

**FACTORS AFFECTING EXPORT PROMOTION IN SME'S SECTOR: A CASE
OF SMALL INDUSTRIES DEVELOPMENT ORGANISATION (SIDO)**

**FACTORS AFFECTING EXPORT PROMOTION IN SME'S SECTOR: A
CASE OF SMALL INDUSTRIES DEVELOPMENT ORGANISATION (SIDO)**

**By
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**A Dissertation Submitted in Partial Fulfillment of the Requirements for Award
of the Degree of Master of Business Administration (MBA)**

of Mzumbe University

2019

CERTIFICATION

We the undersigned, certify that we have read the dissertation and found it to be in a form acceptable for the final Submission for the award of a Master Degree in Business Administration, a dissertation entitled **Factors Affecting Export Promotion in SME's Sector: A Case of Small Industries Development Organisation (SIDO)**, in partial fulfillment of the degree of Master of Business Administration of the Mzumbe University.

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I humbly thank Almighty God for the care and protection he showed and granted to me in the course of my studies and life in general. I would like to give my sincere thanks to my devoted supervisor, Dr. Kinyondo, whose intellectual guidance, motivating advice, patience, moral support and understanding enabled me to reach this stage.

DEDICATION

I would like to dedicate this dissertation to my lovely wife who encouraged me in my academic pursuit and accepted my absence till completion of my studies.

LIST OF ABBREVIATIONS

GDP	-	Gross Domestic Product
LDCs	-	Least Developed Countries
MSE	-	Micro and Small Enterprises
MSMEs	-	Micro, Small and Medium Enterprises
SIDO	-	Small Industries Development Organisation
SMEs	-	Small and Medium Enterprises
SPSS	-	Statistical Package for Social Science
URT	-	United Republic of Tanzania

ABSTRACT

The objective of the study was to assess factors affecting export promotion for SMEs. Specifically the study aimed to identify effects of non-financial factors such as language barrier business skills procedures and regulations which hinder export promotion in SME's sector.

The study taken a sample of 80 respondents, the researcher used several data sampling methods; including questionnaire, observations, and interviews. The relevant data were collected and analyzed to arrive at relevant conclusions. Analysis of the data was done using SPSS tool.

The study found that non-financial factors are one of the barriers facing export promotion in SMEs. Moreover, the study found that 75.0% of the respondents said that business skills play important role to increase SMEs participation in export. Moreover, the findings revealed that, 55.0% of the respondents identified lack of one stop centre is one of the factors which hinder export promotion for SMEs.

The study concludes that lack of one stop centre for small businesses is one of the factors affecting export promotion for SMEs. Therefore, this hinders export promotion in SME's sector. There is no one stop centre to help SMEs to exports their products. Also the study concludes that SMEs owners who possess business skills have great chance to participate in export compared to SMEs owners who lacks business skills. The study recommends that there is a need to create better business environments for SMEs, especially related to taxation, simplified business formalization and export procedures, and making easy the travel and exporting process as a way of speeding up engagement of SMEs in export.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Problem

There are several motivations for countries to export their production. Exports growth is seen by governments as being a driver to economic growth, and it also helps domestic industries to develop, improve productivity and create new jobs. Besides this, at the corporate level, exports help firms to improve their prosperity and to expand into new markets. For their international expansion, firms and Small and Medium Enterprises (SMEs), in particular, use exports as the most simple, attractive and generalized approach to foreign markets (Pickernell *et al.*, 2016).

The role played by the SMEs has increasingly been recognized and appreciated not only in the developing but also the developed countries globally. This appreciation has largely been due to the contribution of the SMEs sector to economic development particularly in employment creation. Tanzanian small and medium enterprises, however, are still not fully competitive, especially in foreign markets, which require efficient production, good management structures, market capabilities, product and service development that meets international standards and strong networks in conducting business operations. Despite the importance of export to economic development among economies there is little attention that has been given to the SMEs to participate in export trade (Mpunga, 2016).

There is different factors hinder export promotion in SMEs sector (Admassie and Matambalya, 2012). Mpunga (2016) identified four sources of export barriers that affect SMEs export activities. They include export knowledge, internal resource constraints, procedural barriers and exogenous variables. First, export knowledge barriers refer to lack of information relating to export activity. Lack of knowledge about foreign markets constitutes a barrier to increased commitment to international activity within a company.

From the existing theoretical and conceptual literature, scholars have identified many barriers to export performance among businesses. While some factors are generally attributed to business firms regardless of their sizes and special economic contexts that surround them, some are more related to export performance among SMEs. Broadly, these factors have been classified into two categories namely internal barriers and external barriers (Jamshed *et al.*, 2015). The internal barriers involve factors that are related to the firms and owners only such as export skills, availability of resource and marketing skills. Also external factors are relate to many external forces including the government and how it manages the business sector, cumbersome procedures for export, the market, trade laws and policies, the trade financing regimes, and the infrastructure in place for business operations (Okpara and Koumbiadis, 2010). However, according to Koksai and Kettaneh (2016) the internal barriers may broadly include products, resources, firm scale, management, and experience.

Admassie and Matambalya (2012) in their study focused on how technical efficiency affects performance of SMEs in Tanzania focusing on general growth, which includes export performance. They identified that SMEs are significantly confronted by poor technological infrastructure, which in turn affect their competitiveness. Related to technical efficiency, the study also noted that face problems including inadequate business skills and low quality standards.

Most of the countries have recognized the importance of exports as an engine for economic growth. A number of these countries have developed policies and strategies for export expansion, but most do not have a policy for small business. Given the scarcity of resources for overall export promotion, and reluctance to allocate more funds for export development may be due to a lack of ability to target those firms that have a high potential to or those that may be motivated to export.

1.2 Statement of the Problem

Despite strategic initiatives in place such as establishment of export strategy, there are evidences on ground that the notable growth in export has a limited potential for promoting national economic development due to the fact that it is in the hands of few bigger enterprises. Tanzania's exports remain largely traditional raw products, especially unprocessed mineral, agricultural and forest products. While the export growth records 15 percent per annum, the share of exported goods and services in the GDP is still as low as 13 percent (Mpunga, 2016). It is however shown that local firms, especially the Small and Medium Enterprises (SMEs) sector have a very limited participation in outward focusing trade. While SMEs are identified as real economic players whose growth is expected to continue to have a significant contribution to national development and poverty alleviation, their role is limited to the domestic market in which they also face unfair competition from imported goods and big domestic firms (Koksal and Kettaneh, 2016). Most of the SMEs find themselves at a disadvantaged position when it comes to transacting business across the region, due to poor export infrastructure, poor technology, and regulatory and policy framework.

There are different empirical studies concerning factors affecting export promotion in SME's. For example a study by Okpara and Koumbiadis (2010) found that there are various obstacles facing SMEs who want to participate in export markets. These barriers include: lack of finance, lack of qualified personnel, fear of foreign competition, lack of productive capacity, poor infrastructure, corruption, bureaucracy, and general lack of knowledge on how to export. Also Nyatwongi (2015) found that the factors affecting the performance of importing and exporting small and medium enterprises involves regulatory and policy framework, technology, marketing information, finances, high tax costs and management skills.

Generally, SMEs play little or insignificant part in export business. It is thus important to understand what limits their export performance (Majocchi *et al.*, 2015).

Therefore, this study aimed to assess factors affecting export promotion in SME's sector.

1.3 Research Objective

1.3.1 General Objective

The general objective of the study was to assess factors affecting export promotion in SME's sector.

1.3.2 Specific Objective

Specifically the study aimed

- i. To identify effects of non-financial factors such as language barrier on export promotion in SME's sector
- ii. To evaluate the role of business skills on export promotion in SME's sector
- iii. To assess procedures and regulations which hinder export promotion in SME's sector

1.4 Research Questions

The study was guided by the following specific questions:

- i. What are the effects of non-financial factors such as language barrier on export promotion in SME's sector?
- ii. What is the role of business skills on export promotion in SME's sector?
- iii. What are procedures and regulations which hinder export promotion in SME's sector?

1.5 Significance of the Study

The study will inform other researchers on existing relationship between finance accessibility and export promotion in SME's sector, the contribution of marketing skills to export promotion in SME's sector and possible strategies that can promote export in SME's sector.

The research will also inform the policy makers to find ways to curb the present undesirable situation and to understand factors affecting export promotion in SME's sector.

The study will provide strategies that can promote export in SME's sector. This will facilitate the growth of SMEs, increase foreign currency and provide income to SMEs to buy raw material.

1.6 Scope of the Study

The focus of the study was to assess factors affecting export promotion in SME's sector. The study was conducted in Dar es Salaam. The study identified effects of non-financial factors such as language on export promotion in SME's sector, evaluate the role of business skills on export promotion in SME's sector and assess procedures and regulations which hinder export promotion in SME's sector.

1.7 Limitation of the Study

The study faced different limitations as discussed below:

Time was one of the limitations that contributed to delay of finishing of the study, and will hinder the study in various stages, especially during proposal write up, data collection and final report write up.

Moreover, a research fund was another factor which limits the study. Researcher movement from one place to another during data collection, communications and materials may be limited by the lack of research funds.

Furthermore, another limitation was willingness of respondents to respond to questionnaire, some of the respondents may take long time to answer and return the questionnaires and other respondents may provide biased answers as the problem touched their personal interest and people's area of specialization.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review of the study. It provides both theoretical and empirical literature; also the chapter shows definition of the key terms, research gap and conceptual framework.

2.2 Definition of the Key Terms

2.2.1 Small and Medium Enterprises (SMEs)

The study defined small enterprises as formalized business engaging between 5 and 49 employees or with capital investment from Tshs.5 million to Tshs.200 million. Medium enterprises employ between 50 and 99 people or use capital investment from Tshs. 200 million to Tshs.800 million. SMEs terminology is used to mean micro, small and medium enterprises. It is sometimes referred to as Micro, Small and Medium Enterprises (MSMEs). The SMEs cover non-farm economic activities mainly manufacturing, mining, commerce and services. There is no universally accepted definition of SME (URT, 2003).

2.2.2 Export

The researcher considers export as a good or service produced in one country that is bought by someone in another country. Exports are the goods and services produced in one country and purchased by residents of another country. According to Koksai and Kettaneh (2016) the term export means sending of goods or services produced in one country to another country. The seller of such goods and services is referred to as an exporter; the foreign buyer is referred to as an importer. Export of goods often requires involvement of customs authorities. An export's counterpart is an import.

2.2.3 Export Promotion

The study defines export promotion as total activities of the government which have a positive impact on the export performance. Mpunga (2016) defined export

promotion as incentive programs designed to attract more SMEs into exporting by offering help in product and market identification and development, pre-shipment and post-shipment financing, training, payment guaranty schemes, trade fairs, trade visits and foreign representation. This is an umbrella term for economic policies, development interventions and private initiatives aimed at improving the trade performance of an economic area.

2.3 Theoretical Literature Review

2.3.1 Export-Base Theory

The main representative of export-base theory was Douglas C. North who in the 1950s refused gradualist theories of regional development, which advocated a gradual transfer between primitive forms of economy to developed forms, and advanced that the key role in the development of individual regions in the USA was played by the demand for the products which could be produced locally in the region (Okpara and Koumbiadis, 2010).

The theory put an emphasis particularly on the development of export sectors which has the role of a multiplier (very stimulating field), and other fields in the region are more or less subject to the export field and secure its activities. Export is everything which is exported beyond the borders of regional market, particularly abroad. Jamshed *et al.*, (2015) state three basic pillars of the theory:

Region should be defined as an area with a common export-base, economy's development is determined by the success of its export sector and export-base, which is the main factor determining both absolute and relative income of the region, affects the development of services and the residential potential of the area (Jamshed *et al.*, 2015).

Export-base theory determines regional development by supporting export which is currently broadened in connection with the processes of economic integration as without export markets the expansion of the economy is not possible (Okpara and Koumbiadis, 2010).

2.3.2 Effects Non-Financial Factor such Language on Export in SME's Sector

Foreign Language Proficiency is essential with a specific end goal to guarantee there is high export in SMEs segment. Koksai and Kettaneh (2016) have affectionate chiefs' foreign language capability decidedly connected with both export penchant and power.

