

CONTRIBUTION OF SELECTED BUSINESS ASSOCIATIONS TO THE PERFORMANCE OF FOOD PROCESSING SMEs IN RWANDA AND TANZANIA

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ABSTRACT

BAs are organizations that promote the private sector in such a way that they can increase productivity and impact to the enterprises and to other socio-economic aspects of life. BAs use their extensive selective benefits i.e. services provided, intensity of membership, proper mediation for getting internal resolution and advocacy intent to impact the performance of enterprises. This study examines and compares the contribution of four selected business associations through their selective benefits to the performance of their member SMEs in Tanzania and Rwanda. Target population of the study was food processing SMEs. Sample size was 145 SMEs. Responses of the subjects were collected through questionnaires and composite analysis is used. This study concludes that Rwandan business associations contribute more than Tanzanian business associations to the performance of their members.

Key words: *business associations, performance, food processing, empowerment/contribution, SMEs, selective benefits*

1. Introduction

This paper aims at establishing and comparing the contribution¹ of Business Associations (BAs) engaging in food processing Small and Medium Enterprises (SMEs) in Tanzania and Rwanda. EAC Trade Report, 2009 and ITC, 2009 indicate that BA contribution to members can be in terms of access to finance, R&D, facilitating the availability of management skills and services, marketing services, production, product quality and technology, and trade mission, fair and exhibitions. This paper uses the same parameters to establish and compare the BAs contribution to their members. Food processing sector is identified because is one of priority sectors for economic development in East African countries (NSGRP, 2005; Kilimo Kwanza, 2009; NDV 2025; Kenya Vision 2030; Rwanda Vision 2020). Tanzanian business associations involved in the study are Tanzania Food Processors Association (TAFOPA) and Association of Mango Growers (AMAGRO) while Rwandan are Maize Millers Association of Rwanda (AMMIRWA)

¹ Contribution, empowerment and provision of capabilities are used interchangeably in this paper.

and Association Pour la promotion des Producteurs de jus, boissons alcoolisées et alcooliques au Rwanda (APPROJUBAAR).

TAFOPA is a baby of joint initiatives between Small Industries Development Organisation (SIDO) and the United Nations Industrial Development Organisation (UNIDO) under the integrated Training Programme for Women Entrepreneurs in the food processing industry. TAFOPA aimed at supporting members at accessing finance, policy dialogue and advocacy, joint collection of products, and engaged its members in marketing of their product. AMAGRO is a registered business association which uses Global Agronomic Practices (GAP) standards in customer service, packaging, empowering growers to use best methods propagation for seedlings, controlling pests and diseases and marketing of mango produce. It had 127 members scattered all over Tanzania. When started in 2003 AMAGRO had only seven members exchanging views about mango farming and opportunities around it. AMMIRWA was started in 2010 in response to the private sector, particularly agricultural reform in Rwanda. AMMIRWA members have maize milling plants and are engaged in collection of maize, sorting, milling, packaging and selling of maize flour. The association belongs to the chamber of industry and trade at the Private Sector Federation of Rwanda (PSF). The association has 45 members, 30 are male and 15 are female. APPROJUBAAR is the association for producers of juice, non-alcoholic and alcoholic drinks and producers of handcraft products. It is under the Chamber of Arts, Crafts and Artisans. The association was started in 2010 and it has 127 members, among them 80 are females and 47 are males. All members are active and participate fully in association activities and services. The members are located spatially across the country and mostly located in rural areas and outskirts the towns due to the fact that most of them are very small and cannot manage more transactional costs if they are located far from sources of raw materials.

According to Moore and Hamalai (1993), a Business Association (BA) is a “voluntary and formal social infrastructures based on acquired status instead of ethnic and birth-based (ascriptive) relationships”. Miruka (2007) defined association as “a social structure of cooperation”, thus a business association is a social structure of cooperation promoting business relations. According to Ahrne and Brunsson (2008), a business association is meta-organization, which means they are third-party member-based organizations with a brokerage role, membership of which is voluntary, and whose members retain their distinctive organizational identity. Their primary purpose is inter-organizational bridging, connecting diverse members and bridging members in general, industry and sector in particular. Ghauri et. al., (2001) noted that BAs make links between socially and spatially differentiated actors, harmonize their different values, and engage with powerful external agencies such as governments and development stakeholders. BAs can take vertical and/or horizontal relationship and are used by members as advocacy platforms connecting members with other stakeholders including the government. BAs are playing a role of improving enterprise efficiency by minimizing costs (Ghauri et. al, 2001; Daud and Wan, 2010).

BAs provide benefits to members in various ways. McCord (2005) argues that BAs can accomplish what individual companies cannot, regardless of their size, thus, they offer the chances for the private sector succeed and collective confidence. According to Doner and Schneider (2000), there are three motivations for creating business associations; namely, first, to protect the interests of their members through lobbying and advocacy and be their representative in dialogues; second, to support members to develop their production and business activities;

and, third, to coordinate and regulate the businesses of their members. According to Fukuyama (1995), BAs can add to society's stock of social capital, especially to its accumulated capacity for collective action and mutual aid. They can support members in various ways: first, by securing or accessing local and foreign markets and raw materials for their members, accessing better production technology for their businesses and providing training facilities and programmes for their members and developing and disseminating improved and better production and management systems among members. Second, by accessing financial and technical support from banks, business support institutions and government (Agalo, 2010). Third, by advocating on behalf of their members to the government and for a better environment that is conducive for business operation like investment incentives, favourable tax policies, monetary and fiscal policies, etc. (Goldsmith, 2002). Fourth, are the glue that cements the private sector's movement toward market reforms (Schiff, 1998; Goldsmith, 2002).

Food Processing Enterprises and their characteristics

Food processing is the transformation of raw ingredients into food, or of food into other forms. Food processing typically takes clean, harvested crops or butchered animal products and uses them to produce attractive, marketable and often long shelf-life food products. Food processing and tourism are top sectors and their associations are important for economic development in East Africa Community partner states. This is evidenced in policy documents showing their contribution to employment and poverty reduction (Rotich, 2005). In Kenya, agro processing and tourism are the first two priorities in the economic pillars; agro processing accounts for 13percent of total manufacturing output (Kenya Vision 2030). The sector has forward and backward linkages and potential for value addition in the commodity value chain. It can easily connect to the Global Value Chain (GVC); thus, ease to internationalize through standardization and certification. Food processing allows food to be kept longer and reduces post harvest losses and contributes to regulating the market by lessening seasonal price fluctuations (Dietz. et. al., 2000). Furthermore, this sector is potential in increasing relational and cognitive resources, promoting knowledge transfer and bringing wide participants inclusion (Daud and Wan, 2010; Kohen and Kainenaski, 2007; Nunes et al., 2006; Desouza and Awazu, 2006).

Food processing is a source of variety of by-products which elongates the production value chain, product life cycle and involvement. These by-products often have significance as animal feeds and fuel sources, such as bran from the milling of cereals, or press cake, and residue from oil extraction. These residuals can also be processed to generate bio-gas for domestic and industrial use. It is an empowering sector involving many people such as women and vulnerable groups in the societies. Businesses in food processing includes manufacturing of dairy products, canning and preserving of fruits and vegetables, canning fish, drying and smoking fish, manufacturing of animal and vegetable oils, grain milling and packaging, baking and confectionary, preparation of animal feeds, wine and beer manufacturing, spices making and packaging, preparation of snack foods, marketing and distribution of processed foods.

