

**EXAMINATION OF SMEs' INFLUENCE ON CREATION OF
EMPLOYMENT OPPORTUNITIES IN TANZANIA: A CASE OF
TANGA**

**EXAMINATION OF SMEs' INFLUENCE ON THE CREATION
OF EMPLOYMENT OPPORTUNITIES IN TANZANIA: A CASE
OF TANGA**

By

Paulo Elly Sangiwa

**A Dissertation Submitted in Partial Fulfillment of the Requirements for Award
of the Degree of Master of Science Economics Policy and Planning (MSc EPP)
of Mzumbe University**

2017

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled **An Examination of SMEs' Influence on the Creation of Employment Opportunities in Tanzania: A Case of Tanga City**, in partial fulfilment of the requirements for award of the degree of Masters of Science Economics Policy and Planning (EPP) of Mzumbe University.

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DEDICATION

This work is dedicated to the **ALMIGHTY GOD**, the creator and giver of life to every living, the source of all wisdom and inspiration and the One who said “Let the water beneath the sky be gathered into oceans so that the dry land will emerge” and so it was! (**Genesis 1:9**).

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ABBREVIATIONS AND ACRONYMS

BUE	Best Unbiased Estimators
EAC	East Africa Community
EU	European Union
GDP	Gross Domestic Product
GIZ	Germany Agency for International Cooperation
HBS	Household Budget Survey
ILO	International Labour Organization
MSc EPP	Master of Science Economics Policy and Planning
MSMEs	Micro, Small and Medium Enterprises
NBS	National Bureau of Statistics
NETS	National Establishment Time Series
NFYDP	National Five Years Development Plan
NGO	Non Governmental Organizations
NHPC	National House and Population Census
OECD	Organization for Economic Cooperation and Development.
OLS	Ordinary Least Square
OLSRM	Ordinary Least Square Regression Model
R&D	Research and Development
SIDO	Small Industries Development Organization
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
STATA	Statistical Test of American
TABIC	Tanga Business Information Centre
TCCIA	Tanzania Chamber of Commerce Industry and Agriculture
UK	United Kingdom
UNIDO	United Nations Industrial Development Organization
URT	United Republic of Tanzania
US	United State
VIF	Variance Inflation Factor

ABSTRACT

This study examined SMEs influence on creation of employment opportunities. Data of the study were collected from 215 respondents using structured questionnaire. Both qualitative and quantitative methods for data analysis were used. The study revealed that, improvement in market infrastructures, networking and communication; timely business promotion and advertisement; availability of credit facilities; effective application of one's technical skills, competence and experience in managing businesses; availability and application of technology does support business operation thus provide a room for creation of employment opportunities. Likewise, the firms' management capacity to identify, establish and implement workable business strategies; provision of adequate business capital; motivated and committed to business purposes and goals; and adherence to business governing rules and regulation are the crucial aspects that were affirmed to support firms/business operations. Based on the econometric analysis results, the study revealed, firm location, firms' years in business operation, market availability for goods/services offered, effective firm strategies, accessibility of the financial services, technological application in the operationalization of business, and demand for goods and/or services have the significant influence to creation of employment opportunities. In the period of 4 to 18 years of firms operation, findings revealed a number of employment opportunities created ranges to three employment chances (20.93 percent), two employment chances (44.65 percent), and one employment chance (26.98 percent). Likewise, these chances inclined to the following employment categories; permanent, family, apprentice and temporary. The study recommend that strategies towards creation of employment opportunities should focus on improving provision of financial services; market infrastructures, networking and communication facilities; promoting application of appropriate technical skills, expertise and experience; application of technology in business operation; and provision of reliable and adequate electricity and water supply services. All in all however, a similar study should be undertaken in other areas to ascertain the extent of applicability of the findings of this study.

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CHAPTER ONE

INTRODUCTION

I.I Background to the Study

This study is about examining small and medium enterprises (SMEs) influence to creation of employment opportunities. There has been a wide ranging consensus that, SMEs play considerably in promoting economic growth, development, empowerment and the creation of employment opportunities (Ayyagari, Demirguc-Kuny and Maksimovic 2011: Katua, 2014). In the likely tune, governments and economists both acknowledge SMEs to be a crucial driver of the private sector growth, economic development, and job creation (Fashola, 2013; Ping and Leong, 2012; Dada, 2014 and Eurofound, 2015). United Nations Industrial Development Organization (UNIDO) report of 2012 asserted that: SMEs significantly support and continue to promote economic development, whereas; Jiang, Cen and Sun (2013) were on the view that, SMEs form the backbone of the private sector development, as it make up over 90 percent of entrepreneurs of the world and account for about 50 to 60 percent of employment generation. In the Organisation for Economic Co-operation and Development (OECD) economies, SMEs account between 60 to 70 percent of jobs created, and tends to be somewhat lower in the manufacturing sector as it varies between 40 to 80 percent of employment, while in the construction sector, SMEs account between 80 to 90 percent of all employment (OECD-WPSMEE, 2010). In US; SMEs play a vital role in the economy, as they account for about 50 percent of private sector employment and generate 64 percent of net new private sector jobs (OECD-US policy brief, 2015). In the EU zone 99.8 percent of businesses are SMEs which employ about 86.8 million people. The manufacturing sector employment stands roughly at 60 percent of total sector. In some individual countries in the EU zone such as Italy, majority of SMEs provide almost half of the economy's total employment with 46 percent while in Spain is 75 percent (EU Monitor, ibid: European Union, 2015). In Kosovo; SMEs account about 95 percent of enterprises in the economy, whereas, about 89 percent constituted by private sector employees (Govori, 2013). In Austria, small enterprises accounted for 50

percent of all job created and about a quarter of all jobs. Likewise, the case is observed in Finland, where about 87 percent of high-growth enterprises are small (Eurofound 2016;).

In the East Asian region, considerable differences in the role of SMEs in various economies are reported. For instance; in Taiwan, China, Japan, Thailand and Vietnam, observations are that, SMEs contribute over 70 percent of employment, than they do in Indonesia or Malaysia where they contribute around 40 percent. In China; about 99 percent of businesses are SMEs, which contribute to economic development of the people. The general observation to business performing in this region is that; SMEs are seen to be relatively more export oriented in China, Korea and Taiwan than they are in Japan, Indonesia, Thailand, Malaysia and Singapore. However, the experience is that, over 95 percent of enterprises employ less than 100 people while over 80 percent of enterprises employ less than 5 people. In the service sector, Harvie (2010); Jiang, Cen and Sun (2013), observed that, SMEs provide about 80 percent of employment and 15 percent in manufacturing sector.

The International Labor Organization (ILO) and German Agency for International Cooperation (2013) report given a titled, “Is small still Beautiful”; (a review of empirical evidence on the contribution of SMEs to employment creation) observed that; SMEs provide 2/3 of all formal jobs in developing countries in Africa, Asia, and Latin America where 80 percent holding majority of jobs countries are primarily in the Sub-Saharan Africa (SSA) region. SMEs holding majority of jobs in low-income and emerging economies and they make a key contribution to net job creation, particularly smaller and younger firms (Bouazza, Ardjouman and Abada 2015).

In Africa, the position of SMEs in economic empowerment, growth and employment creation is evidently as findings of the survey of 47.745 firms’ in 99 countries supported the fact that, firms with 5 to 250 employees account 66.76 percent of the total permanent, full- time employment in the country, and 66.38 percent mean

across countries (Ayyagari, Demirguc-Kuny and Maksimovic, 2013). Taking the experience of Ghana, things are not different. The economic growth is being driven by the SMEs sector; where the sector accounted up to 90 percent of employment (Asantey and Tengey, 2014; cited Ahiabor, 2013). In Nigeria; about 97 percent of businesses are SMEs; and on average 50 percent account for employment (Katua, 2014). In Algeria, during 2013, SMEs were reported to account about 99 percent of the country's total enterprises. However; empirical evidence have shown a fragile of SMES towards creation of employment opportunities, as the result unemployment remain high among youth (Bouazza, Ardjouman and Abada 2015). In South Africa, about 91 percent of the formal businesses are estimated to be SMEs, where they play significantly in creation of employment opportunities (Edinburgh Group report, 2015; cited Abor and Quartey, 2010).

In Tanzania, SMEs play a significant role to economic development and employment creation. SMEs are estimated to be more than 3 million, whereas; more than 5.2 million people are being employed, and about 97 percent of SMEs employ less than 10 people (UNIDO, 2012). The SME sector accounts for a large share of the active enterprises and in this concomitance, form the emerging private sector that becomes the base for sector-led economy. The SME sector is labour-intensive thus, creates employment at relatively low levels of investment. In supporting this, the National Five Year Development Plan (2016/17 – 2020/21) affirmed that, new entrants to the labour force is estimated at around 650,000 and 750,000 every year, whereas, about 500,000 are school leavers with few marketable skills (UNIDO *ibid*). The Household Budget Survey (HBS) Report of 2011/12 revealed that, about 84.5 percent (20,106,278 people) of the total population aged 15 years and above is an economically active population of which 98.2 percent of this population is employed leaving out 1.8 percent unemployed. The majority of the employed economically active age of about 75.4 percent perform agricultural and fishery economic activities as their major occupation. Other categories include elementary occupation (10.8 percent); Service workers and shop sales workers (4.4 percent); Technicians and associate professionals (2.3 percent). Craft and related workers (2.3 percent); Plant

and machine operators and assemblers (2.2 percent) (NBS 2014), SMEs are estimated to contribute about 27 percent of GDP and 23.4 percent of the total labour force (URT, 2012). These empirical evidences support the fact that, the majority of the active population engages in performing small businesses and/ or production activities in the economy.

Generally, the work of scholars, institutions and organizations acknowledge the position of SMEs in the front line of employment creations (Harvie, 2010; UNIDO, 2012; URT, 2012; Govori, 2013; Ahiabor, 2013 cited by Asantey and Tengey, 2014; Katua, 2014; Bouazza, Ardjouman and Abada, 2015), but none of these empirical evidences have attempted to bring to the board factors that influence SMEs creation of employment opportunities. For instance, the assertion that, SMEs in OECD countries make over 95 percent of enterprises and account between 60 to 70 percent of jobs (OECD-WPSMEF, 2010) is limited in describing factors that have influenced the created job opportunities. This is likely observed in both developed and developing countries, though learning has been that, governments have been supportive to the development of SMEs sector country's economies.

Therefore, besides the empirical reality regarding SMEs role in the development of the economy and employment creation; the present evidences provide a limited insight among stakeholders on SMEs influence to employment opportunities creation thus calling for the need to fill this gap. This study is carried for this purpose as would provide a wider understanding on the empirical situation regarding SMEs influence to creation of employment opportunities in the local context.

1.2 Statement of the Problem

The achievement in economic growth, development and in particular creation of employment in the economies of developed and developing countries have been the attribute of the SMEs sector. In different times however; scholars, politicians and institutions have acknowledged that, SMEs as the potential driver to economic growth and development has played the pivotal role in the creation of employment opportunities (Neumark, Wall, and Zhang, 2008; Harvie, 2010; Ayyagari and

Maksimovic, 2011; Ahiawodzi and Adade, 2012; Govori, 2013; EU Monitor Report, 2014; ILO, 2015 report). Despite these acknowledgements, however, the subsequent reviews have noted very limited evidence so far to substantiate the attempts being done on SMEs' influence to creation of employment opportunities. This inadequacy admits lacking of a research motivation dedicated to focus the local context.

Likewise; micro, small and medium entrepreneurs (MSMEs) as drivers of economic growth and development have the chances to identify and prudently putting into use all factors tending to influence creation of employment in their given economic spaces. However, empirical evidences revealed that, MSMEs are less capable of tapping business opportunities that tend to open-up more employment chances in the economy (Yahya and Mutarubukwa, 2015). The support to this empirical evidence is grounded on the fact that, after reviving and forging of the East Africa Community (EAC) which went together with the elimination of trade barriers to increase trade volume between the member states in the region, would raised the expectation for MSMEs in Tanzania to increase their boldness in the identification and promptly utilization of the available business opportunities in the region. These gaps have drawn the needful attempt and attention to examine what is the pertinent experience and the situation of the local SMEs in the area of study.

Therefore, the main objective of this research was intended to fulfill the identified gap by examination of SMEs' influence on creation of employment opportunities in Tanzania.

1.3 General Objective

The general objective of the study was to analyze the position of SMEs' influence on the creation of employment opportunities in Tanzania – A case of Tanga.

1.3.1 Specific objective

The study will be guided by the following specific objectives;

- i. To identify characteristics of SMEs that operate in the study area.

- ii. To analyze factors that support SMEs operation and their influence to creation of employment opportunities in the area of study.
- iii. To identify category of employment opportunities as well as individual persons recruited during SMEs business operation in the area of study.

1.4.1 Research Questions

- i. What are the common characteristics of SMEs operating in the study area
- ii. What factors have influence and support to SMEs operation and employment creation in the area of study?
- iii. What are the category of employment opportunities as well as the individual persons recruited in business operation in the area of study?

1.5 Scope, Significance and Rationale of the Study

1.5.1 Scope of the Study

This study centers on SMEs creation of employment opportunities. Therefore, issues that support creation of employment opportunities were examined. Likewise, potential factors for SMEs operation were looked at. All these aspects were examined to provide a clear ground that reflects the situation of local firms in the creation of employment opportunities.

1.5.2 Significance of the study

SMEs in developing and developed countries are recognized to play a significant position in the promotion of economic growth, empowerment and development. This particular and wider recognition is needed to be reflected at the local context where activities of small and medium enterprises (SMEs) are in magnitude and imparting a lot in the lives of people and the economy at large. It is from this background that conducting this particular study is essential.

As will help to avail a real situation of SMEs in the local context on employment opportunities creation, hence, provide a wider room of understanding among public institutions and most likely the policy makers for the best SMEs policy making.

It is also expected the results of the study to open-up more possibilities and attract attention of various groups of stakeholders who have an interest in developing this potential sector of the economy including formulation of appropriate strategies for SMEs sector development. SMEs' sector is highly acknowledged to support entrepreneurs' efforts, their engagement and participation in the economic development. Therefore, it is in this view this study results will help in enlightening any intention to be taken for the improvement of SMEs' policy focus and direction.

The available empirical evidence on the SMEs sector development fall short on explaining SMEs influencing to creation of employment opportunities. It is from this background, that, conducting this research study will add up to the existing body of knowledge on the position of SMEs in creation of employment.

Foremost, the study will help to fulfill the requirements for the award of the degree Master of Science Economic Policy and Planning of Mzumbe University.

1.6 Organization of the study

The dissertation is organized into five chapters with chapter one being the introduction. Chapter two reviews the empirical literature in areas of SMEs. Chapter three describes the methodology of study. The description covers data needs and sources, sample and sampling method, data collection instruments processing. This followed by empirical findings and discussion in chapter four. The last chapter five gives conclusions and recommendations based on the major findings of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Overview

This chapter reviews the existing literature related to the study with the focus to examine SMEs creation of employment opportunities. The chapter is divided into several sections. The second section presents definition and conceptualization of SMEs. Third section presents the theoretical review of various factors influencing the creation of employment in the context of SMEs operations. Section four presents empirical reviews, whereas, the chapter ends with section five for the conceptual framework and research models of the study.

