

TITLE: COMPLIANCE OF SMALL AND MEDIUM ENTERPRISES WITH GOVERNMENT REGULATIONS: A CASE STUDY OF METAL WORKS SMEs IN ARUSHA TANZANIA

Sigisbert Mathias Mmasi and Mwenisongole Christine

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ABSTRACT

The purpose of this study was to investigate the role of small industrial organization development in promoting compliance of SMEs with government regulation on metal works. The study has revealed that metal works under SIDO had more knowledge and complied with government regulation than outside SIDO metal works.

It has been noted that small enterprises generally require the assistance knowledge of complying with government regulations due to the fact that they neither have the time nor the expertise to perform this functions themselves. SIDO have support enterprises for capital

investment in machines and equipment, marketing, participation to trade fairs, consultancy, access to common facility workshop machine tools and working premises. Most of SIDO SMEs acquired loan from SIDO and from other financial facilities because they know how to keep important records required by financial facilities.

The study also revealed that the SMEs are facing the regulations faced by the larger corporation, the regulations are very complex and contradictory, and

however same SMEs firms find it so difficult to comply with.

BACKGROUND INFORMATION

1.1 Introduction

Small and Medium Enterprises (SMEs) make important contributions to economic and social development. The dynamic role of SMEs in developing countries as engines through which the growth objectives of developing countries can be achieved has long been recognized. SMEs contribute to economic development by creating employment for rural and urban population, providing flexibility and innovation through entrepreneurship and increase international trade by diversifying economic activity. This chapter introduced the study then provides the background to the problem of the study, the problem statement, the general objective, specific objective and the research questions. Also it expresses the significance of the study.

1.2 Background to the Problem

Small and Medium Enterprises (SMEs) are recognized as engines of economic growth worldwide. In developing countries, most particularly in Tanzania, SME sector plays a significant role of fostering the development of the country due to its contribution to economic growth and poverty alleviation. The share of the SME sector to the gross domestic products (GDP) is estimated at 35%, while contributing 20% of the total labour force in Tanzania (Mwamila et al., 2006). The sector is labour-intensive in nature and covers a wide range of enterprises dealing with a great variety of businesses that provide multiple jobs, a fact that makes them more geographically dispersed than large enterprises. The structure of SMEs sector in Tanzania is composed of several sub-sectors. Woodwork is the largest one constituting about 30% of SME activities, followed by metalwork with 23%. Food processing is the next in line at 18% followed closely by textile having 14%. All other sub-sectors (construction, shoe-making, pottery, handicrafts, fishing and fishing boat making) have a total share of 15% (Mwamila et al., 2006).

SIDO was formed as a dedicated, premier institution that would take on the challenge of developing Small & Medium Enterprises in

Tanzania. The crucial role that SIDO must play not only in promoting start-up of enterprises but also in growing the existing enterprises from micro to small and from small to medium and large. The need to develop the SME sector of Tanzania and to position it for emerging opportunities by promoting and providing assistance to the enterprises needing help and enable them to compete not only in domestic markets but in regional and global markets as well.

Organization also runs several programme, such as the SIDO Business and Technology Incubator Programme where upcoming entrepreneurs who have good ideas are nurtured and helped to transform their ideas into profitable business enterprises. During incubation, entrepreneurs are given work premises and have access to loans. They also receive mentorship and advice from industry experts accepted to help them start and grow competitive businesses that are financially sustainable.

Through SIDO, fabrication metal works were established in almost all regional centers in the country. The centers were planned to become a nucleus from where manufacturing industries would expand in the regions. They manufactured a variety of products such as castings, forgings, spare parts, hand tools, nails, bolts and nuts.

The capability of SMEs to effectively manage government regulation is an important issue for Tanzania and for economies worldwide. It is accepted that compliance with government regulation is required to develop institutional trust and to ensure that SMEs trade fairly, increase profit and protect against competitions (Welter et al., 2006).

In the context of fixed work environment such as physical office locations, legal and regulatory issues associated with work, health and safety are well regulated in most African countries (Deitel et al., 2001). In Tanzania, regulations exist for long service leave payment, workplace agreements, issues concerning employee contracts, and for wages and conditions. These regulations comprehensively details workplace agreements between employees and state legislations governing labour relations and better practice for SMEs.

It is known that regulation is necessary to provide stable trading conditions and develop levels of business trust which can benefit SMEs development (Atherton, et al., 2008), yet the nature

of the regulatory burden may affect SME competitiveness and productivity (Kingston University 2005).

1.3 Statement of the Problem

The government of Tanzania has taken some initiatives to promote metal works SMEs to comply with government regulation through Small Industrial Support Organization (SIDO). The purpose is to impart the knowledge of compliance to entrepreneurs so as to exploit market opportunities when setting up their enterprises. Several years have now passed since establishment of SIDO in Tanzania; very few studies have shown the compliance of metal works SMEs through SIDO as a regulation from government. Therefore, this research seeks to study on compliance of Arusha metal works SMEs through SIDO as a regulation from the Government.

1.4 Objectives of the Study

1.4.1 Main Objective

The main objective is to investigate the role of small industrial organization development in promoting compliance of small and medium enterprises with government regulation on metal works in Arusha region.

1.4.2 Specific Objective

To examine compliance of regulation for the metal works entrepreneurs who operate under SIDO against those operating outside SIDO

To assess the performance of metal works SMEs operating under SIDO against those operating outside SIDO.

To identify the advantages and disadvantages of metal works to operating under SIDO against those operating outside SIDO

1.5 Research Questions

This study was guided by three research questions as follows:

How many metal works enterprises operating under SIDO comply with government regulation against those operating outside SIDO?

What are the performances of metal works SMEs operating under SIDO against those operating outside SIDO?

What are the advantages and disadvantages of metal works to comply with government regulation?

1.6 Significance of the Study

The research is expected to provide awareness to the following: SMEs owner that they have to comply to Government regulation; SMEs have

knowledge on the role of SIDO in promoting SMEs to comply with government regulations in Arusha; to the policy makers in order to distinguish regulations for SMEs from those of large entrepreneurs. Moreover, it provides empirical evidence about compliance of metal enterprises in Tanzania with government regulations. The knowledge generated by this study is useful not only to Tanzania but also to other academicians in developing countries in the field of metal works SMEs to comply with government regulations.

1.7 Organization of Report

This Dissertation is composed of five chapters. Chapter one introduces the study then provides the background information, statement of the problem, objective of the study, significant of the study as well as organization of the study. Chapter two presents literature review, whereas chapter three provides the research methodology. Chapter four gives the results and discusses them. The summary of the study is finally presented in chapter five together with the conclusion and recommendations.

LITERATURE REVIEW

2.1 Introduction

This chapter deals with review of literature related to the study. The review is organized around four broad areas: an overview of SMEs, theoretical framework, and theoretical underpinning. Lastly, the literature gap is identified.

2.2 An Overview of Small and Medium Enterprises (SMEs)

Globalization of trade is increasing the world competition and this has resulted in a growing number of countries and individual businesses seeking survival beyond their internal resources. Thus, the role of metal works entrepreneur has become increasingly important and has gained more attention from both policy makers and academia, particularly in developed countries (Catherine et al., 2008).

