

# The Role of the Government in the Performance of Small Scale Enterprises in Dar es Salaam

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## Abstract

For the past quarter century the widespread use of the term “SME” in the determination of economic development policy has implied first, that the segment of businesses occupying the space between microenterprises and large firms presents opportunities and challenges that are distinctly different from those of the other two groups. The claim that “SMEs are the backbone of the economy” has become virtual boilerplate for papers, presentations, and popular articles on private sector development. Almost invariably, however, this claim has been made in the absence of any rigorous data to support it and often without an effort to understand what an SME is. The aim of the study was to assess the role of the government in improving the performance of Small scale Enterprises (SE’s). In order to fulfill the aim of the study, the researchers focused on issues relating to the legal framework within which SE’s operate, government supported Business Development Services(BDS) and their impact on the growth of SE’s and lastly, the state of the physical infrastructure and how it facilitates the growth of SE’s. The study carried out both theoretical and empirical literature review which revealed that there was a definite relationship in a nation’s legal framework and the growth of SE’s. The literature review also showed that BDS and infrastructure were important aspects that determined the growth of SE’s. The study used a sample of 13 units of SE’s in Dar es Salaam region. Respondents were chosen from each district -Ilala, Kinondoni and Temeke. The sample included all categories of SE’s representing almost all types of businesses. Primary data were collected using questionnaires. Secondary data was also used in the research. This data was obtained from SE records, government profiles of SE’s and the various policies relating to SE’s. The collected data was edited, coded and tabulated. The data analysis was done using simple statistics and in particular percentages. This data was then presented in tables. The findings of the study showed that the legal framework in general was poor and complex and thus unsupportive to the development and growth of SE’s. However, individual components of the legal framework such as licensing and registration were seen to be effective in contributing to the growth and development of SE’s. The results of the study also showed that the BDS offered to SE’s by the government have done little to improve the growth of SE’s. Most the respondents indicated that the entrepreneurship training was appropriate but it was offered in major cities which was out of reach for many SE’s that were not based in these cities. Further, the respondents indicated that the costs relating to the training were also very high. Finally, the study showed that the current physical infrastructure was not supportive to SE’s development.

## 1. Introduction

Tanzania Development vision foresees that by the year 2025, “Tanzania should have created a strong, diversified, resilient and competitive economy, which can effectively cope with the challenges of development and confidently adapt to the changing market and technological conditions in the regional and global economy.” (Small scale Development Policy, 2002, p.1). The challenge is therefore to mobilize human and other resources towards the goal. Economic Reform policies implemented by the Tanzania market economy are such that the private sector will take the lead in creating income, employment and growth. On the other hand, the state will be a producer of public goods, play a regulatory role to level the playing field and create a conducive environment for the private sector to take the lead in driving economic growth. The private sector has started playing an ever increasing role in creating incomes and employment. Small scale Enterprises (SE’s) account for a large share of enterprise activity in Dar es Salaam. In fact SE’s form the base for private sector leading growth.

Although SE’s are important to the economy, they are faced with a number of problems which have been detrimental to their rapid development expectations. The likely problems range from lack of adequate entrepreneurship skills and business acumen, lack of financial and technical support, lack of supportive government policies and increased competition from both domestic and international firms. It may be argued that, it is the government’s responsibility to establish an enabling environment which will result into the growth and development of SE’s in the country. Thus, the aim of this study was to analyze current government policies and

practices aimed at improving the performance of SE's in the Republic of Tanzania. It is increasingly recognized that the SE's play a critical role in economic development through employment and income generation for both the government and SE owners thus, aiding in the eradication of poverty. SE's all over the world and Dar es Salaam in particular can easily be established because their requirements in terms of capital, technology, management and even utilities are not as demanding as large enterprises. SE's can also be established in rural settings and thus can add value to afro-products and at the same time facilitate the dispersal of enterprises throughout the nation. Given the importance of the sector and the need to transform it to a vibrant and dynamic one, it is crucial to put in place strategies that will facilitate the removal of constraints that limit the growth and development of SE's. The major strategic areas to address may include the creation of an enabling business environment, developing infrastructures, strengthening financial and non-financial services and establishing and strengthening institutions supportive to SE development.

