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# ANALYSIS ON THE IMPLEMENTATION OF GOVERNMENT ENTREPRENEURSHIP POLICY AND SMALL MEDIUM ENTERPRISE DEVELOPMENT IN TABORA MUNICIPALITY, TANZANIA

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This study was conducted at Tabora Municipality in Tabora Region - Tanzania. This study was focused on the analysis of the implementation of the government entrepreneurship policy and small medium enterprise development in Tabora Municipality, Tanzania. It is aimed to serve as a guideline to all stakeholders and thus stimulate new enterprises to be established and existing ones to grow and become more competitive. In view of the importance of entrepreneurship, this analyzed the implementation of government entrepreneurship policy and small medium enterprise development in Tabora Municipality. The Survey design was used and the population of the study was exhibited on different characteristics based on age, gender, educational level, and psychological indices. Total of 88 respondents were drawn from different entrepreneurs who deal with small businesses. The random sampling technique was employed in selecting respondents. Based on study findings, factors which inhibit entrepreneurial performance are marketing, capital and premises problems. These needed to be re-addressed in government policy and improved in order to facilitate entrepreneurial performance. For the case of Government policies, both ways the policy has been viewed by respondents as both facilitating and inhibiting entrepreneurial performance. Recommendations that are advanced by the researcher are workable policy on ensuring a sustainable and reliable market is put in place; direct market and marketing instruments need to be addressed in the policy so that the strategies implementation can have direct effects on the specific problems at hand. Efforts to address the problems of financing needs (SIDO), education and training (VETA), capital needs, simplification of business working environment and registration processes to be addressed clearly and more realistically in the policy statement and strategies as the current policy did not seem to be completely effective.

**Keywords:** Government Entrepreneurship Policy, Small Medium Enterprise Development, Tanzania

## INTRODUCTION

An efficient entrepreneurship development is necessary to promote socio-economic

development of any country. Despite of the government efforts in developing entrepreneurship policy, entrepreneurs in Tabora municipality still

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have no major milestone on the path to entrepreneurial development. Hence the questions arise “are the efforts made by the government in making sure that entrepreneurs are moving forward, is all in vain if not what should be done so as to aid entrepreneurs reach their maximum potential with the policies set by the government?”

In Tabora Municipality, most people make a living through entrepreneurship activities in one way or another, but the government of Tanzania has failed to protect and even encourage them on this path through its policies and even with SIDO and VETA being present still small scale entrepreneurs are unable to develop and sustain themselves hence proving that even with the government efforts to help the entrepreneurs, without follow up and implementation of the set policies the entrepreneurs will still suffer and face many challenges on the journey to development (Satta, 2003).

In Tabora Region, Entrepreneurship development is mostly hindered by lack of properly implementation of set policies. Entrepreneurs in Tabora do not have reliable sources of capital and also do not have specific areas to conduct their businesses. A market place is available at the Centre of Tabora town but is not sufficient to accommodate all businesses because not all afford to pay the taxes levied on them thus choose to do business in the streets which result in loss of their goods when they are being chased by the municipality police. Although the environmental factors play an important role in the small business growth and development, other factors should not be neglected either. Surely, a significant potential for SME growth is located internally within the firm.

## RESEARCH OBJECTIVES

The main objective of this research was to analyze the implementation of government entrepreneurship policy and small medium enterprise development in Tabora Municipality, Tanzania

### The specific objective

To analyze on how the Government entrepreneurship policies are quite adopted in improving entrepreneurship development at Tabora Municipality.

## MATERIAL

### Entrepreneur

Entrepreneur is a loanword from French word “Entreprendre”. It is defined as an individual who organizes or operates a business or businesses. Credit for coining the term entrepreneur generally goes to the French economist Jean-Baptiste Say and the Irish-French economist Richard Cantillon. The later in 1730 defined it first in his “Essai sur la Nature du Commerce enGénéral” or Essay on the Nature of Trade in General (1959) where he considered it the “cradle of political economy”. Cantillon in 1730 defined entrepreneur as a person who pays a certain price for a product and resells it at an uncertain price: “making decisions about obtaining and using the resources while consequently admitting the risk of enterprise.” Also, Say in 1803 viewed an entrepreneur as one who shifts economic resources out from an area of lower to higher productivity and greater yields. Further Say said that, successful entrepreneurs have the ability to lead a business in a positive direction by proper planning, to adapt to changing environments and understand their own strengths and weaknesses. Brewer (1992) noted that Cantillon saw the entrepreneur as a “risk-taker” while say

considered the entrepreneur a “planner of value addition”.