In Kenya SMEs are variously referred. They fall under the popular informal sector called *Jua Kali* because they normally start in the open sun under no roof. The *jua kali* sector employs about over 80% of Kenyans and is currently receiving a lot of government attention as it seems to be the solution to reduce the number of unemployment especially for youths and women. It is estimated that today, Kenya's informal sector constitutes 98 percent of all businesses in the country, absorbs annually up to 50 per cent of new non-farm employment

seekers, has an employment growth rate of 12-14 percent, contributes 30 percent of total employment and 3 percent of GDP.

The term Jua Kali refers to the full range of enterprises employing between 1-49 workers in all sectors. Access to technical and managerial training, work sites, involvement of Jua Kalis in technological innovation, and creation of a positive enabling environment are key elements in the Government's Jua Kali development strategy.

Chinese and foreign experts estimate that SMEs are now responsible for about 60% of China's industrial output and employ about 75% of the workforce in China's cities and towns (Schell, 1996). These SMEs create jobs for workers who have been laid off from state owned enterprises due to the steady transition from communism to a market based economy.

Also, according to the report of the Indian working group on science and technology for small and medium scale enterprises, SMEs occupy an important and strategic place in economic growth and equitable development in all countries (Tambunna, 2007). Constituting as high as 90% of enterprises in most countries worldwide, SMEs are the driving force behind a large number of metal works and contribute to the growth of the national economy through employment creation, investments and exports. Owing to the success of the Asian tigers, interest is running high globally particularly in developing countries that are in the rat race to meet up and reduce the economic and development gap (Tambunna, 2007).

2.3 The Conceptual Framework

Policy makers who have been confronted with growing concerns about the increases in unemployment, lack of job creation, poor economic growth and globalisation believe that entrepreneurship is the solution to these concerns (Thurik, 2001).

Storey (2000) noted that politicians around the globe have, over the past decade, emphasised the importance of small enterprises as mechanisms for job creation, innovation, and the long-term growth and development of economies. However, the media coverage in the European economy on business, in general, contains over 95% of column space for large businesses even though, in the European economy 95% of all firms are in fact small and provide more than half of all jobs in Europe, yet little media coverage is afforded to

these entities.

There are a number of terms used when referring to a small business. These include the term Small Medium and Micro sized enterprise (SMME) as in the case in South Africa, Small Medium sized enterprise (SME) and the generic term, small business or small firm. This study focuses on SMEs since they are regarded as the ones with the potential for job creation and makes a substantial contribution (35%) to GDP of Tanzania (URT, 2003).

In a discussion on small business performance, Westhead et al., (1996) state:

The small firm is not a scaled down' version of a large firm. In short, theories relating to SMEs must consider the motivations, constraints and uncertainties facing smaller firms and recognize that these differ from those facing large firms.

For example, in the late 1960's the Australian Federal Government commissioned (AFGC) a report from a committee known as the Wiltshire committee. This report suggested the following flexible definitions of any SME (Meredith, 1994):

Small business is one in which one or two persons are required to make all of the critical decisions (such as finance, accounting, personnel, inventory, production, servicing, marketing and selling decisions) without the aid of internal (employed) specialists and with owners only having specific knowledge in one or two functional areas of managements.

There are a number of definitions of what forms a small to medium enterprises (SMEs). Some of these definitions are based on quantitative measures such as staffing levels, turnover or assets, while others employ a qualitative approach. Meredith (1994) suggests that any description or definition must include a quantitative component that includes staff levels, turnover, assets together with financial and non-financials measurements, but that the description must also include a qualitative component that reflects how the business is organized and how it operate. There is no precise and universally accepted single definition of SMEs (Scarborough, 1992). Rutashobya and Olomi (1999) have found that there were more than 50 different definitions in 75 countries.

Although there are several definitions, a distinction can be made between quantitative and

qualitative definitions. The former define SMEs based on quantitative characteristics, whereas the latter define SMEs based on qualitative characteristics. Within these two types, the quantitative definition is commonly used for defining SMEs, and often the definition is based on the number of employees, sales revenues/turnover, total assets and capital invested in machinery. The first three criteria are most widely used in defining SMEs. In support of this argument, USAID (1993) shows that the majority of countries use the number of employees or total assets to define SMEs.

Accordingly, in the context of Tanzania, SME is a term used to refer to small and medium-sized enterprises in non-farming activities, which include manufacturing, mining, commerce and services (URT, 2003). Furthermore, the number of employees and capital invested in machinery are the two criteria used to define SMEs in Tanzania. Subsequently, a micro enterprise is defined as a firm with fewer than five employees, whereas a small firm is a firm with 5 to 49 employees and a medium-sized enterprise is a firm with 50 to 99 employees. Any firm with 100 employees or more is regarded as a large enterprise (Table1). In the case where an enterprise falls under more than one category, the level of investment would be the deciding factor.

Therefore the study will use the definition of SMEs as postulated by SMEs' police of Tanzania shown in the Table below.

Table 1: SMEs Categories

S/n	Category	Employees	Capital Invested in Machinery (Tshs.)
1	Micro enterprise	1 - 4	Up to 5 mil.
2	Small enterprise	5 - 49	Above 5 mil. To 200 mil.
3	Medium enterprise	50 - 99	Above 200mil. To 800 mil.
4	Large enterprise	100 and above	Above 800 mil

Source: URT, 2003

2.4 Theoretical Underpinnings

2.4.1 Government Regulation in Metal works

Government regulations may be considered as any government measure or intervention that seeks to change the behaviour of individuals or groups. It is generally accepted that without government

intervention the market will allow the overexploitation of common property resources and/or the under-provision of public goods. Regulation is defined to include not only formal rules but also "the general legal system relating to contracts, employment and intellectual property rights (patent and copyright law) within which firms operate" (Smith, 2000). The organization for Economic Co-operation and Development (OECD, 2003) defined "regulation" as the diverse set of instruments by which governments set requirements on businesses and citizens. Regulations fall into three categories:

Economic regulations intervene directly in market decisions such as pricing, competitions and market entry;

Social regulations protect public interests such as health, safety, the environment and social cohesion;

Administrative regulations are paperwork and administrative formalities through which governments collect information and intervene in individual economic decisions.

Complying with government regulations implies costs which impose a deadweight burden on firms and therefore should be minimized. According to Upstart Business Strategies (2004), it identified inappropriate regulation as one of the critical constraints facing small businesses. While considerable effort has been made to provide small businesses support in various other areas, progress in improving the regulatory environment for small business has lagged behind.

2.4.2 SMEs and Policy in Tanzania

SMEs require effective policies that can address the variety of development issues involved. A good SME policy should act as a guiding document and show a vision towards the Nation development. The development of industries since Tanzania has gained its independence in 1961 seemed to be well founded up until 1980s, where the international and national economic policy climate changed, whereby almost all countries voluntary or involuntarily, embarked on the process of structural adjustment, liberalization, deregulation, privatization and return to market.

The industries of metal and other material processing industries were established in 1970s, whereby most of them use conventional raw materials such as recycled iron and steels. The processed metal finally produced products which were applied in the areas of construction, parts making, metal cases for packaging, domestic

utensils, beverage containers, industrial fluid containers and others. However, the rapid changes in technology and other engineering requirements of the material usage, such as light materials, corrosion free, strength, high finish quality, size etc. have forced the change of our metal and materials processing industries to abide with the global situation.

