

Causes of Failure of Small Business in Tanzania: the case of Business in Kinondoni Municipality Council

Revina Raphael

Masters in Business Administration

University of Dar es Salaam, business school, 2008.

This study examines the factors that lead to failure of small businesses in the Kinondoni Municipality. The high failure rate can be attributed to the lack of support that the small, medium and micro – enterprises (SMEs) receive from support institutions as well as to their own internal weaknesses. Strategies are recommended that will help small businesses be more successful. The study was exploratory, descriptive and qualitative in nature. Semi structured interviews with questionnaire guidance were used to gather data. Result indicated that the most common causes of business failure were lack of knowledge regarding legal matters, lack of funding and a general lack of business acumen, lack of financial support from institutions, lack of technology, poor location and infrastructure, bureaucratic framework in business registration and licensing. The study recommends that the government should improve the effectiveness of its support mechanisms and that the record keeping and cash flow management training is critical for SMEs. These recommendations, if applied properly, will ensure small businesses ‘success in Kinondoni Municipal Council and the rest of Tanzania.