2.2 Theoretical Review

2.2.1 Concept and definition of terms

2.2.1.1 Small and Medium Enterprises (SMEs)

SMEs are of contextual specific, meaning that; they have commonly been defined based on the geographical context (Katua 2014). This implies that, the way SMEs are perceived and defined in developed countries is different to that in developing countries. However, the reviewed empirical literatures have specified the commonly used yardsticks. These yardsticks are mentioned as; number of employees, capital invested or value of assets and sales turnover or outputs (URT- SMEs Policy, 2003; Govori, 2013; EU Monitor, 2014).

In European zone, SMEs are classified as follows: Enterprises, which employ fewer than 10 persons and whose annual turnover does not exceed EUR 2 million and/or whose balance sheet total does not exceed EUT 2 million are defined as micro enterprises (MEs). Enterprises which are larger than micro firms, but employ fewer than 50 persons and whose annual turnover does not exceed EUR 10 million and /or whose balance sheet total does not exceed EUR 10 are defined as small enterprises (SEs). Enterprises which are larger than small firms but employ fewer than 250 persons and whose annual turnover does not exceed EUR 50 million, and/or whose balance sheet total does not exceed EUT 43 million are defined as medium sized

enterprises (EU Monitor, 2014). In Canada, SMEs are described as businesses with fewer than 500 employees and more than \$ 50 million annual revenue (US International Trade Commission, 2010). A firm that has more employees than these cut –offs but fewer than 500 employees is classified as a medium-sized business. In the United States, a small business refers to those with fewer than 100 employees while medium- sized business refers to those with fewer than 500 employees (OECD-WPSMEE, 2010),

In the context of Africa, taking example of Nigeria; SMEs are defined as enterprises with a total capital employed of not less than N 1.5 million but not exceeding N200 million, including working capital, but excluding the cost of land and /or with a staff strength of not less than 10 and not more than 300 persons (Govori, 2013). In Zambia an enterprise whose total investment does not exceed K 50 million, annual turnover that does not exceed K 20 million and employ up to 10 persons is defined as micro enterprise. For an enterprise whose total investment is more than K 50 million, annual turnover that is K 80 million and employ up to 30 persons is termed as small enterprise (Chisala, 2008).

In Tanzania, micro enterprises are considered to be those enterprises engaging up to 4 people and in most cases are family members employing capital amounting up to Tshs 5.0 million. Majority of micro enterprises fall under the informal sector. Small enterprises are mostly formalized undertakings engaging between 5 and 49 employees or with capital investment from Tshs 5 million to Tshs 200 million, whereas, medium enterprises employ between 50 and 99 people or use capital investments ranging between Tshs 200 million to Tsh 800 million (URT, SMEs Development Policy, 2003; Nkya,2007).

2.2.1.2 Employment opportunities

In the context of this research study, employment opportunities are described as chances that SMEs in their time period of business operation have managed to create. This extends to the category of employment chances as well as the individual persons recruited in the process of SMEs business operation.

2.2.2 Determinants of employment opportunities creation

2.2.2.1 Firm years in business operation

Years of firms in businesses operation play a significant role in examine their position in employment opportunities creation. Jung *et al.*, (2011); De Kok *et al* (2011); Ayyagari *et al*,(2013) observed that, young firms grow faster than older firms thus gives a mixed look in the perspective of employment creation. However, Jovanovic's (1982 applied in Arkolakis, *et al* (2017) model support the assertion that; entrepreneurs learn most when enter the market in the first place. This attempt is centered on the motive of improving production process to widen up opportunities that facilitate creation of employment. The start-ups and young enterprises are identified for creating more jobs than older companies. However, the longer the firm has been in the market, the more knowledge and experience it has about its own ability and thus be in a better position of taking an influencing decision to employment creation (Afande, 2015).

2.2.2.3 Access to finance

Access to finance is an important aspect that determines firms' jobs creation. First, it allows firms to start new businesses. Second, allows firms to make larger investments in capital, including new technologies. Third, firms' liquidity capacity enabling firms to expand business operations and hence induce more chances for employment opportunities as majority of people tend to indirectly engage themselves in the supply and distribution (either through retailing) of the firm's products (Beck, *et al.*, 2008 and IFC, 2013) outside the firms' normal channels. The World Bank (2008 cited by Afande, 2015) contends that; better financial access by firms, contributes significantly to economic growth; reduce income inequality and the creation of employment opportunities. This assertion supports the essential that, it lowering the financial constraints at the firm level and therefore, enhances entrepreneurial activities to grow thus contribute to more job opportunities. Firms that have access to finance have higher impact on employment growth than firms without it, since they can use it for liquidity needs and capital investments which can improve returns and reinvestments (Dinh, Mavrids, and Nguyen 2010). In view of

Eurofound, (2015); SMEs with substantial financial assets and more diversified financial portfolio create more jobs.

2.2.2.4 Managerial skills, competence and experience

Managerial skills, competence and experience play a significant role in firms' creation of employment opportunities. The possibility of the firms to penetrate in the local and foreign markets is determined by the skills, competence and experience possessed by the owner or manager of the firm (Makhbul, *et al.*, 2012). In turn, as firms able to penetrate both markets increases her chances for businesses to grow, and as they do so jobs opportunities are created as there will be direct engagement of people in the production and distribution chains including in the products promotion and advertisement. It is in this direction that, an experienced, skilled and competent management plays significantly in identification and utilization of the most rewarding opportunities (leading to firm growth, and development) that gives the direct impact to generation of employment opportunities.

2.2.2.5 Policies and SMEs institutional framework

Policies and institutional framework support significantly SMEs operations; a determinant to employment creation in the OECD countries, where policies and institutional framework play a critical role in creation of employment opportunities. Policies are highly dedicated at supporting SMEs operations, for instance, in Germany, Iceland, Japan and New Zealand; the policy consideration dedicates more than 50 percent of their entire public support programmes to SMEs (Eurofound, 2015).

Nevertheless, ILO in their case supports SMEs' policies that have a major part in the economic policies of developed and developing countries. These policies are being perceived to be important in terms of creating employment, fostering competition and innovation, and contributing to economic growth (ILO, 2015 report). Leyva, (2012), asserted that; policies which tend to promote access to finance bolster firm creation and growth, which turns into higher employment.

2.2.2.6 Firms innovation

Innovation facilitate firms adopting new approach such as export orientation strategy or increase capital usability for the purpose of improving the products quantity and/or quality (De Kok. *et al*, *ibid*) which can seek markets outside the country boundaries (US-International Trade Commission report, *ibid*). In so doing tends to assure customers' needs attended and competitive upon which supply and distribution processes facilitating more possibilities for creation of employment opportunities and employment growth (Afande, 2015). Enterprises operate more frequently in research and development (R&D) intensive sectors (Dachs, and Peters, 2012) and effects of product innovation on employment creation are much greater in the business cycle (Lucchese and Pianta, 2012). Eurofound (2016 cited De Kok *et al*, 2011) observed that, innovative SMEs are more dynamic job creators than non-innovators SMEs. They added that, the process and product innovation is the positive factors to firms' survival and employment. According to Eurofound (*ibid*), the innovative firm has greater expectations about future employment.

2.2.2.7 Firms strategies

Strategies that firms employ can be a good determinants to creation of employment opportunities (Eurofound, 2015). A firm with sound investment strategies, such as the determination to have sufficient assets, diversified funding sources and the will power to invest when implementation needed provide an enabling environment for employment creation. Bruneel, Clarysse, and Wright (2009) were once observed that; the extent to which firms grow in revenue and employment dependent on the strategies they have deployed and not only technological innovation employed in business operation. The Eurofound annual report (2015) affirmed that, SMEs that follow an active growth strategy ultimately have higher employment than other companies as observed in Austria, France and the Netherlands. This is obvious that, a company's investment strategy influences their job creation. For instance consider the market orientation strategy, it generate opportunities for employment creation through opening-up of new jobs, and entails an aspect of firm competitiveness in the market (Eurofound, 2016). In view of Dinh, Mavridis, and Nguyen, (2010), export

orientation of firms boost employment growth. The empirical evidence on firm market orientation is affirmed in almost 40 percent of the member states in Euro zone; the international SMEs are more dynamic job creators than those that are entirely concentrated in their home markets (Eurofound, *ibid*). In Belgium, when SMEs started to export they made a significant contribution to employment growth (Sleuwaegen, 2010). The US Department of Commerce (2010); International Trade, affirmed that, exportation plays a vital role in supporting employment creation. This has also been confirmed in the European business operation context (Euro- Export and Employment, 2012; UNCTAD, 2013).

However, the research done in some of Euro countries revealed a different observation that, SMEs not engaged in export market orientation were better in employment than the international businesses (Eurofound, *ibid*). In Slovakia for instance, as the exporting SMEs increased by 3.2 percent in 2012, employment in those companies decreased by 3.5 percent (Slovakian Ministry of Economy, 2014). All in all market orientation rest on the ground of markets penetration whereas in turn impacting possibility of generation of opportunities for employment.

2.2.2.8 Taxation and business regulations

Taxation and business regulations; are mechanisms in place with the objective to promote and ensure business operation is fairly done. Good and fair taxation policy and business regulations act as an incentive to business growth as tend to promote investment decisions in various sectors of the economy which resulting into creation of employment opportunities. In the other hand, taxation may tend to limit the employment creation of SMEs if a high tax burden is experienced and vice versa is true (Eurofound, 2016).

2.2.2.9 Business location

Business location is observed to influence job creation dynamism (Eurofound, 2016). SMEs in more commercial areas contribute more to employment growth than they do in other areas. In most cases, the promixity nature of these areas to the

supporting and facilitating infrastructures, opportuned to markets reachability and accessibility tend to promote business operation, growth and extension. In Hungary, for example, SMEs settled in the capital region, resulted in more employment dynamism than other regions (Eurofound, *ibid*). This is also very obvious in Tanzania as statistics shows that, SMEs located in cities, towns and central area experiences more dynamism in employment creation than can be observed in the far located or rural areas in the country (NHPC 2013).

2.2.2.10 Sector in which SMEs businesses fall

SMEs operate in various categories based on the nature of activities they perform. The nature of activities determine its contribution to employment generation (De Kok *et al*, 2011; Eurofound, 2016). It is acknowledged further that, employment growth is most pronounced in the service sector, than do in the construction and manufacturing sectors. This differ from country to country and among sectors of the economy. For example, in Latvia, Lithuania, and Slovenia, the construction SMEs contribute to job creation above average level, while in Bulgaria, Cyprus, Denmark, Greece, Ireland and Portugal, construction SMEs reported to job losses (Eurofound, *ibid*). The effects of the global economic and financial crisis contributed to this experience (Muller, *et al.*, 2015). Another experience has shown that, during the priod of 2005-2008, most employment creation was taking place in the business services sector, where 27 percent of job created was by newly established enterpreses (De Kok *et al.*, 2013). These results were attributed by the country's policy focus and determination in programmes initiation and implementation.

2.3 Empirical Review

This section of literature review provides empirical evidences on different works of scholars who have examined SMEs sector with a focus on the creation of employment opportunities. Therefore, it is in this ground empirical evidences are hereunder described.

In a different study by Tether and Massini (1998) carried out a study to examine employment creation in small technological and design innovators over the eleven years between 1980 and 1991, drawn on a database of firms recognized as having introduced important innovation in UK, found that; innovative firms have generally grown at a significantly fast average rate than small firms. Moreover, factors found to associate with employment in small firms were identified as the size, age, sector of activity and type of innovation introduced by the firms. However, the employment created was highly concentrated in few firms, and the fastest growing studied companies (directly) created hundreds rather than thousands of new jobs over the period of analysis.

Dachs and Peters (2012) carried out a study to examine how foreign-owned and domestically owned firms transform innovation into employment growth in Europe, revealed that; due to general productivity increases and process innovation, foreign-owned firms experience higher job losses than domestically owned firms. It was revealed further that, employment creating effects of product innovation are larger for foreign-owned firms, and with the employment stimulating effects stemming from existing products, where, they overcompensate the negative displacement effects resulted in net employment growth in foreign-owned firms. However, the study concluded that, net employment growth is smaller in foreign-owned firms than in domestically owned firms.

De Kok, Deijl and Essen (2013) conducted a review study to a total of 119 empirical studies on the contribution of SMEs to employment creation. Evidence were that more than 50 percent of total employment creation in the formal business economy is attributed to the smallest size classes, mostly in developing and emerging countries. However, the review added that, apart from innovation; exports and high capital intensity were found to boost employment growth. Among the institutional factors, lack of access to finance and regulatory burden and poor infrastructure were identified to negatively affect SME employment.

In addition, Ayyagari, Demirguc-Kuny and Maksimovic (2013), carried a study on SMEs performance in 99 countries, whereas; a total of 47.745 firms were surveyed. In this study, small and young firms found to contribute to job creation and growth. It was observed further that firms with 5 to 250 employees account about 66.76 percent of the total permanent, full- time employment in the country, and the mean across countries was reported to be 66.38 percent.

Yahya and Mutarubukwa (2015) examined the proactive of SMEs in business in the EAC with a particular focus to Tanzanian SMEs. The aim was to gain a beter understanding of the way in which SMEs are capable of taking advantage of the EAC to enhance various entrepreneurship activities. The study identified also challenges faced by the SMEs and explored the efforts the government and other stakeholders have made in creating the environment for supporting the SMEs to fully exploit available opportunities which was sought to be a getway for the local SMEs towards generation of employment through export trade and other businesses undertaken. Results were that, Tanzania's SMEs were less capable of tapping the business opportunities provided by the EAC due to the fact that SMEs were micro and small enterprises in the sense that they had low capital, people lack entrepreneurial education, networking activities were mostly social rather than business focused, and they were formal but not informed.

The annual empirical review on the position of SMEs to job creation in the European zone, revealed that; young firms contribute more than twice as much to job creation (accounted 42 percent) of the total employment. The report observed further that, younger SMEs are more dynamic job creators; taking the facts of the start-ups firms on average with created jobs. In their case, Danish SMEs were affirmed to create the most jobs within the first two years of their operation, Ireland found a job creation rate of 24 percent for firms established less than five years (constituted 67 percent of total job created), compared with 7 percent for companies in operation for 5 to 10 years and 5 percent older companies (Eurofound 2016 cited Lawless, 2013).

In the recognition of over increasing unemployment in Ethiopia, a study by Kefale and Chinnan (2012) titled ‘employment growth and challenges in small and micro enterprises’ was conducted. The central focus of the study was to assess the employment growth across years and bottlenecks in the expansion of small and micro enterprises. Using the compound growth rate of small and micro enterprises in employment, aggregately were 3.86 percent and enterprises add annually 0.18 workers on average. It was revealed further that, when looking separately, the mean annual compound growth rate of small scale and micro enterprises were 2.4 percent and 4 percent on average respectively. Small enterprises added 0.19 workers per firm and micro enterprises added 0.14 workers per firm annually. All in all however, shortage of working capital and working space were the most important problems. Similarly, the analysis of the surveyed 100 firms in Sri Lanka which obtained loans affirmed a total creation of 2,650 permanent jobs between 2009 and 2012 with an annual job growth of 12 percent. Consequently, more than 80 percent of the firms received loans have contributed to their expansion and impacted on job opportunities creation (Leyva, 2012).