## **2. Growth of Small and Medium Scale Enterprises**

While it should be intuitively evident that SMEs are of special importance to private sector growth, there is considerable disagreement within development policy circles as to why, or even whether, this is so. Claims that SMEs are more efficient at creating quality jobs, are more innovative, or grow faster than larger firms have been questioned on the basis of large regression analyses or on the basis of examining company registrations and corporate failures. Arguments that the overall business environment in any given country is of greater importance than the development of the SME sector have apparently caused some in development to question whether taxpayer or foundation moneys should be spent on SME initiatives. The result is that the relative priority of SMEs, and therefore SME-related policy, in development is currently unclear. Over the past fifteen years, Tanzania has embarked on an ambitious and long process of economic, social, and political reforms to improve the business environment and to increase economic growth and reduce poverty. In the past five years, despite adverse weather conditions and deteriorating terms of trade, the economy of Tanzania has been growing at an annual average rate of more than 4% (UNDAF, 2002-2006). The depth and extent of poverty is still high with 50% of the population living below poverty line (ibid). The task of reducing poverty and improving the living standards of the Tanzanian population is huge. The rate of growth of national economy has not been high enough to generate the number of jobs required. That brings up the issue of the majority to enter into private sector in the form of entrepreneurship and small business, thus expanding the private and informal sector of the economy from 23.9% in 1971 to 79.6% in 1996. Correspondingly, the share of Public sector in the economy decreased from 76.1% in 1971 to 18.8% in 1996. At the same time the share of Public Sector employment in the formal sector increased from 23% in 1984 to 65% in 1994. Given the fact that Tanzania is one of the most rapidly growing population and urbanizing countries in Africa, the implications of this rapid population growth are enormous. Firstly, young people will shortly constitute two thirds of the country's urban population.

The entry into labor markets is expected to more than double, thus causing a further strain on already worsening unemployment situation. It is estimated that the number of new entrants to the labor force is between 600,000 and 700,000 annually, comparing unfavorably with the less than 300,000 new jobs that are created each year, most of them generated by Entrepreneurship, Small Businesses in Dar es salaam informal sector (UNDP, 2003). The retrenchment exercise and the collapsing of most state enterprises that have thrown most energetic people out of sustainable and reliable income all add to the problem of unemployment. It is the fact of the day that majority of retrenched remain in town trying to pursue other means of earning income. They resort to self-employment ventures in the form of entrepreneurship and small business. Agricultural sector, according to official data, provides employment for four-fifth of the labor force. However, as both United Republic of Tanzania and World Bank admit, the performance of agricultural sector has been sluggish in the past decade and virtually stagnant.

The levels of agricultural growth achieved during the last decade are too low to pull the majority of the rural poor out of abject poverty. Instead, they serve to perpetuate the existing pervasive poverty among the farming communities (ibid). The cumulative resultant outcome is that the sector is unattractive especially to young people, and when lack of other social services in rural areas are added, the rural-urban migration increases and reluctance of people to migrate from urban to rural areas becomes high. Secondly, the excessive population is expected to live in overcrowded slum and squatter settlements, characterized by inadequate infrastructure and services, low security system, thus harboring crime and violent practices. What is apparent is that the question of entrepreneurship, small businesses in urban centers present a long standing conundrum at least recently when there is high prevalence of poverty. The purpose of this paper therefore is three fold. It represents some empirical evidence and gives inductive discussion on the magnitude, albeit, in a nutshell, the role of the government in the performance of small scale enterprises based on the findings of the exploratory study conducted in the city of Dar es salaam, Tanzania.

### *2.1 Theoretical concepts of small scale enterprises*

The SE's nomenclature is used to mean Small scale Enterprises. It is sometimes referred to as Micro, Small and Medium (MSME's). The SE's cover the non-farm activities mainly manufacturing, mining, commerce and services. There is no universally accepted definition of SE. Different countries use various measures of sizes depending on their level of development. The commonly used yardsticks are the total number of employees, total investment and the sales turnover. In Dar es Salaam context, micro enterprises are firms or businesses that engage up to four employees, in most cases being family members and employ capital of up to Tshs5 million (SE's Development Policy, 2002). The majority of micro enterprises fall under this sector. Small enterprises are mostly formalized undertakings engaging between 5-49 employees or with capital investment from Tshs5-200 million (SE's Development Policy, 2002). Medium enterprises employ between 50-99 people or use the capital investment from Tshs200-800 million (SE's Development Policy, 2002). In case of an enterprise falling under more than one category, and then the level of investment will be a deciding factor (SE Policy of Tanzania 2003).

