

Study of Tax System Impact on the Growth of Small and Medium Enterprises (SMEs): With Reference to Shinyanga Municipality, Tanzania

¹Mika Mungaya, ²Dr. Andrew H. Mbwambo, ³Dr. Shiv K. Tripathi

^{1,2,3}Mzumbe University Dar Es Salaam Campus (Business School), Tanzania

Abstract

The tax plays important role in the growth of Small and Medium Enterprises (SMEs). In the low-income country like Tanzania, role of SMEs is critical in pushing the socio-economic development agenda of the country further. Therefore, alignment of the tax-system to the environment specific SME growth needs can be considered an important agenda for the policy makers. Keeping this issue at focus, the study aimed to explore the managers/executive officers' perception of tax-system effectiveness in promoting SMEs growth in the Country. Study is based on the survey of 120 managers/ Executive officers of the selected SMEs in the Shinyanga Municipal region in Tanzania. The survey was administered using questionnaire and interview with the selected respondents. Data was analyzed by descriptive analysis method and findings were presented in terms of frequencies and percentage analysis. Findings indicate that majority of the respondents perceive the adverse impact of existing tax policies on the growth of SMEs and suggest for reforming the tax policies in the Country. The findings would help the stakeholders in designing measures to align the tax-system to SMEs in a more effective manner.

Keywords

Tax and Business, Business Environment, Tanzania, Small Business

I. Introduction

Micro- and small enterprises are an important force for economic development and industrialization in poor countries (Helmsing and Kolstee 1993; Mead and Liedholm 1998; Liedholm and Mead 1999; McIntyre and Dallago 2003). It is increasingly recognized that these enterprises contribute substantially to job creation, economic growth and poverty alleviation. The 2005 World Development Report suggests that creating "sustainable jobs and opportunities for micro entrepreneurs are the key pathways out of poverty for poor people" (World Bank, 2004:19).

The United Republic of Tanzania (URT), like any other developing countries, has taken a number of measures to promote the growth of private sector and Small and Medium Enterprises (SMEs). In Tanzania, SMEs were estimated to account for a significant share of Gross Domestic Product (GDP) of more than 30% (IPP Media, 2012). The government of Tanzania formulates and implements various policies aimed at increasing job opportunities, development of infrastructure as well as income generation through the creation of new SMEs and improving the performance and competitiveness of existing one.

For the purposes of protect and control the operation of SMEs in Tanzania, Government of Tanzania imposes several types of taxes which aim in protecting home/infant industries (protectionism) and ensure fair competition among SMEs. High tax rates and tax complicity discourage the growth of SMEs (Oludele and Emilie, 2012). This has the economical impact to the growth of the economy in the given country. From economic point of view, taxes increase production cost of goods and services which

would eventually leads to higher price of goods/services to the final consumers. On the other hand, the revenue collected from taxes represents the major funding source for governmental expenditures (Baurer, 2005)..

If the tax structure is not adequately designed to the specific environmental conditions, it may create a greater burden to the tax-paying organizations and eventually affecting the final consumer due to the shifter ability of tax. According to a study-report (Mnewa and Maliti, 2008), the majority of small businesses were less likely to attain or maintain the growing profitability in Dar Es Salaam region in Tanzania. SMEs in developing countries often face difficulties when dealing with tax matters. It would be rare indeed not to hear complaints about the complexity and/or ambiguity of the tax laws, high tax rates, and the lack of an integrated fiscal strategy that takes social taxes, and local taxes and fees into account when determining the overall tax burden placed on the business community (Baurer, 2005). This implies that as a policy maker and regulator, Government must consider the factors that could affect the competitiveness of the enterprises.

Assessing the impact of tax systems on SMEs is not simply a matter of looking at tax rates. Tax systems play an important role in encouraging growth, investment and innovation and facilitating international trade and mobility. For SMEs key considerations are to minimize administrative burden while ensuring compliance, including considering the drivers and impacts of operating in the informal economy (ITD, 2007). Kolstad et al, (2006) indicated that taxes are perceived to be a major problem for both young and old firms. Therefore, taxation has showing a way towards impacting small and medium enterprises.

