysis in a formal and rigid fashion.

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Research Design

According to Kothari (2004), a research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. A research design constitutes the blue print for the collection, measurement and analysis of data (Kothari, 2014). It is known that, based on their nature and purpose, different types of studies require different research methods. Since the main purpose of this study was to study or evaluate the impact of firm's age and size on firm's financial performance, this research was carried out using explanatory design and descriptive. Explanatory research design can be explained as a 'cause and effect" model, investigating patterns and trends in existing data that haven't been previously investigated. Descriptive research design also has the ability to collect people's opinions and attitudes since it explores events in different aspects.

Research Strategy

Research strategy is about the plan of action employed in the research that is intended to achieve a specific goal or applied to answer the research problem. The research strategy that will be used must enable you to answer your particular research question(s) and meet your objectives. Taking all these things in consider the researcher will use a survey strategy in order to assess the impact of firm age and size on firm profitability. Survey strategy is usually associated with deductive approach. The reason for the researcher to employ survey strategy is that surveys allow the collection of a large amount of data from a sizeable population in a highly economical way. In addition, the data collected using a survey strategy can be used to suggest possible reasons for particular relationships between variables and to produce models of these relationships (Saunders, Lewis and Thornhill, 2009).

Sampling Design

Sampling frame: Population refers to an entire group of individuals, events or objects having a common observable characteristic. Target population was the population which the researcher wanted to generalize the results of the study (Muganada & Mugenda, 2003) and according to Saunders et al., (2009), a target population is a group or individuals which a researcher is interested in describing and making a statistical inference about. The target population in this study was the restaurants in the capital city of Eritrea, Asmara.

Sample procedure: As the sampling technique should neither be too small nor too big rather so it should be optimal. Another thing in research is that the sample to be taken should clearly represent the target population of the study. This research used probability sampling for selecting the appropriate sample of restaurants to represent the population. Probability sampling is most commonly associated with survey-based research strategies where you need to make inferences from your sample about a population to answer your research questions or your objective. Under this sampling design, every item of the universe has an equal chance of inclusion in the sample (Saunders et al, 2004). Simple random sampling was used as a specific method to give equal chance in selecting the respondents. Synonymously it can also be known as chance sampling or probability sampling.

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Sample size: Sample size refers to the number of subjects under investigation that will be included in the sample target. To be able to draw statistical inference from a sample, it is imperative that the sample is representative of the given population. A large enough sample size reduces the likelihood of errors when generalizing the results to the rest of the population (Saunders et al., 2009). So to make effective research it should not be too vague or too small rather it should be optimal. The following statistical formula was applied to determine the sample size n= N/ (1+N (e2)). n = 106/(1+(0.12) *106) = 51

Where n is the sample size, N is the population size and e is the level of precision (Israel, 1992). The sample size for this particular will be determined using the above formula and it is believed to be representative at 90% level of confidence and 10% precision levels. Therefore, a sample size of 51 was used in this study.

Sample distribution

Firm	Number of firms	Sample size
Restaurants	106	51

Table 3.1 Sample distribution

Data Collection Instrument

A data collection instrument is a device used for gathering data from a target population. It ensures that the right data are collected from the right population (Kothari, 2004). This research employed primary as well as secondary data collection methods for gathering the information needed.

Primary data was collected by means of questionnaire in order to get first hand data and as it is well suited for survey techniques. The researcher distributed self- administered questionnaire to 51 owners and managers of restaurants. Questionnaire as a method is quite popularly employed in different research papers and this is based on the fact that it is the most efficient way of data collection as it saves time, minimize cost and easy to administer (Saunders et al., 2007). A questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms (Kothari, 2004). A five-point Likert-type scale was used for the purpose of this study because it provides opinions ranging between two extreme positions. According to Malhotra (2004), Likert-scale is widely used rating scale that requires the respondent the degree of agreement or disagreement with each of series of statements about stimulus objects and rankings was used to reflect the appropriate levels of measurement.

Secondary sources were collected through literature study. It is any effort made by researcher to gather information that is relevant to the topic or problem that will or is being studied by conducting library studies and visiting Google website.

Data Analsis

Data analysis is the process of converting the raw data to meaningful information. Here the researcher utilized quantitative data analysis methods. Quantitative analysis is numerically analyzing the collected data. The study intended to analyze the impact of firm's size and age

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on overall firm financial performance specifically on its profitability; therefore data was collected relating to total assets, number of employees, age of firm and firm's profitability and was analyzed with the help of IBM® SPSS® Statistic 23.

Reliability and Validity

Reliabilty: According to Spector (1997, 6) the term reliability was defined as the "consistency in measurement: that is, if we repeatedly assess job satisfaction of a person will we get the same number each time, assuming the person's attitudes do not change?" Therefore, it was deemed imperative to ensure that the questionnaire actually measured what it was supposed to measure. Reliability test was also conducted to ensure that the questionnaire could be depended upon to secure consistent results upon repeated application in the future studies. Pretesting was used to establish whether each question measured what it was supposed to measure; consistency in the interpretation of questions and relevance of choices given in the questions.

Validity: Content Validity has to do with the researchers‟ interpretation of what the instrument measures (Spector, 1997). In other words, content validity is concerned with whether the instrument "covers the domain or items that it purports to cover" (Cohen et al., 2007, 137). An instrument is valid if it measures what is supposed to measure. There were several things that were done ensure validity of the instrument employed in the study and these included the following; Avoiding biases of the respondents.

This helped to reduce validity-related risks and increase reliability levels. The other thing was that related literature was reviewed to get the theoretical knowledge about the content or subject and definitions of concepts that are used before designing the instrument for the particular study as Muijs (2004) recommends. Additionally, content validity for the survey instrument used in this study was attained from the following: literature review and similar studies and the Supervisor of this research. This helped to eliminate ambiguities in the items.

Ethical Consideration

The goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from the research activities. The Belmont Report (U.S. Department of Health, Education, and Welfare, 1979) identifies three basic ethical principles which guide investigators or reviewers of research in their work. These are respect for persons (autonomy of decision making), beneficence (do no harm), and justice (equal distribution of the burdens and benefits of research.) In the social and behavior sciences, these principles create four primary ethical considerations. These are the potential for harm to participants (physical, psychological, or legal), informed voluntary consent to participate, the right to privacy or anonymity, and confidentiality of the data (Sullivan et al., 2009). The study meets these criteria. The research design is a voluntary survey. The survey instrument is a questionnaire which imposes no physical requirements on participants and focuses on organizational as opposed to personal factors. All participants were informed of the purpose of the survey and its voluntary nature. Submission of the completed questionnaire is generally accepted as the consent to participate in survey-based research. Participants were also reassured that their data would be safeguarded with strict confidentiality and that their identity would be kept anonymous in the reported findings.