Intrapreneur is the practice of entrepreneurship by employees within an organization. An entrepreneur takes substantial risk in being the owner and operator of a business with expectations of financial profit and other rewards that the business may generate. On the contrary, an Intrapreneur is an individual employed by an organization for remuneration, which is based on the financial success of the unit he is responsible for. Intrapreneurs share the same traits as entrepreneurs such as conviction, zeal and insight. Bull and Willard (1993) contends that as the entrepreneur continues to express his ideas vigorously, it will reveal the gap between the philosophy of the organization and the employee. If the organization supports them in pursuing their ideas, they succeed. If not, they are likely to leave the organization and set up their own businesses.

## Entrepreneurship

Entrepreneurship has played an important role in the academic literature for 250 or so years (Bull and Willard, 1993). While there remains a broad consensus about the central role of entrepreneurship in the economy, the theoretical and conceptual models of entrepreneurship vary widely. Theoretical models of entrepreneurship are weak or non-existent, and the term entrepreneur is still vaguely defined, even though entrepreneurship scholars seem obsessed with defining the word entrepreneur (Bull and Willard, 1993). Scholars have long disagreed about the definition of entrepreneurship. Defining entrepreneurship and developing a theoretical model present two related problems; defining entrepreneurship is hindered by difficulties in conceptualizing and quantifying theoretical

models of the entrepreneurial process, while the lack of a consensus definition hinders theoretical model development. No theory of entrepreneurship has been developed that explains or predicts when an entrepreneur, by any definition, might appear or engage in entrepreneurship.

Many different functional definitions or theories of entrepreneurship have been proffered, likely because entrepreneurship is a dynamic and complex phenomenon with multiple purposes. This complexity makes it impossible to capture the totality of entrepreneurship without using a multi-component definition (Iversen *et al.*, 2008). The definition of entrepreneurship possesses three key elements which are ownership of a firm, risk taking and innovation.

Firstly, ownership or operation of a firm is an important attribute of entrepreneurship. It is not sufficient to define entrepreneurship, but it is necessary in defining entrepreneurship. The exploitation of entrepreneurial ideas must take place within a firm, as there is no market for entrepreneurship as a result, owning or operating a firm, particularly a small firm, is one of the most widely used definitions of entrepreneurship. The owner or operator of a firm is the firm's leader.

Secondly; risk and uncertainty bearing are important attributes of entrepreneurship because they distinguish entrepreneurs from wage and salary workers. Entrepreneurs may be richly rewarded with rents due to innovation and early adoption, but to be rewarded, they must bear the associated risk and uncertainty. Moreover, risk bearers retain only net profits, after outstanding obligations are paid.

Thirdly, Innovation is a crucial component of entrepreneurship because it is closely connected with the ability to deal with market disequilibria. Many theoretical definitions of entrepreneurship incorporate initiating innovation and/or recognizing market opportunities. Market opportunities and reallocating resources in response to these market opportunities is entrepreneurship, not initiating innovation. Entrepreneurship is efficient reallocating resources and dealing with disequilibria in the market to maximize profit (Klein and Cook, 2006; Iversen *et al.*, 2008)

On the other hand, the concept is narrower than the traditional one that it does not include all heads of firms or managers of industrialists, who merely may operate an established business, but only those who actually perform that function. But whatever the type, everyone is an entrepreneur only when he actually “carries out new combinations,” and loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses.

Schumpeter (1934) defined what he meant by entrepreneurship (“enterprise”) and then concluded that those who perform the functions of entrepreneurship are “entrepreneurs.” His definition captured several key elements that separate entrepreneurship from general management. First, and foremost, entrepreneurship involves the creation of an organization to pursue a discontinuous opportunity. Second, Schumpeter did not limit this pursuit to new ventures, he also allowed for entrepreneurship to exist within established organizations. Third, Schumpeter alluded to the fact that one becomes an entrepreneur when they act. Finally, entrepreneurship defined by the nature

of the actions performed, and a transition occurs at some point from entrepreneurship to general management as the nature of the organization and the actions of the individual change. Schumpeter (1934) defined entrepreneurship as the process of creating or seizing an opportunity and pursuing it, regardless of the resources currently.

According to (Olomi, 2006), Entrepreneurship is often associated with starting and running a business. However, the broader meaning of entrepreneurship is a way of thinking, reasoning, and acting that results in the creation, enhancement, realization, and renewal of value for an individual, group, organization, and society. At the heart of this process are the creation and/or recognition of opportunities followed by the will and initiative to seize these opportunities. The behaviors associated with entrepreneurship are need for achievement, calculated risk-taking, initiative, growth seeking, a strong drive and determination, networking, opportunism, etc. Taking this broader view in mind, not all business start-ups constitute entrepreneurship because not all founders display these behaviors. At the same time, entrepreneurial individuals are found in all kinds of contexts and endeavors.