Despite of the contribution that taxation can make towards the Gross Domestic Product (GDP) in general, much attention is also needed to the side effects of tax towards the growth of SMEs. This is because SMEs play a crucial role in driving economic growth in both developing and developed countries. As a group, they not only generate more new jobs than large firms or macro-enterprises but also introduce innovative ideas, products, and business methods.

It has also been observed that less attention has been given to the side effects of tax towards the growth and development of SMEs despite their contribution in the overall GDP of the country. The situation raises a serious concern about the issue of aligning the tax-planning system to the specific requirements of a particular country's growth need, as it has to balance both short-term and long-term impact of the policy. This also triggers need for an in-depth study of the different issues, preventing the development and implementation of effective tax policy and system, particularly in context of the SMEs.

Therefore the present study intends to do fill this knowledge gap by addressing the main objective of tax system impact assessment on the growth of small and medium enterprises in Shinyanga Municipality in Tanzania, which is one of the slow-growth SME regions in the Country. In order to accomplish its' objective, the study aims to address the following research questions;

- Could we identify the impact of tax on SMEs growth in the selected region?
- What is the perception of SMEs about tax system?
- Can the tax-system affect turnover of SMEs?
- What measures could better align the tax system to SMEs' growth needs?

The study provides useful information to business practitioners and tax authorities on relationship between taxation and the growth of small and medium enterprises. The findings of the Study are likely to benefit the regulatory authorities and policy makers in understanding the specific issues, especially in the modification of various rules, laws and regulations. Internationally, the Study would provide valuable input to the stakeholders in other countries, particularly with similar growth pattern and environmental factor configurations.

II. Literature Review

Literature on MSEs shows that the promotion of MSEs is one of the policy strategies for achieving national development goals such as poverty alleviation, economic growth increasing people's participation in economic activities, employment creation and income generation. It also includes strengthening the industrial base and a number of other socio-economic objectives. Tolentino (2005) reports that the potential socio-economic benefits of MSEs are attributed to their capacity to achieve the job-creation at low investment cost, contribution to the economy by increasing output of goods and services and improvement in linkages between economically, socially, and geographically diverse sectors.

The SMEs nomenclature is used to mean micro, small and medium enterprises. It is sometimes referred to as micro, small and medium enterprises (MSMEs). The SMEs cover non-farm economic activities mainly manufacturing, mining, commerce and services. There is no universally accepted definition of SME. Different countries use various measures of size depending on their level of development. The commonly used yardsticks are total number of employees, total investment and sales turnover. In the context of Tanzania, SMEs can be classified as presented in Table 1, (SMEs Development policy, 2002).

Tax is a compulsory contribution imposed on the individuals by the state to meet the expenses which are incurred for a common use. In context of SMEs, basically Tax can be classified into two major categories basing on the incidence of tax as well as 'tax to income' ratio. According to the final resting (incidence) of tax there is direct tax and indirect tax. The direct taxes include corporate income tax, property tax and tariffs whereas the indirect tax comprises of sales tax and Value Added Tax (VAT) (Tax Types, 2011). Value Added Tax (VAT) is a tax levied at each stage of production and distribution chain up to the retail stage. The VAT is charged on any supply of goods or services in Mainland Tanzania where it is a taxable supply made by a taxable person in the course of or in furtherance of any business carried on by him (VAT Act, 1998). This is a tax placed on the value that manufacturers add to each stage of production. It is a tax on consumption instead of income (Clayton, 1995).

It has been noted that a great number of small and medium enterprises are faced with complications before and after commencing their operations. Calcopietro and Massawe, (1999) argues that other complications to the SME operators include the paying of provisional taxes even before a company goes into production plus the requirement to pay several other taxes such as stamp tax, sales tax, payroll levy, Municipal and Regional taxes, Corporate tax, etc.