Comprehend of foreign language is one of the key determinants of export execution (Admassie and Matambalya, 2012). Okpara and Koumbiadis (2010) found that foreign language permits following fruitful export advertising procedures that assistance to upgrade export execution.

Firms' export showcase information is a fundamentally essential capability which impact export execution which emphatically influence the export execution. As indicated by Mungai and Ogollah (2014), language obstruction impacts the greater part of the SMES in export advancement.

In SMEs particularly, attributes and states of mind of the leader for instance if director comprehend foreign language assume a vital part in the accomplishment of the firm. Among these highlights, one can cite the instruction or the age of the chief (Admassie and Matambalya, 2012).

2.3.3 The Role of Business Skills on Export Promotion in SME's Sector

Marketing skills assume fundamental part to advance export in SMEs segment. There is certain connection between the administrator's preparation and SMEs execution as far as investment in export. This inferred effective endeavors had a tendency to be overseen via prepared proprietor/supervisors demonstrating that administrative preparing assumed a vital part in expanding the possibility of achievement in independent venture segment (Pickernell *et al.*, 2016).

Training and skills are expected to little and medium ventures. Research demonstrates that greater part of the parcel completing SMEs were not exactly all

around prepared as far as instruction and skills. Study proposes that those with more instruction and preparing will probably be effective in the little scale business segment (Okpara and Koumbiadis, 2010).

Little and medium organizations in exporting items, endeavor issues distinguished in investigate concerned, essentially, the authoritative limit of the undertaking to execute marketing capacity. Item issues were identified with quality and specialized prerequisites of the focused on export advertise portion, for example, export item configuration, style, quality, bundling and naming necessities and item adjustment or alteration (Nyatwongi, 2015).

Marketing learning and data were two export issues which rotated around absence of information of outside business sectors, business practices, and rivalry; and absence of administration to produce remote deals. Absence of information to find remote openings and promising markets was seen to be a noteworthy boundary in exporting of SME (Okpara and Koumbiadis, 2010).

2.3.4 Procedures and Regulations which Hinder Export Promotion in SME's Sector

As per Mpunga (2016) snags and hindrances identified with the national business environments needs to do with lawful, approach, and administrative powers, which influences export among SMEs. In this way, hindrances identified with business environments recognized in the writing range from prohibitive and uneasy systems set on SMEs by their administrations in the endeavors to begin business and get accreditation for export. Likewise, the writing focuses at higher charges forced on governments for businesses showing up for commitment in residential markets centering businesses, which here and there utilize tax avoidance as a survival and development system. This included, entangled travel accreditation, uneasy accreditation for export of merchandise, convoluted and vague business laws and techniques, favorable exchange financing for SMEs, and higher duties charged on generation and export (Nyatwongi, 2015).

Likewise a portion of the techniques set up by TBS and TFDA influence export advancement. FDA, TBS completes examinations to guarantee that the items hold fast to the gauges of the Bureau, and the testament must be reestablished every year. Besides, the TBS confirmation administrations are allowed to SMEs in the nation. In any case, a portion of the methods are bureaucratic and obstruct export advancement (Mpunga, 2016).

Absence of one stop place for independent ventures impede export advancement for SMEs, in Tanzania, there is nobody stop focus to assist SMEs with exporting their items. For SMEs to export their items, its required to conform to various prerequisites from various foundations which is situated in various areas. Foundations, for example, SIDO, BRELA, TBS, TRA, TFDA and Ministry of exchange are not brought together to help SMEs in export activities (Mpunga, 2016).

2.3.5 Determinants of Export Performance in SMEs Sector

Firm Management: Firm Management constitutes an asset on which the organization can act to enhance its export execution. A few components can be underlined: The export duty can be characterized as the general eagerness to apportion the expected assets to exports. This incorporates taking an interest openly export advancement programs, public exhibitions or social event data on remote markets (Jamshed *et al.*, 2015).

Technology: According to Nyatwongi (2015) development is the main wellspring of unadulterated benefit. A few sorts of development can be recognized: item advancement (on item highlights) and process advancement are two of them. One normal marker used to gauge advancement is Research and Development power.

Attributes of the Firm: Among the determinants of the firm that can affect firm size, estimated by the worldwide turnover or the quantity of perpetual workers, has been a few times handled in the writing yet its effect is quite discussed. The positive effect of this asset is legitimized by the way that the bigger an organization is, the more

assets it has. Bigger firms can profit by economies of scale and experience impact and in this manner enhance their execution (Nyatwongi, 2015).

The Marketing Strategy: It incorporates the Mix-Marketing (value, item, advancement and place). It is through the setting up of a proper export procedure that an organization will have the capacity to enhance its export execution. This export procedure incorporates various aspects on which the administrator can act (Amornkitvikai *et al.*, 2012).

The business: Multiple industry-related determinants can impact the export execution. There exist various export obstructions, for example, legitimate, monetary, political or exchange hindrances which are identified with the structure of the business and make the entrance to the market more troublesome for new exporters. Along these lines, exporters as of now available will be advantaged regarding pieces of the overall industry as the entrance is restricted for new contenders. The nearness of section hindrances impacts on the export execution of a firm adversely as it is all the more hard to achieve a market than boundaries are various (Jamshed *et al.*, 2015).

2.3.6The Relationship between Financial Accessibility and Export Promotion

There is certain connection between money related openness and export advancement. SME export back can experience different issues, for example, absence of renegotiate office, absence of export protection and in addition banks' hesitance to give export fund because of questions about the validity of the export arrange (Nyatwongi, 2015). Little endeavors are not ready to achieve export advertises without anyone else or acquire bank back. Likewise creating nations are discovering it progressively hard to coordinate the terms/costs offered by contenders from created nations. With the expanding rivalry in universal markets, it is hard to influence merchants to open letters of credit (Admassie and Matambalya, 2012).

Banks favored loaning to expansive state possessed ventures, in any case, with the monetary rebuilding set up, private little scale businesses were finding their entrance

to acknowledge progressively constrained because of new credit limitations. Greater part of independent companies proprietors in were presently compelled to turn to the secret market keeping in mind the end goal to access truly necessary accounts. A lack of capital influences little scale businesses specifically, as they don't be able to ingest the danger of testing in new markets. In nations like Nigeria, it was watched that little endeavors access to capital was as here and now credits and overdraft offices were exceedingly constrained. Banks and other budgetary foundations had no trust in SMEs as they were seen as high-chance endeavors with high rate of disappointment. They additionally settled restrictive insurance conditions that most small scale ventures couldn't bear (Amornkitvikai *et al.*, 2012).

2.3.7 Strategies that can Promote Export in SME's Sector

An export advancement system needs to characterize how best to enable littler firms to abuse these openings and to conquer a portion of their imperatives. Among the most considerable difficulties to those trying to grow new export advancement measures are the need to enhance foundation, access to back, and marketing. An audit of the past exchanging execution of little firms has demonstrated that the accompanying are systems that can advance export in SME's area (Majocchi *et al.*, 2015).

Creating export foundation: Setting up framework like export modern domains, export preparing zones, and reinforced generation focuses can give a genuine lift to export improvement. In the Least Developed Countries (LDCs) the issues are at a more fundamental level, for example, electrical power, water, streets, ports, transportation and media transmission (Koksal and Kettaneh, 2016).

Enhancing financing conditions: Restricted access to fund for little firms which need guarantee and are viewed as high-chance borrowers puts a top on generation development. Accordingly, there is a need to enhance money related availability with a specific end goal to expand export. Deficiency and insufficiency of budgetary establishments for private companies bolster was a noteworthy deterrent for little

scale business advancement, particularly in the universal market. For instance, the Senegalese private part was found to stay debilitated by the way that most budgetary establishments were poorly prepared to serve the independent company ventures. Such establishments seemed to have genuine inner administrative shortcomings and unfit staff, which clarified low quality of the administration gave (Jamshed *et al.*, 2015).

Fortifying marketing channels: Many SMEs can't showcase their products successfully in existing markets. Little firms keep on lacking information of marketing channels and neglect to set up marketing systems, or have not gone into solid market associations with existing clients (Jamshed *et al.*, 2015).

Enhance Tax Incentives: According to Mpunga (2016) the cost of working together in the EAC locale is 'superfluously too high' which undermines aggressiveness of the district. He watched that the accomplice states subsequent to joining EAC traditions association encountered some unavoidable misfortune because of receiving the EAC outer levy. In spite of the fact that he contends this was a fundamentally cost of combination and that the advantages in the medium term would be more than the fleeting costs, he fought that there were challenges over orchestrating household imposes, a move that was planned to make a level playing field for intra-provincial exchange products.

Enhance Management Skills. The training level of the proprietors of the SMEs was a noteworthy requirement to the execution of the SMEs. For instance, it was watched that import and export directions matters were simpler to proprietors of SMEs with advanced education than those with essential and auxiliary levels of training. The accomplishment of the SMEs export marketing exercises relied upon the mentalities and qualities of the directors. Export marketing learning would be ascribed to a vast degree to the absence of prepared and experienced human asset. Human capital of administration may influence whether endeavors can bargain in inside exchange successfully or not. For instance, directors with college degrees may probably have

contacts abroad, particularly in the event that they acquired their degrees outside their nations of origin, or may be all the more ready to beat bureaucratic obstructions to exporting (Majocchi *et al.*, 2015).

2.3.8 Socio-Linguistic Theory of Language Barrier

Socio-Linguistic hypothesis characterizes and explains on the develop of the dialect boundary. The hypothesis suggested that socio-etymologists could enhance extraordinarily upon our "layman clarification" of the task of the dialect boundary, however in doing as such they should take care to hold the openness to non-experts. Scholars in worldwide business too have a noteworthy commitment to make in building up the ideas of the dialect hindrance drivers and giving more total meanings of the develops and their measures (Mungai and Ogollah, 2014).

The hypothesis proposed dialect issues as the significant wellspring of disappointment, disappointment and erosion amongst them and their associates. It noticed that for huge numbers of these supervisors, the dialect hindrance aggravated their feeling of being "pariahs (Mungai and Ogollah, 2014).

2.3.9Market Imperfection Theory

Market flaw was progressed by a few people including. These analysts characterize showcase flaw as anything that meddles with exchange. Market flaws incorporate two measurements of defect. First blemishes influence a reasonable market member to veer off from holding the market portfolio. Second, blemishes prompt a balanced market member to digress from his favored hazard level. Market flaws create costs which meddle with exchanges that normal people make or would make without blemishes (Koksal and Kettaneh, 2016).

These scientists contend that market flaws are auxiliary, emerging from basic deviations from culminate rivalry in the last item advertise because of selective and changeless control of exclusive innovation, advantaged access to inputs, scale economies, control circulation frameworks, and item separation, however in their nonappearance markets are consummately proficient (Koksal and Kettaneh, 2016).

The contention created in this investigation is that the achievement or disappointment of exporting little and medium ventures is pegged on the variables that impact its execution.

2.3.10 Language Barrier as a Determinant of Export for SMEs

Dialect is the medium of correspondence between at least two people by utilizing subjective signs (discourse, content, signs and so forth.). The inability to impart, and elucidation, would thwart abroad business prospects. By intersection national limits, SMEs must be dynamic in an outsider financial, political and social atmosphere (Mpunga, 2016).

Notwithstanding dialect, a typical socio-social boundary looked by SMEs is the differing social methodologies. There is no denying social methodologies contrast starting with one nation then onto the next. Despite the fact that it is for the most part concurred that diverse social states of mind have impacts on business, the nature of effect (positive or negative) is equivocal. While past investigations recommend negative effects of various socio-social methodologies, others have asserted the assorted variety might be a wellspring of significant worth creation. Some exploration gives careful consideration to various social methodologies as the key boundaries of internationalization of SMEs (Mungai and Ogollah, 2014).

Thinking about the essential connection amongst dialect and social approach with social (and social) boundaries of internationalization, this examination suggests that these parts go about as elements of social hindrances to entering outside business sectors with regards to building up nations' SMEs (Mungai and Ogollah, 2014).