2.4.3 Regulatory Constraints to SMEs Development

Although wide ranging structural reforms have improved, prospects for enterprise development remain to be addressed at the firm-level. High start-up costs for firms, including licensing and registration requirements, can impose excessive and unnecessary burdens on SMEs (Aryeetey et al, 1994). In most African countries, prohibitive laws like the Business Licensing Act, the Electricity Act, the Export incentives Act and the Bureau of Standards Act have severely constrained SMEs development (Makoz et al., 1998). Aryeetey et al (1994) found that it accounted for less than 1% of their sample. Meanwhile, the absence of antitrust legislation favours larger firms, while the lack of protection for property rights limits SME access to foreign technologies.

2.4.3 Tanzania Development Vision (TDV) 2025

The Tanzania Development Vision 2025 describes the aspirations of the country for the first 25 years of the 21st century. By 2025, Tanzania aspires to have a competitive economy capable of producing sustainable growth and shared benefits, high quality livelihood, peace, stability and unity, good governance, good education and international competitiveness. The vision focuses on transforming the country's agriculture-based economy into a competitive and dynamic semi-industrial economy

2.4.4 The National of Science and Technology Policy (1996)

The overall objective of the policy is to guide the country build scientific and technological capabilities aimed at enhancing sustainable socio-economic development. The focus on policy is to put technology at the center of development in all socio economic and industrial sectors.

2.4.5 National Employment Policy (2008)

The national development vision inspires, and raises national hopes, of attaining high economic and employment growth to meet the needs and aspiration of all Tanzanians. The aim of this Policy

is therefore to stimulate an adequate employment growth in our economy, in order to reduce unemployment and underemployment rates and eventually attain full, productive, and decent employment for all Tanzanians.

2.4.6 National Strategy for Growth and Reduction of Poverty (NSGRP)

NSGRP II builds on and broadens the space for country's ownership of the development agenda by fostering effective participation of civil society, private sector, and other stakeholders while also forging fruitful local and external partnerships and boosting its commitment to regional and other international initiatives for social and economic development, such as the millennium development goals. One of its targets is empowering artisan miners to acquire equipment and appropriate mining and processing skills and technologies as well as start-up capital, and enforcing intergenerational equity to ensure that future generation benefits from proceeds derived from mining. Therefore provision of competence skills and knowledge will enhance metal work industry to produce appropriate products.

2.4.7 Sustainable Industrial Development Policy – SIDP (1996-2020)

The major goal of SIDP is to transform the economy from agricultural economy to a vibrant semi-industrialized economy and thus making the industrial sector a real engine of economic growth. The government in this aspect has vowed to increasingly provide an environment which is welcoming, attractive, and stable, that can encourage private sector investment.

2.4.8 National Public Private Partnership (NPPP)

The main objective of this policy is to promote private sector participation in provision of resources for PPPs in terms of investment capital, managerial skills and technology. One of its statement envisaged that the government in collaboration with stakeholders will design and implement a strategy for development of human resources in PPPs. Hence, this research will provide effective linkage to stimulate cooperation between Government SMEs, institutions, schools, colleges and private institutions.

2.4.9 The National Economic Empowerment Policy (NEEP)

The primary objective of this Policy is to provide general guidelines which will ensure that the majority of Tanzanians have access to opportunities to participate effectively in economic

activities in all sectors of the economy. One of its strategies is raising skills and knowledge of the citizens of Tanzania by facilitating the enhancement of skills, knowledge and experience as well as ability to cope with competition in both domestic and foreign markets. Therefore Arusha metal SMEs and other metal SMEs in the country participating in reducing poverty by providing employment and knowledge to youths.

2.5 The Role of SMEs

2.5.1 The Role of the Small Firm

Garavan (1997) suggest that small firms, in contrast to larger organizations, are the most prolific source of innovation practices in many sectors, and their importance to the vigour and health of an industrial economy is widely recognized.

Sweeney (2001) concurs that the small firm is the primary source for entrepreneurship and innovation in the economy. He also continues by stating that existing evidence points to a strong and broadly based small firm sector as the essential ingredient for economic prosperity, resilience and innovative growth and believes that a strong small firm sector can only lend stability to an economic system. In contrast, Sweeney (2002) argues that an economic system dominated by a few large firms can have catastrophic consequences should one or more of them fail. He therefore goes on to mention that a diversified system through small to medium sized firms cushions the impact of any market or technical change. He finally concludes by arguing that "they (small firms) give resilience and redundancy to the economic system."

This observation implies that small firms can be vehicles for entrepreneurship, since entrepreneurship has as a dimension of innovation (Thurik et al., 2004). Also observed that, during the first decades of the last century and more than ever in today's times, that small businesses are vehicles for entrepreneurship contributing not only to employment and social and political stability, but also to innovative and competitive power.

Acs (2002) claims that small firms play a critical role in the economy by serving as agents of change in terms of their entrepreneurial activities. He identifies four consequences of the new found importance of entrepreneurship, namely a vehicle for small business development; routes of innovation; industry dynamics; and job creation.

2.5.2 Contributions of SMEs to Economic Development

There is a general consensus that the performance of SMEs is important for both economic and social development of developing countries. From the economic perspective, SMEs provide a number of benefits (Advani, 1997). SMEs have been noted to be one of the major areas of concern to many policy makers in an attempt to accelerate the rate of growth in low-income countries. These enterprises have been recognized as the engines through which the growth objectives of developing countries can be achieved.

In addition, SMEs technologies are easier to acquire, transfer and adopt such that there are better positioned to satisfy limited demands brought about by small and localized markets due to their lower overheads and fixed costs (URT, 2003). A lesson from Japan indicates that the Japanese economy has been influenced by enterprises taking on the role of suppliers of innovative components and sub-assemblies to large companies (Gunasekaran, et al., 2000) cited in Mahemba, 2003). In the United States of America (USA), small enterprises have been a driver of a free market economy through legislation (Mahemba, 2003).

SMEs seem to have advantages over their large-scale competitors in that they are able to adapt more easily to market conditions, given their broadly skilled technologies. They are able to withstand adverse economic conditions because of their flexible nature (Kayanula et al., 2000). SMEs are more labour intensive than larger firms and therefore have lower capital costs associated with job creation (Schmitz, 1995). They perform useful roles in ensuring income stability, growth and employment. Since SMEs are labour intensive, they are more likely to succeed in smaller urban centers and rural areas, where they can contribute to a more even distribution of economic activity in a region and can help to slow the flow of migration to large cities. They also improve the efficiency of domestic markets and make productive use of scarce resources, thus facilitating long-term economic growth (Kayanula et al., 2000).

2.5.3 Contributions of SMEs to Tanzania

As briefly discussed in Chapter One, the SME sector is an outcome of structural adjustment policy rather than design. It is a product of the failure of African socialism, which led to the economic crisis of the 1970s and the early 1980s. Within this political framework, the private business sector was actively discouraged in favours of public enterprises, which were

government owned, community based, or cooperative owned ventures (Rugumamu et al., 1999).

Accordingly, the regulation was introduced to restrict civil servants and leaders of the ruling party from engaging in business activities. Since almost all educated people were members of the civil service at that time, it is obvious that business activities were left to people who had no education at all. Furthermore, this African socialism policy was based on a top-down approach to decision making and the government was the only organ which made all the decisions for its citizens, including matters such as who should go to which school or college, who should work and live where, and how much one should earn in terms of wages (Olomi 2009).

