

The Artisans: Livelihood Sustainability in the Context of Handicraft Micro and Small Enterprises in Moshi Tanzania

Isaac Kazungu^{1,*}, Julieth Njau²

^{1,2}Moshi Co-operative University, P.O.Box 474, Moshi, Kilimanjaro, Tanzania

*Corresponding author

Abstract:-This study analyses the contribution of Micro and Small Enterprises (MSEs) on sustainable livelihoods of the people, taking handicraft MSEs in Moshi Tanzania as a case in point. Specifically, it focused on determining the impact of handicrafts MSEs' income on household health status, education, food safety shelter and assets ownership as the livelihood outcomes. 50 operators were identified by the use of the stratified random sampling technique and studied. We applied a triangulation of questionnaire, interviews and library search. Pearson's Product Moment correlation coefficient (r) and ANOVA were used to test the strength and significance of the relationship between variables of the study, while hypothesis was tested by using P-value. Handicrafts MSEs income was found to have a positive and significant relationship with livelihood outcomes. Institutional problems on business premises, registration and infrastructure, marketing information and financial access were also the outcomes of this study. It is concluded that handicraft MSEs are essential contributors of sustainable livelihoods and thus there is a need to improve their operating environment. We recommend improvement in business infrastructure, market information, business development services, and taking up of business accreditation schemes for the development of the handicrafts industry.

Key words: MSEs, Sustainable Livelihoods, Handicraft Enterprises and Moshi Tanzania

I. INTRODUCTION

The Micro and Small Enterprises (MSEs) are among the major driving forces of socio-economic development worldwide (Kazungu, Ndiege, Mchopa and Moshi, 2014). This is unquestionably a case of Tanzania where it is estimated that one-third of the country's Gross Domestic Product (GDP) originates from this sector (Mbura, 2007). The sector is labour intensive and creates employment at a relative low level of investment per job (Massawe, 2000) with about 1.7 million businesses (Informal sector survey, 1991) and engage 3-4 million people, which is 20-30% of the country's total labour force (Kazungu, Ndiege, and Matolo, 2013) and (Richardson and Rhona, 2004). They stimulate private ownership, entrepreneurial skills, and are flexible in adapting market demand and supply situations, help diversify economic activities (National SMEs Development Policy, 2003). They use more of what a country possesses, and less of what it lacks and so have a greater economic impact than larger firms

in terms of employment generation, and provision of means of livelihood, thus considered more to account for a substantial share in export basket of most developing countries (Assefa and Matambalya, 2002).

However, there are a number of constraints that hinder the performance of MSEs in Tanzania. These include complicated legal and cumbersome regulatory framework; insufficient data for their development, limited access to financial services, weak business support, inadequate quality standard control, and low technology. Other constraints are limited access to raw materials, poor infrastructure including working premises, roads, cold rooms, serviced land warehouses, power, even locations where these services are available, the supply is unreliable and costly (Kazungu, *et al.*, 2014); weak, fragmented and uncoordinated institutions and associations supporting MSEs (Olomi, 2009). Other most serious impediments according to Kiobya (2006) are the limited capacity of people who start and operate businesses, in terms of the attitudes, motivation, exposure, skills and experiences. These capacity limitations intensify the effects of other problems and thus MSEs find it difficult to exploit the existing potentials for further employment and wealth creation. As a result, they permanently remained micro and informal, with limited access to growth, markets potentials and support services which inhibit their capacity to pay taxes, achieving poverty reduction and sustainable livelihoods.