Table 1: Categories of SMEs in Tanzania

Category	Employees	Capital Investment in Machinery (Tanzanian Shillings.)
Micro enterprise	1 – 4	Up to 5 Million.
Small enterprise	5 – 49	5 to 200 Million.
Medium enterprise	50 – 99	Above 200 to 800 Million.
Large enterprise	100 +	Above 800 Million.

Source: SMEs Development Policy, 2002

Kolstad et al (2000) explain the business constraints for micro enterprises in Tanzania and argue that taxes are perceived to be a major problem for both young and old firms. This situation is said to be caused by high tax rates and uncertainty about tax policies which are perceived to be greater problems in small and medium enterprises.

It is noted that tax authorities are among of the most "feared" institutions by informal sector operators for institutionalizing their activities. Institutionalization implies inter-alia, registration with the tax authorities and subsequently the requirement to pay relevant taxes, tax is a cost to its payers. With multiple and high tax rates, the costs become escalating. Tax therefore reduces business's profit. If able to avoid this cost by not institutionalizing their activities therefore informal sector operator are avoiding them (Ngowi, 2009).

A study on SME Performance in Cameroon's manufacturing and retail sectors (Oludele, and Emilie, 2012) concludes that the regulation and company laws are primary regulations that have negative impact on small and medium size businesses. Businesses registered with the Ministry of Trade tend to be more regulation compliant while those registered with the Municipality are not.

A review study on tax compliance of small business owners (Kamleitner, Korunka and Kirchler, 2012) clearly presents that the three key aspects affecting small business owners' perceptions of their tax situation include: perception about non-compliance opportunities; meaningful taxation knowledge; their decision frames that render taxes as painful losses.

Based on the review of the literature, the study identifies the following independent variables (Kamleitner, Korunka and Kirchler, 2012);

- Perception about Non-Compliance Opportunity
- Decision-Frame Rendering Taxes as Painful Losses
- Knowledge about Tax-System

Further, on the basis of above review, these three variables have been linked to different sub-variables and we conceptualize that these factors may affect the growth of SMEs Kolstad et al (2000), which is dependent variable in the study. The conceptual framework of the research is presented in fig. 1.

This study was guided by the ability to pay principle of taxation, which suggests that the fairest tax is one based on one's financial ability to support government activities (Economicae, 2012). As shown in the fig. 1, Below, the dependent variable aims to measure the perceived fairness of tax and its' impact the growth of SMEs.

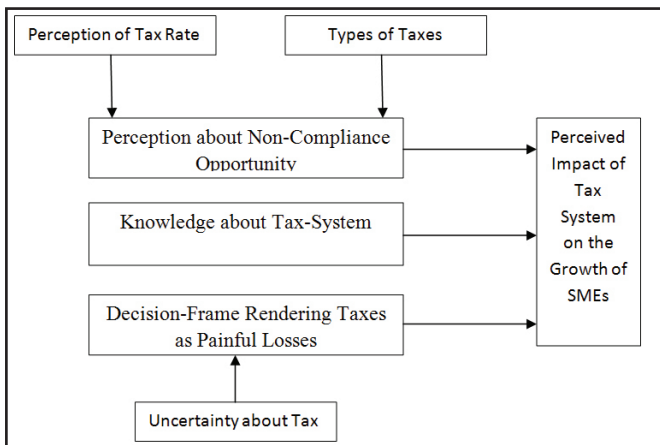


Fig. 1: Conceptual Framework of the Research

III. Research Methodology

This study covers SME’s in Shinyanga municipality from different areas of the municipal council i.e. Ndala, Ibinzamata, Majengo, Ngokolo and Lubaga. Each area carries both Small Scale Enterprises (SSEs) and Micro Enterprises (MEs). We have designed the study, with aim to derive the benefit of case study design as well as the survey. Therefore, the study can be considered as combination of both the case as well as exploratory focus. This was so as to facilitate the collection of data in a limited period of time. Case study design is flexible and helps to study the different aspects of problem within a limited time. It investigates the unit across a variety of characteristics; it is characterized by a thorough study of a unit over a range of variables but maintaining the unitary nature of the unit of inquiry (Ndunguru 2007). However, the generalization can be challenging issues in pure case design, so we focused to combine this with survey. Shinyanga Municipal is famous enough to represent the rest of Tanzania in which some of the pilot projects are conducted.

