THE ROLE OF THE GOVERNMENT IN PROMOTING THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES: THE CASE OF DODOMA MUNICIPAL
THE ROLE OF THE GOVERNMENT IN PROMOTING THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES: THE CASE OF DODOMA MUNICIPAL

By

Jacqueline Rite

A Dissertation Submitted in Partial Fulfillment of the Requirements for Award of the Degree of Master of Science in Entrepreneurship of Mzumbe University 2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a report entitled Assessment on the role of the Government on promoting development and sustainability of Micro, Small and Medium enterprises in Tanzania: The case of Ministry of Industry and Trade Dodoma Municipal, in partial fulfillment of the requirements for the award of Master of science in Entrepreneurship development of Mzumbe University.

Signature

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DECLARATION

I, Jacqueline Rite, hereby declare that this report is my own work and reflect my own effort and it has not been presented and will not be presented to any other University for a similar or any other Master Degree award.

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ACKNOWLEDGEMENT

The accomplishment of this research study is a result of contribution from different persons who played vital roles to help me complete my research report.

Special thanks are given to Almighty God, because I believe in God on everything of my life and through him nothing is impossible.

Special appreciation goes to my parents Mr. and Mrs. Thomas Rite, for committing their resources on me to make sure I achieve my goals.

Lastly, I would like to express my sincere thanks to my supervisor Nsubil Isaga (PhD), MIT staff in SME department and manager of SIDO in Dodoma Mr. Ismail Tego for their strong support and direction when I was conducting my research.
DEDICATION

I dedicate this research report to my father and mother, Mr. and Mrs. Thomas Rite.
**ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOT</td>
<td>Bank of Tanzania</td>
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<tr>
<td>BEST</td>
<td>Business Environment Strengthening for Tanzania</td>
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<td>BET</td>
<td>Board of external trade</td>
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<tr>
<td>BOT</td>
<td>Bank of Tanzania</td>
</tr>
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<td>BRELA</td>
<td>Business registration and licensing agency</td>
</tr>
<tr>
<td>CGS</td>
<td>Credit Guarantee Scheme</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IFAD</td>
<td>Investment Fund for Agriculture Development</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<td>ISOs</td>
<td>Industrial Support Organisations</td>
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<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
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<tr>
<td>MITM</td>
<td>Ministry of Industry, Trade and Marketing</td>
</tr>
<tr>
<td>NDC</td>
<td>National Development Corporation</td>
</tr>
<tr>
<td>PBFT</td>
<td>Property and business formalization programme in Tanzania</td>
</tr>
<tr>
<td>RRF</td>
<td>Regional Revolving Fund</td>
</tr>
<tr>
<td>SAPs</td>
<td>Structural adjustment programme</td>
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<tr>
<td>SIDO</td>
<td>Small Industries Development Organisation</td>
</tr>
<tr>
<td>SMEDP</td>
<td>Small and Medium Enterprises Development Policy</td>
</tr>
<tr>
<td>TIC</td>
<td>Tanzania investment Centre</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<tr>
<td>WEDGE</td>
<td>Women Entrepreneurship Development and Gender Equity</td>
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</table>
ABSTRACT

The theme of this research was based on the assessment on the role of the government in promoting the development of Micro, Small, and Medium enterprises sector, with focus on the ministry of industry and trade in Dodoma as a case study.

The study is based on objectives such as; to find out the efforts put forward by the government in promoting the development of MSME sectors, to determine challenges which face the development of MSME sector, and to analyze the challenges government faces in promoting the development of MSME sector.

Chapter two presents theoretical literature review, empirical review and conceptual framework on key elements, concepts and variables of the study so as to gain general knowledge and articulate the research gap.

Chapter three is presented with research methodology. The methods used in the data collection were questionnaires, interviews and documentation. Whereas the data collected were presented, discussed and analyzed into both qualitative and quantitative methods.

The findings of the study shows that; Despite the fact that government has made various efforts to develop the sector yet, the sector still faces a lot of challenges explained to originate from the government units and individual entrepreneurs implicating setbacks to the development of MSMEs.

The study recommended that; The Government should simplify business registration procedures, reform property rights system, reform tax system, reform government agencies, and reform labour laws, provide essential business information, improve access to credit facilities, capacity building, infrastructure support and lastly learning from other countries.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>PAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERTIFICATION</td>
<td>i</td>
</tr>
<tr>
<td>DECLARATION</td>
<td>ii</td>
</tr>
<tr>
<td>COPYRIGHT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iv</td>
</tr>
<tr>
<td>ABBREVIATIONS</td>
<td>v</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>vi</td>
</tr>
<tr>
<td>LIST OF TABLE</td>
<td>x</td>
</tr>
<tr>
<td>LIST OF FIGURE</td>
<td>xi</td>
</tr>
<tr>
<td>LIST OF APPENDICES</td>
<td>xii</td>
</tr>
</tbody>
</table>

## CHAPTER ONE ........................................................................................................... 1

**INTRODUCTION, STATEMENT OF THE PROBLEM AND SIGNIFICANT**  
1.0. Introduction ........................................................................................................ 1  
1.1. Background of the problem .................................................................................... 1  
1.2. Statement of the problem ....................................................................................... 4  
1.3. General objective .................................................................................................... 5  
1.4. Specific objective ..................................................................................................... 5  
1.5. Research questions .................................................................................................. 6  
1.6. Significance of the study ....................................................................................... 6  
1.7. Limitations of the Study ....................................................................................... 6  
1.8. Delimitation of the study ...................................................................................... 7

## CHAPTER TWO ............................................................................................................. 8

**LITERATURE REVIEW** ................................................................................................. 8
2.0. Introduction ............................................................................................................. 8  
2.1 Concept of MSMEs ...................................................................................................... 8  
2.1.1 Government with MSMEs ....................................................................................... 9
4.4. Regression Analysis ................................................................. 35
4.5. Challenges to the Government .................................................. 38

CHAPTER FIVE .............................................................................. 45
DISCUSSION OF FINDINGS ......................................................... 45
5.0. Introduction ........................................................................... 45
5.1. Government efforts .............................................................. 45
5.2. Main challenges which facing MSMEs .................................... 47
5.3. Challenges facing the government .......................................... 51

CHAPTER SIX ............................................................................. 55
CONCLUSION AND RECOMMENDATIONS ................................. 55
6.0. Introduction ........................................................................... 55
6.1. Summary of the study ........................................................... 55
6.2. Conclusion ............................................................................ 56
6.3. Recommendations ............................................................... 57
6.4. Recommendation for further study ....................................... 61
REFERENCES .............................................................................. 62
APPENDICES .............................................................................. 66
LIST OF TABLE

Table 2. 1: categories of SMEs in tanzania................................................................. 9
Table 4. 1: Respondents Profile .................................................................................. 27
Table 4. 2: Measures to promote growth and sustainability of SME Sector.......... 28
Table 4. 3: government assistance in business performance................................. 31
Table 4. 5: The main challenges facing the MSMEs sector.................................... 32
Table 4. 6 Entrepreneurs awareness on Tanzania SME development policy ....... 34
Table 4. 7Coefficients\(^a\) ............................................................................................ 35
Table 4. 9:other challenges facing the government ................................................. 42
LIST OF FIGURE

Figure 2. 1A Conceptual Framework: The role of the government………………..19
LIST OF APPENDICES

APPENDIX I QUESTIONS TO STAFF OF MINISTRY ........................................ 67

APPENDIX II QUESTIONS TO SMEs ............................................................... 69

APPENDIX III MASWALI KWA WAJASIRIAMALI ........................................ 72
CHAPTER ONE

INTRODUCTION, STATEMENT OF THE PROBLEM AND SIGNIFICANT

1.0. Introduction
This chapter presents the background of the problem, statement of the problem, objectives of the study, research questions, and significance of the study.

1.1. Background of the problem
The economic policies of the 1970’s and early 1980s forced the majority of under employed people to use informal sector activities as survival strategies (Maliyamkono and Bagachwa, 1990). This led contrary to the government policy of eradicating informal activities to their blossoming. The government was sceptical of there being any value in the informal sector and operators in the sector were described as unproductive labour, idlers and loiterers (Maliyamkono and Bagachwa, 1990). The intention of the government was to make attempts to eradicate informal activities through resettling urban self employed and unemployed in Ujamaa Villages in the countryside. Both attempts to eradicate informal sector activities did not succeed because they were coercive and quite contrary to the public will, culture and interest. The result was that some of people who had been forced into resettlement in rural areas returned to the urban areas as soon as was possible in order to re-establish their business (Tripp and Mimeo, 1998).

In the early 1980s Tanzania’s economy experienced a crisis a shift of direction in both economic policy and strategy begun. According to Maliyamkono and Bagachwa, Tanzania experienced an increase in rural-urban migration, unemployment, a decline in real wages and salaries and a severe fall in the prices paid for cash crops. Many of victims of this economic turmoil responded by establishing projects in the informal sector.

As an immediate response to the economic crisis facing Tanzania and under international pressure, the government responded by developing Structural Adjustment Programmes (SAPs) that concentrated on trade liberalization and
privatization of state enterprises as the core elements reflected in policy. The implementation of SAPs resulted into the retrenchment of the work force in the newly privatized former public enterprises and also in those businesses that failed to compete following trade liberalization (Ishengoma and Kappel, 2006). Yet, this pushed more of the labour force into informal sector activities making such activities the norm rather than the exception in the Tanzanian economy.

In late 1990s the government started preparation to develop a Small and Medium enterprises Policy following the increasing importance of the sector. The preparatory process was basically participatory as, several zonal workshops were held to discuss the status of the sector and lay down strategies for boosting the development of the sector. Based on the inputs, a draft policy document was established and was critically analyzed and discussed by its stakeholders.

The idea of formulating the Small and Medium Development policy derived its meaning from the Economic Reform Programme (ERP) implemented by the Tanzanian Government which had been focused on the philosophy that, Tanzania is committed to a market economy whereby the private sector will be an integral sector in creating incomes, employment and economic growth. In other words the Government primarily produces public goods, plays a regulatory role to smoothen business environment and offers a conducive environment for the private sector to take control of the economic growth of the state (URT SME development policy, 2002). The philosophy is evident in all policy statements that were set forward in Tanzania since 1986 particularly after the 1996.

SMEs are the emerging private sector and they set a base for the private sector-led economic growth and they account for large share of active enterprises in Tanzania. According to ESAURP (2012), after economic Liberalisation of early 1990s, the share of the private sector increased from 23.9% in the 1971 to 67.3% in the 1991 and reached about 79.6% in the 1996, correspondingly, the share of the public sector decreased from 76.1% in the 1971 to 32.7% in the 1991 and reached about 18.8% in 1996, likewise the share of the private sector employment in the formal sector increased from 23% in the 1984 to 38% in the 1998 and reached about 65% in 1994,
the contribution of SME’s sector in services is 48.1% in the 2010 and has the potential of creating 3.9 millions jobs in the country.

Based on these statistics, it can be observed that SMEs which occupy a large share of the private sector have grown to be one of important sectors in Tanzania. Therefore for this reason, SMEs Development Policy was formulated so as to address the constraints and to ensure maximum exploitation of this sector.

It is estimated that about 44% of the GDP is generated from the SMEs sector in Tanzania socio-economic development. According to the informal sector survey of 1991 Micro Enterprises operating in the informal sector alone consisted of more than 1.7 million businesses engaging about 3 million persons that approximated to 20% of the Tanzania labour force (URT SME’s development policy, 2002). From this particular statistical information, it can be observed that the SMEs sector plays a crucial role in the economy. The Tanzanian government, through the ministry of industry trade and marketing has to play an integral part in developing the SMEs sector.

Furthermore SMEs were reported to be labour intensive; they create employment to number of individuals and at formidable low levels of investment. At the moment, rampant unemployment is a significant problem that Tanzania has to combat. According to URT SME’s policy (2002) estimates shows that there are about 700,000 new entrants into the labour market. 500,000 of the new entrants are school leavers with few marketable skills. The public sector employs only 40,000 entrants which is about 5.8% of the total entrants of the labour market leaving behind 660,000 (94.2%) of labour force into the unemployment reserve zone, therefore the remaining 660,000 entrants join the SMEs sector and most especially the informal one, hence making the sector a vital part in the socio-economic development of the country. Moreover SME sector facilitates the formation of a strong and productive industrial structure. This can be achieved through business linkage, partnerships and subcontracting relationships. The SME’s policy which has been set forward by the government and reinforced by the ministry of industry trade and marketing creates the potential for enhancing linkages between the SMEs and large enterprises. SMEs
utilize local resources using simple and affordable technology. SMEs tend to be more effective in utilizing and adding value to local resources considering the fact that Tanzania is blessed with abundant natural resources. Most small business employ family members to undertake business activities therefore family members earn their daily income and hence lead to the improved life standards. The taxes collected from these enterprises are employed in various socio-economic activities all over Tanzania and hence foster the economic growth and poverty reduction of the nation. Generally SMEs are often considered to be a key source of productivity, Economic growth and job creation and hence their performance and environment in which they perform are seen as an important factor for social and economic development.