2.3.11 Export Policy in Tanzania

The Ministry of Industry, Trade and Marketing is leading efforts to formulate a National Export Policy for Tanzania. A subsidiary effort is also underway to prepare a Zanzibar

Export Development Strategy, coordinated by the Zanzibar Ministry of Tourism, Trade and Investment (Mpunga, 2016).

Export policy in Tanzania it include the effort to support SMEs in order to increase export. Exporting is potentially a very powerful means of raising incomes, generating employment and reducing poverty. Sustained growth in export earnings is most effectively achieved where both the public and private sectors agree to coordinate activities around a prioritised and ambitious, but realistic, export development strategy (Nyatwongi, 2015).

Over recent years, Tanzania's export performance, despite respectable growth, has performed below expectations. Hence, the aim of the Tanzania National Export Strategy is to critically assess recent export performance and trends, highlight obstacles to increased export competitiveness, establish priorities for the years ahead, and form a partnership between the public and private sectors aimed at realising the goal of accelerating Tanzania's export performance (Mpunga, 2016).

2.3.12Promotion of Export for SMEs in Tanzania

In Tanzania there is no single station for export advancement, this prevent the endeavors for SMEs advancement. Supporting organization, for example, SIDO, TBS, TFDA and EPZ are not situated in a solitary station (Nyatwongi, 2015).

SMEs, demonstrate an immediate relationship amongst's exports and enhanced execution and intensity, yet SMEs depend to a great extent on household markets regardless of new open doors managed by a more liberal, open and worldwide economy. Export potential among SMEs remains unfathomably undiscovered (Nyatwongi, 2015).

A standout amongst the most suitable techniques to accomplish national advancement objectives in both creating and created countries is to advance little and medium-sized endeavors (SMEs). SMEs increment rivalry, produce work and create

business while boosting monetary essentialness at the network level and making maintainable occupations (Mpunga, 2016).

It is thus that numerous administrations configuration committed help projects and strategy activities went for the creation and improvement of a national SME segment. Such activities look to help SMEs in understanding their potential and to interface them to a country's bigger formative vision incorporating export procedure and neediness lessening. To give some examples activities, SME bolster approaches are set up (Nyatwongi, 2015).

2.3.13 Export Promotion in Tanzania

Export advancement in Tanzania includes continuous export advancement activities, including SEZ, EPZ Export Credit Guarantee Scheme; particular territorial exchanging game plans, for example, EAC and SADC; and enhanced business condition (Ministry of Finance, 2012). Export advancement exercises are to support expanded offers of items that are at present accessible for export. Every limited time exertion depend on existing creation and go for expanding the estimation of outside deals by a given target (Hill, 1990).

Most creating nations make export advancement a need so as to accomplish monetary improvement objectives World Bank, (1991). Governments expect that supported export advancement and improvement endeavors will help win extra outside trade expected to take care of the expense of imports, take care of adjust of installments issues, help diminish the weight of expanded remote obligation and make extra work for individuals.

Lately, a few governments have concentrated on projects of export advancement. Governments were reacting to more prominent progression of outside exchange directions and expanded rivalry from abroad World Bank, (1991). Export improvement is unique in relation to export advancement, since export improvement goes for creating new export items and additionally entering new markets that were

not open previously. The point of export improvement exercises is to distinguish existing openings and energize new enterprises or generation offices to be set up keeping in mind the end goal to meet recently recognized requests in the global market (Hill,1990).

In Tanzania because of export advancement, export expanded forcefully to 517.20 USD Million in August of 2012 from 401.80 USD Million in July of 2012. Generally, from 2006 until 2012, Tanzania Exports found the middle value of 402.8 USD Million achieving a record-breaking high of 676.0 USD Million in September of 2011 and a record low of 214.4 USD Million in March of 2006, this is the effect of export advancement, Tanzania significant exports are rural products with tobacco, espresso, cotton, cashewnuts, tea and cloves being the most essential. Different exports incorporate gold and produced products. Tanzania fundamental exports accomplices are India, Japan, China, United Arab Emirates, Netherlands and Germany (Ministry of Finance, 2012).

Tanzania has been not able fundamentally increment their export volume on freely. There are numerous reasons identified with the level of national monetary improvement to clarify this. One primary reason is the absence of learning about the numerous mind boggling challenges associated with marketing abroad. Universal marketing is a considerably more confused process than marketing and offering in the local economy.

Most creating nations make export advancement and improvement a need with a specific end goal to accomplish monetary improvement objectives. Governments expect that supported export advancement and improvement endeavors will help procure extra outside trade expected to take care of the expense of imports, take care of adjust of installments issues, help diminish the weight of expanded remote obligation and make extra work for individuals. Be that as it may, the advancement of export bomb because of presence of a few difficulties in evaluating created nations markets, for example, sustenance gauges, high taxes and low export mindfulness.

2.3.14 Economic Effects of Export Promotion

Export advancement has coordinate work impact and wage effects of the gross inferable exports and takes us to the providers of those organizations whose business has extended to exploit the new upgraded export action (Giles, and Williams, 2000). Experience the business-pay additions of the vehicle segment, ports, the credit segment, the organizations that make cashew shelling and drying gear, the ladies who serve snacks to specialists in the cashew preparing firms, the inns and eateries serving the expanded business related with extension of cashew creation and marketing, the providers of wood, grass, reused glass, metal, plastic sacks, and calfskin to the handcraft area, and the venders of diesel fuel and tires to the vehicle segment. Aberrant effects are inferable from increments in deals by these organizations to business that are straightforwardly occupied with export exercises. That is, as export arranged firms appreciate extended business action owing to their expanded exports they will essentially buy more from firms in the economy (Sheehey, 1990).

The Usual Multipliers: Export advancement, roundabout reason the bookkeeping turns out to be considerably more hazardous. Notice that essential costs by those organizations getting a charge out of extended business from new exports speak to new wage to those organizations one-advance expelled from the export segment. Be that as it may, the greater part of this new wage should then be dedicated to the buy of essential supplies and expanded work costs for the conceivable new business that is created. Uses speak to a cost to the immediate recipients of new exports yet additionally as wage to providers and workers of those organizations one stage expelled. The course of effects continues through the economy. In any case, the tractability of these aberrant effects turns out to be progressively dangerous as we move more distant from the immediate impacts (Giles, and Williams, 2000).

The Induced Economic Efficiencies: The last effect of export advancement is to anticipated from expanded exports owing to Trade Hub exercises concerns the instigated efficiencies all through the economies of West Africa owing to the

requests for enhanced financial execution all together that exporters may exploit the new export conceivable outcomes. It is here that we experience the instigated institutional changes that will, if effectively actualized, render all parts of these economies more productive. These recently initiated efficiencies speak to steady alleviation from the low-level harmony trap that holds on in the vast majority of these economies (Giles, and Williams, 2000).

The basic supposition in this hypothesis is that those items being exported are essentially unique in relation to the wares that are not bound for exports. Since exports must contend in world markets it is fundamental that there be economies of scale and maybe the negligible profitability of work and capital are higher in the export divisions than in whatever is left of the economy. With these presumptions, an advancement procedure of export advancement will raise the rate of development of GDP. An assistant supposition is, obviously, that the world interest for exports is more hearty than is the residential interest for wares in a nation with a negligible white collar class responsible for pleasant expendable livelihoods. That is, the receptiveness of an economy to outside request presents an intense motor of monetary propel that is missing if all household generation were restricted to the requests predicated on neighborhood livelihoods (Sheehey, 1990).

Experimentally it might be seen that exports are, in condition (1) a piece of GDP thus it would appear to take after that as exports increment, so should GDP. In light of this colinearity concern Feder (1982) apportioned the economy into those items plainly bound for export and those obviously bound for local utilization. On this reformulation, and with the above presumptions about scale economies and peripheral productivities in the export area, he at that point asked that we see exports so far another factor of generation (notwithstanding capital and work).

This approach is predictable with the fundamental justification for export-advancement programs occupations will be made, new pay streams will emerge, and after some time neediness will slowly be diminished (Sheehey, 1990). An

accentuation on work creation is positively deserving of restored consideration. To be sure, the ongoing overall monetary emergency has concentrated consideration on the destiny of modern laborers in the created world.

As anyone might expect, it is in such economies that the imperative matter of occupation creation constantly surfaces amid political crusades. Governments in the created nations are considered responsible at the voting stall if their monetary arrangements have neglected to deliver enough occupations to ingest the yearly addition of youngsters prepared to enter the work advertise. Surely, one of the interests of improvement help programs is exactly how little consideration is by all accounts paid in the poor nations to this central matter of employment creation. Rather, the majority of the talk concerns the roundabout parts of destitution diminishment and GDP development (Sheehey, 1990).

Preceding much export action a poor economy can be thought of as being in a low-level harmony. Conventional monetary exercises work all around ok, however the economy is in stasis and will display two sorts of genuine wasteful aspects (Giles, and Williams, 2000).

The primary wastefulness emerges from the reality of autarky itself. Without exchange the economy is totally subject to its own common and HR. Its man-made capital stock is typically simple and must be increased from the assembly of local funds of which there can't be much. Customers in this economy are limited to the products that can be privately created since there is minimal outside trade (got from exports) to allow much in the method for imports. By neglecting to exploit an extensive variety of merchandise accessible on universal markets, and by neglecting to offer its own items on global markets, the economy is gotten in an efficiency trap (Giles, and Williams, 2000).

This circumstance is the consequence of market disappointments in light of the fact that the organizations occupied with such exercises realize that the ingenuity of

irremediable financial confusion abandons them minimal decision yet to have a negligible business nearness in the nation (Giles, and Williams, 2000). This circumstance is the reason for persevering business sector disappointments on the grounds that these exceedingly productive outside organizations have minimal motivating force to urge national governments to kill the defects.

These two financial circumstances restricted autarky and tireless market defects characterize the norm risk in quite a bit of West Africa (Giles, and Williams, 2000). This is the low-level harmony trap. Export-advancement exercises may hold some guarantee to correct the two angles and to lift these economies out of their crippling torpor.

2.3.15 SMEs Sector in Tanzania

In Tanzania, the SME area has been perceived as a noteworthy part in work creation, salary age, and destitution easing and as a base for modern improvement (URT, 2003). In Tanzania, little and medium endeavors (MSMEs) is utilized to mean miniaturized scale, little and medium undertakings connecting up to four individuals or utilizing a capital of up to TZS five million, somewhere in the range of five and 49 representatives or with a capital from TZS 5 to TZS 200 million and somewhere in the range of 50 and 99 workers or with a capital from TZS 200 to TZS 800 million separately (URT, 2003). In Tanzania, it is assessed that 2.75 million MSME proprietors claim and oversee around 3.16 million MSMEs and the division is evaluated to contribute TZS 6.9 Trillion or around 27% of the nation's GDP (Kessy and Temu, 2010).

It is currently progressively perceived that the Small and Medium Enterprises (SMEs) assume a urgent part in business creation and salary age in Tanzania. SMEs everywhere throughout the world and in Tanzania specifically, can be effectively settled since their prerequisites as far as capital; innovation, administration and consequences are not as requesting as it is the situation for vast ventures. These ventures can likewise be set up in country settings and in this way enhance the agro

items and in the meantime encourage the dispersal of endeavors. To be sure SMEs advancement is nearly connected with more fair dissemination of salary and in this way essential as respects destitution easing. In the meantime, SMEs fill in as a preparation ground for developing business visionary (Wangwe and Semboja, 1997)

Exact investigations find that the offer of SMEs in GDP is essentially expanding in Tanzania with normal of 16% and 18%. This uncovers the significance of SME development and business age. In any case, predominance of credit showcase disappointment is an imperative limitation on the development of SMEs. Since the conclusion rate of SMEs is higher than bigger ventures, the money related specialist co-ops have a tendency to consider SME financing hazardous (Richard and Mori, 2011). Much as like in microfinance, SME financing additionally requires advancements in loaning innovation that could decrease the hazard to the bank in ways that does not expand the general exchange cost to the business person. With the point of creating work openings through SME development, Akiba Commercial bank of Tanzania propelled an extraordinary SME loaning plan in 2002. Akiba business bank is a private bank in which neighborhood possession is 66% and outside proprietorship is 36% (Mungaya et al., 2012)

It is currently progressively perceived that the Small and Medium Enterprises (SMEs) assume a vital part in business creation and pay age in Tanzania. SMEs everywhere throughout the world and in Tanzania specifically, can be effortlessly settled since their necessities as far as capital; innovation, administration and even utilities are not as requesting as it is the situation for extensive undertakings. These endeavors can likewise be set up in country settings and consequently increase the value of the agro items and in the meantime encourage the dispersal of ventures. Without a doubt SMEs advancement is nearly connected with more evenhanded appropriation of wage and accordingly critical as respects neediness mitigation. In the meantime, SMEs fill in as a preparation ground for developing business people (URT, 2003).