### *2.3 Characteristics of SE's*

According to Burns and Dewhurst (1996), the major characteristic of SE's is that its firm's share of the market is not large enough to enable it influence the price of national quantities of goods sold to any extent. In addition, SE's have personalized management where the owner actively participates in all aspects of management of the business and in all major decision-making process. Thus there is little devolution of delegation of authority. In third world countries, SE's are mostly trade – oriented with only a small proportion of them involved in the production of commercial goods or services, thus requiring relatively skilled employees. However, the majority of SE's involved in trade are not familiar either with foreign trade and customs procedures or with product liability, quality and consumer protection requirements.

This can be attributed to two important factors: first, the fact that most developing countries are faced with an underdeveloped segment of small credit banks and credit guarantee institutions that can aid in the development and growth of SE's. Second, the development of information services and networking that would provide information on products, markets, export requirements, customs regulations, partners (both domestic and foreign) are very poorly developed and when available are very expensive for SE's to afford. In Dar es Salaam, Tanzania, the characteristics of SE's are no different from those defined by Burns and Dewhurst (1996) above. A national SE's Workshop conducted in 1999 by SIDO revealed that most SE's in Tanzania are very small business engaged in survivalist activities (craft, food vending, fishermen, shops, food processing, textile (batik tie and die), and often involve the owner, some family members and one-paid employee. The owner of the business is usually the only and final decision maker and the controller of the business. These SE's are not engaged in many new innovative practices and rarely show signs of growth.

### *2.4 SE needs for growth and development*

SE's are faced with numerous problems and require some form of assistance both financial and non-financial to attain competitive growth. According to Cole (1959), the list of requirement ranges from rising of finance, getting paid on time, financial control, staff recruitment, removal of the red tape and regulations. It must be understood that when helping businesses to grow and develop, there is need to develop customized solutions to address the specific needs of individual businesses and not businesses in general. Some literature suggests that there are five generic needs that need to be addressed when considering the growth and development of SE's:

1. Information
2. Customer focused advice and support
3. Skills and management development (which could be delivered both through developments of existing staff as well as through recruitment of additional staff)
4. Financial support
5. Infrastructure, including workspace

Governments should therefore set out to ensure that all these are available, as well as taking on roles to minimize the burden of red tape and regulation and to champion the importance of entrepreneurship.

#### *2.4.1 The role of the government in SE's growth and development*

According to Callon (1979), the role of the government is to provide the right macro-economic conditions for business success by providing an economic framework which is stable and helps foster enterprise growth and development. At the same time, the government also has a role to ensure that its policies and programs support SE's to meet the challenges of the 21st century especially increased competition brought about by liberalization policies and globalization. Whilst recognizing that the private sector is at the forefront of wealth creation and employment generation in a nation, the government also has an important role to play in creating a culture that stimulates enterprises, encourages innovation and rewards success. All this can be done through the establishment of a simple legal framework, good tax policies that do not hurt the SE's, reasonable license fees, removal of red tapes, proper infrastructure and the establishment of financial institutions aimed at helping SE's grow.

#### *2.4.2 Legal Framework in SE's growth and development*

Regulations impose a disproportionate burden on the smallest firms and it is usually the proprietor who has to find the time to comply. This detracts from the real job of growing and managing the business. According to McClelland (1979), regulations are almost always introduced for sound reasons, but government departments should look at alternatives, only resorting to regulation as the last choice. This will help balance the need to regulate with the extra burden it inevitably imposes. Departments should think first about the implications for small businesses, rather than assuming that all businesses will cope. Effective policymaking should follow the principles of good regulation – proportionality, transparency, accountability, targeting and consistence. The SE's operators and owners have a role to ensure that government policy makers take full account of small business views then drawing up proposed regulation. They have the role in encouraging local and national enforcement agencies to enforce regulations fairly and proportionately (Carl, 1971).

#### *2.4.3 Business Development Services (BDS) role in SE's growth and development*

Operators of SE's have rather low business skills and seem not to appreciate the importance of business education. On the other hand, the quality of training provided by existing business training institutions and costs involved has tended to be unattractive and unaffordable to the potential beneficiaries (SE Policy 2002). Training is a key component in all activities concerning SE promotion and is a prerequisite for their success. The development of human resources is a key task not only in economies in transition but in developed countries (Callon 1979). Training programs help SE's in the following fields and subjects: training packages for staff and trainers in agencies and SE support institutions; SE managers; vocational training; information technology; training on the appraisal of feasibility studies, loan and credit and portfolio management; education and training for technology; foreign language competence; experimental training schemes; retired manager schemes; and other initiatives which can benefit enterprises.