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4.0 DATA ANALYSIS AND FINDINGS

Introduction

The analysis and interpretation of this research is based on the data that was collected from the owners and managers of the restaurants. Hence, the data were gathered and analyzed in a manner that enables to answer the basic research questions raised at the beginning of the study. This chapter deals with the analysis, findings and discussion regarding the objectives of the study. The objectives were to assess the impact of firm's age and size on its financial performance measured in terms of profitability.

Reponse Rate

The data was collected through survey questionnaire. The survey questionnaires were distributed to managers and owners of the restaurants to a simply selected 51 respondents. As part of the research paper the researcher need to include response rate. According to Zikmund et al (2010), Response rate is the number of questionnaires returned or completed divided by the number of eligible people who were asked to participate in the survey. The basic calculation for obtaining a response rate is to count the number of questionnaires returned or completed, then divide the total by the number eligible people who were contacted or requested to participate in the survey. Kothari (2004) noted that for most academic studies, a response rate of approximately 35 percent is reasonable. As per this study, a total of 49 questionnaires were filled and returned by respondents that represent as shown below in table 4.1 is enough to proceed to the analysis.

Table 4.1 Questionnaire distribution

STATUS	FREQUENCY	PERCENTAGE
Filled and returned	49	96%
Incomplete	2	4%
Total	51	100%

Source: researcher work (2024)

Review of Respondents Demographic Profile

The demographic information of respondents included in this study include gender, age, educational level, position they hold in the company. Additional to demographic questions, respondents were asked about what kind of business is their company, its age, from where or whom they get fund to operate their business activity.

Total number of respondents =51

Characteristics	Description	Frequency	Percentage (%)
Gender	Male	40	78%
	Female	9	18%
	Missed Questionnaire	2	4%

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	Total	51	100%
Age group	Below 25	2	4%
	25 to 34	6	12%
	35 to 44	18	35%
	45 and above	23	45%
	Missed Questionnaire	2	4%
	Total	51	100%
Educational level	*NFE	6	12%
	Primary level	6	12%
	Middle level	4	8%
	High school	16	31%
	Vocational school	4	8%
	College and above	13	26%
	Missed Questionnaire	2	4%
	Total	51	100%
Work position	General manager	14	28%
	Owner	26	51%
	Both	9	18%
	Missed Questionnaire	2	4%
	Total	51	100%

Table 4.2 Demographic profile of respondents. *NFE: stands for No formal education

Source: Survey Questionnaire, 2024

Respondent's Gender

This section gives information on the composition of respondents in terms of gender. As shown in table 4.2 the demographic characteristics of respondents in terms of gender reveal there were more male respondents than female. Male respondents account for of the sample while male respondents accounted for.

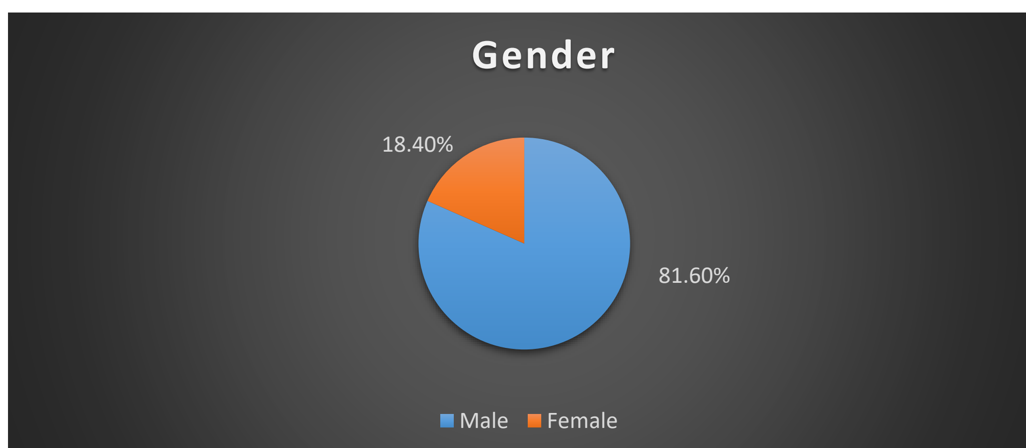

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Figure 4.1 Respondents' gender

Age of Respondents

To determine the age of restaurant owners and managers, the respondents were asked to indicate their age brackets. The results are shown in table 4.2 and figure 4.1.

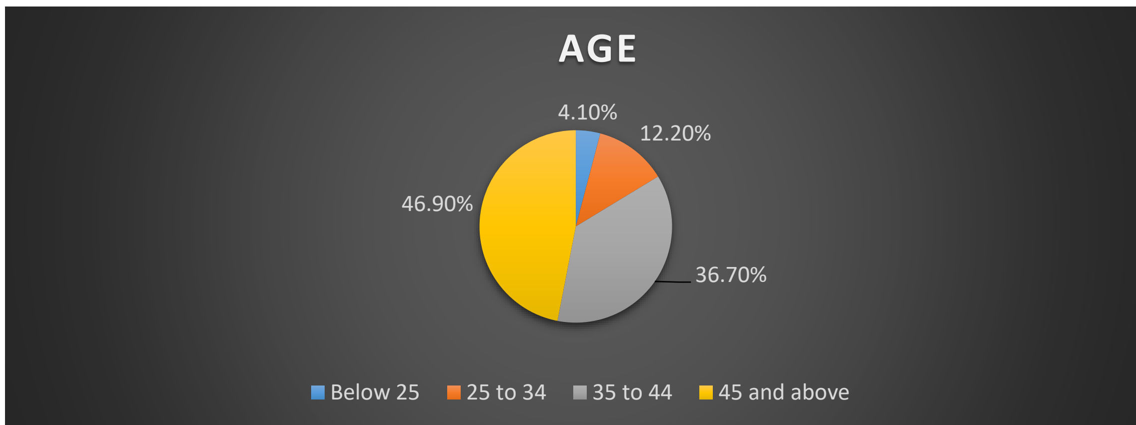

Figure 4.2 Respondents' age

The result in figure 4.2 shows 4% of the respondents are in the age range of below 25, 12% between 25 to 34 age, 38% between 35 to 44 age and the rest 47% are 45 age and above.

Respondents Educational Level

Inclusion of respondent's educational level in this study can provide ground to evaluate the influence of the years spent on education to subject matter of the study. It's clearly shown that most of the respondents were high school level that makes up 33%. The smallest category was both middle level and vocational school that is 8% of the sample size.