In Tanzania, the maximum capacity of the SME part still can't seem to be tapped because of the presence of various limitations hampering the improvement of the segment. They include: horrible lawful and administrative system, undeveloped foundation, poor business improvement administrations, constrained access of SMEs to back, ineffectual and ineffectively organized institutional help structure and so forth. It is thus that this SME Development Policy was defined in order to deliver the limitations and to tap the maximum capacity of the segment. Impromptu and piecemeal measures will then be supplanted with feasible, incorporated and composed mediations. This strategy will fill in as rules to all partners and hence invigorate new ventures to be set up and existing ones to develop and turn out to be more focused. The normal result is to have an essentially expanded commitment of the SME part to monetary improvement of Tanzania (Richard and Mori, 2011).

SMEs, the SMEs classification is utilized to mean smaller scale, little and medium ventures. It is now and again alluded to as miniaturized scale, little and medium undertakings (MSMEs). The SMEs cover non-cultivate monetary exercises primarily producing, mining, business and administrations. There is no all around acknowledged meaning of SME. Distinctive nations utilize different measures of size contingent upon their level of improvement. The ordinarily utilized measuring sticks are add up to number of representatives, add up to speculation and deals turnover. With regards to Tanzania, smaller scale endeavors are those connecting up to 4 individuals, by and large relatives or utilizing capital producing up to Tshs.5.0 million. The larger part of smaller scale ventures fall under the casual segment (URT, 2003).

SMEs have a tendency to be work serious, they make work at generally low levels of venture per work made. At exhibit, joblessness is a critical issue that Tanzania needs to manage. Appraisals demonstrate that there are around 700,000 new contestants into the work compel each year. Around 500,000 of these are school leavers with couple of attractive skills. The general population part utilizes just around 40,000 of the new participants into the work advertise, leaving around 660,000 to join the

jobless or the underemployed hold. The vast majority of these people wind up in the SME segment, and particularly in the casual division. Given that circumstance and the way that Tanzania is described by low rate of capital arrangement, SMEs are the best alternative to address this issue (URT, 2003).

For the most part, SMEs are gone up against with one of a kind issues including substantial expenses of consistence coming about because of their size (Felix and Ezenwakwelu, 2014). Different limitations incorporate deficient working premises and restricted access to back. Also, Business Development Services, to be specific administrations identified with enterprise, business preparing, marketing, innovation advancement and data are immature and not promptly accessible (Richard and Mori, 2011).

Then again, SME administrators need data and in addition thankfulness for such administrations and can scarcely bear to pay for the administrations. Thus, administrators of the part have rather low skills. Likewise, there is no umbrella relationship for SMEs. In the meantime, the organizations and affiliations supporting SMEs are frail, divided and ungraceful somewhat because of absence of clear direction and arrangement for the improvement of the division (Robinson, 1998).

It is a typical understanding that SMEs in Tanzania are being, to some degree, prohibited from the focused on demographic of both the formal and semi-formal parts (Randhawa and Gallardo, 2003). Nonetheless, this is definitely not an exceptional marvel specific to Tanzania. An expansive study in 80 nations by Schiffer and Weder (2001) uncovered that financing is the principal impediment for SMEs development taken after by assessments, control and swelling. Different variables are thought to be the deterrent for SMEs to be financed. They incorporate absence of access to saving money benefits because of unavailability of personality archive, birth endorsements, evidence of home, instruction and separation and absence of transport foundation. Additionally there is absence of access to credit

because of absence of guarantee, training and absence of exchange history. Among the elements the real one is the absence of development by financiers and controllers.

SMEs confront real issues that constitute critical hindrances in their procedure of advancement. The greater part of the SMEs experience the ill effects of the constrained assets required for their improvement most presumably due to the nonattendance of powerful budgetary establishments equipped for giving the required help to these undertakings .and that thus restricts the likelihood of the rise of new endeavors or the advancement of existed ones (Olomi et al., 2008).

Insights demonstrate that the extensive number of works in these tasks can barely read and compose (46%), 28.8% are proficient and 8.1 are college graduates. which demonstrate that these sort of tasks don't pull in the four year college education holders and that legitimize the earnest requirement for motivator programs for the college graduates with a specific end goal to build their mindfulness about the productivity behind the free business (Mori and Richard, 2012).

Notwithstanding that is the issue of the trouble of acquiring the cutting edge innovation and the required data about the market and buyers' wants. The trouble in acquiring the contributions of creation with high caliber particularly foreign made contributions as the achievement of these data sources require the opposition with fare showcases notwithstanding the opposition with bigger endeavors (Mori and Richard, 2012).

Likewise the high custom levies forced on these foreign contributions in addition to the long bureaucratic strategies comprise on of the significant issues that modify the required advancement of SMEs. The trouble in acquiring the proper area for these activities, which thusly prompts their seclusion from the market and creates generally mind-boggling expense when showcasing their items (URT 2003)

The promoting movement of these activities is constrained to their land outline .The nonattendance of showcasing systems with high aggressive edge that could furnish the ventures with the essential data in regards to the market needs; this is either on the grounds that they are possessed by government or in light of the fact that they serve bigger undertakings (Beck, 2007).

SMEs in Tanzania is as yet unfit to acquire an aggressive edge in global markets because of different reasons including their low creation rate, their failure to rival items with higher quality, snags on applying the advanced advances of generation, lastly the nonappearance of the required fund for expanding the quality and the applying required changes (Olomi et al., 2008).

The nonappearance of the fundamental incorporation among SME's and outside or bigger endeavors, the trouble in getting the agreements and the tenders of the legislature because of a few reasons including the long and entangled methodology notwithstanding the nonattendance of the required data and the contracting laws aren't set up to support the SMEs , not at all like different nations that their laws give a generally invaluable position to SMEs The absence of supervision over the nature of the sources of info and the items hence they aren't ready to get a moderately focused edge in the national markets and in like manner in universal ones (Mori and Richard, 2012).

The money related division is an imperative segment in the advancement of a nation. It fills in as an instrument that permits SMEs proprietors (borrower) and banks to solidify and gives successful and proficient monetary cases and with an assention set up. This loaning and acquiring is to fill the money related hole that exists between this area since one of the performing artists is confronting a shortage and the other an excess. This situation is of the start that, the moneylender has overabundance monetary assets to save and the borrower who need it to get together with its present commitments. In a circumstance where somebody has cash and needs to spare, there

is an alternative to pick who to provide for. This is finished by searching for someone who is in need to provide for (Beck, 2007).

As per Olomi et al., (2008) bank credit officer's need comprehension of SME and don't have the imperative abilities to assess SME. Many managing an account organizations apply similar procedures of assessing expansive organizations to littler ones with no change for the intrinsic contrasts. Also, banks are more stringent with SME on documentation prerequisites. For a begin, there should be a change in perspective in outlook SME has one of a kind attributes that separate them from extensive set up enterprises. Credit officers or investigators in banks must understand this (URT 2003)

Besides, the systems and examination strategies suitable to assess huge companies are not important for little endeavors. This implies banks must alter their assessment systems as needs be and apply pertinent ones to suit each gathering of borrowers. A valid justification for applying relationship saving money to little and medium ventures is that SME are not too organized and are more dark than bigger firms. To enhance their aptitudes, banks could give all the more preparing on SME amazingly officers. Banks should tap on inside work force or advisors who have long experience managing retail and little scale loaning (Mori and Richard, 2012).

2.3.16 Supporting System for SMEs in Tanzania

Tanzania like some other creating nations on the planet, has taken various measures to advance business development of private divisions and SMEs (Mungaya et al., 2012). For example, advancement of 2003 SME arrangement, change of framework, production of helpful legitimate condition, arrangement of business preparing and credit administrations, in spite of the fact that the SME division is vital to the financial improvement of Tanzania, ponders have uncovered that it is to a great extent casual and particularly failing to meet expectations because of a huge number of requirements confronting it. The accompanying are supporting framework for SMEs in Tanzania.

Preparing Institutions Improvement: various activities have been outlined by the Government to enhance preparing establishment keeping in mind the end goal to give preparing to SMEs. The Vocational Education and Training Act of 1994 gives the structure to the professional preparing framework in Tanzania. This Act prompted the arrangement of Vocational Education Training Authority which has more than 630 focuses in the nation offering preparing in more 34 distinct exchanges (URT, 2003).

Likewise, in 1999, the University of Dar-es-Salaam built up Entrepreneurship Development Center inside the Faculty of Commerce and Management. The Center gives consultancy and preparing in SME related issues. Besides the College of Business Education offers business preparing including enterprise improvement.

Money related Institutions Improvement: Financial organization change lessens deterrents confronting SMEs in access to credit. A portion of the banks acknowledge mobile guarantee for advance preparing. Likewise, Micro-back administrators in Tanzania work inside the structure of the Government's National Micro Finance Policy of 2000. The destinations of this approach are to give the premise to the development of a proficient and compelling miniaturized scale fund framework to serve the low fragment of society and add to financial development and neediness decrease (as depicted in MIT, 2002). The strategy sets up a structure inside which smaller scale back administrators will create, spreads out the standards to control activities of the framework, characterizes parts and duties of performing artists, and gives rules to planning instruments.

Nearby Government Laws and Regulations: The progressing changes in the business condition in neighborhood government were sped up. The changes think of multi-level administrative components relying upon the size and many-sided quality of the activities. Duties are charged by size of the injuriousness.

Additionally, The Business Licensing Act 1972 was a noteworthy impediment in beginning up organizations by forcing various conditions. The 2004/05 spending plan explored the business condition by evacuating hindrances in business endeavors, given that business licenses are proposed to assume an administrative part and are not intended to raise income. Nullified the charges payable for business licenses whose turnover is not as much as Tshs 20.0 million (US\$ 20,000) and set a base rate of Tshs 20.000/= (US\$ 20) for organizations with a turnover of more than Tshs 20.0 million (US\$ 20,000). In this manner, in 2005 Business Licensing Act was acquainted with diminish cost of expressing business.

SMEs approach: The general target of this arrangement is to encourage work creation and wage age through advancing the formation of new SMEs and enhancing the execution and intensity of the current ones to build their investment and commitment to the Tanzanian economy. The arrangement planning process was essentially participatory. In the vicinity of 1998 and mid-2001, a few zonal workshops were held to talk about the status of the area and to set down systems for boosting the improvement of the segment. In view of the data sources got, a draft strategy archive was readied and again examined by partners in zonal workshops held at Dodoma, Mbeya, Mwanza, Arusha, Kibaha and Dar-es-Salaam (URT, 2003).

National Strategy for Growth and Poverty Reduction (NSGRP): In perceiving the way that private part will be the motor of development, National Strategy for Growth and Poverty Reduction (NSGRP) has distinguished Private Sector Development (PSD) as a vital wellspring of Growth. The system stipulates that residential firms, including SMEs will be bolstered and urged to be inventive, focus on item improvement, quality and prevalent promoting methodologies that make them aggressive and fit for reacting to worldwide economic situations.