This situation is likely to be worsening as competition intensifies with the ongoing globalization (URT, 2003). The study by Temu (1998) and Nchimbi (2002) showed that most of the existing business ventures in the country are survivalists, not serious, and are pushed into the business by economic necessity as opposed to entrepreneurial spirit. While a large number of them start microenterprises, only a small number of these operators are eventually succeeding in generating a sustainable living out of their micro and small-enterprises (Olomi, 2003). And thus, the many years of their businesses performance do not contribute significantly to sustainable livelihood outcomes. Very little or none of what is obtained from the daily business operations is used in terms of capabilities and assets, to undertake activities to survive in advance circumstances. The vicious circle is still on the

business income that would be enough to build better houses, education for the entrepreneurs and their families, food safety, and access to health services are still under-developed despite the decades of their engagement in business operations (personal communication).

Many studies have been done on sustainable livelihoods, with emphasis on socio-economic assessment, sustainable use of natural resources, food security, and poverty alleviation without linking it with the development of SMEs. Norlida (2009), Ashley and Carney (1999), studied the marine park and sustainability, Canari (2010) looked at the relationship between poverty, livelihood security and natural resource management as a way to evolve interventions that support sustainable and resilient development strategies for local communities. Programme for Agricultural and Natural Resources Transformation for Improved Livelihood (PANTIL), (2006) Analysed livelihood in terms of vulnerability, assets, policies, livelihood strategies and livelihood outcomes, Seeley and Pringle (2001) evaluated the effectiveness of sustainable livelihood approaches on HIV/AIDS epidemic.

However, Kazungu *et al.* (2014) mark out SMEs operating nursery gardens and their imperative contribution to livelihoods in Tanzania, Vibha (2005) traces the situations of MSMEs and the way they support themselves and their families acquiring livelihoods sustainably. Empirically, this shows that little have been done in researching the contribution of MSEs to livelihoods as documented by Alemahehu (2006), Negash and Kenea (2003) who found that researches in the field of SMEs and sustainable livelihoods have not been a major area of focus. The critical gap here has therefore been a lack of research studies in the area of handicrafts enterprises and the sustainable livelihoods. Thus it was worthy carrying out this study to determine the impact of increased handicrafts MSEs income on livelihoods outcomes in terms of the dimensions: Food security, health services, Education and Shelter using handicrafts operators in Moshi Tanzania as a case in point.

II. LITERATURE REVIEW

There have been many efforts to define the term small business. At present, there is no universally acceptable definition of small – scale business (Scarborough, Wilson and Zimmerer, 2009). This is due to variations of the concept from country to country, from sector to sector (Goldmark and Nichter, 2005) and in relation to their markets (Ngowi, 2009). Some yardsticks, which have been commonly used, are a total number of employees, capital investment and sales turnover (Kibera, 1991). While in Europe, a Small business is the one with less than 50 employees, and a Medium size is the one that employs between 50 and 100 people, in Japan the classification is different, a “Small Enterprise” is a firm with fewer than 300 employees, or with capital of less than 100

million Yen (Ngowi, 2009). In Tanzania, the SME’s development policy of 2003 defines these ventures in terms of annual turnover and the number of employees. Micro Enterprises are those with one (1) to four (4) employees and a capital up to Tshs. 5 million, while Small Enterprises have employee between 5 and 49 and a capital investment ranging between Tshs.5 million to Tshs.200 million. From this definition majority of MSE’s fall under the informal sector, mainly performing activities such as trading, manufacturing, agriculture, mining, and services with little or no access to organized markets, credit institutions, formal education and training. (Kazungu, *et al.*, 2014).

Livelihoods refers to how people structure their means of living; how they use capabilities, assets, and activities in a resilient manner to sniff around and look for opportunities, to diversify by adding enterprises, and to multiply activities and relationships for stability (Ellis, 1999). PANTIL (2006) analyses livelihood in terms of vulnerability, assets, policies, livelihood strategies and livelihood outcomes which according to according to Ellis (1998) include more income, improved food security, health and education status. Sustainable Livelihood, on the other extreme, is defined by Tacoli (1998) as the wherewithal of people to make a living and improve their quality of life without jeopardizing the current and future livelihood options of others. The sustainable livelihoods approach according to Hooger and Fresco (1993) focuses on enhancing the sustainability of the lives of the poor by promoting six core objectives: (i) more secure access to, and better management of, natural resources; (ii) more secure access to financial resources; (iii) a policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to competitive markets; (iv) better nutrition and health; improved access to high quality education, information, technologies, and training (which is the focus of this study); (v) a more supportive and cohesive social environment; and (vi) better access to basic and facilitating infrastructure (DFID in Franks *et al.*, 2004).

