

# Challenges Facing the Growth of Small and Medium Enterprises in Tanzania: A Case of Mbeya's Mwanjelwa Market

Emmanuel M. Tonya<sup>1</sup> and Emmanuel Samwel<sup>2</sup>

Mbeya University of Science and Technology,

Department of Business Management

Corresponding author: [emmanuel.mgayatonya@gmail.com](mailto:emmanuel.mgayatonya@gmail.com)

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## Abstract

*The study investigated the challenges hindering the growth and sustainability of Small and Medium Enterprises (SMEs) in Tanzania, focusing on implementing the SME Policy 2003. The main objective was to assess the effectiveness of SME policy in fostering business growth, particularly in the Mwanjelwa Market in Mbeya City. The study employed a descriptive design with a sample size of 90 respondents, selected using convenience sampling. The key findings indicate that SMEs face significant challenges related to access to finance, complex regulatory environments, limited market access, inadequate skills and training, and slow technological adoption. The under-utilization of government-built infrastructure and insufficient implementation of supportive policies exacerbate these challenges. The study found that the underutilization of storey buildings for small businesses is that business people and customers do not prefer searching for or buying upstairs. The study concludes that, although the Tanzanian government has supported SMEs, more must be done to address these barriers effectively. It recommends enhancing financial literacy programs, simplifying the regulatory framework, improving market access through infrastructure development and e-commerce, investing in business management training, and promoting technology adoption among SMEs. These measures would be essential for creating a conducive environment for SME growth and ensuring long-term sustainability.*

**Keywords:** Sustainability, Infrastructure, Policy, Environment

## 1.0 INTRODUCTION

The governments of developed and developing countries acknowledge the reality that Small and Medium Enterprises (SMEs) form the nucleus of any economy (Masanja, 2019; Msilu, 2020). There is universal agreement on the contribution of SMEs to economic growth, employment creation, social structure, poverty alleviation, and local and regional development (David & Antony, 2015; Ummulkulthoum & Jianhua, 2017). Small and medium enterprises contribute significantly to both the socio-economic and political environment of most developed and developing nations as transitional to command economy to market economy (Masanja, 2019; Madatta & Chen, 2020; Chumbula, 2020).

Healthy and growing SMEs potentially contribute to sustainable competitive advantage in local, regional, and national economic development. The United Nations Industrial Development Organisation (UNIDO) approximates SMEs to consist of more than 90 per cent of all enterprises worldwide and, on average, account for 80 to 90 per cent of total employment (UNIDO, 2012). In Asia Pacific, more than 95 per cent of companies belong to the SME sector, Japan 99 per cent, Singapore 99.7 per cent, and Malaysia 96 per cent (Federico and Gabriel, 2009). Research shows that SMEs provide over 70% of jobs and contribute nearly 35% of GDP in developing countries (WTO, 2020). Further analysis of WBES survey data reveals that a large proportion (around 70%) of firms in South Asia and Sub-Saharan Africa are SMEs. Experts believe good management, strong leadership, skilled work, and innovation are among the major forces contributing to this vital sector's success (ILO, 2015; Jeje, 2020).

In developed countries, SMEs contribute nearly 64 per cent to the gross domestic product (GDP) and 62 per cent to employment (ILO, 2015). SMEs are known as the backbone of Japan's economy, contributing 70 per cent of all employees and more than 50 per cent of all innovations and creativity. The SME sector is crucial to Africa's growth, contributing more than 45 per cent to employment and 33 per cent to GDP (Chumbula, 2020). In Uganda, the SME sector employs 2.5 million people, accounting for 90 per cent of the entire private sector and contributing 20 per cent to the GDP (Eyaa, Ntayi, & Namagembe, 2010; Rulangaranga, 2021). Therefore, SMEs serve as a source of entrepreneurial skills, innovation, and employment. Also, they stimulate price competition, product design, and efficiency. Without SMEs, big enterprises become monopolized (ILO, 2015). SMEs also help big enterprises by supplying raw materials and parts and distributing the products they make.