2.4 Conceptual Framework

The concepts discussed in the preceding sections and their interconnection to the theoretical and empirical perspective form the basis for the conceptual framework presented in Figure 1. The framework provide an understanding of the relationship of the independent variables and employment creation. Policies and institutional framework are the established governing mechanisms to oversee the operationalization behavior and practices of firms and/or businesses. These governing mechanisms provide the direction and focus on how best firms and/or businesses could be promoted and supported for creation of more possible employment opportunities.

Similary, firm’s years in operation is essential in assessing the position of firms in the creation of employment opportunities. The assumption is that the more years firms have been in business operation the more likely could contribute to more jobs

to individuals. However, despite this assumption, there is some observation that, the start-ups and young enterprises create more jobs than the older enterprises (Jung *et al.*, 2011; Ayyagari *et al.*, 2013; Eurofound, 2016).

Access to finance stands a better chance in promoting SMEs growth and development, which in turn reduces income inequality and ensure generation of employment (Afande, *ibid*). The argument is that, through income generated ‘capital’ investment is done as individual entrepreneur’s or firm’s liquidity position is ensured hence improve returns, more reinvestment (Dinh, Mavirds, and Nguyen, 2010) and more employment chances/opportunities are created.

Taxation (rates and levies) tends to influence positively or negatively the firm’s position in the creation of employment opportunities. The negative influence is where it limits the creation of employment when high tax burden is imposed or experienced among tax payers ‘business entrepreneurs’. However, the viceversa is true. Leyva (2012) asserted that; policies such as financing policy promote SMEs access to finance services hence increase their liquidity position for investment decisions to be taken leading to creation of employment opportunities.

Managerial skills, competence and experience have an influence to SMEs creation of employment opportunities. The experienced, skilled and competent firm’s management play significantly in the identification, selection and prioritization of the most rewarding opportunities (focuses on firm growth and development) that in turn have a positive impact to employment creation.

Moreover, on firm’s innovation, it is true that an innovative firm is more adaptive to business dynamics to meet the changing behaviors of their prospective customers through the introduction of new products or products quality improvement. This attempt open-up employment chances through product promotion and distribution. Business location is observed to influence job creation dynamism. Assertion is made that, SMEs located in commercial areas contribute more to employment growth than they do in other areas (Eurofound, 2016). In most cases, the promixity nature of

these areas support markets' reachability and accessibility hence promote business operation and extension which resulting to creation of employment opportunities. Adding to the above observations, firm's business strategies play a great role in influencing employment creation. For example, if firm is oriented to exportation of goods it will required to sharpen its strategy to this goal, by either increase its production, recruit required labour for performing the production processes, including advertisement and products promotion and distribution activities.

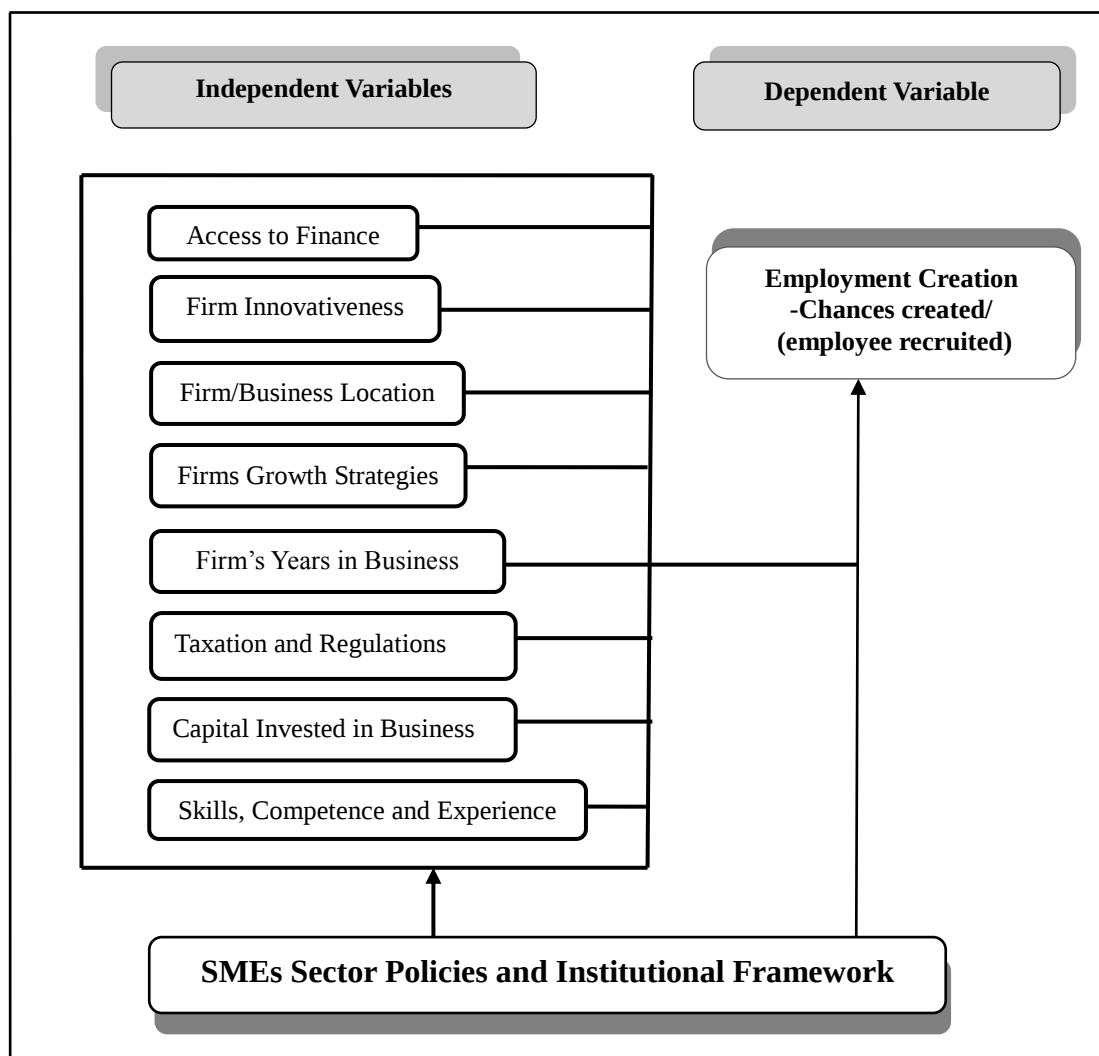


Figure 1: Conceptual framework for examining factors influencing SMEs on creation of employment opportunities

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Overview

This chapter discusses how the necessary data needed for this research will be gathered. The section provides information on the research methodology and techniques to be used in the research study. It defines sample ‘SMEs’ population to be selected and describe the sampling procedures leading to the selection of prospective sample. It also discusses the research design and the method of data collection, which will involve an in-depth interview. The operationalization of data, organization and analysis is also included in this chapter.

3.2 Study Area

Tanga City is one among cities in Tanzania, other includes; Dar es Salaam, Mwanza, Arusha, and Mbeya. According to the National Population and Housing Census (NPHC) report of 2012, the City population was 273,332 people (represented 50 percent of the regional population), with a population growth rate of 1.2 per annum. According to NPHC report, the working population (ranging between 15 – 64 years of age) was 125,730 (66,745 male and 66,745 female) people.

Social services such as electricity (accessed by 50.5 percent of households using electricity as their main source of energy for lighting in Tanga region) services, quality water supply and health services are provided to the City dwellers.

However, the City is potential in supporting various business operations, of which according to National Bureau of Statistics (NBS) report (2012); different economic activities are carried out, where majority people have been employed in different areas described as follows: 22.9 percent of the population is employed in commercial agriculture, food crops and forestry; 12.6 percent in manufacturing; 10.4 percent in trade and commerce; 9.6 percent in raw food sales (uncooked food); 6.7 percent in services for food hotels and lodges; 5.8 percent in fishing, hunting, livestock and other related; 4.3 percent in education services; 4.2 percent of the

Tanga City population is employed in construction; 2.9 percent in public administration and security services; 2.5 percent in mining and quarrying; 1.6 percent in financial institutions and insurance; and 1.1 percent in information and communication (NPHC report, *ibid*).

3.3 Sampling Design

3.3.1 Sample population

The target population for this study were the owners and/or managers of the businesses that operate in the studied area.

3.3.2 Sample size and sampling method

The sampling technique chosen for this study is the non-probability sampling method, convenience sampling. Convenience sampling is a sampling method which allow collection of data from the members of the population who are most conveniently available to provide relevant data for the study. The method enabled the researcher to collect data and it was time serving and cost effective. For the convenience of the method; availability, accessibility, and activeness were used as the guiding criteria during the survey, hence data collection objective was attained (Kumar, 2011).

The sample size was selected after information were collected from Tanzania Chamber for Commerce Industry and Agriculture Tanga office, Small Industries Development Organization Tanga region, and Tanga Business Information Centre which operate under the support of Cooperative Department, Tanga Municipal Council.

Formular for sample size determination was $N \geq 50 + 8m$.

Where:

N – in the determined sample size

m - number of independent variables involved in the model.

The fomular is described as a rule of thumb for determining sample size for the multiple regression analysis (Tabachnick and Fidell, 2007). In view of this formular, the sample size to be surveyed was supposed to be atleast 130 respondents. However; according to convenience in the field survey, a total of 215 (54.88 percent men and 45.12 percent women) respondents were contacted.

During data collection, four data enumerators were involved to provide assistantship to the researcher in different areas identified potential during logistics preparation meeting. This was done after a preliminary survey was performed with the aim of creating common understanding among the selected enumerators.

3.4 Sources of Data Collection

Data collection in any research study is done in two sources; the primary data source and the secondary data source. The first source for data collection is the primary. According to Sekaran and Bougie (2010), information is obtained personally by the researcher relating to the research variables. Data related to characteristics (such as firms' age, capital, activities performed to mention few) of the firms, potential factors in support and promoting SMEs operation, and their influences to employment creation were collected through questionnaires by single visit interview (cross-sectional survey) to the target population (who are owners and/or managers). Secondary data (information which gathered from the already existing sources) were collected during research proposal preparation through internet (mostly yahoo.com and google.com), official reports, publications and academic reports.

3.5 Data Collection Instruments

Major instruments used for data collection were semi-structured questionnaires. The semi-structured questionnaires were constructed to capture both qualitative and quantitative data which consisted both open and closed ended questions. Data on background information were collected in the first part of the questionnaires. The second part collected information on characteristics of the firms, the third part collected data on important aspects that support and promote SMEs business

operation, part four gathered data on opportunities that influences SMEs employment creation. Moreover, a researcher had observed the empirical situation such as activities acknowledged to be performed by SMEs in the study area with the purpose to substantiate data given by respondents.

3.6 Operationalization of Data Collection

Field survey was conducted after proposal is completed and other necessary logistics for the field data collection were done. Prior to starting a survey the researcher had to pay a courtesy call to the Tanga City Council (Cooperative Departments); visited SIDO Tanga region office, TCCIA Tanga office, and TABIC for preliminary logistics undertaking including collection and preparation of list of active SMEs that are in their data bank. Field survey started after identification, engagement and orientation of four selected enumerators for data collection, and prepared all required logistic to facilitate smooth data collection in their respective fields. The respective respondents were interviewed once and their responses recorded immediately.

3.7 Data Processing and Analysis

3.7.1 Data processing

The processing of the data involved coding, entry and (if necessary) clearing using the statistical package for social sciences (SPSS) version 16.0, and the STATA software package version 13 was used for econometric analysis.

3.7.2 Data analysis

To analyze data, several methods can be used. In this regard, the descriptive analysis using tables, frequencies, percentages, means and cross-tabulation were used. These statistical techniques were used in assessing SMEs characteristics; examine important aspects that support SMEs operation, and their influence to creation of employment opportunity/chances.

A part from descriptive analysis; the econometric (STATA application) analysis technique was used to analyze the effect of explanatory (independent) variables on

creation of employment chances/opportunities (the dependent variable).

However, taking the decision over which technique for data analysis can be used, depends on the nature of data collected (mostly dependent variable). Data for this study are mainly binary, ordinal, categorical and continuous variable. However, the study dependent variable is a continuous variable (number of individual persons recruited or employment chances created in the time period of 4 to 18 years of SMEs businesses operation). The multiple linear regression approach using ordinary least square (OLS) analysis was used. OLS requires a dependent variable to be continuous variable while independent variables can either be dichotomous, nominal, ordinal or continuous (Frone, 1997; Tabachnick and Fidell, 2007). The model is expressed as;

$$EMPLCRn(PN) = \beta_0 + \beta_1 DmEDCRTs + \beta_2 FBLc + \beta_3 FYBOn + \beta_4 CSBCstart + \beta_5 TECHPPLN + \beta_6 CACCFINC + \beta_7 FTECAPplc + \beta_8 FBSrat + \beta_9 MARTAVal + \beta_{10} EMPLOPRTs + \mu$$

3.1: Specification of variables included in multiple regression model (OLS)

Variable	Explanation	Measurement	Variable type
Dependent variables			
Employment –EMPLCRn	Employment chances created: a difference at business start and the time data were collected.	Persons employed (employment chances created)	Continuous
Independent variables			
FYBOn	Years of the firm in operation	Years	Continuous
SBCstart	Capital at firm/business start	Tshs	Continuous
OPRTs	Factors influence creation of employment chances	List of identified factors with influence to employment creation (1 to 6)	Ordinal
EDCRTs	Education of owners/managers	The highest educational level attained	Ordinal
FBLc	Firm/business location	1 if opinioned to have influence, 0 otherwise	Dummy
TECHAPPLN	Technical knowledge and its application	1 if opinioned to have influence, 0 otherwise	Dummy
ACCFINC	Accesses to finance for business operation	1 if opinioned to have influence, 0 otherwise	Dummy
TECAPplc	Technology application in business	1 if opinioned to have influence, 0 otherwise	Dummy
FBSrat	Firm/business strategy	1 if opinioned to have influence, 0 otherwise	Dummy
MARTAVal	Market availability of goods and services offered	1 if opinioned to have influence, 0 otherwise	Dummy

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Overview

This chapter presents and discusses the results of the analysis of SMEs influence on employment opportunities creation in the study area. Specifically, results presented rely heavily on the information obtained from sample of surveyed owners/managers. The descriptive statistics analysis and econometric techniques were used. The chapter is divided into three main sections. The second section discusses the results of the characteristics of the surveyed SMEs. This is followed by analysis of influencing factors in the support and promotion of SMEs operations. Finally, the chapter wind-up with factors influences employment opportunities creation.