This study used the Conceptual Model-Sustainable Livelihood adapted from the CARE model (2002) and Sustainable Livelihood Framework SLF-DFID (1999). The modified model clearly demonstrates the interrelationship between three fundamental attributes which are *Livelihood assets* (human, natural, physical, social and financial assets); *Livelihood strategies* (marketing, trading and exchange activities); *Livelihood outcomes* (food safety, household income, health, education, shelter, and assets possession). It also shows how they influence MSEs operators in achieving their livelihood sustainably. The interaction between these attributes defines the livelihood strategies used by the operators of Micro and Small Enterprises dealing with handicraft and is thus central to the Conceptual Model-Sustainable Livelihood as outlined in Figure 1.

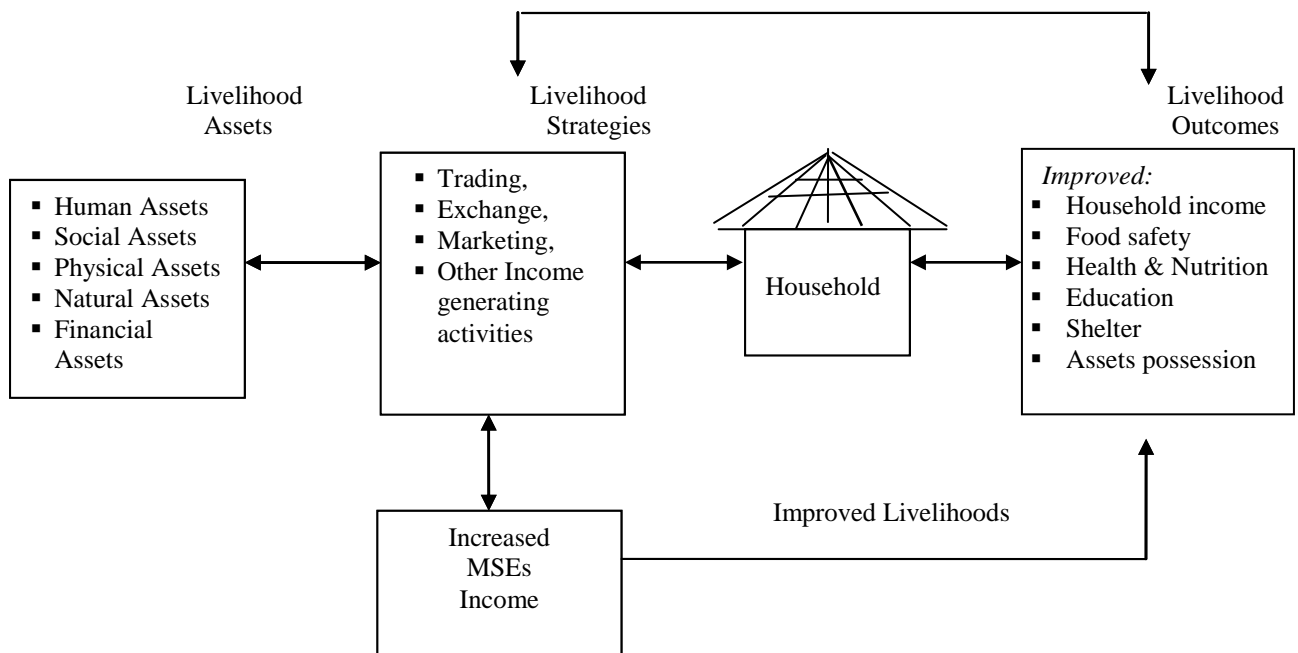


Figure 1: Conceptual Model-Sustainable Livelihood

Source: Adapted from CARE (2002) & DFID (1999) Livelihood Models and modified

The conceptual model is people-centred, it focuses more on household level and explains their needs regarding livelihood outcomes and how those needs are met through increased business income which resulted from the effective combination and implementation of livelihood strategies and assets in to improve livelihoods sustainably. This model centres on a household's livelihood strategy: the asset box, as shown in figure 1 includes the capabilities of household members, the assets and resources to which they have access, as well as their access to information or to influence others and their ability to claim from relatives, the state or others actors (Carney *et al.*, 1999). From this conceptual model, it can be realized that the livelihood strategies are the means to improve households' livelihoods and not an end in them. Thus to assess changes that are taking place in the form of household livelihood status, it requires a close monitoring of household income levels, food safety, nutrition, health, water, shelter, education, and asset possessions levels of household members. Based on these premises one hypothesis (H_A) was developed and tested:

H_A : Handicrafts MSEs income have a positive significant effect on livelihood outcomes.

III. RESEARCH METHODS

A single cross-sectional study was conducted in Moshi Tanzania. The study population consisted of all operators of MSEs dealing with handicraft. Primary data were gathered from 50 MSEs owner-managers identified by using stratified sampling technique. Secondary data were gathered from

