

**FACTORS DETERMINING GROWTH OF WOMEN SMALL
AND MEDIUM ENTERPRISES IN ILALA MUNICIPAL
COUNCIL, TANZANIA**

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AND MEDIUM ENTERPRISES IN ILALA MUNICIPAL
COUNCIL, TANZANIA**

By

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**A Dissertation submitted to Mzumbe University, Dar es Salaam Campus
College in Partial Fulfillment of the requirements for the award of Master of
Business Administration (MBA) in Corporate Management of the Mzumbe
University.**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, dissertation entitled '**factors determining the growth of women small and medium enterprises in Ilala Municipal Council, Tanzania**', in Partial fulfillment of the requirements for the for the award of Masters of Business Administration (MBA) in Corporate Management of the Mzumbe University Dar es Salaam Campus College, Dar es Salaam (TANZANIA).

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DEDICATION

This work is dedicated to my father Mr Elkanah Masija for his material and spiritual support he encoded me throughout my study during the whole study period.

ACKNOWLEDEMENT

The successful writing of this dissertation is a result of contribution I got from different people who kindly assisted me. Some of them were committed enough to waste their time and money in assisting me. Since it's difficult to acknowledge all of them, I am taking this opportunity to acknowledge some of them in particular. My special thanks should go to Almighty God who protected me hence complete the study successful. Also, I would like to express my sincere gratitude to my supervisor Dr. Mpamila Madale for his constructive and valuable comments, guidance and directives in preparing this work and my friend Dr Thomas Lyimo and Miss Victoria Mgimba for their comments and assistance in preparing this work.

It's my great pleasure to convey my sincere gratitude to all Ilala municipal staffs, for their material and moral support, their help in the accomplishment of this work is highly appreciated. Lastly to my family for the financial support and encouragement that made this study a success.

I hereby wish to state that, all deficiencies or errors that may be continued in this document are absolutely my role responsibility.

ABSTRACT

This study was designed to assess the factors determining growth of women Small and Medium Enterprises in Tanzania. It also addressed the characteristics of women entrepreneurs in SMEs and their enterprises. A sample of 90 women entrepreneurs engaged in 5 sectors was taken for the study using purposive sampling technique, snow balling and convenient sampling technique. In the process of answering the basic questions, a questionnaire that include demographic profiles, characteristics of women entrepreneurs and their enterprises, factors that affect the performance of women entrepreneurs in SMEs and supports MSEs acquire from the Government was designed in closed ended and open ended questions. Moreover, interviews were held with trade officers of Ilala Municipal and micro finances. After the data has been collected, it was analyzed using simple statistical techniques (tables and percentages). The results of the study indicates the personal characteristics of women entrepreneurs in SMEs and their enterprise affect their performance .It also shows that lack of own premises(land),financial access, stiff competition, inadequate access to training, access to technology and access to raw materials were the key economic factors that affect the performance of women entrepreneurs in SMEs. The study also found that conflicting gender roles, social acceptability and ,network with outsiders were the major social factors that affect these entrepreneurs .Furthermore, the main legal/ administrative factors include access to policy makers, high amount of tax and interest, bureaucracies and red tapes, and over all legal and regulatory environments.

The findings further indicate that, there exists linear and positive significant ranging from substantial to strong relationship was found between independent variables and dependent variable. Moreover, the selected independent variables may significantly explain the variations in the dependent variable. Based on findings, recommendations to government bodies, to women involved in SMEs and suggestions for other researchers are forwarded to help resolving the challenges facing women SMEs in Tanzania, specifically Ilala Municipal.

The researcher really hopes that output from this study shall be of practical use to women opening SMEs in Ilala Municipal,Dar es Salaam, Tanzania.

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LIST OF ABBREVIATIONS

EFG	Enterprises Finance Framework
GDP	Gross Domestic Product
MFI	Micro-finance Institution
NEDF	National Entrepreneurship Development Fund
NMB	National Micro-finance Bank
PFI	Participating Financial Institution
PRIDE	Promotion of Rural Initiatives and Development of Enterprises
RALG	Regional Administration Local Government
R&D	Research and Development
SACCOS	Savings and Credit Co-operatives
SIDP	Sustainable Industrial Development Policy
SIDO	Small Industries Development Organization
SME	Small and Medium Enterprises
TASISO	Tanzania Small Industries Society
TIC	Tanzania Investment Centre
TPSF	Tanzania Private Sector Foundation
UDEC	University of Dar Es Salaam Entrepreneurship Centre
URT	United Republic of Tanzania

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CHAPTER ONE

AN OVERVIEW OF THE STUDY

1.0 Introduction

This chapter outlines the process which prompted the initiation of the study. It describes the background of the problem, statement of the problem, research objectives and questions, scope of the study and limitations.

1.1. Background information of the problem

Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism. Transforming ideas into economic opportunities is the decisive issue of entrepreneurship. History shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks (Hisrich, 2005). The role of entrepreneurship and an entrepreneurial culture in economic and social development has often been underestimated. Over the years, however, it has become increasingly apparent that entrepreneurship indeed contributes to economic development. Nevertheless, the significant numbers of enterprises were owned by men (ILO, 2006). In other words, it was not common to see women-owned businesses worldwide especially in developing countries like Tanzania.

The idea and practice of women entrepreneurship is a recent phenomenon. Until the 1980's little was known about women entrepreneurship both in practice and research, which made its focus entirely on men. Scientific discourse about women's entrepreneurship and women owned and run organizations is just the development of 1980s (ILO, 2006). For the past three decades now the need to rectify gender inequities and to bring women in the mainstream of development has been of major policy concern by United Nations bodies, government and much non-governmental organization. It is a well acknowledged fact that women constitute a key resource whose ideas, ability and creative solutions and concern for social cohesiveness can

help bring about economic and social transformation. To do that, however, their equal access, to and control over, resource is necessary. It is the fact that resource ownership patterns in Tanzania, as is also true of other African countries, are gendered to the disadvantage of women. This according to Mbughuni (1994) has led to gendered poverty and hence societal poverty in Africa is their equal participation in entrepreneurship.

To address above problems, this study therefore aims to provide a holistic view of factors affecting the performance of MSEs through a comprehensive review of literature and empirical study available on the area. This resulted in the development of a theoretical framework for the initiation of policies and programmes for enterprise development. From the practical point of view, it serves not only to provide a self check to current enterprise sector, but also to increase the involvement in business activities through a better understanding of the determinants of the performance of the SMEs for women enterprises.

1.2 Statement of the problem

According to URT (2002), women like any other people have increasingly been involved in entrepreneurial activities as a means to improve their income. This has been evidenced in all party of Tanzania whereby highly number of women is conducting different business to improve their income. This is probably due to the entrepreneurial spirit that has been growing tremendously among individuals worldwide and Tanzania in particular or the limited employment opportunities and lowly paying jobs in the country have led to a situation whereby there number of women whose only means of survival is engagement in business activity.

Though the Tanzania situation is not very clear, it has been indicated that women made up about 36% of the SME sector in Tanzania. The International Labour Organization (ILO) entered into a general agreement with the Ministry of Industry and Trade (MIT) in 2003 to implement a Woman's Entrepreneurship Development and Gender Equality (WEDGE) Programme in Tanzania. The implementing partner is the Small and Medium Enterprise Section of MTI. The first stage was to commission research to examine the factors affecting women entrepreneurs in the

country (UDEEC, 2002). This consisted of a review of the literature to identify any aspects of the policy, regulatory and business environment that were hampering the performance of women's enterprises.

The second stage involved a field of study of 128 women entrepreneurs from Dar es Salaam, Arusha, and Zanzibar to probe those issues, particularly as they affect women entrepreneurs motivations, economic opportunities, and passages to growth and formalization (ILO and MTI-SME Section, 2003). Preliminary findings from this research were shared at a national conference in November 2002, from which a set of issues and recommendations for action emerged

The ILO's strategy is to focus next on identifying possible interventions to accelerate the rate at which women entrepreneurs can achieve growth in their enterprises. In November 2003, the ILO contracted international consultants to conduct a field visit to Tanzania for the purpose of assessing the strengths and weaknesses of the enabling environment for growth-oriented women entrepreneurs. The state of affair in Tanzania show that a number of obstacles to the performance of women entrepreneurs and the objective of the primary research phase of the study was to understand the processes and critical factors for women in developing small enterprises.

Even though women entrepreneurs in SMEs account the greatest proportion of total entrepreneurs in the country as a whole and in Dar es Salaam in particular, there is an acute shortage of studies conducted with a specific objective of analyzing the problems of enterprises operated by women in terms of personal and organizational-related challenges, economic, social/cultural, and legal/administrative. This study is deemed to fill the existing gaps by identifying the factors determining the performance of women enterprises in Tanzania.

1.3 Research objectives

1.3.1 General objective

The main objective of this was to examine factors determining the growth of women Small and Medium Enterprises in Tanzania.

1.3.2 Specific objectives

In order to examine those determinants factors for women Small and Medium Enterprises in Tanzania, the research was governed by the following specific objectives;

- i. To examine factors attributing to women involvement in SME's
- ii. To identify determinants for the growth of women SME's
- iii. To explore socio-economic benefits of SMEs to women entrepreneurs.
- iv. To identify challenges facing women in SMEs.

1.4 Research Questions

1.4.1 General question

What are the factors determine the growth of women Small and Medium Enterprises in Tanzania?

1.4.2 Specific questions

This research will be governed by the following research questions

- i. What are the types and size of enterprises owned by women at Ilala Municipal?
- ii. What factors prompt women to engage in SMEs in Ilala Municipal?
- iii. What are the determinants contributing to the growth of women SMEs?
- iv. What are the socio-economic benefits of SMEs to women entrepreneurs?
- v. What are the bottleneck hindering the growth of women SMEs in Ilala municipal.

1.6 Significance of the study

- i. The findings of the study I opted will help women entrepreneur to identify the opportunities and challenges that can face them when engaging themselves in doing business.
- ii. The study will enable academicians to have a parameter for making comparative analysis between the entrepreneurship donor by women and other people.

- iii. The research will also serve as partial fulfillment for my MBA award offered by Mzumbe University, Dar es Salaam Business School.

1.7 Scope of the study

The study is expected to research on the factors determining the growth of women Small and Medium Enterprises. The study will be conducted at Ilala Municipal in Dar es Salaam region.

1.8 Limitations

Below are the obstacles that limited the study;-

- i. It might be difficulties to obtain some of the data from other Ilala council officials and women entrepreneurs.
- ii. Insufficient time for the researcher to be able to cover all the Ilala Municipal Council.
- iii. The researcher also experiences shortage of fund that in some way Limits the scope of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises the literature review, it consist of conceptual definitions, theoretical analysis, empirical analysis, and conceptual framework.

2.2. Conceptual Definition

2.2.1 Entrepreneurship

According to Ronstadt (1984), entrepreneurship is the dynamic process of creating incremental wealth. This wealth is created by individuals who assume the major risks in terms of equity, time and/or career commitments of providing value for some product or service. The product or service may/may not be new or unique but value must be infused by the entrepreneur by securing and allocating the necessary skills and resources.

According to Timmons (1999) Entrepreneurship is the process of creating and building something of value from practically nothing. That is, it is the process of creating or seizing an opportunity and pursuing it regardless of the resources currently controlled. Timmons involves the definition, creation and distribution of values benefits to individuals, groups, organizations and society. Entrepreneurship is very rarely a get rich-quick proposition (not short term); rather it is one of building long term value and durable cash flow streams.

2.2.2 Small and medium enterprises (SMEs)

Small business enterprises are part of the group of formal sector forming SMEs nomenclature used to mean small and medium enterprises, which cover non-farm economic activities mainly manufacturing, mining, commerce and services. A study by the United States agency for international development (USAID, 1993) found 50 different definitions in 75 different countries. Therefore, there is no single and universally acceptable definition of SMEs. Different countries use various measures

of sizes depending on their level of development. For instance, USAID (1993) suggest that in small economies, SMEs are defined as having less than 20 employees, in the united.

State the small business act of 1953 defines a small business as “one which is independently owned and operated and not dominant in its field of operation”. All manufacturing firms with up to 250 employees in the United States are regard as small (Rutashoya and Olomi, 1999). In the United Kingdom, the definition of small business could be anything ranging from 5 to 200 employees, depending on the industrial sector (Kibera, 1996).

2.3 The Role of Micro and Small Enterprise in Poverty Reduction

Poverty in developing countries, Tanzania inclusive is widespread and remains a major challenge of sustainable development and stability (Lutheran World Federation of Ethiopia, 2006 cited in Eshetu & Mammo, 2009). By now, it is clear and agreeable that poverty, both in urban and/or rural areas, is all about lack of basic needs, low or inadequate level of income and consumption, poor command over resources, and high level of social exclusion, inequality and vulnerability. The role played by MSEs, through the various socio-economic benefits emanating from the sector was found to be eminent in the overall development effort and process of nations. In other words, by generating larger volumes of employment as well as higher levels of income, the MSEs will not only have contributed towards poverty reduction, but they will also have enhanced the welfare and standard of living of the many in the society (Mukras,2003).

Current international thinking is in tune with a view that acknowledges MSEs as a tool to fight poverty in the long run. The UNIDO approach to this is worth mentioning here:

Poverty reduction is simply not going to happen by government fiat but only through private sector dynamism. The evidence directly linking MSEs and poverty reduction is considerably less robust than that linking them to economic vitality, even in the most developed economies. There are suggestions of greater employment

opportunities for poor, low skilled workers, increased skills development and broader social impacts. The movement to support MSE development internationally reflects a return to promoting poverty reduction by investing in private sector-driven strategies by all of the major multilateral agencies. Poverty Reduction Strategies (PRSs) currently being formulated in many developing countries places a more pronounced emphasis on the contribution that the private sector will have to make – compared to the over-reliance on the social agenda that characterized earlier PRSs (Perumal K. & Prasad,).