### **Small Medium Enterprises**

The definition of small enterprises vary greatly, some of the definitions use the number of employees while others use amount of fixed assets (Minga, 1998). Yet others refer to the way decisions are made in small business. Typology in the field of entrepreneurship and small business is still confusing. Minga, (1998) states that not every small business is entrepreneurial represents entrepreneurship. The argument on representing entrepreneurship refers to the ability

of new firms to create innovation. Specifically, the set of small businesses includes a wide variety of enterprises starting from self-employed and craftsmanship to innovative, high-tech oriented growth companies. These companies are vastly different even if they share some similar objectives. For a self-employed worker the main expectation and objective may be to employ him or herself and enjoy the decent level of income and standard of living. He or she is mostly interested in “participating in the market” dimension, not in other dimensions of entrepreneurship.

In the Tanzanian context the definitions of small enterprise are based on total number of employees, total investment and sales turnover. Based on the number of employees, the definition of small enterprise ranges from firms with 5 or 10 to firms with 10, 20 or 50 employees (URT, 2003). Small in one does not necessarily mean small in other sector (Temu, 1998). Morris (1971) puts that the encouragement of small firms especially in industry is vitally important, that these firms cannot succeed without entrepreneurial skills. So Morris (1971) still insists that there is no small business that can be separated with entrepreneurial skills. Also Morris (1971) said that without entrepreneurial bustle of activities on a small scale, the set pieces of development will stand apart like parlor furniture, too grand to be used. The ability of country economy to generate wealth from its own resources will depend most of all on its intermediate level of business, this is because small scale manufacturing is not merely a transitional stage in industrial development, but act everywhere and all the time to integrate and adapt the part of the economy. Entrepreneurship is therefore essential above all intermediate business in developing countries, since here the

coordination of opportunities and resources cannot be prescribed by any humane and realistic plane (Morris, 1971).

### **Entrepreneurship Development in Tanzania**

Entrepreneurship development in Tanzania can be traced to three broad periods, namely precolonial, colonial and independence. For convenience sake, the independence period is further subdivided into two periods: 1961-1985 characterized by a state-led economy except for the brief period from 1961–1966 and from 1986 to date characterized by a market-driven economy.

Five years after independence, Tanzania embraced the policy of Socialism and Self Reliance in 1967 through the Arusha Declaration. Accordingly, the major means of production, distribution and exchange were nationalized. Public enterprises were established to run the nationalized entities as well as the new ones that were established.

At the same time, given the extremely low level of entrepreneurship development among Africans at independence, the government undertook some initiatives to promote entrepreneurship in the country (Satta, 2003). One such initiative was the establishment of the National Small Industries Corporation (NSIC) in 1967 as a subsidiary of the National Development Corporation (NDC). Its mission was to provide training to artisans in rural areas. In practice, it provided a few of such activities in a few regions. By the time of its abolition in 1974, it had no practical impact. The Small Industries Development Organization (SIDO) replaced it in the same year.

From 1986, Tanzania started to liberalize the economy following her acceptance of

International Monetary Fund (IMF) and World Bank who sponsored Structural Adjustment Programs (SAPs) and rediscovery of civil society as an autonomous expression of human social will. Apart from other aims, the main objective of the reforms was to allow the private sector to play a role in the economy (Daima Associates Limited, 2007). In this regard, the government has introduced many reforms in favor of private sector development. Accordingly, today the government acknowledges that its role is to facilitate the private sector and other economic agents in order to bring about fast economic growth and development. In order to create an enabling environment for private sector development, the government has liberalized the economy, amended and enacted several investment-related laws and policies, undertaken financial reforms, liberalized the trading regime and put in place an attractive investment package ([www.tanzania.go.tz](http://www.tanzania.go.tz)).

In the same vein, the government has institutionalized a consultative process with the private sector. Likewise, the private sector uses its umbrella organizations to interact with the government. Such umbrella organizations include the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA), the Confederation of Tanzania Industries (CTI), the Tanzania Private Sector Foundation (TPSF) and the Tanzania National Business Council (TNBC) ([www.tanzania.go.tz](http://www.tanzania.go.tz)). TNBC, formed in 2001, provides the main forum for public/private sector consultations on strategic issues of economic growth and development ([www.tanzania.go.tz](http://www.tanzania.go.tz)).