The contribution of small and medium enterprises in Tanzania is impressive (Msangawale, Kalinga, Kimaro, & Igira, 2023). SMEs are generally thought to

be the backbone of any healthy economy; they drive growth, provide employment opportunities, and open new markets. SMEs already contribute more than 40% to GDP and supply and support big retail businesses with products, services, and markets (Mbura & Mbiha, 2017). SME is the primary source of employment and income generation for the majority and is considered a key policy instrument for poverty reduction (URT, 2012; Jeje, 2020). The Government of Tanzania initiated the development of policies that foster the development of micro, small, and medium enterprises and their sustainability. The policies include the development of the SME policy (2003) and empowerment policy (2003), which have linked and guided the SME policy (URT, 2003). The small and medium policy statement is “to foster job creation and income generation through promoting the creation of new SMEs and improving the performance and competitiveness of the existing ones to increase their participation and contribute to the Tanzanian economy” (URT, 2003). Several developments have been made since the establishment of the SME policy, including physical infrastructure development. The developed physical infrastructures have not been effectively valuable for SME owners. The study’s main question was why the SME sector is not growing despite the conducive environment set-up and the physical infrastructure development by the government.

Masanja (2019) noted that, in Tanzania, statistics show the vivid relevance of SMEs in economic advancement. The information shows that 95% of all businesses in Tanzania fall in the SME sector, contributing 40% to GDP and 35% of the workforce. The Government of Tanzania has made several efforts to support the development and growth of SMEs. In the policy, the government categorized the business structure. Table 1 shows the business categories based on employment and capital investment.

**Table 1:** Business categories in Tanzania

| Category        | Employment level         | Capital structure          |
|-----------------|--------------------------|----------------------------|
| Micro- business | Up to four employees     | Up to 5,000,000/=          |
| Small Business  | Four up to 49 employees  | 5,000,000 – 200,000,000/=  |
| Medium Business | Fifty up to 99 employees | 200,000,000- 800,000,000/= |
| Large Business  | More than 100 employees  | Above 800,000,000/=        |

Source: SME Policy, 2003

The SME policy (2003) explains the constraints and hindrances facing small businesses for business growth. Some unique challenges include high compliance costs resulting from their size, registration issues, capital access, poor business premises, and business management training. The policy clearly explains and puts forward strategies for developing SMEs and contributes to the economic

advancement of Tanzania. The policy aimed to use available resources to support small and medium enterprises' growth and sustainability. Studies show the importance of SMEs in the creation of employment, contribution to economic development, and excel in foreign exchange (UNIDO, 2012; Ummulkulthoum & Jianhua, 2017).

This study also wanted to evaluate the implementation of the SME policy in small business growth in Tanzania. The study used the variables identified in the SME Policy 2003. The variables included legal and regulatory framework, physical infrastructure, business development services, business training and leadership, access to finance and information, marketing, and technological advancement. The study's objective was to assess the effectiveness of the implementation of policy in fostering SME growth, particularly in the Mwanjelwa primary market in Mbeya City. The study's main question was why the SME sector is not growing despite the conducive environment set-up and the physical infrastructure development by the government. The physical infrastructure was thought to be due to several cries of SME sector growth, hindered by poor business infrastructure (Olomi, 2009). Therefore, this study used the SME policy-developed variables to view policy implementation for strategic SME growth and development.

## **2.0 LITERATURE REVIEW**

Several scholars in Tanzania have studied the growth of Small and Medium Enterprises (SMEs). The studies concentrated on studying SMEs start-up challenges, management challenges, succession planning, credit access, competitiveness, growth challenges, and performance (Eyaa, Ntayi, & Namagembe, 2010; Mashenene & Rumanyika, 2014; Masanja, 2019; Nkwabi & Mboya, 2019). Studies in Africa show that the significant challenges for SME growth include financial capital, lack of markets, higher operation costs, lack of proper information, and poor business management (Vuvo, 2011; Rulangaranga, 2021). Fjeldstad, Kolstad, & Nygaard (2006) and Lwesya (2021) reported that challenges for SME growth in Tanzania included competition, high cost of raw materials, difficulty in licensing and permits, high taxation and corruption. Majenga, Mashenene, & Robert (2014) and Mbura & Mbiha (2017), in a study of the effects of sociocultural factors on the performance of women's small and medium enterprises in Tanzania, concluded that women's small business is affected by the informality of business, risks of business, tied up socio-cultural values and personality, attitude and religious beliefs of the women. The studies identified various challenges. However, no study has addressed the challenges of SMEs using the policy variables.