In conformity with the above view advanced by UNIDO and as an organization concerned to the condition of labour, the ILO's approach to poverty reduction is through small enterprise development. This strategy focuses on the needs of poor people who are part of the MSE economy, as owners/operators and workers, as their dependants, as the unemployed who may benefit from job creation and as customers. While further strengthening the above shown approach, Vandenberg (2006) suggests that:

the ILO's existing strategy for poverty reduction through small enterprises must emphasize the fact that small enterprises make a positive contribution to poverty reduction when they provide employment, adequate levels of job quality, and low-cost goods and services used by the poor; entrepreneurship, combined with productivity increase, is a key ingredient for poverty reduction through small enterprise development; and vibrant enterprises, competitive markets and a fair globalization can make a significant impact on poverty reduction.

Drawing on a study conducted in the urban centers of four Western African countries namely Benin, Burkina Faso, Niger and Togo to identify key factors shaping the micro enterprise sector, explores the needs, characteristics, motivations, and success factors for micro entrepreneurship in the region, together with some of the impediments to the growth and success of micro enterprise ventures (Roy and Wheeler, 2006). Roy and Wheeler indicated that MSE provide a substantial source of employment, thereby contributing to get rid of poverty to the urban poor. According to them, the main reason for the urban poor to be absorbed in the MSE is due to the

fact that the formal sector does not have the capacity to absorb this growing demand for jobs, and for this reason many have had to look for alternative means to generate a livelihood. Hence, participation in the informal sector is often the only option available as a source of income, and so the sector has absorbed many of the unemployed who have been neglected by the formal sector in the region. They pointed that the income generated from being engaged in MSEs primarily used to satisfy the poor's own physiological needs and those of their family, and then to provide a home and security for the household. They specifically claimed that MSEs help the urban poor by making them financially secure which in turn limits or reduces the misery, vulnerability and material and non-material hardships that come with poverty.

2.4 Micro and Small Enterprise for Economic Growth: 'Pro' and 'Contra' Arguments

There are two polarized thoughts, according to (Agyapong, 2010) Anderson et al., 1994) and Stanley & Morse, 1965) the role and contribution of MSE to economic growth and poverty reduction: *'Pro' and 'Contra' Arguments*. Their works often classified as the classical and modern theories on MSEs' development. The contra argument predict that advantages of MSEs will diminish over time and large enterprises (LEs) will eventually predominate in the course of economic development marked by the increase in income. In line with these shortcomings and pessimism Admassie and Matambalya (2002), for instance, concluded that high level of technical inefficiency, which reduce their potential output levels significantly.

Research carried out by Biggs (2002) cited in Tegegne and Meheret, 2010) strongly question the role played by MSEs to minimize the incidence of high level poverty in most developing economies through employment creation, income generation and multiplier effects on other sectors of the economy. While, the pro argument views based on experiences from many countries showing the 'contra' arguments seem to get less supports as many international aid agencies, including the World Bank (2004). The World Bank gives three core arguments in supporting MSEs in LDCs,

which in line with the arguments of the ‘modern’ (pro) paradigm on the importance of MSEs in the economy (World Bank, 2002 and 2004 cited in Tulus (2006)).

First, MSEs enhance competition and entrepreneurship and hence have external benefits on economy wide efficiency, innovation and aggregate productivity growth. Second, MSEs are generally more productive than LEs but financial market and other institutional failures and not conducive macroeconomic environment impede MSE development. Third, MSEs expansion boosts employment more than LEs growth because MSEs are more labor intensive.

In other words, the World Bank believes that direct government support for MSEs in LDCs help these countries exploit the social benefits from their greater competition and entrepreneurship, and their MSEs can boost economic growth and development.

The above arguments do not mean, however, that LEs are not important, or MSEs can fully substitute the role of LEs in the economy. Even, there are skeptical views from many authors about this World Bank’s pro-MSE policy. Some authors stress the advantages of LEs and challenge the assumptions underlying this pro-MSE policy. Specifically, LEs may exploit economies of scale and more easily undertake the fixed costs associated with research and development (R and D) with positive productivity effects (Tulus Tabunan, 2006).

2.5 Distribution of Enterprises in Tanzania by Size, Sector and Sex

Like other developing countries, Tanzanian economy is characterized by a relatively small large or large firm segment. Virtually all ninety eight percent (98%) are micro enterprises (employing less than 5 people). Large firms account for only 12% of registered enterprises, but 38% of Gross Domestic Product (GDP) generate employment for 20% of the workforce. The large firm segment is made up mainly of subsidiaries or franchisees of multinational companies and /or state-owned companies. These are typically capital intensive and strongly linked to the developed world in terms of inputs, market, expertise and technology (Kashangaki, 2005) and (Chijoriga, 1999).

The micro and small enterprises segment, on the other hand, is dominated by very large number of very small enterprises, with varying degrees of formalization, low level of sophistication, reliance on local inputs, expertise, technology and market. In between the two segments is an almost insignificant “medium-sized” segment.

A survey by the International Finance Corporation (IFC) established that there are approximately 2.7 million enterprises in the country, of which about 60% are located in urban areas (<http://commercial.banking-businessreview.com/news/ifc>). Most (66%) of the micro and small enterprises have annual turnover of less than US \$ 2000 and have been established as a survival strategy (<http://www.ifc.org>). Although SMEs are found in all sectors of economy, they are dominate in trade (54%) followed by services (34%). Most businesses employ one or two persons, are labour intensive in nature, and have started by using savings or grants from family and friends.

According to the International labour Organization (ILO) 1991 survey, about half of the SME workforce was engaged in the trade/restaurant/Hotel industry. Manufacturing employ about 22%, whereas urban agriculture and fishing employed about 22%, where urban agriculture and fishing employed about 10%. About 15% of the total workforce was engaged in brewing and sale of local beer alone. Women owned about 43% of micro and small enterprises. More than three-quarters of the females were in trade/restaurant industries compared with only 38% males. The number of females in construction and transport industries was negligible. The preferred businesses for women were local brewing, open air restaurants (*mama ntilies*) and food stalls. Males were engaged in relatively more varied activities. Over two-third of the taxes in the country are collected in Dare s salaam, reflecting the concentration of formal business activities (Olomi, 2009). Table 3 presents the diversity of SMEs in Tanzania.

2.6 The Economic-Linkage of Enterprises to National Tanzania

Small and medium Enterprises (SME's) are often the backbone of strong private sector in any country, developed or otherwise. Even in mature and industrialized economies such as Japan, SMEs are dependably creating new jobs and providing

reliable and solid tax base for both central and local government. As an emerging economy, Tanzania has since 2002, hatched a policy on SMEs and has institutionalized the Small Industries Development Organization (SIDO) to oversee its implementation in all regions of Mainland Tanzania. SMEs in Tanzania can be easily established since their requirements in terms of capital and technology management and even utilities are not as demanding as large enterprises.

Beginning in the 1970s however, large manufacturing firms in key industries began to lose competitiveness and a number of important empirical studies began to document the critical role of SMEs. For example, Acs (1984) argued that newer and smaller firms entered the sector as “agents of change”. Studies using direct measures of innovative activity – such as measured of new products and processes replaced older measures (such as R&D) and showed that innovative activity was introduced by small firms and not the large incumbents (see Acs and Audrestsch, 1988 and 1990).

SMEs also began to play an important role as efficient providers of intermediate goods and services to large firms. Many papers showed that developed countries that encouraged entrepreneurship and SMEs had higher economic growth. The establishment of the National SMEs policy was preceded by the inception of the National Microfinance Policy in 2000. The main objective of the policy is to establish the basis for evolution of an efficient and effective microfinance system that serves the low income segment of the society. It aims at setting up a best practice framework enabling all micro finance practitioners to offer their services under reasonable conditions of quality and sustainability. It is expected that the development must affect the small sectors and influence them to foster the growth strategies. In this case, the role of the micro and small enterprises are highlighted by capturing the competitive market of production and service, ensuring the continuous developmental opportunities (FAO, 2008).

The economic growth can be linked to the reduction of poverty by the aid of the numbers of small firms and discovering their other potentials. There should be an action towards the competitiveness of the small sectors and systematic intervention. In the long run, the micro and small enterprises can gain the stability in the economic

growth (Downing, 2006). However, there should be an extended support coming from the financial sector which also aiming for the same goal in developing the economy towards reduction of policy and strengthening the area of micro and small enterprises. The changing role of the micro and small enterprises is recognized to be synch with the existing informal and formal financing or microfinance (Green, Kirkpatrick, and Murinde, 2006).

2.7 The SME Development Policy (SMEDP)

The SME Development Policy was approved by Parliament on 11 February 2003 and officially launched on 27 August 2003. The overall objective of the policy is “to foster job creation and income generation through promoting the creation of new SMEs and improving the performance and competitiveness of the existing ones to increase their participation and contribution to the Tanzanian economy” (MIT, 2003). The implementation plan for the SME Development Policy includes a list of priority programmes and projects, categorized under seven major objectives:

- i. Objective 1: Enabling the legal and regulatory framework
- ii. Objective 2: Improved SME access to physical infrastructure and work
- iii. Objective 3: Strengthened entrepreneurial culture (through entrepreneurship development in the education system) and markets for sustainable business development services (BDS), training, and the provision of business information.
- iv. Objective 4: Improved SME access to finance
- v. Objective 5: Strengthened stakeholder capacities to achieve effective implementation of SME assistance programmes and interventions (including institutions and associations)
- vi. Objective 6: Enhanced rural industrialization
- vii. Objective 7: Cross-cutting issues, such as gender mainstreaming in all initiatives pertaining to SME development.

The implementation of the SME Development Policy cuts across all other major programme and policy areas currently in place, notably the Poverty Reduction Strategy (PRS), the Sustainable Industrial Development Policy (SIDP), the Strategic

Trade Policy, the Agricultural Development Strategy Programme (ADSP), Rural Development Strategy (RDS), and Strategies for Poverty Reducing Employment (MIT, July 2003). The danger of overlap due to lack of coordination on elements related to the SME sector was noted in the MIT (2003) report.

2.7.1 Structure for implementing the SME Development Policy

The Ministry of Industry and Trade is the lead ministry for coordinating the implementation of the SME Development Policy. Three entities are in place, all parts of the implementation structure. The Tanzania National Business Council (NBC), established by a Presidential Circular in April 2002 and chaired by the President of the United Republic of Tanzania, consists of 20 private sector representatives and 20 Government representatives (Permanent Secretaries of Ministries). It serves as a dialogue forum to take decisions on improving the business environment. The World Bank provides funding for the NBC Secretariat; it convenes semi-annually.

The SME Forum is a national level public-private sector partnership for SME development, led by the MIT-SME Section, which will convene annually. The membership of the Forum is to be comprised of 63 entrepreneurs (three from each of 21 regions), Permanent Secretaries of a number of Ministries, representatives of SME service providers, BDS and financial services providers, representatives of SME stakeholder groups, development partners, and NGOs. The MIT-SME Section has the mandate to be the focal point for implementation of the SMEDP and other interventions related to SME development. Its role is to support, coordinate, monitor, and evaluate the implementation of the policy in consultation with stakeholders.

2.7.2 Other government SME agencies and organizations

The Small Industries Development Organization (SIDO) is the main government arm for small-scale industries promotion in the country; its main budget comes from the Ministry of Industry and Trade (MIT). It has offices in 20 regions of the country and a staff of 265. State-owned Industrial Support Organizations (ISOs) also exist to provide business development services to manufacturing enterprises across the country, including SMEs. Governments in each of Tanzania's 21 regions, and the

130 districts within them, are supposed to incorporate enterprise/SME development as an important policy tool in their own district development plans.

A long list of other government departments, donors, NGOs and private sector organizations are key actors in the development of the SME sector. One of the challenges of the MIT-SME Section will be to coordinate the activities of all these players in order to achieve an integrated, focused effort for the benefit of the SME sector.

2.7.3 Inclusion of women in the SME Development Policy

Recognizing that women have less access to productive resources such as land, credit and education due to cultural barriers, and that they stand on uneven ground, the SME Development Policy specifies that gender mainstreaming will be enhanced in all initiatives pertaining to SME development, and outlines the need for specific measures that promote women's entrepreneurship. These are stated as follows:

- i. Facilitate SME service providers to design special programmes for women entrepreneurs and disadvantaged groups.
- ii. Identify factors inhibiting women and disadvantaged groups from going into business and design programmes to address those factors. Although by November 2003 specific strategies for addressing women's enterprise development had not been drafted, according to a key informant, the implementation plan will take a sectoral approach supported by the rationale, "if you want to grow the Tanzanian economy, you have to develop the food sector, and if you want to do those, then you have to develop women".

To complement the Government's focus on women entrepreneurs, the MIT-SME Section is also the implementing partner for the ILO's WEDGE Programme in Tanzania. One officer's time is dedicated to leading projects to promote women's entrepreneurship, building capacity in associations of women entrepreneurs, and implementing gender mainstreaming workshops for government officials, donor organizations and BDS providers. One of the key outputs from the gender streaming

initiative is the FAMOS (female and male operated small enterprises) Check, a gender audit tool that is being used in training workshops to sensitize organizations in dealing directly with SMEs, and to assist them in monitoring how specific interventions are.

2.7.3 Review of progress of Tanzania SME Development Policy from 2003 to date

The SME Development Policy, as defined about a decade ago, aimed at fostering “a Tanzania SME Sector that contributes increasingly to equitable economic growth, income and employment generation” (Overall objective). To what extent has the policy been successfully in achieving this objective? Indeed, compared to a decade ago more people are engaged in business. Different indicators show this upward trend.