Hand-in-hand with instituting reforms, government efforts to develop the private sector and entrepreneurship have focused on three areas: policy development, institutions and other

initiatives. With regard to policy development, the Tanzania Development Vision 2025, the Sustainable Industrial Development Policy: 1996-2020 (SIDP), the National Microfinance Policy, the Minerals Policy of Tanzania, the National Employment Policy and the Small and Medium Enterprise Development Policy of 2003 are the most important ones that have a bearing on the development of the SME sector (URT, 2003).

### **Conceptual Framework**

The process of acquiring entrepreneurial performance involves different steps and different factors which are involved in the process. It is anticipated that entrepreneurial performance is influenced by factors such as troubled childhood, small business experience, ethnicity, level of education and entrepreneurial education (Sekaran, 2006).

### **Troubled Childhood**

It is anticipated that people tend to be self-employed and become successful because of troubled childhood. In troubled childhood, children tend to be lacking security or abused, low self-esteem, lack of confidence therefore growing in such an environment some people tend to have repressed wishes toward those in control thereby influencing their performance in entrepreneurial activities (Sekaran, 2006).

### **Small Business Experience**

An individual's managerial experience as well as previous entrepreneurial experience is considered to be incentives for one to become a successful entrepreneur. Previous experience as an employee in an enterprise also is thought as a driving force toward enhancing entrepreneurial performance because employee will have greater probability of coping experience from where he/she is working activities (Sekaran, 2006).

**Ethnicity**

An ethnic origin of a person is said to influence the choice between paid employment and self-employment as well as performance in self-employment. Some ethnic groups like Chagga in Tanzania, Ibo in Nigeria and Kikuyu in Kenya they are thought to have entrepreneurial skills. These ethnic are spread all over the countries to the extent that they are less integrated in societies in which they work and therefore less likely to be constrained by dominant values shared either by their own ethnic group or by their host activities (Umma, 2006).