## **2.1 Small and Medium Enterprises Policy Analysis**

The SME policy identified the areas for concentration in policy implementation, including a review of policies and regulations that hinder start-ups, survival, formalization, and growth of business (Olomi, 2009). The policy, therefore, identified and assigned the critical actors in the SME sector to develop strategies that facilitate the provision of financial assistance to SMEs and create an institutional public-private partnership for SME sector growth and development.

The Tanzania SME policy recognized the challenges facing the sectors' growth and development by addressing and enhancing SME growth and sustainability, contributing to the national economic development (Masanja, 2019; Msilu, 2020; Lwesya, 2021). The significant areas of focus for the development of the SME sector for its sustainability include the creation of an enabling business environment, infrastructure development, strengthening financial and non-financial services, and development of institutional support to SMEs (URT, 2003; Nkwabi & Mboya, 2019; Mosha, 2018; Mbura & Mbiha, 2017). The SME policy recognizes that SMEs are among the critical employers of most citizens and addresses strengthening the institutional strategies for enabling the SME sector development, growth, and sustainability. The primary focus of the policy lies in the legal regulatory framework, physical infrastructure, business development, business training and leadership, access to financial services, access to information, technology development, and marketing services. The study based on these variables was picked from the SME policy 2003.

## **2.2 Legal and regulatory framework**

The legal and regulatory framework in the policy strategized the government to implement programs aimed at simplifying and rationalization of procedures and regulations to encourage compliance and minimize transactional costs to SMEs (Djankov, LaPorta, Lopez-de-Silanes, & Shleifer, 2002; King & McGrath, 2002). Masanja (2019), when examining the significant challenges facing businesses in terms of taxation in Tanzania, noted that there are multiple taxes, changes in taxation, and unfriendly tax administration, which hinder SME compliance on tax payments.

## **2.3 Physical infrastructure**

The Government of Tanzania strategized to overcome the challenge of physical infrastructure, including work premises, warehousing, power and water, and communication for the development of SMEs. The statement of the policy on the physical infrastructure was to continue improving the physical infrastructure and provision of utilities in collaboration with local government and development partners. In response to the policy, local governments have tried to allocate sites

and development of physical infrastructure for SME use at reliable and affordable costs. Lwesya (2021), when presenting the opportunities and the integrated global trading system and general constraints of SMEs, concluded that there are constraints related to physical resources and improper infrastructure challenges for SMEs. Also, it noted that the development of SME infrastructure hinders SMEs' growth. The study concluded by arguing the government should increase access to infrastructure for business undertakings.

## **2.4 Business development services**

The business development services are targeted to enhance entrepreneurship development in response to utilizing abundant natural resources in Tanzania. The challenge of natural resource exploitation lies in transforming into raw or finished products to allow SMEs to compete in the markets (Lekhanya, 2016). The statement was to promote entrepreneurship development by facilitating improved access for SMEs to financial and non-financial services. The government brought education, training, and other programs to enhance entrepreneurial attitudes. In line with entrepreneurship, development efforts forced training institutions to include entrepreneurship in all the curriculums at different levels. In addition, it facilitates entrepreneurship for selected groups and capacity building (Kessy & Temu, 2010; Nkwabi & Mboya, 2019).

Different stakeholders support capacity-building efforts, as evidenced by empirical studies (Nkwabi & Mboya, 2019). The improvement of training institutes aiming at improving the quality of business training is enhanced as per the policy statement. However, in partnership with development partners, the follow-up of the performance of the trained business community concerning the policy statement needs implementation.