1.2 Statement of the problem
MSMEs in Tanzania play a crucial role in the development of our economy and carry a large share of the GDP. The Tanzanian government has been trying to develop the sector by implementing various strategies including searching markets for products, provision of credits, and funding. In spite of the remarkable efforts made by the government, the sector still faces constraints such as; inaccessibility to financial services, poor infrastructures, a poorly coordinated institutional support framework, poor business development services, lack of entrepreneurial skills and lack of opportunities to explore the external markets are still predominant in SMEs daily operations (Tagama, 2004).

Despite the rapid growth of research in the field of development and sustainability of small and medium enterprises in Tanzania, there is still a great lack of documented literature which shows and measures the development and sustainability of small and medium entrepreneurs in recently years in Tanzania. Also there are not enough studies concerning the challenges faced by the Tanzanian government on promoting development and sustainability of SMEs sector in Tanzania. Most of the available studies are not sufficient to solve the problem as they do not focus on assessing both challenges which originated specific from individual entrepreneurs and those
originated from the government in promoting the development and sustainability of SME sector.

The sector still faces these challenges and problems which hinders the development of SME in Tanzania. Due to this reason it drives the researcher to do this study to fill those gaps which are not met by other previous researchers as we see the sector still faces those challenges. This study concentrates on assessing the role of the government in promoting the development of MSMEs.

This research work extracts information from entrepreneurs in Dodoma municipal especially those registered entrepreneurs from SIDO, Ministry of industry and trade and second hand data from different scholars who wrote articles in Tanzania MSME sector and therefore the purpose of carrying this research is to assess the role of the government in promoting development of micro, small and medium enterprises in Tanzania.

1.3 General objective
The general objective of this report intends to assess the role of the Government in promoting the development of MSME’s sector in Tanzania.

1.4 Specific objective
In order to achieve the primary objective, the specific objectives are;

(i) To find out the efforts put forward by the government in promoting the development and sustainability of the MSMEs sector.

(ii) To determine challenges facing the development of MSMEs sector

(iii) To analyze the challenges the government faces in promoting the development and sustainability of MSMEs sector.
1.5 Research questions
(i) What efforts the government has taken in promoting the development and sustainability of MSMEs sector.

(ii) What are the obstacles MSMEs faces which hinders the development of the sector?

(iii) What are the challenges the government faces in implementing the development and sustainability of MSMEs sector in Tanzania.

1.6 Significance of the study
The following advantages are expected from this research work. The study will help the government to solve problem of the bottlenecks that prohibit effective implementation of SME development policy, the research work will help the stakeholders to realize their roles and responsibilities, the letter will be suitable reference for the scholars who are interested in conducting research on this topic and hence stimulate the development and growth of this sector and for the researcher the study will be a partial fulfilment for an award of Master of Science in Entrepreneurship.

1.7 Limitations of the Study
This study does not pretend to be free of limitations. Though the findings and conclusions are not affected, it is important to highlight some of the limitations. Firstly, the study has only been conducted in Dodoma region, and has not examined regional variations in Tanzania. Secondly it is also possible that some of the respondents did not provide their true opinions during the interviews because they regarded some of the questions as sensitive. However, this group is regarded to be small and we assume that they did not affect the overall results and conclusions. Thirdly Data Availability, Some of the data is not easily accessible due to the shortage of the written documents concerning development of SME and some of the data are outdated data they give statistical information which are irrelevant and improper record keeping which hinders the availability of most important data which is useful towards the accomplishment of the research work.
1.8 Delimitation of the study

The study conducted in a single region because the study is the case study and not a surveys study this helps the researcher to manage the study easily for intensive study. Those respondents who did not provide their true opinions during the interviews because they regarded some of the questions as sensitive, this group are regarded to be small and did not affect the overall results and conclusions. In the case of data availability, the researcher collects data from well documented literatures which provide relevant information.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction
This chapter explores the theoretical literature review, empirical literature review and presents a conceptual framework upon which this study builds. This chapter provides an overview of the key concepts by looking at what other authors and scholars talk about the concepts.

2.1 Concept of MSMEs
Principally there is no a universal accepted definition of SME. According to SMEs development policy (2002) the SMEs nomenclature is used to mean Micro, Small and Medium Enterprises. Adelante Foundation (2000) shares the common characteristics of SMEs as small scale employment, hard work, minimal capital input and locally available markets. Micro-enterprises are mainly owner managed family business operating mainly in the informal sector (Ritto, 1997:35). McMahon et al. (1993) referred to define a small business as a ‘vexing and enduring difficult’ and went on to indicate that small enterprises are easier to describe than to define in precise terms. McMahon (1993) has summarized a common view that, small firms are best identified by their inherent characteristics.

Different countries use distinctive measures of size of SMEs depending on their level of development. In Tanzania, common measures used to characterize SMEs are the total number of employees, total investment and sales turnover. Basically, In the case of Tanzania any business that engages 1 to 4 persons employing capital investment amounting up to Tshs. 5 million is categorized as a Micro Enterprises. The majority of businesses that are in this category fall under the informal sector. Small Enterprises which engage between 5 and 49 employees with a capital investment from Tshs.5 million to Tshs.200 million are categorized as Small Enterprises. Medium Enterprises employ between 50 and 99 people with the capital investment of Tsh.200 million to Tshs.800 million.
The Large Enterprises carry more than 100 employees with the capital investment of more than Tshs.800 million (SME Development Policy, 2002).

Table 2. 1: categories of SMEs in Tanzania

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Employees</th>
<th>Capital Investment in Machinery (TZS)</th>
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</thead>
<tbody>
<tr>
<td>Micro enterprise</td>
<td>1-4</td>
<td>Up to 5mil.</td>
</tr>
<tr>
<td>Small enterprise</td>
<td>5-49</td>
<td>Above 5mil. To 800mil.</td>
</tr>
<tr>
<td>Medium enterprise</td>
<td>50-99</td>
<td>Above 200mil. to 800mil</td>
</tr>
<tr>
<td>Large enterprise</td>
<td>100+</td>
<td>Above 800mil</td>
</tr>
</tbody>
</table>

Source; SMEs development policy (2002)

2.1.1 Government with MSMEs

The government would wish to expand both the physical infrastructures for the small entrepreneurs and all the support services such as business development services and institutional support framework which would enable businesses to make the most of their opportunities, to do so the government requires finance; finance which ultimately derives from taxes. Many of the small entrepreneurs have too small an income or turnover to come within the orbit of direct taxation and, of those who do, many lack the record keeping skills to ensure that they are properly taxed.

Many avoid paying taxes because they believe that, doing so would put them at a disadvantaged position against their potential businesses rivalries therefore, they do not pay taxes ESAURP (2012). The Business License ACT no. 25 of 1972 requires all enterprises to register in the councils where they are located (Fjelsted et al., 2011) Businesses with a turnover above a specific threshold have to register for Value Added Tax at the Tanzania Revenue Authority. However many businesses do not register their activities.

There are more opportunities for the MSMEs sector based on the ongoing reforms in Tanzania which are directed towards private sector development. Moreover, there are schemes to strengthen the MSMEs services through SIDO, VETA, NMB, and other industrial support organizations and institutions.
2.2 Theoretical review

This part of theoretical literature review is going to address on concepts of entrepreneurship development and its importance.

2.2.1 Theories of entrepreneurship

Theories on entrepreneurship are emanating from so distinguished fields with distinctive approaches of the phenomenon. The entrepreneur concept implies the discovery, assessment and exploitation of opportunities, in other words, new products, services or production processes; new strategies and organizational forms and new markets for products and inputs that did not previously exist (Shane and Venkataraman, 2000). Some of the theories are presented to reflect this study as explained below;

2.2.1.1 Motivation theory

McClelland (1961) describes a Motivation theory to also known as Achievement Motivation or theory of High Achievement. McClelland identified two characteristics of entrepreneurship; Doing things in a new and better way and Decision making in uncertainty. He stressed that people with a high achievement orientation were more likely to become entrepreneurs. Such people are not influenced by money or external incentives; they consider profit to be a measure of success and competence.

2.2.1.2 Economic displacement Theory

This theory was introduced by Mark Casson (1982), It is mainly concerned with the economic variation of recession and depression. Job loss, capital shrinkage, or simply “bad times” can create the foundation for entrepreneurial pursuits, just as it can affect venture development and reduction.
2.2.1.3 Sociological Theory
This theory was introduced by Bridge (1998). To him, entrepreneurship is likely to getting a boost in particular social culture Society’s values, religious beliefs; customs, taboos influence the behaviour of individuals in a society. The entrepreneur is a role performer according to the role expectations by the society.

This approach explains about individuals’ decision making in making career choices on entrepreneurship or other careers. In this approach, factors such as social class, family composition and background, parental occupation will strongly influence entrepreneurial decision making. Choices are normally limited by the experience and expectations that individual face in their social world. For example a young person with a business owning parent may well be expected to join the family business while the son of the employed labourer will be socialized quite differently.

Bird (1989) stated that sociologist’s characteristics such as being the first child, being an immigrant and having early role models have been associated with an entrepreneurial personality. Sociologists emphasizes on importance of entrepreneurial opportunity in the entrepreneurial process. Entrepreneurs do not wait for the opportunities to emerge but if a society presents numerous opportunities, this will quite clearly act as a catalyst for entrepreneurship.

2.2.1.4 Cultural Model Theory.
Cultural model theory is stated to be comprised of society values, religious beliefs, customs and taboos that influence the behaviour of individuals in a society. Cultural Model is the theory that explains that entrepreneurship appears to be more compatible with certain cultures than others. Culture affects how individuals in a society view entrepreneurship. Cultural values affect the degree to which a society considers entrepreneurial activities to be desirable or not desirable (Hayton, 2002).
2.2.1.5 Entrepreneurship Innovation theory.
Theory was established by Joseph Schumpeter (1912), who believes that entrepreneur, helps the process of development in an economy. He says that an entrepreneur is the one who is innovative, creative and has foresight. According to Joseph Schumpeter, innovation occurs when the entrepreneur introduces a new product, introduces a new production method, opens up a new market, finds out a new source of raw material supply, and introduces new organisation in any industry.

2.3 The importance of MSMEs in Tanzania economy
The importance of the SMEs in Tanzania’s Economy is seen in reflection of the reviews by different scholars and multinational organizations in their studies on the SME sector. According to International Labour Organization ILO, Tanzania’s Ministry of labour and Economic and social research foundation ESRF (1997) data, Micro and small Enterprises SME’s in Tanzania contributes about 35% to GDP and employs about 20% of total labour force. About 2.4 million people were recorded to be involved in SMEs, of which 60% of these were in rural areas about 50% of SMEs workforce is engaged in trade related activities and 22% in manufacturing activities while urban agriculture and poultry account for 10% (ILO and ESRF, 1997:3).

The SMEs sector is one of the major economic sectors in Tanzania. Based on the national baseline survey report (2012), it was estimated that small businesses contributed about 27% to Tanzania’s GDP in 2010. SME’s contribution to the national economy is analyzed in terms of its impact on three factors: growth of production, utilization of factors of production and a country’s balance of payments (Mikic, 1988).

MSMEs all over the world are known to play a major role in socioeconomic development. The importance of MSMEs in Tanzania can’t be undermined; the estimate of the contribution of MSMEs sector is 48.1% of GDP in Tanzania Osoro (2009). Since SMEs tend to be labour-intensive, they create employment at relatively low levels of investment per job created. It is also more effective in the utilization of local resources and to establish linkages with large industries if well coordinated.
Estimation of the economic impact of SMEs in a country is undertaken using multipliers which measures how a country’s economic activities in terms of output, income and employment. Kweka et al. (2003). Basing on the GDP data by the UNDP (1995) it is indicated that, there was a significant decline of 29% in the incidence of poverty in Tanzania between 1983 and 1991.