The selection of Shingaya region for the study was mainly based on the judgment and convenience. As the study had the limitation of time and money, the selection of the suitable location was to be done from the available convenient options in terms of reach. For the purpose of the study, the selection of the Shingaya region is justified, as it is surrounded by different types of SMEs and also the entrepreneurs in the region are from different parts of the country. The population of the study were Executives/ Officers of the SMEs operating in the region. It was important to first identify the suitable SMEs within the region, and for this purpose, we adopted the two criteria: The SME must be in business for more than two years; and should be registered as tax payers in Shinyanga Municipality. The study contained the population size which comprises 395 SMEs. This research used a sample size of 120 (30.38%) from the four wards of Shingaya Municipality. This sample distribution is presented in Table 2. We used purposive sampling (Kombo & Trop, 2006) to obtain a sample of 120 members.

Table 2: Sample-Size Distribution

Ward/ Area	Total population (Number of SMEs)	Number of Selected SME	Number of Selected Respondents
Ndala	100	30	30
Ibinzamata	30	10	10
Majengo	79	25	25
Ngokolo	105	30	30
Lubaga	81	25	25

The study includes both qualitative and quantitative data therefore the study used combination of interview and questionnaires. This study employ both structured and open-ended questionnaire which was administered to the chosen sample of respondents. The questionnaire was formulated in both English and Kiswahili languages. The validity and reliability for this study were measured by using the initial discussion of the sample interview and questionnaire with the SMEs Officers and other colleagues and modifications made accordingly.

IV. Data Analysis and Findings

The data gathered are presented, analyzed and interpreted using descriptive analysis approach. A total of 120 questionnaires were distributed to SMEs owners/managers in Shinyanga Municipality. All distributed questionnaires were filled and returned to the researcher.

The first question of the questionnaire was to profile the selected units in terms of their operational experience as an organization. Fig. 2 shows the pie chart on the age of business in which 44% responded that they had been in business for a period of between 7 to 10 years, while 27% responded that they had been in business between 4 to 6 years, 19% had been in business between 1 to 3 years (2 years+) while 10% of respondents had more than 10 years in business. Interestingly, after ten years many of SMEs started to exit from the market or change businesses.

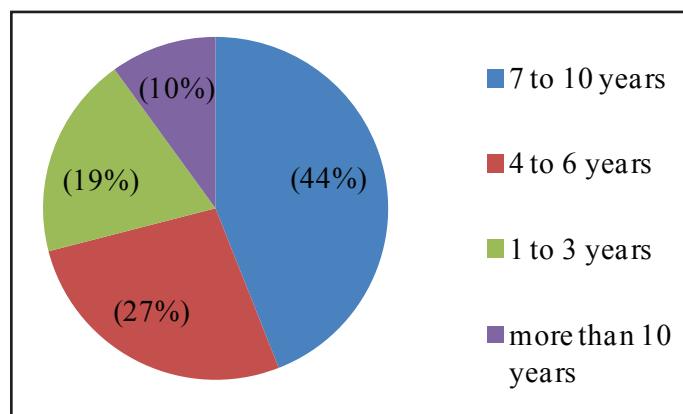


Fig. 2: The Age of Business
Source: Field data, 2011

The second issue was to measure the respondent’s perception on growth pattern of their businesses over time. This is due to the fact that most of businesses especially in Less Developed Countries (LDCs) often face growth challenges. As presented in Table 3, majority of the enterprises (47%) perceived not to grow as planned. The percentage of business growth was slightly higher for Small Scale Enterprises (SSEs) 46% as compared to Micro Enterprises (MEs) for which the percentage was 44%.