Increase in the number of households that run a business as a primary or secondary activity (about 35% in 2000, 40% in 2006- a figure that is estimated to have further increased since then);

Enterprise creation recorded by SIDO, the parastatal organization under the MIT with the mandate to develop and support SMEs across the country (steered by subsequent Corporate Strategy Plans/CSP that are acknowledged to have been guided by the SME Development Policy): from 22,780 (2002/03-2005/06) to 83,441 (2008/09-2010/11), corresponding to a gradual increase of direct employment created in the order of around 370,000 jobs. In the last CSP period additional income generated was estimated at Tsh 12 Billion, with outreach to more than 3 million people (SIDO, CSP 2011/12-2013/14). SIDO services to enterprises in rural areas has been gradually increasing.

Increase in the number of TIN registered taxpayers (including individual and enterprise registration), i.e 1,035,281 in June 2012 compared to 190,000 in July 2003; zooming in on VAT registered tax payers, the number increased from 13,634 in 2003 to 17,860 in June 2012. To the extent that the number registered large tax payers has not significantly increased (from 100 in 2003 to 400 in 2012), the increase in registered tax payers emanates mainly from the smaller tax payers and also reflects an increase in the formalization of business;

Another sign of both increase in business activity and formalization concerns the trend in business registration through Business registration and licensing Agency (BRELA): the number of annual registration of companies went up from 1,892 (1996/97) to 7,000 (2011/12) in the same period also the annual registration of business names went up from 2,480 to 16,500 (BRELA, 2012).

The question can be raised (and also has been raised by persons interviews) to what extent the evolution of the SME sector and more importantly ,GDP performance and employment creation, can be attributed to a specific policy, i.e the SME Development Policy. Ultimately it is indeed difficult to provide evidence if yes/no this policy made a key different explain socio-economic developments over past decade.

2.8 Constraints hindering the performance of Enterprise's in Tanzania

Badillo (1993) argues that lending small firms involved high-risk thus high premium. High premium makes lending rates to be unaffordable by small borrowers (SMEs). In order to hold those firms operate and grow special credit management should be put in place. Badillo (IBID) reports further that, some of the problems facing SMEs in Mexico can be attributed to institutional credits, financing, overly bureaucratic fiscal processes and many economic lows and regulations which are set to favor large firms at the expense the small firms. Consequently, small and growing firms fail to compete with large firms and as a result SMEs sector keep on deteriorating in Mexico.

Some experts have argued that the failure of directed credit programmes resulted from the limited role of market forces in determining interest rates and a lack of savings mobilization in the design of the credit programmes. In addition, in the countries that lack active and organized capital market, experienced intermediaries and a favorable regulatory environment local SMEs have difficulty raising the medium and long-term capital. As a result, most SMEs rely on their own capital to start up and sustain their activities. For example, between 59 and 98 per cent of

SMEs in African countries use their personal assets to capitalize their enterprises (UNCTAD, 1995).

Previous studies show that lack of information is major reason for not using credit facilities. A study on the determinants of bank credit access for small holder farmers in Tanzania also concluded that limited awareness about available credit facilities was one of the important factors keeping smallholder farmers from getting access to credit (Kashuliza and Kydd 1996). It has been urged that SMEs have to constantly engage in activities that would enhance their innovative capacities. This will enable them to match with globalization as the business environment was increasingly becoming competitive.

Previous literature has studied SME access to financing and shown that SMEs have different capital structures those large firms. For example, Cresy and Olofsson, 1997) found that smaller businesses have lower fixed-to-total assets ratios, higher ratios of current liabilities to total assets and are financially more risky. The unique challenges to SMEs to access outside borrowing are country specific environmental factors such as creditor rights and legal efficiency that affect SME access to financing. According to URTY policy report (2002), other factor includes insufficient working premises and undeveloped infrastructure. In addition, Business Development Services, namely services related to entrepreneurship, business training, marketing technology development and information are under development and not readily available.

According to Brush and Chaganti (1980) found that ownership structure and creditors rights protection have significant positive influence on the size and performance of SMEs. Lack of access to finance emerges as the binding constraints for smaller, less established firms in Sri Lanka and for all of Tanzania's SMEs not only is informal financing limited for Tanzania's firms, even firms of adequate size and experience have difficulty borrowing from bank, and, if they do borrow have difficult relation with their leaders.

According to the recent study undertaken by University of Dar Es Salaam Entrepreneurship Centre (UDEEC) most commercial bank in Tanzania are lacking requisite technical capacity along with understanding of the SMEs sector operations, this being one of the major reasons for their failure to support them efficiently. Loan processing is being done remotely from bank's headquarters, while lacking of credit rating bureau makes matter worst when it comes to process of credit. (Guardian Newspaper dated Tuesday November 11, 2008).

Myers (1984) posted that firms meet their financial need in a hierarchical manner- first by using internal equity (owner's capital input), followed by borrowing in commercial leaders, and, finally, by using external equity (issuing stock). Leeth and Scott (1989) found that the use of secured (collateralized) debt is related to the age of the firm, loan size, loan maturity, prevailing interest rate, legal environment, and type of industry.

2.9 Theoretical analysis

Various scholars have developed a theoretical description of an entrepreneur and entrepreneurship differently based on what is actually done by entrepreneur, the nature of activities they pursue and their role in socio-economic activities. For the purpose of this study these theories have been categorized in various groups i.e. Economic based theories of entrepreneurship, psychological based theories of entrepreneurship and management science school of thought.

2.9.1 Economic based theories of entrepreneurship

Economists focus on entrepreneurs' ability to act as agents of change, resources mobilizes technology adopter, market openers and opportunity exploiters (the case of china in the global economic crisis). Cantillon (1734) regards an entrepreneur as someone who operates under conditions of risk and uncertainty; someone whose someone income arise from decision making rather than from orthodox/traditional effort; someone with judgment, perseverance and knowledge of the world as well as of business. Schumpeter (1934) views an entrepreneur as someone who is defined by what he does and not what he owns and innovation/ creativity to him (entrepreneur)

us central. Schumpeter argues that an entrepreneur must do the following: introduce a new good or quality of a good: introduce a new method of production: open new market: utilize a new source of raw materials and carry out a new organizational form of an industry. He argues further that entrepreneurs are motivated by the dream and will to found an own kingdom; the will to prove oneself superior to others and the joy of creating.

Knight (1971) argues that an entrepreneur is an uncertainty bearer. For Knight uncertainty—as opposed to risk—cannot be calculated. An entrepreneur decides what to do, how to do it but without being certain about possible future states/outcome. His income includes contractual income in the form of wages/ salary and residual income in the form of profit. Kirzner (1992) sees the entrepreneurial process to be competitive. Therefore an entrepreneur has nothing but her alertness to opportunities by using information advantage to his own benefit. Learning and experience are crucial elements for successful entrepreneurs.

According to Kilby (1961) an entrepreneur has several functions including the following; perceiving an opportunity for profitable investment; committing necessary risky capital; assembling factor inputs to build an enterprise; providing an on going management and responding to competition. The entrepreneurial process includes creating and giving birth to new firms and making the firms survive and grow (Ref. Kuzilwa and Ngowi -2008) and 2009 on survival strategies for footwear enterprises in Africa in the aftermath of privatization and Ngowi-2009- Thailand investments in Africa; cases of Tanzania, Botswana and Ethiopia).

2.9.2 Sociological entrepreneurship theory

The sociological theory is the fifth of the major entrepreneurship theories. Sociological enterprise focuses on the social context. In other words, in the sociological theories the level of analysis is traditionally the society (Landstrom, 1998). Reynolds (1991) has identified four social contexts that relate to entrepreneurial opportunity. The first one is social networks. Here, the focus is on building social relationships and bonds that promote trust and not opportunism. In

other words, the entrepreneur should not take undue advantage of people to be successful; rather success comes as a result of keeping faith with the people.

The second he called the life course stage context which involves analyzing the life situations and characteristic of individuals who have decided to become entrepreneurs. The experiences of people could influence their thought and action so they want to do something meaningful with their lives. The third context is ethnic identification. One's sociological background is one of the decisive "push" factors to become an entrepreneur. For example, the social background of a person determines how far he/she can go. Marginalized groups may violate all obstacles and strive for success, spurred on by their disadvantaged background to make life better. The fourth social context is called population ecology. The idea is that environmental factors play an important role in the survival of businesses. The political system, Government legislation, customers, employees and competition are some of the environmental factors that may have an impact on survival of new venture or the success of the entrepreneur.

2.9.3 The Concept of Business Performance

According to Martin (2010) performance is defined simply in terms of output terms such as quantified objectives or profitability. Performance has been the subject of extensive and increasing empirical and conceptual investigation in the small business literature. The issues that remain unresolved are the goals against which performance should be assessed and from whose perspective the goals should be established . Rami Alasadi and Ahmed Abdelrahim (2007) on their study defined performance as follows.

The most commonly adopted definition of success [good performance] is financial growth with adequate profits. Other definitions of success [good performance] are equally applicable. For example, some entrepreneurs regard success [good performance] as the job satisfaction they derive from achieving desired goals. However, financial growth due to increasing profits has been widely adopted by most researchers and practitioners in business performance models.

Global Entrepreneurship Monitor (GEM) defined Performance as the act of performing; of doing something successfully; using knowledge as distinguished from merely possessing it (GEM, 2004). However, performance seems to be conceptualized, operationalized and measured in different ways thus, making cross-comparison is difficult. Among the most frequently used operationalization are survival, growth in employees and profitability. 23

A business enterprise could measure its performance using the financial and non-financial measures. The financial measures include profit before tax and turnover while the non-financial measures focus on issues pertaining to customers' satisfaction and customers' referral rates, delivery time, waiting time and employees' turnover. Recognizing the limitations of relying solely on either the financial or non-financial measures, owners-managers of the modern small business has adopted a hybrid approach of using both the financial and non-financial measures .

2.10 Empirical Review

Tambunan (2009) suggested three main important facts. First, SMEs are of overwhelming importance in the region, as they account, on average per country, for more than 95% of all firms in all sectors. Second, the representation of women entrepreneurs is still relatively low which can be attributed to factors such as low level of education, lack of capital, and cultural or religious constraints. Third, most of women entrepreneurs in SMEs are from the category of "forced" entrepreneurs seeking for better family incomes. This suggests that when women are better educated and have better paid employment opportunities increase for women, the participation of women as entrepreneurs in SMEs may decline.

ILO (2003) conducted the study to understand the processes and critical factors for women in developing small enterprises, including formalizing them hence their research concludes that only a very small proportion of women entrepreneurs manage to develop small businesses. Perhaps this is not surprising in light of the multitude of barriers that they face. Yet, there is little information as to how the few women who do develop their enterprises from informal activities at the micro level to

small and medium enterprises manage to do so in the face of this very difficult environment. A lot can be learned from the experiences of these women.

ILO (2003) Factors Affecting Women Entrepreneurs in Micro and Small Enterprises (MSEs) in each of the three designated countries was produced and also identified the sample group: women who had been operating a micro and small enterprise for more than two years, and who have licenses' in their own names through survey findings show that the major motivating factors for women starting their own businesses are to support their families, to be self-employed and to generate their own income. Recognizing the presence of some self-motivated women entrepreneurs in Oman, the study identified the barriers that they confront and highlights the challenges that are needed to boost entrepreneurship.

ILO (2005) consults with key informants on support for women entrepreneurs, with specific support from the ILO, African Development Bank, the Ministry of Labour and Human Resource Development (MLHRD), business associations, and NGOs; Identify gaps in support for growth-oriented women entrepreneurs, as well as “good practices”; Make recommendations for suggested actions to improve the environment for the growth of women-owned enterprises. Jayammal (2008) conducted the study on problems of women entrepreneurs with special reference to some selected Small Scale units in Coimbatore District of the state of Tamil Nadu. The study was aimed to understand the socio-economic back-ground of women entrepreneurs, and their problems in running their enterprises efficiently and profitably.

Raj (2007) conducted a study to ascertain the financial, marketing and production constraints faced by women in their enterprises; assessment of their health status, work place facilities and to develop guidelines for becoming a successful entrepreneur. Poor location of unit, tough competition from larger and established units, lack of transport facility, lack of rest and sleep and non-availability of raw material were the significant problems faced by entrepreneurs. The factors causable to these problems were; difficulty in affording own Part-I: Social Sciences and Humanities vehicle, not being popular, heavy schedule of work and long working hours. Common entrepreneurial problems can be dealt by formulating self-help