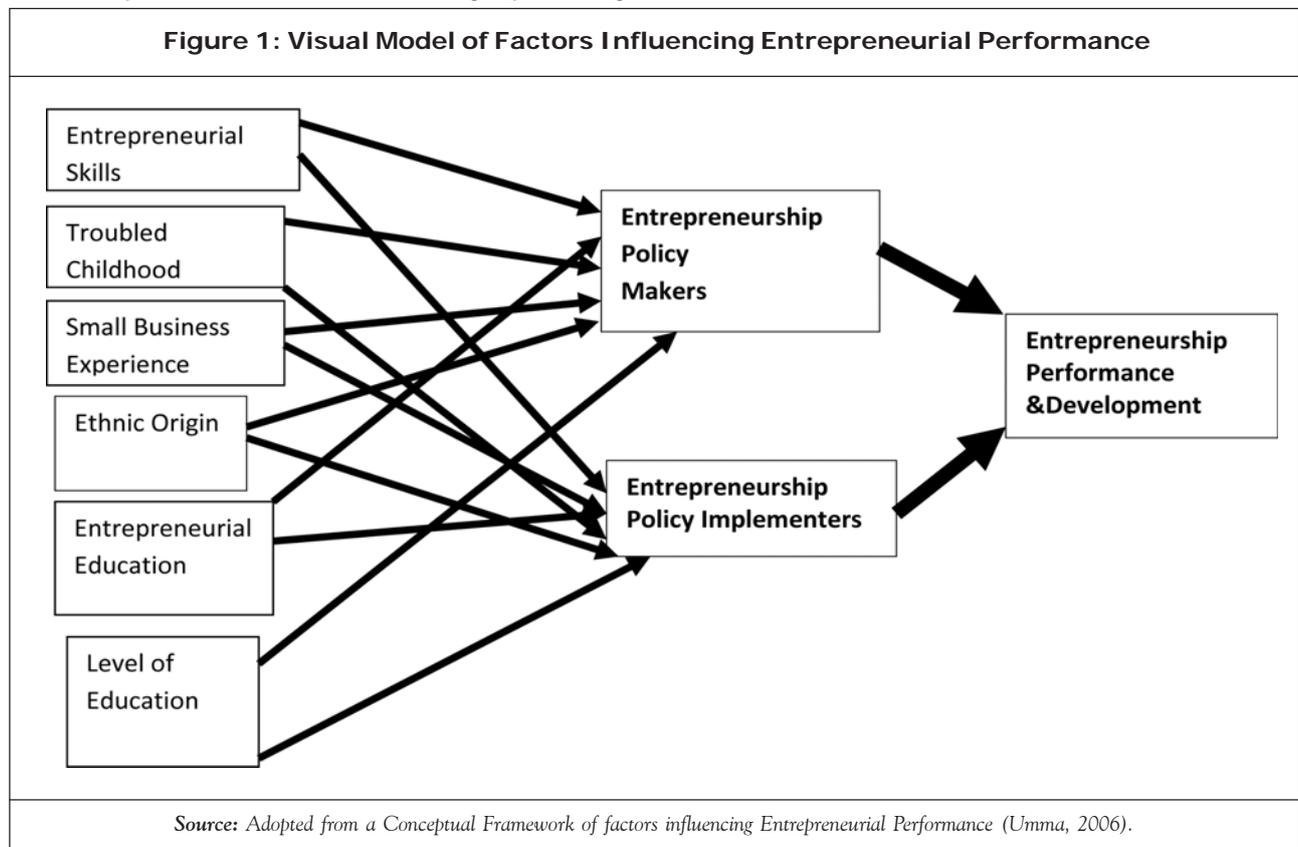
**Level of Education**

It is anticipated that level of education acquired by an individual have an influence in entrepreneurial performance because apart from one being a creative thinker, education foster conformity and low tolerance for ambiguity, leading

to thought and behaviour process that refuse to admit tolerance and social values that preclude (Umma 2006).

**Entrepreneurial Education**

It is agreed that there is positive association between taking entrepreneurship course and becoming Self-employed. It is also thought that student who take entrepreneurship course tend to be less conforming, more impersonal, more risk taking, more welcoming of change, have higher energy level, a profile similar to that of successful entrepreneurs. Also entrepreneurship course will attract those who have entrepreneurial qualities or alternatively more students towards entrepreneurial archetype by challenging assumptions and encouraging the development of competencies required (Umma, 2006). In this study the conceptual framework therefore was used to develop a visual model illustrated in Figure 1.



## METHODOLOGY

### Research Design Used in this Study

A comparative research design was used which threw light on all points narrated in the previous sections and was prepared basing on the objective of the study and the resources available. The researchers ensured the minimization of biasness and maximization of reliability of the evidence collected. This research design can appropriately be referred to as a survey design since it takes into account all the steps involved in a survey concerning a phenomenon to be studied.

### Study Area and Sample Size

The study was conducted at Tabora Municipality in Tabora region. The study focused on analysis to the implementation of government entrepreneurship policy and small medium enterprise development in Tabora Municipality, Tanzania. This study used a small sample, meaning that the generalisability of the findings was restricted as presented in Table 1.

## DISCUSSION OF FINDINGS

How Government entrepreneurship policies are

quite adopted in improving entrepreneurship development at Tabora Municipality.

This section is based on the analysis of factors that inhibit entrepreneurial performance among SMEs. Three set of factors were cited as inhibiting entrepreneurial success. Market and marketing are key factors in success and sustenance of entrepreneurial business. There are many breed of market and marketing related problems that trim down entrepreneurial development. These are cited as:

- (a) Lack of a permanent market for entrepreneurs' products,
- (b) Few available markets are poor;
- (c) The markets are not sustainable;
- (d) Reduction in number of customers;
- (e) Curtailment of some important customers; and
- (f) Few products are cited as the biggest factor that inhibit entrepreneurial success.

Capital as a multifaceted inhibitor was ranked second as an important factor that hinders entrepreneurial development. The multiple faces of this versatile factor were cited as;

Category/Respondent	Number	Percentage (%)
Retail shops	200/745*88 = 23	26.2
Cooked food sellers	115/745*88 = 14	15.9
Tailoring mat	50/745*88 = 6	6.8
Hair dressing salons	100/745*88 = 12	13.6
Hair cutting salons	50/745*88 = 6	6.8
SIDO	30/745*88 = 4	4.5
VETA	50/745*88 = 6	6.8
Tabora Municipal Officers	150/745*88 = 17	19.4
Total	88	100%

- (a) Insufficient operating capital;
- (b) The small capital that comes does not come in time;
- (c) Unsustainable capital, capital depreciation;
- (d) Small capital problems; and
- (e) Absence of sponsors.

The last important factor was premises. This manifested itself in terms of insufficient premises, difficulty business environment, expensive premises rents close to markets, and unregulated business premises for SMEs and lack of certainty in business environment.

### Assessment of Entrepreneurship and SMEs Policy in Tanzania

This section analyze on how the Government entrepreneurship policies are quite adopted in improving entrepreneurship development at Tabora Municipality. The analysis based on assessing the government policy on SMEs and entrepreneurship. To guide this analysis, the re-listed research objective was used. Several Policy Strategies were assessed based on a rank of 1 to 5, where 1 is the most contribution/effectiveness/help and 5 the least contribution/effectiveness/help.