According to Dietz et al., (2000), Food processing enterprises in East Africa have the following characteristics: first, most of them are micro and small; only few are large, such as breweries and milling plants. For example Tanzania Breweries Limited, Serengeti Breweries Limited, Coca-Cola Companies, and privatized national milling plants. Second, in exception of large corporate, food processing enterprises produce traditional products by using local technology. Third, raw material supplies are also locally obtained and possibly around neighbouring markets. For

example, bakers and snack makers just walk a small distance to assemble all the needed materials. Fourth, The products of food processing units are mostly consumed in the local market, though due to new products, more marketing is done in local and regional exhibitions and trade fair for business and product regionalization and internationalization. Fifth, lack of capacity / or effort to diversify the range of products and services they provide. It is observed that most food processors produce and market the same products as their competitors and use the same sales channels over years. Their products can be with no or a little variation in composition, appearance and price. This leads them to be uncompetitive in the market with many imported products giving customers wide room of choice. The characteristics of food processing SMEs suggest a number of problems they face such as (1) lack of specific government policies on food processing, (2) unavailability and high costs of finance from commercial lenders, (3) unavailability of equipment, package materials, essential ingredients and maintenance services, (4) competition from imported products, (5) low skills of managers and processing staff, (6) poor marketing knowledge and selling skills, (7) selection of inappropriate technologies and inadequate hygiene and quality assurance (Dietz. et. al., 2000; Abe, 2003)

2. Methodology

The total sample size of this study was 145 food processing SMEs belonging to four business associations of which two from Rwanda and two from Tanzania. Response of the subjects was collected through the questionnaires administered among them. The non-response rate was 13percent. Questionnaires were administered among the SMEs operating in Dar es Salaam, Coast and Arusha regions in Tanzania and Kigali and its outskirts such as in Rwandex, Kinamba 1 and 2, Giticyinyoni, Giticyi Industrial Area, Muhanga, Nyagatare, Kabuye and Kigali Industrial Area in Rwanda. Convenient sampling technique was used. SPSS Software was used for analysis for quantitative data. This study collected data on likert scale questions in ascertaining the extent to which BAs have empowered their member enterprises performance through provision or facilitation in acquiring various capabilities. The scale was developed as follows: 1 - Strongly agree, 2 - Agree, 3 - Neither agree nor disagree, 4 - Disagree, and 5 - Strongly disagree. All questions forming the empowerment composite were in a tabular form to facilitate easy response. With reference to Guisso *et al.*, (2004), the outcome based approach was used in the analysis. The outcome based approach presents the contributions of an undertaking from its operations and services. In this case the contribution of BAs to members will be established and compared.

3. Literature

Business associations for SME are created to mitigate the challenges facing SMEs, which are principally facing food processing SMEs as well. Although SMEs are a unique sector with significant contributions to the economy, they suffer from a number of challenges. Some of the challenges are caused by varied facts especially lack of standardized and generally accepted definition. They are very heterogeneous in every stage of their development (affected by the personal behaviour of the entrepreneur and/or manager). They exist in every industry and therefore are affected by changes of specific industrial behaviour. They are also regarded as no-deep-thought-entry- point for start ups (this instigating attitude towards their failure and success status). In addition, they have no clear metric for quantitative comparison, making diluted meaning of their analysis for comparison purposes from village to international level.

The business climate points to a number of challenges SMEs face. They include: access to finance, lengthy business licensing and permit procedures, access to—and the state of infrastructure (including electrical power) and poor support services such as business development services and trade facilitation measures. OECD (2013) observed that many countries currently lack unified SME policy to address the challenges. It is important that any initiative to promote SME development is formed as part of a wider private sector development strategy and one important element to consider in the development of SME-supporting policies is the clear definition of SMEs (OECD, 2013). As already mentioned, the definition of “SME” varies from country-to-country. This situation is hindering the implementation of policies targeting SMEs in regional setup. The development of an appropriate SME definition (possibly sector specific definition) is of critical importance to guiding SME development policies and other supporting measures such as SME financing schemes and training programmes within the region.

SMEs in Rwanda and Tanzania also encounter several major physical and non-physical challenges relating to access to market and finance. One of challenges concerning market access is a distinct lack of awareness among SMEs themselves of the benefits and implications of free trade agreements (FTAs). Export promotion activities and the use of e-channels and e-commerce mechanisms have not been properly explored. The existence of non-tariff barriers prohibits access of SMEs to foreign markets. SMEs lack familiarity with trade facilities and customs procedures, and market intelligence in and outside markets is not currently available. Lack of access to finance, SMEs are finding it difficult to access funds due to the rigorous collateral-based lending requirements of local banks. Such obstacles are difficult to overcome, especially for newly established SMEs. This situation makes it even more difficult for micro enterprises to obtain loans, since most of the banks are reluctant to provide loans to high-risk borrowers like SMEs. SMEs thus have to rely on informal sources for funding which charge high interest rates.

Research and development is another challenge. Investment in research and development (R&D) among SMEs is still low, resulting in low productivity and efficiency. Funds for the commercialization of R&D are still not forthcoming due to uncertainty over demand levels or the absence of contracts. It is also noted that recognition and promotion of innovative SMEs is not widespread, either. Additionally, there is still limited knowledge about the protection of intellectual property (IP), and the cost of IP registration is high.

In summary, according to Abe (2013), SMEs typically face the following constraints: (a) absence of a user-friendly legal and regulatory environment; (b) lack of an adequate and modern infrastructure; (c) undeveloped entrepreneurship abilities, i.e. lack of confidence and a high level of risk aversion in taking advantage of new opportunities; (d) inequality for women

entrepreneurs; (e) inadequate and/or expensive access to financing; (f) obsolete technology; (g) a lack of R&D and innovation facilities; (h) inadequate input of business development services (BDS); (i) weak linkages with external markets and (j) poor institutional networking, which bars access to global value chains and the integration of SMEs into international markets. BAs are created to contribute in assisting and handling these challenges collectively through coordinating the availability of the services or provision of such services and collaborating with other stakeholders such as the government and development partners.

The contribution of BAs to members is seen through empowerment benefits provided (Doner and Schneider, 2000). Capability services provided or empowerment is the measure of control over the association and processes that directly affect health of the business, performance and growth. They are the capabilities strengthening measures for an enterprise. The empowerment or capabilities are justified through the sense of service satisfaction, personal efficacy and capacity of members to influence for better services in their network or association and promoting their enterprise performance perspectives (Bates and Holton, 1995). BAs are organizations that promote the private sector in a way that they can increase productivity and impact to the enterprises and to other socio-economic aspects of life (Schiff, 1998). BAs use their extensive selective benefits (services provided) to impact the performance of enterprises. Most BAs tend to have an objective of facilitating their members in accessing financial support in terms of grants, loans and financing for business events facilitation. Finance is a volatile area where many BA leaders tend to violate and misconduct (Pedersen, 2003). The Principal Agent Theory (PAT) addresses this phenomenon (Goldsmith, 2002; Zeckhauser, 1971) and also Pedersen (2003) noted that some individuals can attempt to violate and start BAs for their personal interests.

R&D, Production and Quality of Products and Technology is another contribution aspect of BAs to their members. Production and quality of product services include laboratory testing, quality certification, international standardization, labeling and packaging materials which are provided by various institution with BAs facilitation. Further, Daud and Wan (2010) suggest that SMEs need to develop a learning system to empower their workers and managers on various technologies, acceptable market standards and quality classifications. Others authors also promote R&D for export promotion and business internationalization (Rutashobya and Allan, 2009; van Beveren, 2002). Cohen and Kaimenakis (2007) argue that SMEs often tend to believe that their development is mainly driven by their employees' competencies and the quality of the products or services and relationships with their customers. This portrays a need of well organized research and development in business supporting institutions such as BAs.