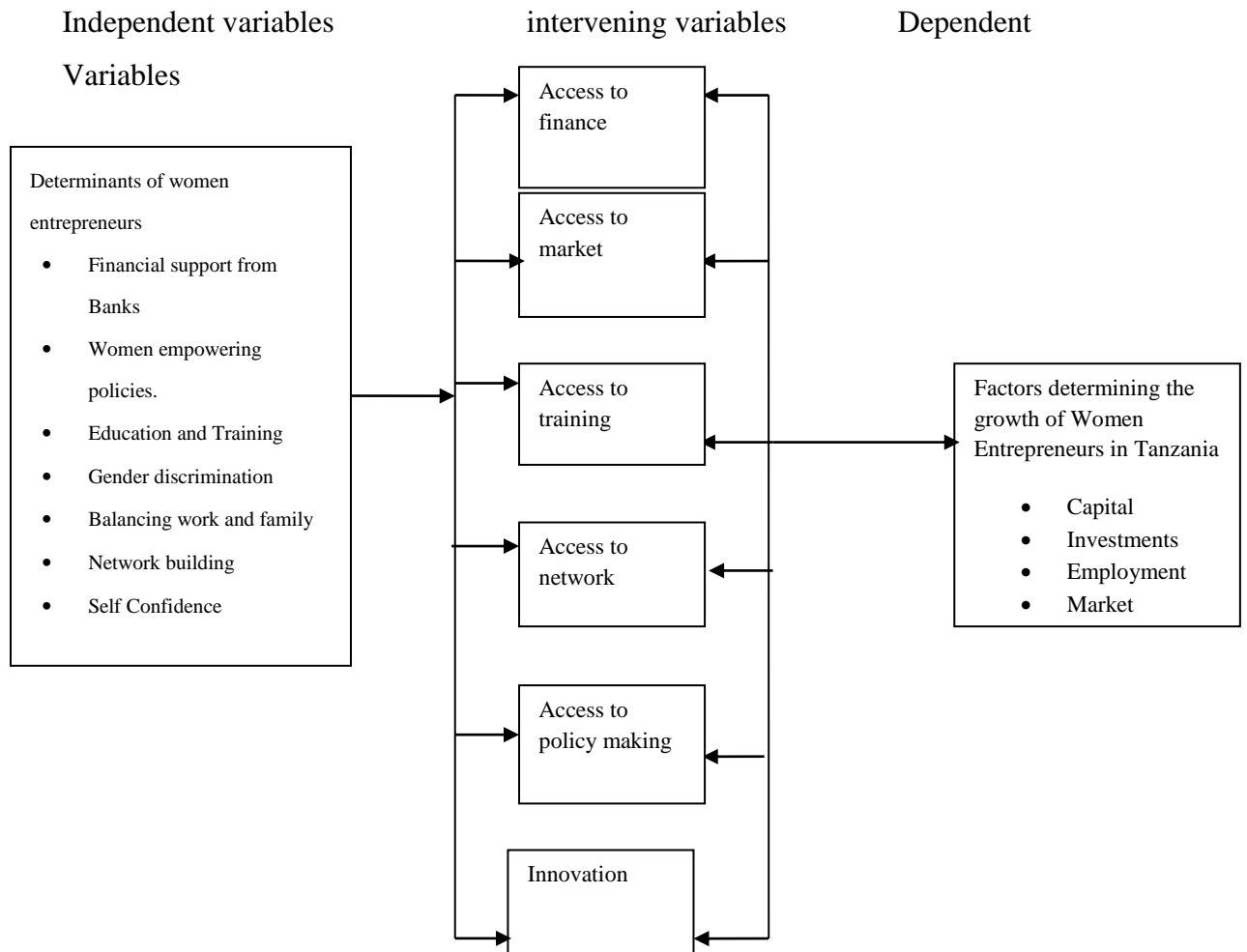
mutually aided groups. Drine&Grach (2010) compared male and female perceptions of typical entrepreneurship support services, such as government provision of information, training and funding.

Finnegan (2004) Identified ways in which Governments, the ILO, donors, NGOs and the private sector can improve the prospects for women's entrepreneurship in the three designated countries and enhance the contribution of women entrepreneurs to the creation of meaningful and sustainable employment opportunities and poverty alleviation.

2.11 Conceptual Framework

A conceptual frame work is used in research to outline possible course of action or to present a preferred approach to an idea or thought. Kakatuni (2009) the conceptual framework aims to update and refine the existing concepts to reflect the changes. Diagrammatically the model is presented as follows;-

Figure 2.1 Conceptual Frame Work: Problem modeling



Source: The researcher model, 2013

2.11.1 Entrepreneurship model

Based on the literature reviewed, here above is the model that basically comprises dependent and independent variable or rather factors that determine entrepreneurship among growth of women in Tanzania. The model show how the independent variable i.e. finance, market, training, network policy makers, and influence the dependent i.e growth of women entrepreneurship in Tanzania.

2.11.2. Underlying assumptions of the modal

Access to finance

Access to finance is a key issue for women. Accessing credit, particularly for starting an Enterprise is one of the major constraints faced by women entrepreneurs. Women often have fewer opportunities than men to gain access to credit for various reasons, including lack of collateral, an unwillingness to accept household assets as collateral and negative perceptions of female entrepreneurs by loan officers Mahbub (2000). By gaining access to credit it will help the growth of business done by women.

Access to markets

The ability to tap into new markets requires expertise, knowledge and contacts. Women often lack access to training and experience in on how to participate in the market place and are therefore unable to market goods and services strategically. Thus, women-owned SMEs are often unable to take on both the production and marketing of their goods. In addition, they have often not been exposed to the international market, and therefore lack knowledge about what is internationally acceptable. The high cost of developing new business contacts and relationships in a new country or market is a big deterrent and obstacle for many SMEs, in particular women-owned businesses. Women may also fear or face prejudice or sexual harassment, and may be restricted in their ability to travel to make contacts UNECE, (2004).

Access to training

Women have limited access to vocational and technical training in South Asia. In fact, women on average have less access to education than men, and technical and vocational skills can only be developed on a strong foundation of basic primary and secondary education. South Asia is characterized by low enrolment among women in education, high dropout rates and poor quality of education. The table below shows female literacy levels as a percentage of male literacy as well as average years of schooling of women and men, respectively. The figures are testifying to the existence of gender discrimination 19 in building capacity of women and providing them with equal opportunities UNECE (2004).

Access to networks

Women have fewer business contacts, less knowledge of how to deal with the governmental bureaucracy and less bargaining power, all of which further limit their growth. Since most women entrepreneurs operate on a small scale, and are generally not members of professional organizations or part of other networks, they often find it difficult to access information. Most existing networks are male dominated and sometimes not particularly welcoming to women but prefer to be exclusive. Even when a woman does venture into these networks, her task is often difficult because most network activities take place after regular working hours. There are hardly any women-only or women-majority networks where a woman could enter, gain confidence and move further. Lack of networks also deprives women of awareness and exposure to good role models. Few women are invited to join trade missions or delegations, due to the combined invisibility of women-dominated sectors or sub sectors and of women as individuals within any given sector (Mahbub, 2000).

Access to policymakers

Most women have little access to policymakers or representation on policymaking bodies. Large companies and men can more easily influence policy and have access to policymakers, who are seen more as their peers. Women tend not to belong to, and even less reach leadership positions in, mainstream business organizations, limiting their input into policymaking through lobbying. Women's lack of access to information also limits their knowledgeable input into policymaking UNECE,(2004). Robertson (1998), OECD (2002), ILO (2008) added that the key factors that affect women entrepreneurs' performance especially in developing continents like Africa are: vulnerability of women to adverse effects of trade reform; restraints with regard to assets (land); lack of information to exploit opportunities; and Poor mobilization of women entrepreneurs; lack of management skills; lack of awareness among young women of 20 entrepreneurship as a career option; conflicting gender roles; gender inequality inappropriate technology; and constraints at the legal, institutional and policy levels .

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology and procedures that was used in collecting data for the study. It describes the research design, the area of the study, the population, sample and the instruments that will be used in data collection. The methodology underpinning this study is a mainly quantitative and qualitative data analysis method that was employed.

3.2 Type of study

There are various types of research designs namely, case study, surveys, experimental design and quasi-experimental. For the purpose of this study, the researcher used case study design which is defined as an investigation of particular contemporary phenomena within its natural setting/context using multiple sources of evidence (Robson, 2002). It is a depth inquiry which enables easy collection of both primary and secondary data sources.

Nduguru (2007) noted that a case study design allows an investigation across a variety of characteristics and makes possible for through study of a unit over a range of variables but always maintaining a unitary nature of inquiry. In this study, a case study approach which allowed intensive observations and investigation of Opportunity and Challenges facing the growth of women entrepreneurship in Tanzania. The case study design is chosen because of its viability and flexibility in terms of data collection methods and analysis. Flexibility in this study is important due to financial constraints and limited time. In a nutshell this research design facilitated a better understanding of the opportunities and challenges in growth of women entrepreneurship in Tanzania taking a case of Ilala Municipal.

3.3 Area of the study and population

Ilala Municipal where this study was carried out is one of the three municipals in Tanzania, the other being Temeke to the south and Kinondoni to the North. The area is 273km. Ilala is commonly referred to as Downtown Dar where much of the commerce, banking and national offices are located.

The population to be studied will comprise Ilala municipal staff together with women entrepreneurs registered at the councils. This group of respondents was in a better position to provide relevant data relating to the study. Ilala municipal Council has 9 departments and 5 sections which are Finance and trade department, Waste Management department, Works Water and Fire, Primary and Secondary department, Planning Statistics and Monitoring department, Community development, Youth and Social welfare department and Administration and Personnel department. The Municipal has almost a total number of 300,000 women entrepreneurs.

3.4 Sample and sampling procedure

A sample is a group hopefully representative of the population intended to be studied and from which one derives generalization about the population (Bailey, 1994). Sample size is the number of respondents selected for interview from a research population. It depends on the accuracy needed, population size, population heterogeneity whether the sample will be subdivided or not and resources available (Bailey 1994). In this study the sample was selected by purposive, convenient and snow balling technique.

3.4.1 Purposive sampling Technique

Purposive sampling technique selects information of rich cases for in-depth study (Mbwambo, Barongo, Makuru, (2011)). Size and specific cases depend on the study, is one that is selected based on the knowledge of a population and the purpose of the study. The subjects are selected because of some characteristic. That means respondents were chosen based on the researcher's judgment that they have desirable characteristics and can provide the required information. In this study the researcher

will focus in 3 groups, these are Top management, other officers of Municipal Council and Women entrepreneurs registered at the Council.

3.4.2 Convenient sampling technique

A convenience sample results when the more convenient units are chosen from a population for observation. Mbwambo, Barongo, Makuru, (2011). In other words, a sample is chosen or taken note because of any other reason but mainly because it is convenient to use them say due to costs involved, spatial coverage, gender balance and the like. This is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher. For example, you decide you will interview the first ten people you meet tomorrow morning, it saves time, money and efforts. The researcher in this study used convenient sampling to select respondents from the Municipal Officials and women entrepreneurs found at the Municipal for interviews and filling the questionnaires.

3.4.3 Snow balling sampling technique

This particular one identifies cases of interest from people who know people who know what cases are information rich. i.e good choices for the study, or rather good interview subjects. What you do is to get hold of one and he/she will tell you where the others are or can be found. When you find those others they will tell you where you can get more others and the chain continues. This technique is very proper when the target respondents are difficult to locate, therefore the researcher will use this technique if the targeted respondents will be difficult to locate. Mbwambo, Barongo, Makuru, (2011)

Table 3.1 Distribution of Sample (n=90)

Target Group	Questionnaire distributed	Questionnaire collected	Level of respond (%)
Women Entrepreneurs (Ilala municipal)	120	90	75

Source:Field Data

3.5 Data collection methods and Techniques

This study used both primary and secondary data. Multiple methods in data collection such as questionnaires, interviews and documentary review were also used. Primary data was collected directly by the researcher from participants through questionnaires and interview guide. Secondary data will be obtained through reviewing various documents such as office files, circulars, reports and other records from the ministry of finance.

3.5.1 Questionnaires Administration

Questionnaires are data collection instruments through which subjects responds to questions or statements that generally require factual information (Sekaran 2003). A questionnaire with open and closed-ended questions will be used in data collection. The closed ended questions will be used to get direct answers and hence less time consuming in responding. The Questionnaires was provided to the selected sample of Municipal officials and women entrepreneurs at Ilala Municipal.

3.5.2 Interviews

Kothari (2004) defines an interview as a selected set of questions administered through verbal communication in a face to face relationship between a researcher and the respondent. It entails a face to conversation between interview and interviewee. This method is useful as it gives the respondent freedom to ask in case of need. Interviews was used in order to collect additional information mainly qualitative information which the questionnaire could otherwise not able to collect. An interview was involved the selected sample of Municipal official and women entrepreneurs at Ilala Municipal.

3.5.3 Documentary Review

This is a secondary data collection method. According to Kothari (2004), secondary data refers to the data which have already been collected and analyzed by someone else. Kothari emphasizes on the value of documents as they can provide more insight into the programme being studied by cross validating and augmenting evidence from other source. Relevant information was extracted and reviewed from files, circular reports and other records published and unpublished which contain vital information about the growth of women entrepreneurship in the world. The documents to be reviewed are Challenges facing women micro Entrepreneurs in Dar es salaam, Tanzania (Dr Nelson Jagero,IkandiloKushoka) and Small Business Entrepreneurship in Dar es Salaam-Tanzania (R. M. Mfaume)

3.6 Data Analysis

Data analysis refers to the process of schematization, interpretation and making critical discussions of the data collected so that one can make genuine conclusions and recommendation. The collected qualitative and quantitative information will be coded, analyzed and interpreted. The statistical package for social science (SPSS) program which is Chi-Square was used to help in tabulation of data. Descriptive statistics such as frequencies, percentages and tables was produced. Out of those data, the conclusion and recommendation was drawn so as to give possible solution on the factors that hamper effective of ICT in enhancing payroll for improved organization performance at the ministry of finance.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This research was conducted in Ilala with the prime intent of critically examining the factors determining the performance of women SMEs operators engaged in various activities like textile and garment, food processing, hair dressing salon, office equipments and stationeries supplies, and printing activities. Specifically, the study attempted to examine factors attributing to women involvement in SMEs, to identify determinants for the growth of women SMEs and also to explore the significant and identify the challenges facing SMEs to Women entrepreneurs and to recommend possible solution to alleviate the problem of SMEs. Based on the objectives, the following was summary of findings.

The main sources of startup and expansion finance or funds for most SMEs are personal savings followed by family and friends/relatives. The formal financial institutions have not been able to meet the credit needs of the women enterprises. Since there is high interest rate and collateral requirement, most SMEs have been forced to use the informal institutions for credit. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the SMEs. In some cases this problems may be the inability of many operators to meet formal financial institutions requirements for example business plan, governance systems and other accountability issues which are linked to business risk. This shows that the studied operators accessed finance mainly from informal sources.

The most important contextual factors identified are financial factors which include high collateral requirement from banks and other lending institutions, shortage of working capital, high interest rate charged by banks and other lending institutions, and too complicated loan application procedures of banks and other lending institutions. The workings premises factors include absence of own premises and the rent of house is too high. Marketing factors include inadequacy of market, difficulty of searching new market, lack of demand forecasting, lack of market information and

absence of relationship with an organization/association that conduct marketing research. Infrastructural factors incorporate power interruptions, and lack of sufficient and quick transportation service that hinder the business performance of all sectors.