published and unpublished materials like journals articles, policy papers, websites, archives and libraries. Primary data were collected through a structured questionnaire; a 5-point Likert scale was employed, in which a respondent expresses the intensity of his or her feelings (Churchill, 2002). Questionnaires were administered by using personal interviews and respondents were given enough time and assistance when filling in questionnaires during the interview. Quantitative and qualitative data were edited, coded and tabulated using Predictive Analytical Software (IBM SPSS) and Microsoft Excel spreadsheet and finally analyzed using descriptive statistics. Pearson's Product Moment correlation coefficient (r) and ANOVA were used to test the strength and significance of the relationship between variables of the study, while hypothesis was tested by using P-value.

IV. RESULTS AND DISCUSSION

Findings from this study revealed that male constitute 58% of respondents while female were 42%. This shows that men are more engaging in handicraft industry than female. This difference according to Kazungu and Magigi (2012) is caused by constraining factors such as women's reproductive roles, education, entrepreneurial capacity and technical skills. Others are limited start-up capital, limited access to credit for working capital and limited capacity to absorb the consequences of failure as supported by Rutashobya (1995) and ILO (2003a, 2003b, 2003c). This reflects a gap between male and female engaging in Micro and Small businesses. However, there is a noted increasing participation of women in these enterprises as a result of the necessity for them to play

a more active role in income generating activities. This according to Olomi (2009) is due to reduced real salaries and employment opportunities for men who had traditionally been the breadwinners. In 1990 women accounted for 35% of the labour force in MSEs (URT, 1991), six years later a survey by ESRF (1997) found that 45% of the enterprise owned by women. Also, Mbura (2007) noted an increased rate of women participation in MSEs.

These statistics together with field observations shows that this gap is diminished as time goes on. This according to ILO (2003, 2003a, 2003b), Nchimbi (2002) and Rutashobya (1995), is accounted by a number of pull factors like the need for something she can have control over, to raise her social status and earn the respect of her husband and the community. Other factors are to have greater flexibility (compared with employment) to combine work and household responsibilities, need for achievement, need for independence and the need for money as a measure of success. Push factors which account for this reduction are to meet basic economic needs, creating breathing space for the woman, frustration and boredom in their previous jobs. It is also a mean to escape from workplace discrimination and domination of male employers and as a solution for women who find themselves “trapped” at home once their children have grown up.