The contribution of BAs in terms of marketing services include, collecting and dissemination of marketing information, brokering services, information centres and publications, advertising, and online marketing. Kaplan and Norton (1992) suggest that marketing services are important for the performance of an enterprise. Marketing services enable among others the customer aspects which include marketing and exposures for relationship building. SMEs need to seek market information, repackage and develop marketing communication strategy to suit the diverse market needs (Mbura, 2007; Kotler, 2001). According to Pedersen (2003), the enterprises especially in unstable economies need networking in order to secure better access to dispersed resources and markets by interacting with other enterprises, individuals and other social actors in the environment (Pedersen, 2003. p.205). According to Pedersen (1997b) and Porter (1998) by BAs enabled networking which is a prerequisite for collective efficiency and also instrumental for industrial cluster and industrial district approaches which facilitate marketing activities by

substituting formal marketing systems and promote enterprise performance. Therefore, BAs create a base for collective action, cost saving and simplification of business operations through acquisition of market information, joint purchasing, sharing of facilities, joint marketing, contracting, incubation schemes and sub-contracting arrangements (Rutashobya and Allan, 2009; Mbura, 2007). Mbura (2007) argues that market information is a very important resource if an enterprise is to succeed. In order to be firm, compete and take an advantage of opportunities in the market, SMEs need to be well informed about customers' needs and aspirations. Kotler (2001) notes that business owners need market information for crucial marketing decisions and strategies such as marketing mix strategies, product portfolio analysis and take a marketing route embracing their competitive advantages. Associational networking and structures are key for collective efficiency and also instrumental for facilitating marketing activities by substituting formal marketing systems. SMEs need to seek market information, repackage and develop marketing communication strategy to suit the diverse market needs (Mbura, 2007).

The common ways of market information acquisition have been by the use of established marketing information system which includes market research, internal records, market intelligence, and marketing decision support system (Kotler, 2001). The cost for acquisition of market information by SMEs is mostly unbearable. Market research and other marketing information system elements need special arrangements to make them work coherently and bring required results. In checking this dilemma, Holbek and Jensen (1998) explain that few information systems provide features needed by SMEs. An alternative affordable way is acquiring such marketing information through networking enabled by social and business networks such as BAs (Chew and Yeung, 2001). BAs' networks have been said to reach outside the boundaries of formal relations of the company; therefore, they pave a way for expansion to new markets and acquiring information and other resources at cheap cost and uncomplicated procedures. Further, literature identifies social relations as key for collective efficiency, joint actions within and without national borders and also instrumental for industrial cluster and district approaches which facilitate marketing (Porter, 1998; Rosenfeld, 2002b; Chew and Yeung, 2001; Galaskiewicz and Zaheer, 1999).

Contribution of BAs in terms of Management Services and Skills: availability of skills is important especially for management of SMEs. Specialized training, coaching and mentoring are crucial for enterprise performance. The findings concur with the literature by Daud and Wan (2010) proposing that SMEs need to develop a learning system to empower their workers and managers. RoR (2010) shows that management learning strategies are incorporated in Rwanda SME Development Policy (2010) that could lead to higher performance and competitiveness of Rwandan SMEs now and in the future. Figure 1 shows the framework of contributions of SC in BAs to the performance of an enterprise:

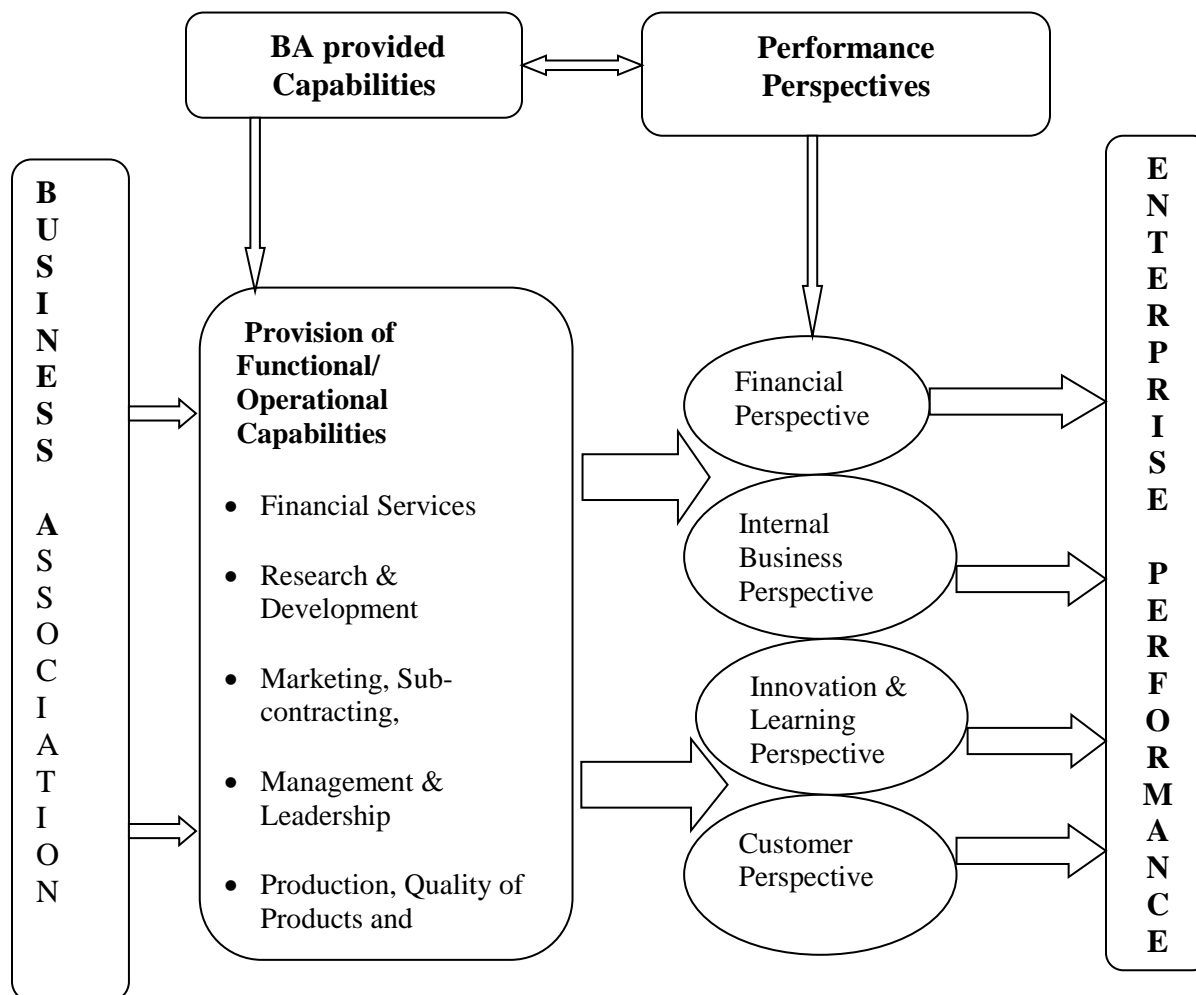


Figure 1: Framework of Contributions of BAs to Enterprise Performance

Source: Modified from Kaplan and Norton (1992)

5. Study Findings

The findings on the contribution of BAs to the performance of food processing SMEs in Rwanda and Tanzania is based on the framework (Figure 1). The findings are based on six selective functional empowerment benefits for enterprise performance, namely financial services, research and development (R&D), marketing services, managerial services, production and quality of products, as well as participation in trade fair and exhibitions. These findings are presented in tabular form and graphs to ease comparison between business associations. The areas that respondents needed to scale their agreement included the support of business associations to acquire financial services, research and development (R&D), to acquire marketing services, acquire managerial services, improve production and quality of products, and participation in trade fair and exhibitions.