4.2 Descriptive Statistics Analysis

4.2.1 Sex and marital status of respondents

Table 4.1 presents sex and marital status of the surveyed sample population who are owners/managers of SMEs operating in the studied area. In view of Table 4.1; majority of the respondents is married which account 83.76 percent compared to other categories namely; single (6.99 percent), and separated/divorced (9.25 percent). In the married category; male respondents have accounted 51.20 percent of the total surveyed sample population compared to 32.56 percent married female respondents. The overall male population stood at 54.88 percent against 45.12 percent of female population. Result on gender of the surveyed owners/managers is not different with the existing empirical evidences which confirmed men to be more active participants in business performing than their women counterparts. Though findings have shown disparity in their involvement in business, the fact is that, women are now coming up and becoming active participants or performers in the micro, small and medium enterprneurial businesses activities in the economy. This results concur with the ILO, (2003) report that, Tanzania women entrepreneurs are going for growth.

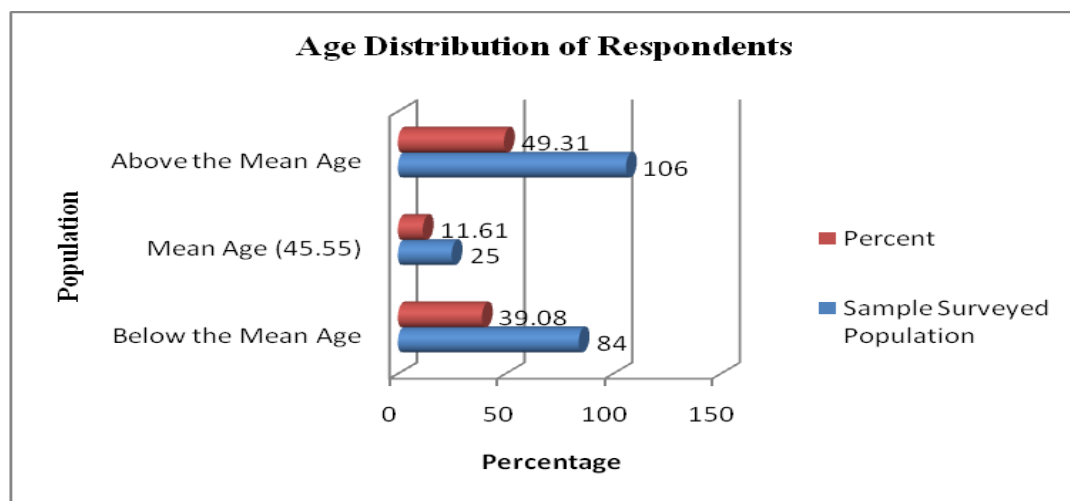
Table 4.1: Sex and marital status of owner/manager of the firm/business

Sex of respondents	Marital status of respondent			Total
	Married	Single	Separated/divorced	
Male	110 (51.20)	6 (2.80)	2 (0.88)	118 (54.88)
Female	70 (32.56)	9 (4.19)	18 (8.37)	97 (45.12)
Total	180 (83.76)	15 (6.99)	20 (9.25)	215 (100.0)

Note: figure in parentheses are percentage

4.2.2 Age status of respondents

Figure 2 present age distribution of the surveyed sample population. The age distribution presented in Figure.2 shows that, majority respondents (accounted 49.31 percent) are above the mean age as compared to 39.08 percent of the sample population with the age below the mean age. However, respondents who are belongs the mean age had accounted 11.66 percent (see the figure 2) of the surveyed population. In this regard, the general implication is that, the surveyed sample is subjected to the energetic and productive labour force; the population which contribute effectively and efficiently in employment opportunities created in the SMEs sector of the economy. The age of the studied population, falls within the affirmed active population by the Tanzania National Bureau of Statistics (TNBS) report of 2012 which asserted that, majority of the country population range between 18 to 65 years; which is workforce of economically active group in the country.

**Figure 2: Age distribution of respondents**

4.2.3 Education status of the respondents

In view of Figure 3, findings on the levels of education attained by the respondents is presented. However, findings are showing that, the highest level of education attained by majority of the sample population is O-level secondary education which accounted 49.76 percent. The A-level secondary education population had accounted 20 percent while certificate/diploma level of education was attained by 13.95 percent respectively. These findings, provide a wider picture that, 91.62 percent of all surveyed owners/managers of the surveyed businesses have just completed their secondary education level. Implication which can be drawn is that, the SMEs sector of the economy employs people with their good education background. This level of education attained provide a good base and a platform for decision taking among business people on the appropriate business technical skills and knowledge acquisition.

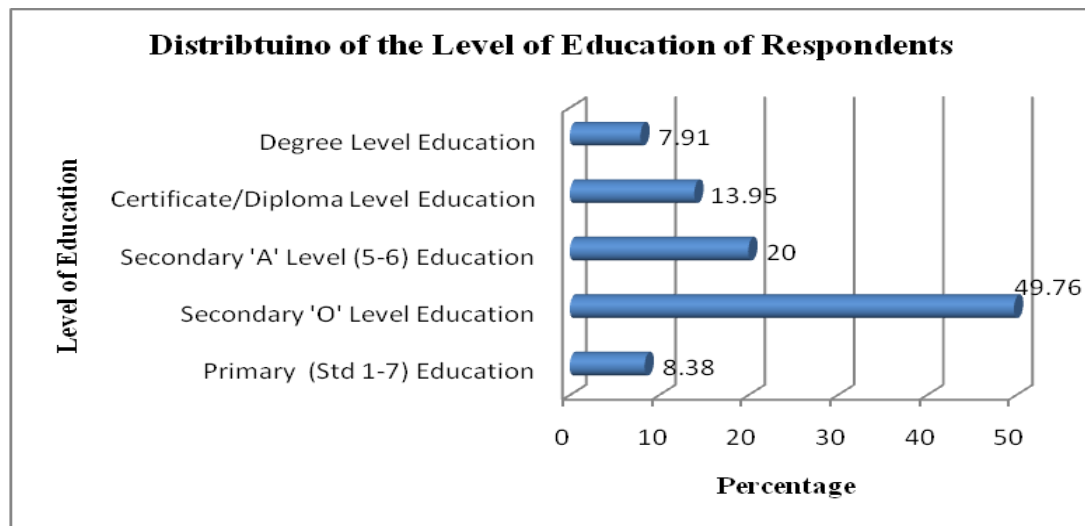


Figure 3: Attained level of education

4.2.4 Business location

Figure 4 shows responses of the surveyed respondents on the location of the firm or business in the studied area. In view of figure 4, majority firms and/or businesses are located in the commercial areas which accounted 91.16 percent compare to 8.84 percent of firms or businesses performed within the home area. This finding support the typical situation of businesses undertaking in the context of Tanzania, that most

of entrepreneurial activities performed in commercial urban or city areas (REPOA, 2009). The supporting ground to this observation is that, commercial areas in Tanzania are found within the vicinity of central/urban/town areas and are more accessible by the public ‘customers’ and most of these areas are supported with necessary facilities for business undertaking. In the Euro zone, SMEs operate mostly in the capital regions (Eurofound, 2016)

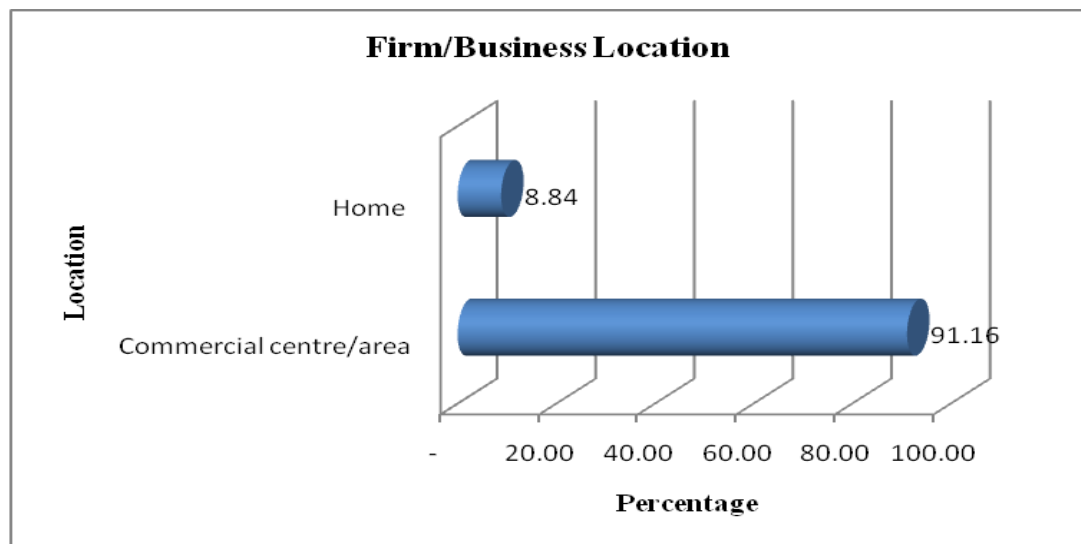


Figure 4: Firm/business Location

4.2.5 Business ownership

Figure 5 presents responses on the forms of business ownership. In view of figure 5; three forms namely; co-operative, partnership and self/individual are presented. According to the survey results, majority respondents (accounted 66.05 percent) responded to operationalize their self owned businesses; 18.14 percent accounted to run their business in partnership and 15.81 percent is family based form of business ownership. The indication to this study findings is that, most of the firms operate or businesses performed in the area of study are individual owned enterprises. Individual people ‘owners/managers’ are the risk takers of their own businesses. However, the evidence to this is supported by the findings about sources of business capital which was observed to be 66.98 percent.

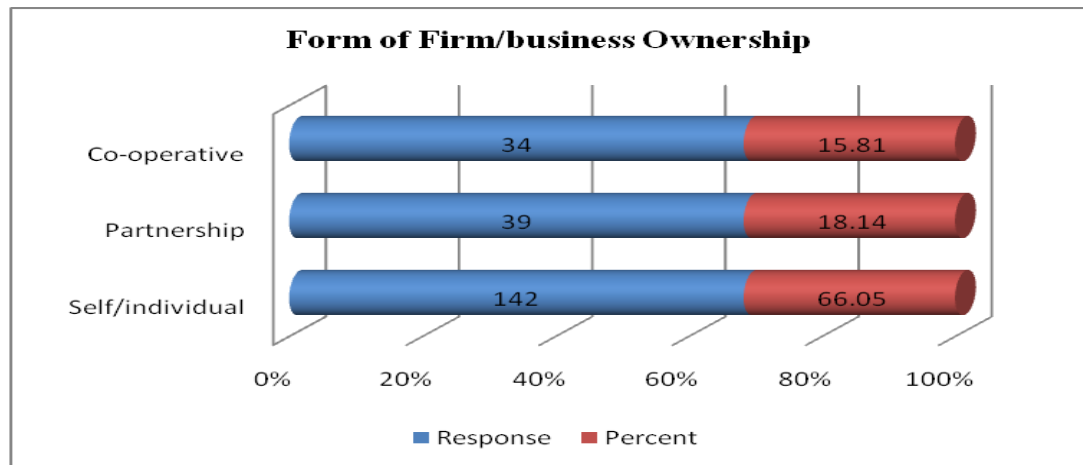


Figure 5: The form of business ownership

4.2.6: Years of firms in business operation

Years in business operation is considered to be an essential aspect in the examination of any business progress and performance. Figure 6 presents the study findings on years the surveyed firms/businesses have been in operation in the area of study. However, reveals are that, majority firms (accounted 39.53 percent) in the area of study have been in business operation in the time period of 4 to 8 years (this is the period below the mean years in operation), 36.28 percent of the surveyed firms have been in operation in the period of 11 to 18 years (this is the period above the mean years of being in operation) and 24.19 percent of the surveyed firms have been in operation in the period of 9 to 10 (mean) years in the area of study.

Regarding the time period of above ten years in business operation, the findings have revealed that, about 48.8 percent of the surveyed firms have been in operation. For the firms that have been in less than ten years in business operation, the study findings have reveals that, 51.2 percent of the surveyed firms have been in business operation. These findings suggest that, majority of the surveyed firms in the area of study have been the active participants in performing various economic activities of which, the empirical evidences have revealed to fall under three sectors of the economy namely; manufacturing (49.29 percent), commercial/trade (25.59 percent) and service (25.12 percent).

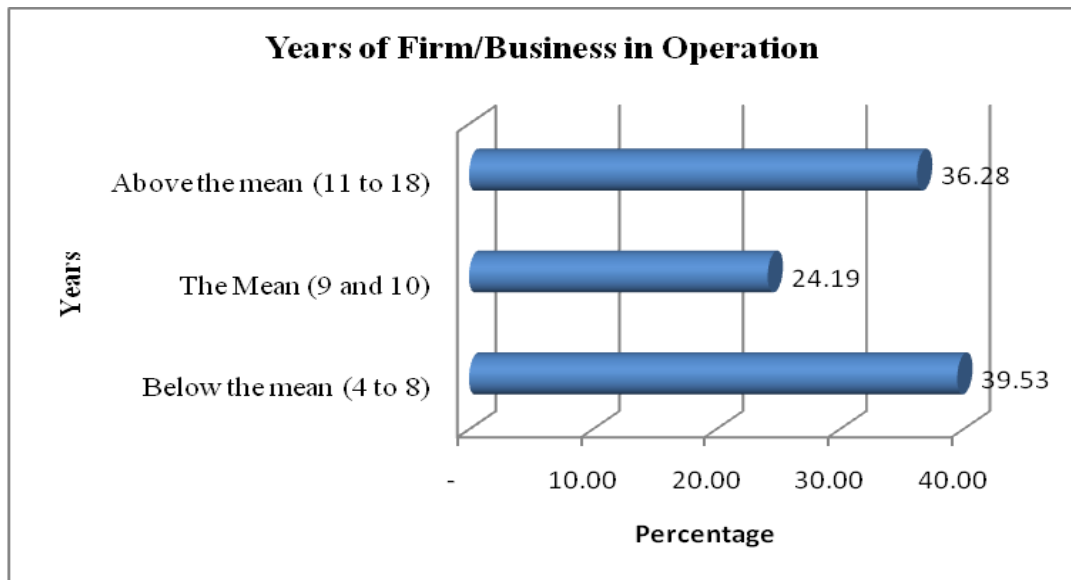


Figure 6: Years of firms in operation

4.2.7: Business start-up capital and sources

Figure 7 shows levels of capital used at the start of the business operation. As figure 7 depict; majority of respondents (accounted 68.37 percent) started their businesses with a capital amount below 5 million TSHs, while 24.65 percent account for those started with capital above 5 million but less than 10 million TSHs and only 6.9 percent were responded to start with capital above 10 million but less than 14 million TSHs.