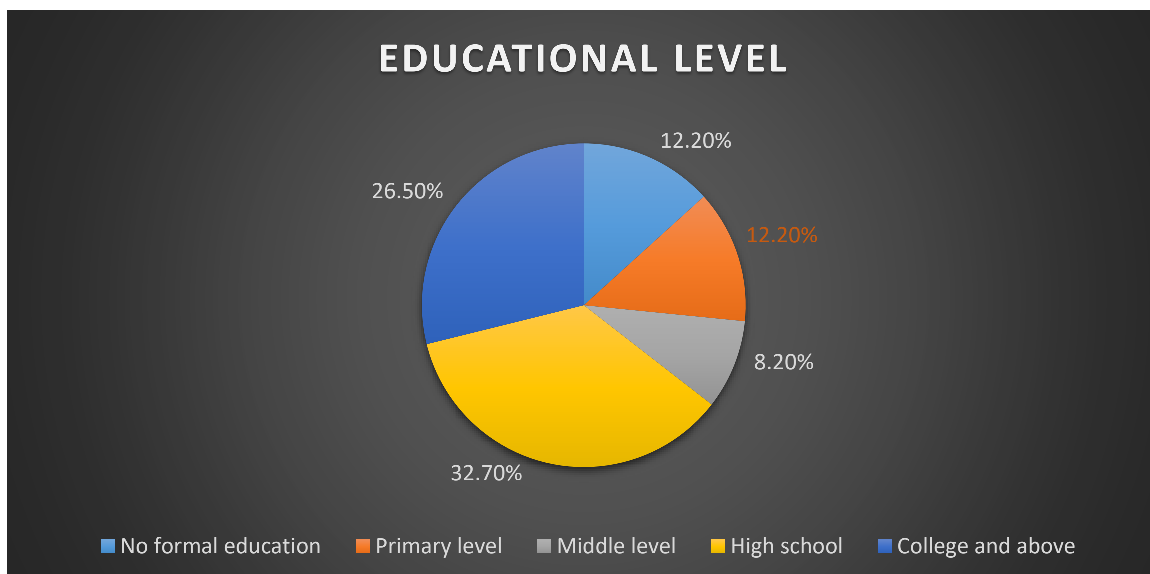

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Figure 4.3 Respondents' educational level

Respondent's Work Position

The below pie chart gives information on the work position of the respondents. Work position can give clue whether individuals' responsibility can influence whether to make changes in business operation or not. About 53% of the respondents were owners. The smallest range of this category was both managers and owners with 18%.

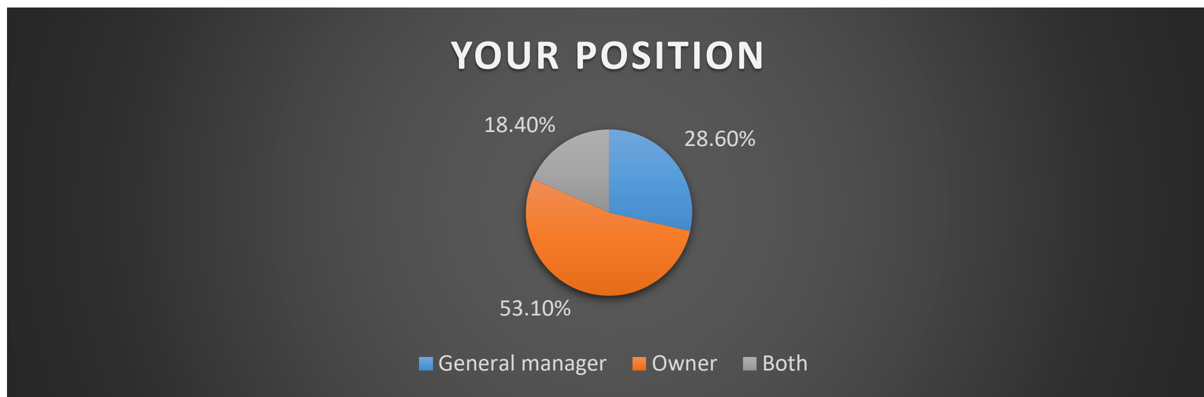

Figure 4.4 Respondents' work position

Business Kind

The 90 percent of respondents were sole proprietorship. While the rest 20% are partnerships.

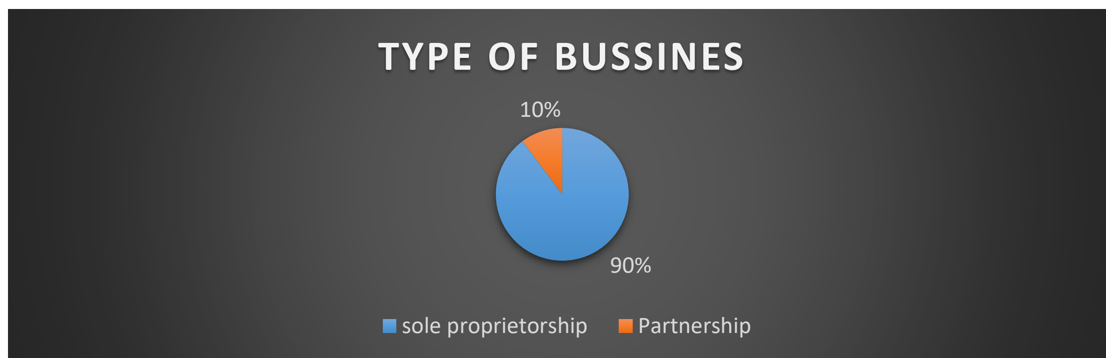

Figure 4.5 Business kind or type

Year of Work/Operation

YEARS OF WORK		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	1	2.0	2.0	2.0
	2-5	7	13.7	14.3	16.3
	6-10	15	29.4	30.6	46.9
	Greater than 11 years	26	51.0	53.1	100.0

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	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

Table 4.3 Years of work

The large percent of the operation of the firms included in the sample operate in the industry greater than 11 years and occupy 53 percent of the sample size. To the opposite side the firms the smallest percent of the firms operate less than 1 year and occupy 2 percent of the sample size.

Source of Fund

SOURCE OF FUND		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bank	4	7.8	8.2	8.2
	Inheritance	6	11.8	12.2	20.4
	Saving	20	39.2	40.8	61.2
	Loan from family	19	37.3	38.8	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

Table 4.4 Source of fund

From the total respondent's 8 percent of them use fund by borrowing from bank, 12 percent from the money they inherit, 41 percent which are the more participants use money from their own saving and the rest 40 percent of the respondents by taking loan from their family members or their relatives.