The reliance on government discretion in decision-making has resulted in a culture of dependency on government among most Tanzanian people (Rugumamu et al., 1999). In fact, this approach has contributed to the stifling of the development of entrepreneurial values such as the need for achievement, personal initiatives, creativity, willingness to take risks and related behaviour (Olomi 2009). The socialism approach recorded marked achievement in social development in the 1970s and early 1980s, particularly in primary education, health service delivery as well as in water supply and sanitation (Temu et al., 2000). However, the nationalization of the private sector led to a poor economy marked by a number of macro-economic imbalances, and consequently, an economic crisis that lasted for over a decade (Kanaan 2000). This crisis also led to the erosion of purchasing power among salaried people (Olomi 2009). Thus, Tanzanian people were forced to establish small businesses to supplement their meager incomes. Some of the people engaged themselves in dubious activities such as smuggling goods from neighboring countries and selling them at premium prices in Tanzania. These kinds of businesses were against the government's policies that considered such businesses as being in conflict with the country's ideology (Maliyamkono et al., 1990).

Succumbing to pressure from the World Bank, the Tanzanian government changed its policy from a state-led economy to a market-driven economy. In fact, the final reform took place in 1991, leading to privatization of most public enterprises (Rutashobya et al., 1999). The privatization of state enterprises and the disengagement of the

government from some activities resulted in the retrenchment of workers from the public sector and, as a result, most of these workers turned to micro enterprises for survival (Olomi 2009). In light of the above experience, the SME sector has recently become a very significant agenda in the Tanzanian economy. Indeed, it is well accepted that the SME sector has an important role to play in terms of income and employment generation.

It is estimated that about a third of the GDP in Tanzania originates from the Small and Medium Enterprise (SMEs) sector. The International Finance Company (IFC) of the World Bank estimates that there are approximately 2.7 million enterprises in the country. A large majority of these (98%) are micro enterprises (employing less than 5 people). Since SMEs tend to be labour-intensive, they create employment at relatively low levels of investment per job created. At present, unemployment is a significant problem that Tanzania has to deal with. Estimates show that there are about 700,000 new entrants into the labour force every year (URT, 2003). About 500,000 of these are school leavers with few marketable skills. The public sector employs only about 40,000 of the new entrants into the labour market, leaving about 660,000 to join the unemployed or the underemployed reserve. Most of these persons end up in the SME sector.

2.5.4 Problems faced by SMEs in Tanzania

Despite their contributions to income and employment creation, generally SMEs in Tanzania are currently faced with many problems (Nalietela et al., 2003). In terms of determining barriers to SMEs growth, surveys by the rural program on enterprise development (RPED) found two levels of constraints facing SMEs in Tanzania: those acting as barriers to general operation and those impeding growth. Subsequently, Calcopietro et al., (1999) classify the factors hindering SMEs development in Tanzania in five categories, namely macro-economic and policy environment, physical and technological infrastructure, banking and finance structure, legal and regulatory framework, and market conditions. This includes a list of factors impeding the development of metal works SMEs in Arusha municipal.

RESEARCH METHODOLOGY

3.1 Introduction

The purpose of the research was to gain insight in the compliance with government regulation by metal works SMEs in Arusha. The chapter provides an overview of the study's research methodology which lies within the quantitative

paradigm. The chapter discusses the study's research design, the survey design and also focusing on data collection instrument and data analysis techniques.

3.2 Research Design

Research is a systematic, formal, rigorous and precise process employed to gain solutions to problems or to discover and interpret new facts and relationships (Waltz et al., 1981). According to Payton (2003) research is a process of looking for a specific question in an organized, objective, reliable way. It is systematic, controlled, empirical and critical investigation of hypothetical proposition of hypothetical proposition about the presumed relations among natural phenomena (Kerlinger, 1973). Also research is the pursuit of truth with the help of study, Observation, comparison and experiment, the research for knowledge through objective and systematic method of finding solutions to a problem (Kothari, 2006), Research design therefore is the systematic activity directed towards objectively investigating specific problems in order to discover the relationship between and among variables, it seeks to answer specific questions. The study employed descriptive research in which surveys was conducted physically contacting concerning at various areas in Arusha municipal to see if SMEs are complying with the Government regulations. The technique involved observation and interviews to gather data required for the research.

3.3 Justification of the Study Area

Arusha district has been chosen as the study area basing on three factors. Firstly, the district is selected because it is among the regions in Tanzania that most of SMEs are found. These regions are Dar es Salaam, Arusha, Mwanza and Mbeya (UDEDEC 2002; Mnemwa 2009). Secondly, the Arusha municipality has been chosen by considering the criteria of presence of metal works SMEs who operate their enterprises under the support of SIDO and other enterprises which operate without the support of SIDO in four wards namely Mbauda, Ungalimited, Kimandolu and Mianzini. Thirdly, the selection is based on the researcher's accessibility to the data required and also due to the fact that the research is intended to study the compliance of metal works SMEs with government regulations. Moreover due to limited time and available resources, it limits the researcher to collect the data countrywide.

3.4 The Quantitative Research Paradigm

According to Guba et al., (1994), a research

paradigm is a "set of basic beliefs, which represents a worldview that defines ... the nature of the world and the individual's place in it, and the range of possible relationships to that world" for an individual. This worldview is represented in the quantitative paradigm as an investigation of a phenomenon by testing a theory that can be measured numerically and analyzed statistically (Creswell, 1994). To this end, the issue of what is considered real or the truth can be measured objectively using, for example, a questionnaire where the researcher remains independent of what is being studied and the research process is deductive in nature (Creswell, 1994). The quantitative paradigm was used for this study for two reasons. Firstly, the research instrument that was being used in the study has been developed and tested before data collection and secondly, the issues in this particular research have been studied by other researchers hence a substantial body of literature exists.

3.5 Sampling Techniques/Methods

Sampling techniques/methods are approaches that assist in reducing the amount of data one needs to collect by considering only data from a subgroup rather than all possible cases or elements (Saunders, 2007).

Although the study was conducted within the quantitative paradigm and hence probability sampling techniques would normally be used, non-probability sampling techniques were used as the study was relatively small and the generalization of results was not the goal. The researcher selected two purposeful sampling strategies, namely criterion and convenience sampling. The researcher used convenience sampling as it had the advantages of saving time and money (Creswell, 1998). This is because only those Metal works SMEs that met the criteria were included in the sample.

3.6 Data Collection and Techniques

Primary data was collected through questionnaires. The responses served as the main source of data for this study. Since our questions sought different answers from each of the two parties in our sample frame, two different set of questionnaires were designed and administered to the different parties involved in the research. Closed ended questions included in the question were involved SMEs who practices metal works activities in Arusha, level of knowledge and compliance therewith and problems being faced with compliance. There were also open-ended

questions relating to opinion from respondent about the compliance with government regulation. Researcher collected primary data by visiting the offices or place of business of the various individuals and institutions and administered the questionnaire to them directly.

The advantages of using a structured interview approach where it would be administered by the researcher in this case, included firstly, the level of incomplete questionnaires would be reduced because all the questions would be asked and answered (Kumar, 1997). Secondly, the researcher was able to clarify any queries concerning the questions. The respondents were interviewed for a relatively short time with interviews lasting between 20 – 35 minutes. However, Bless (1995) note some disadvantages of this method indicating the high costs and time spent in collecting the data, which in turn may result in the researcher selecting a small sample. Secondly, the presence of the interviewer may impede on the respondents ability to answer freely and openly especially where sensitive information is required. Finally, interviewer bias may be introduced when the researcher is explaining any queries that may arise during the interview.