The outcome of decline on poverty was attributed to strategic initiatives on poverty alleviation suggested by the UNDP that concentrated on creating an enabling environment through:- Promoting job creation and sustainable livelihoods: Focus on productivity-enhancing programme in small holder agriculture, self employment, informal sector activities SMEs and Cooperatives: Empowering people in decision-making and in developing capacities at all levels: Mobilizing resources internally and invitation to donor participation on the other hand, the two operational level priorities for anti-poverty interventions have centred on social mobilization for participation and creation of partnerships.

The problem of low employment is rooted in the lack of structural economic transformation to diversify away from agricultural sector characterized by low and falling productivity (Khan, 2001). Youth in Sub-Saharan Africa are 3.5 times more likely to be unemployed and have almost stopped actively searching for a job (Kanyenze, Mhone and Sparreboom, 2000). Furthermore “Youth unemployment is partly the consequence of a mismatch between inadequate educational outcomes and skills demanded (Boateng, 2002).

The SMEs sub-sector’s contribution to the national and socio-economic development can be seen as follows:-

- It generates income and employment.
- It is a major supplier of goods and services to the people.
- It is a main creator of new products, new services, and new entrepreneurs.

In actual fact; the SMEs sub-sector is contributing most to job creation especially current where formal employment is no longer in a position to absorb the job seekers. For instance the retrenchments in the civil services and parastatal as a predominant
employer. This led to many retrenches resorting to other income generating opportunities in the SME. Sub-sector (Kirumba Erick, 2000:74).

It is now increasingly recognized that, the SMEs plays a crucial role in employment creation and income generation in Tanzania. SMEs all over the world and Tanzania in particular, can be easily established since their requirements in terms of capital, technology management and even utilities are not as demanding as it is the case for large enterprises. These enterprises can also be established in rural settings and thus add value to the agro-products and at the same time facilitate the dispersal of enterprises. In deed SMEs development is closely associated with more equitable distribution of income and thus important as regards poverty alleviation (Ministry of Industry and trade, 2003).

After about fifteen years of economic policy reforms in Tanzania many of the laws and regulations governing economic agents are remnants, not only of the socialist model of development adopted after independence, but also of the pre-independence regime. For example the Companies Ordinance was created in1923 while twelve labour laws, according to the Labour Advisory Board were enacted during pre-colonial era or under the auspices of the Arusha Declaration. Engelmann (1994 p76), after a study of entrepreneurship in Africa, found out that, “The regulatory framework in which small businesses operate might need revision in laws and regulations; relaxing licensing regulations, reviewing municipality by-laws, building codes, and reviewing of labour and employment Acts with a view to adapt them to the needs of small businesses.

2.4 Empirical literature review

Different scholars have examined the role of the government in promoting the development of MSMEs. Researchers on the factors which contribute to success, a study of Pakistan’s small business owners (Papanek, 1970) the government of Pakistan played an important role in diversifying entrepreneurial operations into manufacturing away from exclusive focus on the service oriented trade sector. Thus, the ability to deal with the government became an important aspect of the Pakistan entrepreneurial function (Alt af, 1988).
The study by Emmanuel, Oni (2012) argues that, the Government of Nigeria over the years has formulated a number of policies aimed at developing Small and Medium Scale Enterprises. While most policies actually failed due to poor implementation, others however, succeeded. Efforts have been made in the past to identify the role of Small and Medium Scale Enterprises to the development of Nigeria’s economy, its problems and prospects which created a vacuum on the role of government and other financial institutions in the development of Small and Medium Scale Enterprises. It was discovered that financial institutions provide the necessary financial lubricant that facilitate the development of Small and Medium Scale Enterprises, but, a lot still needs to be done by the government in terms of policy formulation in order to complement the efforts of financial institutions.

The study on the Singapore Government supports for SMEs by Lim Wee (2011) points out various efforts made like grants and assistance programmes, funding and financing, information and advisory and enterprise development center made by the government to facilitate development of SMEs.

The study in Kenya done by Kiggundu (2000) indicates the need to initiate inclusive private-public dialogues; support the establishment of stronger business associations at the county level; formulate specific county led SMEs policies aligned with the overall national SMEs policy framework; establish tailored training institutes for SMEs at the county level; develop SMEs oriented financial institutions in counties; establish an import and export bank for SMEs; need for the central government to coordinate the SMEs issues in Tanzania and establish a SMEs development organization. However, the impact of devolution on SMEs development depends on the architecture of the regulatory and institutional framework inclined to support SMEs in an economy it is thus imperative to appraise the regulatory and institutional framework for SMEs given the existing devolved government system in Kenya.

Rwanda has seen a variety of initiatives to support Rwandan MSMEs from the government, Development Partners (DPs), financial and non-governmental organization (NGO) sectors through Rwanda SME development policy in 2010
However, these initiatives have suffered from a lack of resources, coordination and capacity.

In recent years policymakers and researchers in New Zealand have focused their attention on supporting SME growth. As a result, the Small Business Unit was established within the Ministry of Economic Development in 2003 and a Minister of Small Business was appointed, signalling the enormous importance of the sector. In 1991, the Business Mentors scheme was launched in New Zealand, based on the Business in the Community models of England and Europe. The concept is that large and successful businesses sponsor the development of small businesses.

Maliyamkono (2012), evidenced that in recognition of the importance of small businesses in growing the economy, the Small Industries Development Organisation (SIDO) was created as a parastatal organization. Tanzania has liberalized her economy and moved towards a market led economy. In 2002, the Small and Medium Enterprise Policy was introduced. However, a few years later, MSMEs were still facing problems such as an unsupportive legal and regulatory framework, an ineffective marketing system, and an undeveloped value chains characterized by low productivity level and low value-addition and difficulties in accessing appropriate finances. In 2006, the Private Sector Competitiveness Project was introduced to reduce the cost of business and to address common problems affecting MSMEs. This study relates to the research objective of identifying the government efforts and challenges the government face on promoting development of MSMEs sector in Tanzania.

Emmanuel, Saiguran (2007), argues that research and developing institutions are developing technologies and collaborating with other stakeholders to commercialize them for SME use and development. Financial institutions like banking and other investors for developing the sector.

The study on promoting entrepreneurship and innovative SMEs in a global economy (2004), identify SMEs, due to their size, as particularly constrained by non-competitive real exchange rates, limited access to finance, cumbersome bureaucratic
procedures in setting up, operating and growing a business, poor state of infrastructure and lack of effective institutional structures. This is in line with the researcher objective on identifying the challenges MSMEs face.

Mutakyahwa (2012), whose study has identified various challenges to be one of the barriers for SME development, categorized barriers in several heading, one related to personal knowledge or the education base described as human capital, second set of barriers described as structural include problems entering the monetary economy, a third set consists of economic factors or economic costs. In this study the researcher identifies challenges which the researcher categorizes into two groups one which originates from the government and the other from entrepreneurs.

Dalu and Deshmukh (2001) identified that though MSME sector plays a critical role in the economy of India, it is also observed that, challenges in MSMEs is increasing at rapid rate. The number of MSMEs in Tanzania is constantly on the rise which results in locking up of resources, wastages of capital assets, loss of production and increasing unemployment.

Satta (2003) on “Enterprise characteristics and constraints in Developing countries: Evidence from a sample of Tanzanian micro and small scale enterprises. The Objective of the study was “To examine enterprise characteristics and identify external constraints that influence growth of enterprise” Even if, the full study displayed the identified constraints and some policy measures relevant to formulation of supportive programmes for SMEs development in Tanzania at this critical moment when Tanzania is strategizing on the promotion of the SMEs sector. But the study could not reveal the full results on current period, competitiveness and actual constraints which hinders SME development.

Tesfayohannes (2005) looks at the elements of SMEs policy implementation is sub-Saharan Africa and acknowledges that the countries in the region recognise the pivotal role of SMEs in their sustainable development. However, the wide spread SMEs failure is observed due to poor policy designs and implementation.
In line with the conclusions, Tsfayohannes recommends proper schemes, action programmes and regulatory frameworks supportive to SMEs development.

Olomi (2006) looks particularly at the rural SMEs development constraints in Tanzania and highlights twelve factors restraining growth of small and medium enterprises. Difficult access to finance, unsatisfactory awareness and capacity of business operators, little access to business development services, poor infrastructures, and inadequate facilitation are among the challenges he presents. Constraints are multifaceted, from policy and institutional frameworks to technical, financial and ideal entrepreneurial matters. Olomi provides some policy recommendations including: a need to build on the role models and continue to innovate; boosting investment promotion and enterprise support; enhancement of entrepreneurship skills; and capacity building at grassroots level.

Helal (2011) considering the importance of SME sector in the economy of Bangladesh and understanding the constraints under which such enterprises operate, it is evident that policies to support the development and growth of SMEs are necessary. In the policy strategies, smooth and sustainable development of MSMEs all over Tanzania will be considered as one of the vehicles for poverty alleviation, and generation of more employment. Helal attempt has been made in the paper to identify major financing constraints faced by MSMEs in Bangladesh and suggest some policy measures to overcome those constraints. The study focuses on the current scenario of MSMEs and problems faced by them in Bangladesh as well as suggest some policy recommendations for future growth of MSMEs in Bangladesh.

The study by ESAURP (2012), indicates that that the main constraint faced by SME’s is lack of entrepreneurial skills, management and marketing skills. While most owner-managers and startup entrepreneurs are experts in their product and service, but often lack of wider managerial skills hinder their long-term success. Strategic planning, medium-term vision, marketing, finding customers, patient “not to get rich overnight”, management of innovation, commitment to quality and knowledge of quality systems, knowledge of foreign languages, cash flow management, information technology just to mention a few which are all critical
elements of management required to meet challenges of the market economy, especially in the international market environment.

ESAURP focus only on those constraints of entrepreneurial skills, management and marketing skills faced by SMEs but do not look on other constraints such as inaccessibility to financial services, poor infrastructures, poorly coordinated institutional support framework, and poor business development services.

2.5 The Conceptual framework

In this section, the study presents a conceptual framework as a foundation and guide on what was intended to cover on the study. A conceptual model is built on the assumption that the impact of Government is supposed to be reflected in stimulating the development of Micro, Small and Medium enterprises.

Figure 2.1 A Conceptual Framework: The role of the government

Source; Researcher Model (2013)
The mission of the government is to stimulate the development and growth of MSMEs activities through improved infrastructure, enhanced service provision and the creation of a conducive legal and regulatory support framework.

After identifying the important variables on the conceptual framework, we also develop a hypothesis under each variable. The hypothesis is used to test whether the relationships between the two variables (independent and dependent variables) that have been conceptualized hold truth or not.

2.5.1 Physical infrastructure
Basically, when other factors held constant, the physical infrastructure plays a major role in strengthening the development of MSMEs which has a great positive impact on stimulating the growth and sustainability of MSMEs activities. On our conceptual model, we assume to what extent can be measured the role of the government to MSMEs in improving physical infrastructures as it stimulate growth of MSMEs. The following hypothesis developed to test the valid of the variables.

H1: Physical infrastructures is positively related to MSMEs development

2.5.2 Business development services
Business development services include the following services; marketing, information, technology, and business training which are important factors that can be used to improve development of micro, small and medium enterprises in Tanzania. This study assumes that all business development services are directly related in the development of small and medium enterprises.

H2: Business development services are positively related to MSMEs development

- Marketing service: Sustainability of a firm largely depends on its performance in the market. Unfortunately, many enterprises are facing problems of marketing due to the poor quality of products, poor packaging, inadequate marketing skills and stiff competition. Inadequate marketing services have been prohibiting SMEs to become competitive in local and international markets.
The Government is committed in facilitating support programmes aimed at improving SMEs’ access to market. This lead to the following hypothesis.

H2.1: Access to market is positively related to development of MSMEs.

- **Information:** in this millennium information has become a prime mover of all economic undertakings. However, the situation of SMEs in Tanzania is that of limited access to information caused by lack of awareness on its importance and the prohibitive costs of acquiring the same. The Government facilitates and support programmes aimed at increased access of information pertinent to the development of SMEs.

H2.2: Access of information is positively related to development of MSMEs.