The government Small and Medium Enterprises (SMEs) policy strategies were

considered. The study assessed them by rating the policy strategies in terms of how they have helped entrepreneur and SMEs to develop. The respective tables that follow address the various policy strategies and how the respondents have ranked them.

In Table 2, three policy strategies are addressed; simplification of licensing procedures is one of the issues that the government wanted to achieve especially during issuing of business licenses and permits for entrepreneurs. Based on a sample of 88 entrepreneurs, 63% of respondents indicated that this policy strategy did not help them in their entrepreneurship activities. On the other hand, simplification of tax system and provision of tax incentives were ranked at 4 by 60% of entrepreneurs, while education of entrepreneurs on copyright law was ranked at 3 by 70% of entrepreneurs. The overall ranking for all the three policy strategies indicate that entrepreneurs were not satisfied by the policy strategies on these area and that they did not help them in an effort to develop their entrepreneurial activities, thus these strategies did not favor their businesses, and hence there is a need for the government to assess these strategies they do not yield better results.

**Table 2: Policy Strategies: Premises for SMEs, Allocating Buildings and Public Education**

Policy Strategies	Local Authorities Developing Premises for SME-Owners		Allocating Unutilized Buildings to SME-Owners		Promoting Entrepreneurship through Public Education	
	Count	Percentage	Count	Percentage	Count	Percentage
Rank 5	50	57%	50	57%	6	7%
Rank 4	20	23%	23	26%	6	7%
Rank 3	6	7%	9	10%	18	20%
Rank 2	9	10%	6	7%	53	60%
Rank 1	3	3%	0	0%	6	7%
Total	88	100%	88	100%	88	100%

Source: Research Findings, 2015

SMEs Policy strategies that follow (in Table 2) aimed at addressing the problems of premises for Entrepreneurs and promoting entrepreneurship through public education. Strategy that involved local authorities developing premises for SMEs owners was ranked at 5 by majority of the sample which constituted 57% of all respondents, indicating that the entrepreneurs have a low opinion as to the success of this strategy in making premises for entrepreneurs are available. Similarly another strategy was to allocate unutilized buildings to SME owners, again by the same percentage it was lowly rated indicating that, these two strategies that aimed at providing premises for entrepreneurs are not successful. Another strategy aimed at promoting

entrepreneurship through public education. A majority of 60% of respondents ranked the strategy second, indicating that the strategy was successful in promoting and enhancing entrepreneurship.

In addition to public education provision, the following strategies (Table 3) were also assessed for their success in enhancing entrepreneurship; provision of education for new entrepreneurs was ranked second by majority of 43% respondents in enhancing entrepreneurship and ranked third by 40% of them. Thus this strategy was considered to be successful on average. Establishment of information centers for entrepreneurs was another strategy; this strategy was not considered as contributing in enhancing

**Table 3: Policy Strategies: Education, Information Centres and ICT Training**

Policy Strategies	Provision of Education for New Entrepreneurs		Establishment of Information Centers for Entrepreneurs		Training on ICT for Entrepreneurs	
Rank 5	6	7%	15	17%	32	37%
Rank 4	9	10%	53	60%	18	20%
Rank 3	35	40%	11	13%	29	33%
Rank 2	38	43%	9	10%	6	7%
Rank 1	0	0%	0	0%	3	3%
Total	88	100%	88	100%	88	100%

*Source: Research Findings, 2015*

**Table 4: Policy Strategies: SMEs Census, Networking and Joint Ventures Facilitation**

Policy Strategies	Conduct a census for SMEs		Enhancing Networking between SMEs and Technology Providers		Facilitate Joint Venture for Technology Upgrade and Transfer	
Rank 5	15	17%	47	53%	35	40%
Rank 4	52	59%	32	37%	29	33%
Rank 3	21	24%	9	10%	15	17%
Rank 2	0	0%	0	0%	6	7%
Rank 1	0	0%	0	0%	3	3%
Total	88	100%	88	100%	88	100%

*Source: Research Findings, 2015*

entrepreneurship and SMEs development. Another strategy was training on ICT for entrepreneurs; this policy strategy was similarly considered ineffective.

A set of another three strategies was to conduct census for SMEs, to enhance networking between SMEs and technology providers and to facilitate joint venture for technology upgrade and transfer. All of the three strategies were lowly rated and were not considered as successful in enhancing and promoting entrepreneurship and SMEs development (Table 4).