Though, various governmental bodies designed various programs aimed at developing SMEs sector. Most of the programs were not given the appropriate backing and as such the impact of the programs could not be felt in the performance and competitiveness of SMEs. This is mainly because of the fact that these programmes or policies are not effectively implemented in line with their intended objectives owing to various reasons. According to the findings, the reason ranges from lack of visible commitment of some governmental bodies to lack of regular integration between the SMEs operators and the concerned bodies of the government.

The main internal factors identified were management factors which include poor selection of associates in business, lack of strategic business planning, and costly and inaccessible training facilities. Lastly, the major entrepreneurial factors include lack of persistence and courage to take responsibility for ones failure and absence of initiative to assess ones strengths and weakness. In terms of the stated research hypothesis the specific empirical findings emerged from the investigation that there exists significant positive relationship between independent variables and dependent variable. Moreover, the selected independent variables may significantly explain the variations in the dependent variable in study area.

4.2 Socio-demographic Characteristics of the Respondents

There are a number of distinct criteria that makes women entrepreneurs and their enterprises different from that of men entrepreneurs even though there are common elements. The research believed that, the performance of the enterprises will probably determined or influenced significantly by Age, family size, Level of education, marital status, age of enterprise and reasons of business setup. This section examined the age bracket, level of education, marital status, family size and age of the enterprises of the respondents, the researcher wanted to determine if the

above mentioned factors has relationship with business setup among women. As can be seen in the table 4.1

4.1 Respondents Age, level of educations, marital status, family size and age of enterprises

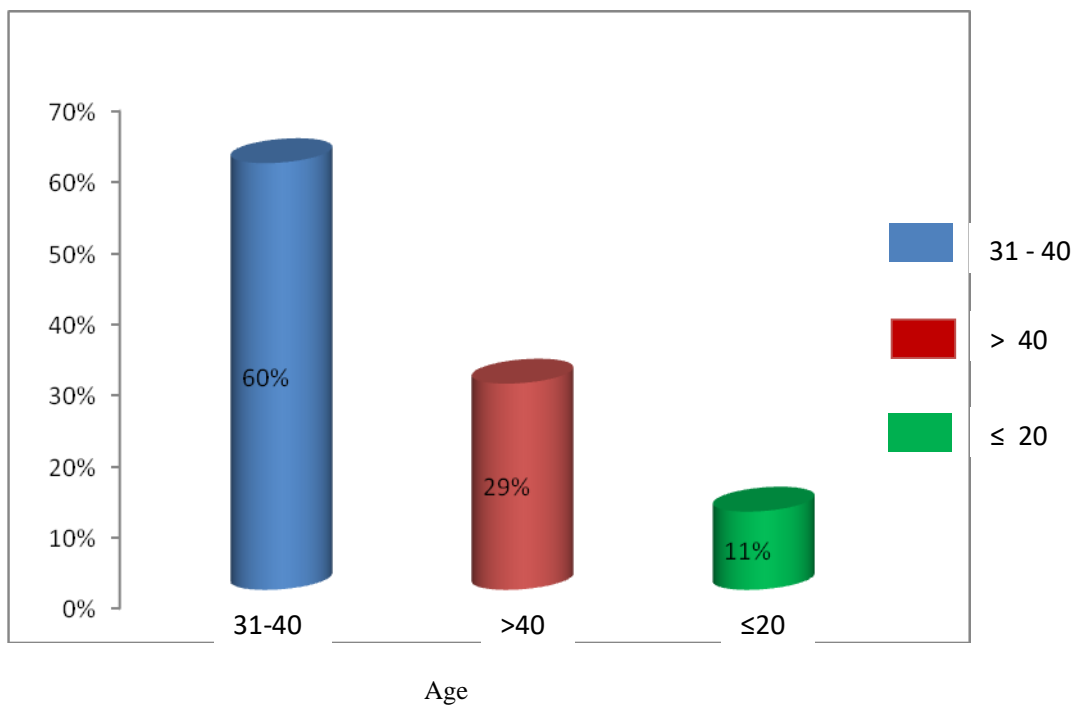
Parameter	Frequency (No)	Percentage (%)
Table Age (in years)		
≤ 20	10	11
21 – 40	54	60
> 40	26	29
Education level		
Primary school	15	17
Secondary school	40	44
Diploma	32	36
University degree	3	3
Marital Status		
Single	26	29
Married	41	46
Divorced/Separated	13	14
Widowed	10	11
Family size (No. of members)		
≤ 4	52	58
5 – 8	28	28
≥ 9	10	10
Age of the enterprise (in years)		
≤ 5	11	12
6 – 10	57	63
≥ 10	22	24

Source: Field data, 2013

4.2.1. Age of respondents

The age of women were found to be one of the characteristic that can affect the performance and growth of women enterprises in Ilala Municipal. Majority of the respondents who are doing small businesses are within the age category of 31-40 years which are 54 (60%) followed by those under the category of Above 40 years which are 26 (29%) and the respondents are under the age category of below 20 years which are 10(11%).

Figure 4.1 Age of respondents

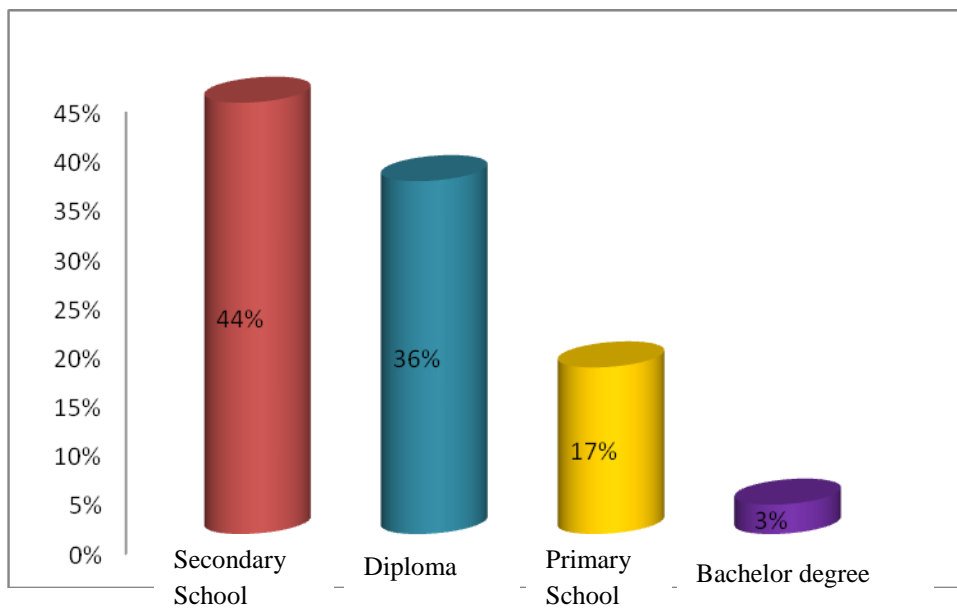


Source: Field data, 2013

4.2.2 Level of respondents educations

Education is one of the characteristic of women SMEs that can affect the business growth and performance. Data from figure 4.2 below shows that 15(17%) have primary level of education, 40 (44%) of the respondents have secondary education, 32(36%) of the respondents has diploma and the rest 3(3%) have a Bachelor degree.

Figure 4.2 Education levels of respondents



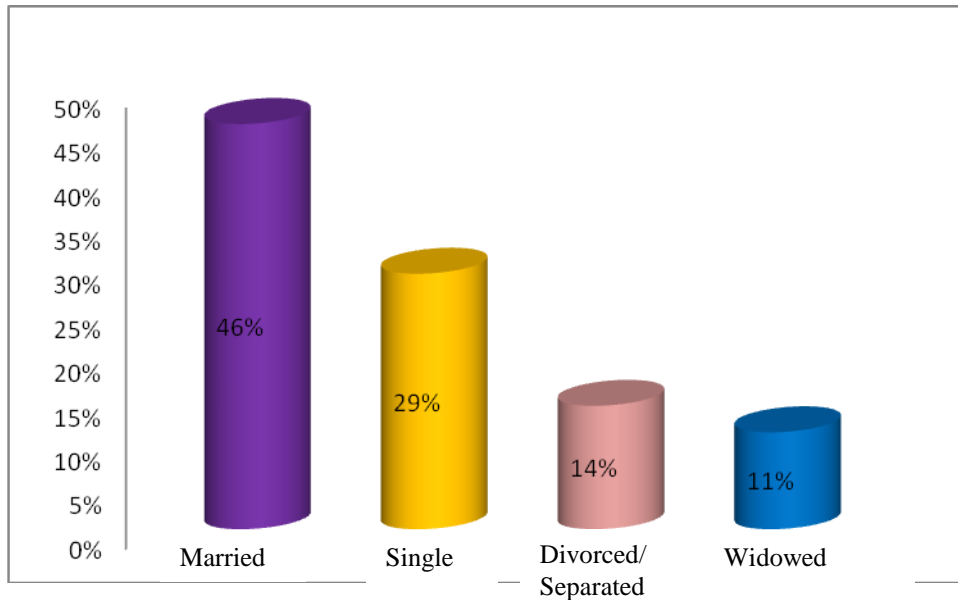
Source: Field data, 2013

The study in Ilala Municipal found that women with secondary education level have more difficulties finding a paid job and therefore see no other possibility than engaging themselves in small business. For women with high level of education like bachelor degrees and masters are not well motivated in doing small business as most of them are well paid in their job.

4.2.3 Marital status of respondents

Findings in figure 4.3 below also show marital status of the respondents, it can be seen that majority women are married which are 41(46%) followed by singles, 26(29%) and then Divorced/separated, 13(14%). The remaining respondents 10(11%) are widowed.

Figure 4.3 marital status of respondents



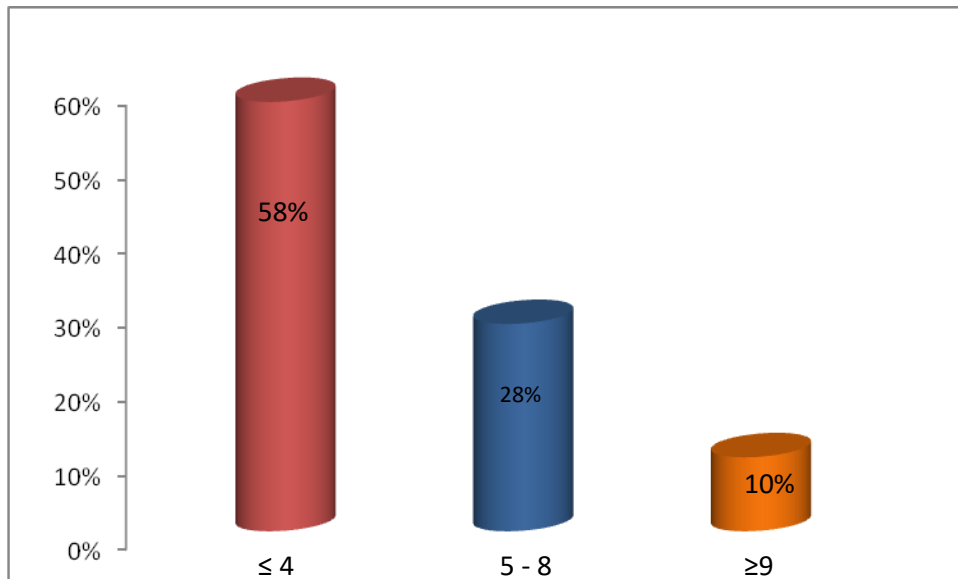
Source: Field data, 2013

4.2.4 Family size of respondents

The Family size shows that majority of the respondents which are 52(58%) have a family size of less than 4, 28(31%) of the respondents have a household size of 5 to 8 and the remaining 10 have the family size of 9 and above. The study found that family size affects the growth and performance of women SMEs in Ilala Municipal.

For those women with family of less than 4 people were likely to participate well in business, but for those women with family of more than 5 people found themselves occupied with domestic activities at home before going to the business. Hence the growth of business is hindered.

Figure 4.4 Respondents family size



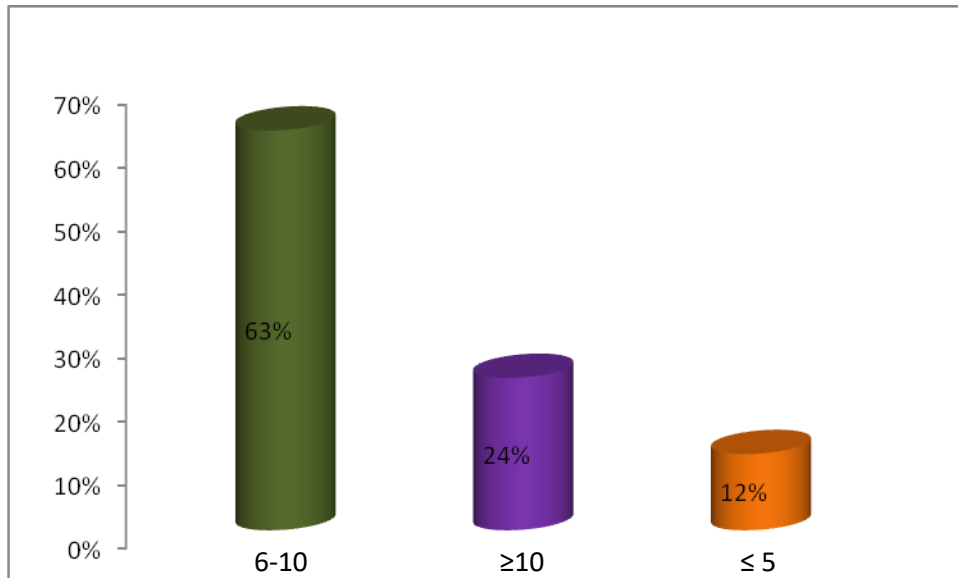
Source: Field data, 2013

4.2.5 Age of enterprises owned by women

The presentation of findings in figure 4.5 was also examining the length of operation in business as having a lot of experience into business has been found to be one of the factor of good performance and growth of a business.