Business Development Services: There is distinctive business advancement administrations offered to SMEs. A large portion of the NGOs are chiefly associated with credit conveyance, business preparing, giving general consultancy, supporting

business sector linkages and tending to sexual orientation and ecological issues. In any case, the vast majority of the foundations supporting SMEs are somewhat feeble, divided, moved in urban zones and clumsy. This requires the need to reinforce the organizations supporting little and medium ventures. In this way the SME Development Policy expects to help and reinforce these organizations

The pattern on little Enterprise improvement in Tanzania returns to the time mid 1970 at the time SME were seen mushrooming in each worry of the nation .Estimate demonstrate that the are around 700,000 new entrant in the process of childbirth compel each year. Around 500,000 of these are school leavers with couple of attractive abilities. The general population segment utilizes just around 40,000 of the new participants in the process of childbirth showcase leaving 660,000 to join the jobless or the underemployed save the greater part of this individual wind up in SME area and particularly in casual division (Olomi et al., 2008).

SME everywhere throughout the world and Tanzania specifically can without much of a stretch be set up .The prerequisite as far as capital innovation administration and even utilities are not as requesting as vast ventures .SME can likewise be set up in the provincial offering and in this manner and incentive to the back item and in the meantime encourage the dispersal of endeavors .Indeed SME improvement is nearly connected with more evenhanded conveyance of wage and therefore critical as respect to neediness mitigation (Olomi et al., 2008).

Little and Medium Enterprise are unequally dispersed the nation over both crosswise over land district and parts of the economy. Dar es Salaam has more than other locale in Tanzania there are more than medium venture in Tanzania. Creation procedures of SME in Tanzania are immovably privately based and a large portion of them are proprietor financed and abhor bank item. Creation by SME in Tanzania is fundamentally for neighborhood advertise. The little fare than is occurring has been conceivable because of purchasers' merchants activities. It is evaluated that 33% of the GDP starts from the SME part. As indicated by the Informal Sector Survey of

1991, miniaturized scale undertakings working in the casual area alone comprised of in excess of 1.7 million organizations connecting around 3 million people, that was, around 20% of the Tanzanian work compel. In spite of the fact that information on the SME area are fairly crude and problematic, it is reflected as of now in the above information that SME part assumes a significant part in the economy (URT, 2003).

The Tanzania government like other government views little and medium Enterprise as critical division for social monetary improvement and essential means for reasonable social financial advancement of the general population. It evaluated that 33% of GNP start from little medium Enterprise area (Olomi et al., 2008). It is presently progressively perceived that the Small and Medium Enterprises (SMEs) assume a urgent part in business creation and salary age in Tanzania. SMEs everywhere throughout the world and in Tanzania specifically, can be effortlessly settled since their prerequisites as far as capital; innovation, administration and even utilities are not as requesting as it is the situation for vast undertakings. These undertakings can likewise be set up in provincial settings and along these lines increase the value of the agro items and in the meantime encourage the dispersal of endeavors. Without a doubt SMEs improvement is nearly connected with more evenhanded conveyance of salary and therefore vital as respects neediness easing. In the meantime, SMEs fill in as a preparation ground for rising business people (Mori and Richard, 2012).

In Tanzania, the maximum capacity of the SME area still can't seem to be tapped because of the presence of various limitations hampering the improvement of the division. They include: troublesome legitimate and administrative structure, undeveloped foundation, poor business improvement administrations, restricted access of SMEs to fund, inadequate and ineffectively planned institutional help system. It is consequently that this SME Development Policy was detailed in order to deliver the limitations and to tap the maximum capacity of the segment. Specially appointed and piecemeal measures will then be supplanted with practical, incorporated and facilitated intercessions (URT, 2003). This strategy will fill in as

rules to all partners and subsequently invigorate new endeavors to be set up and existing ones to develop and turn out to be more focused. The normal result is to have an altogether expanded commitment of the SME segment to financial improvement of Tanzania (Olomi et al., 2008).

2.4 Empirical Literature Review

Nyatwongi (2015) aimed to assess the factors affecting the performance of importing and exporting small and medium enterprises in Mombasa County, Kenya. The research looked at various factors cited as regulatory and policy framework, technology, marketing information, finances, high tax costs and management skills. The study was guided by the research objective: to determine the factors affecting the performance of importing and exporting small and medium enterprises in Mombasa County, Kenya.

The research adopted descriptive survey design to collect quantitative data by use of primary data questionnaires, this was preferred as it enabled the researcher to obtain complete and possible accurate information. The population were 50 firms and the response rate was 64% of the small and Medium Enterprises. The data collected was then analyzed by use of SPSS. The presentation of data was by tables with frequencies, mean and percentages to show the statement rate under study.

The findings indicated factors affecting the performance of SMEs are policy and legal framework and market information are most influential, followed by high tax costs, technology, finances and management skills and will in the long run determine their survival and the firms cannot operate without since they affect the importing and exporting of the firms the this in effect the firms cannot operate without and they affect the importing and exporting of the Small and Medium Enterprises.

The study concludes that there are different factors affecting import and export performance of SMEs. These are policy and legal framework and access to Market

information. This situation has been of great concern to the Government, citizenry, operators, practitioners and the organized private sector groups.

The overall study recommendation should be that the firms should act fast and ensure the factors affecting performance are mitigated since there are potential factors to the performance of the firms

Another study was conducted by Mungai and Ogollah (2014) intended to examine whether firm qualities, expertise workforce, government help and outside speculation impact SMEs support in fare exchange Kenya.

The objective populace of this investigation was producing SMEs enrolled. The investigation depended for the most part on essential information sources. The examination utilized a stratified straightforward arbitrary inspecting method in thinking of a sample size of 114 respondents. The examination produced both subjective and quantitative information where quantitative information was coded and gone into SPSS and broke down utilizing engaging insights.

The investigation found that there was a positive connection between's SMEs cooperation on fare exchange and firm trademark, for example, firm size and firm involvement in business, gifted work, government help and outside venture.

The study concluded that firm size affect their business to participate in export trade where firms that has been in the business for many years had more experience in export activities and that they have adequate number of employees diverse qualification who place SMEs in better position to participate in exportactivities. SMEs that were engaged on export activity were making a precise turnover from theproducts they sell, investing heavily on required equipment to facilitate export. Such firms were found to have acquired assets thatgivesthem competitive advantage in export. Also stronger network on sources of good to export that give firm better knowledge which has accelerated them better export performance to a great extent.

The examination suggested that chiefs should consider the showcasing and exchanging measurement of which assumes a generous job in fare exchange. Administration ought to guarantee competency in workforce since it is specifically connected to send out exchange. Government should give need on advancing SMEs send out movement since they can possibly give practical improvement on the off chance that they are presented to remote exchange. On remote venture, the examination prescribed that administration staffs ought to perceive coordinated effort with nonnatives, since fare execution is affected by controllable inner determinants.

Mpunga (2016) led the investigation on the variables influencing send out execution for Small and Medium Enterprises (SMEs) in Tanzania. The SMEs' division has massively extended in Tanzania over the three a decades ago. Regardless of this extension, it is foolish that the vast majority of the SMEs remain concentrating on the thin residential markets. This mystery should be investigated in points of interest.

The investigation utilizes information, which was gathered by the creator amid a Masters' examination ponder which was led in Dar es salaam, Tanzania in 2015. Three theories were produced and an organized survey that included 130 SMEs' proprietors was utilized to amend information.

Discoveries demonstrate that among different boundaries, trade capabilities, particularly lacking and instable money related capital (.008), dialect (.000), creation innovation (.069), ICT and data seek abilities (.000), standard of items delivered by the SME (.000), prohibitive passage strategies into the nation (.005), send out market attributes, for example, confused business laws/controls (.001), clients' detachment with outside goods(.000), value vulnerability in the fare markets(.000), item rivalry in the fare market(.000), and confounded travel accreditation (identification/Visa)(.000) were the most huge hindrances. Similarly, national business conditions, particularly uneasy accreditation for fare of merchandise (.000), convoluted business laws and methods (.002), unconducive exchange financing for SMEs (.000), and higher expenses charged on creation and fare (.053) were likewise

in charge of constrained fare. By and large, SMEs proprietors' dread of fare advertise was the most critical hindrance (.001), trailed by the national business situations (.011), lastly SMEs' fare abilities (.016).

The examination reasons that concentrating on individual segments in every one of the three classes uncovers no consistence inside the order where in all classifications both exceptionally critical and generally less huge obstructions were.

Along these lines, the examination suggests particular and setting touchy investigation of fare hindrances. More mediations that attention on changing the state of mind of SMEs' proprietors and directors about the nature and character of the fare advertise as opposed to how the fares showcase itself carries on is exceedingly required. It is likewise suggested that SMEs advancement partners take at thought making better business conditions for SMEs, particularly identified with tax collection, access to back, rearranged business formalization and fare methods, and making simple the movement and sending out process as a method for accelerating commitment of SMEs in fare.

Pickernell et al., (2016) inspected the determinants of SME Exporting. This examination offers bits of knowledge into determinants of SME sending out as indicated by the qualities of trading firms and their assets, in this manner adding to a restricted writing.

The dataset included 4,838 respondents from an overview of the UK Federation of Small Businesses. The needy variable utilized was two-classification ('don't fare' and 'fare'), permitting a twofold strategic various relapse way to deal with be utilized, with isolated binomial (logit) relapse conditions created for the total sample and afterward for various firm age groupings, permitting connections among trading and every individual free factor to be resolved while holding all other autonomous factors in the condition consistent.

The outcomes demonstrate that determinants of SME sending out incorporate industry area, age and the qualities of the SME proprietor administrator, alongside the organizations' accessible assets, including the human capital of the proprietor director, utilization of innovation and protected innovation. While an advancement center was reliably observed to be emphatically connected to trading, a development center was most certainly not. These outcomes educate both practice and arrangement, as the trading action of SMEs remains firmly connected to monetary advancement strategy

The study recommends that diffusion of knowledge and skills influences firm participation on export trade to a wider business community was the first step to initiate when participating in export activity. The study recommended that management should ensure competency is labour force since the thought of fare duty is straightforwardly connected to that of fare introduction. Without a doubt, organizations receiving a fare arranged administration will probably encounter better fare execution. To be trade arranged, one must be or progressed toward becoming business sector situated.

Amornkitvikai et al., (2012) directed the investigation on variables influencing the fare interest and execution of Thai assembling little and medium sized Enterprises (SMEs). This investigation utilized the 2007 Thai Industrial Census to experimentally analyze the impacts of firm-particular and industry factors on an association's choice to send out and the fare execution of 65,111 Thai assembling SMEs which are arranged into eight sub fabricating gatherings.

Six econometric models are recognized to catch direct and nonlinear impacts of firm-particular factors and to dissect every industry impact for Thai assembling SMEs. Four constrained ward variable models (i.e., the probit show, the logit demonstrate, the direct likelihood display, and the Tobit show) are utilized to think about the elements influencing an association's fare choice and its fare execution. Estimation

strategies were utilized to check the factual certainty of the outcomes for this examination.

The examination found that firm particular variables which apply an effect on a company's choice to fare and its fare execution, firm size, firm age, and work profitability, government help, remote venture (possession), civil area, innovative work, and gifted work were observed to be altogether and decidedly identified with an association's fare interest and its fare execution. Huge and negative nonlinear outcomes were additionally found for firm size, firm age, and work efficiency in this examination. Concentrating on the impacts of industry segments on an association's choice to fare and its fare execution, maker focus was found to have a critical and constructive outcome on an association's fare choice and its fare execution yet a noteworthy and negative outcome was found for the capital-work proportion.

The study concluded that government provided assistance programme to SMEs participating in export trade government had imposed favorable policies that enable us to engage in export trade, government provide financial support contributing positively towards the international competitiveness and government provide us with training support.

The study recommended that resource and effort to be undertaken by individuals in the firm, impacts on the innovation and the degree of internationalization of the firm, which improves its export performance.