The following three SMEs and entrepreneurship strategies; to promote small-large business linkage, to strengthen marketing agencies and

institutions and to facilitate SMEs participation in local and foreign markets, were rated. The results were mixed and it was difficult to determine the success of these strategies as the respondents' rates were dispersed and inconsistent (Table 5).

On the other hand, the following three policy strategies; to establish SMEs exhibition centres, to facilitate SMEs to meet standards and to facilitate training on trade issues, had an almost unanimous rate the strategies did not help or were not effective in promoting entrepreneurship development (Table 6).

Several strategies were developed that aimed at facilitating financing for SMEs ( Table 7). These strategies are; to facilitate SMEs window in financial institutions, to promote innovative financial

**Table 5: Policy Strategies: Small-Large Business Linkages, Marketing Agencies and Facilitation**

Policy Strategies	Promote Small-Large Business Linkages		Strengthen Marketing Agencies and Institutions		Facilitation of SMEs Participation in Local and Foreign Markets	
Rank 5	27	30%	15	17%	11	13%
Rank 4	35	40%	20	23%	6	7%
Rank 3	6	7%	42	47%	9	10%
Rank 2	20	23%	11	13%	55	63%
Rank 1	0	0%	0	0%	7	7%
Total	88	100%	88	100%	88	100%

Source: Research Findings, 2015

**Table 6: Policy Strategies: Exhibition Centres, Meeting Standards and Trade Issues**

Policy Strategies	Establish SMEs Exhibition Centers		Facilitate SMEs to Meet Standards		Facilitate Training on Trade Issues	
Rank 5	68	77%	15	17%	11	13%
Rank 4	15	17%	61	69%	47	53%
Rank 3	3	3%	12	14%	29	33%
Rank 2	0	0%	0	0%	0	0%
Rank 1	3	3%	0	0%	0	0%
Total	88	100%	88	100%	88	100%

Source: Research Findings, 2015

**Table 7: Policy Strategies: Financial Institutions, Products and Access for SMEs**

Policy Strategies	Facilitation of SMEs Window in Financial Institution		Promote Innovative Financial Products for SMEs		Simplification of Bank Access for SMEs	
Rank 5	11	13%	47	53%	3	3%
Rank 4	24	27%	15	17%	3	3%
Rank 3	35	40%	20	23%	15	17%
Rank 2	18	20%	3	3%	53	60%
Rank 1	0	0%	3	3%	15	17%
Total	88	100%	88	100%	88	100%

*Source: Research Findings, 2015*

products for SMEs and simplification of bank access for SMEs. With the exception of simplification of Bank access, the previous strategy in this set were lowly rated indicating their

ineffective in enhancing entrepreneurship and SMEs. Simplification of banking procedures to improve access to finance for SMEs was considered a successful.

**Table 8: Policy Strategies: Financing, Associations and Service Providers**

Policy Strategies	Promote Financial Institutions for Financing SMEs		Support Association of Entrepreneurs		Strengthening and Networking of Service Providers of SMEs	
Rank 5	0	0%	47	53%	32	37%
Rank 4	18	20%	29	33%	47	53%
Rank 3	59	67%	9	10%	9	10%
Rank 2	11	13%	3	3%	0	0%
Rank 1	0	0%	0	0%	0	0%
Total	88	100%	88	100%	88	100%

*Source: Research Findings, 2015*

**Table 9: Policy Strategies: Policy Monitor, Environmental and Waste Management Issues**

Policy Strategies	Monitoring of SMEs Policy		Education on SMEs-- Environmental Related Issues		Encourage Proper Waste Management	
Rank 5	47	53%	9	10%	11	13%
Rank 4	24	27%	24	27%	44	50%
Rank 3	11	13%	47	53%	20	23%
Rank 2	0	0%	9	10%	3	3%
Rank 1	6	7%	0	0%	9	10%
Total	88	100%	88	100%	88	100%

*Source: Research Findings, 2015*

**Table 10: Policy Strategies: Addressing Woman and Disadvantaged Groups Issues**

Policy Strategies	Facilitate Special Programs for Women & Disadvantaged Groups		Addressing Factors that Affect Women & Disadvantaged Groups		Create SMEs--HIV&AIDS Related Issues Awareness		Support Potential Vulnerable Groups in SMEs	
Rank 5	18	20%	53	60%	0	0%	0	0%
Rank 4	35	40%	11	13%	3	3%	3	3%
Rank 3	15	17%	18	20%	3	3%	6	7%
Rank 2	18	20%	3	3%	32	37%	53	60%
Rank 1	3	3%	3	3%	50	57%	26	30%
Total	88	100%	88	100%	88	100%	88	100%

*Source: Research Findings, 2015*

A policy strategy aiming to promote financial institutions geared towards financing SMEs was rated averagely, there were mixed response as to whether promoting financial institutions would enhance SMEs financing. Other strategies were to support association of entrepreneurs to strengthen them and strengthening and networking of service providers of SMEs which were considered as ineffective in enhancing entrepreneurship (Table 8).