1. Facilitation to Access Financial Services by BA Members

On the question that, “Does your BA support members to acquire financial services?”. The 91percent of AMMIRWA respondents denied by “strongly disagree” while 72percent their fellow Rwandan from APPROJUBAAR accepted “by strongly agree“. In Tanzania, 34percent of the AMAGRO members were indifferent with agreement and 48percent had scaled their agreement to “agree”, 18percent of respondents strongly disagreed. Table 1 shows the results in absolute numbers cross-tabulated to business associations:

Table 1: BA Empowerment through Financial Services

Country	Business Association	BA supporting in financial services										Total
		strongly agree		Agree		neither agree nor disagree		Disagreed		strongly disagree		
			%		%t		%		%		%	
Rwanda	AMMIRWA	0	0	0	0	0	0	3	9	30	91	33
	APPROJUBAAR	23	72	8	25	0	0	0	0	1	3	32
Tanzania	AMAGRO	0	0	14	48	10	34	0	0	5	18	29
	TAFOPA	6	23	4	15	0	0	13	50	3	12	26
	Total	29	24	26	22	10	8	16	13	39	33	120

Through interview, it was revealed that the provision of financial services depended on whether it is an objectives of the business association to provide such a service. It was found that in AMMIRWA facilitation to acquire finance or provision of it was not the objective. Therefore, the absence of this capability from the BA does not affect the performance of their enterprise and they kept performing well. The members of AMMIRWA mobilize their finance from other sources other than the facilitation of their business association. Their members enterprise performance was not affected by lack of support of finance by the association.

APPROJUBAAR members enjoyed finance as grants and facilitation for financing from other institutions. It is one of their objective in service delivering. The TAFOPA members had expected finance support from their association but they did not get it. Therefore, their performance dwindled over time. The interviews revealed that AMAGRO had formal plans to facilitate their members to acquire finance and these plans are known to members. This triggered more performance at the association and enterprise level.

Moreover, though some literature support the financial subsidy and grant as a seed and source for sustainability and growth (Fafchamps, 1999; Fukuyama, 1995; Daud and Wan, 2010; Doner and Schneider, 2000; Moore and Hamalai, 1993), this study has established that sustainability was enabled mostly from people’s internal drive that can be caused by problems that are not immediately attended by the government authorities, general community or development partners.

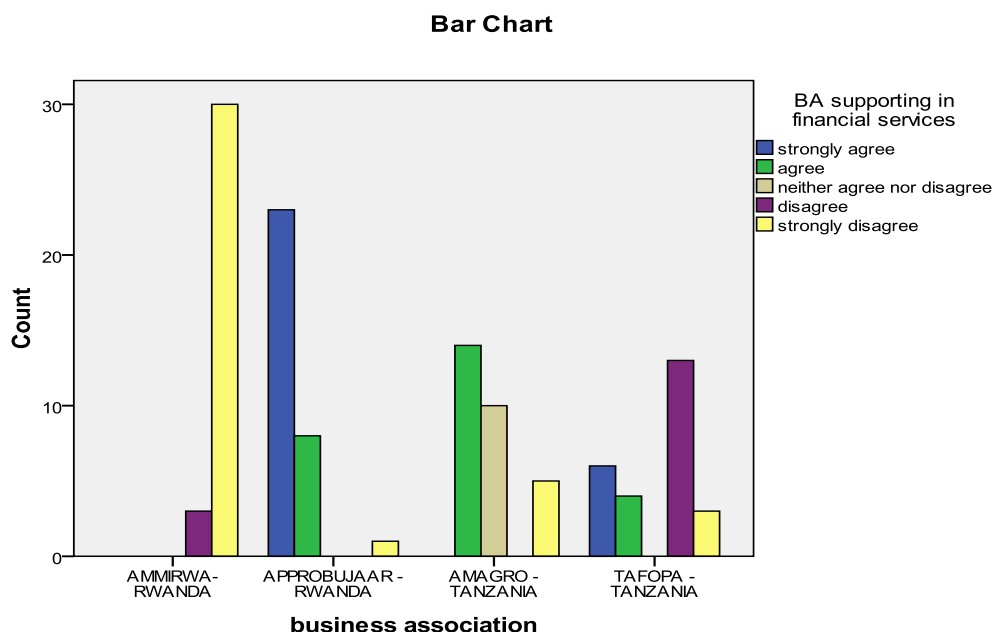


Figure 2: Summary of BA Empowerment through Financial Services

2. Research and Development (R&D)

The study established that 87 percent of APPROJUBAAR, 70 percent of AMAGRO and 42 percent of TAFOPA respondents agreed by “strongly agree“ while 100 percent their fellow Rwandan from AMMIRWA denied with 36 percent of them responding “disagree“ and 64percent “strongly disagree“. The response of TAFOPA members showed that 58 percent disagreed with the statement. Table 2 shows the results in absolute numbers cross-tabulated to BAs.

Table 2: BA Empowerment by Research and Development (R&D)

Country	Business Association	BA Support in R&D								Total
		strongly agree		Agree		Disagree		strongly disagree		
			%		%		%		%	
Rwanda	AMMIRWA	0	0	0	0	12	36	21	64	33
	APPROJUBAAR	28	87	3	10	1	3	0	0	32
Tanzania	AMAGRO	20	70	4	14	0	0	5	16	29
	TAFOPA	11	42	2	8	10	38	3	12	26
	Total	59	50	9	7	23	20	29	23	120

It was established that 50 percent of all respondents strongly agreed about the involvement of BAs in Research and Development (R&D) for their members. The data also showed that all AMMIRWA members did not see anything in their association to do with Research and Development (R&D). The AMAGRO of Tanzania and APPROJUBAAR of Rwanda are leading in facilitating research and development for their members. Figure 3 shows the empowerment of BAs to their members in terms of research and development:

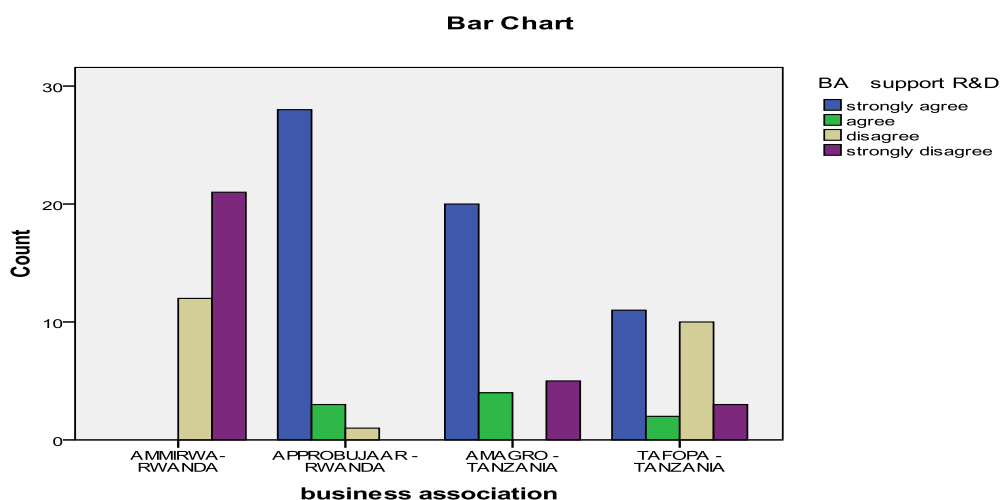


Figure 3: BA Empowerment by Research and Development (R&D)

3. Facilitation of Marketing Services to BA Members

Marketing services include, collecting and dissemination of marketing information, brokering services, information centres and publications, advertising, and online marketing. The study registered 45percent of AMMIRWA respondents who responded “agree“ while 42percent responded by “neither agree nor disagree“. On the other hand, 88 percent of their fellow Rwandan from APPROJUBAAR accepted “by strongly agree“. In Tanzania, 34 percent of the AMAGRO members responded by “strongly agree“ 48 percent were indifferent and 18 percent responded by “agree“. TAFOPA respondents indicated that 31percent strongly agree, 19 percent agree, 35 percent were indifferent, and 15 percent disagree, and no one responded by “strongly disagree“. Table 3 shows the results in absolute numbers cross-tabulated to BAs.