#### *2.4.4 Infrastructure Availability and SE's growth and development*

There are two categories of infrastructure, i.e. hard and soft infrastructures (Walter, 2005). Both hard and soft infrastructures are vital for economic growth. Hard infrastructure includes telecommunications, transportation, power, water and sanitation. Soft infrastructure refers to financial and information services. Efficient delivery of both categories is critical to the development of a competitive economy and for broader participation in economic activity by the SE's. Tanzanian infrastructure is generally underdeveloped and sparse relative to needs, making service delivery unreliable and expensive. There are major challenges in the transportation with pressing needs to widen and deepen funds on roads development. Lack of financial instruments in the formal sector to serve for infrastructure sector and the Small scale Enterprises (SE) niche remains a major constraint and impediment to private sector development and economic empowerment and especially the SE's (Tanzania Nation Trade policy, 2005).

#### *2.5 Importance of Small Scale Enterprises*

It is estimated that about a third of GDP originates from the SE sector. According to informal sector of 2003, micro enterprises operating in the informal sector alone consisted about more than 1.7 million persons. That is about 20% of the Tanzanian labor force (SIDO Paper 1999). Since SE's tend to be labor intensive, they create more employment at high levels of investment. At the present, unemployment is a significant problem that Dar es Salaam has to deal with. Estimates show that there are about 7 million new entrants to the labor force each year (SIDO Paper 1999). About 500,000 of this are school leavers with few marketable skills (SIDO Paper 1999). The public sector employs only about 40,000 leaving about 660,000 to join the unemployed or under employed reserve (SIDO Paper 1999). Most of these people end up in SE sector and especially in the informal sector. Given that situation and the fact that Dar es Salaam is characterized by low level of investment/capital formation SE's are the best option to address this problem.

SE's tend to be more effective in the utilization of local resources using simple and affordable technology. SE sector play a fundamental role in utilizing and adding value to local resources. In addition development of SE's facilitates the distribution of economic activities within the economy and thus fosters equitable income distribution. Furthermore, SE's are better positioned to satisfy limited demands brought about by small and localized markets due to their lower overhead and fixed costs. Through business linkages, partnerships and subcontracting relationships, SE's have great potential to compliment large industry requirements. A strong and productive industrial structure can only be achieved where SE's and large enterprises not only co-exist but also function in a symbiotic relationship. However the linkages between SE's and large enterprises are very weak in Tanzania. SE's development policy therefore should be created to enhance the linkages from the economy. In addition, SE's serve as a training ground for entrepreneurship and managerial development and enable motivated individuals to find new avenues for investment and expanding their operations.

#### *2.5.1 The bright side of SE's in Dar es Salaam*

Financial performance- the SE does tend to outweigh the large enterprises because they tend to have a higher return on owners equity. In many industries, SE's respond more quickly and at a lesser cost than large

enterprises to the quickening rate of change in products and services, processes and markets. SE's tend to be more attractive to talented, individualistic men and women.

Innovation-SE's sparks the economy, creative and resourceful, small business persons tend to be mavericks because they: Cut price while others follow the price leader, Innovate when others are content to sit on their hands and Reject suggestions from competitors to set just one price.

Create jobs-in a popular view in which most people are contented with, it's not SE's bet large enterprises that create most new jobs. This view is false because SE's tend to create new jobs faster than large enterprises.

Dependence of Large enterprises on SE's-the economy of Tanzania depends on SE's for much more than innovation and invention. For one thing, SE's tend to employ many personnel. For another it sells most of the products made by big manufacturers to consumers. In addition , it provides big business with many of the services, supplies and raw materials needed.

#### *2.6 Empirical literature survey*

Elhiraika and Ahmed (1998) conducted a research that tried to determine the effects of national policy on the development of the SE's in Côte d'Ivoire. The study focused on the existing efforts of the government in Côte d'Ivoire that were aimed at creating a technical-support infrastructure for the development of SE's. Thus, the objectives of the study included the need to share know-how on developing and carrying out policies and programs for financing SE's, the need to stress the role of the public and private sectors in creating an environment to foster the emergence and blossoming of small businesses and the need to help coordinate the implementation of action programs for small-enterprise development in several countries. The justification for their study was that liberalization had created a free-market environment that was more unfavorable to the private sector and thus there were fears that without support and access to ample resources during the adjustment period, SE's would be unable to succeed. Further, the researchers argued that SE's were an important component of any growing economy and could not be ignored.