Table 3: Perceived Growth of Enterprises

Category of Respondents	% of respondent		
	Yes	No	Neutral
Micro Enterprises (number 70)	44%	49%	7%
Small Enterprises (number 50)	46%	44%	10%
All (number 120)	45%	47%	8%

Source: Field data, 2012

The next important issue in the analysis was to measure the respondent's perception of existing Tax-System in Tanzania. Several studies (CTI, 2000 and World Bank, 2004) found that the business environment in Tanzania is characterized by high tax rates and cumbersome tax administration procedures. Therefore, the main purpose of this question was to know the respondents' perception towards tax rates and tax concept. As presented in Table 5 and 6, most of respondents had negative perception towards tax rates. Also, majority of respondents reported that their business would grow if tax rates would be reduced.

Table 4: Perception on Tax Rates

	% Respondents		
	Positive	Negative	Neutral
Tax Rates	44%	47%	8%

Source: Field data, 2012

Table 5: Tax Rates Reduction Impact

Impact on Business	% Respondents
No effect	21.7
Business will grow	71.7
Not answered	6.7
Total	100%

Source: Field data, 2012

One of the possible impacts of increasing tax is corresponding increase in the prices and thus, purchases, which in turn affect the growth of SMEs by influencing their competitiveness adversely. Table 5 presents the perceived impact of the tax increase on purchase of an enterprise.

Table 6: Impact of Tax on Purchases

	Number of respondent	% of respondent
Price Decreases	84	70
Price Increases	2	2
Price Constant	29	24
No Response	5	4
Total	120	100

Source: Field data, 2012

Regarding the issue of Tax incentives to SMEs, about 76% reported to avail no such benefits. This raises an important question on the effectiveness of Tax systems as majority of the surveyed SMEs with less than 10 years of age and during the initial growth period; often the organizations require support in terms of such incentives. The responses are summarized in fig. 3.

The overall results show that 47% of participants reported that their businesses had not grown over time. Only 8% did not answer this question. It indicates that the perceived growth-rate is not very positive and efforts are needed to improve this situation. The tax-system reforms could be one significant area for enhancing the entrepreneurial motivation. Study also reported that the small businesses were at least at the margin between formal and informal

sector when compared with Micro enterprises. While 9% of the respondent MEs had virtually none of the formality attributes, only 6% of the SSEs did not possess any of the attributes of formality. Furthermore, MEs were less likely to be registered (13%) compared to SSEs (22%).

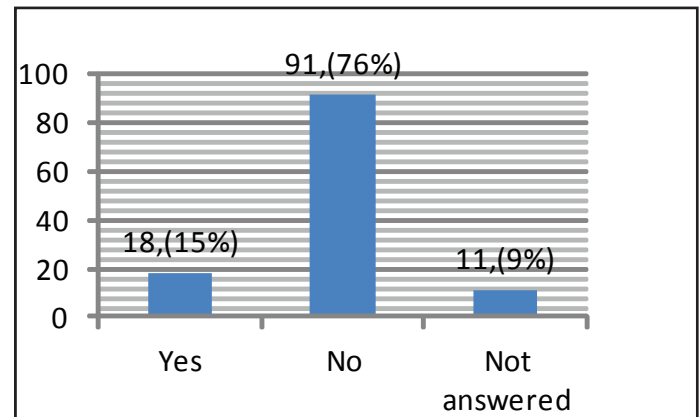


Fig. 3: Tax Incentives to SMEs

Findings show that the average profits for registered enterprises were higher than the average profits for unregistered enterprises. This implies that the potential for enterprises to make higher profits lies with registered firms. It also implies that expanding the formalization of the private sector has the potential to contribute indirectly to business growth rate – a drive which should go hand in hand with other policies that increase the incentives for SMEs to become more formal.

To further look at how effective tax reduction as a policy option is, the findings indicate that although 31% of the respondents were negative on tax rates, only 16% of the respondents were also negative on the concept of taxation. This suggest that the majority (31%) of the respondents were in favor of the concept of taxation implying that a policy to reduce tax rates might be productive in reducing tax evasion, thereby further strengthening the formalization of small business entities hence fueling the growth of SMEs in the country.

With regard to the role of tax concept and tax rate, the majority of respondents were in favour of reducing tax rates. They pointed out that taxes tended to reduce sales and therefore profits.