Table 3: BA Empowerment by Marketing Services

Country	Business Association	BA support Marketing services										Total
		strongly agree		agree		neither agree nor disagree		disagree		strongly disagree		
			%		%		%		%		%	
Rwanda	AMMIRWA	0	0	15	45	14	42	3	9	1	4	33
	APPROJUBAAR	28	88	3	9	1	3	0	0	0	0	32
Tanzania	AMAGRO	10	34	5	17	14	49	0	0	0	0	29
	TAFOPA	8	31	5	19	9	35	4	15	0	0	26
	Total	46	38	28	23	38	32	7	6	1	1	120

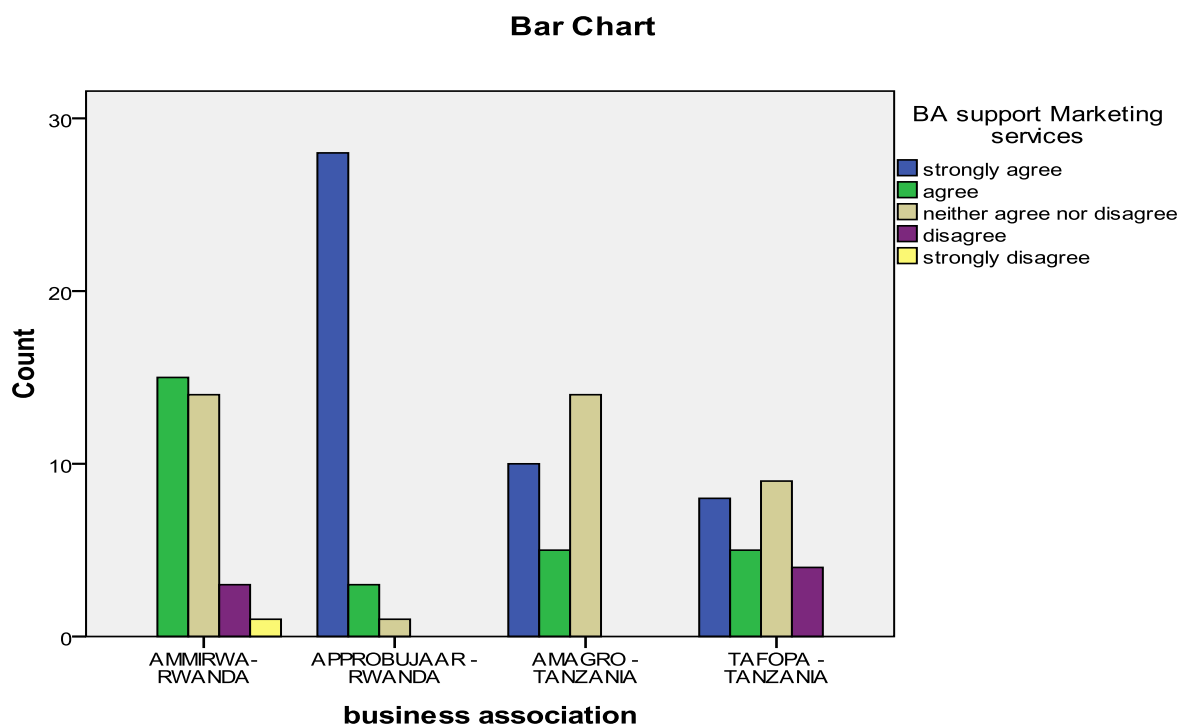


Figure 4: Summary of BA Empowerment by Marketing Services

The findings concur with the available literature in marketing and business promotion that suggest that the performance of an enterprise is enabled by among others the customer aspects which include marketing and exposures for relationship building (Kaplan and Norton, 1992). SMEs need to seek market information, repackage and develop marketing communication strategy to suit the diverse market needs (Mburu, 2007; Kotler, 2001). According to Pedersen (2003), the enterprises especially in unstable economies need networking in order to secure better access to dispersed resources and markets by interacting with other enterprises, individuals and other social actors in the environment (Pedersen, 2003. p.205). SC in associations is a prerequisite for collective efficiency and also instrumental for industrial cluster and industrial district approaches which facilitates marketing activities by substituting formal marketing systems and promotes enterprise performance (Pedersen, 1997b; Porter, 1998).

4. Facilitation of Management Services and Skills to BA Members

Respondents likewise responded to the following question: “Does your BA support members to acquire management services? Out of all responses, The 6 percent of AMMIRWA respondents responded “strongly agree“, 33 percent responded “agree“ while 61 percent responded by “neither agree nor disagree, disagree and strongly disagree“. On the other hand, 85 percent of their fellow Rwandan from APPROJUBAAR accepted “by strongly agree“. In Tanzania, 41percent of the AMAGRO members responded by “strongly agree“, 41percent were indifferent and 18 percent responded by „disagree“. TAFOPA respondents indicated that 8 percent strongly agree, 25 percent agree, 12 percent were indifferent, and 54 percent disagree, and no one strongly disagree. Table 4 shows the results in absolute numbers cross-tabulated to BAs:

Table 4: BA Empowerment by Management Services and Skills

Country	Business Association	BA Support Managerial services										Total
		strongly agree		agree		neither agree nor disagree		Disagree		strongly disagree		
		count	per cent	count	per cent	count	per cent	count	per cent	count	per cent	
Rwanda	AMMIRWA	2	6	11	33	2	6	15	45	3	10	33
	APPROJUBAAR	28	87	1	3	3	10	0	0	0	0	32
Tanzania	AMAGRO	0	0	12	41	12	41	5	18	0	0	29
	TAFOPA	2	8	6	25	3	13	13	54	0	0	24
Total		32	27	30	25	20	17	33	28	3	3	118

Bar Chart

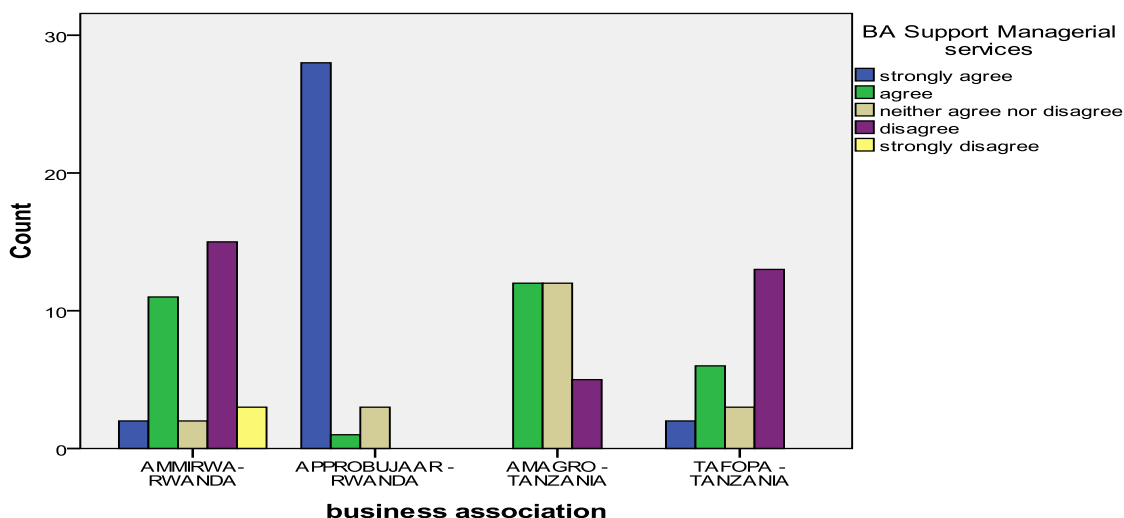


Figure 5: BA Empowerment by Management Services and Skills

The findings concur with the literature that SMEs need to develop a learning system to empower their workers and managers (Daud and Wan, 2010). Management learning strategies are in Rwanda SME Development Policy (2010) that could lead to higher performance of their enterprises. SME development initiatives are more systemized in Rwanda than Tanzania through policy and implementation instruments. This is confirmed through higher management service provision in Rwanda BAs than Tanzanian BAs.