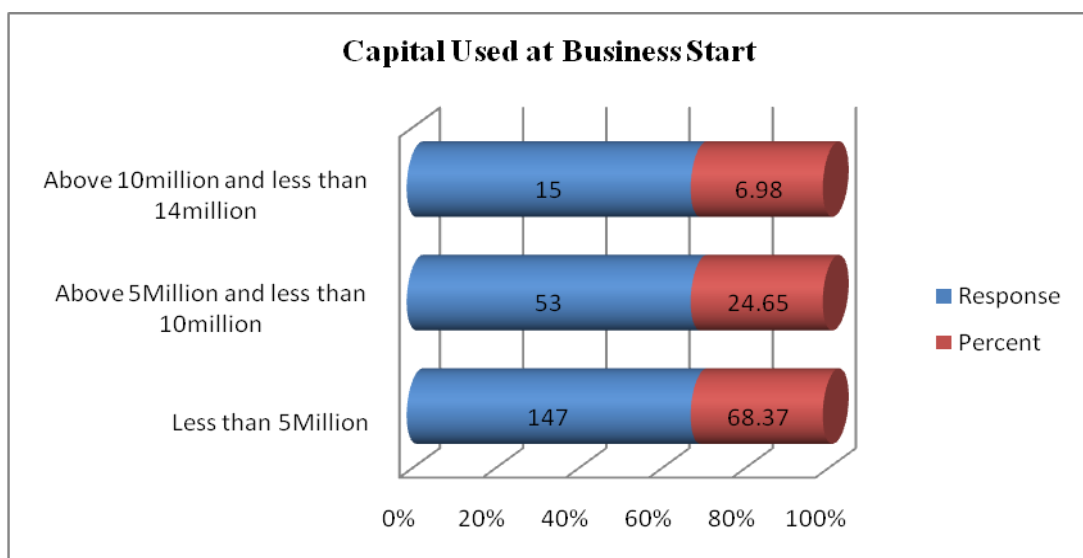


Figure 7: Capital at business start

In view of the findings that, majority respondents (accounted 68.37 percent) started their business operation with less than 5 million TSHs is the indication that, the surveyed firms in the area of study falls at the micro -enterprise category which define firms to have capital investment of less than 5 million Tshs as well as employees ranging between 1 to 4 (URT:SMEDP, 2003) the thing that, was revealed by this study (see Table 4.5).

In addition, figure 8 present sources of business capital. In view of figure 8; own-saving (accounted 66.98 percent) was identified to be the major source of business capital followed by bank (18.60 percent) and family (14.42 percent) respectively. These findings, portray the fact that, majority of surveyed owners/managers in the area of study used to mobilize their own cash money when they had a decision to start businesses. The decision to put the cash money at the start of business might be influenced by lending conditions not be very friendly to borrowers. This loan conditionarity includes; the charged interest rates, collaterals requirements and other associated conditionarities. This situation influences owners/managers in the area of study to narrowed their decision hence directed their choices on mobilization of business capital through their own savings.

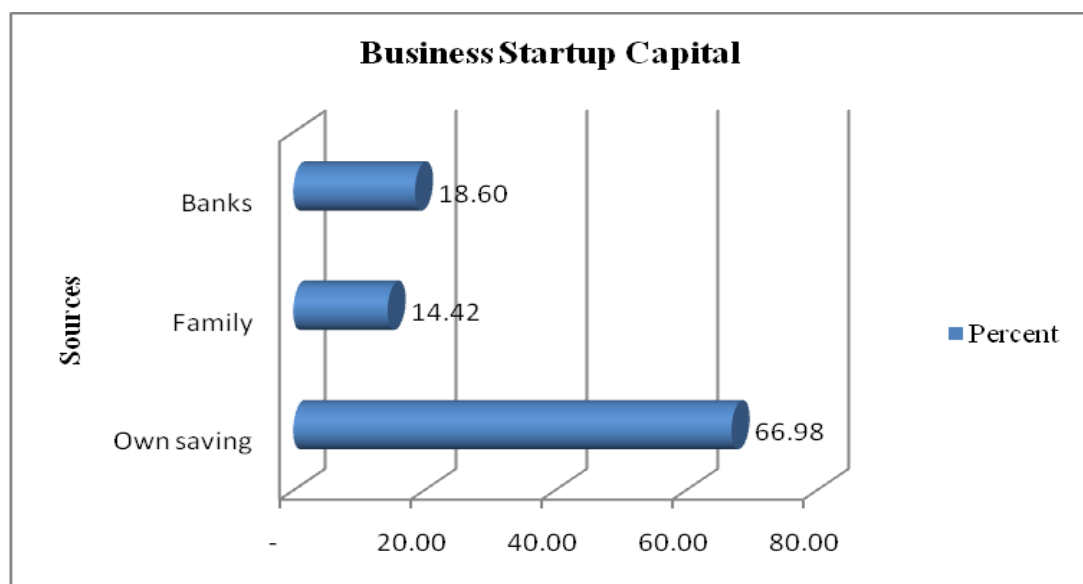


Figure 8: Source of the startup capital

4.2.8: Business categories

Table 4.2 present categories of business activities that, SMEs in the area of study are performing. These categories reflect types of economic activities that the surveyed SMEs are actively participating in the economy. As depicted in Table 4.2, all business activities are being acknowledged by scholars to embrace the SMEs sector's development, its contribution to employment creation, economic growth, development as well as in poverty reduction (Eurofound, 2016; REPOA, 2009; Afande, 2015; De Kok *et al.*, 2011; Abor and Biekpe, 2007).

Table 4.2 Business performed in the areas of study

SMEs sector	Business categories	Response	Percent
Commercial/trade	Agro-inputs and implements selling business	7	3.26
	Timber shops/selling	13	6.05
	Whole selling trade/business	17	7.91
	Importation and selling of the first glade cloths	14	6.51
	Car spare parts business	4	1.86
	Sub total	55	25.59
Manufacturing sector	Bakery and the associated products	11	5.12
	Manufacturing and selling of drinks	5	2.33
	Processing and selling of milk and milk products	8	3.72
	Flour milling/food processing	7	3.26
	Dairy cattle farming business	3	1.40
	Sunflower oil processing	11	5.12
	Aluminums works	5	2.33
	Handicrafts	6	2.79
	Leather products	8	3.72
	Metal fabrication/welding and engineering works	10	4.65
	Processing of semi-precious stones	17	7.91
	Furniture making business	12	5.58
	Bricks making	3	1.40
	Sub total	106	49.29
Services sector	Stationery and printing	17	7.91
	Boutique and tailoring	14	6.51
	Catering business	8	3.72
	Internet surfing services	5	2.33
	Garage/car workshop services	4	1.86
	Photo lab services	6	2.79
	Sub total	54	25.12
Total		215	100.00

In view of this study findings, the reveals are that, 7.91 percent of the majority respondents in the area of study perform whole selling business; stationery and printing alike. Boutique and tailoring; importation and selling of the first glade cloths each accounted 6.51 percent. Timber shops/selling business accounted 6.05

percent, furniture making businesses is 5.58 percent, whereas sunflower oil processing and bakery and selling of its related products each accounted 5.12 percent just to mention but few.

The presented findings in Table 4.2 were sorted into the respective SMEs sectors of the economy. Reveals are that, all listed business categories in Table 4.2 inclined into three sectors namely; manufacturing, services and commercial/trade. Manufacturing sector has accounted 49.29 percent of majority business performed as compared to 25.59 percent and 25.12 percent for commercial/trade and services sectors respectively. This is the indication that, manufacturing sector is more predominant in the area of study as compared to other sectors namely commercial and services. These sectors are mostly operationalized under the private sector economy. This finding concur the World Bank report (2011 cited by Govori, 2013) that, enterprises employ about 60 percent of the private sector of which the business activities that are performed in the area of study have confirmed to it.

4.2.9: Knowledge on business performed

Business knowledge is one among the very crucial aspects in worth performing of economic generation activities/enterprise. Its significant role is observed in the management area of the business entity. Therefore, it was in this respect, the researcher had to examine the position of the owners/managers if the surveyed firms in the area of the study so as to give their practical experiences.

Figure 9 present owners/managers responses if they do have any business knowledge that have been helpful in their businesses operation. The results in figure 9 have shown that, majority (accounted 82.79 percent) respondents possess skills/knowledge which is appropriate to their businesses, while the remaining 17.21 percent did not posses any knowledge associated to businesses they are performing in the area of the study. The general implication to these findings is that, in the management aspect of the day to day business undertakings, knowledge is being valued important to stirring the move. This evidence support the reality that,

business dynamics, technological innovations and foremost the changing business environment require new techniques in doing business. To achieve this, one has to be more acquainted with the relevant business skills/knowledge to allow more flexibility to accommodate the changing business situations for the ultimate goal attainment.

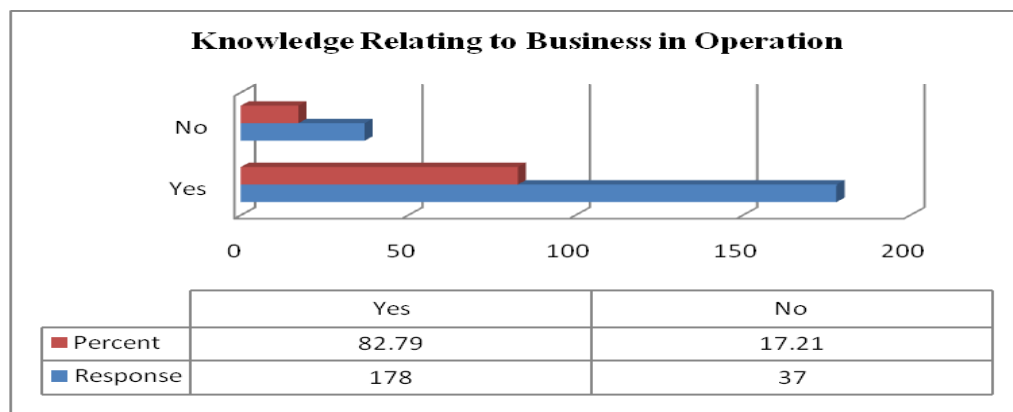


Figure 9: Knowledge relating to business

4.2.10 Factors that support and promote business operation

Table 4.3 presents opinions regarding factors that support and promote business operation in the area of study. The study findings have shown that, a list of factors presented in Table 4.3 were affirmed to be very helpful by 45.38 percent of owners/managers of the surveyed SMEs as compared to 42.82 percent of helpful response. In principle about 88.2 percent of the surveyed respondents did agree that factors listed in Table 4.3 have supported and promoted their business operations.

However, apart from the response regarding findings in Table 4.3; the researcher had requested the owners/managers of the surveyed SMEs to identify other likely common factors that they think were not in the list (as seen in Table 4.3) but on their views and based solely on business experiences have been helpful in the support and promotion of their business operation. In view of this request, a number of factors were identified. Table 4.4 presents a list of other potential factors. These factors are not limited to; capacity to identify and implement workable business strategies has accounted 29.3 percent; ensure adequate capital is appropriately put into business

has accounted 15.8 percent; being motivated and committed to the purposes and goals of the business has accounted 14 percent and ensure quality products are produced has accounted 10.7 percent.

Table 4.3: List of factors that support and promote business operation

Sn	Factors	Very helpful	Helpful	Less helpful
1	Market infrastructures, networking and communication facilities	86(40.00)	121(56.30)	8(3.70)
2	Periodic and timely business promotion and advertisement	102(47.40)	100(46.50)	13(6.00)
3	Markets availability for the goods and services provided	84(39.10)	125(58.10)	6(2.8)
4	Availability and accessibility of credit facilities	84(39.10)	96(44.70)	35(16.30)
5	Availability and application of the appropriate technology in business operation	108(50.20)	80(37.20)	27(12.60)
6	Technical skills, competencies and the experience in managing firm's business	115(53.50)	79(36.70)	21(9.80)
7	Established laws and regulations that adequately support business operations	84(39.10)	111(51.60)	20(9.30)
8	Reliable supply of electricity and other utilities for the firm's businesses operation	113(52.60)	87(40.50)	15(7.00)
9	Availability and accessibility of appropriate capacity building facilities related to business management and operation	82(38.10)	109(50.70)	24(11.20)
10	Firms strategies in the implementation of the businesses	99(46.00)	101(47.00)	15(7.00)
11	Taxation system, business rules and regulation	18(8.40)	77(35.80)	120(55.80)

Note: figure in parentheses are percentage

Regarding findings presented in Table 4.3 and Table 4.4; business undertaking and its achievement is determined by existence of potential factors/aspects that work to support and promote business operation. However, what matter most is not their existence but rather the extent to which they have been operational helpful in facilitating the presence of smooth business operating environment. The acknowledgement that, the presence of improved market infrastructures, networking and communication considered its essential to business development, economic growth and employment creation (URT:SIDP, 1996-2020).

Likewise, product promotion and advertisement remains to be a life business strategy that, for the most committed entrepreneurs (producer and/or supplier) would need to see it working. The empirical evidence has shown this as 93.7 percent of the respondents agreed in principle to play a crucial role in their businesses undertaking. Customers get the right hand information regarding products that are in the market, thus widen their choice 'selection' and decisions taking regarding the amount, quality and variety of goods that will maximize their household or individual satisfactions. In doing so, the goods produced would quickly be moving hence provide chances for more production of goods hence business operation is sustained.

Likewise, markets availability of goods produced and/or services offered, were confirmed to play a crucial role in business operation. In the empirical practice in business undertaking, there will be none either producer or provider of services who engage in business without being assured of markets 'customers' availability for his/her products. In the same consideration, the likely concern is extended to the question of ensuring accessibility of credit facilities to support business operation. The general observation is that, 83.8 percent of the respondents have agreed that financial services accessibility have been supportive and helpful in the promotion of their business operation. This result concurs the World Bank (2008 cited by Afande, 2015) observation that; better access to financial services is very essential in business operation as it ensure liquidity for capital investment (Dinh, *et al.*, 2010).

Availability and application of appropriate technology in business operation was opinioned to be helpful by 86.9 percent in supporting business operation. This findings is in line with ILO (2015) observation that, technological innovation and its application has a positive impact on increasing efficiency and productivity in business. In the likely waving, De Kok *et al.*, (2011) argued that, technological innovation facilitate firms to adopt new approach, including capital usability for the purpose of improving the products quality. In the same consideration, the United State International Trade Commission (2010), had a view that, firms widen-up their chances to outside markets.

In the case of technical skills, competencies and experience in managing firm's business, confirmation are clear that, they do support and promote business operation. The empirical evidence to it, is the support of 90.7 percent response of the surveyed respondents in the area of the study. The findings concur with the Makhbul, *et al.*, (2012) assertion on business operationalization that, the possibility of firms to penetrate the markets (local and foreign) is determined by skills, competence and experience possessed by the owners/managers of the firm/business.

On the other hand, established laws and regulations were opinioned to adequately support business operations by 90.7 percent (sum of respondents who accounted 51.6 percent helpful and those accounted 39.1 percent very helpful). These evidences correspond to ILO (2015) arguments on policy issues that, policies tend to foster competition and innovation in production, including the access to finance (Leyva, 2012).

Moreover, reliable supply of electricity and other utilities for the firm/businesses operation were generally accounted 93.1 percent (refer those who accounted 52.6 percent very helpful and those opinioned 40.5 percent helpful). Reliable supply of electricity and other utilities play a facilitating role in the industrial operationalization process. The moment these services are limited in supply tend to reduce or bring an impact in the production and general operation of the firms. Therefore, these utilities remains to be potential factors in motivating business operation.