Majority of the respondents reported that businesses would grow if the tax-policy is aligned carefully to SMEs' needs. They claimed that taxes are high and adversely affect their competitive advantage. This is also supported by the respondents' opinion on the impact of tax on the purchasing power of the organizations. The majority of the respondents reported that the purchasing power of their enterprise dropped slightly after payment of tax and it took several months to recover. This shows that the amount paid by SMEs as tax was a bit higher compared to the volume of their businesses.

V. Implications for Tax-System

Tanzania Revenue Authority (TRA) is advised to increase taxpayers' assistance and educational programs. This can include internet services and electronic filing of tax returns where technology and legislation permit. Electronic payment of taxes through the banking system should also be utilized. When taxpayers are educated about various tax matters, they will know their rights and there will be less/ no tax ambiguity and tax evasion. Small and Medium Enterprises are advised to maintain primary books of accounts and payroll summaries since they may help

them to know the actual amount collected as revenue and the actual expenditure of their businesses. This may help to reduce the amount paid as tax since the tax imposed on them will be reflecting the true figure of business' turnover.

The Government through TRA is advised to charge a single tax for small taxpayers which combine all types of taxes (i.e. income tax, VAT, excise tax etc.). This will help to engineer the growth of SMEs since it will reduce the burden of tax and it will help the authority concern i.e. TRA to collect enough revenue since tax evasion will be minimized to a greater extent.

The TRA is also advised to allow tax holidays, tax incentives, or relief from taxation based on new business investments as this may encourage the entrance of new business. This should be applied to all new business investment with full registration and it should be applied to all forms of businesses equally. Almost many countries employ some form of grant, subsidy, investment credit or deduction so as to attract new businesses.

Furthermore, the TRA is advised to charge tax basing on net profit figures instead of gross profit figures. Tax allowances or exemptions should also be provided basing on net profits figures.

In addition, the government through TRA is also advised to review the rates charged since they are very high. All these may help to reduce the tax burden and hence engineering the growth of SMEs in the country.

When small business taxpayers register with the tax administration they should be provided with all the necessary information, tax returns and instructions they will need to meet their tax return filing and paying requirements. This is because some new business owners' may give up if they do not get the required assistance at the beginning. Some countries provide a "Small Businessman's Kit" for this purpose. The time spent in guiding the new taxpayer through this process saves both the taxpayer and the tax administration time and resources in the long run, and can lead to easy collection of tax.

VI. Conclusions

On the basis of the findings from this study as presented, analyzed and interpreted in chapter four the main conclusion is that taxes imposed on small and medium enterprises impact their growth in terms of profits in different ways.

From the study it has been found that changes in tax rates lead to the changes in prices of various goods and services. The results show that the increase in tax rates leads to higher production, distribution and selling costs which lead to higher prices and as a result consumers change their buying behaviour. People react to the higher prices by buying less of the product. When sales fall, some manufacturers cut back on production and some workers may lose their jobs. The productive resources i.e. land, capital, labour and entrepreneurship are allocated to other industries or go unused. For instance when the government increase taxes on items such as beer and cigarettes for the purpose of realizing revenue and discouraging their consumption people tend to buy local brews. Whenever prices increase due to increase in tax rates; prices of goods and service increase and there is a drop in the consumption rate and a decrease in sales volumes which leads to retarded growth of SMEs.

Moreover, tax payment is among the outflows of cash from the business which reduce the purchasing power of an enterprise. This is due to the fact that a large amount of cash collected is used to pay taxes rather than to expand the business. The study shows that the purchasing power of an enterprise drops immediately after the payment of taxes.

On business growth in Shinyanga Municipality the evidence shows that there is significant growth. The growth rate has been accelerated by many factors including: good location of the business premises, strong managerial and administrative strategies, quality products and business design, business commitment (entrepreneurial spirit), laws and regulations within the country etc. At the same time there are factors that retard the growth of the SMEs sector. Some of the major causes of poor/no growth includes laws and regulation (especially tax structure), poor sources of capital, and the use of business' resources for private purposes (both cash and goods) since most of enterprises are the sole source of income for the business owners and their families. Due to these factors the rate of business growth is small and other businesses are either slowing down or closing down.