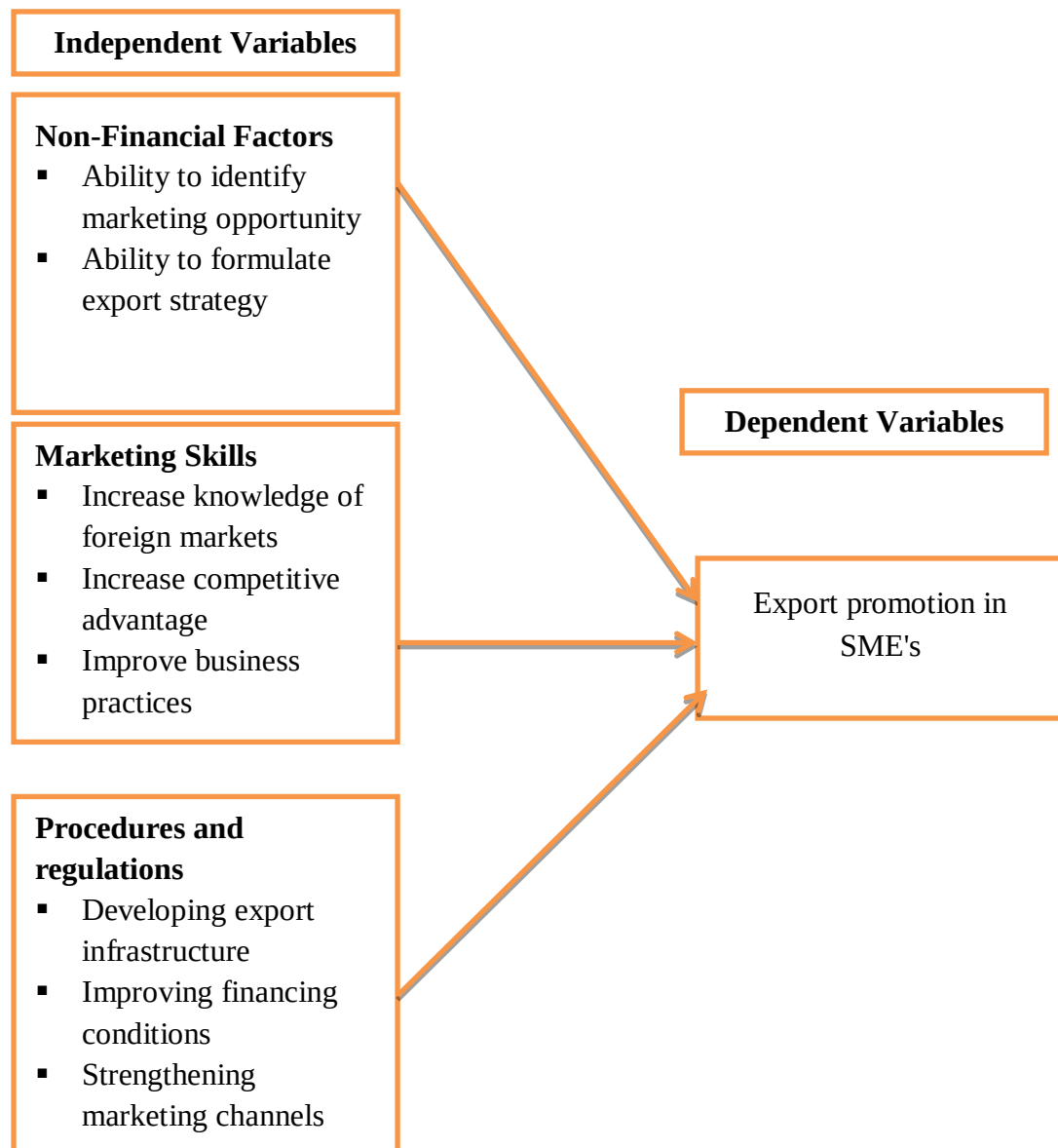
2.5 Research Gap

The above empirical literature review shows that, insufficient number of similar studies have been conducted concerning the relationship between finance accessibility and export promotion in SME's sector, there is no study that investigates contribution of marketing skills to export promotion in SME's sector, strategies that can promote export in SME's sector. Therefore, the study aims to show factors affecting export promotion in SME'S sector.

2.6 Conceptual Framework

The study assumes that the dependent variable of the study is export promotion in SME's. This depends on contribution of marketing skills and procedures and regulations contribution of marketing skills involves; increase knowledge of foreign markets, increase competitive advantage and improve business. Also the study assumes that procedures and regulations involves; developing export infrastructure, improving financing conditions, strengthening marketing channels and improves tax.

Figure 2. 1: Conceptual Framework



Source: Researcher, 2018

The study assumes that independent variables of the study/marketing skills improve export promotion for SME. Also the study assumes that procedures and regulations play important roles to export promotion for SMEs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Under this chapter various aspects were addressed on the methods that were apply in carrying out the research study, including ways on how data were collected as well as general conduction of the study. This chapter describes the study design, study area, sampling technique, and sample size, source of data, data reliability and data collection techniques as well as data analysis.

3.2 Area of Study

The study area was Small Industries Development Organisation (SIDO). This was established with a mission to promote the development of small-scale industries in Tanzania. Recently however, in direct response to growing demand from clients, donors and Government, SIDO progressively engaged itself in supporting micro businesses particularly in the informal sector. The study was conducted at SIDO because the office has various programs to support SMEs export.

3.3 Research Design

A case study design was used because participants come from a single case, also an experimental study design is not appropriate because there was no random assignment of participants into control and treatment groups. A case study is mostly associated to qualitative research method use to study organization (Saunders et al., 2009). Case study was opted because it allows the use of various data collection methods so as to reach the validity and reliability coverage of the study and also it was cheaper and less time consuming due to limited of resources, it also gave a researcher the possibility of having much focused study.

3.4 Study Population

Population is the large general group of many cases from which a researcher draws a sample for a study. Population is the group of potential participants, objects, or events to whom or to which researchers want to generalize the results of the study derived from a sample drawn from the population. The study population involved SIDO employees and management.

3.5 Sample and Sample Procedure/Techniques

A sample is a subject of the population. It comprises some members selected from it. In other words, some, but not all, elements of the population would form the sample. Kothari, (2004) define sample size as the number of items to be selected from the population to constitute the sample. The researcher selected 80 respondents as a sample size that was made up by employees and management. The study used employees because they are more aware of the export promotion issues available for SMEs.

Sampling is the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population element (Saunders and Thornhill, 2009). Purposive sampling is the one in which the person who is selecting the sample is who tries to make the sample representative, depending on his opinion or purpose, thus being the representation subjective (Barreiro and Albandoz, 2001). Purposive sampling was used to all respondents to participate in the sample; this sampling method involved purposive or deliberate selection of particular units of the universe for constituting a sample which represents the universe. The technique was used because some of the respondents were not available at the time of data collection and other were assigned out of the office duties.

3.6 Source of Data

The study targeted data related to factors hinder export promotion for SMEs. In order to get reliable data, the study used both primary and secondary data sources of

information. From primary data, several data collection techniques namely interviews and questionnaire were employed. Secondary data were collected through, library search from published materials and internet/website.

3.6.1 Primary Data

The study used primary data. These were collected by using questionnaire and interview. The primary data refers to the information which is collected afresh and for the first time, and thus happen to be original in character. They are named primary because they are unsullied and have not been manipulated by any other person. Such data provided by the subjects in the sample through the scheduled interactions by using the well preferred tools (Kothari, 2004).

3.6.2 Secondary Data

The data were obtained from literature sources or data collected by other people for some other purpose. The data were provide second hand information and include both raw data and published ones. Some of data collected and stored by organization included details on meetings, newspaper, journals and textbooks (Saunders *et al*, 2000). According to Kothari (2004), Secondary data means data that has already been collected and analyzed by someone else.

3.7 Data Collection

The researcher used the following data collection methods which are very useful to extract the first hand information as well as the second hand information.

3.7.1 Interview

The interview method of collecting data involves presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2004). This involves verbal interaction between the researcher and respondent. The researcher prepared the interview guide questions in connection to research questions. Interviewees were SIDO officers from, different departments. Interviews allow participants to provide rich, contextual descriptions of events. According to Saunders and Thornhill (2009),

interview helps to get reliable and valid information relevant to the research. Researcher makes appointment with respondents and each respondent will be interviewed separately.

The study used interview because, the technique associated with greater flexibility, therefore the researcher had the opportunity to restructure questions so as to reach the research objectives. Also sample was controlled more effectively; more information and that too in greater depth can be obtained

3.7.2 Questionnaire

A questionnaire refers to questions printed or typed in a definite order on a form or sets of forms, the respondents have to answer the questions on their own (Kothari, 2004). The researcher prepared questionnaire, structured and unstructured questionnaires. Structured questionnaires are those questionnaires in which there are definite, concrete and pre-determined questions. When characteristics are not present in a questionnaire, it can be termed as unstructured (Saunders and Thornhill, 2009). This technique was chosen because it does not exerting pressure to the respondents; this meant they were free and comfortable.

3.7.3 Documentary Review

Document analysis consists of analyzing the contents of documentary materials such as SMEs policy, performance reports and the contents of all other verbal materials, which can be either spoken or printed. This study reviewed a number of documents in relation for the problem reviewed necessary for adding up information obtained from questionnaires and interview method. The researcher used only related documents.

3.8 Data Analysis

Data were processed through manual sorting by editing, coding, classification and compilation. Finally all data were summarized on data masters sheet for analysis. After processing, quantitative analysis was conducted to get descriptions in

percentage and tables, graphs were used as the basis for discussion and comments. The collected data were processed through manual sorting by editing, coding, classification and compilation. Finally all data were summarized on data masters sheet for analysis using SPSS.

The study involved descriptive analysis. Descriptive analysis of data involved tabulation of the findings. Data processing involved editing, coding, tabulation were used as a key factor in whole process of research. This was done in the area in order to make the research be accurate and effective. Tabulation; was used so as to assemble data into concise and logical order, researcher analyzed data collected qualitatively where words were used to explain findings and quantitative analysis where the data used numbers, computation of total and percentage

Data analysis was conducted after editing the collected data. Data altering is by and large favored over factual attribution, and it is utilized at whatever point a missing thing can be consistently construed from other data that have been given. At the point when data exists on a similar record from which missing data can coherently be induced, that data is utilized to supplant the missing data. The benefit of data altering is that it dodges the expansion in fluctuation that happens while missing things on one record are attributed with no missing reactions from different records.

3.9 Data Reliability and Validity

Reliability refers to ability to obtain similar results by measuring an object, trait or construct with independent but comparable measures (Kothari, 2004). This was determined as in measurement procedures, to certain whether or not the quality of an instrument to produce the same results when employed under the same conditions is attained.

Validity is the ability of the measuring instruments or research study to measure what it claims to measure. To ensure validity, the measuring instrument (questionnaire) was pilot tested so as to able to refine it and ensure that respondents had not having

any problem in responding to the questions. It ensured, to a certain extent, validity of questions and reliability of data to be collected.

3.10 Measurement of Variables

Dependent Variable: The dependent variable of the study is export promotion. This was measured by considering export initiatives made by the government and export incentives available for SMEs.

Independent Variables: The study contains three independent variables namely, non-financial factors, business skills, procedures and regulations hinder export promotions for SMEs.

Non-financial factors: This is one of the independent variables of the study. This was measured by considering export performance, export opportunity and formulation of export strategies.

Business skills: This is another independent variable of the study. This was measured by increase SMEs participation, increase skills for executive marketing function and knowledge on foreign market.

Procedures and regulations: The researcher measures the effects of procedures and regulations on export promotion for SMEs. To measure procedures and regulations, the study assessed registration procedures and tax payment procedures.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND DISCUSSION

4.1 Introduction

The current chapter provides presentation of findings and discussion. The first section provides characteristics of the respondents. Section two discusses effects of non-financial factors such as language barrier on export promotion in SME's sector. Section three analyzes the role of business skills on export promotion in SME's sector. The last section of the chapter provides procedures and regulations which hinder export promotion in SME's sector.

4.2 Characteristics of the Respondents

This section provides background characteristics of the respondents; it presents respondents variability in their profiles based on questions asked. This section intended to explore respondents' composition in terms of age, gender and level of education.

4.2.1 Response Rate

The study examined the response rate. The findings show that a total of 90 questionnaires were given to respondents. However, the researcher collected 80 dully filled questionnaires. This implies that, the response rate was 88.9%, as presented in Table 4.1

Table 4. 1: Responses Rate

Responses Rate	Number	Percentage (%)
Number of Distributed Questionnaires	90	100.0
Number of Received Questionnaires	80	88.9

Source: Field Data, 2018.