3.7 Field Observations

Physical visit was made in metal working enterprises in four wards in Arusha municipal. This method was used to gather information on the SMEs compliance with government regulation in their businesses. This method provided the first hand information on how different kinds of activities were being conducted and the skills and knowledge that were being applied by SMEs under SIDO and outside SIDO. Also, it allowed the researcher to take photographs of the products/activities which were being produced for more illustration during data analysis.

3.8 Data Documentation and Storage

A spreadsheet was used to store the data collected from the questionnaires. As descriptive statistics were being used, the use of a spreadsheet was appropriate for this study. The information gathered from each questionnaire was entered onto the spreadsheet after the interview and because the questionnaires were administered by the researcher, all the data fields were complete.

3.9 Reliability and Validity of the Instrument

Bless (1995) highlight that reliability is “concerned with the consistency of measures”, thus, the level of an instrument’s reliability is dependent on its

ability to produce the same score when used repeatedly (Babbie et al., 1998). Validity on the other hand refers to whether an instrument actually measures what it is supposed to measure, given the context in which it is applied (Babbie et al., 1998).

The questionnaires were initially pre-tested by administering them to some individuals and institutions conveniently chosen from the sample frame. This aided the researchers to make relevant changes to the original questionnaires and also rephrase some of the questions included in the questionnaire in order to fine tune them before actual data collection began.

3.10 Limitation of the Research.

Data for the study was collected from 89 metal works SMEs in Arusha municipal therefore making it difficult to make a clear-cut generalization to all metal works SMEs in Tanzania. Some of the companies declined to participate in the study and some, due to bureaucracy could not allow for the administration of the questionnaire directly to individuals. The questionnaire was therefore left with the director manager or human resource manager to be delivered to the responsible person. These might lead to bias in responses which ultimately affects the study.

The study data are also limited by the knowledge and personal judgment of the participants as they were obtained through personal interviews and written responses. They thus have to rely on their memories on why and how some events occurred at their establishments. The anonymity of the companies was assured but some would as much as possible try to protect the image and reputation of their companies making it difficult to say whether the responses are what is actually happening in the establishments. This limitation was supported by Spruill et al (2001) who criticize the tool of system thinking for not taking into account “individual values, behaviour, decision-making processes and power relations”. Despite this critique, it is a valuable tool to be used since it will enable us to show the feedbacks and interconnections between the various elements in the compliance with government regulation by SMEs in metal works.

RESEARCH ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter is presenting the research results

obtained during the study which used questionnaires, interviews and discussions with key informants on compliance of metal works SMEs with government regulations in Arusha region. The Analysis was presented under the guidelines of the research questions formulated. The study results are discussed and analyzed in order to arrive at sound research recommendations. One hundred questionnaires were distributed to the respondents in four wards, eighty nine of them returned them and therefore these will represent 100% of the study sample.

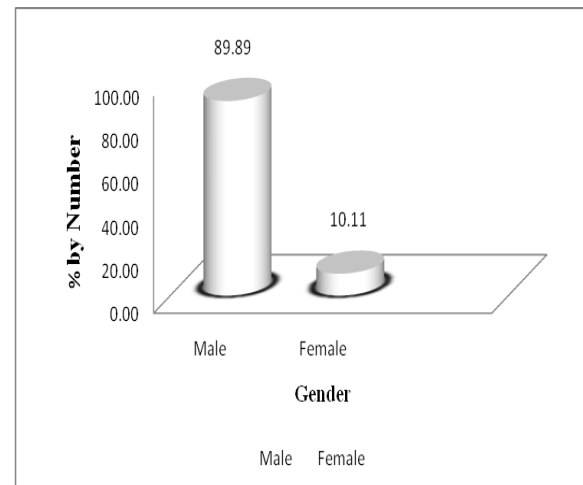
4.2 Basic Information about Respondents

This sub section begins with an analysis of respondents characteristics. It gives a general picture for compliance by assessing at the owner's experience in metal working. For the purpose of this work, two categories of entrepreneurs are defined in order to familiarize the reader with them. Therefore "SIDO metal work" is metal working entrepreneurs who operate his/her businesses at SIDO. On the other hand, "outside SIDO metal works" are metal working entrepreneurs who practice his/her businesses outside SIDO and did not get any support from SIDO.

4.3 The Descriptive and Frequency Statistics of the Research Findings

4.3.1 Analysis of Gender

A sample of 89 respondents was used in this study as shown on figure 4.1 below. Out of 89 respondents, 89.89% of them (n=80) were male and 10.11% (n=9) were female. The lack of female in metal works SMEs was due to cultural or normative beliefs about a woman's role in society in Tanzania. Again it was due to the fact that the business environment is less accommodating to female-owned businesses. This reflects research from other studies which show that males participate more in the manufacturing sector than in sectors such as food-vending or garment-making (Rutashobya, 1995).

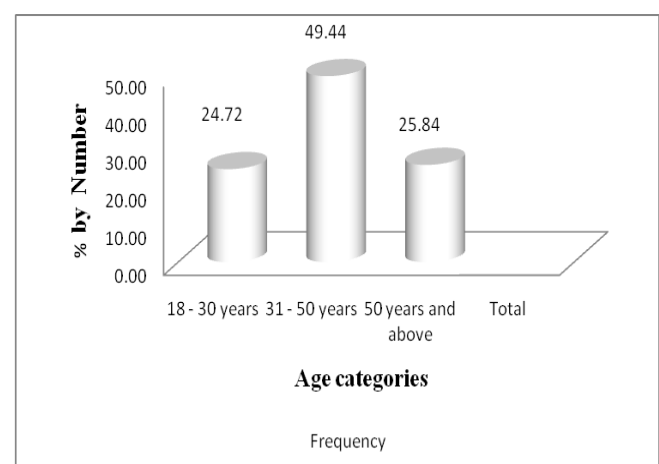


Source: Computed Data, 2011

Figure 1: Gender of Respondents

4.3.2 Age of Respondents

With regard to the respondent's age on figure 4.2 below, almost half of the respondents (49.44%) were between 31 and 50 years of age at the time of the interview, while 25.84% of the respondents were above 50 years. 24.72% were between 18 and 30 years of age. This reveals that most of SMEs under SIDO support had 31 years and above because it is very difficult for an entrepreneur with the age between 18 and 25 to be accepted in SIDO programme due to high competition. This reflects findings from other studies which show that the entrepreneur's ages in Tanzania generally lie between 31 to 50 years (Mlingi, 2000).



Source: Field Data, 2011

Figure 2: Age Group of Respondents

4.3.3 Age of Business

Figure 4.3 below showed the age of the businesses of non SIDO respondents. 47.20% were over three years ago, 16.80% were two years ago, 1% was only one year and 4.50% of the businesses were established last year. Also the analysis indicated that the age of businesses established under SIDO 15.7% were over three years ago, 12.40% were two years, 1.1% was one year and 1.1% were established last year. These imply that non SIDO respondents had more experience in metal works than those working under SIDO. Also it's revealed that metal works in SIDO are replaced to the

Categories		What is your capital investment in machinery in Tsh?(Million)			
		Between 0-5	Between 5-200	Between 200-800	Total
What is the total number of your employees?	More than 50	0	0	1	1
		0%	0%	1%	1%
	Between 10 and 50	1000%	2000%	1700%	4700%
		11%	23%	19%	53%
	Less than 10	1600%	1900%	600%	4100%
		18%	21%	7%	46%
Total		2600%	3900%	2400%	8900%
		29%	44%	27%	100%

programme if the performance of individual entrepreneur does not comply with the minimum requirement performance in every year.