The findings of the study showed that the lack of an appropriate institutional framework and of adequate infrastructures, inadequate financing schemes and inefficient information systems were some of the obstacles which hampered the organized development of small enterprises in the region. The study findings implied that in order to create a sound business climate, the government of Côte d'Ivoire had to set up industrial and handicraft zones for SE's and had to give them tax and customs privileges under the investment code. The government had also to take special steps to help the marketing efforts of small enterprises.

Gabriel (1999) conducted a study on factors affecting SE growth in Rwanda. This study assessed the role of formal and informal government institutions and their effects to small-scale enterprises in Rwanda. The results of the study showed that the presence of many government institutions and boards dealing with the SE's was a barrier to SE development. Apart from that the study found out that business owners had poor experience and insufficient business knowledge. In addition, there were no markets for their products due to the prevailing low income levels of the consumers. In the same study, Rwandan small-enterprise sector was defined as being all of those businesses that employed 1–50 people. It was estimated that 2.1 million of Rwanda's workforce were employed in the sectors 352,000 enterprises. The sector was seen to be growing at an impressive rate. In 1998, for example, it grew by 20%. The large-enterprise sector, on the other hand, recorded a 2.3% growth rate in the same year. The implication of these growth rates was that in the foreseeable future small enterprises would employ three out of every four people looking for a job in the non-agricultural sector of the economy. In addition to its importance in job creation, the small-enterprise sector contributed 33% of the value added in manufacturing and the retail trade in Rwanda. The study concluded that there were many factors affecting the growth of SE. The factors were put in two groups. Factors which were government oriented factors from SE's themselves and environmental factors. The study provided different recommendations but the major one was that all key stakeholders need to perform their duties accordingly.

### **3. Research methodology**

#### *3.1 Research design*

The research design is quantitative, qualitative and purposive. It tests a series of hypotheses developed in the study and analyses the data using simple statistics. The data is then presented in tables and figures. The population of study encompasses the total collection of all items, units, cases or elements about which the research conclusions are made (Kothari, 2005). In this study the target population was SE's located in Dar es Salaam namely from Ilala, Kinondoni and Temeke amounting to 13 units from the three districts.

#### *3.2 Research Sample and Sampling Design*

As a result, the researchers used a sample size of 13 SE's non-randomly selected from the three regions named above in Dar es Salaam. A sample is used to obtain representatives information in respect of a population. Because of inadequate time and resources, the researchers were not able to study the whole population. Such an exercise would have been expensive and time consuming. Because of inadequate time and resources, the

researchers were not able to study the whole population. Such an exercise would have been expensive and time consuming. Sampling design refers to the technique or procedure the researchers adopted in selecting some sampling units from which inferences about the population are drawn (Kothari 2005).

Dar es Salaam was stratified into its three regions namely Ilala, Kinondoni and Temeke. From the three regions, the researchers purposively selected 13 SE's (4 from Ilala and 4 from Kinondoni respectively and 5 from Temeke). The 13 SE's were taken from a list of SE's as registered by the Ministry of Industry and Trade. Non-probability sampling includes convenience sampling, judgment and quota samples. The researchers subjectively selected the items that made a sample representative of the population. In this case, the researchers used information on the classification of SE's as a criterion in selecting the sample included in the study.

#### **4. Findings**

According to the findings, most of the respondents showed that the legal frame work was a barrier to the development of their businesses. About 25% of the respondents said that the legal framework was poor, 58.3% said that it was fair, and 16.7% indicated that the framework was good. It is clear that the legal framework as a whole is not conducive for the growth and development of SE's. However, separate entities that make up the legal framework when analyzed on their own indicate otherwise such as the licensing and registration procedure which was shown to be conducive for SE's registration and licensing.

The researcher wanted to determine the impact of BDS provided by the government to SE's growth and development. From the findings, 66.7% of the respondents said that BDS were not adequate, while 33.3% said the services were adequate. The respondents also said that most of the NGOs providing for BDS on behalf of the government were located in large cities such as Dar-Es-Salaam, Mwanza and Mbeya. In addition, the services were often very expensive and could not be afforded by many SE's.