Moreover, the global business communities considers potentiality of having in place sound business strategies at right time aims at improving operation efficiency and effectiveness. This consideration is significant due to the fact that, business environment, techniques and approaches in business are more flexible and could change so fast. Therefore, business strategies are needed to accommodate any physical and soft change for smoothly business operation. In the context of this study, reveals have found that, 93.0 percent of the surveyed respondents

‘owners/managers’ opinioned business strategies to have been helpful in their business operation. This finding concur the Eurofound (2015) observations that, for the firm to grow should have sound investment strategies looking at issues of having sufficient assets, diversification of funding sources, including revenue creation for growth (Bruneel, Clarysse and Wright, 2009).

The capacity to identify and implement workable and profound business strategies as well as adequate capital being appropriately put into business were both acknowledged to be crucial factors in supporting business operation (see Table 4.4). World Bank, (2008) and Dinh, *et al.*, (2010), affirmed these aspects to play significantly in the life of businesses. This include as well a one’s motivation and commitment to the purposes and goals of the businesses. Generally, the obvious fact is that, if firm want to exist in the market is required to embrace the culture and practices of upholding competition in production of quality goods/or services.

Table 4.4: List of other potential factors in support and promotion of SMEs operation

Sn	Aspects that support and promoting business operation	Response	Percent
1	Capacity to identify and implement workable business strategies	63	29.3
2	Adherence to the governing business rules and regulations	13	6.0
3	Ensure adequate capital is appropriately put into business	34	15.8
4	Ensure quality products are produced	23	10.7
5	Ensure quality services and of reasonable prices made available to markets	13	6.0
6	Ensure products distribution use a well informing channels	2	0.9
7	Effectiveness in applying expertise, competence and experience in business operation	20	9.3
8	Being motivated and committed to the purposes and goals of the businesses	30	14.0
9	Being dynamic in the application of appropriate technology in business operation	6	2.8
10	Being active participants to various skills and knowledge building seminars and workshops conducted within and outside the country; including attending the international trade exhibitions	11	5.1
Total		215	100.0

In examining the extent to which aspects listed in Table 4.4 were helpful in business operation, the researcher had to ask for the response and reveals (as shown in figure 10) were that, majority (accounted 59.07 percent) respondents viewed that, the listed aspects in Table 4.4 were very helpful as compared to 33.02 percent of the helpful response and 7.91 percent less helpful.

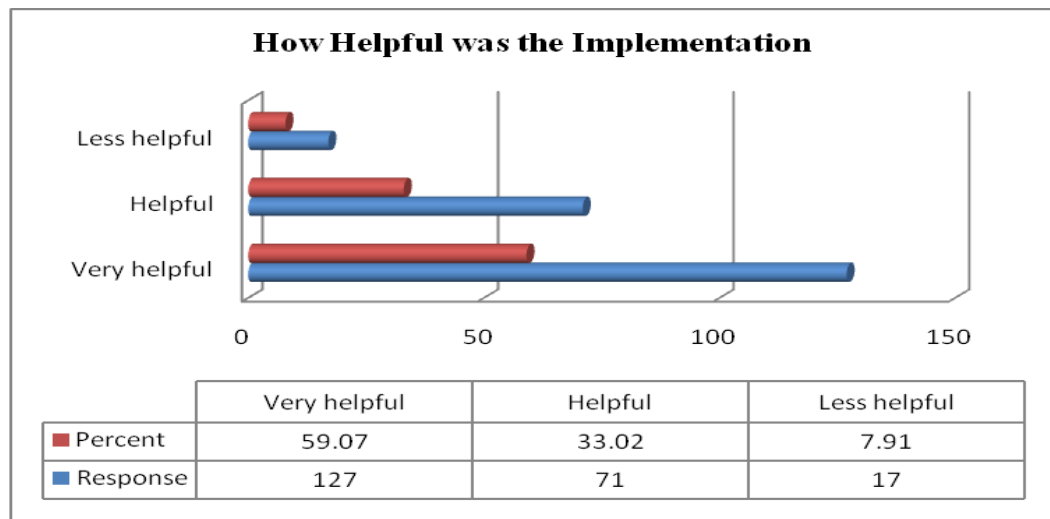


Figure 10: Opinions on business operation

The general observation drawn from findings presented in figure 10 is that, 92.10 percent of the owners/managers of the surveyed SMEs businesses agreed in principle that, factors listed in Table 4.3 and Table 4.4 have been helpful in operationalization of their businesses.

4.2.11 Creation of employment opportunities

In view of figure 6, SMEs in the studied area have been in business operation in the time period of not less than 4 and not above 18 years. This period in business operation reflects an earnest commitment among the surveyed business owners/managers. During this period of business operation, findings have revealed the creation of different employment chances. These created chances reflected the different number of individual persons being recruited into businesses operation. Findings have shown that, from the surveyed firms, 96 (44.65 percent) each had created two chances for which two (2) individual persons were recruited. However,

58 firms (26.98 percent) each created one chance for which one (1) person was recruited and 45 firms (20.93 percent) each created three chances for which three (3) individual persons were recruited during businesses operation (see Table 4.5).

It was revealed further that, 16 firms (7.44 percent) had maintained their recruitment status. This finding is particularly observed from six firms which were being in four years in business operation. Others include, three firms in five years; three firms in seven years and four firms in nine years of business operation. The general indication on the maintained recruitment status is that, during the period to which firms have been in business operation (at start to the time this study data were collected) no new chances were created. This results shows that, no change in the employment among firms has been experienced. All in all however, almost all the surveyed firms did recruit individual person into business operation. These findings confirm the assertion that, the surveyed firms fall under micro enterprise category which defined firms which recruit individuals between 1 to 4 (URT: SMEDP, 2003)

Table 4.5: Chances of employment created in the period of 4 to 18 years

Years in operation	Individual Employed: Net Employment				Total
	0*	1**	2**	3**	
4	6	0	0	2	8
5	3	7	4	4	18
6	0	9	15	4	28
7	3	6	0	0	9
8	0	9	6	7	22
9	4	6	11	4	25
10	0	3	17	7	27
11	0	4	15	2	21
12	0	14	2	2	18
13	0	0	2	4	6
14	0	0	12	2	14
15	0	0	2	0	2
18	0	0	4	0	4
	16	58	96	45	215

Moreover, the net employment (in Table 4.5) describe the observed difference in employment of individual persons at businesses start to the time this study data were collected. An indepth description is given hereunder as follows:

- 0*** - no observed difference in the recruitment to the time data were collected
- 1**** - one individual person was recruited (the net employment)
- 2**** - two individual persons were recruited (the net employment)
- 3**** - three individual persons were recruited (the net employment)

Table 4.6 presents recruitment status of individual persons per respective identified sector of the economy. All business categories listed in Table 4.2 were grouped into the respective sectors. Reveals have been that, majority of the performed businesses in the area of study fall under the manufacturing sector which has accounted about 49.30 percent compared to commercial and services sectors which accounted 25.58 percent and 25.12 percent respectively (see Table 4.6). These findings are contrary to De Kok *et al.*, (2011) and Eurofound (2016) assertion that, there is the tendency for employment to be most pronounced in the service sector, while in the manufacturing sector contribute less job creation. All in all, however, these differences in creation of employment chances are determined by the existing disparities within and outside the firms business environment, culture and the geographical context.

Looking at sector based perspective; findings have shown that, recruitment of individual persons into business operation was done to each sector in respect of the created chances by the firms during business operation. This is to say that, at least individual person was recruited in each chance created per the identified sector of the economy. For example; in the commercial sector of economy 9.77 percent present the highest number of individuals recruited, followed by 7.91 percent of three individuals and 6.98 percent of one individual respectively. In the manufacturing sector 22.33 percent present two individuals recruited, followed by 12.56 percent of one individual and 9.77 percent of three individuals (see Table 4.6). The service sector has recruited two individuals who accounted 12.55 percent, followed by 7.44 percent of one individual and 3.25 percent of three individuals.

Table 4.6: Sectoral based employment

Sectors	Employed Individuals				Response
	0*	1**	2**	3**	
Commercial/trade	2(0.93)	15(6.98)	21(9.77)	17(7.91)	55(25.58)
Manufacturing sector	10(4.65)	27(12.56)	48(22.33)	21(9.77)	106(49.30)
Services sector	4(1.86)	16(7.44)	27(12.55)	7(3.25)	54(25.12)
	16(7.44)	58(26.98)	96(44.65)	45(20.93)	215(100)

Note: figure in parentheses are percentage

4.2.11.1 Factors contributing to creation of employment opportunities/chances

In the esteemed context of this study, employment opportunities have been defined as employment chances created that lead to individual persons being recruited. In line of this explanation, assumption was made that, there could be a list of contributing factors to the created employment chances/opportunities in the period of 4 to 18 years (see section 4.2.6) of firms being into business operation. In order to examine the empirical evidences on the ground, the researcher had requested owners/managers of the surveyed firms to identify factors that have been influencing the creation of employment chances. This request was done solely on the basis of owners/managers' best knowledge and experience in their businesses operation. Therefore, Table 4.7 presents a list of factors identified to have influenced creation of employment opportunities in the area of study.

The identified factors includes; increased demand for goods and/or services provided which accounted 53.02 percent of all surveyed respondents. The ground for increased demand of goods and/or services being an influencing factor to creation of employment chances is centred on the perspective of pulling factor to business operation. Explanation is that, when demand for goods and services increases (decreases) individuals (who might be/or not in the formal channels) may him/her/themselves tend to engage in the distribution networks (provide/supply to consumers 'customers') of the goods/products/services. Similarly, when decision are made to expand business services, it is obvious that, decision has being to recruit individual person(s) for execution of this particular role. This was done through contacting individual or individuals to participate in buying and selling products to the markets 'customers'. In view of theoretical fact, the empirical evidence

supported the same that, increase demand for goods and/or services offered or supplied influences positively the chances for individual persons to be employed (see the analysis Table 4.13).

Other listed factors include; accessibility of raw-materials which accounted 21.40 percent; 11.16 percent for financial services availability; improvement in business facilitating infrastructures such as electricity and water supply services, market information communication and transportation has accounted 5.58 percent. Technological accessibility and usability in business operation has accounted 5.58 percent. All in all however, these contributing factors presented in Table 4.7 have acted the role of motivation building and commitment amongst the owners/managers of the surveyed SMEs businesses towards creation of employment chances.

Table 4.7: Factors contributing to creation of employment chances

Identified factors	Response	Percent
Increased demand for goods and/or services (Factor1)	114	53.02
Accessibility of raw-materials for business operation (Factor2)	46	21.40
Improvement in supply of facilitating infrastructures such as; electricity, water services; market information, communication and transportation (Factor3)	12	5.58
Technological accessibility and usability for business operations (Factor4)	12	5.58
Ensured financial services availability to facilitate business operations (Factor5)	24	11.16
Increased business capacities lead to expansion in business operations (Factor6)	7	3.26

Table 4.7 present findings of the contributing factors to employment chances/opportunities creation. In view of these findings, the first factor (Factor.1) influences the employment chances/opportunities creation by 53.03 percent, compared to 21.40 percent of the second factor (Factor.2); The fifth factor (Factor 5) had accounted 11.19 percent, the third factor (Factor.3) and fourth factor (Factor.4) each accounted 5.58 percent, and the sixth factor (Factor 6) had accounted 3.26 percent.

Nevertheless, looking along the created chances of employment with respect to individual factor, it shows that, in all the listed factors (see Table 4.8) none except Factor.1 (accounted 7.44 percent) has maintained its recruitment status. The

implication is that, despite increase in demand for goods/services provided, no new individual person were recruited in the period of 4 to 18 years of business operation.

Regarding recruitment of one (1) individual person into business operation, findings have shown that, Factor.1 has accounted 13.96 percent, followed by 8.37 percent of Factor.2 and Factor.4 was 2.33 percent just to mention few. In recruitment of two individual persons into business, reveals are that, Factor.1 has accounted 25.58 percent, whereas Factor.2 had 9.77 percent; Factor.4 had 3.26 percent, while Factor.5 and Factor.6 have accounted 2.80 percent and 2.31 percent respectively. In the recruitment of three (3) individual persons, it is clear that, Factor.5 has accounted 7.91 percent, followed by 6.05 percent of Factor.1. Factor.2 and Factor.4 have accounted 3.26 percent and 2.33 percent respectively. Therefore, these findings give the general indication that, each factor as listed in Table 4.8 had an influence on the creation of employment chances.

Table 4.8: Contributing factors and employment chances

Individual employed	Contributing factors to creation of employment chances						Response
	Factor.1	Factor.2	Factor.3	Factor.4	Factor.5	Factor.6	
0	16(7.44)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	0(0.0)	16(7.44)
1	30(13.96)	18(8.37)	3(1.40)	5(2.33)	1(0.46)	1(0.46)	58(26.98)
2	55(25.58)	21(9.77)	7(3.26)	2(0.93)	6(2.80)	5(2.31)	96(44.65)
3	13(6.05)	7(3.26)	2(0.93)	5(2.33)	17(7.91)	1(0.45)	45(20.93)
	114(53.03)	46(21.40)	12(5.58)	12(5.58)	24(11.19)	7(3.22)	215(100)

Note: figure in parentheses are percentage

4.2.11.2 Category of employment opportunities/chances created

Table 4.9 presents the categories of employment opportunities created among the surveyed SMEs businesses in the area of study. In view of Table 4.9, four categories of employment opportunities were identified. These include; temporary employment, family members (both paid and/or unpaid), apprentices and permanent employment categories. However, based on these categories, reveals are that, the maximum number of employment chances at the start of business were two (2). This is to say that, at start of SMEs businesses operation; temporary category had accounted 61.40 percent, family had accounted 75.81 percent and 59.07 percent for

paid and unpaid respectively; whereas, apprentices had accounted 89.30 percent and permanent had accounted 80.46 percent. These findings are for none individual persons recruited.

However, evidence revealed further that, one chance was created in each category of employment. Findings have shown, temporary category accounted 37.67 percent, family (paid 22.32 percent and unpaid 37.67 percent), apprentices had 6.51 percent and permanent category had accounted 18.61 percent.

About two (2) chances of employment, it is 0.93 percent of the surveyed SMEs businesses have created these chances under temporary employment category. The family category observed 1.87 percent for paid, and 3.26 percent for unpaid members. The apprentices had 4.19 percent whereas, the permanent category had 0.93 percent (see Table 4.9).

Table 4.9: Category of employment chances

Employment chances	Category of employment opportunities				
	Temporary	Family member (paid)	Family member (unpaid)	Apprentices	Permanent
Employment at the start of firm/business operation					
0	132(61.40)	163(75.81)	127(59.07)	192(89.30)	173(80.46)
1	81(37.67)	48(22.32)	81(37.67)	14(6.51)	40(18.61)
2	2(0.93)	4(1.87)	7(3.26)	9(4.19)	2(0.93)
	215(100)	215(100)	215(100)	215(100)	215(100)
Employment status after data collection					
0	38(17.67)	104(48.37)	159(73.95)	176(81.88)	72(33.49)
1	114(53.02)	88(40.93)	41(19.07)	24(11.16)	105(48.84)
2	58(26.97)	23(10.7)	15(6.98)	11(5.12)	34(15.81)
3	2(0.93)	0(0.00)	0(0.00)	4(1.86)	4(1.86)
4	3(1.41)	0(0.00)	0(0.00)	0(0.00)	0(0.00)
	215(100)	215(100)	215(100)	215(100)	215(100)

Note: figure in parentheses are percentage

Again, regarding the employment after this study data were collected, findings are presented in Table 4.9. In view of Table 4.9, employment creation among the identified categories namely; temporary, family members (both paid and unpaid), apprentices and permanent is revealed. However, the maximum number of employment chances created has increased to four (4) from the maximum of two (2)

chances observed at the start of SMEs businesses operation (see Table 4.9).

