

ABSTRACT

Micro and Small Enterprises (MSEs) are essential contributor to Tanzania's national Gross Domestic Product through employment creation and income generation. This study was conducted to assess factors affecting performance of MSEs at Arusha City Market. The study sought to achieve three specific objectives namely: - (a) to assess entrepreneurs' experiences and perceptions about loans from commercial banks, (b) to examine influence of government policies and regulations on business operations, and (c) to determine effect of selected entrepreneurs' characteristics on business performance. The study adopted combination of descriptive and explanatory research designs and it involved a total of 174 respondents. Data were collected using a structured questionnaire. Findings revealed that government interventions were in favor of MSEs operating at Arusha city market in such aspects as regular supply of clean water, efficient sewage system and timely removal of garbage. However, it was revealed that government did not conduct entrepreneurial seminars or trainings to MSE owners. Respondents held mixed opinions about loans from commercial banks. Specifically, they generally indicated that they were not willing to take more loans from commercial banks due to impositions of unnecessary procedures, bureaucracy and limited ability to make repayments. Findings showed that number of employees (EMPL), age of business owner (AGE), experience of business owner/operator (EXP), attendance to entrepreneurial training (ETC) and access to credit (ACR) were predictors with positive effects on MSEs performance in terms of sales revenue, net profit and total value of business. It was also observed that participation in formal training (FE) and sex (being male) had negative effects on business performance. The study concluded that although Arusha City Municipal council had made interventions geared towards promoting MSEs at the city market, still there were no educative programs that were designed to boost performance of those business. Also, it was concluded that that MSEs still faced difficulties in accessing loans from commercial banks. Furthermore, it was concluded that age of business owner, number of employees, participation into entrepreneurial training, and access to credit had positive effects on business performance. The study recommended that Arusha city council should design and deliver entrepreneurial training programs to MSEs owners in the city and owners should be advised to form Savings and Credit Cooperative Societies (SACCOS) for an ease access to loans. MSE owners should restructure their business operations by focusing on factors that can boost performance of their businesses.

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