The study findings show that 2% of respondents are less than 20 years of age, 28% between 21 to 30 years, 36% aged between 31 and 40 years where as 26% are ranging between 41 to 50 years, and only 8% were above 50 years. Based on marital status 60% of all respondents in the surveyed businesses were married while 40% were single. This is in line with the fact that married people are more engaging in entrepreneurial undertakings than the single ones. Marital status is closely related to age and stage of the life cycle; married people are likely to be middle or old aged while single people will typically be younger. Self-employment rate increases with age up to 35-40 age group, and the drops slightly before increasing dramatically again to peak at post-65 and so the likelihood of one engaging with self-employment will, therefore, depend on his or her age. Olomi (2003) in Kazungu and Magigi (2012) explain the reason for these variations that the young have the energy required to start new and independent ventures, but lack financial resources to do so. The older have money but lack the energy to establish ventures and willingness to change their lifestyles. Nevertheless, most elders are involuntarily pushed into some form of self-employment after retirement to complement their pensions.

As for education level, it became clear that operators of handicrafts enterprises are mostly with low education level. The study findings depict that 46% and 22% have primary and secondary education, only 4% high school education and 28% did not attend school at all. This signifies a very low level of education among MSEs actors and is technically influenced by the nature of the business and the desired skills. This is also supported by Kazungu and Magigi (2012) and Njau

(2009) that people with low level of education tend to be engaged in activities which need minimum academic skills, and this affects the way they manage their businesses and may lead to a weak performance in terms of production, finances, operations, marketing and low profit earnings.

One of the key challenges in the institutional context is access to proper business premises; it was portrayed in this study that a large number of operators in this sector are trading in other unauthorised areas in the municipal council areas such as open spaces, recreation places, and road reserves and residential areas. This according to UDEC (2002) is caused by bureaucracy, corruption and a limited number of surveyed plots. This is also reinforced by Kiobya (2006) that access to surveyed land and premises is very limited thus resort in squatting in areas not demarcated for business. As a result, many are not registered and continue to operate informally as revealed in this study findings that only 10% of the respondents registered their businesses with local authorities, 24% in the process, 44% not registered, leaving other 22% with no plans to register their businesses.

From the study findings, 28% of these ventures are owned individually while 72% are shared among several operators and associations. The industry seems to be potential and fast growing livelihood strategy with an incredible rate of new entrants, as 32% of the respondents are working with the businesses for less than 5 years, 28% between 6 and 10 years, 19% between 11 and 15 years with only 7% were between 16 and 20 years, whilst 14% exceeds 20 years. Again, 60% entered the MSEs industry for the purpose of earning a living, 28% to complement other income sources and 12% just for fun. It was also revealed that many operators of MSEs rely on business income, 40% of the respondents have no other sources of income apart from their handicrafts enterprises, 24% also depend on farming activities, 14% formal employment, 12% petty business and 10% casual labour. This reflects observation by Olomi (2009) and Rosa, *et al.* (2006) that most owners and operators of enterprises consider their activities as a means of making a living. Hence, a need for various actors to support the development of this industry, as it influences the livelihoods of many.

The Person Correlation results in Table 1 divulge that, at 0.01 the level of confidence there is a positive relationship between the increase in business income and household's food availability. The correlation coefficient of 56.7% signifies that increase business income and access to food are positively related. This implies that income from businesses leads to the improved status of food safety at the household level as it enables entrepreneurs to have food reserve that might be used throughout the year.

Based on the results in Table 1 there is a positive relation between the increase in business income and the state of household education. The correlation coefficient of 57.8% at the significant level of 0.01 indicates that households with increased business income are likely to take their children to

better schools, to develop their careers and. However, results from focus group discussion revealed, business income is not enough to facilitate the access to Business Development Services for they are very expensive, highly demanded, offered by very few institutions, unsustainable and not tailored to the needs of MSEs operators but designed to suit the needs of the donors.