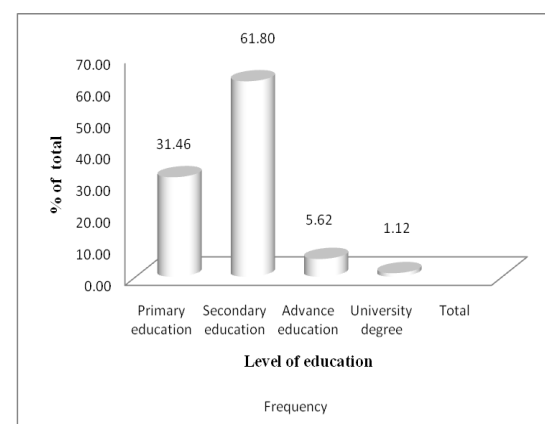
Source: Field Data, 2011

Figure 3: Age of business

The structure of formal education in Tanzania consists of four levels namely: primary, secondary tertiary (Technical College ,VETA) and higher education. Basic or first level education constitutes seven years of primary education. Secondary or second level education consists of Ordinary level

(which is four years post primary education) and Advance level (which is two years post Ordinary level). Higher education or third level includes programmes and courses offered by higher education institutions such as universities. With respect to the formal educational background of the respondents, the majority of them had only completed secondary school with 61.80% in this category, 31.46% had completed primary school, 5.62 of the respondents had completed advance school and very few (1.12%) had attained university degree (fig 4.4 below).

From fig 4.4 below it reveal that most of metal works in Arusha are dominated by SMEs with secondary and primary education. Also it's showed that majority of SMEs who are non SIDO support had low level of education than those who are under SIDO. This implies that one of the criteria to joining SIDO SMEs programme is an entrepreneur to have at least secondary education. This is not surprising in Tanzania, because other studies have found similar results suggesting that typically most SMEs are owned by people with low levels of education (Kristiansen et al. 2005). This is largely caused by the fact that most of the people with better education have a wider choice of occupations. Olomi (2009) argued that less well-educated people in developing countries find it difficult to secure paid jobs, and are therefore forced to opt for self-employment as the only means for their survival. Alternatively, it could imply that the sector being studied is not attractive enough for educated people.



Source: Computed from Survey Data, 2011

Figure 4: Education level

4.4 Size of the Firm

Respondents to the questionnaire were asked to

Table 2: Capital Investment and Number of Employee

The majority of respondents 58(65.2%) were sole proprietor, followed by partnership 25(28.1%), public 4(4.5%) and incorporated company 2(2.2%). Classification of capital investment has been discussed on table 4.3 above. It is further shown that in table 4.2 above 28.10% out of 43.8% of the respondents invested a capital in machinery between 5 to 200 million are sole proprietorship. From the above figure it's concluded that most of SMEs in metal work had inadequate capital and non-bankable especially those who are not supported by SIDO, those who under SIDO supports they secured soft loans from SIDO and also from Bank because it's easily for loan officer to trace them.

Respondents were asked to indicate the type of ownership and capital investment in machine. Particularly, their types of ownership and capital investment in machinery were put under categories as shown on table 4.2 below

Machine and Level of Education

Table 4: Capital Investment In Machine and the Level of Education

What is your capital investment in machinery in Tsh?		Level of education of the respondents				
	Category	Primary education	Secondary education	Advance education	University	Total
	Between 0 - 5 mil	7	18	1	0	26
		8%	20%	1%	0%	29%
	Between 5 - 200 mil					
		12	24	2	1	39
		14%	27%	2%	1%	44%
	Between 200 - 800 mil					
		9	13	2	0	24
		10%	15%	2%	0%	27%

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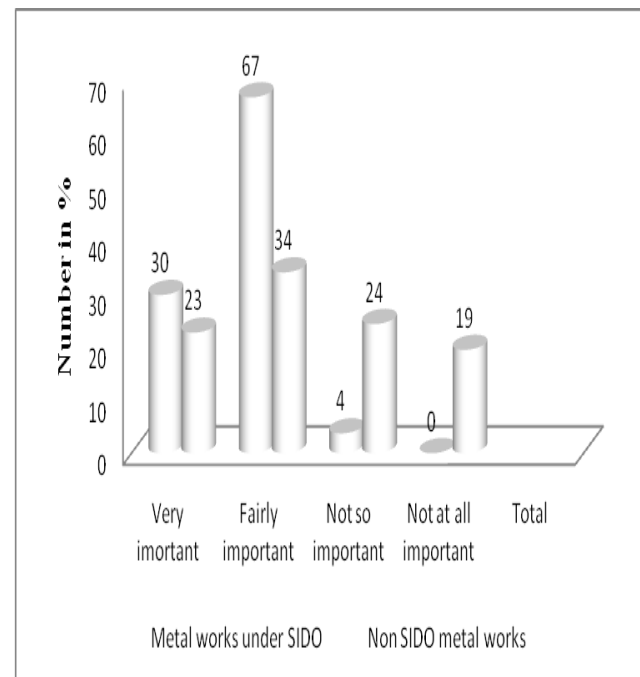
Total		28	55	5	1	89
		32%	62%	6%	1%	100%

Source: Field Data, 2011

Besides business skills, 55(61.80%) of the respondents had secondary education, 28(31.50%) of the respondents had primary education, 5(5.60%) had advance education(Tertiary about?) and only 1 respondent have a university degree. Also it's showed that the majority of respondent who invested more in machine and equipment of 5 to 200 million had a secondary education (39) as shown from the table 6 above. This implies that most of educated personnel does not have interest in metal works businesses also they perceived as a risk business to invest. Few of them are seen under SIDO because most of the risks are covered especially cost of building, machinery, starting capital and market for their products. SIDO supports entrepreneur's to participates on different exhibitions such as Dar es Salaam internal trade fair, Nane Nane exhibitions and regional exhibitions etc.

4.7 Regulation Standards

There is a split as to the suitability of current regulations standards used by regulators authorities. Some regard them as Very confident, others fairly confident and some SMES not so confident or not at all confident as to the sufficient knowledge about licensing or permitting requirements relevant to their company. The main reasons given for the unsuitability of current regulation standards to the needs of SMEs were the high cost in applying, lack of institutional capacity and size of SMEs as well as the little or no consideration accorded SMEs when formulating the required regulations. Therefore from figure 4 it implies that although both metal works enterprises are aware about compliance of government regulations but there are not ready to comply due the reason above and also lack of enforcement from the government. Also the results imply that 30% of respondents from SIDO had complied with the regulations while respondents outside SIDO are only 21%. One of the core functions of SIDO is to conduct technical training to SMEs but from figure 4 below it shows that 6% of respondents they don't know any government regulation related to metal works.



Source: Field Data, 2011

Figure 5: Comparison of Complying with Government Regulation

4.8 The Analysis of Advantage of Complying with Government Regulation in Businesses

The respondents were asked to state the requirement and importance of comply with government regulations. Their responses were confirmed by the observation made by the researcher during the interviews with them. Below is the summary of responses.