It indicated that most of the enterprise had been established from 6 to 10 years which are 57(63%), this indicates that the performance of the enterprises has been improved than before. 22(24%) of the respondents enterprises are within the age range of above 10 years and the remaining 11(12%), the enterprises are below 5 years, respectively.

Figure 4.5 Age of Enterprises owned by women



Source: Field data, 2013

4.3 Factors attributing to women involvement in SMEs

This section, examines the main reasons (motives), which promoted women entrepreneurs starting their own business, as it can be predicted that, different people will set or start their own firm because of their own reasons which may not be the same, and hence will vary from one individual to another.

The results in table 4.2 indicate the reasons that motivated women entrepreneurs to involve in SMEs. Findings show that, 20(22%) of the respondents entrepreneurs establish small business because of family initiation and needs. Family business observed to strengthen not only the income within the family, but also unity and team spirit when facing challenges as well as exploring business opportunities for further investments. Findings show that nearly quarter of the respondents (24%) start the business to be self-employed, independent, and enjoy the freedom to try innovations to develop the small business and increase earnings. Self-employed offer an opportunity to determine own working schedule and thus increase job satisfaction.

Table 4.2 Factor attributing to women involvement in SMEs

Reason	Frequency (No.)	Percentage (%)
Family initiation and needs	20	22
To be self-employed and independent	22	24
To gain other extra income for the family	17	19
Small investment is required to own the firm	15	17
There were no any other alternative for incomes	16	18
Total	90	100

Source: Field data, 2013

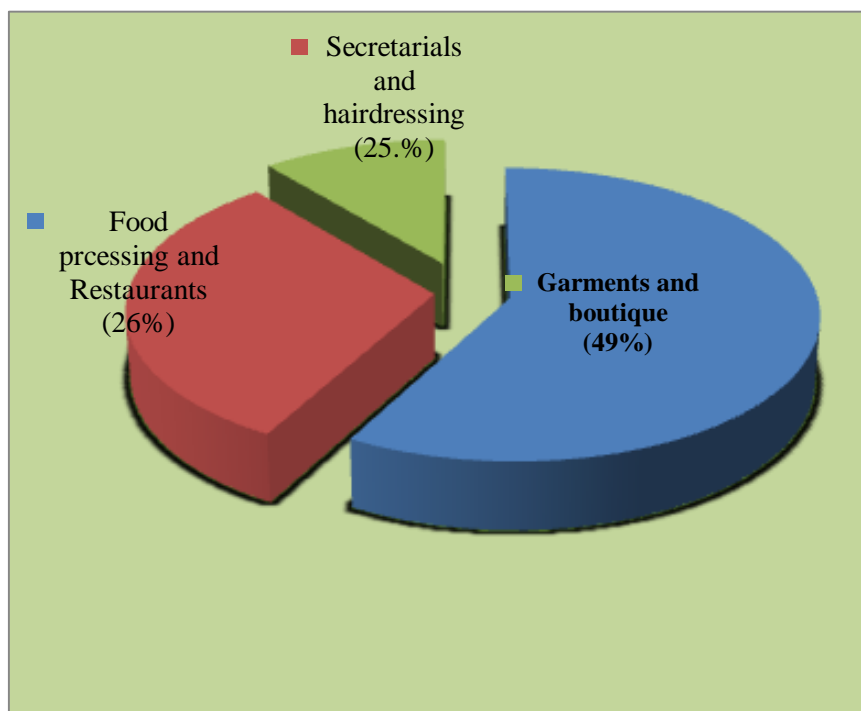
Seventeen (19%) of the respondents are under formal employment but establish business to gain extra income for the family and themselves. These are the one who believes that even when somebody is employed in the formal sector, business can help to gain an extra income to meet family needs and investments. Furthermore, considering constrains to access big capital, 15(17%) of respondents believe that it requires starting a small investment so as to develop and own a big firm. Sixteen respondents (18%) who either did not get a chance for further education or did not get a chance to be employed in the formal sector, feels that there were no other alternative for getting income rather than engaging in small business.

4.3.1 Types and Size of Women owned Enterprises

This section outlines types and sizes of women owned enterprise. Findings in figure 4.6 shows that, 26% of the enterprises owned was dealing with food processing and restaurant, followed by garment and boutique (49%) and secretarial and hairdressing services (25%). This category of enterprises was designed to be helpful in trying to examine and study each sector critical which affects the performance of women enterprises as different business face different types of problems. That means the degree of those critical factors in food processing sector may differ from the factors

that are critical to textile and garment and, secretarial and hair dressing services. The interview from some of the respondents indicated that in addition to the business they own them also deals with selling vegetables and other foods stuffs and grocery. Respondents revealed that, their enterprises play a crucial role in making their living meets and also helps in paying school fees to their children.

Figure 4.6 Enterprises Categories



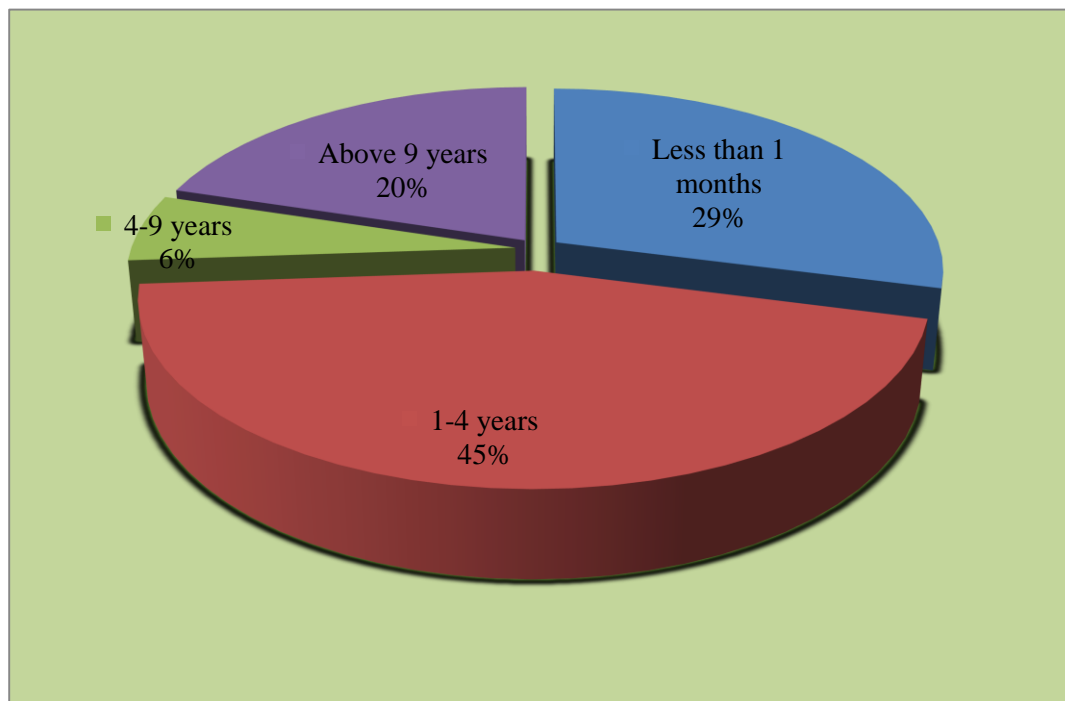
Source: Field data, 2013

There is an increase in the number of enterprises since 2001, which may be associated with the favorable conditions created and the attention given by the government to the sector as well as to women, specifically the SMEs strategy in 2000 and the women policy in 1998. Following these government policies and the increased involvement of NGOs, like WISE, they were able to create favorable conditions in creating employment for women through SMEs by creating access to finance and trainings. This makes them progressively more engaged in economic activities that enable them to contribute to the household income and to the development of the country.

4.3.2 Women experience in entrepreneurship

With regard to the work experience within the enterprises of the respondents, the figures shows that majority of the respondents (45) have 1-4 years of experience in their work. It is also clear that 29% and 20% of the respondents have an experience of less than one year and greater than 10years respectively. The remaining 6% of the respondents have 4-9 years of service in their enterprise.

Figure 4.7 Respondents Experience in Entrepreneurship



Source: Field data, 2013

The respondent who have experience of more than nine years agreed that the experience they have help a lot in greater understanding of the market for the business and get to know better the way in which business in that field work. Moreover the experience in business also helps in identifying customers, marketing strategies and opportunities for growth of business.

4.4 Factors Promoting the Growth and Opportunity for Women Enterprises

This section presents the findings that addressed the second objectives, which explore the factors that were responsible for promoting growth and opportunity for women SMEs in Ilala municipal. The factors are like sources of finance/ capital, entrepreneurial training and support getting from the Government in general and from the Ilala Municipal.

4.4.1 Main sources of finance for the enterprises

To capture information regarding how the business expanded, the respondents were asked to mention various sources of finance for their business, as presented in table below. Findings in table 4.3 show that 31(34%) of the respondents starting their small enterprises through personal saving as the sole source of finance, this was then followed by 16(18%) respondents who start their small business by given loans from friends/family and after they become stable in business they pay back the loans, The other 16(18%) respondents got the capital to start their small business through loans and assistance from micro finance institutions like FINCA and PRIDE and also from Banks like Postal bank, NMB,CRDB and Barclays Bank. Another 15(17%) got assistance from family and relatives, and lastly the 12(13%) respondents got capital to start their small enterprises through inheritance accounts left by their parents.

Table 4.3 Main Source of Capital

Source of capital	Frequency (No.)	Percentage (%)
Personal saving	31	34
Loan from friends/family	16	18
Assistance from family and relatives	15	17
Inheritance accounts	12	13
Micro finance institutions/banks	16	18
Total	90	100

Source: Field data, 2013

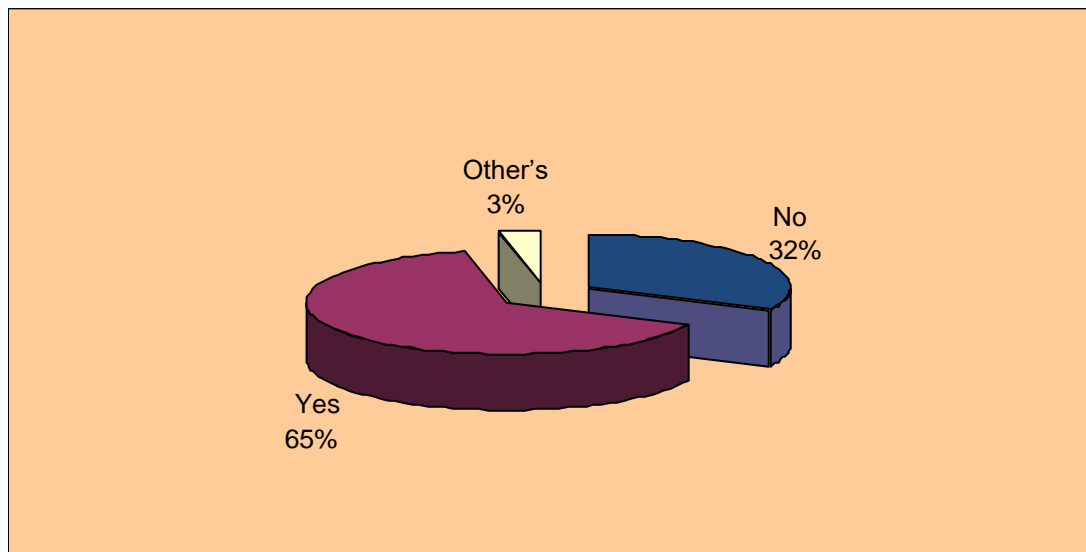
This shows that the main source of finance for women enterprises in most cases in Ilala municipal is personal saving. But also other sources are like husbands support, family and friends/relatives,. It was found that, informal sources play the greatest role in establishment of enterprises than the formal sources like microfinance and banks. The formal financial institutions have not been able to meet the credit needs of the women owned enterprises. According to majority interviewee, the reason for emphasizing on informal sector is that the requirement of collateral/guarantor is relatively rare since such sources usually take place among parties with intimate knowledge and trust of each other. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the women owned small enterprises. To wind up, such constraint of finance for women enterprises affects their performance directly or indirectly.

Previous studies (Etsegenet, 2000; Tegegne & Mulat, 2005; Mulu, 2007) show that informal financial sources, especially saving and loan/assistances from relatives or friends, are a major source of initial capital for about 75% of the sampled women enterprises. Likewise, this study found that many women get their initial finance through personal saving. Though also it was found that informal funding from family, friends and family assistances also contribute initial capital to women.

4.4.2 Entrepreneurship Training

Findings in figure 4.8 below, was assessing if women entrepreneurs in Ilala Municipal has received any form of trainings, and the findings show that 59(65%) of the woman entrepreneurs agreed that they got some training regarding entrepreneurship and all about starting a small and medium enterprises, while 29(32%) said they have never received any training on how to start a business, and the rest 3(3%) did not respond to the questions if they did or did not get any training on entrepreneurship. Similarly same table was examining if the women are comfortable and satisfied with their business, findings indicate that 84(93%) of the women owned small enterprises said they are comfortable and are satisfied with their business while 6(7%) said they are not comfortable nor satisfied with their business.

Figure 4.8 if ever got any entrepreneurship training



Source: Field data, 2013

4.4.3 Government and Municipal Support for the enterprises

Finding in table 4.4 shows if women entrepreneurs do get some kind of support from the government/Ilala municipal, and or any related organizations. The findings indicate that 32(36%) have not received any support from the government or any other organization, while 15(17%) and 40(44%) said they have received some support from the Government through credits issued by the Presidential Office and the Credit scheme from financial institution and the rest 3(%) did not respond whether they did or did not get any support from the Government.