## **2.5 Access to information and technological advancement**

The Government of Tanzania acknowledges the importance of information for developing vibrant SMEs and contributing to economic development (Kessy & Temu, 2010). Limited access to reliable information is identified as a challenge to SME development. The policy was strategized to facilitate and support programs to increase information access and support SME sector development. The strategy was to set up information centers for SMEs to access needed information at an affordable cost using emerging technology. The efforts to enhance technology infrastructure are critical for access to information, and every corner of Tanzania has internet access that simplifies access to information for SMEs. The SME policy recognizes the limitation of technological advancement transfer, an essential aspect of SME development (Mwanakatwe & Smith, 2007). The Government of Tanzania put forward a strategy to facilitate the acquisition

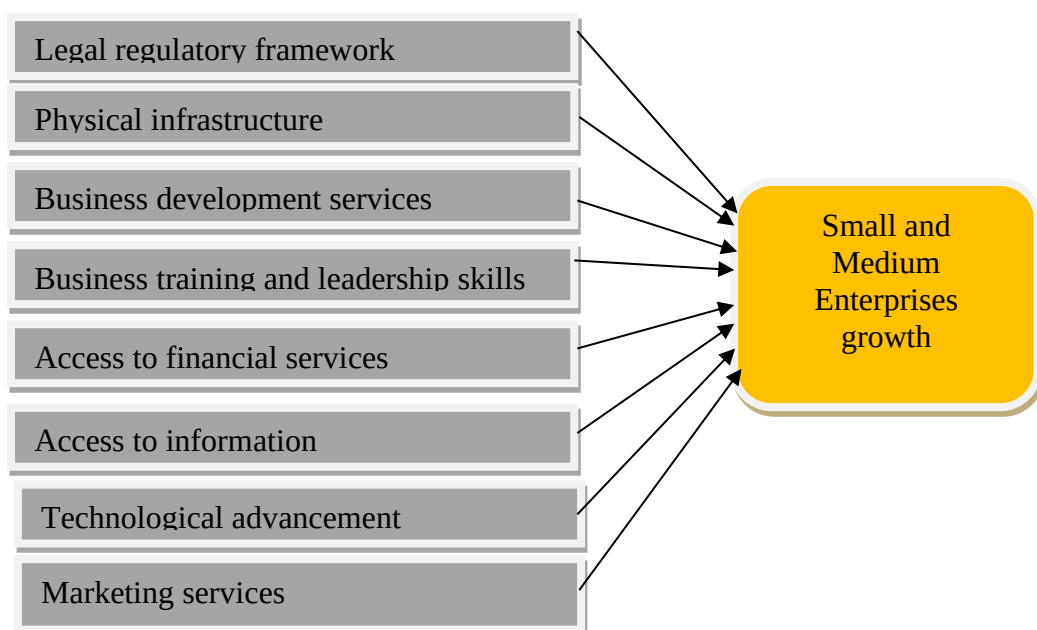
and adoption of technology and networking with Research and Development (R&D) institutions to support SMEs in upgrading technology and raising productivity and competitiveness.

## **2.6 Marketing and financial services**

The sustainability of SMEs depends mainly on their marketing performance. Marketing services have been a challenge for SMEs for a long time in becoming competitive locally, regionally, and internationally. The SME policy is committed to facilitating support programs to improve access to local and international markets. The implementation linkage between SMEs and large enterprises shows that marketing is effective. The policy strategized establishing zonal exhibition centres to support SMEs' marketing of products and services. However, the SME sector has yet to penetrate fully into international markets, which signifies inefficient marketing strategies for SMEs. Also, the knowledge of SMEs in international marketing skills is still too low to support entering foreign markets.

The SME policy stresses the sector for financial services access (Jeje, 2020). Several reasons for the limitation of access to financial services include perceived risk, lack of collateral, demand for information from financial institutions, and lack of preparation of records for business management (Atieno, 2009; UNIDO, 2012; Beck & Cull, 2014). The government has implemented reforms in the financial sector, establishing banks, including a microfinance bank, to facilitate SMEs financially (Masanja, 2019; Msilu, 2020).

Through studies on the growth and sustainability of SMEs in Tanzania, several constraints/challenges have been identified. The challenges include financial access, searching for reliable information, and interpreting data for lower-level consumption (Rulangeranga, 2021; Msangawale, Kalinga, Kimaro, & Igira, 2023). However, no study focused on policy implementation issues as constraints for SME growth. The objective of this study was to analyze the Small and Medium Enterprises policy (2003) and its practical implementation for SMEs' development, which is linked with the SME policy variables. The study conceptualized the SME (2003) policy framework, which shows variables linked to SME growth in Figure 1.