Table 5: Advantage of Complying with Government Regulation

Does your company meet the requirements of government legislation?							
Categories		Yes	Fully	Yes, partially	No	Do not know	Total
How important is compliance with government regulations are	Very important	11	0	6	5	0	22
		12%	0%	7%	6%	0%	25%
	Fairly important	14	2	11	10	2	39
		16%	2%	12%	11%	2%	44%

required in your business?	Not so important	4	4	2	5	1	16
		5%	5%	2%	6%	1%	18%
	Not at all important	4	1	2	5	0	12
		5%	1%	2%	6%	0%	14%
Total		33	7	21	25	3	89
		37%	8%	24%	28%	3%	100%

Source: Field Data, 2011

From the table above it is noted that approximately half of the respondents 39(43.8%) mentioned fairly important is required in compliance with government regulations. Other factors for important require in compliance with government regulations were ranked include very important 22(24.7%), not so important 16(18%) and not at all important 12(13.5). This implies that respondents with a positive attitude towards regulation considered regulations to be beneficial because they set standards or create level playing fields. Finally most of respondents from non SIDO support expressed an ambivalent attitude towards regulation and acknowledging that some areas of regulation might not beneficial to them because they can't afford the cost of complying with government regulations

4.9 The Analysis of Support from SIDO to Metal work SMEs.

Table 6: Source of Capital and Training from SIDO

Categories	Did you start this business after getting capital from SIDO?		
	Yes	No	Total
Did you start this business after getting training from SIDO?	Yes	0	1
		0%	1%
	No	7	81
		8%	91%
Total		7	82
		8%	92%

Source: Field Data, 2011

The majority of respondents 88(98.9%) started businesses before getting training from SIDO. Only

1(1.1%) respondents started businesses after getting SIDO's training. The findings also show that majority of respondents 82(92.1%) started businesses before getting capital from SIDO. It's noted that only 7(7.9%) started businesses after getting capital from SIDO. The findings therefore implicate that although SIDO have fund capital facility to support entrepreneurs in its one of mandates but failed to support all metal works enterprise's under SIDO programme.

4.10 Linkage Between SIDO and SMEs

Respondents were provided with a list of three factors in each category and were asked to indicate whether they get any support to comply with government regulation from SIDO and how many times their businesses are inspected by regulatory authorities. Table 4.5 below presents the summary of the responses.

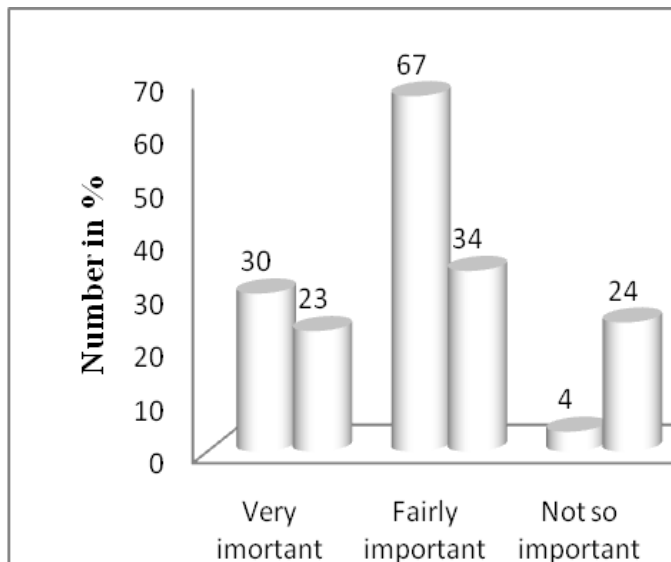
Table 7: The Compliance with Government Regulations

Categories		Did you get any support to comply with government regulations from SIDO			
How many times was your company inspected by regulatory authorities over the last 2 years?		Very dissatisfied	Dissatisfied	Satisfied	Total
	1-2 times	13	1	1	15
		15%	1%	1%	17%
	3-6 times	1	0	0	1
		1%	0%	0%	1%
	Does not apply	58	9	5	72
		66%	10%	6%	82%
Total		72	10	6	88
		82%	11%	7%	100%

Source: Field Data, 2011

A close observation of findings on Table 4.5 above reveals that there was 72(81.8%) out of 16(18.1) respondents who did not inspected by regulatory authorities. However, it noted that 72(81.8%) of respondents are very dissatisfied, with support to comply with government regulations from SIDO, 10(11.4%) of the respondents dissatisfied and only 6(6.8%) of the respondents are satisfied with the support from SIDO to comply with government

regulations. The analysis reveals that there inadequate follow up and reinforcement by regulatory authorities to the businesses as a result of incompliance with government regulations.



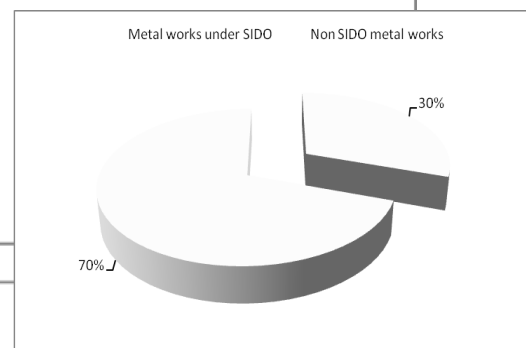
Source: Source: Field Data, 2011

Figure 6: Risk of not Complying with Government Regulation

Respondents were asked to state risk that they incur if they will ignore compliance with government regulations. A total of 89 respondents responded to the question. Figure 5 shows that 9.00% of metal works respondents under SIDO had very confident, 14.60 % fairly confident, 6.70% some risk, 0.00% no and 0.00% do not know. Findings revealed that the studied under SIDO had the understanding of the associated risks if they will ignore compliance with government regulations. On the contrary, 14.6% of respondents outside SIDO had very confident, 21.3% fairly confident, 10.10% some risks, 19.10% no and 4.40% do not know. These results indicate that respondents from outside SIDO had less understanding of the associated risks if they will ignore the compliance with government regulations that those under SIDO. These reveal that the training from SIDO is helpful tool to metal works compliance with government regulations. Further the study suggests that SIDO should extend the training to other metal works entrepreneurs.

4.12 SMEs under SIDO and non SIDO

A total of 89 respondents in four wards were responded to the questionnaires and the result showed that most of the respondents (70%) are outside SIDO while 30% of the respondents operate under the guidance of SIDO. This implies that SIDO have the capacity to accommodate only 27(30%) metal works in Arusha region as shown in figure 6 below.



Source: Source: Field Data, 2011

Figure 7: SMEs Operate under SIDO against Non SIDO

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The discussions of the research findings are presented in this chapter together with the conclusions drawn from the research. Some recommendations are also made to facilitate future research in the area and also provide possible solutions to some problems identified from undertaking the research.

5.2 Overall Conclusion

A government has realized that small and medium enterprises play an important role in economic prosperity and that they also tend to be disproportionately affected regulations. SMEs also play a central role in all the economic activity of Tanzania. They are a key source of jobs, a breeding ground for business ideas and a main driver of innovation, employment, social and local integration.