Analysis of the main obstacles in business operation: The respondents were asked of their opinions in relation the obstacles they face in their operation. The response was analyzed in terms of seven variables. The variables are presented to respondents to rate them on a Likert scale where by score have been given to each item as follows, 5=to no extent, 4=to low extent,3=moderate,2=to a great extent and 1=to a very extent in a five point Likert scale. The findings are presented using a mean score of 1-5, for the purpose of interpretation a means score of < 1.99 implies to a very extent, 2.00-2.50 to great extent, 2.51-3.00 Moderate, 3.01 – 3.50 implies low extent and > 3.51 implies to no extent.

OBSTACLES	To very extent (1)	To great extent (2)	To moderate (3)	To low extent (4)	To no extent (5)	Mean	Std Deviance
Lack of adequate demand	61%	39%	0%	0%	0%	1.39	0.492

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Lack of consistent electricity	82%	18%	0%	0%	0%	1.18	0.391
Lack of enough supply	57%	36.7%	6.1%	0%	0%	1.49	0.617
Taxes and regulation	2%	0%	4.1%	65.3%	28.6%	4.18	0.697
Lack of access to loan	0%	10.2%	28.6%	61.2%	0%	3.51	0.681
Mismanagement	73.5%	26.5%	0%	0%	0%	1.27	0.446
Political issue	0%	6.1%	14.3%	22.4%	57.1%	4.31	0.940

From the data collected the information the researcher got is that the restaurants located in Asmara face the obstacle of lack of consistence of electricity to a great extent depending on the data of mean value that the researcher got which is 1.18 while with a mean value of 4.18 they face the obstacle of taxes and regulations from the government to a less extent.

Analysis on the identified factors affecting restaurants profitability: The respondents were asked of their opinions in relation the identified factors that affect firm's profitability. The response was analyzed in terms of six variables. The variables are presented to respondents to rate them on a Likert scale where by score have been given to each item as follows, 5=to no extent, 4=to low extent,3=moderate,2=to a great extent and 1=to a very extent in a five-point Likert scale. The findings are presented using a mean score of 1-5, for the purpose of interpretation a means score of < 1.99 implies to a very extent, 2.00-2.50 to great extent, 2.51-3.00 Moderate, 3.01 – 3.50 implies low extent and > 3.51 implies to no extent.

FACTORS	**To very extent (1)**	**To great extent (2)**	**To moderate(3)**	**To low extent (4)**	**To no extent (5)**	**Mean**	**Std Deviance**
Relationship with customers	89.8%	10.2%	0%	0%	0%	1.10	0.306
Relationship with suppliers	2%	12.2%	30.6%	44.9%	10.2%	3.49	0.916
Employee commitment	63.3%	36.7%	0%	0%	0%	1.37	0.487
Cost	42.9%	46.9%	10.2%	0%	0%	1.67	0.658
Firm placement	59.2%	40.8%	0%	0%	0%	1.41	0.497
Word of mouth	67.3%	32.7%	0%	0%	0%	1.33	0.474

From the data collected on the factors that influence firm's profitability the information that the researcher got is that with a mean value of 1.10 the factor that influence restaurants

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profitability to a greater extent is the relationship firms create with their customers while with a mean value of 3.49 the factor with less impact is the relationship created with suppliers.

Analysis on the impact of firm's size on its profitability

Analysis of the impact of firm's total asset on firm's profitability: The study was set to establish the impact of firm's size on financial performance specifically profitability of restaurants in Asmara. Therefore, the researcher required the respondents to indicate their level of agreement or disagreement. The respondents were asked of their opinions in relation the identified statements about the effect of both total asset and number of employees on firm's profitability. The response was analyzed in terms of statements. The statements are presented to respondents to rate them on a Likert scale where by score have been given to each item as follows, 5= strongly agree 4=agree ,3=moderate ,2=disagree and 1=strongly disagree in a five-point Likert scale. The study findings are shown below:

Statements with regard to the impact of firm's total asset on profitability.	N	Mean	Std. Deviation
Having more assets increase productivity of the company and overall increase companies profitability.	49	3.73	0.758
Increasing kitchen staff positively affects profitability of firms.	49	4.00	0.645
Expanding the area of a firm by increasing its chairs and desks positively affects firm profitability.	49	4.27	0.70
Having entertainment facilities like TV set increases firm's profitability.	49	4.37	0.566
Aggregate mean		**4.09**	

Analyzing the first statement of the case related with firm's total asset 8.2 percent of the respondents disagree with the idea that having more asset increase firm's profitability, 20.4 percent said that they are neutral with the idea, 61.2 percent of the respondents argue that they agree with the statement that employing/having more assets increases firm's profitability and the rest 10.2 percent of the respondents strongly agree with the statement that means they believe employing or having more asset increases company's profitability. From the findings having more assets increase firm's overall profitability with a mean value of 3.73.

When dealing with the second statement the study findings revealed that 20.4 percent of the respondents have neutral opinion, 59.2 percent of the respondents agree that increasing kitchen staff positively affects firm's profitability and the rest 20.4 percent of the respondents strongly agree that increasing kitchen staff increments firm's profitability. The profitability of firms increases with a mean value of 4 as increase in kitchen staff.

Concerning with the third statement 2 percent of the respondents disagree with the idea of increasing or expanding firm's area in order to increase its profitability, 8.2 percent from the have neutral opinion, 51 percent of the respondents agree that company's profitability increase with expanding firm's area of operation, and the rest 38.8 percent of the respondents strongly agree with the idea of expanding firm's total area by increasing number of chairs and desks to increase profitability. From the findings of the study with a mean value of 4.27 firms

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profitability increase as expand of firms total area increase with the help of increasing firm's chairs and desks.

Analyzing the last statement of total asset in relation with firm's profitability the study revealed that 4.1 percent have neutral opinion with the idea of having entertainment facilities to increase firm's profitability, 55.1 percent of the respondents agree and the rest 40.8 percent of the respondents strongly agree with the statement. So majority of the respondents with a mean value of agree that having entertainment facility help firms to improve their profitability because of increase in the number of employees.

At last, respondents agree with a mean value of 4.09 percent on having more total asset because it has a positive impact in increasing firm's profitability and the overall value of the standard deviation shows that data is slightly dispersed.

Analysis of the impact of firm's number of employees on firm's profitability.