Another set of strategies were; monitoring of SMEs policy, education on SMEs-environmentally related issues and encourage proper waste management (Table 9). These policy strategies were lowly rated and the entrepreneurs indicated that these strategies were not effective in promoting entrepreneurship and SMEs.

The last four strategies differed; these were; facilitate special programs for women and disadvantaged groups, addressing factors that affect women and disadvantaged groups, create SMEs- HIV & AIDS related issues awareness and lastly support potential vulnerable groups in SMEs. In Table 10, the second strategy was considered ineffective in promoting entrepreneurship. The third and fourth strategies

were considered effective in enhancing entrepreneurship as they were rated highly.

## SUMMARY, CONCLUSION AND POLICY IMPLICATIONS

### Summary

The findings of this study confirm that government policy does act as a full moderating variable in the development of SMEs in Tanzania. The choice of the government policy options for dealing with the development of SMEs needs to be based on good diagnostics and a broad view of the policy options. Regarding the robustness of research methodology, the data gathered from SME development literature, the pilot study and the survey questionnaire have satisfactorily met the requirements of validity and reliability, which enhances the accuracy and reliability of our findings.

The present study suggests that the government policy will be best served if the regulatory, cognitive and normative environments are strengthened. Public policies targeting the regulatory environment can improve the opportunities available to entrepreneurs by offering SMEs financial incentives or preferential treatment in government procurement. Governments can

strengthen the cognitive environment by offering government-sponsored training programs or consulting services, thus increasing the ability of entrepreneurs to conduct businesses.

## Conclusion

From the research findings we observed three factors that inhibit entrepreneurial performance which are marketing, capital, and premises problems. These needed to be re-addressed well in government policy in order to facilitate entrepreneurial performance.

For the case of SME's policies, we have investigated that some of the policies to some extent do facilitate but on the other hand some inhibit entrepreneurship performance. From the research findings, some of the strategies which prove successfully are promotion of entrepreneurship through public education, provision of education for new entrepreneurs, SME's networking, and simplification of banking procedures. Respondents reply that Government has taken good effort on promotion entrepreneurship through exhibitions, radio, TV, conducting seminars and they have started a module in Universities like University of Dar es Salaam and St. Augustine University of Tanzania and its Affiliates and to add to that the University of Dar es salaam has a special entrepreneurship Centre. Policies which we have not done well so far are simplification of licensing procedures, tax system and provision of tax incentives, education on copyright law, ICT training. So, some of the policy needs to be addressed in order to improve the current policy so that more policy impacts can be felt for the benefit of entrepreneurship and SMEs development.

## Policy Implications

Most of the policy strategies are indirectly aimed

at assisting the entrepreneurs and SMEs, thus there is a need to have policy strategies that directly address the problems that these entrepreneurs face rather than looking at them from desktop point of view. Based on this study's findings, the following are the policy recommendations that are advanced by the researcher in order to address entrepreneurs' problems;

- (a) Workable policy on ensuring a sustainable and reliable market is to be put in place; direct market and marketing instruments need to be addressed in the policy so that the strategies implementation can have direct effects on the specific problems at hand.
- (b) Efforts to address the problems of financing need to be addressed clearly and more realistically in the policy statement and strategies. is a need to develop more financial products and possibly controlling for the exorbitantly high interest rates that do not match the risks and profit the entrepreneurs gets. Policy strategy on how to increase and maintain entrepreneurs' capital need to be contained and implemented, education and training on these issues need to be addressed as the current policy did not seem to be completely effective.
- (c) Simplification of business working environment and registration processes need to be realistically addressed, screening of problems in this area and developing workable policy strategies are of paramount importance for SMEs and entrepreneurship to flourish.

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## LIST OF ABBREVIATIONS

CTI Confederation of Tanzania Industries
SIDO Small Industry Development Organisation
SIDP Sustainable Industrial Development Policy
TCCIA Tanzania Chamber of Commerce, Industry and Agriculture
TNBC Tanzania National Business Council
TPSF Tanzania Private Sector Foundation
URT United Republic of Tanzania
VETA Vocational Education Training Authority



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