4.2.2 Gender of the Respondents

The study determined the gender of the respondents. The study found that, 58.7% of the respondents were males, while 41.3% of the respondents were females. The findings imply that more male respondents participated in the research study than female respondents, male respondents were more cooperative than female respondents. Therefore, the large numbers of the SMEs owners are males.

Table 4. 2: Gender of Respondents

Responses	Frequency	Percentage (%)
Male	47	58.7
Female	33	41.3
Total	80	100.0

Source: Field Data, 2018.

4.2.3 Age of the Respondents

The study was interested to examine age of the respondents. Results revealed that 40.0% of the respondents were aged between 25 to 34 years, 32.5% of the respondents were aged between 15 – 24 years. Findings indicated that, 22.5% of the respondents were aged between years 35 – 44 and 5.0% of the respondents were aged between 45 – 54 years as presented in Table 4.3. This implies that the majority of the respondents were young. Therefore, most of the small business owners were young

Table 4. 3: Age of the Respondents

Responses	Frequency	Percentage (%)
15 – 24	26	32.5
25 – 34	32	40.0
35 – 44	18	22.5
45 – 54	4	5.0
Total	80	100.0

Source: Field Data, 2018.

4.2.4 Level of Education

The study examined the level of education the respondents. Respondents were obliged to state their level of education. Table 4.2 summarizes the findings concerning the level of education.

Table 4. 4: Level of Education

Responses	Frequency	Percentage (%)
Certificate	8	10.0
Diploma	15	18.7
First Degree	44	55.0
Post Graduate (Masters or Phd)	13	16.3
Total	80	100.0

Source: Field Data, 2018.

Findings revealed 55.0% of the respondents had first degrees. 18.7% had diplomas, 16.3% had postgraduate qualifications and 10.0% had certificates. It means that large number of the respondents had sufficient education to provide responses for the study. This implies that most of the SMEs owners had certificates and diploma.

4.3 The Effects of Non-Financial Factors such as Language Barrier on Export

The first objective of the study was to identify effects of non-financial factors such as language barrier on export promotion in SME's sector. Respondents were asked to state whether they understand the effects of non-financial factors such as language on export promotion in SME's sector. Table 4.5 summarizes the findings.

Table 4. 5: Awareness of Non-Financial Factors such as Language on Export

Responses	Frequency	Percentage (%)
Yes	77	96.3
No	3	3.7
Total	80	100.0

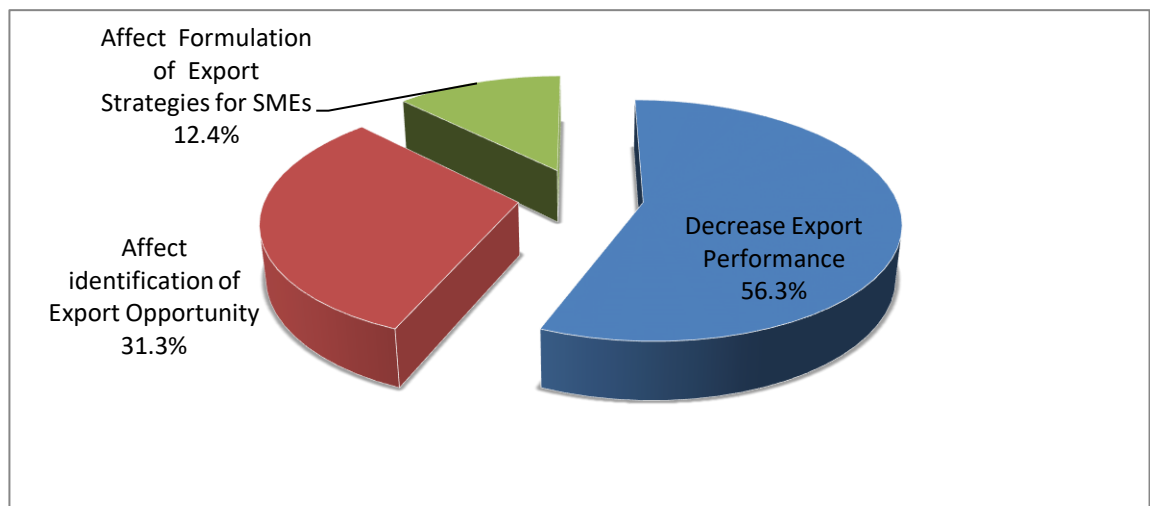
Source: Field Data, 2018.

Table 4.6 shows that 96.3% of the respondents were aware of the effects of non-financial factors such as language barrier on export promotion in SME's sector while 3.7% were not aware of the effects of non-financial factors such as language barrier

on export promotion in SME's sector. This implies that, majority of respondents were aware of the effects of non-financial factors such as language barrier on export promotion in SME's sector.

Moreover, respondents were asked to identify effects of non-financial factors such as language barrier on export promotion in SME's sector. Figure 4.1 provides the findings in relation to the effects of non-financial factors such as language barrier on export promotion in SME's sector.

Figure 4. 1: Effects of Non-Financial Factors such as Language Barrier on Export



Source: Field Data, 2018.

The figure above, illustrates the effects of non-financial factors such as language barrier on export promotion in SME's sector. The following were the effects of non-financial factors such as language barrier on export promotion in SME's sector identified by the respondents:

4.3.1 Decrease Export Performance

The findings in Figure 4.1 indicate majority of the respondents 56.3% said non-financial barriers decreases export performance for SMEs. The findings implies that

SMEs with employees capable of communicate in more than one language will have greater export performance compared to SMEs that lack employees how can communicate in more than one language. Therefore, non-financial factors such as language barrier on export promotion in SME's sector hinder export performance. This relate to the study conducted by Mpunga (2016), the study assert that non-financial factors for example language barrier lower export promotion in SME's sector. Most of the SMEs lack staff capable of communicate in more than one language, therefore they fails to discover export opportunities in the foreign market. Dialect is the medium of correspondence between at least two people by utilizing subjective signs. The inability to convey, and translation, would thwart abroad business prospects. By intersection national limits, SMEs must be dynamic in an outsider financial, political and social atmosphere

4.3.2 Affect Identification of Export Opportunity

Results show that 31.3% of the respondents said non-financial barriers affect identification of export opportunities. The findings imply that non-financial barriers for example language affect identification of export opportunities. SMEs can identify foreign opportunities if they are capable of communicating in different languages. The results are similar to the study conducted by Mungai and Ogollah (2014), the findings affirms that non-financial barriers affect SMEs in identification of foreign market. Understand different language helps to identify export opportunities. Notwithstanding dialect, a typical socio-social hindrance looked by SMEs is the differing social methodologies. There is no denying social methodologies contrast starting with one nation then onto the next. In spite of the fact that it is for the most part concurred that diverse social demeanors have impacts on business, the nature of effect (positive or negative) is vague. While past investigations propose negative effects of various socio-social methodologies, others have asserted the decent variety might be a wellspring of significant worth creation. Some examination gives careful consideration to various social methodologies as the key boundaries of internationalization of SMEs.

4.3.2 Affect Formulation of Export Strategies for SMEs

The study found that 12.4% of the respondents said non-financial barriers affect formulation of export strategies for SMEs. The findings imply that non-financial factors such as language barrier affect formulation of export strategies for SMEs. This is consistent to the study conducted by Mungai and Ogollah (2014), the study argues that formulation of export strategies for SMEs is affected by non-financial barriers. Thinking about the vital connection among dialect and social methodology with social (and social) boundaries of internationalization, this examination recommends that these segments go about as elements of social obstructions to entering remote markets with regards to building up nations' SMEs.

4.4 The Role of Business Skills on Export Promotion in SME's Sector

The second objective of the study aimed to evaluate the role of business skills on export promotion in SME's sector. Respondents were asked to state if they know the role of business skills on export promotion in SME's sector. The study indicated that, 97.5% of the respondents were aware of the role of business skills on export promotion in SME's sector. This implies that, respondents have sufficient knowledge concerning the role of business skills on export promotion in SME's sector. These results are supported by the study conducted by Okpara and Koumbiadis (2010), which revealed that, SMEs experts understand the role of business skills on export promotion in SME's. Business skills are needed to small and medium enterprises. Research shows a lot SMEs were not quite well equipped in terms of education and skills, this affects export promotion for SMEs. Study suggests that those with more education and training were more likely to be successful in the small scale business sector (See table 4.6)

Table 4. 6: Awareness of the Role of Business Skills

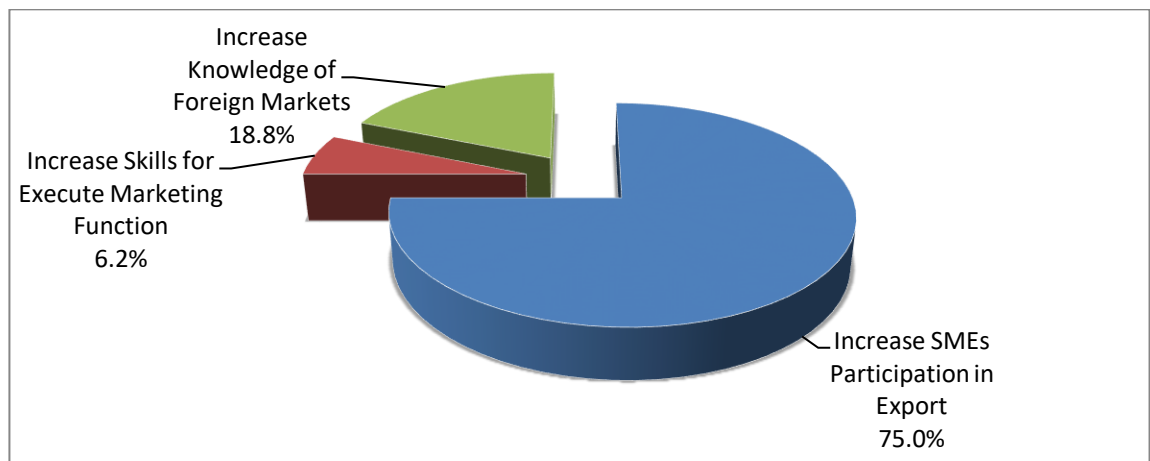
Responses	Frequency	Percentage (%)
Yes	78	97.5
No	2	2.5
Total	80	100.0

Source: Field Data, 2018.

Findings show that small number of the respondents (2.5%) does not understand the role of business skills on export promotion in SME's sector. Therefore most of the respondents have good knowledge concerning the role of business skills on export promotion in SME's sector.

In addition, the study was interested to understand the role of business skills on export promotion in SME's sector. Figure 4.2 presents a summary of the role of business skills on export promotion in SME's sector.

Figure 4. 2: The Role of Business Skills on Export Promotion in SME's Sector



Source: Field Data, 2018.

The figure above, illustrates the role of business skills on export promotion in SME's sector. The following were the role of business skills on export promotion in SME's sector as identified by the respondents:

4.4.1 Increase SMEs Participation in Export

The findings revealed that, 75.0% of the respondents said that business skills play important role to increase SMEs participation in export. The findings imply that SMEs owners who possess business skills have great chance to participate in export compared to SMEs owners who lacks business skills. The findings is consistent to the study conducted by Pickernell *et al.*, (2016), the study assert that there is positive relationship between the business skills and SMEs performance in terms of

participation in export. This implied that successful enterprises tended to be managed by trained owner/managers indicating that managerial training played an important role in increasing the chance of success in small business sector.

4.4.2 Increase Skills for Execute Marketing Function

The findings revealed that 6.2% of the respondents said that, business skills increase skills for execute marketing function. This implies that business skills promote export promotion in SME's sector because it increase skills for execute marketing functions. The results is similar to the study conducted by Nyatwongi (2015), the study affirms that business skills assist SMEs to increase skills for execute marketing functions which helps to participate in export. Small and medium businesses in exporting products, endeavor issues distinguished in research concerned, principally, the authoritative limit of the venture to execute advertising capacity. Item issues were identified with quality and specialized necessities of the focused on fare showcase section, for example, trade item configuration, style, quality, bundling and naming prerequisites and item adjustment or alteration.