Statements with regard to the impact of firm are number of employees on profitability.	N	Mean	Std. Deviation
The company increase number of employees to minimize delays in operation.	49	3.98	0.661
Having more employees with different skills increases profitability.	49	4.29	0.577
Having loyal and experienced employees has positive effect on firm's profitability.	49	4.41	0.574
Aggregate mean		**4.22**	

Analyzing the first statement of the case related with firm's total number of employees 22.4 percent of the respondents have neutral opinion with the idea that increasing employees to minimize delays in operation, 57.1 percent of the respondents agree that having more employees minimizes the delay of firm's operation and the rest percent 20.4 of the respondents strongly agree that increasing employees is associated with minimizing the delays of company's operation. With a mean value of 3.98 the final result is that increase in number of employees minimizes delays in operation.

Concerning with the second statement 6.1 percent of the respondents has neutral opinion on having more employees with different skill increases profitability, 59.2 percent of the respondents agree, and the rest 34.7 percent of the respondents strongly agree on the positive effect of having more employees with different skill on firm's profitability. From the findings above having employees with different skill increases firms profitability with a mean value of 4.29.

Analyzing the last statement of total number of employees in relation with firm's profitability the study revealed that 4.1 percent have neutral opinion with the idea of having loyal and experienced employees have positive impact on firm's profitability, 51 percent of the respondents agree and the rest 44.9 percent of the respondents strongly agree with the statement. From the findings above having loyal and experienced students help companies to increase their profitability (M= 4.41).

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At last, respondents agree with a mean value of 4.09 percent on having more employees because it have a positive impact in increasing firm's profitability and also helps companies in minimizing the delays that can arise during the operation. Overall it can be concluded that the data is slightly dispersed.

Analyzing the impact of firm's age on its profitability: The study was set to establish the impact of firm's age on financial performance specifically profitability of restaurants in Asmara. Therefore, the researcher required the respondents to indicate their level of agreement or disagreement. The respondents were asked of their opinions in relation the identified statements about the effect of firm's age on firm's profitability. The response was analyzed in terms of statements. The statements are presented to respondents to rate them on a Likert scale where by score have been given to each item as follows, 5= strongly agree 4=agree ,3=moderate ,2=disagree and 1=strongly disagree in a five-point Likert scale. The study findings are shown below:

Statements with regard to the impact of firm's age on profitability.	N	Mean	Std. Deviation
When a company gets older; its financial performance gets stronger compared when is starting the operation.	49	4.37	0.566
Older firms have more experience and networks of relationship and can obtain superior returns.	49	4.39	0.492
When a company gets older; its ability to cope up with environmental changes becomes strong.	49	3.86	0.612
As firms grow older, its capacity and ability to achieve its purpose and objectives sags.	49	1.94	0.827
Older firms have increased knowledge of effective and efficient production techniques which increases its profitability.	49	4.29	0.540
Aggregate mean		**3.77**	

Analyzing the first statement of the case related with the impact of firm's longevity/age on firm's profitability 4.1 percent of the respondents have neutral opinion, 55.1 percent agree and the rest percent strongly agree with the opinion that as firm's gets older its financial performance gets stronger comparing when it start the operation. From the above findings with a mean value of 4.37 the researcher concludes that as companies increase age their financial performance become stronger.

When dealing with the second statement the study findings revealed that 61.2 percent of the respondents agree and 38.8 percent of the respondents strongly agree with the statement that older firms have more experience and networks of relationship and can obtain superior returns. As companies age become longer they create different networks and increase more experience at last which help them to increase their profitability and this can be concluded with a mean value of 4.39.

Dealing with the third statement the study findings revealed that 26.5 percent of the respondents have neutral opinion, 61.2 percent agree and the rest 12.2 percent of the respondents strongly agree with the statement that when a company gets older, its ability to cope up with environmental changes become strong. From the findings above with the result found which is

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mean 3.86 it can be concluded that older firm's total ability helps to strongly face the environmental changes successfully.

Concerning the fourth statement of the case related with the impact of firm's longevity/age on firm's profitability 28.6 percent of the respondents strongly disagree, 57.1 percent disagree, 6.1 percent have neutral opinion, and the rest 8.2 percent of the respondents agree with the statement that states as firms grow older, its capacity and ability to achieve its purpose and objectives sags. The mean value 1.94 that the researcher calculated supported the researcher to conclude that older firm's ability and capability to achieve its purpose and objective never sags.

Analyzing the last statement of firm's longevity in relation with firm's profitability the study revealed that 4.1 percent have neutral opinion, 63.3 percent agree and the rest 32.7 percent of the respondents strongly agree with the idea that older firms have increased knowledge of effective and efficient production techniques which increases its profitability. From the findings above the resulted mean value is 4.29 and the information that we can conclude is that older firms have increased knowledge of effective and efficient production techniques that can result in an increased profit.

At last, respondents agree with a mean value of 3.77 on the positive impact of firm's longevity or aging on the firm's profitability and overall, from the data that is found in the above table the information that the researcher got is that the data is slightly dispersed.

Discussion of Findings

The finding regarding the demographic distribution shows that most of the respondents from the restaurants were male and there was a moderate gender disparity among gender distribution. Most of the respondents aged 45 and above and had a status of high school. It has also been depicted by the result that most of the respondents are owners rather than managers. Most of the restaurants operated in the industry for more than 11 years.

Net assets employed or used by firm's have a mean value of 4.09 when analyzed its effect on firm's profitability. This indicates that increasing in net assets by restaurants increases firm's profitability and has been agreed by the respondents on its positive impact. These study results agree with the growth of the firm theory developed by Penrose (1959). This theory indicates that there is linkage between firm resources and profitable firm growth. The study findings established that availability of more resources (net assets) was linked to improved profitability. The study findings also agree with the study by Donna Kartiningsih (2020). Their empirical analysis of food and Beverages Company aimed at testing the relationship between firms profitability and other appropriate variables firm age, firm size, liquidity, and leverage. Results of the study by Donna Kartiningsih (2020) showed that firm size peroxide by total assets/log of firm assets) exhibit a positive relationship with profitability. The study results also agree with the findings from a study by LIU Yilun (2020). His empirical analysis of all public firms in China Stock market from 2008 to 2018 aimed at testing the relationship between firm's profitability and other appropriate variables such as firm's age and size. Results of the study by LIU Yilun (2020) showed that firm size exhibit a positive relationship with profitability. The findings however, disagree with observations by Thi Van Khanh (2022) who indicated that as firm grows in size (net assets) leads to relatively inferior performance.

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Number of employees in the results of the analysis of the study has a mean value of 4.22 which indicated that on the statements provided to respondents that explain about the positive impact of having more employees on the firms profitability they agree that it has positive impact on incrementing or increasing firms profitability. The findings are supported by the human capital model. The findings indicate that earnings reflect skill differentials in perfect factor market, has dominated the interpretation of earnings functions. The findings that earnings rise with firm size has been widely interpreted in this framework. This is under the assumption that large firms hire more able individuals than do small firms. This model illustrates that firm size is positively related with profitability or earnings. These study findings agree with the study by Cuong Vu Hung et al., (2021).