The main objective was to investigate the role of small industrial development organization (SIDO) in promoting small and medium enterprises (SMEs) to compliance with government regulation on metal works SMEs. By making comparisons,

this study has revealed that metal works under SIDO had more knowledge and complied with government regulation than outside SIDO metal works. It has been noted that small enterprises generally require the assistance knowledge of complying with government regulations due to the fact that they neither have the time nor the expertise to perform this functions themselves. Also it showed that the training provided by SIDO to SMEs has raised the performance of metal works under SIDO due to knowledge of knowing which government regulation were imposed by the government to metal works SMEs as results most of them provides good and services to government institutions/ organization because they qualify during the open tender/bids as per public procurement regulatory authority (PPRA).

SIDO have support enterprises for capital investment in machines and equipment, marketing, participation to trade fairs, consultancy, access to common facility workshop machine tools and working premises. Most of SIDO SMEs acquired loan from SIDO and from other financial facilities because they know how to keep important records required by financial facilities. SIDO facilitates their entrepreneurs to access government and donor funds such as business development gateway (BDG), match grant from national commission for science and technology (COSTECH), national strategy for growth and poverty reduction (NSGPR) through incubator programme just to mention the few. These reveal that metal works SMEs under SIDO are benefits more than those outside or not supported by SIDO.

Further the study showed that although SMEs under SIDO are benefit more than non SIDO SMEs but they had some disadvantages such as Over dependence of machine and equipment from SIDO common workshop facility
It will be difficult for them to survive after quit from SIDO
They are not innovative and creative since they acquire knowledge and skills from SIDO

5.3 Recommendation

On the basis of the findings and conclusions above the following recommendations were made according to specification:

5.3.1 Public Education

The Ministry of Industry and Trade (MIT), Tanzania Private Sector Foundation (TPSF) and Tanzania Chamber of Commerce Industry and Agriculture (TCCIA), to mention a few, must co-

ordinate and educate managers and owners of metal works enterprises on the advantages and disadvantages of complying with government regulation in businesses. This can be done through seminars, workshop and the media.

5.3.2 Burdensome Government Regulations

There was a time when small firms were exempt from a number of government regulations but things have changed to the extent that the same regulations faced by larger corporation are now applicable to small firms. Such cost includes the value of time spent by business owners/managers/staff etc, on understanding the rules and applying them; record-keeping costs, that is, cost of compiling the necessary receipts and other records and costs incurred in respect of the preparation of compliance returns; the payments made for the expertise of professional advisers such as consultants, lawyers and accountants and incidental costs for postage, telephone and travel in order to communicate with advisers or respective regulatory authorities. These regulations are very often complex and contradictory that why small firms find it so difficult to comply with. This should be regulated by the government.

5.3.3 Joint Venture

SMEs should join together (Joint venture) for their successful and it is when they can work together and even get loan from Government.

5.3.4 Areas for Further Research

From the standpoint of academic scholarship, future studies should therefore investigate the following;

Scholars are advised to examining the role of compliance with government regulations in promoting small scale enterprises formations in Tanzania

The need for similar research to be replicated to other regions; and other sectors.

The specific areas of compliance within each authority that prove to be a burden to small businesses.

A comparative study between the retail, manufacturing and services sectors on the issues of compliance with government regulations.

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Appendix 1: An overview of supporting institution (SIDO)

Background

Small Industries Development Organization SIDO was established in 1973 by the Act of Parliament No. 28. SIDO is a premier institution in Tanzania mainland that is promoting the development of SMEs. SIDO has a total number of 121 technical employees all over Tanzania.

Function

The main objective of SIDO is to contribute to poverty eradication through the provision of demand driven services that will create employment and generate income to the service user. SIDO therefore plans, coordinates, promotes and offers a variety of innovation services to SMEs.

Profile of innovation Activities

SIDO has been carrying out a wide range of innovation supporting activities. Some of the best known activities are the industrial estates, Common Facility Workshop (CFW), train cum production centers, hire purchase schemes for equipment, technology development, technology transfer through twin's arrangements and exchanges with industries in Europe and Asia. The programs were strongly supported by SIDA, World Bank Government of Netherlands, India and Hungary.

Currently SIDO main programs are technology and product development program, credit and financial service program, business and technology incubator program, credit guarantee fund, capacity building of associations, networking and linkage program, entrepreneurship, technical and business management skills programs, business opportunities, economic information and advisory services.

SIDO technology and product development program is done through Technology Development Centers (TDCs) which are located in some of the regions. TDC at regional level acts like a nucleus of technology development and transfer to immediate communities. TDCs role is to scout on technology problems in the area identify stakeholders and develop technology needed by the community. SIDO has 6 TDCs in Arusha, Kilimanjaro, Mbeya, Iringa, Kigoma and Lindi.

Appendix 2: Questionnaire for assessing the

compliance of SMEs metal works in Arusha

1.0 Introduction

The purpose of this questionnaire is to collect data that will enable the researcher to find out if SME's in metal works in Arusha are complying with government regulations. The research is purely for academic purposes. You have selected to participate in survey because of your potential to give the required information. Rest assured that the information you will give will be treated as confidential and will be used for the purpose of this study only. Please kindly tick the statement/phrase that answers the question best.

Questionnaire No.....Date of
interview.....Interviewer's name.....
Respondent name.....
Division.....
Ward.....Village.....

2.0 Demographic distribution

Gender of the respondent: Male ☐ Female ☐
Age of respondent (in years): 18-30 ☐ 31-50 ☐
☐ Above 50 ☐
Level of education of the respondents
Primary education ☐ Secondary School education
☐ Advanced level education ☐ College ☐
Not attended any formal education ☐

3. Size of the firm

What is the total number of your employees?
More than 50 ☐ Between 5 and 50 ☐ Less than 5
☐

What is your capital investment in machinery in
Tsh? Between 0-5 mil ☐ Between 5-200mil ☐
Between 200-800 mil ☐ 800 mil and/or above ☐

4. Profile of the enterprise

When was your firm established? Last year ☐
This year ☐ Two years ago ☐ Over three
years ago ☐

What type of organization ownership?

Public ☐ Sole proprietor ☐ Incorporated
company ☐ Partnership ☐

Did you start this business after getting training
from SIDO? Yes ☐ No ☐

Did you start this business after getting capital
from SIDO? Yes ☐ No ☐

When did you set up at SIDO?

Last year ☐ This year ☐ Two years ago ☐
Over three years ago ☐

5. Knowledge of legal requirements

How important is compliance with government
regulations are required in your business? Very
important ☐ Fairly important ☐ Not so
important ☐ Not at all important ☐

What risk does your business incur if you ignore
compliance with government regulations? Very
high ☐ Fairly high degree of risk ☐ Some risk ☐
☐ No ☐ Do not know ☐

How confident are you that you have sufficient
knowledge about licensing/permitting
requirements relevant to your company? Very
confident ☐ Fairly confident ☐

Not so confident ☐ Not at all confident ☐

As of today, are all your related licenses and
permits valid?

Yes ☐ No ☐ Do not know ☐ Does not
apply ☐

Does your company meet the requirements of
government legislation?

Yes ☐ fully ☐ Yes, partially ☐ No ☐
Do not know ☐

How many times was your company inspected by
regulatory authorities over the last 2 years? 1-2 ☐
☐ 3-6 ☐ More than 6 times ☐

Did you get any support to comply with
government regulations from SIDO?

Very dissatisfied ☐
Dissatisfied ☐ Satisfied ☐ Very satisfied ☐

Any suggestion on what should be done by
regulatory authorities in order to attract metal
works SMEs to comply with government
regulations.

.....
.....
.....
.....

THANK YOU FOR YOUR COOPERATION