On incentives for SMEs growth in Shinyanga Municipality, most of them could not benefit from them because they are meant for fully registered SMEs only. The many SMEs that operate in the informal sectors cannot benefit from growth incentives. Study findings also indicate that majority of SMEs did not prepare books of accounts and payroll summaries as they have small number of employees. Also it has been found that owners are also employees of the business and they never take into account the principle of business as a separate entity from the owner and the status of employment is thought for non family members only. Due to this fact the tax imposed on them is based on approximations which may not reflect the true picture of business' turnover. As a result, the business may be charged a huge amount of tax compared to what it would probably pay if books of accounts and payroll summaries were maintained.

Though the findings and conclusions are not affected, it is important to highlight some limitations of this study. First, the survey was conducted in Shinyanga region particularly Shinyanga Municipality hence it does not examine regional and municipal variations in Tanzania. Secondly, it is also possible that some entrepreneurs did not provide their true opinions during the interviews because they regarded some of the questions as sensitive. However, this group was small and we assume it did not affect the overall results and conclusions.

VII. Scope for Future Work

There were some very important issues raised but the study did not look into their details. These issues could be captured by interested researchers in future. Some suggested areas for further studies include: Assessment of the role of tax towards the growth of SMEs sector in Tanzania by focusing on different contexts; and the perception of tax authorities / regulatory bodies towards the growth of Small and Medium Enterprises (SMEs) in Tanzania.

VIII. Acknowledgements

The study was undertaken towards preparation of master thesis dissertation. Authors acknowledge support of Mzumbe University, Mzumbe, Tanzania.

References

- [1] Auriol, E., M. Warlters, "Taxation Base in Developing Countries", *Journal of Public Economics*, 89, pp. 625-646, 2005.
- [2] Baradyana, J. S., Ame, A. M., "Business research Methods", (Unpublished), 2007.
- [3] Baurer. I. L., "Tax administrations and SME in Developing countries: SME department", World Bank group, 2005.