5. BA Contribution in Improving Production, Quality of Products and Technology

Production and quality of product services including laboratory testing, quality certification, labeling and packaging materials are important for enterprise performance. Based on production techniques and quality of products, respondents were answering the following question: “Does your BA support members to improve production and quality of products and technology?”. Among them 15 percent of AMMIRWA members responded by “strongly agree” 85 percent

responded by “agree“. On the other hand, 87 percent of their fellow Rwandan from APPROJUBAAR accepted by “strongly agree“ and 13 percent responded by “agree“. In Rwandan BA nobody responded by disagreeing in “neither agree nor disagree, disagree and strongly disagree“. In Tanzania, 69 percent of the AMAGRO members responded by “strongly agree“, 17 percent responded by “agree“ and 14 percent were indifferent. TAFOPA respondents indicated that 17 percent strongly agree, 8 percent agree, 12 percent were indifferent, and 42 percent disagree, and 21 percent strongly disagree. Table 5 shows the results in absolute numbers cross-tabulated to BAs:

Table 5: Empowerment by Improving Production and Quality of Products

Country	Business Association	BA support Production and Quality										Total
		strongly agree		Agree		neither agree nor disagree		Disagree		strongly disagree		
Rwanda	AMMIRWA	5	15	28	85	0	0	0	0	0	0	33
	APPROJUBAAR	28	87	4	13	0	0	0	0	0	0	32
Tanzania	AMAGRO	20	69	5	17	4	14	0	0	0	0	29
	TAFOPA	4	17	2	8	3	12	10	42	5	21	24
	Total	57	48	39	33	7	6	10	8	5	5	118

Bar Chart

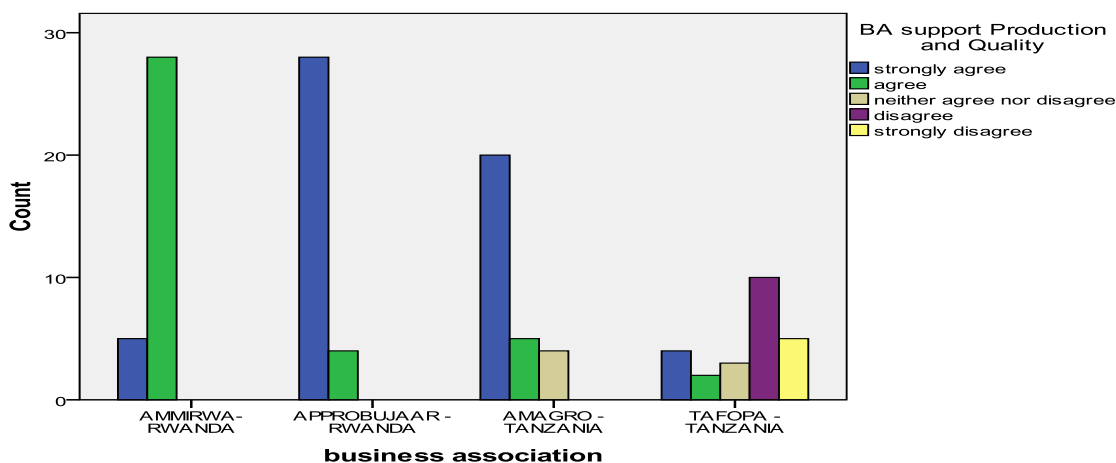


Figure 6: Empowerment/Improving Production and Quality of Products

6. Facilitating Participation in Trade Mission, Fair and Exhibitions

Another question to respondents was as follows: “Does your BA support members to participate in trade missions, fairs and exhibitions?“. Out of the respondents of AMMIRWA 12 percent responded by “strongly agree“, 76 percent responded by „agree“ while 12 percent responded by neither agree nor disagree. On the other hand, 87 percent of their fellow Rwandan from APPROJUBAAR accepted by “strongly agree“, 10 percent responded by “neither agree nor disagree“ and 3 percent disagreed. In Tanzania, 83 percent of the AMAGRO members responded by “strongly agree“, 14 percent responded by “disagree“ and 3 percent were indifferent. TAFOPA respondents indicated that 31 percent strongly agree, 42 percent agree, 11

percent are indifferent, and 16 percent disagree, and no one strongly disagree. Table 7.6 shows the results in absolute numbers cross-tabulated to BAs.

Table 6: Facilitating Participation in Trade Mission, Fair and Exhibitions

	Business Association	BA support Exhibition and Trade fair								Total
		strongly agree		agree		neither agree nor disagree		Disagree		
Rwanda	AMMIRWA	4	12	25	76	4	12	0	0	33
	APPROJUBAAR	28	87	1	3	3	10	0	0	32
Tanzania	AMAGRO	24	83	4	14	1	3	0	0	29
	TAFOPA	8	31	11	42	3	11	4	16	26
Total		64	53	41	34	11	10	4	3	120

Bar Chart

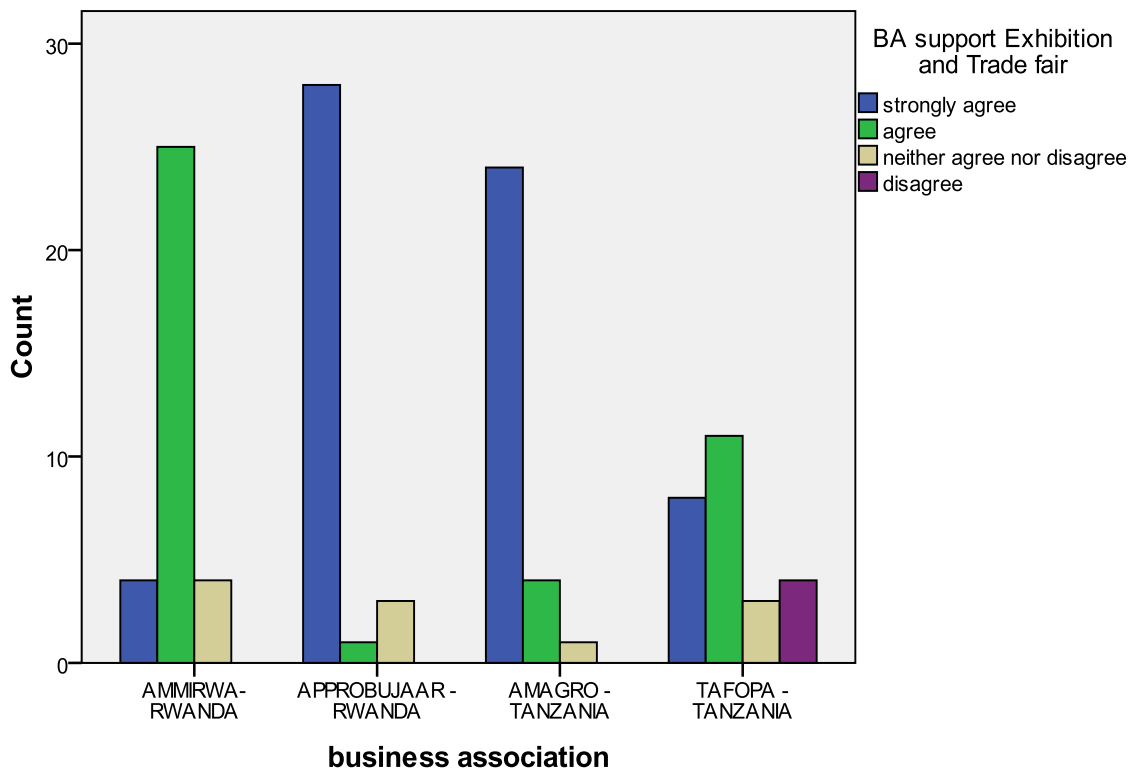


Figure 7: BAs Facilitating Participation in Trade Mission, Fair and Exhibitions

The summary of comparison of BAs’ contribution through provision of capabilities. Each capability and its state of provision in a scale of 1 being the highest and 5 being the lowest

contribution (empowerment variables or services) for enterprise performance is summarized in Table 7:

Table 7: Summary of BAs' Contributions to their Members

BAs' Contributions /Empowerment Capabilities	Rwanda				Tanzania			
	AMMIRWA		APPROJUBAAR		AMAGRO		TAFOPA	
	Mean	Std Dev.	Mean	Std Dev.	Mean	Std Dev.	Mean	Std Dev.
Financial Services	4.909	0.29194	1.375	0.79312	2.862	1.09297	3.500	1.22474
R & D	4.63	0.48850	1.1875	0.59229	1.827	1.51349	3.000	1.57359
Marketing Services	2.697	0.78994	1.1563	0.44789	2.138	0.91512	2.591	1.00755
Management Services	3.181	1.18466	1.2188	0.60824	2.758	0.73946	3.318	0.89370
Production and Quality	1.848	0.36411	1.1250	0.33601	1.448	0.73612	3.636	1.21677
Exhibitions, Trade Missions and Fairs	2.000	0.50000	1.2188	0.60824	1.207	0.49130	2.318	0.99457

Empowerment Composite Means

Therefore, based on Guisso *et al.*, (2004), a outcome based empowerment composite construct or provision of capabilities was formed using the following formula:

EMPOC = Mean (EMPO₁, EMPO₂, EMPO₃,.....,EMPO_n) Where:

EMPOC = Empowerment Composite or provision of capabilities composite

EMPO_{1-n} = Various Capabilities provided by BAs such as financial services, research and development (R&D), marketing services, managerial services, production and quality of products, and participation in trade fair and exhibitions

Mean = Average score

The results of empowerment or capabilities provided for enterprise performance by BAs were then amalgamated to form a composite variable termed as empowerment. The SPSS was run to form the composite and its means. Considering that the scales were 1 to 5; 1 being strongly agree and 5 being strongly disagree, the table 7 shows composite means to facilitate in determining BAs empowerment to members for enterprise performance. Closer to 1 indicates that the empowerment was high and the other way round.

Table 8: BA and Composite Empowerment Means

EMPOWERMENT	Business Association				Total
	AMMIRWA-RWANDA	APPROJUBAAR – RWANDA	AMAGRO – TANZANIA	TAFOPA - TANZANIA	
1.00	0	23	0	4	27
1.17	0	5	0	0	5
1.33	0	0	6	2	8
1.67	0	0	4	0	4
1.83	0	0	10	2	12
2.17	2	0	4	0	6
2.33	0	3	0	2	5
2.67	1	0	0	0	1
3.00	12	1	0	0	13
3.17	0	0	0	3	3
3.33	7	0	0	6	13
3.50	5	0	5	0	10
3.67	5	0	0	2	7
3.83	1	0	0	3	4
4.00	0	0	0	2	2
Total	33	32	29	26	120

The results show that members of APPROJUBAAR in Rwanda were highly empowered by their business association. This is evidenced by the fact that 28 enterprises out of 32 i.e. 88percent of APPROJUBAAR respondents had composite mean scores between 1.0 and 1.17. It is also noted that AMMIRWA members were not empowered considerably because 91percent of their respondents had mean composite scores concentrated between 3.0 and 4.0. In Tanzania, AMAGRO respondents indicated to have agreed on great extent about the empowerment from their association. 83percent had composite mean scores between 1.33 and 2.17, showing that they agree about the empowerment from their business association. TAFOPA members showed mixed interpretation due to the fact that 38percent had composite mean scores ranging from 1.0 to 2.33, this indicates that they are in favour of empowerment provided by their association. On the other side 16 out of 26 respondents have composite mean scores between 3.17 and 4.0 indicating that they are not serviced by empowerment activities in their association.

Table 9 : Comparative Composite variable empowerment (provision of capabilities)

	Business Association	Mean	N	Std. Deviation
Rwanda	AMMIRWA	3.2121	33	.39368
	APPROJUBAAR	1.2135	32	.50841
Tanzania	AMAGRO	2.0476	28	.73683
	TAFOPA	2.7436	26	1.08036
Total		2.2983	119	1.04532

Figure 8 shows the empowerment composite mean scores by members in BAs

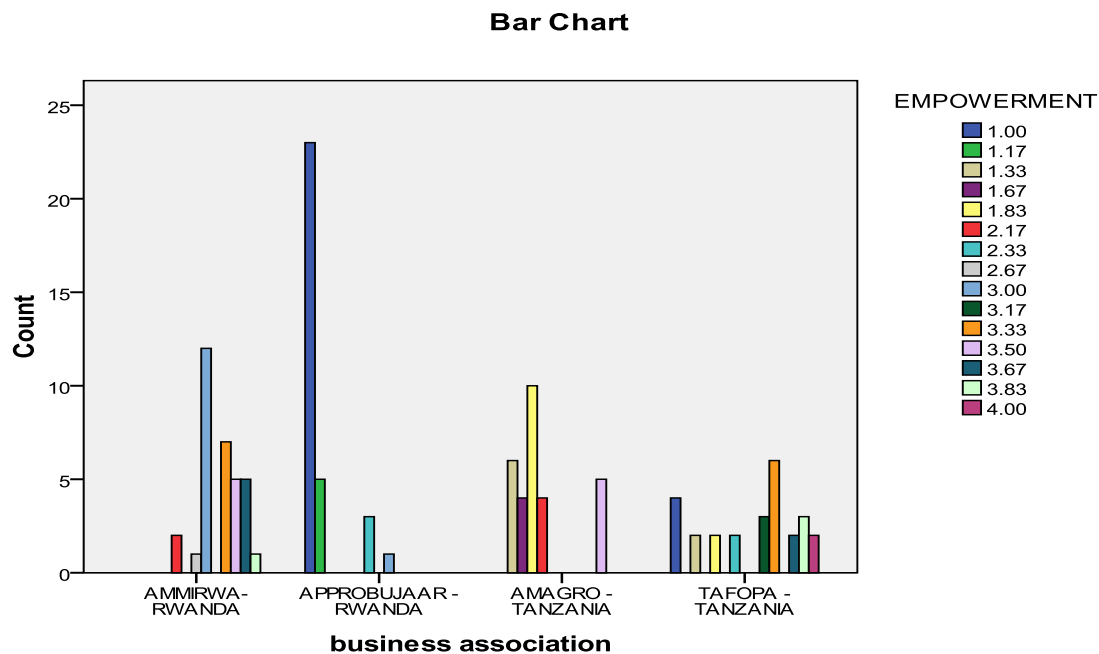


Figure 8: BA Empowerment Composite Means

6. The impact of BAs Contribution to SME Performance

The findings indicate that BAs of Rwanda contribute more to their members than Tanzanian BAs. The justification of these findings are explored in terms of the extent to which members see that their BAs have promoted commencement of new businesses, enabled creation of employment opportunities, delivered satisfaction through services and positive self-judgement about their business performance.