In the creation of one (1) chance during business operation, findings have revealed that, the temporary category had 53.02 percent, family (paid 40.93 percent, and unpaid 19.07 percent), apprentices (11.16 percent) and permanent (48.84 percent).

In two (2) chances (reflected two individual persons recruitment) of employment creation, reveals are that, the temporary category had accounted 26.97 percent; family members 10.7 percent (for paid) and 6.98 percent (for unpaid); apprentice category accounted 5.12 percent and permanent category 15.81 percent.

In the three (3) chances created, temporary category had accounted 0.93 percent, apprentices accounted 1.86 percent and permanent category had 1.86 percent. In the creation of four (4) employment chances, reveals have shown that, it is the temporary category that accounted 1.41 percent and none other categories.

Consequently, the general observation drawn from presentation in Table 4.9 is that, there has been a significant change in the employment chances creation. For example under temporary category; at the start of firm business operations, 61.4 percent had accounted no chance created against 17.67 percent at the time this study data were collected. This is a positive improvement to reduction of unemployment by 43.73 percent. In one chance creation; it was 37.67 percent at the start of business against the 53.02 percent at the time this study data were collected. This again is improvement, since the employment chances have increased by 15.35 percent. Likewise, in two chances creation, observation was 0.93 percent at the start of business against 26.97 percent at the time this study data were collected. This is an increase of 26.04 percent in the creation of employment. The general indication to these results is that, under this category of employment there has been an increase in the employment chances among the surveyed SMEs in the area of study.

Regarding permanent employment category; at the start of firm business operation, no chance was created had accounted 80.46 percent against 33.49 percent at the time this study data were collected. This is improvement as the unemployment chances were reduced by 46.97 percent. In one employment chance creation; it was 18.61

percent at business start against 48.84 percent at the time this study data were collected. This is 30.23 percent increase in the employment. In two chances creation; it was 0.93 percent at business start against 15.81 percent at this study data were collected. Again, this is the 14.88 percent contribution to employment creation.

These empirical results support the fact that, there have been a significant improvement in creation of employment chances. In view of the created employment chances (and the individual persons being recruited) among the surveyed SMEs businesses in the area of study, these findings concur the assertion that, micro enterprise category recruit up to 4 employees (SMEDP, 2003).

4.3 Econometric Analysis

4.3.1 Multicollinearity and heteroscedasticity problems

Any research study with interest to use the econometric techniques to empirically analyzes the research findings has to consider the important aspect of performing multicollinearity and heteroscedasticity tests. These techniques are done to ensure the prediction yield the best unbiased estimators (BUE). In this regards, diagnosis test for multicollinearity (Tolerance and Variance Inflation Factor (VIF) was operationalized.

Theories are putting rightly that, a tolerance close to 1 means there is little multicollinearity. A value close to 0 suggests that multicollinearity may be a threat to a model, while higher degree of multicollinearity are reflected in VIF values above 10 (Pallant, 2005; Tundui, 2012 cited Hair *et.al*, 2006).

This study findings revealed non existence of multicollinearity problem among the independent variables (see Table 4.10 and Table 4.11 respectively). The high correlation coefficients are defined as 0.7, 0.8 and 0.9; medium correlation coefficients defined as 0.4, 0.5, and 0.6; while low correlation coefficients defined as 0, 0.1, 0.2, and 0.3. Based on this definition, multicollnearity exist when independent variables involeved in the model are highly correlated (i.e $r \geq 0.9$) Pallant (ibid).

Table 4.10: VIF results

S/N	Variable	VIF	1/VIF
1	Firm strategy	6.26	0.159680
2	Technical knowledge	6.22	0.160811
3	Increased demand for goods and/or services (Factor.1)	5.42	0.184622
4	Accessibility of raw-materials for business operation (Factor.2)	4.29	0.232902
5	Secondary O-level education	4.02	0.248561
6	Secondary A- level education	3.05	0.327620
7	Ensured financial services availability to facilitate business operations (Factor.5)	2.88	0.346993
8	Certificate/diploma level of education	2.74	0.365358
9	Technology application	2.00	0.499301
10	Improvement in supply of facilitating infrastructures such as; electricity, water services; market information, communication and transportation (Factor.3)	2.04	0.491061
11	Competence and expertise	1.22	0.816773
12	Bachelor level of education	1.96	0.509795
13	Years in business operation	2.03	0.492608
14	Market availability of goods and services	1.31	0.762375
15	Increased business capacities lead to expansion in business operations (Factor.6)	1.68	0.593759
16	Credit (financial) availability	1.38	0.722837
17	Firm location	1.53	0.655297
18	Capital of business at start	1.26	0.793413
Mean VIF		2.80	

Table 4.11 shows the correlation matrix for all variables included into the model (see Table 4.13). Findings have revealed that, NetEmployees (which is the dependent variable) has a low correlation coefficient with all variables. The correlation coefficients between other independent variables observed to fall under low category (ranging between 0 – 0.3), except for technology, firm location and credit availability which their correlation coefficients fell within the medium category (0.4 – 0.6). The correlation coefficients for firm strategy and technical knowledge variables have fallen in the high category (0.7 – 0.9). According to Pallant, (ibid), these results concur his assertion, therefore showing the evidence of none existence of multicollinearity problem.

Table 4.11: Correlation Matrix

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 NetEmployees	1															
2 Education	0.2376	1														
3 FirmLocation	-0.2071	0.1168	1													
4 YearsinOpen	0.2738	0.1845	-0.0547	1												
5 CapitalBusin	0.0724	-0.1509	-0.0325	0.1272	1											
6 TechnicalKnow	0.1479	0.0826	-0.1443	0.0356	-0.1340	1										
7 MarketAvail	0.0985	-0.0104	0.0652	-0.0673	-0.1087	0.0680	1									
8 CreditAvail	0.0420	0.0450	0.1734	-0.2014	-0.0270	-0.1383	0.0908	1								
9 Technologi	0.0102	-0.1823	0.5249	-0.0744	0.1482	-0.1756	0.0283	0.4032	1							
10 Competence	0.0045	0.0484	0.1359	-0.0923	0.0996	-0.0438	0.0679	0.3229	0.3443	1						
11 FirmStrategy	-0.0913	0.0959	-0.1121	0.0749	-0.0920	0.9096	0.0679	-0.1537	-0.1513	-0.0652	1					
12 Factor1	-0.2502	0.0354	0.0681	-0.1717	-0.0460	-0.0697	-0.0448	0.0393	0.0370	0.0534	-0.1112	1				
13 Factor2	-0.0439	0.0006	0.0026	0.1991	0.1301	0.0633	-0.0410	-0.0157	0.1293	-0.0004	0.1140	0.5543	1			
14 Factor3	0.0292	-0.0090	0.0757	-0.1309	0.0732	0.0595	-0.0128	-0.0026	-0.0301	-0.0335	0.0687	-0.2583	-0.1268	1		
15 Factor5	0.3627	0.0415	-0.0978	0.1034	-0.1526	0.0094	0.0870	-0.0037	-0.0439	-0.0116	0.0256	-0.3766	-0.1849	0.0862	1	
16 Factor6	0.0427	-0.0123	-0.0352	-0.0225	-0.0708	0.0163	-0.0878	0.0809	-0.0096	-0.0418	-0.0418	-0.1949	0.0957	-0.0446	-0.0650	1

Note: The explanation of each factor is given in page 48 which also reflecting details in Table 4.7

In testing for existence of heteroscedasticity problem, an informal way (inspection) and the formal method such as the Breusch-Pagan were used. The null hypothesis (H_0) that, there is equal spread (homoscedasticity) of the error term with independent variables involved in the model was established for the test. Result have shown existence of heteroscedasticity problem. However, the heteroscedasticity problem was resolved after operationalizing the model and results are presented in Table 4.13.

4.3.2 Result: Model mis-specification tests

In econometrics analysis, the term misspecification applies to wrong regressors, measurement errors and wrong functional forms. The call is that, model used in the analysis must be suitably specified and if not suitably specified the analysis result may encounter a problem of model specification error or model specification bias (Doane and Seward, 2011; Razali and Wah, 2011; Gujarati, 2004). In the recognition of this analytical view, the operationalization for model misspecification test was performed, whereas, the null (H_0) hypothesis that the model used is mis-specified was established and likewise, the alternative (H_a) hypothesis that, model well specified. The decision criterion is that if $p > 0.05$ the null hypothesis of normality cannot be rejected, and if p is less than 0.05 the null hypothesis is rejected giving a room for the alternative hypotheses to be accepted. Therefore, after operationalizing the test, results were found that the probability ($P > |t|$) of hatsq is 0.115. This is a sufficient evidence for not accepting the null hypothesis, thus, the model is well specified (See Table 4.12).

Table 4.12: Model misspecification tests

NetEmployees	Coef.	Std. Err.	T	P> t	[95% Conf. Interval]
_hat	1.753318	0.4855717	3.61	0.000	.7961505 2.710485
_hatsq	-0.1992837	0.1260129	-1.58	0.115	-.4476824 .0491151
_cons	-0.6596416	0.4524177	-1.46	0.146	-1.551455 .2321718

4.3.3 Factor influencing SMEs employment chances creation

4.3.3.1 Results of the OLS regression analysis

The analysis of the influencing factors to SMEs' employment chances creation was carried out using ordinary least square linear regression method (OLSLRM). Results are presented in Table 4.13.

Table 4.13: Estimated coefficients of influencing factors to SMEs employment creation using OLS regression model

Dependent: Employment chances created/individual persons recruited.

Variable Included	Coef.	Robust Std. Err.	T	P> t	[95% Conf. Interval]
FirmLocation	0.291250**	0.133581	2.18	0.030	0.027817 0.554682
YearsinOperation	0.021782*	0.012575	1.73	0.085	-0.003020 0.046580
CapitalBusinessStart	1.340108	1.56E-08	0.86	0.389	-1.731308 4.412308
TechnicalKnowledge	0.028468	0.111815	0.25	0.799	-0.192040 0.248976
MarketAvailaGoodServices	0.327274***	0.095801	3.42	0.001	0.138346 0.516202
TechnologicalApplication	0.772977***	0.131317	5.89	0.000	0.514010 1.031944
CompetenceExperience	-0.103670	0.084286	-1.23	0.220	-0.269890 0.062548
FirmStrategy	0.624375***	0.120268	5.19	0.000	0.387196 0.861553
Education2- Secondary O-level	-0.119290	0.135384	-0.88	0.379	-0.386280 0.147699
Education3 –secondary A-leve	-0.046770	0.145812	-0.32	0.749	-0.334320 0.240787
Education4- Certi/diploma	0.086354	0.153414	0.56	0.574	-0.216190 0.388899
Education5- degree level	-0.141440	0.181131	-0.78	0.436	-0.498650 0.215761
Factor1: InDemGoSeirv	0.511785***	0.098284	5.21	0.000	0.317961 0.705608
Factor2: AccRawMa	0.191287	0.142564	1.34	0.181	-0.089860 0.472433
Factor3: ImproInfra	0.418159**	0.197845	2.11	0.036	0.027992 0.808325
Factor5: FincServAvail	0.284111***	0.108945	2.61	0.010	0.069263 0.498958
Factor6: IncreBusCapa	0.445039**	0.179423	2.48	0.014	0.091202 0.798876
_cons	-0.392040	0.246960	-1.59	0.114	-0.879060 0.094988

Note: *** – .001 significant level; ** – .05 significant level; * – .10 significant level

F(17, 197) = 25.83
 Prob > F = 0.0000
 R-squared = 0.6129
 Adj R-squared = 0.5795
 Root MSE = 0.55747

Decription of factors

- Factor.1 Increased demand for goods and/or services
- Factor.2 Accessibility of raw-materials for business operation
- Factor.3 Improvement in supply of facilitating infrastructures such as; electricity, water services; market information, communication and transportation
- Factor.5 Ensured financial services availability to facilitate business operations
- Factor.6 Increased business capacities lead to expansion in business operations

In view of Table 4.13, the study found that; firm location is positive and statistically significant at 5 percent level, indicating that, as firm is increasingly being located in the commercial business areas, increases the chances for employment opportunities creation (leading to individual persons to be recruited) by 0.2912.

Likewise, the coefficient for firm years in business operation is positive and statistically significant at 10 percent significant level, implying that a unit increase in year of the firms being into business operation, increases the chances for employment opportunities creation (leading to individual persons to be recruited) by 0.0217.

The results in the Table 4.13 revealed further that, coefficient for market availability of goods and/or services offered by the surveyed firms in the area of study, is positive and statistically significant at 1 percent significant level, implying that, a unit increase in the market for the goods/services provided by the firms, increases the chances for employment opportunities creation by 0.3272. Similarly, the study found that, the coefficient for technological application is positive and statistically significant at 5 percent significant level, implying that, a unit increase in the application of technology into firms operation, increases the chances for the creation of employment opportunities by 0.7729.

Again, business strategy was operationalized, and reveals were that, coefficient of business strategy is positive and statistically significant at 1 percent significant level, implying that, a unit increase in the application of firm growth strategies during the operationalization of businesses, increases the chances for the creation of employment opportunities by 0.6244.

Regarding factors that have influence on creation of employment chances; the study found that, the coefficient of Factor1 (increased demand for goods and/or services) is positive and statistically significant at 1 percent significant level, implying that, a unit increase in demand for goods and/or services provided, increases the chances

for the creation of employment opportunities (for the individual persons to be recruited) by 0.5118. Also, the empirical results for the coefficient of Factor4 (Technological accessibility and userability for business operations) was found to be positive and statistically significant at 5 percent significant level, implying that, a unit increase in the application of technology during business operation, increases chances for the creation of employment opportunities (for the individual persons to be recruited) by 0.4118.

Likewise, the empirical results have revealed that, the coefficient of Factor5 (financial services availability) is positive and statistically significant at 5 percent significant level, implying that, a unit increase in the provision of financial services so as to ensure its availability for firms business operation, increases chances for creation of employment opportunities (for individual persons to be recruited into business) by 0.2841.

In view of the findings for Factor6 (increased business capacities to expansion in business operations), the study found that, the coefficient for increased business capacities to expansion in business operations is positive and statistically significant at 5 percent significant level, implying that, a unit increase of the firms' business capacities, increases as well the possibility for creation of employment opportunities (for individual persons to be recruited into business) by 0.4450.

In view of the operationalized model (see Table 4.13); firm location, years of the firms in business operation, market availability, technological accessibility and userability for business operations, firm strategies, demand for goods/services, financial services availability, and increased business capacities to expansion in business operations were found to be statistically significant and each variable had a unique influence on the creation of employment opportunities.