**Figure 1:** SME (2003) policy variables

**Source:** SME (2003)

Growth requires careful planning, tactics, and secure finance and logistics (Kessy & Temu, 2010; Msangawale, Kalinga, Kimaro, & Igira, 2023). To ensure success, it is therefore vital to pick the right time to scale the business and move between the different stages of growth. Fortunately, there are some key indicators to monitor and measure to determine when the business company is ready to take the next step in its lifecycle (Mosha, 2018). The indicators to measure and monitor business growth include profit, revenue, market share, customer satisfaction, and demand, all performance indicators that dictate growth. When a business sees one or a combination of these indicators, it is confident in taking the next steps in the business ambitions/ sustainability.

### 3.0 METHODOLOGY OF THE STUDY

The design of this study was descriptive. This study describes what happens when SMEs are not growing in Tanzania. This research, therefore, used survey tools to gather data for analysis to understand and aid in describing and summarizing data for discussion. According to Hothorn & Everitt (2011), the descriptive research design attempts to study phenomena and answer the research issues. The study's data were collected at Mwanjelwa Market in Mbeya City. The research aimed to look at policy implementation, and addresses all the policy variables, including infrastructure. The SME policy variables are the main reason for selecting the



Mwanjelwa Market in Mbeya City, which is the shift of small business owners to other places in the city. Despite the government's infrastructure development and investment in building a modern market premise, its usage is not at full capacity. The shift of small owner businesses motivated the study in the Mwanjelwa Market despite the government setting and building the physical infrastructure with an excellent location as the implementation of the SME policy. The study's main target was small and medium-sized enterprises, as defined in the SME policy (2003).

The study population was unknown; there are techniques to select the sample (Hothorn & Everitt, 2011). The sample size of this study used the formula  $50 + 8M$ , proposed by Hothorn and Everitt, where  $M$  is the number of independent variables (Hothorn & Everitt, 2011). The study used five independent variables established in the SME policy; therefore, the estimated sample size was  $50 + 8 \times 5 = 90$ . The selection of respondents used convenience sampling of business people because this is a quick, easy, and cost-effective method (Thompson, 2012). This study used a questionnaire to collect data from the SMEs using the Mwanjelwa Market as a business workplace. The researcher faced the business owners and asked them to spare some time to respond to the questions by filling out a questionnaire that included SME policy variables. The study depended on the convenience of time of the respondents during data collection. The study used descriptive statistics consisting of three basic categories of measures: measures of central tendency, measures of variability (or spread), and frequency distribution. In this study, the analysis was done by statistical package to determine the frequency of describing the questions on implementing the SME policy variables.

## **4.0 FINDINGS AND DISCUSSION**

### **4.1 Demographic Information**

The researcher wanted to know the gender status of business owners in Tanzania. The results show that males were 47.2% and females were 52.8%. The data indicate that women's participation in business was impressive, surpassing that of males. Different scholars in Tanzania have shown that males dominate small and medium enterprises (Stevenson & St-Onge, 2005; URT, 2016). This study's results imply that gender equality is aligned with the development goals.

The researcher was eager to learn the age categories of the respondents of this study. The study showed that 72.2% of the respondents were in the age group of 19-34 years, followed by the age group of 35-50 with 13.9%, and those aged 51 years and above scored only 2.8%. The results showed that most businesses in the research area were owned/headed by the workforce. Therefore, the business

sector is essential for the young generation. The results support the baseline survey of Tanzania, which showed prospects for youth to carry on business (URT Baseline survey 2012). Therefore, keeping youth informed on entrepreneurship for their livelihood is essential.

The researcher wanted to understand the status of business ownership in the research area. The results showed that the respondents owned 47% of the businesses, and others owned 50%. The results indicate that most business owners had several activities that allowed them to employ others. This is very important for the empowerment of the community as per empowerment policy and theories of entrepreneurship (Mosha, 2018; Olomi, 2009).