BAs promoted Commencement of Food Processing Businesses

Table 9 shows that 47 enterprise, which is 37 percent in the sample commenced business between 2005 and 2010. Followed by those which commenced between 2000-2005 and those commenced before 2000 which accounts for 26 percent and 17 percent respectively.

Table 10: BAs and Business Commencement of in Tanzania and Rwanda

	Business Associations	when started business								Total
		Before 2000		Between 2000 and 2005		2005 and 2010		2011 and 2013		
			%		%		%		%	
Rwanda	AMMIRWA	0	0	5	16	13	40	14	44	32
	APPROJUBAAR	0	0	6	18	22	65	6	18	34
	% of Rwanda	0%		17%		53%		30%		100%
Tanzania	AMAGRO	0	0	15	55	12	45	0	0	27
	TAFOPA	25	67	7	33	0	0	0	0	32
	% of Tanzania	43%		37%		20%		0%		100%
	Total	25	20	33	26	47	37	20	17	125
	Percent	20%		26%		37%		17%		100%

In Tanzania, 20 percent of all sampled enterprises commenced business before 2000. This is due to different economic and policy reforms and projects which took place during this time such as (1) initiation of Women Entrepreneurship Development (WED), A programme funded by UNIDO for promoting food processing business among women in Tanzania, (2) the promotion of SMEs in the country by introduction of its directorate in the Ministry of Trade and Industries, (3) the informal sector promotion through number of fronts including the “Nguvu Kazi” exhibitions and SIDO Zonal exhibitions, (4) the introduction and promotion of the SME Credit Guarantee Scheme, (5) initiation of various BAs in the country including the Tanzania Food Processing Associations (TAFOPA) and Association of Mango Growers (AMAGRO). The study showed that in Rwanda most of the investigated enterprises were started between 2005 and 2010. This was due to different economic and policy reforms which took place in the process of healing genocide disaster and internal crisis.

Creation of Employment by SMEs

The contribution of BA members in terms of employment creation was traced in all BAs. This aimed at understanding the outcome of membership in their respective BAs in terms of employment creation and from members opinions. Table 10 shows the number of employment opportunities created by SMEs:

Table 11: Employment Created by SMEs of Rwanda and Tanzania by 2013

		employment created						Total
		None	1-5	6-10	11-20	21-40	above 40	
Rwanda	AMMIRWA		11	8	8	1	0	28
	APPROJUBAAR		7	11	12	0	2	32
Tanzania	AMAGRO		18	9	0	0	0	27
	TAFOPA		16	4	2	0	0	22
Total		31	52	32	22	1	2	140
	Percentage	22	37	23	16	0.7	1.5	100

The employment creation of food processing SMEs were traced in line with policy definitions and role of number of employees in that definition. It was found out that among the respondents,

most of respondents amounting to 37 percent had employed between 1 to 5 employees, 23percent of respondents had employed between 6 and 10 employees and 16percent of respondents had between 11-20 employees. It was further revealed that only one Rwandan firm had employees between 21-40 and one Rwandan firm had more than 40 employees. In Tanzania, 20 enterprises had not employed anybody amounting to 28percent of all Tanzanian responded enterprises while only 10 Rwandan enterprises had not employed anybody amounting to 14percent of all Rwandan responded enterprises. Further, there was revelations that Rwandan enterprises create more employment than Tanzanian in all levels including management. It is also revealed that Rwandan firms tend to employ managers more than Tanzanian firms; 91percent of managers responses were from Rwandan firms and only 9percent were from Tanzanian firms. This attempts to send signals that BAs in Rwanda contribute more to the performance of their member enterprises.

Members' Satisfaction about Enterprise Performance

Food Processing SMEs respondents were asked to show the extent of their satisfaction about their enterprise performance considering the performance perspectives and to show their judgement on performance (Kaplan and Norton, 1992, 1996; Wilkham,1998). The questions were as follows: “Are you satisfied with your business performance?” and “How do you judge your business performance?” Table 11 shows the results:

Table 12: Satisfaction of BA Members about their Business Performance

	Business Association	Satisfaction of Enterprise Performance			Total
		very satisfied	satisfied	neither satisfied nor unsatisfied	
Rwanda	AMMIRWA	16	17	0	33
	APPROJUBAAR	12	25	0	37
Tanzania	AMAGRO	8	19	0	27
	TAFOPA	0	6	25	31
Total		36	72	25	128

The present study revealed that in both countries 36 out of 128 enterprises were very satisfied with their business performance, 72 out of 128 were satisfied and 25 out of 128 were neither satisfied nor unsatisfied about the performance their business. Countrywise, Rwandans are more satisfied about their business performance than Tanzanians. All 70 Rwandan responded enterprises marked their satisfaction in very satisfied and satisfied, no Rwandan enterprise showed any element of dissatisfaction and indifference about performance. It is also noted that, like Rwandan enterprises, all members of AMAGRO were satisfied and very satisfied with their business performance. However, 25 out of 31 which is 81percent members of TAFOPA indicated that they are neither satisfied nor unsatisfied with their business performance. Countrywise again, it revealed that more Rwandans are very satisfied about their business performance than Tanzanians. This also signifies that BAs in Rwanda are contributing more than Tanzanian BAs.

Food Processors Self-Judgement about the Performance of their Enterprises

In consideration that they are members of a Business Association and the available resources they had, entrepreneurs were asked to judge their business performance (in percentage rating). Table 12 shows their responses in summary:

Table 13: Judgment of Entrepreneurs about Business Performance

Country	Business Associations	Self-Judgement on Performance			Total
		Excellent (80-99percent)	Above average (60-79)percent	Average (40-59)percent	
Rwanda	AMMIRWA	12	20	0	32
	APPROJUBAAR	4	28	5	37
Tanzania	AMAGRO	1	30	0	31
	TAFOPA	2	13	16	31
	Total	19	91	21	131
	percent	14percent	70percent	16percent	100percent

The study showed that 14percent of all respondents judged their business performance as doing excellent, 70percent being above average and 16percent being average in performance. When taking Tanzanian respondents, the study established that 5percent of all respondents have judged their business performance as excellent, 69percent being above average, and 26percent being average. Rwandan respondents have judged 23percent of their business performance as excellent, 69percent being above average, 7percent being average; there were no below average and poorly performing scorers. Entrepreneurs in food processing from both countries have listed a lot of achievement as a result of their businesses. These achievement are ranging from social, family to economic. Such achievements are acquiring new softwares to enable soft running of business operations, participating in trade missions and exhibitions, acquiring new foreign and local markets, getting management training, acquired land for business and /or family, procuring production machines, getting international standards and accreditation, employing more people and being able to offer education to the family members.

5. Conclusion

The findings indicate that in all aspects of BA contribution to their members, BAs of Rwanda are contributing considerably well as compared to Tanzanian BAs. This implies that food processing SMEs in Rwanda enjoy more selective benefits from their BAs that facilitated improved business performance. In Rwanda, APPROJUBAAR members for example, indicated to have received financial support though such support was not available to AMMIRWA members. This was due to the objective of the BA. From the outcomes point of view, the findings tend to strongly convince that Rwandan food processing SMEs are getting more contribution from their BAs than Tanzanian SMEs. This is because more enterprises have been commenced due to BAs, they have created more employment opportunities including management positions. Further, on their opinions they are more satisfied with their enterprise performance that included financial performance, customer service, internal processes, learning and innovation than Tanzanian enterprises do. This implies that they enjoy more selective benefits from their associations that had facilitated improved enterprise performance.

There also some observations that, regardless the importance of food processing, in both countries there is no government policies for the sub sector. This has resulted into lack of designated government instruments or agencies specific for supporting food processing SMEs. Despite their uniqueness and being earmarked as priority sector and quick win for economic development, no strategic protrusion of food processing and their business association is seen in the available policies especially SME policies of Rwanda and Tanzania. This means it has not been given adequate attention.

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