Their empirical analysis from 2009 to 2018 of 190,499 Vietnamese private enterprises aimed at testing the effects of firm size on the performance of Vietnamese private enterprises. Firm size was measured in terms of growth rate, total assets, and total labor. Results of the study by Cuong Vu Hung et al., (2021) showed that firm size proxied by total assets, growth rate and total labor exhibit a positive relationship with firm performance proxied after tax profit. Another study with dissimilar results to this study was by Thi Van Khanh (2022) showed that the research results show that firm size and human capital have no impact on business performance. This is because profitability is ultimately determined by several complex factors including product prices, factor costs, and the production function, the relationship to size varies among industries and cannot be readily identified.

Firm longevity in the results of the analysis of the study has a mean value of 3.77 which indicated that on the statements provided to respondents that explain about the positive impact of firm aging/longevity on the firm’s profitability they agree that it has positive impact on incrementing or increasing firm’s profitability. It has a positive impact that increase in firm’s aging in the restaurants industry increases firms profitability. The study results agree with the theory of learning by doing that indicates firms increase their productivity as they learn about more productive production techniques and incorporate these improvements in their production routines. The learning by doing theory posits that increasing knowledge of effective production techniques will improve the performance of the organization.

This indicates that there is linkage which is positive between firm’s age and its financial performance. Similarly, the present study’s findings support the preposition of the firm life-cycle theory. It has been observed that firm age is better predictor that deserves appropriate consideration in theoretical studies investigating the determinants of financial performance of organizations. The study concurs with the life-cycle theoretical assumption that mature firms make long-term and large-scale investments with higher scale growth rates. Firms that have survived the test of time tend to establish formal structures, expand through innovation and diversification, establish distinct competences, prioritize rapid sales growth, and broaden their product line. Moreover, the theory postulates that older firms have more experience and networks of relationships and can obtain superior performance. These study findings agree with the study by John, Wilbroad, Peter, & Pereez (2023). A sample of 394 companies which were drown from a population of 30,000 private limited companies were included in the study. The study established a positive relationship between firm age and financial performance. Another study with dissimilar results to this study was by LIU Yilun, (2020). Based on the findings the

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study concluded that there is a highly significant negative relationship between firm age and profitability.

5.0 CONCLUSION AND RECOMMENDATION

Introduction

From the analysis and data collected, the following conclusion and recommendations were made. The responses were based on the objectives of the study. The researcher intended to determine the impact of firm's age, size and financial performance on the restaurants located in Asmara. In this chapter the researcher presents the conclusion and the recommendations made from the study findings. In part 5.2 conclusions made from the study findings are presented. Part 5.3 presents recommendations made after considering the research findings while 5.4 presents suggestions for any further studies that may be done in relation to the study of the impact of firm's age and size on financial performance.

Conclusions

The main conclusion of the study is that there is positive relationship between two of the studied factors of restaurants size which include total assets and total number of employees. The impact of the two independent variables namely total asset and number of employees and the dependent variable financial performance of restaurants were found to have positive effect/impact. By considering this result is can be concluded that every restaurant should strive to have the best mix of resources and should strive to encourage and motivate employees to positively affect financial performance. The study concludes that restaurants size is desirable and that size could act as a buffer for better performance.

It should be noted that typically, everything ages and goes out of use. This study endeavored to establish if companies experience a similar fate and gradually become ineffective. Consequently, the study investigated and confirmed the existence of a positive association between firm age and financial performance of restaurants in Asmara. This affirms the need for restaurants to guarantee the sustainability of their operations if they are to benefit from the ever-changing business environment.

Recommendations

The study recommends that in order for restaurants to increase their financial performance (profitability) there is a need from the firms to increase their size by increasing various aspects of net assets and number of employees. The study further recommends that for restaurants to remain profitable they should have good portfolio management which will help in making decisions about investment mix, matching investments to objectives, and asset allocation for individuals and institutions.

The study recommends that companies invest in assets and activities that will enable their long-term survival and growth in production capacity, improving their financial performance. Companies can only stave off extinction if they implement strategies to boost their financial performance through innovation. Managers should also know where their companies are in the

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life cycle so they can make strategic and investment decisions that are appropriate for where their businesses currently are.

Suggestions For Further Research

This study focused on the impact of firm's age and size on financial performance. The size variables used in the study include total asset and number of employees. Another study that incorporates other size variables such as branch network, product lines and other variables is suggested. This would shed more light on how these size variables are related to performance.

This study has only one variable that was used to measure performance which is profitability. Further studies that incorporate other performances factors, including productivity, innovation ability, riskiness of asset is recommended to give a clearer picture on how these performance factors are affected by size and age. Another study is also recommended that could factor in other restaurants performance measures such as asset quality.

The study was conducted on restaurants operating in Asmara. There is therefore need for a similar study to be carried out in other sectors of the economy. The sectors may include manufacturing companies and other sectors may be studied.

The current study was based on a descriptive research design on the restaurants industry in Asmara. Future studies should be undertaken through a case study for a longer time period which will help in finding in-depth investigation of a single group or event.

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APPENDIX 1: ENGLISH VERSION QUESTIONNIRE

COLLEGE OF BUSINESS AND SOCOIAL SCIENCES

SENIOR ESSAY QUESTIONNNIRE

Dear respondents,

I'm a Graduate Assistant (G.A) working at the College of Business and Social Sciences Adi-Kieh with the department of Business Management and Public Administration. I am working on an article entitled **"Impact of firm's age and size on its financial performance, case study of restaurants on Asmara city".** You are purposely selected to participate in this study. Hence, you are hereby kindly requested to fill in the questionnaire, it takes you only a few minutes to complete the entire questionnaire and keep in mind there is no right and wrong answers. Your identity as well as responses will be kept completely confidential and the results will only be reported in summary form.

I'm very grateful for your precious time and effort. If you have any question about the research, you can contact me by +291-7157846 and if we have conducted the survey and you prefer that we do not use the information you provided at a later date please text or make call and we will permanently remove all content related to the survey.

SECTION I: BACKGROUND INFORMATION

(A) Demographic Characteristics of respondents

Please choose the relevant answer and show your answer by making a tick mark in the box containing answer of your choice.

