

**Market entry modes for SMEs in handcrafts Sub-sector in Tanzania: The Case of
Handcrafts SMEs in Dar es Salaam Region**

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This study focuses on the market entry modes for Small and Medium Enterprises (SMEs) in handcraft sub sector in Tanzania. It analyses the influence of firm size, export financial commitments and how owner-managers' or managers' risk perception affect firm's choice on foreign market entry mode. The study was conducted in Dar es Salaam where most handcraft exporters are located, with a sample size of 120 handcrafts firms involved. Both qualitative and quantitative techniques were employed in order to ensure validity and reliability of the findings. Interviews and questionnaires, as means of obtaining the required information from informants, were administered to owner-managers, managers and other affiliated actors in handcraft firms at Mwenge Open market, Slipway, Makumbusho and Morogoro-store in Kinondoni and Mikono handcrafters in Temeke. This study was guided by born- global theory, stage model theory and network approach theory. Findings show that majority (100%) of SMEs employed diverse ways of exportation: Firstly, indirect exportation through local and foreign intermediaries and secondly, direct exportation, trade fairs and through friends and relatives in foreign countries. However, many firms sell their products right from their centres. In an attempt to capture foreign market owner-managers or managers are constrained by little knowledge on international market, unfaithful partners or customers in foreign countries, duplicate taxes and lack of skills on establishing reliable networks. The study recommends that government support is vital in searching relevant potential market information, assisting traders or artisans in transportation and living expenses in foreign trade fairs and imposition of reasonable charges or taxes for handcraft products. Handcraft traders or artisans should promote team spirit among themselves so as to capture in international market effectively, through indirect exporting, direct exporting and participation in international trade fairs. Because these modes do not needs substantial amount of capital and the risk associated is relative low. Furthermore, a deeper cross-country research needs to be done on strategic areas such as Zanzibar, Bagamoyo and Arusha in order to see the possibility of establishing more handcraft industries.