#### **4.2 Challenges for SME growth in Tanzania: Access to Finance**

A significant challenge for SMEs in Tanzania is the difficulty in accessing finance. The results of this study show that lack of collateral and high interest rates further exacerbate this issue. Despite the government's initiatives to formalize the business sector, access to finance for business is still a challenge. The study's results revealed that only 15% accessed finance from banks, and 38% had a bank account in the financial institution. The results signify the challenge of accessing finance. The first criterion for assessing a customer for loan qualification depends on the customer's bank account. This is supported by findings from many scholars who argue that financial institutions in Tanzania often impose so stringent conditions that many small businesses cannot meet them (Olomi, 2009; Beck & Cull, 2014). Other scholars have noted the same difficulty in accessing financial resources for businesses in Tanzania (Atieno, 2009; Jeje, 2020). Companies need to grow for sustainable business and livelihood by accessing business financing.

##### **4.2.1 Regulatory Environment and Market Access**

Complex and non-transparent regulatory frameworks pose another challenge. Previous studies noted that bureaucratic red tape and inconsistent application of regulations hinder business operations (Mfaume & Leonard, 2004). This challenge aligns with the World Bank's Business Reports, which consistently rank Tanzania poorly regarding ease of doing business. The study showed that 58.3% confess that changes in taxes and other related business matters impact business development; however, 11% were neutral. Again, 50% admitted that they received training on business, 13.9% were neutral, and 27% had no prior training on business laws and regulatory frameworks in Tanzania. Previous scholars have discussed the importance of training for business laws and regulatory environments for business sustainability (Kessy & Temu 2010; Mosha 2018). The importance of the business community understanding the legal

framework includes ensuring fairness in a business transaction between other businesses involved in a deal or dispute, protecting individual rights, providing standards for responsible behaviour, and promoting economic stability through legal certainty.

The results show that 68.7% do not have a stable market for their products, nor have they accessed support from the government to market products. However, 37% are either neutral or agree to have got support from the government. Limited market access prevents these businesses from scaling up. This issue is often linked to inadequate infrastructure and limited information on market opportunities (Stevenson & St-Onge, 2005). Enhance infrastructure to improve market access and create platforms that provide market information to SMEs.

#### **4.2.2 Skills and Training**

The data suggest a lack of business management skills among SME owners, which affects their ability to run and grow their businesses effectively. The study results show that 38.9% received business training, and 61.1% had no skills or no training attended for business management. This is corroborated by other studies indicating that many entrepreneurs lack formal business training (URT, 2012; Kessy & Temu, 2010). King and McGrath (2002) argue that SME owners' lack of entrepreneurial and managerial skills hampers business growth. Their study found that training programs tailored to SME needs significantly improved business performance. Jeje (2020) noted that business skills are essential because they're fundamental to starting, operating, and managing a successful organization. People skills are critical for the growth and success of a business.

#### **4.2.3 Technological Adoption**

There is a slow adoption of new technologies among SMEs. The study revealed that 44.4% of businesses under study use computers in business undertakings, 16.7% disagreed, and 25% were neutral about using computers in business. Also, results show that 53.8% agree that using e-business increases getting new customers; however, 45% either were neutral or disagreed. Regarding e-payment, 47.2% agreed that they were using it as the mode of payment in business; however, 56.8% were neutral or not using it at all. Previous scholars have noted that technological advancements can improve efficiency and market reach but require initial investments, which many SMEs find prohibitive (Mwanakatwe & Smith, 2007). Lekhanya (2016) points out that technology adoption among SMEs is often slow due to high costs and a lack of understanding of the benefits. However, successful case studies in Kenya and South Africa show that government incentives and support can significantly boost technology uptake.

## 5.0 CONCLUSION

The study's objective was to assess the effectiveness of the implementation of policy in fostering SME growth, particularly in the Mwanjelwa primary market in Mbeya City. Specifically, the study wanted to advance knowledge of the variables of the SME policy. The challenges SMEs face in Tanzania's Mbeya Region are multifaceted, involving financial, regulatory, market/infrastructures, skill, and technological barriers. Addressing these issues requires concerted efforts from policymakers and business support organizations. By implementing the recommended strategies, stakeholders can create a more conducive environment for SME growth, contributing significantly to the national economy. These insights provide a clear direction for addressing the challenges SMEs face in Tanzania, ensuring sustainable business practices that contribute positively to the national economy. Integrating insights from various scholars provides a robust framework for understanding and addressing the challenges SMEs face in Tanzania. The convergence of findings across different studies underscores the importance of multifaceted interventions involving financial support, regulatory reforms, market development, skills training, and technological adoption.