- **Technology:** Technology advancement and transfer are important aspects for SMEs development. SMEs have limited access to technology development partly because they lack the relevant information. The problem is further compounded by the existence of industrial support institutions which are weak and do operate in isolation without focusing on the actual requirements of the SME sector. Furthermore, technologies available are not disseminated to the potential clients. In addition, SMEs cannot afford the services provided by the relevant institutions. As a result of the above, SMEs continue to hold on poor and obsolete technologies. The Government will facilitate the acquisition and adaptation of technologies as well as enhance networking between R&D Institutions and SMEs in a bid to upgrade technologies so as to raise the productivity and competitiveness of the sector.

H2.3: Improved technology is positively related to development of MSME.

- **Business Training:** SME operators in Tanzania have rather low business skills and seem not to appreciate the importance of business education. On the other hand, the quality of training provided by existing business training institutions and costs involved has tended to be unattractive and unaffordable to the potential beneficiaries. The Government enhances the capacity of institutions providing business training to SMEs.
2.4: Provision of business training is positively related in development of MSMEs.

2.5.3 Legal and Regulatory Framework
The government aims at improving the business environment through a favourable tax regime and eliminating bureaucracy, costly and centralized legal and regulatory framework because it affects all sizes of business adversely. We make the following hypothesis for the test.

H3: Conducive Legal and regulatory framework is positively related to MSMEs development.

2.5.3.1 Tax
The tax regime in Tanzania is also unfavourable for MSMEs development. Taxes are many, rather high and collected by various authorities including Tanzania Revenue Authority and the Local Government Authorities. Furthermore, entrepreneurs are ignorant of tax matters and the cost of complying with tax regulations is considered high. Whereas taxation of businesses is a necessity for national economic development, the present tax regime imposes a major burden on MSMEs. The Government enhances the implementation of programs aimed at simplification and rationalization of procedures and regulations so as to encourage compliance and minimize transaction cost.

H4: Conductive tax regime is positively related to development of MSMEs.

2.5.4 Access to Finance
One of the most popular of the new technical tool for MSME development is ability to access finance. The government establishes a number of banks including the Micro Finance Bank, liberalization of financial rates and establishment of a stock exchange market. We make the following hypothesis.

H5: Access to finance is positively related to MSMEs development.
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction
This chapter contains a discussion on various methodological techniques which used by the researcher to collect data from various sources. It includes area of study, population, sampling technique, the methods of data collection, the unit of inquiry investigated; research design, research procedure used and data analysis techniques.

3.1 Research design
The design of the research is the case study. The case study design helped the researcher in an intensive description, analysis and interpretation of a single entity of the study (Kothari, 1992). Therefore the case study method stands as the best which efficiently eases the study of the research problem. A case study method helps the researcher to obtain information more easily.

3.2 Area of the study
The Research was conducted in Dodoma at the Ministry of Industry and Trade under the division of Small and Medium Enterprises. The study also involved entrepreneurs from Dodoma Municipal.

3.3 Units of inquiry
The unit of inquiry involves management, the department of MSME within the ministry together with the whole staff of MSME section and also from specific entrepreneurs.

3.4 Research sample and sampling technique
The sample size of the study include 110 respondents, 10 respondents as key informants from the SME department under the ministry of industry and trade, 100 respondents who own or operate small and medium enterprises in Dodoma municipal. The respondents comprise male and female of the age ranging 20 to 60 years.
The populations of 720 registered entrepreneurs in SIDO were used to draw a sample size of 100 entrepreneurs. The sampling techniques used include Simple random technique because there is large population of entrepreneurs on which each individual is chosen randomly and entirely by chance such that each individual has an equal chance of been chosen and judgmental technique was used at the ministry of industry and trade in order to obtain views from different personnel of the ministry specifically from SME department.

3.5 Methods of data collection
In order to accomplish this study successfully, different data collection techniques used include questionnaires and interview in order to collect primary data. Documents such as different articles, journals, books and report such as national baseline survey report for small and medium enterprises in Tanzania (2012) and SME Development Policy (2003) used to collect secondary data.

3.5.1 Primary Data Collection
This section introduces the methods and tools that were used for data collection from the field during the research activity.

3.5.1.1 Questionnaire
Questionnaires were administered to specific entrepreneurs. 100 structured and unstructured questionnaires were used to acquire reliable information. This method enabled the researcher to standardize the study.

3.5.1.2 Interview
Personal Interviews were administered to 10 key informants at the ministry to the middle personnel, head of department, head of divisions, supervisors and other workers. The researcher chooses this method so as to be able to crudely estimate general opinions and perception of the subject matter.
3.5.2 Secondary Data

The secondary data was obtained from Ministry of Industry and Trade, from the Small Industries Development Organizations (SIDO), financial institutions and Tanzania Industries Research Development Organization (TIRDO) office records. Books and reports on SME from the MIT, Journals, and SME development policy will be used. Also the data involved research reports, journals, newspapers, and information from the Internet.

3.6 Data analysis technique

Both qualitative and quantitative analysis techniques employed. The better understanding of business environment under the study demands the extensive use of qualitative techniques. The nature of the research questions demands for a quantitative approach to the study. Qualitative information in this research has been done using the descriptive statistical analysis that generated the information presented in form of tables for simplified understanding. Basically the quantitative method used a simple linear regression method to which the intention of use was to examine the relationship between the independent variables to the dependent variable.

The researcher applies SPSS to assist and simplify and perfect the analysis of data collected from the field to establish findings.
CHAPTER FOUR

PRESENTATION OF FINDINGS AND DATA ANALYSIS

4.0 Introduction
This chapter presents research findings and analysis of data collected by the researcher on the bases of research questions obtained from different respondents participated in this study. The major aim of this study was to assess the role of the government to promote development of micro, small and medium enterprises. The researcher focused on determining various efforts put forward by the government on promoting development of MSME sector, and to determine both challenges the government and MSMEs faces.

Through the methods used by the researcher to collect data, the researcher has been able to identify the efforts put forward by the government and in recognition of the importance of SME sector, the Government has continued to design and implement a number of policies, institutions and programs supportive to the development of the sector. Also the researcher identifies those challenges originated from entrepreneurs and from the government itself in which the government should make more efforts to overcome in order to reach the maximum goal of developing MSMEs in Tanzania.

4.1 Respondents profile
In this section of the study the researcher presents a summary of characteristics to which the respondents belong. Among the 110 persons reached for the data collection exercise, we had both male and female for the interviews and questionnaires. Their composition had a total of 74 male and 36 female respondents representing both the government officials and the entrepreneurs. The representation of the individual to this sample based on 100 entrepreneurs and 10 government officials as key informants. As indicated on the table 4.1 below.

Considering the response rate, The research results reveals that a total of 110 respondents were consulted for the study and dully filled the questionnaires as well
as good collaboration during the administration of the interviews. This marks the response rate to peak at 100% of the total expected responses.

Table 4.1: Respondents Profile

<table>
<thead>
<tr>
<th>S/n</th>
<th>Age category</th>
<th>Entrepreneurs</th>
<th>Government Officials</th>
<th>Sub total</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male</td>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>20 – 30</td>
<td>40</td>
<td>16</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>31 – 40</td>
<td>17</td>
<td>11</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>41 – 50</td>
<td>10</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>51 – 60</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Grand Total</td>
<td>69</td>
<td>31</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

Source, Research findings

4.2 Efforts of the government

The first specific objective of this study aim to identify various efforts put forward by the government in promoting development and sustainability of MSMEs. The research reveals various efforts, the government design and implements a number of policies, programmes, supportive institutions and creating an enabling environment to enhance enterprises development in areas such as finance, marketing, technology, information and business training. The study reveals the following policies, institutions supportive and programmes made by the government to support MSMEs development;

- Financial Support
- Legal and Regulatory support framework
- SME development policy
- Business training support

Table 4.2 below, shows various measures and efforts which have been taken by the government in promoting growth and sustainability of SME has revealed by respondents from SME department.
Table 4.2: Measures to promote growth and sustainability of SME Sector

<table>
<thead>
<tr>
<th>Measures to promote growth and sustainability of SME Sector</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision of training through SIDO</td>
<td>2</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Simplify tax system registration and licensing procedures</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Facilitate SMEs participation locally and internationally through trade fairs.</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Formulation of SMEs development policy</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>50.0</td>
</tr>
<tr>
<td>Undertake different studies and research for SME development</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Establishment of national entrepreneurship development fund</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>70.0</td>
</tr>
<tr>
<td>Conducting the baseline survey to know the size of the sector</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Establishment of different programs for SMEs development</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Enabling good environment for SMEs growth</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Research findings

Those mentioned, based on the findings presented on the table above, are among more others are discussed in this document since they have been given importance by the government in promoting the MSMEs development in Tanzania.

The Government has taken various strategies in promoting growth and development of MSMEs; various stakeholders including Central Government, local government, private sector, development partners and others are implementing the strategies. The holistic approach is required in the implementation of policy objectives, the Ministry of industry and trade is at the moment using its affiliation institutions including SIDO to reach the local levels. SIDO with 21 branch offices is the main institution arm for small industry promotion in the country.

Other institutions of that nature included the Tanzania industrial research development organization (TIRDO) the Centre for Agriculture Mechanization Rural Technology (CAMARTEC), Tanzania engineering and manufacture design organization (TEMDO), Tanzania bureau of standards (TBS), and the college of business education. The board of external trade (BET), which is instrumental in the
promotion of exports mainly through trade fairs. Also the MIT has been working close with vocational education and training authority (VETA), University of Dar es salaam (UDSM) established the entrepreneurship development centre (UDEC) within the faculty of commerce and management. The Kilimanjaro Industrial Development Trust (KIDT) is also one such brick and tile making and briquette facilities and a ceramics factory. The facilities are used to provide vocational and technical training, combined with production activities.

Moreover, the small budget for SME has practically been set aside annually. In addition there are national steering committees (NSSC) which have the role to sector the policy implementation process as well as advice on issues related to development of the MSME sector, Structural Adjustment Programmes where trade liberalization and privatization of state enterprise were the core elements of the policy (SAPs).

In recent years, many NGOs and development partners have shown interest in working on programs for supporting SMES however for the purpose of knowing who is doing what where in the process of promoting the sector an attempt was made to carry out an SME mapping this was conducted in 2001, such a mapping revealed that several actors were involved in promoting the sector in various aspects, different coverage and interest.

In 2012 the government under the ministry of industry and trade take the national baseline survey report for MSME for the following purposes; to establish the size and structure of the small business segment in the Tanzanian economy, to estimate the contribution of small businesses to the national economy in terms of income and employment, to Identify constraints and opportunities of the small business segment, to quantify the demand for financial and business development services, to Profile this demand and segment small businesses in ways practical for the design of appropriate interventions and services and to develop new segmentation approaches that allow better understanding of the needs and dynamics of small business.
The major role of the government is to create and provide conducive environment for the private sector to grow. Such issues pertaining to a conducive environment are taxes, access to finance, marketing, technology, information, working premises and infrastructure utilities like water, electricity and roads moreover creating such institutions as SIDO and encouraging entrepreneurship culture through inculcating entrepreneurship in the curricular of colleges.

18% of respondents from MSMEs reveal that they get support from the government on which 6% commented that they got business training assistance, 2% got financial assistance, 4% got assistance on business premises, 2% on legal and regulatory support, 1% admit on simplification of business registration and licensing procedures, 1% commented on simplification of external and internal business cooperation, 1% reveal on provision of different institutions for SME development and 1% reveal that they got support from the government through formulation of SME development policy.
The following tables 4.3 and table 4.4 presents the findings on the kinds of assistances from the government as revealed by entrepreneurs

**Table 4.3: government assistance in business performance**

<table>
<thead>
<tr>
<th>Assistance</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid 0</td>
<td>82</td>
<td>82.0</td>
<td>82.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Business training</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>88.0</td>
</tr>
<tr>
<td>Financial assistance</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Business premises</td>
<td>4</td>
<td>4.0</td>
<td>4.0</td>
<td>94.0</td>
</tr>
<tr>
<td>Legal and regulatory support</td>
<td>2</td>
<td>2.0</td>
<td>2.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Simplify business registration</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>97.0</td>
</tr>
<tr>
<td>Simplify external and internal business cooperation</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>98.0</td>
</tr>
<tr>
<td>Provision of different institutions for SME’s development</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>99.0</td>
</tr>
<tr>
<td>SME’s policy</td>
<td>1</td>
<td>1.0</td>
<td>1.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source: Research findings**

**Table 4.4 Level of assistance given by the government**

<table>
<thead>
<tr>
<th>Level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>10</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Weak</td>
<td>51</td>
<td>51.0</td>
<td>51.0</td>
<td>61.0</td>
</tr>
<tr>
<td>Very poor</td>
<td>14</td>
<td>14.0</td>
<td>14.0</td>
<td>75.0</td>
</tr>
<tr>
<td>Excellent</td>
<td>8</td>
<td>8.0</td>
<td>8.0</td>
<td>83.0</td>
</tr>
<tr>
<td>Unaware</td>
<td>17</td>
<td>17.0</td>
<td>17.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source: Research findings**

**4.3 Main challenges facing MSMEs**

The findings on the second objective of the study revealed that MSMEs sector in Tanzania is confronted with various problems such as low level of education, financial constraints, ineffective government and institutional support framework, Poor Physical Infrastructure, in conducive Legal and Regulatory Framework, lack of
creativity and innovativeness, rural industrialization and poor business development services such as marketing, poor technology, entrepreneurship development, information and communication and business training. The following table 4.5 shows the main challenges as identified by the researcher which hinder effective development of MSMEs sector.