4.4.3 Increase Knowledge of Foreign Markets

The study revealed that 18.8% of the respondents said that business skills help to increase knowledge of foreign markets. The findings imply that business skill paly essential role to increase knowledge of foreign market in order to promote export for exportation in SMEs. This relate to the study conducted by Okpara and Koumbiadis, (2010), SMEs with sufficient business skills were observed to be more involved in export operation because they have a good knowledge of the foreign market. Promoting learning and data were two fare issues which rotated around absence of information of remote markets, business practices, and rivalry; and absence of administration to create outside deals. Absence of learning to find remote chances and promising markets was seen to be a noteworthy hindrance in trading of SMEs.

4.5 Procedures and Regulations which Hinder Export Promotion

The last objective of the study intended to assess procedures and regulations which hinder export promotion in SME's sector. Respondents were asked to explain whether they were aware the procedures and regulations which hinder export promotion in SME's sector. Findings indicated that, 93.8% of the respondents were aware of the procedures and regulations which hinder export promotion in SME's sector while 6.2% said that they were not aware of procedures and regulations which hinder export promotion in SME's sector. This means that majority of the respondents were aware on procedures and regulations which hinder export promotion in SME's sector (See Table 4.7)

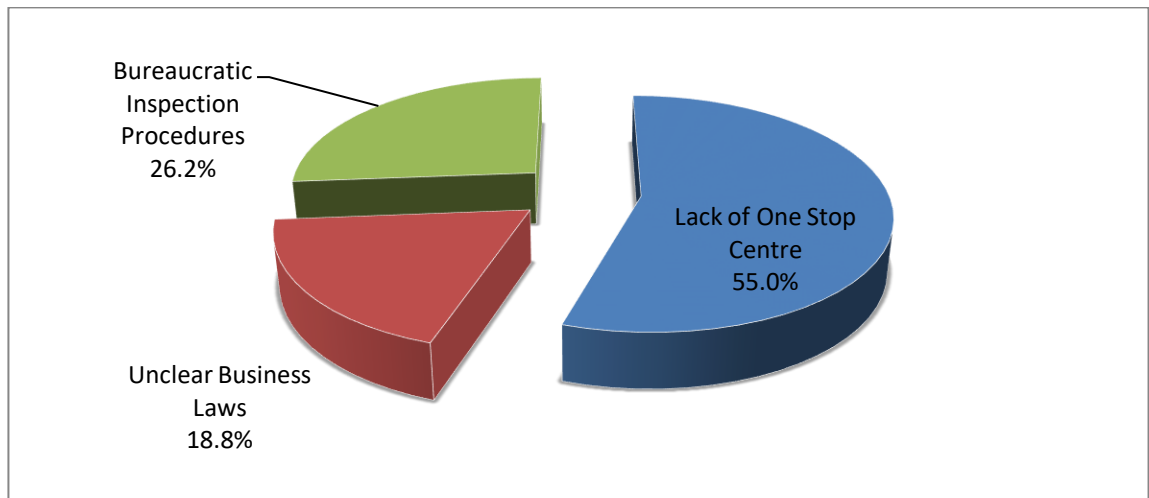
Table 4. 7: Awareness of Procedures and Regulations

Responses	Frequency	Percentage (%)
Yes	75	93.8
No	5	6.2
Total	80	100.0

Source: Field Data, 2018.

Additionally, the study assessed procedures and regulations which hinder export promotion in SME's sector. Figure 4.3 provides the findings on procedures and regulations which hinder export promotion in SME's sector

Figure 4. 3: Procedures and Regulations which Hinder Export Promotion



Source: Field Data, 2018.

Figure 4.3 illustrates procedures and regulations which hinder export promotion in SME's sector. The study found that, there are numerous procedures and regulations which hinder export promotion in SME's sector in Tanzania, as identified by the respondents:

4.5.1 Lack of One Stop Centre

The findings revealed that, 55.0% of the respondents identified lack of one stop centre is one of the factors which hinder export promotion for SMEs. This implies that due to lack of one stop centre for small businesses, SMEs faced challenges during exportation processes. Therefore, this hinders export promotion in SME's sector. This relate to the study conducted by Mpunga (2016), the study affirms that lack of one stop centre for small businesses hinder export promotion for SMEs, in Tanzania, there is no one stop centre to help SMEs to exports their products. For SMEs to export their products, its required to comply with a number of requirements from different institutions which is located in different locations. Institutions such as SIDO, BRELA, TBS, TRA, TFDA and Ministry of trade are not centralized to help SMEs in export operations

4.5.2 Bureaucratic Inspection Procedures

Results revealed that 26.2% of the respondents said bureaucratic inspection procedures hinder export promotion in SME's sector. The findings imply that bureaucratic inspection procedures for products produced by SMEs hinder export promotion. This is similar to the study conducted by Mpunga (2016), the study asserts that some of the procedures established by TBS and TFDA affect export promotion. FDA, TBS completes reviews to guarantee that the items hold fast to the benchmarks of the Bureau, and the declaration must be restored every year. Besides, the TBS affirmation administrations are allowed to SMEs in the nation. Be that as it may, a portion of the strategies are bureaucratic and frustrate send out advancement.

4.5.3 Unclear Business Laws

The study found that small number of the respondents (18.8%) said unclear business laws hinder export promotion in SME's sector. The findings imply that some of the laws are not clear to most of the SMEs operations; these affect the effort to promote export. The results relate to the study conducted by Nyatwongi (2015) the examination attest that confounded travel accreditation, uneasy accreditation for fare of merchandise, confused and indistinct business laws and techniques, favorable exchange financing for SMEs, and higher taxes charged on generation and fare According to Mpunga (2016) snags and boundaries identified with the national business situations needs to do with legitimate, approach, and regulatory powers, which influences send out among SMEs. In this way, hindrances identified with business situations distinguished in the writing rage from prohibitive and uneasy methodology put on SMEs by their legislatures in the endeavors to begin business and get accreditation for fare. Additionally, the writing focuses at higher charges forced on governments for organizations showing up for commitment in residential markets centering organizations, which some of the time utilize tax avoidance as a survival and development technique.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The current chapter presents summary, conclusion and recommendations of the study. This chapter presents the summary of the study, conclusion drawn from the findings highlighted and recommendation made there to. The conclusions and recommendations drawn focused on addressing the aim of this study. The last section of the chapter proposes areas for further studies.

5.2 Summary of the Study

The focus of the study was to assess factors affecting export promotion in SME's sector. Specifically the study aimed to identify effects of non-financial factors such as language barrier on export promotion in SME's sector, to evaluate the role of business skills on export promotion in SME's sector and to assess procedures and regulations which hinder export promotion in SME's sector.

The study taken a sample of 80 respondents, data collection methods contained questionnaires and interview. Also, secondary data were collected by using documentary analysis. Statistical Package for the Social Sciences (SPSS) was used to analyze the collected data.

The findings show that the effects of non-financial factors such as language barrier on export promotion in SME's involves; decrease export performance, affect identification of export opportunity and formulation of export strategies for SMEs. Also the study found that 75.0% of the respondents said that business skills play important role to increase SMEs participation in export. Moreover, the findings revealed that, 55.0% of the respondents identified lack of one stop centre is one of the factors which hinder export promotion for SMEs.

The study concludes that lack of one stop centre for small businesses is one of the factors affecting export promotion for SMEs. Therefore, this hinders export promotion in SME's sector. There is no one stop centre to help SMEs to exports their products. Also the study concludes that SMEs owners who possess business skills have great chance to participate in export compared to SMEs owners who lacks business skills.

5.3 Conclusion

The study concludes that that SMEs with employees capable of communicate in more than one language will have greater export performance compared to SMEs that lack employees how can communicate in more than one language. Therefore, non-financial factors such as language barrier on export promotion in SME's sector hinder export performance. Non-financial factors for example language barrier lower export promotion in SME's sector, most of the SMEs lack staff capable of communicate in more than one language, therefore they fails to discover export opportunities in the foreign market.

Also the study concludes that SMEs owners who possess business skills have great chance to participate in export compared to SMEs owners who lacks business skills. Business skills increase SMEs performance in terms of participation in export. This implied that successful enterprises tended to be managed by trained owner/managers indicating that managerial training played an important role in increasing the chance of success in small business sector.

Moreover, the study concludes that lack of one stop centre for small businesses, SMEs faced challenges during exportation processes. Therefore, this hinders export promotion in SME's sector. Lack of one stop centre for small businesses hinder export promotion for SMEs, in Tanzania, there is no one stop centre to help SMEs to exports their products. For SMEs to export their products, its required to comply with a number of requirements from different institutions which is located in different

locations. Institutions such as SIDO, BRELA, TBS, TRA, TFDA and Ministry of trade are not centralized to help SMEs in export operations

5.4 Recommendations

The following are the recommendations of the study

- i. SMEs should consider non-financial factors social and cultural, similarities and differences, language and other cultural values to take competitive advantage and to achieve their goals.
- ii. The study suggests that more mediations that attention on changing the state of mind of SMEs' proprietors and chiefs about the nature and character of the fare showcase as opposed to how the fare advertise itself acts is profoundly required.
- iii. The government ought to make an empowering situation for business. The job of government ought a bit much incorporate getting engaged with the business procedure. For help with the fare procedure, outsider facilitators are maybe better prepared to increase the value of exporters.
- iv. It is additionally prescribed that SMEs improvement partners take at thought making better business conditions for SMEs, particularly identified with tax collection, access to back, rearranged business formalization and fare strategies, and making simple the movement and trading process as a method for accelerating commitment of SMEs in fare.
- v. Finally, the study prescribes for a national wide standard study that ought to give information on SMEs states of mind on fare and fare hindrances in Tanzania.

5.5 Areas for Further Studies

Future studies on factors affecting export promotion in SME's sector should involve the large number of SMEs in Tanzania. Also, impending studies should examine market determinants of export performance among SMEs in the export sector.

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APPENDICES

Appendix 1: Questionnaire

The researcher is a student currently pursuing MBA-Corporate Management. You are kindly requested to respond to the questions provided in this questionnaire, so as to enable the researcher to complete the research writing exercise.

Please, you need not write your name and any information given will be treated strictly confidential. Tick against the right choice.

Section A: Profile of the Respondents

1. Age

- a) 15 – 24
- b) 25 – 34
- c) 35 – 44
- d) 45 – 54
- e) 55+

2. Gender

- a) Male
- b) Female

3. Level of Education

- a) Certificate
- b) Diploma
- c) First Degree
- d) Post Graduate (e.g. Masters or PhD)

4. Occupation

Please specify.....

Section B: The Effects of Non-Financial Factors

- a) Do you understand the effects of non-financial factors such as language on export promotion in SME's sector?
- a) Yes
 - b) No

5. What is the effect of non-financial factors such as language on export promotion in SME's sector?

- a) Decrease Export Performance
- b) Affect identification of Export Opportunity
- c) Affect Formulation of Export Strategies for SMEs

6. What are other effects of non-financial factors such as language on export promotion in SME's sector? Please mention.

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Section C: The Role of Business Skills

7. Do you know the role of business skills on export promotion in SME's sector?
- a) Yes
 - b) No

8. What is the role of business skills on export promotion in SME's sector?

- a) Increase SMEs Participation in Export
- b) Increase Skills for Execute Marketing Function
- c) Increase Knowledge Foreign Markets

9. What are other the role of business skills on export promotion in SME's sector? Please mention.

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Section D: Procedures and Regulations

10. Do you know procedures and regulations which hinder export promotion in SME's sector?

- a) Yes
- b) No

11. What procedures and regulations which hinder export promotion in SME's sector?

- a) Registration procedures
- b) Tax payment procedures

12. What other, procedures and regulations which hinder export promotion in SME's sector? Please mention.

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Thank you for your cooperation.

Appendix 2: Interview Guide

1. What are the effects of non-financial factors such as language on export promotion in SME's sector?
2. What is the role of business skills on export promotion in SME's sector?
3. What are procedures and regulations which hinder export promotion in SME's sector?
4. How to overcome procedures and regulations which hinder export promotion in SME's sector?