The current study analyzed the contribution of handicrafts enterprises income in accessibility of household health services, and findings in Table 1 shows that at 0.01 level of confidence the two variables are positively correlated at 59.6%. It was observed that due to increased business income the household health status improves and. Therefore, entrepreneurs and their families afford to use health services from hospitals and health centres by way of cost sharing or buying the services from health services and hospitals.

The study also measured the contribution of handicrafts MSEs income in the quality of houses that venture owners live in enabling operators to access better shelter, and it appears that at a significant level 0.01, business income is highly correlated with the quality of house that an entrepreneur is

living at 0.601. It was also exposed that 51% of the entrepreneur's houses changed in the past five years, 49% did not, of those that changed; 73% improved and 27% declined and the main reason for better-quality were 52% increased business income, 9% increased income from other sources and 16% reported a declined business income. The study also depicted that 100% of the handicraft dealers live in houses with corrugated iron sheets roofs, electricity, and safe water with none in grass matched.

The measured the contribution of handicrafts enterprises income in the household assets possession and results in Table 1 show that at a significant level 0.01, business income is highly correlated with the entrepreneurs' assets possession at 0.652. The study also investigated the ownership of assets that are used as a livelihood strategy, and it was found that the main asset that entrepreneurs in this industry are keen in the possession of is land. It is indicated that 59% of the respondents do have land ownership while 41% are not. It was further disclosed that the land is mostly used for farming activities which constitute 43% where as 12% future investments, 6% business and 39% other income generating activities.

Table 1: Correlation between MSE Income and State of Livelihood Outcomes

Livelihoods Outcomes		Increased MSEs income	State of Household Education	Availability of food	Quality of house	Household health status	Assets Possession
Increased MSEs income	Pearson Correlation	1	.578**	.567**	.601**	.596**	.652**
	Sig (2-tailed)		.000	.000	.000	.000	.000
	N	50	50	50	50	50	50

**Correlation is significant at the .001 level (2-tailed)

Regression Analysis

In this study, one hypothesis was tested to establish a relationship that exists between the livelihoods outcomes (in terms of better shelter, food safety, and education health services and Assets possession) and income earned out of handicrafts MSEs in Moshi. R squared was used to check how well the model fitted the data. it was interesting to know if the handicrafts MSEs income (independent variable) relates to the livelihoods outcomes (dependent variable). The coefficient of determination R^2 was used to measure how well the regression line represents the data. If the regression line passes exactly through every point on the scatter plot, it would be able to explain all of the variation. The further the line is away from the points, the less it is able to explain. The p-values were used to measures the hypotheses of the study. The coefficient of determination is the ratio of the explained variation to the total variation. The coefficient of determination is such that $0 < r < 1$, and denotes the strength of the linear association between x and y.

The aggregate mean score of the handicrafts MSEs income (independent variable) was then regressed on the aggregate

mean scores of the livelihoods outcomes (dependent variable). The results in table 2 indicated that handicrafts MSEs income had moderate explanatory power on livelihoods outcomes as it accounted for 33.9%, with the coefficient of determination $R^2 = .339$ and $R = .582$ at significant level of 0.05. It is identified that an increase in MSEs income tends to increase the livelihoods outcomes by 33.9% and the remaining 66.1% can be explained by other factors.

To determine the effect of handicrafts MSEs' income on livelihood outcomes among handicrafts MSEs owner-managers in Moshi Tanzania, the study developed and tested had the following alternative hypothesis: H_A : *Handicrafts MSEs' income have a positive significant effect on livelihood outcomes*. The regression results in table 2 reveal statistically positive significant linear relationship between MSEs income and livelihoods outcomes ($\beta=0.864$, $t=6.545 > 1.96$, $p= 0.000 < 0.05$). Thus, H_A is accepted and it is concluded that there is a positive significant relationship between MSEs income and livelihoods outcomes since $\beta \neq 0$ and $P\text{-value} < 0.05$.