Further, the study attempted to analyze whether BDS through entrepreneurship training enabled SE's meet the current dynamic and ever changing market demands. From the study, about 25% of the respondents said that the government performed well in providing entrepreneurship training that reflected current market demand and 16.7% said that the government performed poorly. From the findings, the overall picture is that the government is still lacking in its BDS provision. In only one case, has it been shown that BDS has been a success in providing training to SE's through NGOs. However, respondents indicated that the training offered was often based in large cities and was very expensive making it inaccessible to SE's.

The researchers conclude that SE owners and operators were not satisfied with the level at which the government provided supportive infrastructure and business centers. From these findings, the researcher accepts the hypothesis that the government has not performed sufficiently in providing infrastructure and business centers to support the growth and development of SE's.

#### **5. Conclusion and Recommendation**

The study carried out both theoretical and empirical literature review which revealed that there was a definite relationship in a nation's policy framework and the growth of SE's. The literature review also showed that BDS and infrastructure were important aspects that determined the growth of SE's. The findings of the study showed that the legal framework in general was poor and complex and thus unsupportive to the development and growth of SE's. However, individual components of the legal framework such as licensing and registration were seen to be effective in contributing to the growth and development of SE's.

The results of the study also showed that the BDS offered to SE's by the government have done little to improve the growth of SE's. Most of the respondents indicated that the entrepreneurship training was appropriate but it was offered in major cities which were out of reach for many SE's that were not based in these cities. Further, the respondents indicated that the costs relating to the training were also very high. Finally, the study showed that the current physical infrastructure was not supportive to SE's development. For instance, the respondents indicated that business and trading centers were not appropriately developed to enhance trade. Other infrastructure such as the supply of electricity was unreliable hampering production processes of SE's.

The study aimed at assessing how the current legal frame work is a barrier to SE's development. From the study, 76% of the respondents said that the government performed insufficiently in simplifying the legal framework within which SE's operated. This clearly shows that the government still has a major role to perform in improving the legal framework. Most of the respondents indicated that the legal system was bureaucratic, costly and centralized. These characteristics of the legal and regulatory environment affect all sizes of business adversely. However the concern was that SE's are further constrained in this environment in comparison to larger businesses due to the disproportionately heavy costs of compliance arising from their size.

As a result most of the informal enterprises have failed to formalize and micro enterprises have been unable to grow and graduate due to complexities in legal structures. Respondents also commented that the tax regime in Tanzania is unfavorable for SE development. Taxes are many, high and collected by various authorities

including Tanzania Revenue Authorities (TRA) and Local Government Authorities. Further more they said that most of SE's personnel are ignorant of tax matters and the costs of complying with tax regulations are considered rather high. Whereas taxation of business is a necessity for nation economic development, the present tax regime imposes a major burden on SE's. The respondents were asked another question to rank performance of the government in terms of simplifying the businesses licensing and registration procedures. Most of the respondents indicated that the government was slightly effective, but there was still room for improvement. Another area of legal frame work in the study is the use of intellectual property. The study observed that little has been done to sensitize SE's on intellectual property and its use. More over the study also observed that there were poor laws to enable people to capitalize on their property rights.

Generally the study was interesting and it has given the researchers great insights in the aspects that affect the SE growth. There are many factors which have hindered the full development of SE's but the prime factor is the government having failed to establish a suitable environment for the growth of SE's. The study concludes that although it is the role of the government to create an enabling environment for the growth and development of SE's, there is need for the private sector also to play its role in aiding the government in creating this environment. For instance, the study has shown that NGOs are doing an effective job in providing BDS to SE's though expensive and located only in certain parts of the country. If the private sector can subsidise part of the BDS offered to SE's and the government plays the role of encouraging NGOs to aid SE's outside big cities, then, it is definite that there would be development and growth of SE's. This requires that all key stakeholders in the nation play their roles effectively and efficiently.

#### 5.1 Suggestions for further research

The researcher recommends that since the study was conducted from the government's role in the performance of small scale enterprises point of view, then a similar study should be conducted on BDS and its implication for the growth and development of SE's. In addition, further research needs to be conducted in determining how the current tax structure affects the performance of SE's in the Republic of Tanzania as a whole.

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