1. Gender: Male ☐ Female ☐

2. Age: Below 25 ☐ 25 to 34 ☐ 35 to 44 ☐ 45 and above ☐

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3. Educational level: No formal educational ☐ Primary level ☐
Middle level ☐ High school ☐ Vocational school College and above ☐
5. Your position: General Manager ☐ Owner ☐ Both ☐
6. Type of Business: Sole proprietorship ☐ Partnership ☐ Corporation ☐

(B)Information of the Business and Individual

1. How long has your business been in existence (year of establishment)? ________________.
Less than 1 year ☐ 2–5-year ☐ 6-10 year ☐ Greater than 11 years ☐

2. Which source of fund had been able to access?
Bank ☐ Inheritance ☐ Saving ☐ Loan from family ☐

SECTION II: MAIN OBSTACLES IN BUSINESS OPERATION

Please indicate the extent to which each of the variables has challenged your business operation by making a tick as appropriate given alternatives. Key 1. To a very extent 2. To a great extent 3. To a moderate extent 4. To low extent and 5. To no extent at all.

	OBSTACLES	5	4	3	2	1
1	Lack of adequate demand					
2	Lack of consistent electricity					
3	Lack of enough supply					
4	Tax and regulation					
5	Lack of access to loan					
6	Mismanagement					
7	Political issue					

SECTION III. FACTORS AFFECTING RESTAURANTS BUSINESS PROFITABILITY Please indicate the extent to which each of the variables has challenged your business operation by making a tick as appropriate given alternatives. Key 1. To a very extent 2. To a great extent 3. To a moderate extent 4. To low extent and 5. To no extent at all.

	FACTORS	5	4	3	2	1
1	Relationship with customers					
2	Relationship with suppliers					
3	Employee commitment					
4	Cost					
5	Firm placement					
6	Word of mouth					

SECTION III. FIRM'S SIZE

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Please indicate the extent to which each of the variables has challenged your business operation by making a tick as appropriate given alternatives.

Key 1. Strongly disagree 2. Disagree 3. Moderate 4. Agree 5. Strongly agree.

	Statements	5	4	3	2	1
1	Having more assets increase productivity of the company and overall increase companies profitability.					
2	Increasing kitchen staff positively affects profitability of firms.					
3	Expanding the area of a firm by increasing its chairs and desks positively affects firm profitability.					
4	Having entertainment facilities like TV set increases firm's profitability.					
5	The company increase number of employees to improve its profitability.					
6	Having more employees with different skills increases profitability.					
7	Having loyal and experienced employees has effect in firm's profitability.					

SECTION IV. FIRM'S AGE

Please indicate the extent to which each of the variables has challenged your business operation by making a tick as appropriate given alternatives.

Key 1. Strongly disagree 2. Disagree 3. Moderate 4. Agree 5. Strongly agree.

	Statements	5	4	3	2	1
1	When a company gets older; its financial performance gets stronger compared when it start the operation.					
2	Older firms have more experience and networks of relationship and can obtain superior returns.					
3	When a company gets older; its ability to cope up with environmental changes becomes strong.					
4	As firms grow older, its capacity and ability to achieve its purpose and objectives sags.					
5	Older firms have increased knowledge of effective and efficient production techniques which increases its profitability.					

APPENDIX 2: TIGRIGNA VERSION QUESTIONNIRE

ኮሌጅ ቢዝነስን ማሕበራዊ ስነፍልጠትን

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ናይ መጽናዕታዊ ጽሑፍ መሕትት

ክቡር/ቲ መላሳይ/ሲት

ኣነ የማነ ኣተሽም ነጋሽ ዝተበሃልኩ መምህር ኣብ ኮሌጅ ቢዝነስን ማሕበራዊ ስነፍልጠትን ዓዲ ቐይሕ ዝሰርሕ ኮይነ፡ ኣብ ዓውዲ ዋኒናውን ህዝባውን ምሕደራ ናይ ዲግሪ ፕሮግራም ድማ ይርከብ። ከም ኣካል ናይ ትምህርታዊ ንጥፈታት ከኣ መጽናዕቲ ብዛዕባ ጽልዋ ዕድመን ዕብየትን ናይ ሓደ ትካል ኣብ ናታ ፋይናንሳዊ ኣስተዋጽኦ የቕርብ ኣለኹ። ተሳትፎካ/ኪ ኣብ ዓወት ናይዛ መጽናዕቲ ኣገዳስነቱ ልዑል ብምዃኑ ክቡር ግዜኻ/ኺ ወፊኻ/ኺ ነዘን ዝስዕባ ሕቶታት መሊስካ/ኪ ከትህቡኒ ብትሕትና ይሓትት። ብትገብረለይ/ርለይ ምትሕብባር ኣቐዲመ እናመስገንኩ ነዚ እትህቡኒ ሓበሬታ ምስጢራውነቱ ዝተሓለወ ምዃኑ ክገልጸልካ/ኪ ይፈቱ።

ንዝኾነ ዝህልወኩም ሕቶ በዚ ቁጽሪ ክትረኽቡኒ ትኽእሉ 07157846።

ሀ) ናይ ተሳተፍቲ ውልቃዊን ቢዝነሳውን ሓበሬታ

ነዞም ዝስዕቡ ንዓኻ/ኺ ዝምልከቱ ሕቶታት ( ) ብምግባር መልስ/ሲ።

1. ጾታ ተባዕታይ ☐ ኣንስታይ ☐
2. ዕድመ ትሕቲ 25 ☐ 26-34 ☐ 35-44 ☐ 45ን ልዕሊኡን ☐
3. ደረጃ ትምህርቲ ዝተማህረ/ት ☐ መባእታ ☐ ማእከላይ ☐ ካልኣይ ☐ ሞያዊ ትምህርቲ ☐ ኮሌጅን ልዕሊኡን ☐
4. ደረጃ ማዕርግካ/ኪ ኣብዛ ትካል፡ ሓፈሻዊ ኣመሓዳሪ ☐ ወናኒ ☐ ክልቲኡ ☐
5. ዓይነት ትካል፡ ውልቀ ትካል ☐ ሽርክ ትካል ☐ ኮርፖረይሽን ☐
6. ንኣስታት ክንደይ ዓመት እዛ ትካልካ/ኪ ሰሪሓ ኣላ? ___________
7. ቀንዲ ምንጪ ገንዘብ ናይ ትካልካ/ኪ ካበይ ትረክቦ/ብዮ?