Table 4.4 Types of Support received from the government/municipal

Support received	Frequency (No.)	Percentage (%)
Credits issued by the Presidential office	15	17
Credit scheme from financial institutions	40	44
Have not received any kind of support	32	36
No respond	3	3
Total	90	100

Source: Field data, 2013

The Government of the United Republic of Tanzania began its first major attempt to promote the small industries sector as far back as 1966 with the formation of the National Small Industries Corporation (NSIC) under the National Development Corporation (NDC). The emphasis of the NSIC was to establish small industrial clusters, essentially training-production workshops, which in 1973 were taken over by the Small Industries Development Corporation (SIDO), and continue to operate. Development partners, donors and NGOs have over the years influenced the regulatory reform process in creating the right regulatory framework and institutions, and developing policies and programmes on women Entrepreneurs. They have also implemented, and continue to implement, grassroots skills training and micro-finance programmes to encourage income-generating activities.

In September 2002, the University of Dar es Salaam completed a report on recent donor efforts on behalf of the DAC Private Sector Development Group Tanzania and the International Working Group for SME Development of the OECD Committee of Donor Agencies (Olomi and Nchimbi, November 2002). This review took stock of these efforts and drew up lessons learned and best practices to guide future interventions by governments, donor, and other agencies. The report noted that efforts should be made to improve coordination between donors supporting the SME sector. Achieving coordination at the governmental level is also seen as a critical factor in improving the policy and programme environment for MSMEs (MIT, 2002).

4.5 Socio-economic benefits of women Small and medium enterprises.

The findings in table 4.5 show the socio-economic benefits received from women who own enterprises. Findings indicate, among the benefits received from women enterprises are profits which are not dependent on long production runs. Fourteen of the respondents (15%) admitted that enterprises consequently improved their standard of living through their production and profits gain upon. They also stated that enterprise helps to link them with the local market.

Nevertheless, 36(40%) of the respondents indicated that enterprises they own serve as a ‘nursery’ and a proven training ground for ‘higher level’ entrepreneurship and innovation. Their product range tends to reflect the local technology, and often is seen as more likely to satisfy the needs of the poor compared to large enterprises’ products or foreign technology.

Table 4.5 Socio-economic rationale of SMEs in the study area

Benefit	Frequency (No.)	Percentage (%)
Enterprises has helped in improving standard of living in the local markets	14	15
Enterprises have strengthened the family by increasing source of income	24	27
Enterprises has helped in ensuring equitable distribution of income and other opportunities	16	18
Small enterprises serves as a ‘nursery’ and training ground for ‘higher level’ entrepreneurship and innovation	36	40
Total	90	100

Source: Field data, 2013

Findings also indicated that, 16(18%) of the respondents admitted small enterprises not only satisfy local needs by making differentiated varieties of products, but also through their network all over the country help ensure equitable distribution of income-earning opportunities. Twenty four (27%) of the respondents SMEs observed

to increase the source of income and consequently strengthen the family socio-economic profile.

4.6 Constraints facing growth of SMEs and entrepreneurship among women

Findings in this section were examining the constraints hindering the growth and opportunity of women enterprises and entrepreneurship in Ilala municipal in Dar es Salaam city. It can first be stated that Ilala municipal as like any other parts of Tanzania, have no access to economic resources and education for them is very low.

4.6.1 Obstacles in establishing the business for women SMEs in ilala municipal

Women participation in economic activities, generally, and in self-employment, specifically, is limited. As table 4.6 shows, the major problem for women to start the business and be self-employed is lack of capital, 59 (66%) of respondents said that lack of capital hindered them in starting the business and kept waiting for the husbands or relatives to assist them, this problem of capital was cited more by the food processors followed by the secretarial services. The second obstacle for women entrepreneurs is the lack of skills and technology especially entrepreneurial skills. Fourteen of respondents (15%) admitted that it's hard to cope with the new inventions of technology for example printing machines and other equipments. Three percent of the women face the problems in accessing raw material for the enterprises, most of them not knowing where to get quality but relatively cheap raw materials.

Six of the women entrepreneurs (7%) reported that it was difficult to obtain business license due to bureaucratic system. For some the licenses take too long to come out enough to hinder their business as were forced to temporarily close the business.

Table 4.6 Obstacles in establishing the business

Obstacles	Frequency (No.)	Percentage (%)
Lack of starting capital	59	66
Lack of required skill and technology	14	15
Problem of accessibility of raw material for the enterprises	3	3
Problem in accessing working place and market	8	9
Bureaucracy in obtaining business licenses	6	7
Total	90	100

Source: Field data, 2013

Other problems cited include conflicting gender roles, problems with employees due to low payments and absence of job contract, and also difficulties in collecting receivables.

4.6.2 Factors affecting the performance of the enterprises

This section explains the descriptive statistics of the factors that affect the performance of enterprises owned by women. Findings in table 4.7, has indicated that 42% of the responded who said that, heavier tax levy and rental charges for premises which are not reasonable are the main challenges for their performance, on the other hand 13% of the responds indicate that lack of sufficient and quick transportation service is a problem for the performance, 23% of respondents said that lack of government support and disturbance of Ilala municipal affect the performance of the business.

Moreover, analysis has indicated that 17% of the respondents whose concern was bureaucracy and inadequate information on business regulation and licensing, while 4% of the respondents said absence of own premises and power interruption is the problem. Therefore, it may be concluded that heavier tax levy and rental charges for

premises and bureaucracy in registration and licensing are the major factor that affects the performance of women enterprises.

Table.4.7 Factors affecting the performance of women enterprises

Bottleneck	Frequency	Percentage
	(No.)	(%)
Heavier tax levy and rental charges for premises is not reasonable	38	42
Lack of sufficient and quick transportation service	12	13
Lack of government support and disturbance of Ilala municipal	20	22
Bureaucracy and inadequate information on business regulation	16	17
Absence of own premises and power interruption	4	4
Total	90	100

Source: Field data, 2013

Furthermore, when the above responses compared with the interview conducted with operators of enterprise, it was confirmed that there are problems related to government bodies at Ilala municipal levels. The interviewees are pointed out the implementation problems widely observed in the side of the heads and lower level experts and employees of government sector offices such as lack of responsiveness to the demands of the operators. This arises either from the deliberate tendency of the executives to be bureaucratic or their lack of awareness about the peculiar procedures, policies and proclamations that favor enterprises performance.

The other possible explaining factor for this non-responsiveness to the operators can be the fact that the concerned government offices are overburdened with other routine activities of their respective offices, which resulted in abandoning or being irresponsible to the issues of the enterprises operators. Some respondents operating service industry (hair dressing and secretarial services), had their concern that, power

interruption is the main problem followed by lack of sufficient and quick transportation service that hinders the business performance of all sectors.

It was also found that, sufficient and quick transportation service that hinders the business performance of all sectors textile and garment respectively. On the other hand, insufficient and interrupted water supply, and lack of appropriate dry waste and sewerage system are the main challenges that hinder the performance of business operators engaged in food processing and restaurants.

4.6.3 Factors affecting Growth of the enterprises

The result presented in table 4.8 was examining the factors affecting the growth of women owned enterprises, findings shows that, 21(23%) of the respondents said that loan application procedures of banks and other lending institutions are too complicated for borrowers in term of process and procedures to get a loan, nevertheless 31(34%) respondents said that they lack cash management skills and shortage of working capital. Moreover findings shows that 22(24%) respondents said Access of getting good premises affect the growth of their enterprises and 16(18%) respondents said that high collateral requirement and interest rate from banks and other lending institutions affect the growth of their enterprises.

Table 4.8 Factors affecting Growth of the enterprises

Factor	Frequency (No.)	Percentage (%)
Loan application procedures of banks and other lending institutions are too complicated for borrowers	21	23
Lack of cash management skills and shortage of working capital	31	34
Access of getting good premises	22	24
High collateral requirement and interest rate from banks and other lending institutions	16	18
Total	90	100

Source: Field data, 2013

Responses observed that SMEs face the problem related to high collateral requirement from banks and other lending institutions, inadequacy of credit institutions and also the high interest rate which is charged by the Banks.

According to Rakodi (2002:2-22) financial issues are more salient in urban areas due to the highly monetized nature of urban economies. Operators were interviewed to give their opinion on the nature of problem related to financial factors. It was found that, mainly ensuing from low market, the operators usually suffer shortage of cash leading to their inability to cover their daily needs adequately. The other cause of this low cash presence at the disposal of the operators could be the increasing expense incurred by their respective enterprises in relation to purchase of raw materials and services such as transportation, in addition to cost of utilities consumed both at home and work place. The operators frequently mitigate this problem of cash shortage through borrowing and lending each other. The other mechanism of easing such cash shortage is through diversification of income generating activities.

The presence of affordable credit is essential for enterprise growth. With regard to credit access and availability, there are both formal and informal sources serving the operators in the studied area. The informal sources are consisted of loan from other fellow operators, family, relatives and friends. According to responses from the operators, the credit generated from such sources, along with a loan secured from micro finance institution (MFI) and own savings constitutes a portion of the start-up capital of the enterprises. SACCOs and semi-financial institutions are the formal source of credit used by operators, though there are other financial service providers like state-owned and private commercial banks.

Even if many writers including Vandenberg support the already established opinion on micro-finance that holds a view that micro-finance is a useful way of channeling finance to the poor and overcoming the difficulties they face in securing credit from formal financial institutions such as banks (Vandenberg, 2006:33). It was reported that the terms of credit of MFI are not suitable to the operators as the MFI fixes short repayment period with higher interest rate that is 9% in comparison with the interest rate of 6% charged by the banks. Majority of respondents indicated that, MFI charges

them totally 12% of the extended credit, of which 9% is paid as interest on the loan, 3% as service charge. This high loan cost puts the affordability of the loan of the MFI demanding by the users. Obviously, such high loan cost further damages the already low meager revenue of the enterprises.

Generally, SMEs are confronted with unique problems including heavy costs of compliance resulting from their size. Other constraints include insufficient working premises and limited access to finance. In addition, business development services, namely services related to entrepreneurship, business training, marketing, technology development and information are underdeveloped and not readily available. On the other hand, SME operators lack information as well as appreciation for such services and can hardly afford to pay for the services. As a result, operators of the sector have rather low skills. Also, there is no umbrella association for SMEs. At the same time, the institutions and associations supporting SMEs are weak, fragmented and uncoordinated partly due to lack of clear guidance and policy for the development of the sector.

4.7 Measures to be addressed to Improve enterprises performance

Findings in table 4.9 below has described the following suggestion on how SME's performance can be improved, Thirty one (34%) respondents said that the government have to facilitated policy review, particularly on banking policy credit accessibility when this improved will make it easier for women who own small industries able to apply for the loans and improve their businesses. Notwithstanding this, findings also indicate that 15(17%) respondents said SMEs supportive organization or institutions has to be empowered in order to make them accommodate many women entrepreneurs in their businesses example of these SMEs supportive organization or institutions are SIDO,FINCA and PRIDE, 24(27%) said, they need more training on business performance, particularly records keeping, and eighteen (20%) of the respondents said, TRA has to reduce tax imposed to SME's as now the taxes are very higher, and the two (2%) repondents did not respond to the questions.

Table 4.9 Measures to Improve SME's Performance

Measure	Frequency	Percentage
	(No.)	(%)
Government have to facilitated policy review, particularly on Lending policy	31	34
SME's supportive organization or institutions has to be empowered	15	17
Need more training on business performance, particularly records keeping	24	27
TRA has to reduce tax imposed to SME's firm, taxes is very higher.	18	20
Did not responds	2	2
Total	84	100

Source: Field data, 2013

Notwithstanding the enterprises owned by women have lower demand for business development services such as training, counseling, advising and consultancy due to cost considerations. This put them in a more disadvantages position in accessing information on business development. Nevertheless many SMEs lack common knowledge about the benefits of external services in improving competitiveness in their business. Other factors which deny SME's accessing these schemes are complex, bureaucratic and costly legal, regulatory and administrative environment. Last but not least is the persistent culture most SMEs have towards Banks, this particularly common case for the small size enterprises they get it easy to go for semi-formal financial institution more than Banks (PFI's).

4.8 Chapter Summary

This study has identified different factors which has influences in different categories of the business. The study illustrates that the factors are similar with slight difference across the sectors such as food processing, textile and garment, stationery services, and hair dressing. The study also noted that the factors are prevalent in pre-businesses processed such as financing capital, working permits, marketing, as well as infrastructural factors. These had very high effects on the performance of SMEs.

The characteristics of women entrepreneurs in SMEs of Ilala municipal shows that they have no entrepreneurial background, and they take entrepreneurship as a last resort. Most of the entrepreneurs never had opportunity to attend entrepreneurship trainings, and for those who are trained, the training focuses on theoretical concepts than deep-rooted practical trainings. Despite that, women entrepreneurs in SMEs are becoming an important area of emphasis for many developing countries contributing to the country's economy and development in general. SMEs is becoming a more vibrant sector and serving as a springboard for the growth of a strong private sector in Tanzania.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter the conclusions and recommendations are discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to government bodies, to operators of SMEs and suggestion for other researchers.

5.2 Summary of the findings

This research was conducted in Ilala with the prime intent of critically assessing the factors affecting the performance of SME operators engaged in textile and garment, food processing and metal and wood work activities. Specifically, the study attempted to examine the sources of finance or funds available for SMEs, to investigate contextual factors, to assess the internal factors and to recommend possible solution to alleviate the problem of SMEs. Based on the objectives, the following was summary of findings for the study

The main sources of startup and expansion finance or funds for most SMEs are personal savings followed by family and friends/relatives. The formal financial institutions have not been able to meet the credit needs of the women enterprises. Since there is high interest rate and collateral requirement, most SMEs have been forced to use the informal institutions for credit. But the supply of credit from the informal institutions is often so limited to meet the credit needs of the SMEs. In some cases this problems may be the inability of many operators to meet formal financial institutions requirements for example business plan, governance systems and other accountability issues which are linked to business risk. This shows that the studied operators accessed finance mainly from informal sources.