- [4] Chijoriga M.M., Cassimon D, "Micro Enterprise Financing: Is There a Best Model or Scheme in Rutashobya and Olomi", Eds., (1999), African Entrepreneurship and Small Business Development, DUP University of Dar-Es-Salaam, Tanzania, 1999.
- [5] Creswell, J.W, "Research design, Qualitative and Quantitative Approaches: Sage Publications, 1994.
- [6] De Mooij, Ruud, Nicodème G., "Corporate tax policy, entrepreneurship and incorporation in the EU", CESifo Working Paper 1883, 2006.
- [7] Devi, L., "Encyclopedia of Social Science Research Vol. 1-3. Institute of Sustainable Development: Anmol Publication", New Delhi, 1997.
- [8] Economicae (2012), "Taxation Principles", [Online] Available: http://www.unc.edu/depts/econ/byrns_web/Economicae/taxprinciples.html on 16/07/2012
- [9] Emoy, Cooper, D.R., "Business Research Methods", (4th Ed): Irwin Publishers Homewood, 1991.
- [10] Gary, E. C., "Economics principles and Practices", MC Graw Hill, 1995.
- [11] New York ILO, "The Challenges of Growing Small Business: Insights from Women Entrepreneurs in Africa ,Geneva, Income Tax Act, 2004.
- [12] IPP Media (2012), "SMEs told to move from poverty reduction to wealth creation", [Online] Available: <http://www.ippmedia.com/frontend/index.php?l=42627>
- [13] Kamleitner B., Korunka C., Kirchler E., "Tax compliance of small business owners: A review", International Journal of Entrepreneurial Behaviour & Research, Vol. 18, Issue 3, pp. 330 - 351, 2012.
- [14] Kombo, D.K., Tromp, D. L. A., "Proposal and thesis writing: An introduction", Paulines Publications Africa. Nairobi, 2006.
- [15] Kothari C.R., "Research Methodology", Methods and Techniques: Wishwa Prakashan, New Delhi, 1990.
- [16] Krishnaswami, O. R., "Methodology of Research in Social Sciences", in Mnewa, 2002.
- [17] R., Maliti, E., "The Role of Small Businesses in Poverty alleviation: The Case of Dar es Salaam, Tanzania", Research report No. 08.2, Dar es Salaam, REPOA, 2008.
- [18] Mnewa, R., Maliti, E., "The Role of Small Businesses in Poverty alleviation: The Case of Dar es Salaam, Tanzania", Research report No. 08.2, Dar es Salaam, REPOA, 2008.
- [19] Olomi D.R., "Entrepreneurship and Small Business Development", A Tanzanian Perspective .UDEP.
- [20] Oludele, A.A., Emilie, C. K., "Regulation, Awareness, compliance and SME Performance in Cameroon's manufacturing and retail sectors", International Journal of Social Economics, Vol. 39, Issue 12, 2012.
- [21] Saunders et al., "Research methods for Business Students", Prentice Hall, New York. 2000.
- [22] Tax Types (2011), "[Online] Available: <http://www.taxation-tz.com/2011/05/types-of-taxes.html> on 15/07/2012
- [23] Tolentino, A., "Guidelines for the Analysis of Policies and Programmes for Small and Medium Enterprise Development", Enterprise and Management development working paper, 2005.
- [24] Toro, Juan, "Tax Compliance and Business Development, Beyond Tax Collection," mimeo, IMF, 2007.
- [25] UNIDO, "Tanzania Small and Medium scale Enterprises policy proposal", 1999.
- [26] URT, "Ministry of Industry and trade: SME Development Policy", 2002.
- [27] VAT Act., "Chapter 148 section 4 (2), Government of Tanzania, 1998.
- [28] Wangwe, S., "Micro and Small Enterprises Development and Employment implications: Review of current Status and Prospects", Paper prepared for a national workshop on review of the current Employment Situation in Tanzania, ESRF, Dar es Salaam, 1999.
- [29] World Bank, IMF, "Financial Sector Assessment Tanzania, 2003.
- [30] World Bank, "Investment Climate assessment", Improving Enterprise Performance, 2004.
- [31] [Online] Available: <http://www.cmi.no/publications> (Accessed 30/06/2012)
- [32] [Online] Available: <http://www.itdweb.org> (Accessed 30/06/2012)
- [33] [Online] Available: <http://www.rental analyst.com> (Accessed 01/07/2012)
- [34] [Online] Available: <http://www.wbcsd.org/web/development.htm> (Accessed 01/07/2012)
- [35] [Online] Available: <http://www.taxation-tz.com> (Accessed 01/07/2012)
- [36] [Online] Available: <http://www.tra.go.tz> (Accessed 01/07/2012).



Mika Mungaya holds Master of Science degree in Finance and Accounting. Presently, he is pursuing Master of Business Administration in Corporate Management from Mzumbe University. He has more than 10 years of experience in Accounting Function in District and Regional Administrative Secretary Office in Tanzania.



Andrew H. Mwambo, is Principal at Mzumbe University Dar Es Salaam Campus. He is Professor of Business Administration and teaches Strategy and Entrepreneurship. Prof. Mwambo received his Doctoral in Business Administration from University of Nairobi (Kenya). He has published articles/papers/ case studies in national and international journals. He is been associated with a numbers of international agencies as consultant and trainer. Prof. Mwambo has rich administrative and institution building experience.



Shiv K. Tripathi is Professor at Mzumbe University Dar Es Salaam Campus. He teaches Strategy, Supply Chain and International Business Courses. He received Bachelor's degree in Electrical and Electronics Engineering followed by Master of Business Administration and Ph.D. He is also an alumnus of IESE Business School, Barcelona, Spain. During last 15 years of his academic career, he has served a number

of academic institutions and universities in different capacities. Prior to joining the Mzumbe University, Tanzania in March, 2009, he was Dean, Faculty of Management Studies at VBS Purvanchal University (India). He has published more than 50 articles, cases and research papers. He is member in two working groups of United Nations supported Principle for Responsible Management Education (PRME).