ልቓሕ ካብ ባንኪ ☐ ናይ ተወርሶ ☐ ውልቃዊ ውህለላ ☐ ልቓሕ ካብ መቕርብ ☐

ለ) እዞም ዝስዕቡ ረቛሒታት ኣብ ኪደት ናይ ትካልካ/ኪ ማዕረ ክንደይ ዕንቅፋት ኣለዎም ትብል/ሊ፡ ( )ብምግባር መልስ/ሲ

1. ብዘይ መጠን ጸላዊ 2. ዓቢ ጽልዋ 3. ማእከላይ ጽልዋ 4. ዉሑድ ጽልዋ 5. ጽልዋ የብሉን

		5	4	3	2	1
ሀ	ዋሕዲ እኹል ጠለብ					
ለ	ዘይስሩዕ ሓይሊ ኤለክትሪክ					
ሐ	ዋሕዲ እኹል ቀረብ					
መ	ቀረጽን ቁጽጽርን					
ረ	ሕጽረት ልቓሕ					
ሰ	ዘይቅርጡው ምሕደራ					
ሸ	ፖለቲካዊ ጉዳያት					

ሐ) እዞም ዝስዕቡ ረቛሒታት ኣብ መኸሰብ ናይ ትካልካ/ኪ ማዕረ ክንደይ ጽልዋ ኣለዎም ትብል/ሊ፡ ( )ብምግባር መልስ/ሲ

1. ብዘይ መጠን ጸላዊ 2. ዓቢ ጽልዋ 3. ማእከላይ ጽልዋ 4. ዉሑድ ጽልዋ 5. ጽልዋ የብሉን

		5	4	3	2	1
ሀ	ዝምድና ምስ ዓማዊል					
ለ	ዝምድና ምስ ኣቕረብቲ ጠለብ					
ሐ	ተወፋይንት ሰራሕተኛታት					
መ	ወጻኢታት					
ረ	ትካል ዝተደኮነሉ ከባቢ					
ሰ	መልሲ ዕንጋል ዓማዊል					

መ) ዝምድና ኣብ መንጎ ዕብየት ትካልን መክሰብን።

ነዞም ዝስዕቡ ንዓኻ/ኺ ዝምልከቱ ሕቶታት ( ) ብምግባር መልስ/ሲ።

1. ፈጺመ ኣይሰማማዓሉን 2. ኣይሰማማዕን 3. ርእይቶ የብለይንን 4. ይሰማማዕ 5. ኣጸቢቐ ይሰማማዕ

	ሓሳባት	5	4	3	2	1
ሀ	ርእሰማል ምብዛሕ ንናትካ ፍርያምነት ንክዓቢ ብኡ ጌሩ ናትካ መኽሰብ ንምዕባይ ይሕግዘካ					
ለ	ናውቲ ክሸነ ምብዛሕ መክሰብካ ንክዓቢ ይሕግዘካ					
ሐ	ዕብየት ናይ ትካልካ ብምውሳኽ ጣዋሉን ሴድያን ነቲ ናትካ መኽሰብ ብኣወንታ ይጸልዎ					
መ	ናይ መዘናግዒ ኣገልግሎት ከም በዓል ተለቪዥን ምህላውካ ንናትካ መኽሰብ ንኽዓቢ ይሕግዘካ					
ረ	መኽሰብካ ንክዓቢ ብዝሒ ሰራሕተኛታት ምህላው ዓቢ ኣበርክቶ ኣለዎ					
ሰ	ዝተፈላለየ ክእለት ዘለዎም ሰራሕተኛታት ምቁጻር መኽሰብካ ንክዓቢ ይሕግዘካ					
ሸ	እሙናትን ዉፍያትን ሰራሕተኛታት ምቁጻር ኣብ ናትካ መኽሰብ ዓቢ ኣስተዋጽኦ ኣለዎ					

ረ) ዝምድና ኣብ መንጎ ዕድም ትካልን መኽሰብን።

ነዞም ዝስዕቡ ንዓኻ/ኺ ዝምልከቱ ሕቶታት ( ) ብምግባር መልስ/ሲ።

1. ፈጺመ ኣይሰማማዓሉን 2. ኣይሰማማዕን 3. ርእይቶ የብለይንን 4. ይሰማማዕ 5. ኣጸቢቐ ይሰማማዕ

	ሓሳባት	5	4	3	2	1
ሀ	ትካል ክትዓቢ ከላ ብምንጽጻር ክትጅምር ከላ ዝነበረ ፋይናንሳዊ ብቕዓት ኣዝዩ ዓቢ እዩ					
ለ	ነዊሕ ዕድመ ዝገበራ ትካላት ብመንጽር ዘጥርይኦ ክእለትን ርከብን ቢ መኽሰብ ክዓናጸፋ ይሕግዘን					
ሐ	ትካል ክትዓቢ ከላ ነቲ ዘጋጥማ ኣከባብያዊ ለውጢ ናይ ምብዳህ ዓቕማ ይጥንክር					
መ	ትካል ክትዓቢ ከላ ዘለዋ ክእለትን ብቕዓትን ነቲ ናታ ዕላማ ንከይትበጽሕ ይዕንቅጸ					
ረ	ነዊሕ ዕድመ ዝገበራ ትካላት ብዝህልወን ተመክሮ ተሓጊዘን ኣድማዕን ጡቁውን ኣሰራርሓ ንክህልወን ብኡ ተሓጊዘን ድማ ዓቢ መኽሰብ የካዕብታ					

ስለቲ ክቡር ግዜኩም ወፊኩም ዝሓገዝኩምኒ የቐንየለይ!!

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APPENDIX 3: DESCRIPTIVE STATISTICS

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	40	78.4	81.6	81.6
	female	9	17.6	18.4	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 25	2	3.9	4.1	4.1
	25 to 34	6	11.8	12.2	16.3
	35 to 44	18	35.3	36.7	53.1
	45 and above	23	45.1	46.9	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

Educational level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No formal education	6	11.8	12.2	12.2
	Primary level	6	11.8	12.2	24.5
	Middle level	4	7.8	8.2	32.7
	High school	16	31.4	32.7	65.3
	Vocational school	4	7.8	8.2	73.5
	College and above	13	25.5	26.5	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

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Your position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	General manager	14	27.5	28.6	28.6
	Owner	26	51.0	53.1	81.6
	Both	9	17.6	18.4	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

Type of Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole proprietorship	44	86.3	89.8	89.8
	Partnership	5	9.8	10.2	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

Year of work

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	1	2.0	2.0	2.0
	2-5	7	13.7	14.3	16.3
	6-10	15	29.4	30.6	46.9
	Greater than 11 years	26	51.0	53.1	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

Source of fund

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		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Bank	4	7.8	8.2	8.2
	Inheritance	6	11.8	12.2	20.4
	Saving	20	39.2	40.8	61.2
	Loan from family	19	37.3	38.8	100.0
	Total	49	96.1	100.0	
Missing	System	2	3.9		
Total		51	100.0		

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