Table 4.5: The main challenges facing the MSMEs sector

<table>
<thead>
<tr>
<th>Obstacles</th>
<th>Number of respondents</th>
<th>Strongly disagree %</th>
<th>Disagree %</th>
<th>Neutral %</th>
<th>Agree %</th>
<th>Strongly agree %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax</td>
<td>100</td>
<td>6</td>
<td>17</td>
<td>7</td>
<td>42</td>
<td>28</td>
</tr>
<tr>
<td>Finance</td>
<td>100</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>55</td>
<td>34</td>
</tr>
<tr>
<td>Information</td>
<td>100</td>
<td>1</td>
<td>10</td>
<td>12</td>
<td>37</td>
<td>40</td>
</tr>
<tr>
<td>Technology</td>
<td>100</td>
<td>1</td>
<td>7</td>
<td>0</td>
<td>26</td>
<td>66</td>
</tr>
<tr>
<td>Business training</td>
<td>100</td>
<td>2</td>
<td>9</td>
<td>9</td>
<td>43</td>
<td>37</td>
</tr>
<tr>
<td>Marketing</td>
<td>100</td>
<td>7</td>
<td>16</td>
<td>9</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>100</td>
<td>4</td>
<td>8</td>
<td>3</td>
<td>23</td>
<td>62</td>
</tr>
</tbody>
</table>

Source: Research findings

4.3.1 Financial constraints

The study revealed that most informal enterprises start their ventures constrained by minimal or very low levels of available capital. Limited start-up capital is not surprising because the research revealed that money for investment comes from people’s own savings, families and transfers from other businesses. Also for those who already have a business have limited access on working capital because the sector is perceived as a high risk one. 89% of respondents from small and medium enterprises agree that access to finance and high interest rate is still a big problem which hinders the development of their business on which 55% agree and the remain 34% strongly agree, only 6% disagree and 5% commented neutral. Due to those respondents comments it is clear evidence that access to finance, working capital, and high interest rate is still a big challenge for the development of MSMEs.

4.3.2 Physical Infrastructures

The poor Infrastructural network in Tanzania which includes communication, transport, water supply, power supply, roads affect the development of MSMEs. The
study reveals that 85% percent of respondents complain of poor physical infrastructures of which 62% who identified poor infrastructure as their major challenge strongly agree. Transport facilities are poorly organized hence it is difficult and costly to move goods from one point to another within Tanzania and adds to costs. In this study a large percent of MSME owners complain of poor power supply. Power supply is unreliable and unstable this is justified by 22% of respondents complain on poor and unstable electricity distribution which disrupt their daily operation and hinder back the business development. Communication networks are undeveloped especially in rural areas and costly for SME’s.

4.3.3 Legal and Regulatory Framework
From this study 70% of the respondents agreed on the problematic area of the Tanzanian taxation system. The study reveal that almost 38% of the entrepreneurs do not have TIN certificates meaning that they are not paying taxes. Some entrepreneurs acquire TIN certificates in order to access official services such as grants and loans. The existence of high taxes and harassment from tax collectors has been cited as discouraging visibility and hence growth of enterprises in the informal sector in Tanzania.

4.3.4 Poor Technology
From the findings of the main challenges, poor technology is the highest problem area of MSME development as identified by the researcher on which 92% of entrepreneurs agree on poor technology which takes a very large percent comments compared to other factors mentioned. Entrepreneurs complain of poor technology which affects and minimize external competition due to the production of products and services of low quality because they lack advance technology. 8% of the respondents said that in order to attract external customers from other countries they must produce a high quality products and due to that it needs to acquire a very high technology in production for effective competition with external market.
4.3.5 Marketing
The study reveals that the sustainability of a firm depends largely on its performance in the marketing. Unfortunately, many enterprises are facing problems of marketing due to the poor quality of products, poor packaging and branding, inadequate marketing skills and stiff competition. According to the findings 68% of MSMEs views poor availability of market as among the big challenge which hinders their development. Export was quite insignificant. 14% of entrepreneurs complain on lack of internal and external market, they comment that local people prefer to buy products from external countries and they do not appreciate the products made by local entrepreneurs.

4.3.6 Information and Communication
The study identified that 37% agree and 40% strongly agree on information factor as a challenge to MSMEs development. The study reveal that 83% of all MSMEs do not have any information or awareness concerning SME development policy in Tanzania, this evidence shows that there is a great lack of a good communication between government and MSMEs. This gap in communication affects the development and growth of MSMEs sector in Tanzania. The following table 4.6 reveals that there is no proper dissemination of communication between the government and MSMEs in government plans for MSMEs development.

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Valid</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>17</td>
<td>17.0</td>
<td>17.0</td>
<td>17.0</td>
</tr>
<tr>
<td>No</td>
<td>83</td>
<td>83.0</td>
<td>83.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research findings

4.3.7 Business training
From the study, 80% of MSMEs of which 43% agree and 37% strongly agree that lack of business training affect development of their business they admit that business training is a potential tool to equip and expand their knowledge and skills.
on business operation. Above all challenges, business training takes second chance of SMEs suggestions concerning the improvement of the government towards this sector 20% of all suggestions, entrepreneurs suggest the government to improve business training because they realize that it is one of the challenge which the government can easily overcome.

4.4 Regression Analysis

Despite the fact that the above factors are related directly to MSME development there is relevant variance or factors that demands explanation because of the high significant level on SME performance and development as shown in regression analysis on table 4.7 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.343</td>
<td>.724</td>
<td>4.617</td>
<td>.000</td>
</tr>
<tr>
<td>Tax</td>
<td>-.038</td>
<td>.086</td>
<td>-.045</td>
<td>-.437</td>
</tr>
<tr>
<td>Finance</td>
<td>-.163</td>
<td>.131</td>
<td>-.131</td>
<td>-1.249</td>
</tr>
<tr>
<td>Information</td>
<td>-.058</td>
<td>.120</td>
<td>-.058</td>
<td>-.487</td>
</tr>
<tr>
<td>Technology</td>
<td>.364</td>
<td>.158</td>
<td>.320</td>
<td>2.304</td>
</tr>
<tr>
<td>Training</td>
<td>.044</td>
<td>.127</td>
<td>.044</td>
<td>.349</td>
</tr>
<tr>
<td>Market</td>
<td>-.165</td>
<td>.087</td>
<td>-.207</td>
<td>-1.907</td>
</tr>
<tr>
<td>Infrastructures Institutional Support</td>
<td>-.093</td>
<td>.117</td>
<td>-.102</td>
<td>-.792</td>
</tr>
<tr>
<td>Legal and Regulatory</td>
<td>-.036</td>
<td>.040</td>
<td>-.090</td>
<td>-.894</td>
</tr>
<tr>
<td></td>
<td>.008</td>
<td>.037</td>
<td>.023</td>
<td>.224</td>
</tr>
</tbody>
</table>

Dependent Variable: To what extent these factors are challenges to the development of MSMEs?

Source: Research findings

From the table the findings reveals, Technology (P=0.023) and Market (P=0.060) falls within the significant judgment level of 0.01 equivalent to 10% which shows high significance level compared to other independent variables. Based on this analysis H2.3 and H2.1 are accepted.

Regarding Marketing factor, The hypothesis (H2.1) test results established a statistical evidence of the marketing factor on SME development.
Marketing factor influence significance of 0.06 equivalent to 6% on micro, small and medium enterprises development.

With regard to technology, the hypothesis (H2.3) witnesses a statistical existence of an influence of technology on MSME development. This implies that, the change in technology is highly positively related to MSME development which shows the highest significance level of 0.02 equal to 2%.

In addition to the above main challenges MSMEs mentioned other obstacles and revealed by table 4.8

Table 4.8 Other obstacles facing MSMEs sector in Tanzania?

<table>
<thead>
<tr>
<th>Valid</th>
<th>Lack appropriate market in case of competition in a free market</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Facilitate MSMEs cooperation, business linkages and chances for external market</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
</tr>
<tr>
<td></td>
<td>Minimize tax</td>
<td>5</td>
<td>5.0</td>
<td>5.0</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>Capital shortage provide soft loan and avoid biasness and corruption in capital provision</td>
<td>6</td>
<td>6.0</td>
<td>6.0</td>
<td>27.0</td>
</tr>
<tr>
<td></td>
<td>Government should put priority on MSME sector development</td>
<td>25</td>
<td>25.0</td>
<td>25.0</td>
<td>52.0</td>
</tr>
<tr>
<td></td>
<td>Lack of entrepreneurial skills</td>
<td>20</td>
<td>20.0</td>
<td>20.0</td>
<td>72.0</td>
</tr>
<tr>
<td></td>
<td>Policy maker should involve entrepreneur’s opinion in policy making and ensure MSME policy is known to almost all entrepreneurs.</td>
<td>14</td>
<td>14.0</td>
<td>14.0</td>
<td>86.0</td>
</tr>
<tr>
<td></td>
<td>Government should make efforts on MSME sector development in rural areas</td>
<td>5</td>
<td>5.0</td>
<td>5.0</td>
<td>91.0</td>
</tr>
<tr>
<td></td>
<td>Lack of programs and institutions</td>
<td>9</td>
<td>9.0</td>
<td>9.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source, Research findings
(i). The tendency of capital shortage low return to the investment and poor capital accumulation mainly affect the advancement of the business.

(ii). Lack of clear policy and guidance for the development of the sector leads to the weak fragmented and coordinated system of institution supporting SMEs

(iii). It is difficult to promote enterprisers skill due to lack of technical business management skill. The entrepreneur skills involve having origin ideas be flexible, creativity, take a moderate risk and spot some opportunities.

(iv). Means of utilization of higher level of technology with proper training and specialization in a sense to meet the specification of the international markets.

(v). Lack of programme and promote design and technology development of new small scale products to support key sectors like agriculture, technology and research development programme and institutions providing vital services have declined despite earlier development efforts.

(vi). Most of MSMEs fail to acquire loans from some of the banks and micro financial institution due to the fact that they fail to qualify for those institutions since they do not possess collateral this in turn makes them not perform well. All some of financial intuitions although provide soft loans but set a higher interest rate and short grace period which intern makers the cost of doing business to be much higher

(vii). Lack of appropriate market to most of entrepreneurs as in a case of competition in a free market.

(viii). The tax regime is oriented to the large scale sector. There is now provision for tax exemptions but only of large businesses. Large businesses pay income taxes on their profits. However small businesses have to pay taxes whether they make profit or loss money, since taxes are set on the basis of types of activity and approximate size rather than income. This may limit their capacity to grow.
4.5 Challenges to the Government

Despite the fact that the government makes various efforts to improve development of MSME sector but there are various challenges which originating from the government that hinders effectiveness implementation of MSMEs development.

Key informants consist of ten respondents obtained from the ministry of industry and trade. The researcher obtained some of information from the key informants of the government officials from the ministry of industry and trade in SME department.

The following are the researcher’s findings on the challenges government faces especially from workers which lead ineffective government and institutional support framework which affect the proper implementation of various strategies, programs, and policies for the development of MSMEs sector.