The most important contextual factors identified are financial factors which include high collateral requirement from banks and other lending institutions, shortage of working capital, high interest rate charged by banks and other lending institutions, and too complicated loan application procedures of banks and other lending institutions. The workings premises factors include absence of own premises and the rent of house is too high. Marketing factors include inadequacy of market, difficulty of searching new market, lack of demand forecasting, lack of market information and absence of relationship with an organization/association that conduct marketing research. Infrastructural factors incorporate power interruptions, and lack of sufficient and quick transportation service that hinder the business performance of all sectors.

Though, various governmental bodies designed various programs aimed at developing SMEs sector. Most of the programs were not given the appropriate backing and as such the impact of the programs could not be felt in the performance and competitiveness of SMEs. This is mainly because of the fact that these programmes or policies are not effectively implemented in line with their intended objectives owing to various reasons. According to the findings, the reason ranges from lack of visible commitment of some governmental bodies to lack of regular integration between the MSEs operators and the concerned bodies of the government.

The main internal factors identified were management factors which include poor selection of associates in business, lack of strategic business planning, and costly and inaccessible training facilities. Lastly, the major entrepreneurial factors include lack of persistence and courage to take responsibility for ones failure and absence of initiative to assess ones strengths and weakness. In terms of the stated research hypothesis the specific empirical findings emerged from the investigation that there exists significant positive relationship between independent variables and dependent variable. Moreover, the selected independent variables may significantly explain the variations in the dependent variable in study area.

Finally, the study has further identified that the different influences in which each of the factors under study have in different categories of the business. The research clearly illustrates that, even if the degree of those critical factors in food processing sector slightly differ from the factors that are critical to textile and garment, and wood and metal work sectors, most of the factors are considerably common for three sectors. It has been noted that the contextual factors are prevalent to the businesses such as financial, workings premises, marketing and infrastructure had very high effects on the performance of SMEs compared to other factors in the research area.

5.3 Conclusion

Based on the following findings, the following conclusions are worth drawn. Most of women had similar work experience relating to their current business prior to start up. The previous ownership of business has a positive and significant contribution, since they acquire the knowledge in running business and they expand their social networks. The majority of women are engaged in low risks and return activities, such as trade and food and drink sectors, which are the sectors the women can participate based on the skills acquired from outside the formal education system, especially from household activities, the service sector, the growth of women's enterprises is very low. Lack of enough working space, high costs of raw materials, lack of working capital ,and enough loan access are the subsequent problems that hinders women's enterprise growth. However, access to sufficient credit for the growth of their enterprises is limited to the saving ability of the women.

In the study, firms financing from external sources have an advantage to the growth of their enterprises, even if the loan disbursed to the women is low. In addition, filling the financial gap by using credit from raw material suppliers also has a positive contribution to the growth of enterprises. Almost all women sell their products to customers who come to their selling area, which limits the scope of their market. Market linkage among the women entrepreneurs is almost nonexistent. Therefore, selling products and rendering of services around their home or residential areas has negative effects on the growth of their enterprises.

Partnerships have positive impacts for women-owned enterprise growth; whereas delegation of bookkeeping activity to professionals has a positive effect to the growth of enterprises. Even if access to infrastructure is not reported as a significant problem, lack of access to water and lack of awareness about the advantages of telephones and media leads to a negative or insignificant effect on the growth of enterprises. Market linkage among the women entrepreneurs is almost nonexistent.

5.4 Recommendations

Suggestions for corrective and complementary measures to enhance the potential performance of women owned enterprises are essential. Such recommendations demand an in-depth analysis of the influence of different factors regarding the sector. Based on the findings and conclusions of the study, the following recommendations are forwarded.

5.4.1 To Women entrepreneurs

The women operator of SMEs should form groups and make use of pooled negotiating power for borrowing purposes. They can use such negotiating power to purchase raw materials and receive discounts which might lead to a reduction in the cost of production. Through networking, SMEs of ilala municipal can be able to exchange services such as advertising amongst themselves for free. This will enhance competitiveness through a reduction in the cost of production. The benefit of sharing such service for the operators of SMEs is that it will strengthen the future survival, profitability and eventual growth of SMEs.

The owner of the enterprises should design a different screening mechanism while selecting candidates rather than using “one member system”. Besides this, the minimum number of members to form a cooperative should also be revised. Being in one/the same should not be a criterion to form a cooperatives association, rather members’ skill compositions, their ethical attitudes and commitment to work should also be taken in to account.

Furthermore, keeping the minimum number of members to form an association in to 10 is not reasonable, because what matters is not their number rather their willingness and their relationship among themselves should also be considered. SMEs should also discuss with municipalities and other administrative bodies to make women entrepreneur's owners of working premises (land). They should also arrange mechanisms through which women entrepreneurs in SMEs can easily access administrative bodies and policy makers so that they can be beneficiaries of different governmental incentives such as tax exemptions, decreasing interest rates on loans etc.

Moreover, to tackle the different economic, social/cultural and legal/ administrative bottlenecks they face, women entrepreneurs should make lobbies together to the concerned government officials by forming entrepreneurs associations. Besides this, women entrepreneurs in SMEs should search for other alternative supporting agents rather than relying only on Ilala Municipal, micro finances and SMEs offices in improving their performance and solving problems. For example, they should also approach known individual entrepreneurs, NGOs, banks and other supporting organizations. Lastly, Women entrepreneurs in SMEs of the town should share experiences with other entrepreneurs in other sub-towns and regions so that they can learn a lot from best practices of those entrepreneurs.

Marketing factors are frequently indicated also as the explanatory factor for most problems faced by the women SMEs. Therefore, it is necessary to solve this deep-rooted problem. Some of the ways of doing so can be; providing selling and display places in areas close to working area, linking the SMEs with other private contractors working within and outside the Ilala Municipal, changing the perception of the general public through extensive awareness creation mechanisms and allowing those SMEs located and operating at sub-cities to participate in biddings opened in other sub-cities.

Finally, to existing and potential women entrepreneurs in SMEs, even though entrepreneurship is not free of risks, existing and potential entrepreneurs should not see it as a last resort. This is because starting own business creates sense of

independence, flexibility and freedom; make own boss, give time and financial freedoms. Besides this, in the time of globalization, it would be unthinkable to get jobs easily because of the serious competition throughout the world.

5.4.2 To Micro finances

Micro finance institutes should change the practice of “group lending system” since members in a group cannot have the same thinking level, attitude and commitment as there are personal differences. Hence institutes should allow individual lending systems. Micro-finances should also minimize the interest rates that they charge to women entrepreneurs in SMEs so as to strengthen their entrepreneurial spirit. In addition Credit services need to be reviewed in order for them to be accessible to small enterprises with limited capacity. This has yet to be achieved despite the proliferation of microfinance institutions alongside the SMEs strategy. The procedures for securing loans must be simplified or greater support offered by the lenders to support SMEs. Some microfinance institutions also need to be sensitized to the nature of SMEs and the sustainability of their businesses.

5.4.3 To Government (Ilala Municipal)

The strengthening of government institutions at different levels would play a major role in positively influencing the development of women SMEs, thus to reduce delays in processing legal requirements. The government through various relevant departments should specialize more in taking up a facilitative role, especially by reviewing all the blockings by laws, to address issues of getting a license or getting a premises on which to operate. A number of factors should be considered in designing all-encompassing policy for the promotion of the sectors.

The Ilala Municipal bodies should provide affordable alternative sources of finance for women SMEs. This can be done by communicating with the banks and other credit institutions to lessen their requirements. This should be done so that SMEs can get enough access to finance for their business activities.

Furthermore, to make SMEs competitive and profitable, increasing the capacity and skill of the women entrepreneur through continuous trainings, experience sharing from successful enterprises, and provision of advice and consultancy are crucial. Moreover, improved provision of necessary infrastructure and enabling the environment for business operations is generally an imperative. Uninterrupted power supply and quick transportations are basic to effective performance of these enterprises. Even though technical skills trainings are of great importance to eat “breads”, it should be supplemented with business trainings to improve the “breads” in to “cakes”. Institutions/colleges should provide both technical and business trainings to MSEs so that these entrepreneurs can with stand competitions, develop entrepreneurial sprits, improve managerial skill in such a competitive world. Institutes/colleges should also be involved the recruitment and selection of candidates rather than making it as a sole responsibility of SMEs. Besides that entrance exams should be given to candidates to proactively avoid unnecessary costs by receiving individuals with poor attitudes.

More than three-fourths of the women SMEs operators are migrants. However, their migration status does not have any influence for their enterprise growths since there is no problem associated with the creation of networks and getting access to economic resources. Almost half of the women covered in the study were economically active even before they started these enterprises. Nearly one-fourth of women had similar work experience relating to their current business prior to start up. The previous ownership of business has a positive and significant contribution, since they acquire the knowledge in running business and they expand their social networks.

The use of external finance is found to have a positive contribution for enterprise growth. Therefore, adequate provision of finance should be the main element in the development programs. The provision of finance based on their savings amount and saving habits encourage more women to take loans since they mostly lack economic resources and are unable to give collaterals. Therefore, specialized microfinance services that benefit women entrepreneurs must be established or encouraged. Other

ways, such as initiating specialized lending services to women in the existing microfinance institutions, must be sought. The role of information for business growth is significant. However, use of media and experience sharing among entrepreneurs is almost nonexistent. Therefore, the use of media as a source of information, besides entertaining customers, must be encouraged. Experience sharing and joint problem solving must also be encouraged. Partnership, due to its significant and positive contributions, should also be encouraged. Therefore, informing women business owners about the benefits of sharing resources, experiences, and responsibilities is important. Women's enterprises concentrate in products that are similar thereby limiting their demand. Therefore, trainings that are concerned with innovative activities, risk taking, and management must be encouraged.

5.4.4 To other researchers

Investigating different factors based on the right information are vital for the good performance of any business venture. This can be achieved by conducting more researches in related areas. The focus for this study was on the manufacturing sectors particularly in textile and garment, food processing, hair dressing and secretarial services. It is the researcher's view that future research could therefore investigate the other sectors like construction, urban agriculture, and retail and come up with specific findings which will potentially contribute a lot in the development of the country in general. This study dealt with more of factors that affect the performance and growth of SMEs. Further research could target the medium and larger firms that have dominated the markets having graduated from the SMEs. The field of SMEs is large and very diverse. It is an interesting area with many unresolved issues. It would be encouraging to get more solutions to many issues arising.

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APPENDICES

Appendix 1: Questionnaire for women entrepreneurs

Dear Respondent,

Am Happiness E. Masija a student at Mzumbe University, taking Master's Degree. As a partial requirement for the fulfillment of the Master's degree in Corporate Management at Mzumbe University, I am conducting a Research on the " factors determining growth of Women Small and Medium Enterprises in Tanzania, I hereby request you to fill in this questionnaire as truthfully as you can. Your responses will be kept confidential and will only be used for the purpose of this research study. Please base your answers to the experiences we have had at your organization.

Part I: Background Information

1. Sex Male ()
 Female ()

2. Respondents age-categories
18-30 ()
30-40 ()
Above 40 ()

3. Maximum level of education reached
.....

Part II: Economic Activities/Enterprises

1. Are you currently involved in any entrepreneurial activity? Yes () No. ()

(i) If NO why not...

2. What type of business are/were you engaged

in?.....
.....
.....

3. Were you involved in entrepreneurial activity before?

Yes () No. ().

(i) If NO why
not?.....

4. If you answered YES in Question 2 and 3, what actually motivated you to get involved in entrepreneurial activities? Explain

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

5. Where did you get capital to start a business? (to be answered by those who said YES in questions 2 and 3).

i) Bank loan ()

ii) Personal savings ()

iii) Other () Explain

.....

6. How much was the capital you spent for starting you business?

Tick one		
a	0-50,000	
b	50,000 – 100,000	
c	100,001 – 500,000	
d	500,001 - 1,000,000	
e	1,000,001 – 5,000,000	
f	5,000,001 – 10,000,000	
g	10,000,001 and above	

7. How old is your business?

Tick one		
a	0 – 1 year	
b	2 -3 years	
c	4 -5 years	
d	5 and above	

Part III: A bout Training

8. Have you attended any formal training in entrepreneurship? Yes () No. ()

If yes, what type of training?

Explain.....

9. Are your entrepreneurial activities registered?

Yes () No. ()

10. Are you satisfied with your entrepreneurial achievements?

Explain.....

.....

Part IV: A bout Challenges

11. What challenges do you face in pursuing your entrepreneurial activities?

.....
.....

12. How do you handle the challenges you identified above?.....

.....

13. What are the available opportunities for women entrepreneurs in your area?

- a)
- b)
- c)

14. Do you get any support on your entrepreneurial activities from any public or private institution such as Banks? Yes () No. ()

THANK YOU FOR YOUR COOPERATION

Appendix 2: Interview Guide for Municipal Council Official

Part I: Background Information

1. Title/designation
2. Department
3. Maximum level of education reached
4. What type of business are women involved in? please name them
 - i.
 - ii.
 - iii.
 - iv.

Part II: Role of Municipal Council on Women Entrepreneurship Development

5. Is the council involved with entrepreneurs?
6. Duration of partnership of Municipal council to Women entrepreneurship support?
7. How involved is the Municipal with women entrepreneurs?
8. Are all entrepreneurs (Big and small) treated equally with the council?
9. What is the total number of women entrepreneurs known by the council?
10. Is there a system in the council that deals with women entrepreneurs only? Please explain
.....

11. How has the council been able to achieve its targets in supporting the women entrepreneurs?

Part III: Factors facilitating the growth of Women Entrepreneurship

12. What are the forces behind the entrepreneurs' failure?

- i. Poor performance of the council
- ii. Political forces
- iii. Economic welfare of the country

13. What are the success factors helping the women entrepreneurs in the council?.

14. Are council's business development goals been through poverty reduction programs that are directed to women?

15. What is the role of politics following women entrepreneur?