Table 2: Regression coefficient

Coefficients	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	2.328	.185		12.584	.000
	.864	.132	.339	6.545	.000

The ANOVA was also done to test the significance of the handicrafts MSEs' income in table 3. The study results revealed that the significance of F statistics is 0.000 ($p < 0.05$).

This means that there is a significant relationship between MSEs income and livelihood outcomes as indicated in table 3.

Table 3: ANOVAs

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	17.782	1	17.782	29.987	.000 ^b
Residual	109.025	184	.593		
Total	126.807	185			

a. Dependent Variable: livelihoods outcomes

b. Predictors: (Constant), MSEs income

In table 3 the ANOVA test results on handicrafts MSEs' income revealed F statistic of 29.987 which was significant at 0.05 ($p < 0.05$). This means that 29.987% of the change in livelihoods outcomes was influenced by measures MSEs income

V. CONCLUSION

MSEs dealing with handicraft have gained a significant popularity for their great role in economic growth, employment creation, income generation and distribution, utilization of local resources, incubation of entrepreneurial talents, dispersion of enterprises and stimulation of socio-economic development. As for the objectives of the current study, our findings revealed that there is a positive relationship between sustainable livelihoods and income earned out of handicrafts MSEs in Moshi. In this context, households attain all that they require in terms of better shelter, food, education and health services. Tanzania entrepreneurs need a favourable and supportive environment which includes access to business premises, finance, affordable technical and entrepreneurship training. Moreover, entrepreneurship and business management skills training, business development services which include information on banks credit facilities, need to be provided to the desired level. All these services are not accessible to MSEs due to their weak financial positions, high charges by the providers and thus limits their access to all these services, this has a negative impact on the growth of small ventures in the country. Therefore, this study concludes that despite the fact that income accrued from these businesses are essential in the acquisition of sustainable livelihoods, there is a need to improve the industry's environment in terms of access to business premises and markets, financial aspects, affordable

technical, entrepreneurship, and business management skills training.

Recommendations

For a holistic approach which may lead to further improvement of this sector, the current study recommends more efforts by the government, and other stakeholders to enhance handicrafts MSEs access to utilities, infrastructure facilities like surveyed and serviced business premises, and a modern communication network which are vital for the operations of entrepreneurs.

The City Planners must recognize the role of the informal sector and, therefore, provide a friendly and conducive environment for these sector activities in the municipality. The study also recommend the establishment of access information bureau to systematize information gathering and dissemination of domestic and international trade information relevant to the owners of small ventures, this will equip SMEs with valuable information on relevant markets, new technologies and innovations, sources of finances at desirable terms and conditions.

One of the major problems that was found to hinder the performance of these ventures is the costs of business development services. It was discovered that BDSs are expensive and unsustainable, and services are designed to suit the needs of the donors. Therefore, deliberate efforts must be focused on the establishment of BDS and advisory bodies which will help venture owners by advising them on business knowledge in areas of product development, marketing information and research, business plans, regulatory and records keeping at sustainable and cheap costs.

Training and development should be strengthened by offering quality education and various skills aiming at promoting the growth of small businesses. These includes developing local capacity for training and assisting entrepreneurs in preparing business plans at affordable rates. Apart from entrepreneurs, such programmes must be given to business training development service providers. Again business skills on financial resources should be imparted to owners of small businesses to avoid misallocation of funds. Again business schools must be supported to improve the provision of business planning and quality-consulting skills courses in their curricula.

The study also recommend the need to educate MSEs owners and operators on the importance and impact of registering their businesses with the respective authorities and operating formally as this will promote their recognition and enhances the provision of support services like utilities, infrastructure, training, access to markets, procurement services, technologies, and finance, and they will thus contribute to Government revenues through taxes.