By implementing these comprehensive strategies, stakeholders can foster an enabling environment for SMEs, driving sustainable economic growth and development. The novelty of this study lies in its focus on evaluating the effectiveness of the SME policy 2003 in Tanzania, specifically concerning the growth and sustainability of SMEs within the Mwanjelwa primary market in Mbeya Region. Unlike previous studies that have primarily concentrated on challenges such as access to finance, market access, and management skills, this study uniquely examines how well the SME policy has been implemented and its impact on using government-developed infrastructure. By highlighting the discrepancy between the policy's intentions and the actual usage of resources provided by the government, the study offers new insights into the practical challenges SMEs face in Tanzania, especially regarding the effectiveness of policy implementation in fostering SME growth and sustainability. This focus on policy implementation and infrastructure utilization represents a novel contribution to Tanzania's knowledge of SME development.

## 6.0 RECOMMENDATIONS

The study revealed that many SME owners in Tanzania struggle with financial management, which hinders their ability to access and utilize financial resources effectively. It is recommended that tailored financial literacy programs be developed and widely implemented. These programs should educate SME owners on fundamental financial concepts, such as budgeting, financial planning, record-keeping, and understanding various financial products available in the

market. Moreover, these programs should include practical workshops that guide SME owners on preparing bankable business proposals, understanding loan terms, and managing debt effectively. Collaborations with financial institutions, NGOs, and government agencies can enhance the reach and effectiveness of these programs.

Technological advancement is critical for the growth and competitiveness of SMEs. However, the high cost of technology adoption poses a significant barrier. To address this, the government, in partnership with financial institutions, should offer grants or low-interest loans earmarked explicitly for technology upgrades. This financial support could cover purchasing essential technology such as computers, software, and machinery that improve operational efficiency. Additionally, incentives such as tax breaks for SMEs investing in technology could be introduced to encourage faster adoption.

Market access is a critical challenge for SMEs, often due to inadequate infrastructure. The government should prioritize road networks, logistics facilities, and supply chain infrastructure investments, especially in rural and under-served areas. Improved infrastructure will facilitate better access to local and regional markets, reduce transportation costs, and increase the competitiveness of SMEs. Moreover, establishing industrial clusters or business hubs with shared resources like warehousing, communication facilities, and utilities can provide SMEs with the necessary physical infrastructure to grow and thrive.

Despite the government infrastructure development, the fact from users is that the invested infrastructures need to be friendly and supportive to customers, yet the situation is different. The majority of customers do not prefer to climb stairs for business transactions. The study, therefore, discovered that customers dislike high-rise buildings and would like businesses located on the ground or first floor due to disturbances and time spent reaching the places. The practice has led to misusing upper stories in market buildings due to low preferences from businesspeople and customers. One of the efforts could be for each storey to have different services or businesses. The arrangement would require customers to visit upper storeys because the services/businesses are not found on the ground floors. Differentiating booth taxes according to location within the buildings to encourage businesspeople to request booths wherever found would also reduce the impact.

The study highlights a gap in business management skills among SME owners. To bridge this gap, the government and educational institutions should

collaborate with industry experts to design and deliver training programs relevant to current market demands. These programs should cover various topics, including business planning, financial management, marketing strategies, and leadership skills. Incorporating case studies, mentorship opportunities, and hands-on learning experiences will ensure the training is practical and directly applicable to the participants' businesses.

One of the barriers to technology adoption among SMEs is the lack of awareness and understanding of the benefits of new technologies. To address this, the government should establish technology demonstration centers where SMEs can see firsthand the impact of modern technologies on business operations. These centers can offer live demonstrations, hands-on experiences, and access to expert advice on implementing technology solutions. These centers can help SMEs overcome the initial resistance to adopting new technologies by showcasing successful case studies and providing access to affordable technological solutions.

Implementing these expanded recommendations will require coordinated efforts from multiple stakeholders, including government agencies, financial institutions, educational institutions, and the private sector. By holistically addressing the identified challenges, Tanzania can create a more supportive environment for SMEs, fostering their growth and ensuring long-term sustainability.

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