Generally, financial (mostly credit) services availability is empirically affirmed to play significantly in the creation of employment opportunities. The study results confirm the owners/managers assertion that, access to finance services is the contributing factor to creation of employment opportunities (see section 4.2.11.1). The result concur the assertion that, firms with access to finance services have higher impact on employment growth than firms without it (Dinh *et al.*, 2010). Firms can use loan or granted money for liquidity needs such as capital investment which improve returns of which further reinvestments can possibly be done. The more investment is done tend to have an impact to creation of more employment chances/opportunities. This statement is supported by the empirical evidences that, as financial (credit) services get accessed among business men tend to increase creation of employment opportunities by 56 percent (see Table 4.13). In the likely consideration, financing services was acknowledged to play a crucial role in the growth of private sector economy and in the ultimate generation of job opportunities in the economy.

Technological application in business operation provide possibilities for employment growth. Technology was found to have a significant influence to creation of employment opportunities hence increases the chances for individual persons to be recruited into business by 31 percent. This empirical evidence complement the Afande (2015) observation that, as technology is applied into business provide chances for job creation in the most changing and challenging local and foreign markets.

It is agreeable however that, firm/business strategy have a significant influence to the growth of any given business entity and in particular, the creation of employment chances/opportunities. The theory is supported by the empirical evidence of this study which revealed that, as there is increase in the firms' attempt to focus on application of business growth strategies, increases possibility for creation of employment opportunities by 62.43 percent. Having considering the empirical results, firms always aims at selling or producing quality and affordable

products/goods to their prospective customers. The ultimate result of the implementation of these strategy will promote directly or indirectly involvement and/or participation of different individual people in the distribution of products to the markets.

Regarding, firm's years in operation, the empirical evidence shows it to be statistically significant to creation of employment opportunities. The study confirmed it to increase the chance by 2.17 percent. This finding support the observation put forward by Jung *et al.*,(2011); De Kok *et al.*,(2011); Ayyagari *et al.*,(2013) that, young enterprises creating more chances for employment than does older ones. In supporting this observation, firms that have managed to create just two employment chances for individual persons being recruited; the firms' years in business operation fall below 11 years compare to those firms found to be beyond the eleven years in business operation. The same is observed to firms that have created three employment chances, they have been in business operation below ten years. All in all however, the empirical evidence support the fact that, as years of the firm in business operation increases, the possibility for creation of employment chances increases by 2.17 percent.

Considering market availability for the goods and/or services offered, the study found that, increases the availability of market for the produced/supplied goods and services by the firms, increases the chances for creation of employment opportunities by 32.72 percent. This empirical evidence is centred on the reality that, market availability in most cases play an important role in promoting individuals and/or businessmen to increase their participation and involvement in business undertaking because of the assurance of the market for their goods/services. Consider the situation where demand for milk products is high 'the market is available' majority of people (being non/businessmen) would decide to do milk selling business within their range of capabilities hence employment is generated.

CHAPTER FIVE

SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

5.1 Summary

This part presents a synopsis of the findings as presented and discussed in chapter four. A total of 215 owners/managers of the surveyed SMEs were interviewed, whereby about 91.16 percent confirmed to operate their businesses in the commercial located areas. Businesses that are performed in the area of study are of varied categories and which falls under three sectors of the economy namely: manufacturing sector which accounted 49.29 percent; the services sector has accounted 25.12 percent and commercial/trade sector has accounted 25.59 percent. On the other hand, findings have shown that, SMEs have been in business operation for the time period of 4 to 18 years. It was learnt also that, SMEs' businesses were started with capital sourced from the owners' pockets. This is the indication that, businesses started to operate with capital mobilized through owners' savings. Regarding technical knowledge on business management, reveal was that, 82.79 percent of the surveyed owners/managers possesses the appropriate knowledge.

Firms/businesses are to exist if there are things that support and/or promote their operationalization. In view of this study; the capacity to identify and implement workable business strategies; adherence to governing business rules and regulations; adequate capital is appropriately put into business; quality products produced; quality services and of reasonable prices made available to the markets; products distribution use a well informing channels; effectiveness in applying expertise, competence and experience in business operation; being motivated and committed to the purposes and goals of the business; being dynamic in the application of appropriate technology in business operation; being an active participant to various skills and knowledge building seminars and workshops including participation in international trade exhibitions are the potential factors identified to support and/or promote business operation in the area of study.

In a period of 4 to 18 years of firms' business operation, it was revealed that, the various employment chances were created. These chances were between the range of one to three chances. However, the categories of employment opportunities were found to be four namely; temporary, family, apprentices and permanent employment category (see Table 4.9). Furthermore, a list of influencing factors to creation of employment chances were identified. These include; demand for goods and/or services; accessibility of raw materials for business operation; ensured financial services availability; improvement in the supply of electricity, water, market information communication and transportation (see Table 4.7). However, the empirical analysis has confirmed four factors (Factor1, Factor4, Factor5 and Factor6) to statistically influences creation of employment chances. These factors are described as; increased demand for goods and/or services (Factor.1), Technological accessibility and usability for business operation, ensured financial service availability (Factor.5) and increase firm business capacity lead to expansion in business operation (Factor6). Similarly, firm location, years in firm operation, technical knowledge to firm/business operation, market availability of goods, technological application, and firms strategies were confirmed also to be statistically significant to SMEs creation of employment chances (Table 4.13).

5.2 Conclusions

This study has examined factors that support and promote business operation and influences SMEs employment chances/opportunities creation in Tanga. It is acknowledged however that, SMEs are the backbone of country's economic growth, development as well as the creation of employment. The knowledge over the potential of the SMEs sector to economy development signifies the noble and active role is played by entrepreneurs in the economies of developing and developed countries. In the likely consideration, scholars and politicians have not been behind as they agree in principle that, SMEs sector contribute significantly to employment generation. It is from this direction, there is a need for continuing establishing a wider understanding on SMEs employment creation and their pertinent influencing factors in their given local context. This attempt will help in the identification and

establishment of appropriate policies and strategies that would facilitate effectiveness and efficiency in business operation, promotion and sustaining the economic growth, development and creation of employment chances at all levels in the country economy.

5.3 Policy Implications

In the interest of this study and for the merely contribution to the growth and development of the SMEs sector and the economy at large, the following policy areas of emphasis are put forward:

Findings have revealed that, in the period of 4 to 18 years of business operation, there are factors in existence that have supported and promoted SMEs operations and influences creation of employment chances/opportunities; the things which were not known earlier. Since the prime objective seek to empower SMEs for effective business operation, the policy consideration should look to improve market infrastructures, networks and communication to ensure sustainability in business performing. The needed infrastructures to improvement include (quantity –are they enough to meet the consumers’ needs; and quality -are they constantly supplied) electricity and water services as well as maintaining the effective system of tax (consideration is to maintain a friendly business and service provision environment and not a burdensome game) administration for smooth business operation.

Another area for policy consideration is to increase (soft loans conditionalities) financial services accessibility for enhanced support to entrepreneurs to facilitate smooth business operation in order to increase their participation and involvement in the growth and development of SMEs sector of the economy.

The need to support SMEs to become a growing innovative and industrial hub for the country’ development is very essential and has to continue to be the policy agenda. This will support the existing mechanism for the wider and smooth sharing of experience, knowledge and expertise among entrepreneurs for the industrial

economy development. Futhermost, managerial skills development among entrepreneurs is a crucial area for business prosperity, therefore; the policy emphasis should stick to put enabling environment for promotion of technological innovation, its application in the area of business operation and firm management for the healthy SMEs sector development, and the economy at large.

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APPENDICES

Questionnaire for Manager and /or Owner of the Firm (SMEs)

RESEARCH ON EXAMINATION OF FACTORS INFLUENCING SMEs CREATION OF EMPLOYMENT OPPORTUNITIES IN TANZANIA: A CASE OF TANGA.

Dear respondent, I am requesting you to participate in this study by filling in a questionnaire and respond to questions. As an interviewee you are very important part in this study because you present hundreds of owners and/or managers of SMEs in Tanzania who are not in the selected sample. I assure you that your answers will only be used for scientific purposes in the framework of this study. Thus, ***your information will be treated strictly confidentially*** and will be presented in the form of statistical reports.

It should be noted that, the findings emanating from this study will be an important tool for policy makers, government institutions and other development agencies (such as NGO's, CBO's and international organizations/agencies) to better design or fine-tune their development policies, design specific planning intervention strategies and develop long-term research policies aimed at supporting, motivating and promoting SMEs for creation of employment opportunities in Tanzania. Thank you very much for your kind participation and God bless you abundantly.

PART I: BACKGROUND INFORMATION

- (i) Date of interview _____
- (ii) Marital status _____ 1= Married 2= Single 3= Separated 4= Widow
- (iii) Business Owner's or Manager's age _____
- (iv) Sex of the business owner or manager _____ 1= Male 2= Female
- (v) Highest educational level attained by the manager/owner _____
1 = Primary level (1-7) 2 = Secondary '0' level (1- 4) 3 = Secondary A' level (5- 6)
4 = Diploma level 5 = Degree level (6) other specify
- (vi) Firm's location _____ 1= At commercial centre 2= At home

PART II: BUSINESS DESCRIPTION

- (i) How long your firm has been in operation? _____ years/months
- (ii) Form of ownership of the firm _____
1= Individual 2. = Partnership 3 = State/cooperative 4= Family
5 = Others (specify) _____
- (iii) How much capital did you use to start your firm _____
- (iv) Where did you get the startup capital? _____
1 = Own saving 2 = Family 3 = Friends 4 = Money lender 5 = Bank loan

(v) **Business type:** Category of entrepreneurial activity your firm is implementing?

1= Catering business 2= Hair salons and barbershops 3= Construction 4= Chemical and pharmaceutical productions 5= Retail trade 6= Carpentry and other wood based business 7= Whole trade 8= Internet surfing center 9= Light engineering and metal fabrication 10= Food (Flour milling) processing industry 11= Handicraft 12= Leather products 13= Processing of semi precious stones 14= Stationery and printing 15= Flour milling 16= Selling of agro inputs and implements 17= Small scale quarrying 18= IT and electronic equipment selling 19= Carving business 20= Herbal medicine 21= Boutique and tailoring 22= Engineering works 23= Sales of plumbing materials 24= Bakery products 25= Beverages 26= Milk and milk products 27= Furniture making 28= Tea packing 29= Sisal products 30= Gas and oil selling 31= Household utensils 32= Electronics repair services 33= Import of first grade cloths 34= Mini-super market business 35= Photo lab business 36= Animal farming business 37= Salt processing and selling business 38= Shoe maker business 39= Garage/car workshop 40= Car spare parts business 41= Aluminums works 42= Bricks making 43= Metal welding

(vi) Do you have technical knowledge relating to your business? ____ 1= Yes 2= No

(vii) How did you get your business knowledge? _____

1= Formal training 2= Informal training 3= Trial and error 4= none of above

(viii) Have you registered your firm/business? _____ 1= Yes 2= No

(ix) If **No**, Give reasons _____

(x) Do you hire or own your business premise? _____ 1= hire 2= own

(xi) If hired, what is the rent per month or year? _____ TZS

(xii) How many persons are working in this business?

Status	At business start up	Current
Paid others		
Paid family members		
Unpaid family members		
Apprentice		
Casual/temporally		

PART III: POTENTIAL ASPECTS THAT SUPPORT AND PROMOTING FIRMS' BUSINESS OPERATION

(i) In your opinion, how do you rate the potential aspects listed in the table below that helped in promoting your firm's business operations?

Potential Aspects	Ranking		
	1	2	3
Market infrastructures, networking and communication facilities			
Periodic and timely business (products/services) promotion and advertisement			
Markets availability for the goods produced or sold by the firm and services provided			
Availability and accessibility of credit facilities			
Availability and application of the appropriate technology in businesses operation			
Technical skills, competencies and the experience in managing firm's businesses			
Established laws and regulations that adequately support business operations			
Reliable supply of the electricity energy and other important utilities for the firm's businesses operations			
Availability and accessibility of appropriate capacity building facilities related to business management and operation			
Taxation system, business rules and regulations			
Business location			

Ranking Description: 1=Very helpful 2= Helpful 3=Less helpful

(ii) Based on your own experience in firm's business operation; what do you think were the most common aspects that helped to promote your business?

- a) _____
- b) _____
- c) _____
- d) _____

(iii) Refer response in (ii) above; how helpful these potential aspects were they?

Businesses Owners/managers Views	Ranking		
	1	2	3
a)			
b)			
c)			
d)			

Ranking Description: 1=Very helpful 2= Helpful 3=Less helpful

PART IV: OPPORTUNITIES TO EMPLOYMENT CREATION

Most Important:

In respect of this study, employment opportunities have been described as any chance(s) that was created in the course of the firms' business operation and that had lead to individual person(s) being recruited in a time period of firm business implementation.

(i) Based on your experience in business operation; what are the common factors that have influenced the opportunity to creation of employment in your firm? (Please, list at least any four factors, and in the order of influence and/or importance)

- a).....,
b).....
c).....
d).....

(ii) In view of your experience in business management and operation; please, put a mark (**tick**) against the listed factors in table below to show their associated influence to firms' creation of employment opportunities.

Described Factors	Response		
	1	2	3
Years in business operation			
Innovations that were introduced in the business			
Managerial confidence, competence and experience in business operation			
Access to financial services			
Firm or business output and sales performance			
Market orientation (exportation or local trading)			
Taxation and regulations in business operation			
Strategies deployed by the firm or business strategies			
The firm size- size of the capital base			
Business location			
Sector in which the business fall			

Response Description:

1= Very high influence 2 = High influence 3 = Low influence

CURRICULUM VITAE

I: Personal Information

Name: Paulo Elly Sangiwa
Date of birth: 26th January 1976
Nationality: Tanzanian
Address: P.O. Box 1931 Tanga
Marital status: Married
Mobile phone: +255787208350/716683917
E-mail: ellynzota@yahoo.com
Languages: English and Swahili

II: Education Background

Year of Study	Academic Institutions	Award
2015/16 - 2016/17	Mzumbe University, Morogoro Tanzania	Master of Science Economic Policy and Planning (MSc EPP)
2012/13 - 2014/15	Open University of Tanzania (OUT)	Bachelor of Arts (BA) Economics
2007 – 2008	Institute of Rural Development Planning, Dodoma, Tanzania	Postgraduate Diploma in Regional Planning (PDRP)
1999 – 2002	Institute of Community Development, Arusha, Tanzania	Advanced Diploma in Community Development
1996 – 1998	Mazengo Secondary School, Dodoma, Tanzania	Certificate for Advanced Secondary Education
1992 – 1995	Bungu Secondary School, Tanga, Tanzania	Certificate for O-level Secondary Education

III: Work Experience

- 2010 to-date: Economist/Planning Officer –Local Government Authorities (LGAs)
- Nov, 2002 to Sept,2007: Programme Facilitator -World Vision Tanzania (WVT) Eastern Zone

IV: Professionalism

- Economics, policies and planning
- Local economic development
- Regional development planning
- Community facilitation and empowerment
- Organizational strategic planning and development
- Community leadership capacity development and management
- Projects planning and management