The study finally recommend the adoption of the accreditation schemes which are an important new development in production and retail sectors. These schemes operate in many countries, with the aim of raising the status and professionalism of the industry which results in improved efficiency, better management, enhanced professional recognition and increased profits. These schemes do offer technical support on product quality, safety procedures, training programmes, marketing and customer services which are offered to through guidelines and independent advice with the view of promoting best management practices.

Policy Implications, Contributions and Reflections

The study findings have revealed a number of challenges that are facing operators of MSEs and which need to be effectively addressed through policies related to this sector. Policies such as the SMEs development policy of 2003 and the National Trade Policy of 2003 are found to be connected with the key issues addressed in this study. The SME Development Policy have identified key strategic areas which have maximum impact on the sector, these are the creation of the enabling business environment, infrastructure development, strengthening financial and non-financial services, as well as establishing and strengthening institutions supportive to SME development. The policy also cited the strategies towards improving sectoral performance and poverty reduction in the country. However, the environment in Tanzania is characterized by bureaucratic, costly and centralised legal and regulatory framework together with unfavourable tax regime which pulls back the implementation of all these policy issues.

Other constraints as highlighted in the National Trade Policy (2003) includes; limited access to extension services, inputs and credit facilities necessary to stimulate product diversification; weak market linkages due to poor infrastructure; and lack of market knowledge and information

necessary to facilitate market diversification. This largely affects all sizes of businesses, though MSMEs are more constrained in this environment in comparison to larger businesses due to the disproportionately heavy costs of compliance arising from their size (SMEs Policy, 2003). As a result, most of Micro and Small Enterprises have failed to formalise, grow and graduate into Medium and Large Enterprises. There is a need for the Government to review the current SME Development Policy by paying much attention to these disproportions in the legal and regulatory framework and working environment. We call upon a need to simplify business registration and licensing procedures, along with efforts to build an enabling environment for SMEs to see the importance of paying taxes to the respective authorities, as it was found a large number of operators in these ventures are not registered and do not pay tax. This will widen the tax base to the local authorities and enhance revenue collections.

The MSEs sector in Tanzania is severely facing poor infrastructure including working premises, roads, cold rooms, warehouses, power, water and communication all these adversely affect the development of the sector. The very poor state of infrastructure has been an obstacle in the promotion of SMEs in both rural and urban areas with the former in an adverse situation. As it is revealed in the current study, micro and small businesses do not have reliable working environment, there is a need for the Government to come up with policy initiatives that will improve the physical infrastructures and provision of utilities in collaboration with Local Authorities, the private sector and development partners. This may be achieved through strategies such as proper allocation and development of land for MSEs, development of industrial clusters, trade centres and effective use of underutilized public areas to MSEs operations. The current study revealed that operators of SMEs have rather low business skills and seem not to appreciate the importance of business education. Also, income generated from most enterprises is not enough for entrepreneurs to attend business development services. On the other hand, the quality of training provided by existing business training institutions and costs involved has tended to be unattractive, unaffordable and not focused on the needs of potential beneficiaries.

In its efforts to promote broad-based and comprehensive participation in production and trade, the Government established a Private Sector Development Strategy (PSDS). This strategy according to the National Trade Policy (2003), entails the establishment of an enabling business environment through better regulation; increased private sector access to capital including titled-land, education, entrepreneurial skills as well as the provision of business support services in management, production and marketing. However, business operators such as those in the handicraft industries who are at the very grass root level, with low and unstable incomes are yet to enjoy these services, therefore, the government through the Ministry of Industries and Trade (MIT) should keep an eye on this and act upon immediately by undertaking capacity

building needs assessment to identify institutional complementarities and gaps.

Lastly, on the gender imbalance in business undertakings, findings from the current study gives the evidence of the need to highlight the gender issue from the perspective of inclusion of women in trade development processes through an equal access to productive assets mostly titled land, infrastructure, finance, education and skills. The Government should come up with policy initiatives to increase gender equality, apart from their social and distributional implications, and access to better extension services in agriculture for the rural-urban population and women in particular.

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