4.5.1 Bureaucracy and administrative barriers

The study showed that bureaucracy involved in the registration process is the barrier to SME development. For sole proprietors in the trade and service sectors, formalization procedures for business entry entail costs, on average more than 90% of start up capital; this explains why many SMEs prefer to remain small or to grow laterally by opening up other small unrelated business so as to avoid the cost of becoming visible. From the study 10% of workers admit bureaucracy is a challenge for development of MSMEs. The study reveal 60% complain of the cumbersome and complex tax structure which affects development. The Government would wish to expand both the physical infrastructure; roads, water supply and electricity for the small entrepreneur and support services which would enable businesses to make the most out of their opportunities. However to do so, the Government requires finances. Finance sources are basically tracking the revenue sources that include taxes. Most of the small entrepreneurs have too small income or turnover to come within the orbit of direct taxation and, of those who do, many lack the record keeping skills to ensure that they are properly taxed. Many identified avoiding paying taxes. The result is a conundrum whereas without increased tax base the government cannot provide the services and build infrastructures which will enable small businesses to grow yet
without that growth there will be an insufficient increase in the tax base. As a result we face a growing development challenges for both; the ambitious entrepreneur and for the Government. The study identified that administrative barriers have many sources including out dated ways of working, a culture of administrative bureaucracy inimical to providing quality services, a lack of capacity and a lack of appreciation of the impact that such barriers have on enterprise development. There is another problem revealed in poor compliance enforcement due to poor quality of administration and enforcement. The poor quality of administration and enforcement of compliance also provides a barrier to SME development in that it encourages non compliance and remaining in the informal sector amongst small and medium scale entrepreneurs. The study find out that one of the reasons why some SMEs had not obtained licenses was due to the fact that they could continue operating without licenses.

4.5.2 Low education level, record keeping, ignorance of formalization formalities of entrepreneurs.

The study revealed that 39% of the respondents do not keep records. Two main reasons have been indicated for not keeping business records; people do not see the importance of record keeping and there is lack of knowledge of record keeping. This situation it give hard time the government which make its effort to develop MSME and especially during financial support, so for those entrepreneurs who do not provide more details of their business it’s hard to assist them financially.

Ignorance of formalization formalities and benefits to some entrepreneurs greatly affects development of SMEs. Many informal sector operators are ignorant of formalization procedures due to their low level of education and social economic status. Some employers and employees in the informal sector were wholly ignorant of regulations on working and employment conditions.

Lack of education in a very large percent of entrepreneurs in Tanzania causes the government to face a difficult task in developing the sector because things get more difficult when trying to deal with uneducated people more than educated ones. For
example the study revealed that difficulties in accessing information about the registration pose a major barrier, this ignorance of available information is partly due to a low level of education as 51% of all respondents had only primary education and thus found difficulties in accessing and fully understanding information on the registration process. 92% of the respondents had not gone beyond primary level education, the difficulty is compounded by a lack of business skills and entrepreneurs who participated in the study pointed out this is a challenge to their businesses.

4.5.3 Lack of employee’s motivation
From the study 10% of key informants complain of poor motivation of employees at the ministry which reduce morale in working capacity and as a result lead to poor performance. From the findings, the researcher concluded that, despite the fact that, motivation is a tool for building strong labor force, but this is not well implemented by employees, this is due to the reason that, although the government has been able to provide some of the motivation packages to its employees they were not constantly available to the employees even if it was her/his right to get that particular package. The researcher discovered that, there is some favoritism in the provision of these packages because some of the employees or some of the departments are more considered in these packages than others. So, the government should be composed of people who will have a comprehensive knowledge pertaining the employee’s motivation so as to be able to design and implement desirable and useful employee motivation practices for the best performance of the MSMEs goals. Also a lack of motivation minimize human capital for analyzing problems and proposals.

4.5.4 Poor coordination and communication
The implementation of policy has stretched but the speed is somehow low. This is due to a lack mechanism for monitoring and evaluation of the implementation of SME development policy. This is compounded by a weak coordination structure. The study reveals that there is a large gap in proper communication and coordination between SMEs and the government officials, more than 80% of entrepreneurs do not know anything about SMEs development policy this is evidenced by the researcher
of which 83% of MSMEs do not know anything concerning the policy in question which asked about the awareness of SMEs development policy. The government is responsible to make sure that all plans, strategies and the policy concerning SME should be well distributed, communicated and well known to entrepreneurs for effective follow up and implementation. Although 10% of key informants from the ministry of industry and trade comment that “it is difficult to coordinate SME sector because it is a cross cutting sector” but according to the findings which reveal that the government makes strong efforts in developing and making proper strategies and policies but do not make enough efforts in making sure that these strategies and policies are well coordinated and communicated for effective implementation. 30% among hundred SME said there is ineffective government and institutional support framework this is due to poor coordination and communication which lead improper implementation of policies and strategies.

4.5.5 Financial constraints from the ministry of finance
Financial constraints from the ministry of finance like SME budget constraint is among the challenges which face SME department which affect better performance and lack of incentives to informal sector operators. 10% of key informants complain on SME budget constraints. Inadequate funding, Financial constraints may lead various problems like poor packaging and branding, cause lack of enough trainers and many more problems because the government lack enough money to support SME development.
The following is the frequency table 4.9 from key informants which shows the distribution of challenges the government faces in promoting development and sustainability of MSMEs.

**Table 4.9: other challenges facing the government**

<table>
<thead>
<tr>
<th>Valid</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>bureaucratic legal and regulatory framework</td>
<td>2</td>
<td>20.0</td>
<td>20.0</td>
<td>20.0</td>
</tr>
<tr>
<td>Financial constraints from the ministry of finance like SME budget constraint</td>
<td>2</td>
<td>20.0</td>
<td>20.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Difficult to coordinate SMEs sector because it is a cross cutting sector</td>
<td>2</td>
<td>20.0</td>
<td>20.0</td>
<td>60.0</td>
</tr>
<tr>
<td>Lack of motivated staff</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>70.0</td>
</tr>
<tr>
<td>Lack of enough trainers</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>80.0</td>
</tr>
<tr>
<td>Human capital for analysing problems and proposals</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>90.0</td>
</tr>
<tr>
<td>Packaging and branding</td>
<td>1</td>
<td>10.0</td>
<td>10.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

**Source; Research findings**

In addition, the following are the major findings related to the research objectives

Major findings;

(i). The government made various efforts for facilitating MSMEs development such as SME development policy, financial support, legal and regulatory support and provision of business training

(ii). The ministry of industry and trade as an agent of the government for promotion of business and MSMEs at particular play a big role in monitoring and regulating the development of small and medium enterprises but fail to have a mandate.
(iii). There is no umbrella association for MSMEs, and at the time the institution and association supporting, MSMEs are weak, fragmented and uncoordinated due to lack of clear guidance. For that matter the ministry of industry and trade at the MSME department could have been given more teeth and power to perform its role of coordinating all entrepreneurship initiatives and activities in the country.

(iv). Despite the fact that the government puts effort to develop the sector but it faces challenges which originated from the government itself and other from entrepreneurs.

(v). Most entrepreneurs receive credit if they fail to perform well in their business due to the fact that the interest rate imposed is high also the grace period is shorter.

(vi). A greater number of middle aged groups participate into the business compared to other age groups.

(vii). The process of business registration procedures is bureaucratic and time consuming.

(viii). Most of the entrepreneurs do not know anything at all with regard to MSME development policy and strategies of government that support them. So the government needs to convey information and education to all entrepreneurs to assist them.

(ix). Despite the fact that there are many challenges which affects development of SME through the regression analysis the researcher identifies only two challenges which shows a significant level and these challenges are technology and market.

(x). The condition for the one to qualify as a loaner is very cumbersome to meet since most of the financial institution demand collateral which is very difficult to obtain.
(xi). Trade participation to entrepreneurs needs to be more encouraged and emphasized.

(xii). There is not enough development of MSME sector in Tanzania though the sector has been developing at a high speed in recent years compared to previous years.

(xiii). Large numbers of entrepreneurs do not keep proper records of their business, they lack education, and they are not creative and innovative.

(xiv). Most MSMEs engaged in the trade sector mainly are informal and fall under the category of micro enterprise level.

(xv). The proportion of males dominating the business is more than female

(xvi). The government fund directed in the MSMEs sector is low

(xvii). The MSMES sector is still constrained by low technology hence poor quality production, poor packaging and branding.

(xviii). MSME lack an external market and also the internal market is not competitive and people like to buy and use products and service from outside countries.
CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction
This chapter discusses various findings of the study. The discussion is based on expounding the fulfilments to the objectives of the study following the results. This chapter discusses various efforts the government makes for facilitating development and sustainability of the MSME sector, challenges MSMEs face and the government challenges in promoting MSMEs development in accordance to the research findings and how they relate to other previous studies.

5.1 Government efforts
The study revealed Government efforts which has been evidenced by the designing and implementation of policies, institutions and programmes supportive to the development of the MSMEs sector in areas such as finance, marketing, technology, information, entrepreneurial skills development, rural industrialization, legal and regulatory framework and institution support framework (see also: Mnenwa and Maliti, 2005; Mkoka, 2009).

5.1.1 Financial support
The study findings also confirmed that, the government made various efforts to support entrepreneur’s access to finance. This has been evidenced by the establishment of national entrepreneurship development fund, regional revolving fund, credit guarantee scheme; national micro finance bank through small industry development organization (SIDO) and Bank of Tanzania facilitates accessibility of credit and soft loan to MSMEs. Therefore, the study findings imply that the development of MSMEs sector depends on effective availability of financial institutions responsible for assessing, approval, monitoring and provision of soft loans (See also: Rocha, 2011).
5.1.2 Legal and Regulatory Support framework

The government has engaged in the improvement of the business environment through simplification of business licensing procedures and review of tax regime and sensitize SMEs on intellectual property rights to improve the business and investment climate. There were complaints related to bureaucracy and red tape in licensing businesses. To solve this problem the Business Activities Registration Act (BARA) was passed which aims at reducing procedures and cost of compliance to regulations. Nowadays business are licensed freely at the MIT. This is consistent with the study of Maliyamkono (2009) who identify the importance of simplifying tax the system for development. The study argues that conducive legal and regulatory frameworks facilitate MSMEs development through simplification and rationalization of procedures and regulations so as to encourage compliance and minimize transaction cost.

5.1.3 SME Development Policy

As identified by the study, formulation of SME development policy in 2002 and then followed by the reformation of the policy in 2003 by the government of Tanzania was among the strong efforts made by the government for ensuring the development and sustainability of the sector in the country. The research view special constraints and opportunities faced by the sector which SME policy takes into account and strengthening institutions which address these constraints and maximize exploitation of opportunities. Mkoka see the importance of SME development policy in the role of the government on ensuring effective development for SMEs, the policy made strategies which have been designed to handle technology aspect of SMEs including promotion of incubators aimed at assisting SMEs to grow, enhancing technology upgrading and transfer as well as innovations and establish mechanism for enhancing networking between SMEs and business technology services providers (Mkoka,2009). The results indicated that SME development policy focus on three main areas, namely, the creation of an enabling business environment, developing of financial and non-financial services and putting in place supportive institutional infrastructure. This policy was developed to serve as guidance to all stakeholders involved in the development of the sector (URT, 2003).
5.1.4 Business training support
The study indicated that the majority of entrepreneurs are constrained by low education level, they lack business and entrepreneurial skills and lack of innovativeness and creativity. This assessment is also widely noted in other studies (ESAURP, 2012; Mbeye, 2008). In recognition of this the government through SIDO provides business training support to equip entrepreneurs with general knowledge of entrepreneurship and business development skills. The authors argue that most entrepreneurs who get the support were those who registered their business through SIDO and this suggest that there is a need to encourage MSMEs to register their business and to attend workshops in order for them to get easy support and training.

5.2 Main challenges which facing MSMEs
It has also been demonstrated that, despite the various efforts the government made to facilitate MSMEs development, MSMEs still faces various challenges which are obstacles to their business development (See also: Bagachwa, Harris, and Tinios, 1993). This study is also consistent and supports other previous researches (Calcopietro and Massawe, 1999; Enock Nkonoki, 2010). In terms of determining barriers to SMEs growth, surveys by the Rural Program on Enterprise Development (RPED) found two levels of constraints facing SMEs in Tanzania: those acting as barriers to general operation and those impeding growth, Subsequently, Calcopietro and Massawe, 1999) classify the factors hindering SMEs development in Tanzania in five categories, namely macro-economic and policy environment, physical and technological infrastructure, banking and finance structure, legal and regulatory framework, and market conditions. However this results is in line with the study findings which evidenced the various challenges for growth and development of MSMEs.
5.2.1 Financial constraints

The study reveals the MSME sector in Tanzania has limited access to finance due to low awareness of financial products and a low level of education like record keeping, inability of the MSME operators to fulfill the collateral requirements, high interest rate, inability of borrowers to prepare and present applications that meet bank’s requirements, lack of bank accounts and some of the banks operate in limited geographical areas. Talking about MSMEs versus financial constraints report (FinScope, 2009) argues that large number of MSMEs are effectively excluded from financial services due to the limiting factor on access to finance. A study by Kuzilwa A.J (2005) suggests that small entrepreneurs are reluctant to share ownership which leaves them opting for short term debt financing which may constitute a constraint upon the growth of the business.

