

Opportunities and challenges facing Tanzanian small and medium enterprises (SMEs) in the east African community common market: the case of SMEs in the city of Dar es Salaam.

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SMEs are of great importance to the expansion of export earnings in developing countries. Following the enactment of the EAC Common Market, this study examined the opportunities and challenges that exist for Tanzanian SMEs in the EAC Common Market. Case approach was employed and the primary data were gathered through questionnaires and interviews while secondary data were gathered through review of annual reports of the respective SMEs and other official publications. The study adopted Cobb-Douglas production function in analysing factors abetting SMEs productivity, and employed logit model in determining the factors affecting SME in-outside production network. The study findings points two factors for the SME not to be competitive, which are internal which relates to attitudes, habits and the way we think, while the other relates to our environment which includes culture, government lackluster approach to policy enunciation. Several recommendations are put forward that can ameliorate the situation. Among them includes government establishing Industrial Development Centres (IDCs), Industrial Parks or SMEs clusters in relevant clusters. Also the government through the Central Bank should establish a National Credit Guarantee Scheme for the SMEs.