5.2.2 Legal and Regulatory framework

The study findings confirm that some of the respondents indicated bureaucracy and administrative barriers involved in the registration process as among barriers for development. These findings are also in line with the findings of Shayo Temu (2011), who pointed out that the regulatory framework constituting the legal and administrative procedures to business forms one barriers to creation and development of MSMEs because procedures for business entry entail long time spent during registration processes and costs, due to this many MSMEs prefer to remain small or to grow laterally by opening up other small unrelated business so as to avoid the cost of becoming visible.

Moreover, several scholars have pointed out that, cumbersome and complex tax and legal structures act as barriers to formalization of informal sector. These scholars argue that multiple offices during the registration process make the registration process prohibitive, expensive and cumbersome for most of the informal sector. Tanzania is listed as among the top ten countries which undergo difficult processes and long time spent during registration and licensing of a business, it takes twelve procedures and at least six offices, it was certainly perceived as a formidable barrier by most respondents (ESAURP, 2012). It is noted that taxes in Tanzania are higher.
compared to some African countries and the calculation methods are also considered complicated and inappropriate (Maliyamkono, 2009). This result is consistent with the study on which large percent 70% of entrepreneurs complain on high tax rate

5.2.3 Technology

Poor technology is one of the largest limiting factors to MSMEs development. Technology service has a high significant influence on MSMEs development; this is evidenced statistically by the study and the results show a positive and significant relationship between technology development service and the growth of MSMEs. This study is in line with the observation of Mbeye (2008) that MSMEs development tends to be influenced by technological advancement. MSMEs have limited access to technology, the problem is further compounded by the existence of industrial support institution which are weak and do operate in isolation without focusing on the actual requirements of the SME sector. Furthermore, technology available is not disseminated to the potential clients. In addition SMEs cannot afford the services provided by the relevant institutions as the costs are too high.

Chowdhury (2006) argue the absence of empirical evidence on the effects of investment in Technology among SMEs in East Africa. Therefore our study provides evidence on this as respondents point out that the lack of technology mainly affects the performance of their business. The issue like industrial support organization (ISOs) is still not well understood and ineffective.

In line with the study, the MSMEs baseline survey report (2012) finds that small business surveyed did not use the internet for doing business and very few small businesses owned a computer, and few owned mobile phones. The survey shows that most MSMEs use poor technology in their business which minimize competitiveness and slows development of the sector.
5.2.4 Marketing
Marketing problems as identified by the research are one of the among biggest obstacles for MSME development. This finding may also be due to the fact that more than 60% of entrepreneurs face poor markets internally and externally. The respondents addresses that internal market do not appreciate the products and believe that the products made internally are of low quality made by local entrepreneurs and poor external market is due to low quality of products which affects competition. The inadequate marketing services have been prohibiting MSMEs from becoming competitive in local and international markets. Supported by ESAURP (2012) export was quite insignificant.

5.2.5 Physical infrastructures
Physical infrastructure like power, water supply and roads are among the challenges for the development of MSMEs. In this study large percent-22% of MSMEs owners complain on poor power supply then followed by water supply and few of them complain about roads. In line with the study of ESAURP (2012), it must be recognized that the lack of adequate infrastructure could vitiate even the best designed programmes for supporting small and medium enterprises. The provision of high quality cost efficient and well maintained public infrastructures for transport, telecommunication, water supply and power is essential for the development. Improved infrastructures increase productivity and facilitate access to market.

5.2.6 Information and communication
The researcher identify that there is not enough communication between the government and MSMEs. The study evidence show that more than 80% of entrepreneurs do not know anything concerning the SME development policy which was made for them. The study by ESAURP (2012) also confirms that in this millennium information and communication has become a prime mover of all economic undertakings, however the situation of SMEs in Tanzania is that of limited access to information caused by lack of awareness of its importance and the prohibitive costs of acquiring the same. In Tanzania there are a number of credits and business promotion programmes providing training and information services
which exclude MSMEs (Ishengoma and Kappel, 2006). The study is supported by the previous related authors (Molla and Licker, 2005) who found that the availability of up to date information about SMEs and ICT adoption has been a challenge in most of the studies conducted in developing countries.

5.2.7 Lack of entrepreneurial skills and business training

Similarity of businesses through the research observation is clear evidence that most entrepreneurs lack innovation and creativity. Entrepreneurs lack entrepreneurial skills in operating their daily activities. Most entrepreneurs lack the skills and knowledge to utilize the abundant natural resources and opportunities in order to develop quality products and services which help them to gain the competitive edge in the markets. Basically the entrepreneurial skills enable businessmen to be able to take well calculated risks, redistribute the firm’s resources and give them the ability to see chaos as opportunities. SME operators in Tanzania have rather low business skills and seem not to appreciate the importance of business education (ESAURP, 2012). On the other hand, the quality of training provided by existing business training institutions and costs involved has tended to be unattractive and unaffordable to the potential beneficiaries.

5.3 Challenges facing the government

In this study it is also found that there are various problems found in government institution which hinder the development of MSMEs, evidenced by lack of motivated staff, lack of enough trainers, lack of human capital for analyzing problems and proposals, financial constraints and bureaucracy. Likewise we found partial support from Mnenwa and Maliti (2005) they found that many of the SMEs support institutions had inadequate financial and human resource capacity

Furthermore, most of the studies conducted in Tanzania reveal regulation, bureaucratic licensing structures and lack of finance as major factors hindering the growth of SMEs in Tanzania (World Bank, 2004).
5.3.1 Bureaucracy and administrative barriers

The study showed that bureaucracy involved in the registration process is the barrier to SME development. 60% of entrepreneurs complain of the cumbersome and complex tax structure of the government which affects their development. The study shows that bureaucracy involved in the registration process is the barrier for MSMEs development (See for example: World Bank, 2004) finds a complicated and inefficient tax system to be the major constraint among most entrepreneurs surveyed. This finding is consistent with the World Bank doing business report in 2011. The World Bank report mentions Bureaucratic “red tape” to be one of the major challenges in doing business in Tanzania. These findings are also in line with the findings of Shayo Temu (2011), she pointed out that Regulatory Framework constituting the legal and administrative procedures to business development forms one of the major barriers to creation and growth of MSMEs, she went on to note that registration and business growth procedures entail costs, on average more than 90% of startup capital and she concluded that this explains why many MSMEs prefer to remain small or to grow laterally by opening up other small unrelated business so as to avoid the cost of becoming visible.

Administrative barriers have many sources, including outdated ways of working, a culture of administrative bureaucracy inimical to providing quality services, a lack of capacity and a lack of appreciation of the impact that such barriers have on enterprise development (See ESAURP, 2012).

5.3.2 Low level of education

The study reveals that the low level of education evident in a large percent of entrepreneurs creates a difficult difficulty situation for the government in the development processes. It is observed in the study that many entrepreneurs are ignorant of formalization procedures for their business development due to their low level of education. Ishengoma and Kappel, Marrison (1995) asserted that the majority of entrepreneurs do not keep record of their business and most of unregistered enterprises were not aware of formality processes or of any need to
develop their businesses. The entrepreneurs who were surveyed in the ESAURP (2012) study also revealed that difficulties in accessing information about registration process pose a major barrier. This ignorance of available information is partly due to a low level of education as 51% of all the respondents had only primary education and thus found difficulties in accessing and fully understanding information on the registration process. The difficulty is compounded by a lack of business skills and 45% the entrepreneurs who participated in the study pointed out this as a challenge to their businesses.

The study reveals that, Lack of education to a very large percent of entrepreneurs in Tanzania causes the government to face difficulties in developing the sector.

5.3.3 Lack of employee’s motivation
The study evidenced that, 10% of key informants complain of poor motivation of employees at the ministry which reduce morale in working capacity which as a result leads to poor performance. From the findings, the researcher revealed that, despite the fact that, motivation is a tool for building strong labor force, this is not well implemented by employees, this is due to the reason that, although the government has been able to provide some of the motivation packages to its employees they were not constantly available to the employees even if it was her/his right to get that particular package. The study by ESAURP (2012) points out that the lack of motivation may lead to harassment to informal sector operators like trying to keep closer to their business and a high morale of engaging to corruption which finally hinder development of the MSMEs sector.

5.3.4 Poor communication and Coordination
The study findings also address the issue that, the institutions and associations supporting MSMEs are weak; their services are quite basic and mainly focus on helping the poor to survive, this relates to the study done by (Olomi,2006) who addresses the poor coordination on institutional support framework with MSMEs.
This undesirable situation has persisted for a long time, despite the existence of various programmes aimed at developing the SME sector.

A poor institutional support framework and poor coordination has lead to ineffective development of the sector. As the study suggest that, the government is responsible for making sure the all plans, strategies and the policy concerning SME should be well distributed, communicated and well known to entrepreneurs for effective follow up and implementation. Entrepreneurs do not know anything about SMEs development policy this is evidenced done by the researcher on which 83% of MSMEs they do not know anything concerning the policy on the question which asked about the awareness of SMEs development policy. This is compounded by weak coordination structure, ineffective communication and institutional coordination.

5.3.5 Financial constraints from the ministry of finance

The study indicated that, financial constraints from the ministry of finance like SME budget constraint are among the challenges which face SME department which affect better performance and lack of incentives to informal sector operators. 10% of key informants complain of SME budget constraint. As indicated by ESAURP (2012), there is a further perceived problem of investment. The ILO Roadmap study commented upon this situation some of the micro and small enterprises interviewed complained about lack of investment incentives for local Tanzanian businesses and it was noted that big companies enjoyed five years tax holidays which MSMEs do not” (ILO et al.2002 p 43). ESAURP (2012) also shared a similar view and pointed out that, since there are large incentives such as one stop service centers and tax holidays for big enterprises, why can’t such services be provided for MSMEs.
CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.0 Introduction
After the discussion of findings collected with respect to particular research objectives, this Chapter presents conclusions and recommendations with various measures which will be useful for the development and sustainability of MSMEs sector in Tanzania.

6.1 Summary of the study
The study based on various objectives such as finds the efforts put forward by the government in promoting the development of MSME sectors, to determine challenges which face the development of MSMEs sector and to analyse the challenges the government faces in promoting the development and sustainability of MSMEs.

The study observed that; Despite the fact that the government make various efforts like the formulation of various policies, programmes and institutions to support development of the sector but the sector still faces a lot of challenges and these challenges others originated from the government and others originated from individual entrepreneurs themselves which hinder back development of MSMEs.

As identified by the research the main challenges which faces entrepreneurs are financial constraints, legal and regulatory framework, business training, poor technology, marketing problems, poor physical infrastructures, lack of information and communication.

Moreover, the study identified challenges which the government faces which hinder back development of the sector such as bureaucracy and administrative barriers, low level of education of entrepreneurs, lack of employees motivation to government officials, poor communication and coordination, and financial constraints from the ministry of finance.
6.2 Conclusion

The provision for MSMEs development requires government action to take the appropriate steps needed in order to make the transition. To do so the Government and its agencies, clearly need to understand the reasons why MSMEs sector should be developed and how to overcome the barriers to the development of the sector. If these are effectively implemented, Tanzania should move considerably closer not only to achieving the goals which have been set by the government but also to its long term aim of becoming a prosperous and semi industrialized country at a medium level of development.

Micro, Small and medium enterprises are found to be very important to our economy. The government of the united republic of Tanzania on its side plays a big role to boost the development of the sector. The government formulate the small and medium enterprises development policy which clearly explains the sector and how to improve it to reach the goal of Tanzania’s vision of transforming Tanzania into a semi industrialized economy by the year 2025. Not only that but also it formulates various programs and institutions to facilitate development and sustainability of MSME in Tanzania so as to increase employment and income generation of the people for the development of Tanzania in general.

Despite the fact that the government make efforts to develop the sector the sector still faces a lot of challenges and these challenges originated from the government and others originated from individual entrepreneurs themselves which hinder back development of MSME. The government is not effective in monitoring, follow up and evaluation of the implementation of various programs, policy which compounded by weak coordination structure. Entrepreneurs themselves also have some problems which causes difficulty for the government when trying to develop the sector like most entrepreneurs are having a very low education level and some of them lack education, they are not innovative and creative, and most of them do not keep proper records of their business.

Moreover the findings indicated that, there is no enough development and sustainability of MSME sector in Tanzania though the sector has been developing at
a high speed in recent years compared to previous years. The government, the individual entrepreneurs and the society in general should make strong efforts to develop the sector and to make use of available resources and opportunities for effective development and sustainability of MSMEs in Tanzania.

6.3 Recommendations

From the study above it have noted that, despite the facts that the Government put various efforts into the MSMEs development but still the sector constitute various obstacles which minimizes and hinders development of the sector. Government and private sector in general play as key actors to ensure the development of the sector and future sustainability of Tanzania in a sense that it has a long journey to go before growth and development therefore for more succession of the sector it is recommended that.

6.3.1 Simplify business registration procedures

To make the forms and procedures required to obtain business registration certificates, permits and licenses simpler, they need to make them affordable to all entrepreneurs, however small their business may be. If business costs can be lowered significantly the processes involved in obtaining necessary documents will be facilitated. Rwanda has made the process of starting a business significantly easier by reducing the business registration fees. Kenya launched an ambitious licensing reform programme in 2008 which has led to the elimination of different business licenses and the simplification thus cutting both the time and cost of obtaining licenses and registering a company.

6.3.2 Reform property rights system

The reform of property rights system will facilitate MSME not only by providing collateral but by making the right to operate from a particular property more secure. Property rights must be made accessible to all citizens and those rights must be clearly defined and rigorously enforced. A rapid implementation of property and business formalisation in Tanzania (PBFT) will help in dealing with this problem.
Both Malawi and Rwanda have taken steps in this regard. In 2011, Malawi eased property transfers by cutting in half the time required for obtaining consents and registration of legal instruments. The Rwandan authorities similarly simplified property registration in 2010 by decreasing the number of days required to transfer a property.

6.3.3 Reform tax system
The reform of taxation systems has been implemented in a number of other African countries. Burundi made paying taxes easier for companies by reducing the payment frequency for social security contributions from monthly to quarterly. Rwanda reduced the frequency of value added tax filings by companies from monthly to quarterly. Gambia, Seychelles and Togo have lowered their corporate income tax, while in Cote d’Ivoire a national reconstruction tax was eliminated.

6.3.4 Reform government agencies
The reform of overly bureaucratic agencies should be accompanied by the strengthening of their capacities to administer laws efficiently, effectively and inexpensively. This can be achieved by streaming and simplifying agencies internal operating procedures and by regularly evaluating their performance according to clear and well defined standards. The government may need to consider reducing the number of offices a person has to visit during the registration process.

6.3.5 Reform labour laws
The reform of labour laws allows employers greater flexibility with the result that they are more willing to hire formal sector workers. For example, in 2009 Ghana abolished the requirements to register employment vacancies and to obtain a company seal thus reducing the number of procedures required to start a business.

6.3.6 Provide essential business information
As we have seen large number of entrepreneurs has low level of education and entrepreneurial skills. MSMEs could develop were information to be readily available to all citizens on how to start a business, how to form a commercial entity
and on the rights and responsibilities of entrepreneurs. An information or advisory service should be developed to provide essential business information as well as creating a location for business development services. In addition training should be made available through such a service on such matters as obtaining permits and licenses, forming legal commercial entities, investing in a business, and on how to understand and comply with business related laws and regulations. Such training would greatly facilitate small businesses in complying with the various legal requirements. The Tanzania private sector foundation, Tanzania chamber of commerce, Agriculture and industry, BRELA, district trade officers and TRA could have a central and important role to play in this area.

6.3.7 Credit facilities
Improving access to credit and micro-finance, as well as creating linkages between micro-finance and formal finance institutions would greatly encourage moves towards formalization and facilitate the growth of small enterprises. Financial institutions including should promote a credit environment sympathetic to small business realities and crack down on systematic corruption through stringent penalties. In Rwanda it was made easier to obtain credit with the introduction in 2010 of a new transactions act and an insolvency act which made secured lending more flexible, allowing a wider range of assets to be used as collateral and making provision for a clear description of debts and obligations. In addition, out of court attachment of collateral has become available to secured creditors, who now have priority status in cases of bankruptcy.

6.3.8 Capacity building
Capacity building assistance and tailored technical support needs to be made available to existing and emerging entrepreneurs. The capacity building component could also include creating linkages between the public and the private sectors and support for the gradual integration of the informal sector into the formal sector. The provision of such assistance should also lead to the creation of a motivated and well equipped population of entrepreneurs able to successfully meet a wide range of entrepreneurial challenges. In this context financial education and business skills are
critical aspects which need attention. Bringing basic skills training programmes to workers in the informal sector can thus help to reduce poverty and unemployment levels, while improving overall economic growth.

6.3.9 Infrastructure support.
Finally it must be recognized that the lack of adequate infrastructure could vitiate even the best designed programmes for supporting small and medium enterprises. The provision of high quality, efficient cost effective and well maintained public infrastructure for transport, telecommunications, water supply and power is essential for economic growth and the expansion of employment but most especially for the small business which can not afford private provision of these services. Improve public services and infrastructure will increase productivity, facilitate access to market and hence provide an incentives for entrepreneurs to remain in, or to join the business.

6.3.10 Experiences in other countries
These things can be achieved in Tanzania because they have been achieved elsewhere. Tanzania is far from being the only country which has needed to address the problems of a large, undercapitalized and often frustrated informal sector.

Several countries which undertaken business reforms achieved success in this area. It is true that not everything which they set out to achieve has been achieved nor is everything in their experience directly applicable to Tanzania but they do provide models from which Tanzania could learn.

Spain, despite its current economic problems, provides a good example of what can be achieved. Through the 1990s, the Spanish government pursued a radical reform programme, easing corporate taxes and regularizing labour laws. The outcome was a dramatic 40% fall in the unemployment rate over a period of six years, produced by the creation of massive job opportunities in the MSME. Even though tax rates had been slashed the government augmented revenue collected from small companies by
over 75% through the process bringing more of them into a development of MSME structure.

Rwanda, has instituted a wide range of reforms which by streamlining procedures and processes has benefited the small entrepreneur. According to the doing business report of the World Bank, since 2005 Rwanda has implemented 22 business regulation reforms from which many positive results have been obtained. In 2005 starting a business in Rwanda required nine separate procedures and cost on average 223% of per capita income. Today entrepreneurs can register a new business in 3 days, paying official fees that amount to 8.9% of per capita income. More than 3000 entrepreneurs took advantage of this speedy and cost efficient process in 2008, compared to an average of 700 annually in the years before the introduction of these reforms. Registering property in 2005 took more than a year and the transfer fees amounted to 9.8% of the property value. Today, the process takes two months and costs 0.4% of the value.

6.4 Recommendation for further study

- Through the study, the results observes that many entrepreneurs engage themselves in trading rather than production process; there is a need to conduct a research to examine the factors behind for the Tanzanian entrepreneurs being interested in trading of products rather than producing them.

- Through the study, the researcher identified that many people like to buy and use products from outside countries rather than internal products from local entrepreneurs; there is a need to conduct a research to examine attitudes towards domestic products.
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Tanzania Revenue Authority (2001); Taxation of the informal sector in Tanzania, Dar es Salaam.


World bank (2004) mapping in Tanzania on SMEs Dar es Salaam
APPENDICES

TO THE HEADS OF DEPARTMENT, MANAGEMENT AND OTHERS

A QUESTIONNAIRE TO BE PROVIDED TO THE RELEVANT EMPLOYEES

Dear respondents

I am a student from Mzumbe University undertaking practical training at the Ministry of industry, trade and market. I kindly requesting you to assist me to facilitate the completion of my research work which is prerequisite for partial fulfillment of my course.

Please respond to the questionnaire form which is attached here. I will be grateful if you assist me
APPENDIX 1

QUESTIONS TO STAFF OF MINISTRY OF INDUSTRY AND TRADE

(SME DEPARTMENT)

Personal details;

1. Sex……………………
2. Age………………

3. Job designation…………………………………………………………………………………..

4. What do you say about SMEs sector development in Tanzania?
............................................................................................................................................

5. What measures have been taken by SME department in promoting the growth and sustainability of SMEs sector? ...........................................................

6. To what extent the following factors are challenges to the development of SMEs sector

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13. Apart from above challenges are there any other challenges the government faces in promoting the growth and sustainability of SME? If yes please mention them…….

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14. What is your suggestion to the government toward improving the growth and sustainability of SME sector?........................................................................................................

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THANK YOU FOR YOUR COOPERATION
APPENDIX II
QUESTIONS TO SMEs

Personal details;

1. Sex ……………….

2. Age ………

3. What is the nature of the business you conduct? ..............................

4. How many employees do you have in your business?
Below 5 employees

Between 5-49 employees  [    ]

Between 50-99 employees

5. What are the obstacles facing your business? Please mention them if any………………………………………………………………………

………………………………………………………………………….........................

6. Are you aware with Tanzania SME development policy? Please tick in the box

   Yes [   ]   No [   ]

7. Does the government in any way assist you in performance of your business?

   Yes [    ]   No [    ]

8. If the answer is Yes in question number eight above explain how? ..........................

   ……………………………………………………………………………………………..
9. If the answer is No in question number eight above explain how? ...........................
........................................................................................................................................................................

Please select the correct answer in question below

10. In what way the following challenges affect the growth and sustainability of your business? Please put a tick in boxes accordingly

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17. How would you describe your business in terms of growing since you started the business up to this time?

   a) Growing  
   b) Remain the same [ ]  
   c) Decline  
   d) Fluctuate
18. Which type of assistance shown by the government in promoting the growth and sustainability of SMEs sector in a country? Please select a correct answer according to your opinion;

a) Good

b) weak

c) very poor [ ]

d) Excellent

e) unaware

19. What suggestions do you have to the government to improve the development of SME’s sector in Tanzania? .................................................................

..................................................................................................................

..................................................................................................................

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APPENDIX III
MASWALI KWA WAJASIRIAMALI

MAELEZO BINAFSI

1. Jinsia yako …………………

2. Umri wako ………………………

3. Aina/ shughuli ya biashara unayofanya?…………………………

4. Tafadhali chagua jibu sahihi kwenye swali hapo chini

Biashara yako ina waajiriwa wangapi?

Chini ya watu watano

Kati ya watu wa tano mpaka arobaini na tisa [ ]

Kati ya watu hamsini mpaka tisini na tisa

5. Taja vikwazo vinavyo ikabili biashara yako kama vipo

………………………………………………………………………………………………………………

………………………………………………………………………………………………………………

6. Je unaifahamu sera ya maendeleo ya viwanda vidogo na biashara ndogo na za kati Tanzania? Weka alama ya tiki ndani ya kisanduku husika

Ndiyo [ ]     Hapana [ ]

7. Je Serikali inakusaidia kwa njia yeyote katika kukuza maendeleo mazuri na ukuuaji wa biashara yako?

Ndiyo [ ]     Hapana [ ]
8. Kama jibu ni ndiyo katika swali namba nane eleza ni kwa namna gani?

9. Kama jibu ni hapana katika swali namba nane eleza ni kwa namna gani?

Ni kwa kiwango gani changamoto zifuatazo zinaathiri maendeleo ya biashara yako? Weka alama ya tiki katika kisanduku husika?

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<td>14. Mafunzo ya biashara</td>
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<td>15. Masoko</td>
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<td>16. Miundo mbinu</td>
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17. Je unaionaje biashara yako toka ulipoianzisha mpaka wakati huu?

   a) Inakua
   b) Ipo pale pale
   c) Inashuka [   ]
   d) Inapanda na kushuka/inabadilika badilika
18. Je serikali inatoa msaada wa aina gani katika kuboresha maendeleo ya viwanda vidogo na biashara ndogo nchini? Chagua jibu sahihi kutokana na maoni yako 

   a) Mzuri
   b) Dhaifu
   c) Dhaifu sana  [   ]
   d) Mzuri sana
   e) Sifahamu

19. Nini maoni yako kwa serikali ili kuboresha sekta ya viwanda vidogo na biashara ndogondogo Tanzania? …………………………………………………………………………..
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NASHUKURU SANA KWA USHIRIKIANO WAKO